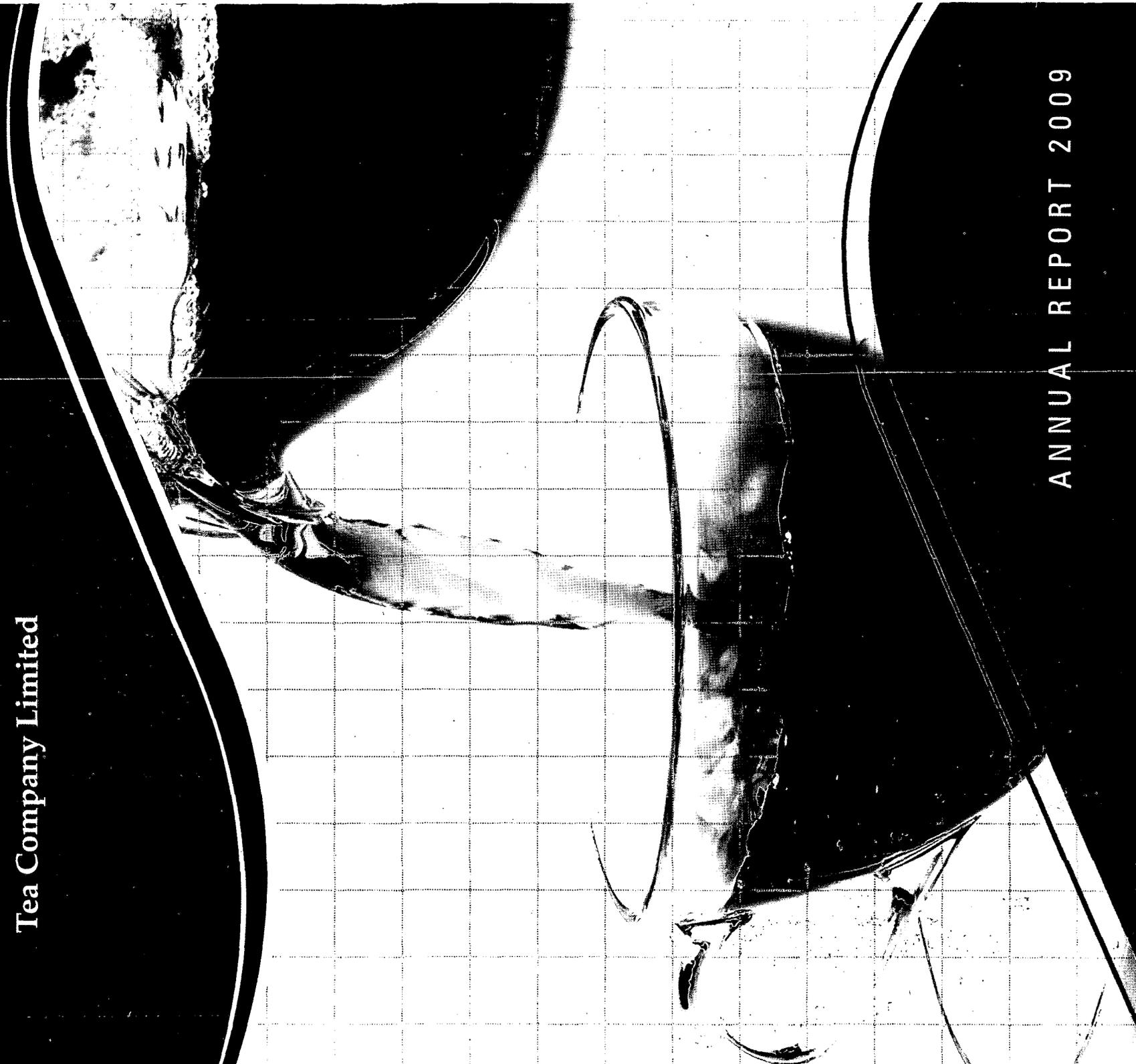


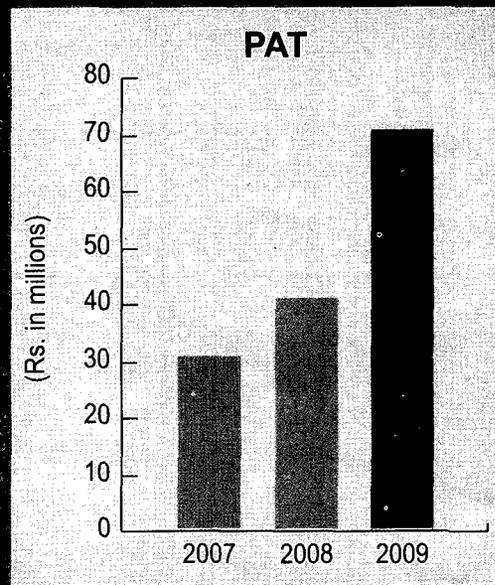
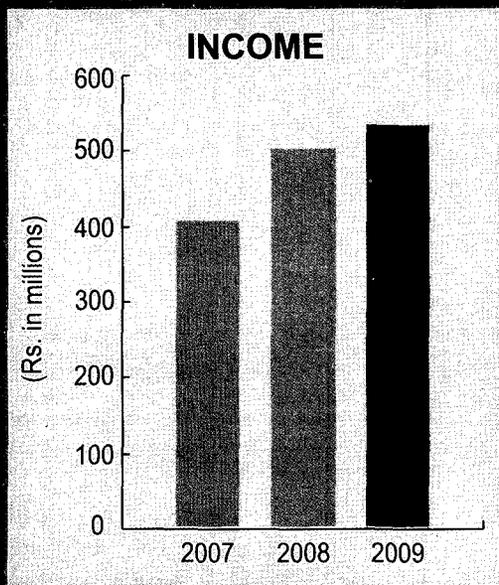
*Diana*

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 *Managing Director*  
Sarita Singhania *Wholetime Director*  
Naresh Pachisia *Independent Director*  
Harish Parekh *Independent Director*  
N. F. Tankariwala *Independent Director*

### 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

101 R. N. M. House  
101B, Lal Bazar Street  
Kolkata - 700 001  
Phone : (033) 2248-8672/1651/2164  
Fax : (033) 2248-7571  
-mail : contactus@dianatea.in

### REGISTRAR & SHARE TRANSFER AGENTS

M/s. Maheshwari Datamatics Pvt. Ltd.  
101, Mangoe Lane, 2nd Floor, Kolkata - 700 001  
Phone : 2243-5029/5809, 2248-2248  
Fax : (033) 2248-4787  
-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<br>31.12.2009 | Previous Year ended<br>31.12.2008 |
|--|-------------|----------------------------------|-----------------------------------|
| <b>A. POWER &amp; FUEL CONSUMPTION</b>                                   |             |                                  |                                   |
| 1) Electricity   |             |                                  |                                   |
