

ANNUAL REPORT 2005



DIANA TEA COMPANY LIMITED

Growing on sound infrastructure

Diana tea company surges ahead. With a bevy of well-maintained gardens, latest technologies, qualified professionals, and the determination to move from strength to strength. Its superlative performance makes every year a benchmark in new achievements, as the next few pages will show...

Brewing growth

In 1976, Late Radhashyam Singhanian began by buying Diana Tea Company Ltd. Then it had only one garden producing just 2.42 lac kgs. of tea and a book loss of Rs. 37.6 lacs. Today, with Mr. Sandeep Singhanian at the helm, the company is among the top five tea producers in the Dooars region, with present production of about 50 lac kgs. and reserves & surplus of Rs. 47.6 crore.



How green is my valley

From net losses to high profits

From a loss making garden to one among the top five has been an eventful journey for the company. Since buying Diana from Nawab Gulam Jabbar & Family, the company has constantly focussed on modernisation and consolidation. Three further gardens - Baintgoorie Tea Estate from Duncans, Goodhope from Bazaloni Group and Ambari Tea Estate have been added to the company. Today the company produces about 50 lac kgs. of tea, of which 10.25 lac kgs. are produced by the Diana Tea Estate alone.

The Management Team

Mr. Sandeep Singhania, MD,

manages the smooth running of the company. Under his leadership the company has attained benchmarks like:

- Production has increased from 21 lac kgs. in 1992 to 50 lac kgs. (approx.) in 2005
- Fetching a price of Rs. 65.07 against district average realisation of Rs. 62.00 (approx.)
- Average yield of 2123 kgs. per hectare against Dooars region's average of 1858 kgs.
- Manufacturing facility with every garden; factories running at almost full capacity

Our indispensable strengths :

Mrs. Sarita Singhania - *Wholetime Director*

Mr. Neemchand Mitruka - *Director*

Mr. Harish Parekh - *Director*
(Ex-Chairman, J.Thomas & Company. Pvt. Ltd.)

Mr. Naresh Pachisia - *Director*

In High Demand

The company's tea is widely demanded in premium markets like Haryana, Rajasthan, Punjab, Uttar Pradesh, Gujarat, Bihar, Maharashtra and Madhya Pradesh.

Exporters also directly purchase our products from auction centres, where our tea is sold through reputed auction houses like Carritt Moran & Co.Pvt. Ltd., J.Thomas & Co. Pvt. Ltd. and Parcon (India) Pvt. Ltd.

Upward Bound

Looking ahead is the watchword at Diana. The gardens are mostly irrigated with sprinklers, enabling the company to maintain high crop productivity even during droughts. Continuous upgradation and modernisation of gardens and factories maintains a sharp edge in quality, productivity and cost effectiveness. The company is confident of touching a crop productivity of 60 lac kgs. in another three to four years from its existing gardens.

The company has entered the 'packet tea' segment, to be sold throughout North India through its distributor network. It has also entered the 'dipping tea bag' segment and has installed vending machines in renowned corporate houses of Kolkata. It plans to install 200 such vending machines within this year and intends to open tea bars as a part of its retail marketing and brand building operation.



DIANA TEA COMPANY LIMITED

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Board of Directors

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

Auditors

Das & Prasad
Chartered Accountants
9, Jagmohan Mullick Lane
Kolkata-700007

Bankers

United Bank of India
Punjab National Bank
HDFC Bank Ltd.

Gardens

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

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

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

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

Registered Office

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

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DIANA TEA COMPANY LIMITED

NOTICE

NOTICE is hereby given that the 95th Annual General Meeting of Diana Tea Company Limited will be held on Saturday, June 17, 2006 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, 2005 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Naresh Pachisia, 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 the Authorised Capital of the Company be increased from Rs.10,00,00,000 (Rupees Ten crores) to Rs.12,00,00,000 (Rupees Twelve crores) by creation of additional 1,00,00,000 Equity shares of Rs.2 (Rupees Two) each ranking pari passu with the existing Equity shares of the company.
RESOLVED FURTHER that consequent upon increase of Authorised Capital, the Clause 5 of the Memorandum of Association of the Company be altered and substituted by the following clause -
'5. The Share Capital of the Company is Rs.12,00,00,000 (Rupees Twelve crores) divided into 6,00,00,000 (Six crores) Equity shares of Rs.2 (Rupees Two) each with power to increase and classify the share capital from time to time'."
RESOLVED FURTHER that consequent upon increase of Authorised Capital, the Clause 5 of the Memorandum of Association of the Company be altered and substituted by the following clause -
'5. The Share Capital of the Company is Rs.12,00,00,000 (Rupees Twelve crores) divided into 6,00,00,000 (Six crores) Equity shares of Rs.2 (Rupees Two) each with power to increase and classify the share capital from time to time'."
6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED that Mr. Harish Parekh be and is hereby appointed a Director of the Company whose office is liable to determination by retirement by rotation."
7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED that in partial modification of the resolution passed at the 91st Annual General Meeting held on June 28, 2002 and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956, consent of the company be and is hereby accorded to the payment of a revised salary of Rs.1,00,000 (Rupees One lac) per month to Mr. Sandeep Singhania, Managing Director of the company w. e. f. April 01, 2006 and the maximum limit of the salary payable imposed therein stand withdrawn.
RESOLVED FURTHER that all other terms and conditions of the appointment of Mr. Sandeep Singhania will remain unchanged."
8. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED that in terms of sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded to the re-appointment of Mrs. Sarita Singhania as Whole-time Director of the Company for a period of three years with effect from July 5, 2006, upon the terms and conditions including remuneration as set out in the draft agreement, the agreement which is hereby specifically approved and sanctioned with authority to the Remuneration Committee and/or to the Board of Directors of the Company to alter and vary the terms and conditions of the said appointment and/or agreement (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mrs. Sarita Singhania) in such manner as may be agreed between the Board/or its Committee and Mrs. Sarita Singhania, provided, however, that the remuneration payable to Mrs. Sarita Singhania shall not exceed the limits specified in the Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof.
RESOLVED FURTHER that in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mrs. Sarita Singhania, the remuneration payable to her by way of salary, allowances, commission and perquisites shall not, without the approval of the Central Government (if required), exceeds the limit prescribed under the Companies Act, 1956 or any amendment, modification, verification or re-enactment thereof.

DIANA TEA COMPANY LIMITED

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

Registered Office
3B, Lal Bazar Street
Kolkata - 700 001.
Date : April 24, 2006.

