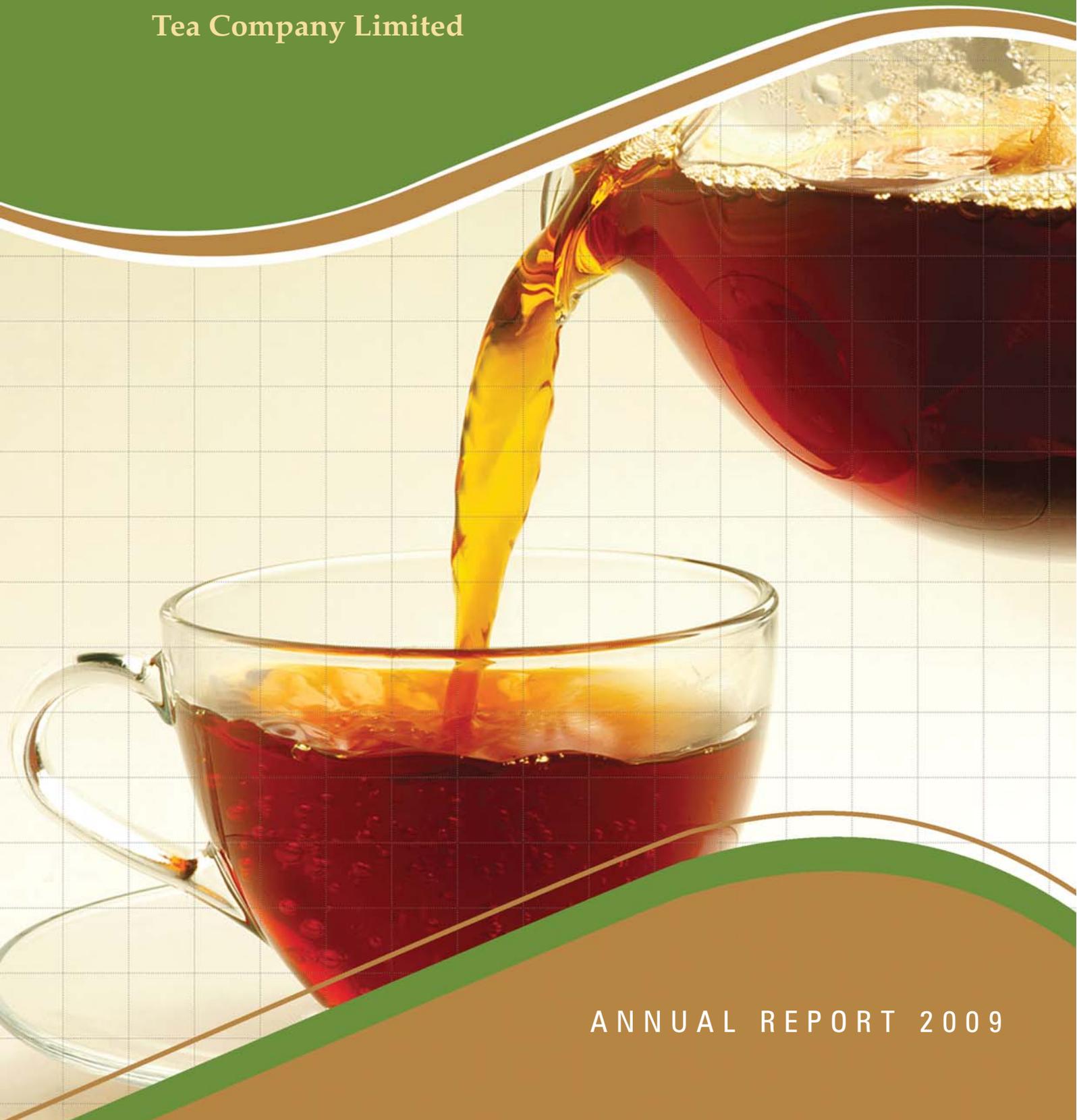


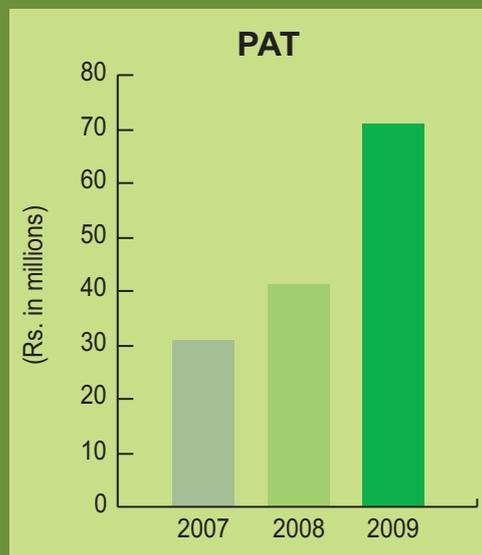
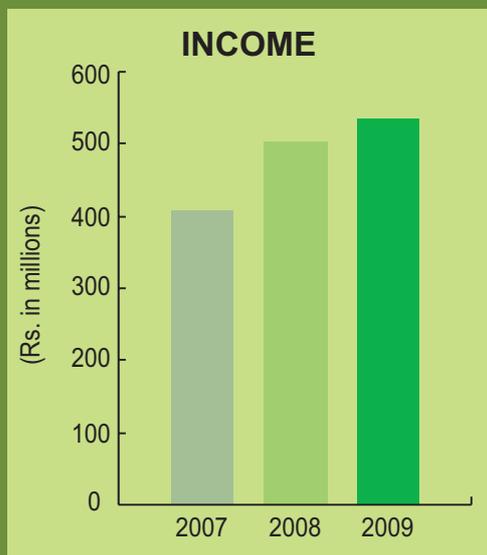
*Diana*

Tea Company Limited



ANNUAL REPORT 2009

*Our bushes are growing, so are we...*



# DIANA TEA COMPANY LIMITED

## ANNUAL REPORT 2009

### BOARD OF DIRECTORS

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

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Manoj Agarwala

### AUDITORS

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

### BANKERS

United Bank of India  
Punjab National Bank  
Axis Bank Ltd.

### GARDENS

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

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

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

Ambari Tea Estate  
P. O. Ambari Bagan - 735 201  
Dist. : Jalpaiguri

### REGISTERED OFFICE

Sir R. N. M. House  
3B, Lal Bazar Street  
Kolkata - 700 001  
Phone : (033) 2248-8672/1651/2164  
Fax : (033) 2248-7571  
E-mail : contactus@dianatea.in

### REGISTRAR & SHARE TRANSFER AGENTS

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

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## Notice

**NOTICE** is hereby given that the 99th Annual General Meeting of **Diana Tea Company Limited** will be held on Friday, June 25, 2010, 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, 2009 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Harish Parekh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :  
"RESOLVED that Mr. N. F. Tankariwala be and is hereby appointed a Director of the Company whose office is liable to determination by retirement by rotation"

For and on behalf of the Board

*Registered Office :*  
3B, Lal Bazar Street  
Kolkata - 700 001  
Date : May 08, 2010

**Manoj Agarwala**  
*Chief Financial Officer  
& Company Secretary*

## Notes & Information to Shareholders

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is enclosed by way of annexure to this Notice.
- 3) The Register of Members and Share Transfer Register of the Company will remain closed from 21st June, 2010 to 25th June, 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.
- 4) Shareholders seeking any information with regard to accounts are requested to write to the Company before 21st June, 2010, 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) Information about the Directors retiring by rotation as required under Clause 49 of the Listing Agreement.

### **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 39 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 Logistics Pvt. Ltd.
- 6) Gillanders Arbuthnot & Co. Ltd.
- 7) Williamson Magor & Co. Ltd.
- 8) Peria Karamalai Tea & Produce Co. Ltd.
- 9) Rasoi 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

Mr. N. F. Tankariwala was appointed as an Additional Director of the Company w.e.f. 30th March, 2010 in the Board meeting held on 30th March, 2010 to hold office till the conclusion of this Annual General Meeting. Mr. Tankariwala, being eligible offers himself for appointment as Director of the Company. A Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the name of Mr. Tankariwala as Director of the Company.

Mr. Tankariwala aged about 72 years, has got vast experience as consultant in tea internationally. He had been the Chairman of the Tea Research Association, the oldest and the largest tea research centre in the world. He had been the Managing Director of The Moran Tea Company (India) Ltd. for 18 years. He had been a member of the National Committee of the Indian Tea Association for 18 years. He has also been a member of the General Committee of the Bengal Chamber of Commerce. His wide experience and knowledge is beneficial to the operation of the Company.

Your Directors are of the view that it will be in the interest of the Company to appoint Mr. N. F. Tankariwala as a Director and recommend Mr. N. F. Tankariwala as a Director and resolution to be passed.

His Directorship in other Companies are :

- 1) Nirvan Commercial Company Ltd.
- 2) Marut Jute Udyog Pvt. Ltd.
- 3) Trans Global Logistics Pvt. Ltd.