| 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                             |
| 2) Furnace Oil for Tea Processing in Withering & Drying                  |             |                                  |                                   |
| Quantity   | (Ltrs.)     | 39,583                           | 44,536                            |
| Total Amount   | (Rs.)       | 1,425,542                        | 1,551,569                         |
| Average Rate   | (Rs./Ltrs.) | 36.01                            | 34.84                             |
| 3) Other for Tea Processing in Withering & Drying                        |             |                                  |                                   |
| 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)<br>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

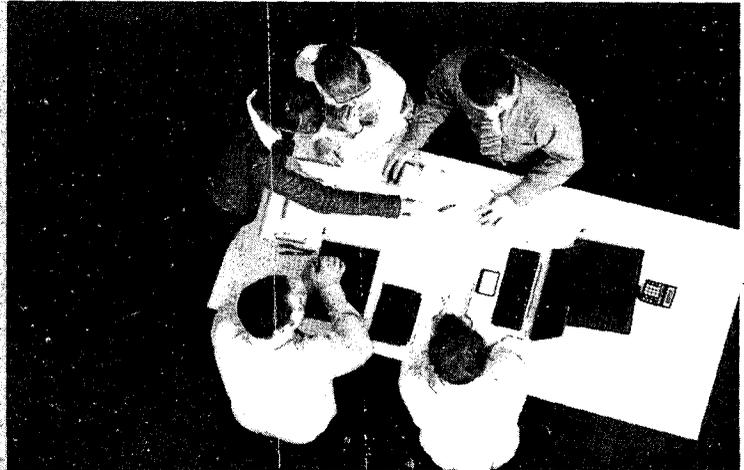
|               |                 |                             |
|---------------|-----------------|-----------------------------|
| <b>Earned</b> | Rs. NIL         |                             |
| <b>Used</b>   | Rs. 47,38,346/- | Interest on FCNR (B)        |
|               |                 | Working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