For and on behalf of the Board
SANDEEP SINGHANIA
Managing Director

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 dividend on Equity shares as recommended by the Board, if declared, will be payable on or after 17th June, 2006 to those members whose names appear on the register of members of the Company as on 17th June, 2006 or to their mandates/ mandatees in respect of dematerialised shares. The dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
- 3) The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is enclosed by way of annexure to this Notice.
- 4) The Register of Members and Share Transfer Register of the Company will remain closed from 10th June, 2006 to 17th June, 2006 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
- 5) Shareholders seeking any information with regard to accounts are requested to write to the Company before 10th June, 2006 so as to enable the management to keep the information ready.
- 6) Members/ Proxies should bring the attendance slip duly filled in for recording their attendance at the meeting.
- 7) Shareholders are requested to kindly bring their copies of Annual Report at the meeting.
- 8) In terms of the amended provisions of Section 205A read with section 205C of the Companies Act, 1956, the unclaimed dividend for the year ended 30th June, 1998 has been transferred to the Investor Education and Protection Fund established by the Central Government. The unclaimed dividend for the subsequent years will be transferred to the Investor Education and Protection Fund as and when the same fall due for transfer.
- 9) Information about the Directors retiring by rotation as required under Clause 49 of the Listing Agreement with the Stock Exchange(s) -
i) **Mr. Naresh Pachisia**
Mr. Naresh Pachisia was appointed as an Additional Director of the Company with effect from 29th July, 2000. Mr. Pachisia is a Commerce Graduate and a Certified Financial Planner (CFP) having 24 years experience in the Capital Markets. He is presently the Managing Director of M/s. SKP Securities Ltd., a Stock Broking and investment advisory organisation. His wide experience and knowledge is beneficial to the operations of the Company.
His Directorships in other Companies are -
 - 1) SKP Commodities Ltd.
 - 2) SKP Insurance Solutions Pvt. Ltd.
 - 3) SKP Risk Advisors Pvt. Ltd.
 - 4) Murlidhar Ratanlal Exports Ltd.
 - 5) Linc Pen & Plastics Ltd.
 - 6) Sarda Plywood Industries Ltd.



DIANA TEA COMPANY LIMITED

ANNEXURE TO THE NOTICE

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

Item No.5

As already mentioned above, the Authorised Capital of the Company is Rs.10 Crores. Your Directors deem it necessary to increase the Authorised Capital from existing Rs.10 Crores to Rs.12 Crores so as to broad base the capital structure of the Company. In view of aforesaid, the Authorised Share Capital of the Company as contained in Clause V of the Memorandum of Association would also require a consequential change. Thus, it is proposed to alter Clause V of the Memorandum of Association to reflect the increase of shares as aforesaid.

Your directors recommend resolution to be passed.

None of the Directors of the Company are interested in the said Resolution except to the extent of their shareholding, if any.

Item No. 6

Mr. Harish Parekh was appointed as an Additional Director of the Company with effect from 14th July, 2005 to hold office till the conclusion of this Annual General Meeting.

Mr. Parekh being eligible offer 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. Harish Parekh as Director of the Company.

Mr. Parekh has over 35 years experience in Tea Industry. His wide experience and knowledge is beneficial to the operations of the Company.

Your Directors are of the view that it will be in the interest of the Company to appoint Mr. Harish Parekh as a Director and recommend Resolution to be passed.

His Directorships in other Companies are -

- 1) The Methoni Tea Co. Ltd.
- 2) Gujrat Tea Processors Et Packers Ltd.
- 3) Quality Tea Plantations Pvt. Ltd.
- 4) Rossel Tea Ltd.
- 5) Trans Global Proejcts (India) Ltd.
- 6) Beeyu Overseas Ltd.
- 7) The Moran Tea co. (India) Ltd.
- 8) Tezpore Tea Co. Ltd.
- 9) Neelkanth Tea Co. Ltd.
- 10) The Grob Tea Co. Ltd.

Your directors recommend resolution to be passed.

None of the Directors except Mr. Parekh is connected or interested in this Resolution.

Item No.7

The Board of Directors at its meeting held on 24th April, 2006 revised the salary of Mr. Sandeep Singhania to Rs.1,00,000 (Rupees One lac only) per month w.e.f. April 01, 2006. Mr. Singhania's present term expires on 26th August, 2007. The shareholders have granted their approval at the 91st Annual General Meeting for a salary payment to a maximum Rs.50,000 (Rupees Fifty thousand only) to him. The present salary exceeds this limit. As such, a modification in the resolution passed earlier is required. Hence the present Resolution.

Your directors recommend resolution to be passed.

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

DIANA TEA COMPANY LIMITED

Item No.8

The Board of Directors at its meeting held on 24th April, 2006, has re-appointed Mrs. Sarita Singhania as Whole-time Director of the Company for a period of 3 years commencing from 5th July, 2006, subject to the approval of the shareholders at the Annual General Meeting.

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

- a) The period of appointment shall be for three years commencing from 5th July, 2006.
- b) Salary payable shall be Rs.75,000 per month.
- c) Commission payable shall be determined by the Board from time to time, subject to overall ceiling as prescribed in the Companies Act, 1956 or any amendment, modification, variation or re-enactment thereof.
- d) Perquisites per annum shall be equivalent to or less than salary.
- e) Other benefits shall include use of car with driver and telephone for the Company's business at residence, contribution to provident fund and superannuation funds and all other benefits as are applicable to senior employees of the company (including but not limited to gratuity, leave entitlement, encashment of leave, entitlement to loans in accordance with the schemes of the Company). Such other benefits shall not be included in the computation of perquisites for the purpose of calculating the ceiling of perquisites.
- f) The valuation of perquisites will be as per the Income Tax Act, 1961 and rules made thereunder, wherever applicable and in absence of such rules, the perquisites shall be valued at actual cost.
- g) In the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mrs. Sarita Singhania, the remuneration payable to her by way of salary, allowances, commission and perquisites shall not, without the approval of the Central Government (if required), exceed the limits prescribed under the Companies Act, 1956 or any amendment, modification, variation or re-enactment thereof.
- h) The Board of Directors or any Committee thereof may alter and vary the terms and conditions of the appointment and/ or agreement (including the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mrs. Sarita Singhania), in such manner as may be agreed between the Board or its Committee and Mrs. Sarita Singhania, provided, however, that the remuneration payable to Mrs. Sarita Singhania shall not exceed the limits specified in the Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof.
- i) The Agreement may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.

The above may be treated as an abstract of the terms of contract/ appointment between the Company and Mrs. Sarita Singhania pursuant to section 302 of the Companies Act, 1956.

The Draft Agreement to be entered into between the Company and Mrs. Sarita Singhania, is available for inspection at the Registered office of the Company on any working day upto the date of the 95th Annual General Meeting between 11.00 a.m. and 1.00 p.m. and also at the meeting.

Mrs. Sarita Singahnia is an Arts Graduate from Kurukshetra University, Delhi. She joined the Board of the Company on 26th November, 1996 and has adequate experience of tea industry. Your Directors are of the view that it will be in the interest of the Company to appoint Mrs.Sarita Singhania as Whole-time Director of the Company and recommend resolution to be passed.

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

Registered Office
3B, Lal Bazar Street
Kolkata - 700 001.
Date : April 24, 2006.