Your Directors recommend resolution to be passed. None of the Directors except Mr. Tankariwala is concerned or interested in the resolution.

*Registered Office :*  
3B, Lal Bazar Street  
Kolkata - 700 001  
Date : May 08, 2010

For and on behalf of the Board

**Manoj Agarwala**  
*Chief Financial Officer*  
& *Company Secretary*

# Directors' Report



*Dear Shareholders,*

Your Directors have pleasure in presenting their 99th Annual Report along with the Audited Accounts for the year ended 31st December, 2009.

## FINANCIAL RESULTS

(Amount in Rs.)

Particulars	31st December, 2009	31st December, 2008
Profit before Interest, Depreciation, Taxation and Extra Ordinary item	10,56,71,957	7,93,13,473
Less : Depreciation	92,69,410	97,21,303
Interest & Finance Charges (net)	2,38,27,409	2,70,53,922
Profit before Taxation & Extra Ordinary item	7,25,75,138	4,25,38,248
Less : Prior Period item	—	1,86,768
Profit before Taxation	7,25,75,138	4,23,51,480
Provision for Taxation		
- Current Tax	(20,50,000)	(4,60,000)
- Fringe Benefit Tax	(66,584)	(2,91,416)
- Deferred Tax (Liability)/Assets	13,76,371	(16,46,420)
- MAT Credit Entitlement	16,43,041	10,87,365
- Agriculture Income Tax for earlier years	(27,45,512)	—
Profit after Tax	7,07,32,454	4,10,41,009
Balance brought forward from previous year	27,51,782	60,95,453
Surplus available for appropriation	7,34,84,236	4,71,36,462
<b>Appropriations :</b>		
Transferred to General Reserve	6,00,00,000	4,00,00,000
Proposed Dividend	74,95,500	37,47,750
Provision for Tax on Proposed Dividend	12,73,860	6,36,930
Balance carried forward to Balance Sheet	47,14,876	27,51,782
	7,34,84,236	4,71,36,462
Basic and Diluted Earning Per Share	4.72	2.74

## REVIEW OF PERFORMANCE

The year under review had shown a significant turn around for the tea industry as far as price realization is concerned wherein tea prices were higher to the tune of Rs. 24/- to Rs. 26/- when compared to last year. Your Company also benefited out of the same trend which is reflecting in the financial statements as well. The turnover of the Company has risen to Rs. 53.59 crore when compared to Rs. 50.49 crore of previous year and out of the said turn over Rs. 7.65 crore was from tea trading segment. Own production of your Company has come down to 46.04 lakh Kgs. from 46.73 lakh Kgs. of previous year. Uncertainty in weather condition continued to prevail in tea growing areas wherein drought continued to persist till the month of April which had hampered the initial producing month i.e. March and April. The loss of crop due to unfavourable weather condition had been curtailed with efficient irrigation system and field management followed by the garden. Our consistent policy of producing quality tea and cost cutting measures has continued to yield results with better profits. The price realization for the gardens has been significantly higher than last year which was Rs. 114/- against Rs. 88/- of previous year. Your Company's gardens continue to be in top 15 of the batting order of Dooars and Terai Region.

With continued focus on consolidation of our existing tea estates by way of uprooting and replanting/replacement of old bushes with new ones, maximizing capacity utilization of factory by way of increase in the intake of bought leaf as far as possible and adopting cost cutting measures, your Company had managed to maintain its growth in operational profit and net profit.

## PROSPECTS

Your Company is cautiously optimistic about the tea market in the coming year. Though there is negligible carry forward stock from last year to this year, the world production of tea till February, 2010 is higher by 55 million Kgs. and Indian production too till the month of April is likely to be higher than last year. Higher world crop could upset the sentiments of tea market to a certain extent but given the domestic market dynamics where domestic consumption continues to increase at 3.3% CAGR, the effect of this could be minimal as far as domestic average price realization is concerned. Orthodox tea market in the current year is buoyant and it is expected that additional Orthodox tea would be produced by the industry which would result in reduction in availability of CTC teas in the market to a certain extent.

Tea Board has given sufficient subsidies for making Orthodox tea as well as on export of teas which could result in achieving the target quantity of 200 million for export in the current year which can act as catalyst to improve the domestic market sentiment. We expect that the market would be firm in the current year given the aforesaid situation.

Tea Board continues to give benefits in terms of subsidies for modernization of field and factory as well as long term loan out of SPTF Scheme at an attractive interest rate which the Company is taking full benefit of the same.

Given the prevailing scenario of tea industry and the steps taken by your Company for consolidation of its existing operations with improvisation in quality of its produce with cost cutting measures, your Company is confident of its better performance and growth in the coming years.

## DIVIDEND

The Board has recommended a Dividend of 10% for the year ended 31st December, 2009 and such Dividend, on approval, will be paid to those members recorded in the registers of the Company at the close of business on the date of Annual General Meeting, subject, however, to the provision of Section 206A of the Companies Act, 1956.

## PERSONNEL

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

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, technology absorption and 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.

Mr. N. F. Tankariwala was invited to join the Board and was appointed as an Additional Director of the Company w.e.f. 30th March, 2010 to hold office until the ensuing Annual General Meeting. Being eligible he offers himself for appointment as Director

of the Company and a Notice under Section 257 of the Companies Act, 1956, has also been received from a member signifying his intention to propose the name of Mr. Tankariwala as a Director of the Company.

Mr. Tankariwala aged about 72 years, has got vast experience as consultant in tea internationally. He had been the Chairman of the Tea Research Association, the oldest and the largest tea research centre in the world. He had been the Managing Director of The Moran Tea Company (India) Ltd. for 18 years. He had been a member of the National Committee of the Indian Tea Association for 18 years. He has also been a member of the General Committee of the Bengal Chamber of Commerce. His wide experience and knowledge is beneficial to the operation of the Company. Presently he is the Director of :

- a) Nirvan Commercial Company Ltd.
- b) Marut Jute Udyog Pvt. Ltd.
- c) Trans Global Logistics Pvt. Ltd.

The Board considers that the Company will benefit immensely from the contribution of Mr. Tankariwala and as such recommend his appointment as Director of the Company.

#### **CORPORATE GOVERNANCE**

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

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

The Directors state that in preparation of the Annual Accounts, your Company has followed the applicable accounting standards except gratuity liability being accounted for, as and when paid/payable. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31st December, 2009 and the profit for the year. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities. The Annual Accounts of your Company has been prepared on a going concern basis.

#### **AUDITORS' REPORT**

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

#### **AUDITORS**

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

#### **APPRECIATION**

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

*Registered Office :*  
3B, Lal Bazar Street  
Kolkata - 700 001  
Date : May 08, 2010

For and on behalf of the Board

**Sandeep Singhania**  
*Managing Director*

## Annexure to the Directors' Report

## Annexure - 'A'

Form 'A' – Form for Disclosure of Particulars with Respect to Conservation of Energy

Particulars	Unit	Current Year ended 31.12.2009	Previous Year ended 31.12.2008
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1) Electricity</b>			
a) Purchased :			
Unit	(KWH)	5,026,198	4,977,348
Total Amount	(Rs.)	27,931,912	25,719,424
Rate per unit	(Rs./KWH)	5.56	5.17
b) Own Generation :			
Through Diesel Generator Unit	(KWH)	404,174	415,236
Unit per Ltr. of Diesel Oil	(KWH)	2.91	2.91
Fuel Cost/Unit	(Rs./KWH)	12.95	12.90
<b>2) Furnace Oil for Tea Processing in Withering &amp; Drying</b>			
Quantity	(Ltrs.)	39,583	44,536
Total Amount	(Rs.)	1,425,542	1,551,569
Average Rate	(Rs./Ltrs.)	36.01	34.84
<b>3) Other for Tea Processing in Withering &amp; Drying</b>			
a) Coal :			
Quantity	(M.T.)	3,709	3,624
Total Cost	(Rs.)	16,303,615	15,558,287
Rate/Unit	(Rs./M.T.)	4,396	4,293
b) H.S.D.Oil - For Transportation & Material Handling :			
Quantity	(Ltrs.)	77,848	104,886
Total Cost	(Rs.)	2,871,988	3,674,288
Rate/Unit	(Rs./Ltrs.)	36.89	35.03
c) Petrol - For Transportation & Material Handling :			
Quantity	(Ltrs.)	14,737	18,161
Total Cost	(Rs.)	748,205	898,441
Rate/Unit	(Rs./Ltrs.)	50.77	49.47
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
Product – Tea (Gross)	(Kg.)	4,604,262	4,672,836
Energy Use : Electricity (including own Generation) for Manufacturing	(KWH/Kg.)	0.78	0.78
<b>Other Fuel for Processing of Tea</b>			
Furnace Oil	(Ltr./Kg.)	0.02	0.02
Coal	(Kg./Kg.)	0.79	0.79

## Annexure to the Directors' Report

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

### RESEARCH AND DEVELOPMENT (R & D)

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

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

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Not Applicable

### FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Not Applicable

<b>Earned</b>	Rs. NIL	
<b>Used</b>	Rs. 47,38,346/-	Interest on FCNR (B)
	Rs. 11,71,784/-	Working capital & Term Loan
		Travelling & Others

Registered Office :  
3B, Lal Bazar Street  
Kolkata - 700 001  
Date : May 08, 2010

For and on behalf of the Board

**Sandeep Singhania**  
Managing Director

# Management Discussion and Analysis



## Annexure to the Directors' Report

## Annexure - 'B'

### OVERVIEW

The company's total production for the year was 46.04 lakh kgs. made tea against 46.73 lakh kgs. last year. The primary reason for crop loss was due to adverse weather condition which was prevalent in tea growing areas till the month of April which had hampered the initial producing month i.e. March and April. The average price realization was higher at Rs. 114/- per kg. against the realization of Rs. 88/- per kg. previous year.