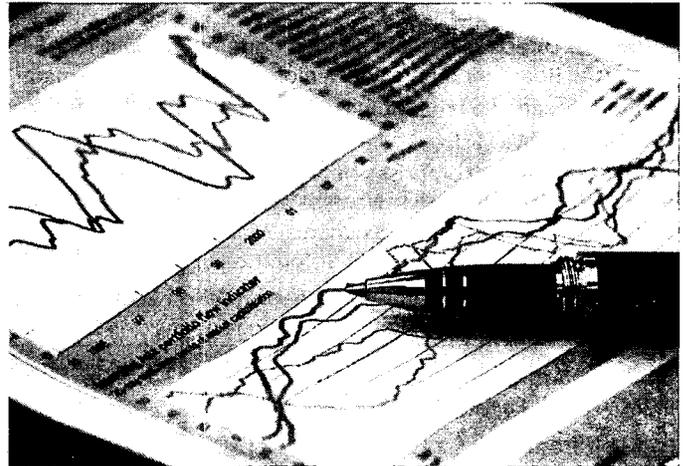
The statements in the report of the Board of Directors and the Management's Discussion and Analysis report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities Laws and Regulations. Actual results could 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 Doars 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<br>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.<br>Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001     | 530959     |
| 2   | The Calcutta Stock Exchange Association Ltd.<br>7, Lyons Range, Kolkata - 700 001              | 14038      |
| 3   | The Delhi Stock Exchange Association Ltd.<br>DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002 | 8273       |
| 4   | Ahmedabad Stock Exchange Ltd.<br>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,<br>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.

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

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

## 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<br>December, 2009 |             | As at 31st<br>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

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

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

(Amount in Rs.)

|   | For the year ended<br>31st December, 2009 |              | For the year ended<br>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;<br/>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

For and on behalf of the Board  
**Sandeep Singhania**      **Sarita Singhania**  
Managing Director      Wholetime Director

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

|   | As at<br>31st December, 2009 | As at<br>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<br>31st December, 2009 | As at<br>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                       | 49,895                       |
| <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                   | 40,000,000                   |
| Balance in Profit & Loss Account                  | 4,714,876                    | 2,751,782                    |
|   | <b>620,017,421</b>           | <b>560,468,752</b>           |

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

|   | As at<br>31st December, 2009 | As at<br>31st December, 2008 |
|---|------------------------------|------------------------------|
| <b>3 LOAN FUNDS</b>   |                              |                              |
| <b>Secured Loans</b>  |                              |                              |
| <b>1. From United Bank of India</b>   |                              |                              |
| a) CASH CREDIT ACCOUNT<br>Secured on consortium basis with Punjab National Bank by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi Finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company   | <b>49,248,225</b>            | 61,479,801                   |
| b) SECURED TERM LOAN<br>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/-) | <b>19,026,068</b>            | 33,288,768                   |
| c) SECURED TERM LOAN<br>(Special Tea Term Loan)<br>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/-)   | <b>50,194,667</b>            | 57,409,733                   |
| <b>2. From Punjab National Bank</b>   |                              |                              |
| a) CASH CREDIT ACCOUNT<br>Secured on consortium basis with United Bank of India by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi Finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company   | <b>56,565,294</b>            | 65,057,332                   |
| b) SECURED TERM LOAN<br>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/-)   | <b>7,366,440</b>             | 10,250,000                   |

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

|   |  | As at<br>31st December, 2009 | As at<br>31st December, 2008 |
|---|--|------------------------------|------------------------------|
| <b>3 LOAN FUNDS</b>   |  |                              |                              |
| <b>2. From Punjab National Bank (Contd.)</b>  |  |                              |                              |
| c) SECURED TERM LOAN<br>(Special Tea Term Loan)<br>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. From Tea Board</b>  |  |                              |                              |
| SECURED TERM LOAN<br>(Special Purpose Tea Fund)<br>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>           | <b>233,735,634</b>           |
| <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>                | <b>125,000</b>               |

(Amount in Rs.)

| <b>4 FIXED ASSETS</b>                       |                       |                          |   |                        |                    |                  |  |                       |                          |                          |
|---|-----------------------|--------------------------|---|------------------------|--------------------|------------------|--|-----------------------|--------------------------|--------------------------|
| 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              |                          |

## Schedules forming part of the Balance Sheet

(Amount in Rs.)

|   | Face value<br>Rs. | As at<br>31st December, 2009 |                   | As at<br>31st December, 2008 |                   |
|---|-------------------|------------------------------|-------------------|------------------------------|-------------------|
|   |                   | (Nos.)                       | (Rs.)             | (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<br>31st December, 2009 |             | As at<br>31st December, 2008 |             |
|---|------------------------------|-------------|------------------------------|-------------|
| <b>6 CURRENT ASSETS, LOANS &amp; ADVANCES</b>                                 |                              |             |                              |             |
| <b>Current Assets</b><br>(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<br>(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<br>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<br>31st December, 2009 |             | For the year ended<br>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 &amp; Loss Account

(Amount in Rs.)

|  | For the year ended<br>31st December, 2009 |            | For the year ended<br>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/-)<br>(Previous year - Rs. 11,99,085/-) |   | 7,258,813  |   | 6,271,218  |
|  |   | 23,827,409 |   | 27,053,922 |
| <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.