For and on behalf of the Board
SANDEEP SINGHANIA
Managing Director

DIANA TEA COMPANY LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st December, 2005

Dear Shareholders,

Your Directors have pleasure in presenting their 95th Annual Report along with the Audited Accounts for the year ended 31st December 2005

	(Figures in Rupees) 31st December, 2005	(Figures in Rupees) 31st December, 2004
FINANCIAL RESULTS		
Profit before Interest, Depreciation, Taxation and Extra Ordinary item.	6,32,86,243	4,64,99,939
Less : Depreciation	90,20,853	88,11,402
Interest & Finance Charges	2,20,10,239	1,53,19,863
Profit/(Loss) before Taxation & Extra Ordinary item	3,22,55,151	2,23,68,674
Extra Ordinary item	18,40,346	35,00,000
Profit/(Loss) before taxation	3,04,14,805	1,88,68,674
Provision for taxation - Current	-	(3,90,000)
- Fringe Benefit Tax	(1,50,000)	-
Deferred Tax (Liability)/Assets	18,82,166	(5,04,159)
Income tax relating to earlier years	-	565
Profit/(Loss) after Tax	3,21,46,971	1,79,75,080
Transferred from Debenture Redemption Reserve	1,66,00,000	-
Balance brought forward from previous year	21,78,581	22,03,501
Surplus available for appropriation	<u>5,09,25,552</u>	<u>2,01,78,581</u>
Appropriations :		
Transferred to General Reserve	4,50,00,000	1,80,00,000
Proposed Dividend	37,47,750	-
Provision for tax on proposed dividend	5,25,622	-
Balance carried forward to Balance sheet	<u>16,52,180</u>	<u>21,78,581</u>
	<u>5,09,25,552</u>	<u>2,01,78,581</u>
Basic & Diluted Earning per Share	0.91	0.57

REVIEW OF PERFORMANCE

The gross turnover of tea of your Company for the year was Rs.30,09,91,778/- by selling 46,25,588 Kgs. of tea as compared to Rs.29,74,54,250/- by selling 44,02,007 Kgs. in the previous year. The price realization for the year was Rs.65.07 when compared to Rs.67.57 last year. Indian tea market continued to face the threat of lower exports, which made the market sluggish as such the price realization was lower when compared to last year. Our production for the year was 43,60,870 Kgs. when compared to 46,19,663 Kgs. last year. There was a significant crop loss to the company by virtue of long 14 days strike in North Bengal region. The total revenue loss was about Rs.3 crores, which was due to crop loss and some inferior quality of tea made out of the post strike leaf intake which had pulled down our average price realisation drastically. In spite of such massive revenue losses your company has been able to make operational cash profit. It is primarily due to the vision of making superior quality tea, which is readily sellable in the market at a premium and regular focus on cost cutting measures. Further productivity linked wage agreement for West Bengal Gardens has also helped in improving the plucking efficiency and reduce operating cost. Company has made an other income of Rs.380.58 lacs by sale of investment in the current year.

PROSPECTS

Your company is cautiously optimistic for the coming year as there is a meagre quantity of carry forward stock of tea from last year followed by unfavourable weather which could lead to crop shortfall till the month of April. As indicated by Tea Board that the growth of domestic consumption of tea has shown a significant jump since last year, which could be a reason for the turn around of tea industry. Furthermore, global shortage because of Kenyan drought wherein their crop loss is expected to the tune of 40 million Kgs.

Tea contains catechin and theaflavin, which act firmly against influenza virus and inhibits AIDS activity.

DIANA TEA COMPANY LIMITED

which will have positive impact on world tea market. Due to this shortage of Kenyan tea there is every possibility of better Indian tea exports being made to countries like Pakistan, Egypt, UK etc. which could push the exports figure up significantly. With the domestic consumption going up together with increase in export demand, we expect hardening up of tea prices this year.

Value addition in tea has got major market which has enthused giant multinational companies like Coca Cola, Pepsi to come out with flavoured tea and ready to drink tea in the market in a big way. Also Governments announcement of huge fund allocation for tea industry for the purpose of replantation and rejuvenation could give further fillip to the tea industry.

Your company has also started its packet tea business, which is picking up well in North India. Your company has also launched vending machine concept in various corporate offices and got prestigious clients like Sharekhan, Srei Infrastructure Finance Ltd. etc. and is hopeful to expand its business in Kolkata during the current year. Company is also exploring avenues to cultivate alternate cash crops in the unutilised land of the tea estates, not suitable for tea plantation. Given the current scenario your Company is reasonably confident for a much better year ahead.

DEVELOPMENT PROGRAMMES

Adequate steps are being taken to enhance production through vertical development measures such as replantation, rejuvenation, pruning and in-filling with better varieties of clone. Irrigation facilities are being further improved.

SHARE CAPITAL

The Board of Directors has proposed to increase the Authorised Capital from Rs.10 crores to Rs.12 crores. Your approval for the same is being sought at the ensuing Annual General Meeting.

DIVIDEND

The Board has recommended a Dividend of 5% for the year ended 31st December, 2005 and such dividend, on declaration, 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 and technology absorption, foreign exchange earning and outgo are given by way of Annexure-"A" to this Report.

DIRECTORS

Mr. Harish Parekh was invited to join the Board and was appointed as an Additional Director w.e.f. 14th July, 2005 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. Parekh a Director of the Company.

Mr. Harish Parekh, aged about 68 years. He is having over 35 years experience in Tea Industry. He is the Ex-Chairman of M/s. J. Thomas & Co. Pvt. Ltd., India's most reputed tea broking house. He is presently Directors and committee member of various well-reputed tea companies.

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

Mr. Naresh Pachisia retires by rotation and being eligible, offers himself for re-appointment.

Black tea fights tooth cavities, dental plaque.

DIANA TEA COMPANY LIMITED

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' Report thereon.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Directors state that in preparation of the Annual Accounts, your Company has followed the applicable accounting standards except gratuity liability being accounted for, as and when paid/payable. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31st December, 2005 and the profit for the year. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities. The Annual Accounts of your Company has been prepared on a going concern basis.

AUDITORS' REPORT

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

AUDITORS

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

APPRECIATION

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

Registered Office
3B, Lal Bazar Street
Kolkata - 700 001.
Date : April 24, 2006.