### MARKET SCENARIO

The average price realisation of North Indian tea has increased to Rs. 112.90 per kg. compared to Rs. 94.40 per kg. in the previous year. The prices at the three auction centres are given below to analyse the trend.

(Amount in Rs.)

Auction Centres	2009	2008	2007
Kolkata	116.59	97.82	74.79
Siliguri	105.30	85.31	65.96
Guwahati	103.00	91.67	69.79

Domestic consumption in India continues to grow at a steady rate of 3.3% CAGR. Higher domestic consumption coupled with increase in export will lead to eventually no carry forward stock in current year. Seeing this trend the tea industry can look forward to a stable market in the current year.

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

(Amount in Rs.)

Tea Areas	Company's Tea	Consolidated Auction Average of Dooars Tea
Dooars	117.87	105.80

### PACKET TEA & VALUE ADDED PRODUCTS

Company's value added division, which consists mainly of packet and tea bags, is steady.

### RISKS AND CONCERNS

Tea Industry is an agricultural industry and its performance is dependant upon vagaries of nature.

### FINANCIAL REVIEW AND ANALYSIS

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

**INTERNAL CONTROL**

The Company has laid down policies, guidelines and procedures, which form part of its internal control system. The Company's internal control systems are periodically tested and supplemented by an extensive programme of internal audit by independent firm of Chartered Accountants. Audits are finalised and conducted based on internal risk assessment. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures recommended for implementation.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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

**CAUTIONARY STATEMENT**

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

*Registered Office :*  
3B, Lal Bazar Street  
Kolkata - 700 001  
Date : May 08, 2010

For and on behalf of the Board

**Sandeep Singhania**  
*Managing Director*

# Report on Corporate Governance



## Annexure to the Directors' Report

## Annexure - 'C'

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's core business is cultivation and manufacturing of tea 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 :

Four Board meetings were held in 2009 on 28th March 2009, 30th April 2009, 31st July 2009 and 21st October 2009.

Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM	No. of * outside Directorship held	No. of outside Committee Membership held	No. of outside Committee Chairmanship held
Mr. Sandeep Singhania	Managing Director	4	Yes	3	–	–
Mrs. Sarita Singhania	Wholetime Director	4	Yes	2	–	–
Mr. Naresh Pachisia	Non-Executive Independent Director	3	Yes	6	5	2
Mr. Neem Chand Mitruka**	Non-Executive Independent Director	–	No	2	–	–
Mr. Harish Parekh	Non-Executive Independent Director	4	Yes	9	5	2
Mr. N.F.Tankariwala***	Non-Executive Independent Director	N.A	N.A	1	–	–

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

\*\* Ceased to be a Director w.e.f. 19.04.2010.

\*\*\* Appointed as Additional Director w.e.f. 30.03.2010.

### 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 (ceased w.e.f. 19.04.2010), Mr. Naresh Pachisia, Independent Director, Mr. N. F. Tankariwala, Independent Director (Appointed w.e.f. 30.03.2010) 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.

Four Meetings of Audit Committee were held on 28th March 2009, 30th April 2009, 31st July 2009 and 21st October 2009. Attendance Record of the Audit Committee Meeting :

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

### 5. REMUNERATION COMMITTEE

The composition of the Committee is as under :

Mr. Harish Parekh	Chairman
Mr. Naresh Pachisia	Member
Mr. Neem Chand Mitruka	Member (Ceased w.e.f. 19.04.2010)
Mr. N. F. Tankariwala	Member (Appointed w.e.f. 30.03.2010)

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 31st July, 2009.

Attendance Record of the Remuneration Committee Meetings :

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

### 6. REMUNERATION OF DIRECTORS

The details of salary and perks paid to the Managing Director and Wholetime Director and sitting fee paid to the Directors of the Company during the year 2009 are given below :

Name of Directors	Sitting Fees (Rs.)		Salary & Perks (Rs.)
	Board Meeting	Committee Meeting	
Mr. Sandeep Singhania			17,00,043
Mrs. Sarita Singhania			10,27,625
Mr. Naresh Pachisia	9,000	3,000	
Mr. Harish Parekh	12,000	4,000	
<b>Total</b>	<b>21,000</b>	<b>7,000</b>	<b>27,27,668</b>

### 7. INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

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

Mr. Naresh Pachisia	Chairperson (Non-Executive)
Mr. Neem Chand Mitruka	Member (Non-Executive) (Ceased w.e.f. 19.04.2010)
Mr. N. F. Tankariwala	Member (Non-Executive) (Appointed w.e.f. 30.03.2010)
Mr. Sandeep Singhania	Member (Managing Director)
Mrs. Sarita Singhania	Member (Wholetime Director)

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

a)	Complaints pending as on 01.01.2009	NIL
b)	Complaints received from Investors	9
c)	Complaints replied/resolved	9
d)	Complaints pending as on 31.12.2009	NIL

**Name and designation of Compliance Officer :**

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

**8. GENERAL BODY MEETINGS**

**Location and time where last three AGMs were held :**

Date	Location	Time
27th June, 2009	Gyan Manch Education Society Hall 11, Pretoria Street, Kolkata - 700071	10.30 A.M.
21st June, 2008	- Do -	10.30 A.M.
23rd June, 2007	- Do -	10.30 A.M.

No Special resolutions or ordinary resolutions were required to be put through postal ballot at the previous 98th AGM held on 27.06.2009. No resolution on matters requiring through postal ballot are placed for shareholders approval at the forthcoming 99th 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**

(a) Quarterly results are published in Newspapers such as The Financial Express, Dainik Statesman (Bengali).

(b) Company's E-mail address : [contactus@dianatea.in](mailto:contactus@dianatea.in)

(c) Management Discussion and Analysis Report Forms part of the Director's Report.

**12. SHAREHOLDERS' INFORMATION**

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

Friday, the 25th June, 2010 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, 2010	2nd week of May, 2010
2nd Quarter ending June 30, 2010	2nd week of August, 2010
3rd Quarter ending September 30, 2010	2nd week of November, 2010
Audited Results for the year ending December 31, 2010	February, 2011
AGM for the year ending December 31, 2010	June, 2011

(c) **Book closure :**

Monday, 21st June 2010 to Friday, 25th June 2010.

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

The Company's securities are listed at -

Sl.	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 :**

(Amount in Rs.)

Month	The Bombay Stock Exchange Ltd. (BSE)	
	High	Low
January, 2009	35.70	22.20
February, 2009	40.50	27.65
March, 2009	38.20	24.85
April, 2009	27.40	19.35
May, 2009	25.00	21.30
June, 2009	27.80	19.20
July, 2009	24.70	15.50
August, 2009	32.80	21.25
September, 2009	31.40	27.10
October, 2009	29.60	24.30
November, 2009	30.00	22.60
December, 2009	31.25	26.45

(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).

1,47,62,207 Equity shares representing 98.47% of the paid-up capital of the Company were held in demat form with NSDL & CDSL as on 31st December, 2009.

(h) a) **Distribution of shareholding as on 31st December, 2009.**

Group of Shares	No. of Shareholders	%	No. of Shares held	% to Total Shares
1 to 500	4,808	79.15	7,24,460	4.83
501 to 1000	550	9.05	4,45,020	2.97
1001 to 2000	328	5.40	5,18,620	3.46
2001 to 3000	109	1.79	2,80,485	1.87
3001 to 4000	58	0.95	2,14,360	1.43
4001 to 5000	49	0.81	2,34,280	1.56
5001 to 10000	99	1.63	7,37,423	4.92
10001 & higher	74	1.22	1,18,36,352	78.96
<b>TOTAL</b>	<b>6,075</b>	<b>100.00</b>	<b>1,49,91,000</b>	<b>100.00</b>

## b) Shareholding pattern as at 31st December, 2009.

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Promoters	13	91,95,854	61.34
Financial Institutions, Banks, Insurance Co.etc.	1	2,59,837	1.73
Private Body Corporates	325	18,86,875	12.59
Individuals	5,677	36,13,064	24.10
NRI/OCB	59	35,370	0.24
<b>TOTAL</b>	<b>6,075</b>	<b>1,49,91,000</b>	<b>100.00</b>

## (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 - 735 202

b) Baintgoorie Tea Estate  
P. O. Mal - 735 221

c) Goodhope Tea Estate  
P. O. Dam Dim - 735 209

d) Ambari Tea Estate  
P. O. Ambari Bagan - 735 201

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

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

## CEO/CFO Certification

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

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

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

For **DIANA TEA COMPANY LIMITED**

**Sandeep Singhania**  
Managing Director

**Manoj Agarwala**  
Chief Financial Officer  
& Company Secretary

Place : Kolkata  
Date : May 08, 2010

## Declaration Regarding Code of Conduct

### To whom it may Concern

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

I confirm that the Company has in respect of the financial year ended December 31, 2009 received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer & Company Secretary, employees in the Executive cadre as on December 31, 2009.