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

**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. 

|  |  |   |   |   |   |
|--|--|---|---|---|---|
|  |  | 2 | 2 | 7 | 5 |
|--|--|---|---|---|---|

State Code

|   |   |
|---|---|
| 2 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 1 | 2 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 9 |
|---|---|---|---|

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

Public Issue

|   |   |   |
|---|---|---|
| N | I | L |
|---|---|---|

Right Issue

|   |   |   |
|---|---|---|
| N | I | L |
|---|---|---|

Bonus Issue

|   |   |   |
|---|---|---|
| N | I | L |
|---|---|---|

Private Placement

|   |   |   |
|---|---|---|
| N | I | L |
|---|---|---|

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

Total Liabilities

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 8 | 8 | 4 | 4 | 1 | 4 |
|---|---|---|---|---|---|

Total Assets

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 8 | 8 | 4 | 4 | 1 | 4 |
|---|---|---|---|---|---|

Sources of Funds

Paid-up Capital

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 7 | 4 | 9 | 5 | 5 |
|--|---|---|---|---|---|

Reserves &amp; Surplus

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 6 | 2 | 0 | 0 | 1 | 7 |
|---|---|---|---|---|---|

Secured Loans

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1 | 8 | 9 | 3 | 8 | 7 |
|---|---|---|---|---|---|

Unsecured Loans

|  |  |  |  |   |   |
|--|--|--|--|---|---|
|  |  |  |  | 5 | 5 |
|--|--|--|--|---|---|

Application of Funds

Net Fixed Assets

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 6 | 6 | 8 | 5 | 4 | 7 |
|---|---|---|---|---|---|

Investments

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 1 | 5 | 2 | 3 | 9 |
|--|---|---|---|---|---|

Net Current Assets

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1 | 9 | 7 | 6 | 5 | 7 |
|---|---|---|---|---|---|

Miscellaneous Expenditure

|  |  |  |   |   |   |
|--|--|--|---|---|---|
|  |  |  | N | I | L |
|--|--|--|---|---|---|

Deferred Tax Assets

|  |  |   |   |   |   |
|--|--|---|---|---|---|
|  |  | 2 | 9 | 7 | 1 |
|--|--|---|---|---|---|

Accumulated Losses

|  |  |  |   |   |   |
|--|--|--|---|---|---|
|  |  |  | N | I | L |
|--|--|--|---|---|---|

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

Turnover

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 6 | 6 | 6 | 6 | 7 | 3 |
|---|---|---|---|---|---|

Total Expenditure

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 5 | 9 | 4 | 0 | 9 | 8 |
|---|---|---|---|---|---|

Profit before Tax

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 7 | 2 | 5 | 7 | 5 |
|--|---|---|---|---|---|

Profit after Tax

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 7 | 0 | 7 | 3 | 2 |
|--|---|---|---|---|---|

Earning Per Share (in Rs.)

|  |  |   |   |   |   |
|--|--|---|---|---|---|
|  |  | 4 | . | 7 | 2 |
|--|--|---|---|---|---|

Dividend Rate (%)

|  |  |  |  |   |   |
|--|--|--|--|---|---|
|  |  |  |  | 1 | 0 |
|--|--|--|--|---|---|

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

Item Code No. (ITC Code)

|  |  |   |   |   |   |
|--|--|---|---|---|---|
|  |  | 0 | 9 | 0 | 2 |
|--|--|---|---|---|---|

Products Description

|  |  |   |   |   |
|--|--|---|---|---|
|  |  | T | E | A |
|--|--|---|---|---|

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

**P. K. Agarwal**

Partner

Membership No. 056921

4, Chowringhee Lane, Kolkata - 700 016

Date : March 30, 2010

**Manoj Agarwala**

Chief Financial Officer

&amp; Company Secretary

For and on behalf of the Board

**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 \_\_\_\_\_

Please  
Affix  
Revenue  
Stamp

### Notes :

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



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)

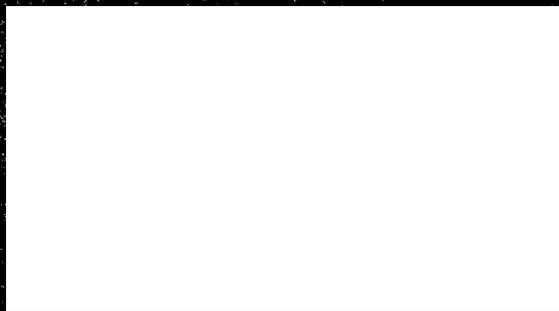
Mini Chestlet  
(500 gms)

## List of products



## Portfolio





## 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 7574

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