For and on behalf of the Board
SANDEEP SINGHANIA
Managing Director

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'A'

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year ended 31.12.2005	Previous Year ended 31.12.2004
A) POWER & FUEL CONSUMPTION			
1) Electricity			
a) Purchased			
Unit	(KWH)	42,13,713	45,48,695
Total Amount	(Rs)	2,22,75,739	2,18,26,483
Rate/Unit	(Rs./KWH)	5.29	4.80
b) Own Generation			
Through Diesel Generator Unit	(KWH)	4,20,564	4,94,458
Unit per Ltr.of Diesel Oil	(KWH)	2.82	2.98
Fuel Cost/ Unit	(Rs./KWH)	11.06	8.23
2) Furnace Oil for Tea Processing in Withering & Drying			
Quantity	(Ltrs.)	2,02,450	3,16,415
Total Amount	(Rs.)	37,43,633	52,80,002
Average Rate	(Rs./Ltr.)	18.49	16.69
3) Other for Tea Processing in Withering & Drying			
a) Coal			
Quantity	(M.T.)	2,954.342	2,955.518
Total Cost	(Rs.)	83,91,188	77,77,894
Rate/Unit	(Rs./M.T.)	2840	2632
b) H.S.D. Oil : For Transportation & Material Handling			
Quantity	(Ltrs.)	84,023	74,627
Total Cost	(Rs.)	25,22,823	18,32,175
Rate/Unit	(Rs./Ltr.)	30.03	24.55
c) Petrol : For Transportation & Material Handling			
Quantity	(Ltrs.)	15,723	13,394
Total Cost	(Rs.)	6,80,763	5,18,096
Rate/Unit	(Rs./Ltr.)	43.30	38.68
B) CONSUMPTION PER UNIT OF PRODUCTION			
Product-Tea (Gross)	(Kg.)	4406336	47,14,383
Energy Use: Electricity (including own Generation)- for Manufacturing	(KWH/Kg.)	0.78	0.76
Other Fuel for Processing of Tea			
Furnace Oil	(Ltr./Kg.)	0.27	0.28
Coal	(Kg./Kg.)	0.80	0.82
Other			
H.S.D Oil	(Ltr./Kg.)	0.02	0.02
Petrol (Ltr./Kg.)	0.00	0.003	

DIANA TEA COMPANY LIMITED

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

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT, RESEARCH AND DEVELOPMENT (R & D)

1) Specific area in which R & D carried out by the Company

2) Benefits derived as a result of the above R & D

3) Future Plan of Action

4) Expenditure on R & D

- Capital
- Recurring
- Total
- Total R&D Expenditure as a percentage of Total Turn over

The Company subscribes to Tea Research Association which is registered under Section 35(2)(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 few cups of black tea everyday reduced the risk of atherosclerosis - a key factor that contributes to coronary heart disease.

a) Technology Imported

b) Year of Import Black tea increases coronary flow velocity reserve in healthy humans.

c) Has technology been fully absorbed

d) If not fully absorbed, areas where this has not been taken place, reasons therefore and future plans of action.

Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

1) Activities relating to exports, initiatives taken to increase exports.

2) Development of new export markets for products and services and export plan.

3) Total Foreign Exchange Earned and Used:
(Earned) Nil
(Used) Rs. 63,89,242/-

Not applicable

Registered Office
3B, Lal Bazar Street
Kolkata - 700 001.
Date : April 24, 2006.

For and on behalf of the Board
SANDEEP SINGHANIA
Managing Director

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'B'

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The all India crop to end December 2005 has been a record production at 928 m. Kgs. The Company produced 43.61 Lac Kgs tea against 46.20 Lac Kgs last year. The Industry Strike in North Bengal for a fortnight, in the peak season, adversely impacted overall crop.

MARKET SCENARIO

The North Indian average price further reduced to Rs.63.58 in 2005 compared to Rs.71.59 in the previous year. The price declined due to demand/supply mismatch. The price at the three auction centres are given below to analyse the trend.

Auction Centres	2005	2004	003
Kolkata	70.02	80.34	68.13
Siliguri	58.38	64.13	54.58
Guwahati	60.03	68.78	59.01

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

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

Tea Areas	Company's Tea	Consolidated Auction Average
Dooars	65.07	62.66

PACKET TEA

Company has started its packet tea business in North India, which is picking up well.

VENDING MACHINE

Company has also launched vending machine concept in various corporate offices and got prestigious clients like Sharekhan, Srei Infrastructure Financial Ltd. etc. and is hopeful to expand its business in Kolkata during the current year.

RISKS AND CONCERNS

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

FINANCIAL REVIEW AND ANALYSIS

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

INTERNAL CONTROL

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

MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations in all tea estates and units continued to be cordial. Focus on better deployment of labour in garden areas, 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.

ANNEXURE - 'C'

ANNEXURE TO THE DIRECTORS' REPORT

Report on Corporate Governance

1. Company's Philosophy on code of Governance

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

2. Board of Directors

Composition :

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

Membership as other Board of Directors / Committee of Directors and Attendance record for the Company :
Eight Board meetings were held in 2005 on 31st March 2005, 21st April 2005, 19th May 2005, 8th June 2005, 14th July 2005, 9th August 2005, 29th August 2005 and 31st October 2005.

Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM	No. of * outside Director-Ship held	No. of outside committee Membership held	No. of outside Committee chairmanship held
Mr. Sandeep Singhania	Managing Director	8	Yes	3	-	-
Mrs. Sarita Singhania	Wholetime Director	8	Yes	3	-	-
Mr. Naresh Pachisia	Non-Executive Independent Director	7	Yes	5	-	-
Mr. Neem Chand Mitruka	Non-Executive Independent Director	4	Yes	3	-	-
Mr. Harish Parekh	Non-Executive Independent Director	2	Appointed after A.G.M.	9	6	2

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

3. AUDIT COMMITTEE

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

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

Meeting of Audit Committee was held on 31st October, 2005. Attendance Record of the Audit Committee Meeting :

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

4. Remuneration Committee

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

Mr. Harish Parekh-Chairman
Mr. Naresh Pachisia-Member
Mr. N.C. Mitruka-Member

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

A meeting of the Director's Remuneration Committee was held on 31st October, 2005.

Attendance Record of the Remuneration Committee Meetings:

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

5. Remuneration of Directors

The details of salary and perks paid to the Managing Director and Whole time Director and sitting fee paid to the Directors of the company during the year 2005 are given below:-

Name of Directors	Sitting Fees(Rs.)		Salary & Perks(Rs.)
	Board Meeting	Committee Meeting	
Mr. Sandeep Singhania			362363
Mrs. Sarita Singhania			290752
Mr. Naresh Pachisia	9000	3500	
Mr. Neem Chand Mitruka	4000	1000	
Mr. Harish Parekh	4000	2000	
	17000	6500	653115

6. Investor Grievance and Share Transfer Committee

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

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

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

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

a)	No. of complaints received from Stock Exchange/SEBI/Shareholders	3
b)	No. of complaints not resolved/no action taken/pending	1*

* (Resolved/attended during March, 2006)

Name and designation of Compliance Officer :
Mr. Manoj Agarwal, Executive Finance

DIANA TEA COMPANY LIMITED

7. General Body Meetings

Location and time where last three AGMs were held:

Date	Location	Time
19th May, 2005	Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata-700071	10-30 A.M.
8th June, 2004	Do	10-30 A.M.
28th June, 2003	Do	10-30 A.M.