For **DIANA TEA COMPANY LIMITED**

Place : Kolkata  
Date : May 08, 2010

**Sandeep Singhania**  
*Managing Director*

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

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

We have examined the compliance of conditions of Corporate Governance by Diana Tea Company Limited (the Company) for the year ended 31st December, 2009, 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, 2009, 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*  
Registration No. 303054E

**P. K. Agarwal**  
Membership No.056921  
*Partner*

4,Chowringhee Lane  
Kolkata - 700 016  
Date : May 08, 2010

## Auditors' Report

To the members of

### Diana Tea Company Limited

1. We have audited the attached Balance Sheet of **DIANA TEA COMPANY LIMITED** as at 31st December, 2009 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) Amendment Order, 2004 ('CARO') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "the Companies Act, 1956" of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and on the basis of information and explanations given to us during the course of audit we state that :
  - i)
    - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
    - b) The fixed assets of the Company at all its locations were physically verified by the Management at reasonable intervals during the year. As informed, no material discrepancies were noticed on such verification.
    - c) 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 procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
    - c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
  - iii) In respect of loans granted/obtained by the Company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
    - a) The Company has granted inter-corporate loans to one Company. At the year end the outstanding balance of such loan granted was 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. 10,000/- and maximum amount involved during the year was Rs. 20,00,000/-.
    - 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)
    - a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
    - b) In our opinion and according to the information and explanations given to us, the transactions with parties, with whom transactions exceeding the value of Rupees Five Lacs in respect of each party have been entered into during the financial year, are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time where such market prices are available.

- vi) The Company has not accepted any deposits from the public under Sections 58A and 58AA of the Act and the rules framed thereunder.
- vii) 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 :
- West Bengal Professional Tax of Rs. 4,25,807/- including interest, out of the same principal amount Rs. 98,390/- 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
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	Income Tax	47,71,575/-	2005-2006	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	94,181/-	2006-2007	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	31,00,689/-	2007-2008	Commissioner of Income Tax (Appeal)

- x) The Company does not have any accumulated losses at the financial year ended 31st December, 2009 and it has not incurred cash losses in the current and immediate preceding financial year.
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to the Financial Institutions.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loan or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the Company is not a chit fund or nidhi/mutual benefit fund/societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv) (a) According to the information and explanations given to us, Company is not dealing/trading in shares, securities or debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (b) According to the information and explanations given to us, long-term investments have been held by the Company in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the Bank or Financial Institutions during the year.

- xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
  - xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no fund raised on short term basis have been used for long term investment and no long term fund have been used to finance the short term assets.
  - xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year and hence the question of the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
  - xix) The Company has not raised debentures during the year and hence question of any security in respect of debentures does not arise.
  - 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 & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except for Accounting Standard 15 (Revised 2005), in respect of non-provision of part of gratuity liability indicated in Note No. B-8 of Schedule 13.
  - e) On the basis of the written representation received from the Directors as on 31st December, 2009 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st December, 2009 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-5 for non provision of sundry debtors considered as doubtful of recovery, (b) Note No.B-8 for non provision of gratuity liability, (c) Note No.B-9 for non-provision of diminution in value of investments, (d) Note No.B-12 for non provision of professional tax liability and (e) Note No.B-13 for non provision of loan receivable. Had the effect of above Notes Nos. (a) to (e) been taken in the books the profit as well as carried forward profit would have been reduced by the net of sum of the amounts referred in above notes; give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st December, 2009;
    - ii) in the case of Profit & Loss Account, of the Profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

4, Chowringhee Lane  
Kolkata - 700 016  
Date : March 30, 2010

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

**Balance Sheet** as at 31st December, 2009

(Amount in Rs.)

Schedule		As at 31st December, 2009		As at 31st December, 2008	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	74,955,000		74,955,000	
Reserves & Surplus	2	620,017,421	694,972,421	560,468,752	635,423,752
<b>Loan Funds</b>					
Secured Loans	3	189,386,428		233,735,634	
Unsecured Loans		55,000	189,441,428	125,000	233,860,634
			884,413,849		869,284,386
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	794,633,992		781,375,437	
Less : Depreciation		126,275,533		117,838,703	
Net Block		668,358,459		663,536,734	
Capital Work-in-Progress		188,624	668,547,083	–	663,536,734
<b>Investments</b>					
	5		15,239,266		13,239,266
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	6	151,036,117		102,818,050	
Sundry Debtors		48,027,282		56,572,644	
Cash & Bank Balances		7,640,348		10,336,335	
Other Current Assets		20,114,315		21,877,898	
Loans & Advances		109,303,425		103,848,105	
		336,121,487		295,453,032	
<b>Less : Current Liabilities &amp; Provisions</b>					
- Current Liabilities	7	119,467,844		94,374,128	
- Provisions		18,997,118		10,165,122	
		138,464,962		104,539,250	
Net Current Assets			197,656,525		190,913,782
Deferred Tax Assets			2,970,975		1,594,604
			884,413,849		869,284,386
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

**P. K. Agarwal**  
Partner  
Membership No. 056921  
4, Chowringhee Lane, Kolkata - 700 016  
Date : March 30, 2010

**Manoj Agarwala**  
Chief Financial Officer  
& Company Secretary

**Sandeep Singhania**  
Managing Director

**Sarita Singhania**  
Wholtime Director

For and on behalf of the Board

**Profit & Loss Account** for the year ended 31st December, 2009

(Amount in Rs.)

	Schedule	For the year ended 31st December, 2009		For the year ended 31st December, 2008	
<b>INCOME</b>					
Sales & Services (Net)	8	534,499,546		503,494,997	
Other Income	9	796,690		3,140,446	
Amount Transferred from Capital Reserve [See Note No. B-3]		49,895		49,895	
Closing Stock		131,326,603	666,672,734	75,694,215	582,379,553
<b>EXPENDITURE</b>					
Opening Stock		75,694,215		77,788,399	
Purchases		75,798,134		73,368,639	
Expenses	10	409,508,428	561,000,777	351,909,042	503,066,080
<b>PROFIT BEFORE DEPRECIATION &amp; INTEREST</b>			105,671,957		79,313,473
Depreciation		9,269,410		9,721,303	
Interest & Finance Charges (Net)	11	23,827,409	33,096,819	27,053,922	36,775,225
<b>PROFIT BEFORE TAXATION &amp; EXTRA ORDINARY ITEM</b>			72,575,138		42,538,248
Prior Period Item	12		—		186,768
<b>PROFIT BEFORE TAXATION</b>			72,575,138		42,351,480
Provision for Taxation					
- Current Tax			(2,050,000)		(460,000)
- Fringe Benefit Tax			(66,584)		(291,416)
- Deferred Tax (Liability)/Assets			1,376,371		(1,646,420)
- Agricultural Income Tax For Earlier Years			(2,745,512)		—
- MAT Credit Entitlement			1,643,041		1,087,365
<b>PROFIT AFTER TAXATION</b>			70,732,454		41,041,009
Balance Profit brought forward from previous year			2,751,782		6,095,453
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			73,484,236		47,136,462
<b>APPROPRIATIONS</b>					
Transferred to General Reserve			60,000,000		40,000,000
Proposed Dividend			7,495,500		3,747,750
Provision for Tax on Proposed Dividend			1,273,860		636,930
Balance carried to Balance Sheet			4,714,876		2,751,782
			73,484,236		47,136,462
Basic & Diluted Earning Per Share			4.72		2.74
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

**P. K. Agarwal**  
Partner  
Membership No. 056921  
4, Chowringhee Lane, Kolkata - 700 016  
Date : March 30, 2010

For and on behalf of the Board

**Manoj Agarwala**  
Chief Financial Officer  
& Company Secretary

**Sandeep Singhania**  
Managing Director

**Sarita Singhania**  
Wholetime Director

**Cash Flow Statement** for the year ended 31st December, 2009

(Amount in Rs.)