- Extra Ordinary General Meeting was held on 9th August 2005 at 10-30 A.M. at Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata-700071.
- All the resolutions set out in the respective Notices were passed by the shareholders.
- No special resolution was put through postal ballot during the year 2005

8. Other Disclosures:

A. Related Party Transaction:

Disclosures of materially significant related party transaction:

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

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

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

9. Means of communication:

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

10. Shareholders' Information:

- AGM date, time and venue:
Saturday, the 17 June, 2006. at 10-30 A.M.
Gyan Manch Education Society Hall,
11, Pretoria Street, Kolkata-700071.
- 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, 2006	last week of April, 2006
2nd Quarter ending June 30, 2006	last week of July, 2006
3rd Quarter ending September 30, 2006	last week of October, 2006
Final Audited Results for the Year Ending December 31, 2006	March, 2007
AGM for the year ending December 31, 2006	May, 2007

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

DIANA TEA COMPANY LIMITED

- Book closure and Dividend payment details:
Saturday, 10th June 2006 to Saturday, 17th June 2006
Dividend payment date on and from 26th June, 2006

- Listing on Stock Exchanges:
The Company's securities are listed at ;

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

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

- Stock Price Data:

Month	Year 2005 (in Rs.)	
	The Bombay Stock Exchange Ltd.(BSE)	
	High	Low
January	80.85	68.00
February	80.90	66.20
March	81.20	67.20
April	104.25	70.00
May	99.00	72.35
June	117.50	18.65*
July	39.87	18.70
August	47.65	17.95
September	36.50	23.80
October	28.80	16.35
November	21.25	15.70
December	19.20	16.15

*After the split of shares of Rs.10/- each to Rs.2.00 each

- 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.
- Dematerialisation of shares:
The shares of the Company are compulsorily traded in dematerialised form under depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
3,48,11,366 Equity shares representing 92.89% of the paid up capital of the Company were held in demat form with NSDL & CDSL as on 31st December, 2005

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

DIANA TEA COMPANY LIMITED

(h) a) Distribution of share holding as on 31st December, 2005.

Group of Shares	No.of Shareholders	%	No.of Shares held	% to Total Shares
1 to 500	1863	67.45	356365	0.95
501 to 1000	375	13.58	291904	0.78
1001 to 2000	249	9.02	353405	0.94
2001 to 3000	99	3.58	251145	0.67
3001 to 4000	51	1.85	177886	0.48
4001 to 5000	28	1.01	136426	0.36
5001 to 10000	45	1.63	320990	0.86
10001 & higher	52	1.88	35589379	94.96
	2762	100.00	37477500	100.00

b) Share holding pattern as at 31st December, 2005.

Category	No.of Shareholders	No.of Shares held	% of Shareholding
Promoters	17	26686385	71.21
Financial Institutions, Banks, Insurance Co.etc.	2	3559687	9.50
Private Body Corporates	165	5262540	14.04
Individuals	2529	1919679	5.12
NRI/OCB	49	49209	0.13

(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.

Dooars(North Bengal)- In Jalpaiguri District

Diana Tea Estate

P.O.Banarhat-735202

Baintgoorie Tea Estate

P.O.Mal-735221

Goodhope Tea Estate

P.O.Dam Dim-735209

Ambari Tea Estate

P.O.Ambari Bagan-735201

(k) Address for correspondence :

(Registrar & Share Transfer Agents)

M/s. Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd floor,

Kolkata - 700 001

Phone : 2243-5029/5809, 2248-2248

Fax : 2248-4787

e-mail : mdpl@cal.vsnl.net.in

DIANA TEA COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS

- We have audited the attached Balance Sheet of Diana Tea Company Limited as at 31st December, 2005 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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.
- As required by the Companies (Auditors' Report) Order, 2003 as amended by the companies (Auditor's Report) Amendment Order, 2004 ('CARO') issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of "The Companies Act, 1956" of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and on the basis of information and explanations given to us during the course of audit we state that:
 - The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - The fixed assets of the Company at all its locations were physically verified by the Management at the reasonable intervals during the year. As informed, no material discrepancies were noticed on such verification.
 - 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.
 - 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 .
 - In our opinion and according to the information and explanations given to us, the procedure of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - 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.
 - 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 :-
 - The Company has granted inter-corporate loan to one company. At the year end the outstanding balance of such loan granted was Rs. Nil and maximum amount involved during the year was Rs.52,75,000/-
 - 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.
 - The receipt and payment of principal amounts and interest have been regular during the year.
 - There was no overdue amount in respect of above inter-corporate loan.
 - The Company has taken interest free unsecured loan from holding company. At the year end the outstanding balance of such loan taken was Rs.20.00 lakhs and maximum amount involved during the year was Rs.53.50 lakhs.
 - 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.
 - 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.
- 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

DIANA TEA COMPANY LIMITED

the sale of goods & services. During the course of audit, no major weakness has been noticed in the internal control in respect of these areas.

- v) In respect of controls or arrangements entered in the register maintained in pursuance of section 301 of The Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us :-
- a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register, have been so entered.
- b) According to the information and explanations given to us and in our opinion, there are no transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding value of Rupees Five Lakhs in respect of any party during the year, which have been made at rates which are not reasonable having regard to the prevailing market rates at the relevant time.
- vi) The Company has not accepted any deposits from the public under Sections 58A and 58AA of the Act and the rules framed thereunder.
- vii) According to the information and explanations given to us, Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub Section (i) of Section 209 of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) According to the information and explanations given to us and the records of the company examined by us in respect of Statutory and other dues.
- (a) In our opinion, Undisputed Statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax and any other statutory dues has been regularly deposited with the appropriate authorities during the year except:-
- i) Cess of Rs.31.89 lakhs related to 2001-02, 2002-03 which is still due and not disputed by the Company at any forum, the details of which is given here in below,

(Amount in Rs.)

Accounting Year	W.B.Primary Education Cess	W.B.Rural Employment Cess	Total
2001-02	1000230	226116	1226346
2002-03	1308503	654251	1962754
Total	2308733	880367	3189100

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

- ii) West Bengal Professional Tax of Rs.4,40,571/- including interest, out of which Rs.98,390/- principal amount has been paid and the company has applied for waiver of interest.
- (b) According to the information and explanations given to us, there were no disputed amount payable in respect of income tax, wealth tax, excise duty and cess which were outstanding at the year end for a period of more than six month from the date they became payable. However Rs. 80,543 on account of disputed West Bengal Sales Tax which are pending before Sales Tax office, Kolkata for the period 2000-2001.
- x) The Company does not have any accumulated losses at the financial year ended 31st December, 2005 and it has not incurred cash losses in the current and immediate preceding financial year.

DIANA TEA COMPANY LIMITED

- xi) According to the information and explanations given to us the Company has defaulted in repayment of dues to the following Financial Institutions.

(Rupees in lac)

Name of the Banks	Principal Amount	Total Amount Due	Period of Dues	Remarks
1) IDBI Limited (NCD & Term loan)	725.00	725.00	01.04.02 to 31.12.04	The entire amount has been paid on 30th March, 2005
2) IIBI Limited	45.00	45.00	13.08.02 to 31.12.04	One time settlement completed and the entire amount has to be paid upto 30th June, 2006

- 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 loans 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.

DIANA TEA COMPANY LIMITED

4. Further to our comments in paragraph 3 above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956 except for Accounting Standard 15, in respect of non-provision of part of gratuity liability indicated in Note No.B-7 of Schedule 12.
- e) On the basis of the written representation received from the Directors as on 31st December, 2005 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st December, 2005 from being appointed as a Director in terms of Clause (g) of sub-Section (1) of Section 274 of the Act.
- f) In our opinion and to the best of our information and according to the explanations given to us the said statement of accounts read together with Notes as appearing in schedule 12 to the Accounts particularly (a) Note No.-B-5 for non provision of sundry debtors considered as doubtful of recovery, (b) Note No.B-7 for non provision of gratuity liability, (c) Note No.B-8 for non-provision of diminution in value of investments and (d) Note No. B-11 for non-provision of interest income. Had the effect of above Notes Nos. (a) to (d) been taken in the books the profit as well as carried forward profit would have been reduced by the net of sum of the amounts referred in above notes; give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st December, 2005;
 - ii) in the case of Profit and Loss Account, of the PROFIT for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

For **DAS & PRASAD**
Chartered Accountants

P. K. AGARWAL
Partner
Membership No.056921

9, Jagmohan Mullick Lane
KOLKATA - 700 007
Date: 24th April, 2006.

DIANA TEA COMPANY LIMITED

Balance Sheet as at 31st December, 2005

Schedule	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS :				
Shareholders' Funds :				
Share Capital	1	7,49,55,000	29,982,000	
Reserves & Surplus	2	47,59,88,941	49,31,54,222	52,31,36,222
Loan Funds :				
Secured Loans	3	26,07,25,928	268,064,383	
Unsecured Loans		21,05,000	120,000	26,81,84,383
			81,37,74,869	79,13,20,605
APPLICATION OF FUNDS :				
Fixed Assets				
Gross Block	4	74,17,52,924	73,76,55,192	
Less : Depreciation		91,304,542	82,706,409	
Net Block		65,04,48,382	65,49,48,783	
Capital Work-in-Progress		21,500	1,56,997	65,51,05,780
Investments				
	5		4,90,53,346	4,69,19,573
Current Assets, Loans & Advances				
Inventories	6	8,55,36,770	9,87,12,826	
Sundry Debtors		2,97,53,307	3,32,65,110	
Cash & Bank Balances		57,68,988	1,93,14,194	
Other Current Assets		1,44,64,681	1,16,40,937	
Loans & Advances		6,51,10,190	2,68,38,490	
		20,06,33,936	18,97,71,557	
Less : Current Liabilities & Provisions				
Current Liabilities	7	8,35,91,127	9,99,31,444	
Provisions		1,10,85,619	6,95,71,46	
		9,46,76,746	10,68,88,590	
Net Current Assets				
			10,59,57,190	8,28,82,967
Deferred Tax Assets				
			82,94,451	64,12,285
			81,37,74,869	79,13,20,605
Notes on Accounts & Significant Accounting Policies	12			

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

For **Das & Prasad**
Chartered Accountants

P. K. Agarwal
Partner
Membership No.056921

9, Jagmohan Mullick Lane, Kolkata - 700 007
Dated : the 24th April, 2006

For and on behalf of the Board

Sandeep Singhania, Managing Director
Sarita Singhania, Wholetime Director

DIANA TEA COMPANY LIMITED

Profit & Loss Account for the year ended 31st December, 2005				
Schedule	For the year ended 31st December, 2005		For the year ended 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
INCOME :				
Sales & Services - Net	8	29,96,27,977	291,402,490	
Other Income	9	3,92,82,200	74,69,204	
Amount Transferred from Capital Reserve [See Note No.B-3]		65,880	66,621	
Closing Stock		6,93,63,824	84,073,345	38,30,11,660
EXPENDITURE :				
Opening Stock		8,40,73,345	6,50,87,618	
Purchase of Tea		73,204	-	
Expenses	10	26,09,07,089	27,14,24,103	33,65,11,721
PROFIT BEFORE DEPRECIATION & INTEREST		6,32,86,243		4,64,99,939
Depreciation		90,20,853	88,11,402	
Interest & Finance Charges -Net	11	2,20,10,239	1,53,19,863	2,41,31,265
PROFIT BEFORE TAXATION & EXTRA ORDINARY ITEM		3,22,55,151		2,23,68,674
Extra Ordinary Item		(18,40,346)	(35,00,000)	
PROFIT/(LOSS) BEFORE TAXATION		3,04,14,805		1,88,68,674
Provision for Taxation				
-Fring Benefit Tax		(150,000)	-	
-Current Tax		-	(3,90,000)	
-Deferred Tax(Liability) /Assets		18,82,166	(5,04,159)	
-IncomeTax for earlier years		-	565	
PROFIT AFTER TAXATION		3,21,46,971		1,79,75,080
Transferred from Debenture Redemption Reserve		1,66,00,000	-	
Balance Profit brought forward from previous year		21,78,581	22,03,501	
PROFIT AVAILABLE FOR APPROPRIATION		5,09,25,552		2,01,78,581
APPROPRIATIONS :				
Transferred to General Reserve		4,50,00,000	1,80,00,000	
Proposed Dividend		37,47,750	-	
Provision for Tax on Proposed Dividend		5,25,622	-	
Balance carried to Balance Sheet		16,52,180	21,78,581	
		5,09,25,552	2,01,78,581	
Basic & Diluted Earning Per Share		0.91		0.57
Notes on Accounts & Significant Accounting Policies	12			

The Schedules referred to above form an integral part of the Profit & Loss Account. As per our Annexed Report of even date.