	For the year ended 31st December, 2009		For the year ended 31st December, 2008	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and extra ordinary items		<b>72,575,138</b>		42,538,248
Add :				
a) Depreciation	<b>9,269,410</b>		9,721,303	
b) Interest & Finance Charges	<b>31,086,222</b>		33,325,140	
c) Loss on Sale of Assets	<b>644,231</b>		542,381	
d) Loss on Sale of Investments	<b>–</b>	<b>40,999,863</b>	23,091	43,611,915
		<b>113,575,001</b>		86,150,163
Deduct :				
a) Dividend Income	<b>19,023</b>		48,769	
b) Interest Income	<b>7,258,813</b>		6,271,218	
c) Transferred from Capital Reserve	<b>49,895</b>	<b>7,327,731</b>	49,895	6,369,882
Operating Profit before Working Capital Changes		<b>106,247,270</b>		79,780,281
Deduct/(Add) :				
Increase/(Decrease) in Inventories		<b>48,218,067</b>		(1,661,805)
		<b>58,029,203</b>		81,442,086
Add/(Less) :				
a) Increase/(Decrease) in Trade & Other Payable	<b>29,509,661</b>		(37,198,867)	
b) Increase/(Decrease) in Trade & Other Receivable	<b>9,087,856</b>	<b>38,597,517</b>	33,358,756	(3,840,111)
Cash Flow from Operations		<b>96,626,720</b>		77,601,975
Deduct :				
Tax Paid		<b>5,424,466</b>		1,475,085
Cash Flow before extra ordinary items		<b>91,202,254</b>		76,126,890
Deduct : Prior Period Expenses		<b>–</b>		186,768
Net Cash (Outflow)/Inflow from Operating Activities		<b>91,202,254</b>		75,940,122
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Outflow				
a) Acquisition of Fixed Assets	<b>19,208,599</b>		14,879,925	
b) Acquisition of Investments	<b>2,000,000</b>		1,953,138	
c) Loss on Sale of Investments	<b>–</b>	<b>21,208,599</b>	23,091	16,856,154
Deduct :				
Inflow				
a) Sale of Fixed Assets	<b>386,405</b>		394,570	
b) Capital Subsidy Received	<b>1,533,674</b>		748,486	
c) Interest Received	<b>5,229,994</b>		6,198,692	
d) Dividend Received	<b>19,023</b>		48,769	
e) Sale of Investments	<b>–</b>	<b>7,169,096</b>	817,817	8,208,334
Net Cash (Outflow)/Inflow from Investing Activities		<b>(14,039,503)</b>		(8,647,820)

**Cash Flow Statement** for the year ended 31st December, 2009 (Contd.)

(Amount in Rs.)

	For the year ended 31st December, 2009		For the year ended 31st December, 2008	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Inflow				
a) Proceeds from Borrowings		-		-
Deduct :				
Outflow				
a) Repayment of Borrowings	44,419,206		42,263,281	
b) Dividend Paid (including tax on dividend)	4,353,310		466	
c) Interest & Finance Charges Paid	31,086,222	79,858,738	33,325,140	75,588,887
Net Cash Inflow/(Outflow) from Financing Activities		(79,858,738)		(75,588,887)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A + B + C)</b>		(2,695,987)		(8,296,585)
Cash & Cash Equivalents as at Opening		10,336,335		18,632,920
<b>Cash &amp; Cash Equivalents as at Closing</b>		7,640,348		10,336,335

Note to the Cash Flow Statement for the year ended 31st December, 2009

1. Previous Year figures have been re-casted/re-grouped wherever considered necessary to make them comparable with current year figures.

For **DAS & PRASAD**  
Chartered Accountants

**P. K. Agarwal**  
Partner  
Membership No. 056921  
4, Chowringhee Lane, Kolkata - 700 016  
Date : March 30, 2010

**Manoj Agarwala**  
Chief Financial Officer  
& Company Secretary

**Sandeep Singhania**  
Managing Director

For and on behalf of the Board

**Sarita Singhania**  
Wholetime Director

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31st December, 2009	As at 31st December, 2008
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
2,40,00,000 Equity Shares of Rs. 5/- each (Previous year - 2,40,00,000 Equity Shares of Rs. 5/- each)	120,000,000	120,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
1,49,91,000 Equity Shares of Rs. 5/- each, fully paid (Previous year - 1,49,91,000 Equity Shares of Rs. 5/- each, fully paid)	74,955,000	74,955,000
<b>Out of the above Shares</b>		
a) 89,94,600 Equity Shares of Rs. 5/- each have been allotted as fully paid-up Bonus Shares by way of Capitalisation of Share Premium Account		
b) 9,24,300 Shares of Rs. 5/- each were allotted as fully paid-up Bonus Shares by way of Capitalisation of General Reserve		
c) 74,520 Shares of Rs. 5/- each, fully paid were issued as pursuant to Contract without payment being received in cash		
d) 81,79,340 Shares of Rs. 5/- each fully paid-up are held by Holding Company Diana Capital Ltd.		

	As at 31st December, 2009		As at 31st December, 2008	
<b>2 RESERVES &amp; SURPLUS</b>				
<b>Share Premium</b>				
As per last Account		32,361,300		32,361,300
<b>Capital Reserve (Revaluation)</b>				
As per last Account	283,859,643		286,156,755	
Less : Assets discarded during the year	2,364,530		2,247,217	
Less : Transferred to Profit & Loss Account	49,895	281,445,218	49,895	283,859,643
<b>Capital Reserve (Share Forfeiture Account)</b>				
As per last Account		9,500		9,500
<b>General Reserve</b>				
As per last Account	241,486,527		201,486,527	
Add : Transferred from Profit & Loss Account	60,000,000	301,486,527	40,000,000	241,486,527
Balance in Profit & Loss Account		4,714,876		2,751,782
		620,017,421		560,468,752

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31st December, 2009	As at 31st December, 2008
<b>3 LOAN FUNDS</b>		
<b>Secured Loans</b>		
<b>1. From United Bank of India</b>		
a) CASH CREDIT ACCOUNT Secured on consortium basis with Punjab National Bank by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi Finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company	49,248,225	61,479,801
b) SECURED TERM LOAN Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company and corporate guarantee by a group company and also by pledgement of the Company's 16,07,274 numbers of Equity Shares held by Holding Company and two Directors of the Company. Repayable within one year Rs. 18,125,000/- (Previous year - Rs. 17,820,766/-)	19,026,068	33,288,768
c) SECURED TERM LOAN (Special Tea Term Loan) Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company. Repayable within one year Rs. 68,75,000/- (Previous year - Rs. 91,49,139/-)	50,194,667	57,409,733
<b>2. From Punjab National Bank</b>		
a) CASH CREDIT ACCOUNT Secured on consortium basis with United Bank of India by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi Finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company	56,565,294	65,057,332
b) SECURED TERM LOAN 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. 47,16,440/- (Previous year - Rs. 38,00,000/-)	7,366,440	10,250,000

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

		As at 31st December, 2009	As at 31st December, 2008
<b>3</b>	<b>LOAN FUNDS</b>		
<b>2.</b>	<b>From Punjab National Bank (Contd.)</b>		
c)	SECURED TERM LOAN (Special Tea Term Loan) Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company. Repayable within one year Rs. 28,22,394/- (Previous year - Rs. 50,00,000/-)	2,822,394	6,250,000
<b>3.</b>	<b>From Tea Board</b>		
	SECURED TERM LOAN (Special Purpose Tea Fund) Secured by second charge by equitable mortgage of Leasehold Tea Estate ranking subsequent to the charge of the bank.	4,163,340	—
		<b>189,386,428</b>	233,735,634
	<b>Unsecured Loans</b>		
1.	From Government of West Bengal	45,000	60,000
2.	From Holding Company (Not Bearing Interest)	10,000	65,000
		<b>55,000</b>	125,000

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.01.2009	Addition During the Year	Cost of Assets sold discarded/ Adjusted	Total as at 31.12.2009	Upto 31.12.2008	For the Year	Adjustment/ Written back during the Year	Total upto 31.12.2009	Balance as at 31.12.2009	Balance as at 31.12.2008
Land & Plantations	549,971,285	9,681,107	2,649,046	557,003,346	—	—	—	—	557,003,346	549,971,285
Buildings	69,258,384	528,077	—	69,786,461	21,275,923	1,568,123	—	22,844,046	46,942,415	47,982,461
Roads & Bridges	5,314,596	—	—	5,314,596	982,164	86,629	—	1,068,793	4,245,803	4,332,432
Plant & Machinery and Electric Installation	107,104,104	3,971,067	3,112,374	107,962,797	64,816,678	5,433,568	832,580	69,417,666	38,545,131	42,287,426
Water Installation	30,827,889	1,034,787	—	31,862,676	16,463,860	1,284,386	—	17,748,246	14,114,430	14,364,029
Furniture, Fittings & Other Equipments	7,190,074	818,399	—	8,008,473	4,839,938	426,441	—	5,266,379	2,742,094	2,350,136
Vehicles	11,709,105	2,986,538	—	14,695,643	9,460,140	470,263	—	9,930,403	4,765,240	2,248,965
<b>Total</b>	<b>781,375,437</b>	<b>19,019,975</b>	<b>5,761,420</b>	<b>794,633,992</b>	<b>117,838,703</b>	<b>9,269,410</b>	<b>832,580</b>	<b>126,275,533</b>	<b>668,358,459</b>	<b>663,536,734</b>
Previous Year Total	771,016,788	14,879,925	4,521,276	781,375,437	108,706,022	9,721,303	588,622	117,838,703	663,536,734	

Flavonoids in tea lower clotting risks and hardening of arteries and reduce levels of LDL or bad cholesterol.