For **Das & Prasad**
Chartered Accountants

P. K. Agarwal
Partner
Membership No.056921

9, Jagmohan Mullick Lane, Kolkata - 700 007
Dated : the 24th April ,2006

For and on behalf of the Board

Sandeep Singhania, Managing Director
Sarita Singhania, Wholetime Director

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

DIANA TEA COMPANY LIMITED

Cash Flow Statement For the year ended 31st December 2005	For The Year ended 31st December, 2005		For The Year ended 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		3,22,55,151		2,23,68,674
Add :				
a) Depreciation	90,20,853		88,11,402	
b) Interest & Finance Charges	2,85,66,622		1,92,33,915	
c) Share Issue Expenses Written off	-		502,374	
d) Loss on Sale of Assets	10,02,179		22,52,74	
		3,85,89,654		2,87,72,965
		7,08,44,805		5,11,41,639
Deduct :				
a) Dividend Income	1,89,722		22,48,923	
b) Interest Income	65,56,383		39,14,052	
c) Transferred from Capital Reserve	65,880		66,621	
d) Profit on Sale of Investment	3,80,57,997		39,20,827	1,01,50,423
Operating Profit before Working Capital changes		2,59,74,823		4,09,91,216
Deduct/(Add) :				
Increase/(Decrease) in Inventories		(1,31,76,056)		2,30,10,709
		3,91,50,879		1,79,80,507
Add/(Less) :				
a) Increase/(Decrease) in Trade & Other Payable	(1,64,29,036)		(32,38,739)	
b) (Increase)/Decrease in Trade & Other Receivable	26,60,775	(1,37,68,261)	(13,01,304)	(45,40,043)
Cash Flow from Operations		2,53,82,618		1,34,40,464
Add :				
a) Tax Adjustment		3,17,826		6,09,382
Net Cash (Outflow)/Inflow from Operating Activities before Extra Ordinary Item		2,57,00,444		1,40,49,846
Less : Extra-Ordinary Item		18,40,346		35,00,000
Net Cash (Outflow)/Inflow from Operating Activities		2,38,60,098		1,05,49,846
B. CASH FLOW FROM INVESTING ACTIVITIES				
Out Flow				
a) Acquisition of Fixed Assets	77,75,107		1,82,40,443	
b) Acquisition/(Sale) of Investment	4,64,21,031		-	
c) Loan Given	3,85,91,724	9,27,87,862	-	1,82,40,443
Deduct :				
In Flow				
a) Sale of Fixed Assets	1,18,723		36,631	
b) Capital Subsidy Received	12,69,787			
c) Interest Received	54,35,328		9,57,746	
d) Dividend Received	1,89,722		22,48,923	
e) Sale of Investments	4,42,87,259		46,88,888	
f) Profit on Sale of Investment	3,80,57,997		39,20,827	
g) Loan Repayment	-	8,93,58,816	5,62,621	1,24,15,636
Net Cash (Outflow)/Inflow from investing Activities		(34,29,046)		(58,24,807)

Contd.

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

DIANA TEA COMPANY LIMITED

Cash Flow Statement For the year ended 31st December, 2005 (Contd...)	For The Year ended		For The Year ended	
	31st December, 2005		31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES				
IN FLOW				
a) Proceeds from Borrowings		(5,353,455)		24,472,336
Deduct : Out Flow				
Dividend Paid	56,181		37,720	
Interest Et Finance Charges Paid	28,566,622		19,233,915	
Net Cash Inflow/(Out flow) from Financing Activities		(33,976,258)		5,200,701
Net Increase/(Decrease) in Cash Et Cash Equivalents (A + B + C)		(13,545,206)		9,925,740
Cash Et Cash Equivalents as at Opening		19,314,194		9,388,454
Cash Et Cash Equivalents as at Closing		5,768,988		19,314,194

Note to the Cash Flow statement for the year ended 31st December, 2005

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

For **Das Et Prasad**
Chartered Accountants

P. K. Agarwal
Partner
Membership No.056921

9, Jagmohan Mullick Lane, Kolkata - 700 007
Dated : the 24th April ,2006

For and on behalf of the Board

Sandeep Singhania, Managing Director
Sarita Singhania, Wholetime Director

DIANA TEA COMPANY LIMITED

Schedules forming part of the Balance Sheet	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 1				
SHARE CAPITAL				
Authorised :				
5,00,00,000 Equity Shares of Rs.2/- each(Previous Year 50,00,000 Equity Shares of Rs 10/- each)		10,00,00,000		500,00,000
Issued, Subscribed Et Paid-up :				
37477500 Equity Shares of Rs.2/- each,fully paid (Previous Year 29,98,200 Equity Shares of Rs 10/- each, fully paid)		7,49,55,000		2,99,82,000
Out of the above Shares :				
a) 2,24,86,500 Equity Shares of Rs.2/- each have been allotted as fully paid-up Bonus Shares by way of Capitalisation of Share Premium Account.				
b) 23,10,750 Shares of Rs.2/- each were allotted as fully paid-up Bonus Shares by way of Capitalisation of General Reserve.				
c) 1,86,300 Shares of Rs.2/- each, fully paid were issued as pursuant to Contract without payment being received in cash.				
d) 2,07,65,850 Shares of Rs.2/- each fully paid-up are held by Holding Company Diana Capital Limited				
SCHEDULE : 2				
RESERVES Et SURPLUS				
Share Premium :				
As per last Account	77,334,300		77,334,300	
Less : Capitalisation during the year for issue of Bonus Share	44,973,000	32,361,300	-	77,334,300
Capital Reserve (Revaluation) :				
As per last Account	290,545,314		290,611,935	
Less : Transferred to Profit Et Loss Account	65,880	290,479,434	66,621	290,545,314
Capital Reserve (Share Forfeiture Account)				
As per last Account		9,500		9,500
General Reserve :				
As per last Account	106,486,527		88,486,527	
Add: Transferred from Profit Et Loss Account	45,000,000	151,486,527	18,000,000	106,486,527
Debenture Redemption Reserve :				
As per last Account	16,600,000		16,600,000	
Less :Transferred to Profit Et Loss Account	16,600,000	-	-	16,600,000
Balance in Profit Et Loss Account		1,652,180		2,178,581
		475,988,941		493,154,222

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

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

DIANA TEA COMPANY LIMITED

Schedules forming part of the Balance Sheet	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 3				
LOAN FUNDS :				
Secured Loans :				
1. From United Bank of India :				
a) Cash Credit Account Secured on consortium basis with Punjab National Bank by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi finished and Finished Goods, Stores Et 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		13,457,349		3,593,147
b) Foreign Currency Loan Equivalent to US Dollar 800000 within Cash Credit Account mentioned as above.Repayable within one year Rs.3,61,04,000/- (Previous Year Rs.4,13,01,000/-)		36,104,000		41,301,000
c) Secured Term Loan Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company and corporate guarantee by a group company and also by pledgement of the company's 40,18,187 numbers of Equity shares held by Holding Company and two Directors of the Company. [Repayable Within one year Rs.1,23,64,606]		67,239,606		-
d) Secured Term Loan (Special Tea Term Loan) Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company. Repayable within one year Rs.57,49,239/- (Previous Year Rs.1,00,00,000/-)		33,905,833		79,086,384
e) Foreign Currency Loan Equivalent to US Dollar 800000 within Special Tea Term Loan mentioned as above.		36,104,000		-
2. From Punjab National Bank :				
a) Cash Credit Account Secured on consortium basis with United Bank of India by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi finished and Finished Goods, Stores Et 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		47,157,073		7,444,612