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	Face value	As at		As at	
	Rs.	31st December, 2009 (Nos.)	(Rs.)	31st December, 2008 (Nos.)	(Rs.)
<b>5 INVESTMENTS (AT COST)</b>					
<b>Non Trade - Long Term Investments</b>					
QUOTED : IN FULLY PAID EQUITY SHARES					
Alsa Marine & Harvests Limited	10	800	33,692	800	33,692
Agri-Tech (I) Limited	10	820	19,018	820	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
Ambuja Cements Limited	2	615	–	615	–
JSW Steel Limited	10	150	189,454	150	189,454
Jindal Steel & Power Limited	1	300	157,377	50	157,377
Kirloskar Multimedia Limited	10	50,000	500,000	50,000	500,000
Kirtivardhan Finvest Services Limited	1	560	–	560	–
LCC Infotech Limited	2	5,000	–	5,000	–
Namaste Exports Limited	10	500	–	500	–
Moving Pictures Company (I) Limited	10	6,958	382,690	6,958	382,690
Mukand Engineers Limited	10	34,690	2,999,030	34,690	2,999,030
Nath Seeds Limited	10	2,378	55,145	2,378	55,145
Nath Bio-Genes (I) Limited	10	902	20,917	902	20,917
Noida Toll Bridge Company Limited	10	2,500	85,456	2,500	85,456
Ojas Techno Chem Product Limited	10	41,900	664,664	41,900	664,664
Padmini Technologies Limited	10	8,100	1,187,155	8,100	1,187,155
Raj Rayon Limited	10	7,190	317,566	7,190	317,566
RDL Infotech Limited	10	25,000	250,000	25,000	250,000
Reliance Industries Limited (Refer Note 1)	10	242	169,092	90	88,900
Reliance Capital Limited	10	49	88,285	49	88,285
Reliance Infrastructure Limited	10	506	977,323	506	977,323
Reliance Communication Limited	5	3,090	1,075,811	3,090	1,075,811
Reliance Petroleum Limited	10	–	–	500	80,192
Reliance Natural Resources Limited	5	90	–	90	–
Suvarna Aqua Industries Limited	10	200	2,808	200	2,808
Srei Infrastructure Finance Limited	10	2,100	507,939	2,100	507,939
Step Two Corporation Limited	10	700	7,000	700	7,000
Dhunseri Tea & Industries Limited	10	150	60,900	150	60,900
Tata Steel Limited	10	525	67,372	525	67,372
TCM Limited	10	800	27,720	800	27,720
Tecil Chemicals & H.P. Limited	10	200	6,000	200	6,000
			<b>12,653,375</b>		<b>12,653,375</b>
UNQUOTED : IN FULLY PAID EQUITY SHARES					
Diana Capital Limited	10	29,870	245,127	29,870	245,127
Ambition Vyapaar Private Limited	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
Electrosteel Integrated Limited	10	200,000	2,000,000	–	–
			<b>2,558,091</b>		<b>558,091</b>
			<b>15,211,466</b>		<b>13,211,466</b>
<b>Cumulative Convertible Preference Shares</b>					
Tata Steel Limited	100	278	27,800	278	27,800
			<b>15,239,266</b>		<b>13,239,266</b>
Market Value of Quoted Investments			<b>6,591,687</b>		<b>2,751,412</b>

## Note :

- Received 31 nos. of Equity Shares of Reliance Industries Limited in exchange of 500 nos of Equity Shares of Reliance Petroleum Limited. Further received 121 nos. of Shares as Bonus.

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

	As at 31st December, 2009		As at 31st December, 2008	
<b>6 CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>Current Assets</b> (As taken, valued and certified by the Management)				
<b>Inventories</b>				
- Stores & Spare Parts	19,322,999		26,889,162	
- Stores-in-Transit	386,515	19,709,514	234,673	27,123,835
Stock of Tea and Tea Waste		131,326,603		75,694,215
		151,036,117		102,818,050
<b>Sundry Debtors</b>				
Debts outstanding for a period exceeding six months :				
- Considered Doubtful	414,544		108,930	
- Considered Good	5,069,097		7,374,002	
Other Debts :				
- Considered Good	42,543,641	48,027,282	49,089,712	56,572,644
<b>Cash &amp; Bank Balances</b>				
- Cash-in-Hand (as certified)	2,675,805		3,102,293	
- Cheque-in-Transit	—		29,870	
- With Scheduled Banks in Current Accounts	3,113,930		5,698,266	
- Deposit Accounts (Pledged with Bankers against issue of Bank Guarantees)	1,710,151		1,396,814	
- Dividend Accounts	140,462	7,640,348	109,092	10,336,335
<b>Other Current Assets</b>				
- Interest Receivable	10,494,741		8,465,922	
- Compensation Receivable	5,000,000		5,000,000	
- Deferred Interest	1,835,269		2,734,128	
- Replantation Subsidy Receivable	2,657,179		5,814,128	
- Deferred Reserve Fund	103,126		—	
- Input Tax Receivable	24,000	20,114,315	(136,280)	21,877,898
<b>Loans &amp; Advances (Unsecured, Considered good)</b>				
- Loans	83,244,778		85,500,000	
- Advances Receivable in cash or in kind or for value to be received	17,072,537		11,460,618	
- Income Tax Advance (Less Provisions)	8,108,118		5,902,707	
- Balance with Central Excise Department	22,987		61,098	
- Security Deposit	463,202		463,202	
- Prepaid Expenses	391,803	109,303,425	460,480	103,848,105
		336,121,487		295,453,032
<b>7 CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry Creditors	87,359,191		85,156,415	
Advance from Customers	31,867,701		9,104,139	
Unclaimed Dividend Account	140,462		109,092	
Share Application Refund Account	544		544	
Interest accrued but not due	99,946	119,467,844	3,938	94,374,128
<b>Provisions</b>				
Proposed Dividend	7,495,500		3,747,750	
Tax on Proposed Dividend	1,273,860		636,930	
Provision for Bonus	10,227,758	18,997,118	5,780,442	10,165,122
		138,464,962		104,539,250

## Schedules forming part of the Profit &amp; Loss Account

(Amount in Rs.)

	For the year ended 31st December, 2009		For the year ended 31st December, 2008	
<b>8 SALES</b>				
Sales	535,904,963		504,942,709	
Less : Excise Duty & Cess	1,412,617		1,493,762	
Net Sales	534,492,346		503,448,947	
Services Rendered	7,200	534,499,546	46,050	503,494,997
<b>9 OTHER INCOME</b>				
Miscellaneous Receipt	773,957		945,898	
Claims	3,710		163,942	
Dividend	19,023		48,769	
Replantation Subsidy	–		1,370,571	
Compensation Received	–	796,690	611,266	3,140,446
<b>10 EXPENSES</b>				
<b>Manufacturing &amp; Cultivation :</b>				
Stores & Spares Consumed	59,175,340		35,840,272	
Power & Fuel	49,536,298		47,344,156	
Purchase of Green Leaf	61,321,411	170,033,049	47,849,234	131,033,662
<b>Repairs &amp; Maintenance to :</b>				
Machinery	7,683,718		4,395,303	
Building	4,586,044		2,411,750	
Others	2,271,888	14,541,650	2,074,449	8,881,502
<b>Payment to &amp; Provisions for Employees :</b>				
Salaries, Wages, Bonus & Gratuity	157,502,825		142,690,733	
Contribution to Provident Fund & Other Fund (including Administrative Charges)	15,790,411		14,661,135	
Workers & Staff Welfare	18,936,245	192,229,481	18,879,232	176,231,100
<b>Other Expenses :</b>				
Office Rent	108,000		108,000	
Rates & Taxes	694,597		689,549	
Insurance	604,149		678,627	
Miscellaneous Expenses	13,613,163	15,019,909	11,371,831	12,848,007
<b>Auditors' Remuneration :</b>				
For Statutory Audit	110,000		85,000	
For Tax Audit	25,000		25,000	
For Limited Review	18,000		18,000	
For Taxation Matters	–		5,000	
For Cash Flow	10,000		10,000	
For Service Tax	21,756		19,786	
For Certificates & Others	28,000		17,000	
For Expenses	28,414	241,170	27,434	207,220
<b>Tea Selling Expenses :</b>				
Brokerage & Commission	7,111,059		9,336,855	
Freight, Warehouse and Other Selling Expenses	9,763,740	16,874,799	11,883,553	21,220,408
<b>Donation</b>		41,555		32,655
<b>Loss on Sale/Discard of Fixed Assets</b>		359,715		282,827
<b>Loss on Discard of Tea Plantation</b>		284,516		259,554
<b>Loss on Sale of Investment</b>		–		23,091
<b>Liabilities Written Off (Net)</b>		(117,416)		889,016
		409,508,428		351,909,042

**Schedules** forming part of the Profit & Loss Account

(Amount in Rs.)

	For the year ended 31st December, 2009		For the year ended 31st December, 2008	
<b>11 INTEREST &amp; FINANCE CHARGES (NET)</b>				
Interest to Banks for Working Capital Finance	16,987,723		16,660,698	
Interest on Term Loans	10,216,561		12,822,324	
Interest to Others	20,642		10,626	
Bank Charges	2,506,971		2,853,964	
Finance Charges	1,354,325	31,086,222	977,528	33,325,140
Less : Interest Income (Gross) (TDS - Rs. 9,92,060/-) (Previous year - Rs. 11,99,085/-)		7,258,813		6,271,218
		<b>23,827,409</b>		<b>27,053,922</b>
<b>12 PRIOR PERIOD ITEM</b>				
Salary & Wages	-		41,556	
Subscription	-		120,969	
Motor Car Expenses	-		21,146	
Conveyance	-	-	3,097	
		-		186,768

**Schedules** to and forming part of the Balance Sheet as at 31st December 2009 and the Profit & Loss Account for the year ended on that date

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

#### 1) Basis of Accounting

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

#### 2) Revenue Recognition

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

2.2) Sales are net of Sales Tax wherever applicable.

#### 3) Fixed Assets

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

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

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

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

#### 4) Replantation Expenditure

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

#### 5) Impairment of Fixed Assets

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

#### 6) Depreciation & Amortisation

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

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

#### 7) Contingent Liabilities

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

#### 8) Inventories

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

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

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

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

#### 9) Investments

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

**13 NOTES ON ACCOUNTS (CONTD.)****10) Excise Duty & Cess on Tea Production**

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

**11) Retirement Benefits**

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

**12) Income Tax**

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

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

**13) Provisions**

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

**14) Borrowing Costs**

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

**15) Grants/Subsidies**

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

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

**16) Foreign Currency Transactions**

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

**B) OTHER NOTES****1) Contingent Liability not provided for in respect of :-**

- 1.1) Bank Guarantees issued to various Government Bodies to the extent of Rs. 67,86,084/- (Previous year - Rs. 65,94,142/-).
- 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. 47,71,575/-, Rs. 94,181/- and Rs. 31,00,689/- being contested by the Company for the Assessment year 2005-06, 2006-07 and 2007-08 respectively.
- 1.5) Central Sales Tax demand for the Assessment Year 2003-04 and 2004-05 of Rs. 25,28,836/- and Rs. 1,94,968/- respectively.

**13 NOTES ON ACCOUNTS (CONTD.)**

- 2) Stock of Tea includes 11,91,736 Kgs. valuing Rs. 11,05,85,116/- lying with other Parties (Previous year 7,36,478 Kgs. valuing Rs.5,72,53,800/-).
- 3) Depreciation as calculated includes additional charges of Rs. 49,895/- on revalued assets and an amount equivalent to the additional charges has been transferred to Profit & Loss Account from Capital Reserve (Revaluation of Fixed Asset) such transfer according to an authoritative professional view being acceptable for the purpose of the Companies annual accounts.
- 4) In accordance with the AS-28 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indication (listed in paragraphs 8 to 10 of the standard) with regard to impairment of any assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been provided in the books of accounts.
- 5) No provision has been made for Sundry Debtors amounting to Rs. 4,14,544/- considered as Doubtful of Recovery (Under Litigation - Rs. 1,08,930/-) (Previous year - Rs. 1,08,930/-).
- 6) Sundry Creditors include outstanding in respect of Machinery and Vehicle amounting to Rs. 1,10,80,830/- (Previous year - Rs. 1,35,71,000/-) purchased in terms of Hire Purchase Agreements.
- 7) The Company has not received any information from its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act, 2006". Hence, the information required to be given in accordance with Section 22 of the said Act, is not ascertainable. Hence, not disclosed.
- 8) The disclosures required under Accounting Standard - 15 (Revised 2005) "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006, are given below :

## a) DEFINED CONTRIBUTION PLAN – PROVIDENT FUND

Employer's contribution to Provident Fund	Rs. 13,961,969/-
Employees' contribution to Provident Fund	Rs. 13,961,971/-

## b) DEFINED BENEFIT PLAN - GRATUITY

- No provision has been made in respect of present liabilities for future payment of gratuity to the Staff and Workers, which will be charged to accounts as and when paid. According to actuarial valuation under Revised AS-15, the liability for gratuity payable to Staff and Workers as on 31st December, 2009 is Rs. 8,05,90,980/- (Previous year Rs. 6,39,35,949/-). Company is not contributed to any approved Gratuity Fund during the year. Hence, Fair value of Plan Assets, Current Service Cost, Interest Cost, Actuarial (gain)/Loss as on 31st December, 2009 are not ascertainable. However during the year Company has paid Rs.37,58,940/- to employees who have retired/died.

Actuarial Assumption	Percentage (%)
Discount Rate (per annum)	8.25
Rate of Escalation in Salary (per annum)	5.00

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

- The company has created a Gratuity Trust named "Diana Tea Company Limited Employees' Gratuity Fund" under the Payment of Gratuity Act, 1972, with effect from 12th February, 2010. Further the Company has contributed under Group Gratuity scheme with "HDFC Standard Life Insurance Company Ltd." and "Life Insurance Corporation of India".
- 9) In accordance with Accounting Standard (AS) 13 issued by the Council of the Institute of Chartered Accountants of India, the Long Term Investments held by the Company are valued at cost and Rs. 80,23,805/- (Previous year - Rs. 1,00,10,042/-) being diminution in values thereof has been considered by the management to be temporary and accordingly has not been recognized in this account. These would, however be covered adequately by the Company's year-end Reserves & Surplus.
  - 10) Miscellaneous Expenses includes Directors' Board Meeting Fee & Committee Meeting Fee Rs. 28,000/- (Previous year - Rs. 32,000/-).
  - 11) The Company has not accounted for interest receivable from M/s. Pretoria Enclave Limited, as per One Time Settlement (OTS) held in last year. According to OTS M/s. Pretoria Enclave Limited will pay Rs. 80 Lacs as compensation in three yearly instalments and after the completion of instalments of Rs. 80 Lacs, the aforementioned Company will pay its principal amount from the year 2010-11 in three years time. Interest will be charged from April, 2011 onwards.

**13 NOTES ON ACCOUNTS (CONTD.)**

- 12) No Provision has been made in respect of West Bengal Professional Tax Liability of Rs. 3,27,417/- in respect of interest for which the Company had applied for waiver.
- 13) No provision has been made for loan receivable (including interest Rs. 18,333/-) amounting to Rs. 27,63,111/- as considered doubtful of recovery during the year. Hence, no interest has been provided on the said loan.
- 14) Bank Charges includes Rs. 16.13 Lacs (Previous year - Rs.14.25 Lacs) being the Proportionate amount of foreign exchange fluctuation for repayment of foreign currency loan from bank, covered by forward contract.
- 15) Sundry Creditors includes Rs. 5,60,436/- (Previous year - Rs. 1,71,983/-) due to Small Scale Industrial undertakings to the extent such parties have been identified from the available documents/information. An amount of Rs. 2,87,682/- is due to party namely M/s. Avani Poly Pvt. Ltd., and Rs. 12,589/- to Vijay Trading Company respectively which is outstanding for more than 30 days.
- 16) During the year Company has received Subsidy of Rs. 15,33,674/- against Quality Upgradation and Product Diversification Scheme. Accordingly, the Company has calculated depreciation on net amount with prospective effect according to Accounting Standard - 12.
- 17) Land & Plantation includes Rs. 790 Lacs in respect of Ambari Tea Estate, conveyance for which is not executed.
- 18) The Company's profits for the period 1st April, 2009 to 31st December, 2009 together with those for the subsequent period to 31st March, 2010 will be assessable (including under Section 115JB of the Income Tax Act, 1961) as one composite income for the Assessment Year 2010-2011 and in the view of this, no provision for the taxation has been made as the tax liability in respect of the said period of nine months cannot be quantified at present. However, provision for Income Tax for the three months from 1st January, 2009 to 31st March, 2009 along with previous nine months from 1st April, 2008 to 31st December, 2008 has been ascertained and duly provided.
- 19) 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, 2009 and the net deferred tax assets have been computed Rs. 29,70,975/-. Accordingly, the deferred tax amounting to Rs. 13,76,371/- for the year has been recognized in the Profit & Loss Account.
- 20) 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.
- 21) Basic and Diluted Earnings Per Share :

	2009	2008
a) Profit for the year attributable to Equity Share Holders (In Rs.)	7,07,32,454	4,10,41,009
b) Number of Equity Shares of Rs.5/- each outstanding during the year	1,49,91,000	1,49,91,000
c) Basic & Diluted Earnings Per Share (Rs.)	4.72	2.74

- 22) The Company is engaged in the business of integrated activities of manufacture and sale of tea, predominantly in the domestic market. Hence, there is no reportable segment as per the AS-17 on "Segment Reporting" as issued by the ICAI.

**13 NOTES ON ACCOUNTS (CONTD.)**

23) Related Party Disclosures : (Amount in Rs.)

Name of Party	Nature of Relation	Description of Transaction	Transaction during year ended on 31st December		Balance Outstanding as on 31st December	
			2009	2008	2009	2008
Singhania Builders Ltd.	Directors interested as Directors	Rent Paid	1,08,000	1,08,000	-	-
		Electricity	1,56,496	1,31,786	-	17,239
		Maintenance	35,666	36,164	-	9,041
Mr. Sandeep Singhania	Managing Director	Remuneration & Perquisites	17,00,043	16,99,416	-	-
Mrs. Sarita Singhania	Wholetime Director	Remuneration & Perquisites	10,27,625	10,27,991	-	-
Diana Capital Ltd.	Holding Company	Loan taken	51,90,000	56,00,000	10,000	65,000
Woodville Properties & Finance Ltd.	Directors interested as Directors	Loan given	8,00,000	8,00,000	8,00,000	8,00,000
		Interest	80,000	80,000	2,56,587	1,93,067

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 9,57,500 equity shares held by Holding Company, Diana Capital Limited, 2,74,850 equity shares held by Managing Director Mr. Sandeep Singhania and 3,74,924 equity shares held by Wholetime 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.

24) Remuneration to the Managing Director and Wholetime Director. (Amount in Rs.)

	Year ended 31st December, 2009	Year ended 31st December, 2008
a) Salary & Bonus	24,00,000	24,00,000
b) Contribution to Provident Fund	2,88,000	2,88,000
c) Perquisites	39,668	39,407

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

## A) Tea

Particulars of capacity, production, stock and sales :

	Year ended 31st December, 2009	Year ended 31st December, 2008
i) Licenced Capacity	Not applicable	Not applicable
ii) Installed Capacity (as certified by the Management)	57,00,000 Kgs	57,00,000 Kgs
iii) Actual Production (excluding tea issued for sampling, shortage, tea waste destroyed & complimentary 49,540 Kgs), (Previous year - 45,758 Kgs)	45,54,722 Kgs	46,27,078 Kgs

**13 NOTES ON ACCOUNTS (CONTD.)**

	Year ended 31st December, 2009		Year ended 31st December, 2008	
	Quantity (Kgs.)	Amount (Rs.)	Quantity (Kgs.)	Amount (Rs.)
iv) Opening Stock	9,56,410	7,56,94,215	11,82,644	7,77,88,399
v) Purchase of Tea	8,76,954	7,57,48,028	8,36,233	7,29,03,911
vi) Closing Stock	14,16,845	13,13,26,603	9,56,410	7,56,94,215
vii) Gross Sales (including Gift of 587 kgs.)	49,71,241	53,58,52,633	56,89,545	50,44,58,555
<b>B) Coffee</b>				
i) Purchase	154	25,626	1,536	2,44,943
ii) Sales	154	26,830	1,536	2,54,554
<b>C) Milk</b>				
i) Purchase	204	24,480	2,030	2,19,785
ii) Sales	204	25,500	2,030	2,29,600

**D) Particulars of Raw Materials consumed (all indigenous)**

	Year ended 31st December, 2009		Year ended 31st December, 2008	
	Quantity (Kgs.)	Amount (Rs.)	Quantity (Kgs.)	Amount (Rs.)
Green Leaf harvested	1,63,24,332	–	1,64,45,198	–
Green Leaf purchased	37,27,163	6,13,21,411	39,29,600	4,78,49,234

(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)

**E) Value of Imported/Indigenous Stores and Spare Parts consumed and percentage thereof**

	Year ended 31st December, 2009		Year ended 31st December, 2008	
	(Rs.)	(%)	(Rs.)	(%)
All Indigenous	5,91,75,340	100	3,58,40,272	100

**F) i) Expenditure in Foreign Currency**

Particulars	Year ended 31st December, 2009	Year ended 31st December, 2008
	(Rs.)	(Rs.)
Interest & Hedging charges on Foreign Currency Loan	47,38,346	80,70,543
Travelling & Others	11,71,784	6,74,920
ii) <b>Earnings in foreign exchange</b> (On account of export of Tea)	NIL	NIL

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

**13 NOTES ON ACCOUNTS (CONTD.)**

26) Abstract of the Balance Sheet as at 31.12.2009 and Company's General Business Profile as per Part IV of Schedule VI (amended) to the Companies Act, 1956.

**I. Registration Details**

Registration No.

State Code

Balance Sheet Date     
Date Month Year

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

Public Issue

Right Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Deferred Tax Assets

Accumulated Losses

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

Turnover

Total Expenditure

Profit before Tax

Profit after Tax

Earning Per Share (in Rs.)

Dividend Rate (%)

**V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)**

Item Code No. (ITC Code)

Products Description

27) Figures for the previous year have been re-grouped, re-arranged and re-casted wherever necessary.

Signatures to Schedule 1 to 13

For **DAS & PRASAD**  
Chartered Accountants

For and on behalf of the Board

**P. K. Agarwal**  
Partner  
Membership No. 056921  
4, Chowringhee Lane, Kolkata - 700 016  
Date : March 30, 2010

**Manoj Agarwala**  
Chief Financial Officer  
& Company Secretary

**Sandeep Singhania**  
Managing Director

**Sarita Singhania**  
Wholtime Director



# DIANA TEA COMPANY LIMITED

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

## ATTENDANCE SLIP

L.F./Client ID No. ....

DP ID No. ....

No. of Shares held.....

I/We hereby record my/our presence at the 99th Annual General Meeting of the Members of the Company on Friday, June 25, 2010, at Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata - 700 071 at 10.30 a.m.

Full name of the Shareholder : \_\_\_\_\_  
(in block letters)

Signature of the Shareholder : \_\_\_\_\_

Full name of Proxy : \_\_\_\_\_  
(in block letters)

Signature of the Proxy : \_\_\_\_\_

### Notes :

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

# DIANA TEA COMPANY LIMITED

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

## FORM OF PROXY

L.F./Client ID No. ....

DP ID No. ....

No. of Shares held.....

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

in the district of \_\_\_\_\_ as my/our proxy to vote for me/our behalf at the 99th Annual  
General Meeting of the Members of the Company to be held on 25th day of June 2010 and at any adjournment thereof.

as witness my/our hand/hands this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signed by the said \_\_\_\_\_

### Notes :

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

Please  
Affix  
Revenue  
Stamp





# Portfolio



## List of products

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

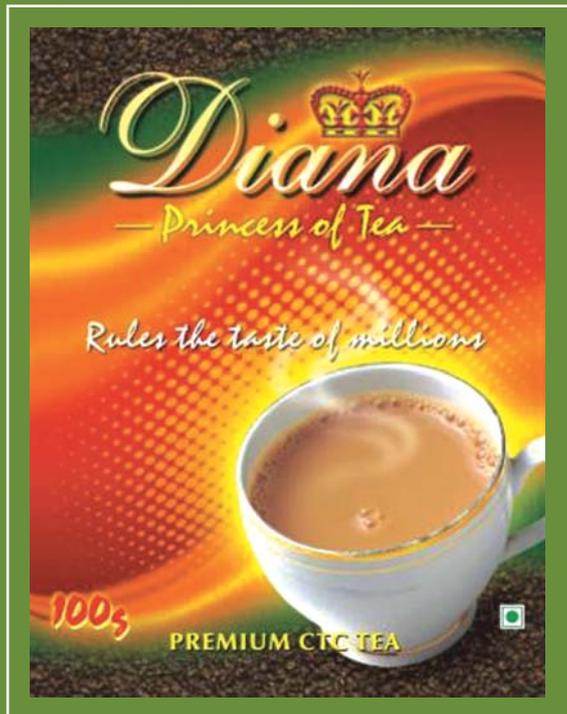
Tea Chest  
(in 26 kgs & 35 kgs)

Poly Pouch Pack  
(3 varieties in 250 gms)

Tea Bags  
(25 bags & 100 bags pack)

Mini Chestlet  
(500 gms)





## DIANA TEA COMPANY LIMITED

"SIR R. N. M. HOUSE"

3B, Lal Bazar Street, Kolkata - 700 001

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

E-mail : [diana@cal3.vsnl.net.in](mailto:diana@cal3.vsnl.net.in)