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

DIANA TEA COMPANY LIMITED

Schedules forming part of the Balance Sheet	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
b) Foreign Currency Loan Equivalent to US Dollar 700000 within Cash Credit Account mentioned as above. Repayable within one year Rs.Nil (Previous Year Rs.3,20,18,000/-)		-		32,018,000
c) Secured Term Loan Secured by first charge on specific irrigation equipments financed and personal guarantee of two directors of the Company. Repayable within one year Rs.3,98,019 /- (Previous year Rs.15,68,843/-)		398,019		1,943,843
d) Secured Term Loan (Special Tea Term Loan) Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company. Repayable within one year Rs.56,10,048/- (Previous Year 37,50,000)		21,860,048		25,677,397
3. From Industrial Investment Bank of India Secured Term Loan Secured by pari-passu first charge created/ to be created on all immovable assets of the Company both present and future, excluding specific items of assets charged/ to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and second charge on Current Assets of the Company and also personal guarantees of two Directors of the Company. Repayable within one year Rs. 45,00,000/- (Previous Year Rs.45,00,000/-)		4,500,000		4,500,000
4. From Industrial Development Bank of India				
a) Secured Term Loan Secured by pari-passu first charge created/ to be created on all immovable assets of the Company both present and future, excluding specific items of assets charged / to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and second charge on Current Assets of the Company and also personal guarantees of two Directors of the Company.		-		42,500,000
b) Secured Non Convertible Debentures Three Lac 16.25% Secured Non Convertible Debentures of Rs.100/-each Fully paid up privately placed with the Industrial Development Bank of India, Secured by pari-passu first charge created/to be created on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and Second Charge on Current assets of the Company.		-		30,000,000
		260,725,928		268,064,383
Unsecured Loans :				
1. From Government of West Bengal		105,000		120,000
2. From Holding Company (Not Bearing Interest)		2,000,000		-
		2,105,000		120,000

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

DIANA TEA COMPANY LIMITED

Schedules forming part of the Balance Sheet

SCHEDULE 4 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	Cost as at 01.01.2005 Rs.	Addition During the Year Rs.	Cost of Assets sold discarded / Adjusted Rs.	Total as at 31.12.2005 Rs.	Upto 31.12.2004 Rs.	For the Year Rs.	Adjustment/ Written back during the Year Rs.	Total upto 31.12.2005 Rs.	Balance as at 31.12.2005 Rs.	Balance as at 31.12.2004 Rs.
Land & Plantations 517326797	517326797	7056255	-	524383052	524383052	-	-	-	-	524383052
Buildings	68941420	444214	663596*	68722038	15067816	1538838	-	16606654	52115384	53873603
Roads & Bridges	5075069	151527	-	5226596	640413	84172	-	724585	4502011	443465
Plant & Machinery and Electric Installation	99409116	43449	3149276 **	96303289	45151394	4863952	422720	49592626	46710663	54257723
Water Installation	29300057	25500	-	29325557	11287428	1326241	-	12613669	16711888	18012629
Furniture, Fittings & Other Equipments	5836291	189659	-	6025950	3145903	401544	-	3547447	2478503	2690388
Vehicles	11766442	-	-	11766442	7413455	806106	-	8219561	3546881	4352987
Total	737655192	7910604	3812872	741752924	82706409	9020853	422720	91304542	650448382	654948783
Previous Year Total	719901506	21526649	3772963		737655192	77406065	8811402	3511058	82706409	654948783

* Includes Rs.6,63,596 related to Capital Subsidy (Refer Note No.B-15)

** Includes Rs.16,05,654 related to Capital Subsidy (Refer Note No.B-15)

Schedules forming part of the Balance Sheet	Face value	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Nos.	Rs.	Nos.	Rs.
SCHEDULE : 5					
INVESTMENTS (AT COST)					
Non Trade - Long Term Investments					
<u>Quoted: In Fully Paid Equity Shares</u>					
Aekta Limited	10	2,800	70,206	2,800	70,206
Alsa Marine & Harvests Limited	10	800	33,692	800	33,692
Ambuja Cement Eastern Limited	10	-	-	735	28,683
Cubex Tubings Limited	10	2,477	159,458	-	-
Cerebra Integrated Technologies Limited	10	40,000	2,448,000	40,000	2,448,000
DSQ Software Limited	10	1,200	352,961	1,200	352,961
Essar Oil Limited	10	5,000	53,935	5,000	53,935
GTL Limited	10	-	-	500	118,775
Schedule : 5 Cont..					

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

DIANA TEA COMPANY LIMITED

Schedules forming part of the Balance Sheet	Face value	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Nos.	Rs.	Nos.	Rs.
Gangotri Iron & Steel Co.Limited (Formerly Esskayjay Ispat Limited)	10	-	-	5,000	50,000
Gujarat Ambuja Cement Limited	10	-	-	318	-
Gujarat Ambuja Cement Limited	2	2,385	-	-	-
Himachal Futuristic Communication Ltd	10	4,200	413,070	4,200	413,070
India Foils Limited	10	800	19,400	800	19,400
Indo Count Industries Limited	10	50	500	50	500
Ispat Industries Limited	10	-	-	14,000	199,430
JSW Steel Limited JVSL Warrants	10	299	2,990	-	-
Jindal Vijaynagar Steel Limited	10	-	-	33,500	335,090
Jindal Saw Pipe Ltd	10	2,000	826,389	-	-
Kirloskar Multimedia Limited	10	50,000	500,000	50,000	500,000
Kirtivardhan Finvest Services Limited	1	560	-	560	-
LCC Infotech Limited	10	-	-	30,000	1,131,298
LCC Infotech Limited	2	150,000	1,131,298	-	-
Moving Pictures (I) Limited	10	9,958	547,690	50,000	2,750,000
Mukand Engineers Limited	10	44,690	3,863,530	49,280	4,260,335
Nath Seeds Limited	10	3,100	95,080	3,100	95,080
Ojas Techno Chem Product Limited	10	41,900	664,664	41,900	664,664
Oswal Chemical & Fertilizer Limited	10	9,800	176,914	9,800	176,914
Padmini Technologies Limited	10	8,100	1,187,155	8,100	1,187,155
Pentsoft Technologies Limited	10	8,510	2,186,896	8,510	2,186,896
RDL Infotech Limited	10	25,000	250,000	25,000	250,000
Reliance Industries Limited	10	90	35,365	90	35,365
RPG Cables Limited	10	-	-	1,748	63,893
Steel Authority of India Limited	10	-	-	7,550	108,349
Suvarna Aqua Industries Limited	10	200	2,808	-	-
SKP Securities Limited	10	500	5,000	500	5,000
Srei Infrastructure Finance Limited	10	62,850	2,876,492	1,272,336	27,991,393
S.E.Asia Marine Engg. & Construction Ltd.	10	1,000	157,586	1,000	157,586
South Asia Petrochemicals Limited	10	5,000	88,865	-	-
Tanfac Industries Limited	10	1,000	70,189	1,000	70,189
Tezpur Tea Company Limited	10	300	60,900	-	-
Tata Steel Limited	10	459	47,572	459	47,572
Tayo Rolls Limited	10	-	-	1,100	62,165
TCM Limited	10	800	27,720	800	27,720
Tecil Chemical & H.P. Limited	10	200	6,000	200	6,000
Tyche Peripheral System Limited	10	14,593	145,930	25,000	250,000
			18,508,255		46,151,316
<u>Unquoted: In Fully Paid Equity Shares</u>					
Cubex Tubings Limited	10	-	-	2,477	159,458
Diana Capital Limited	10	29,870	245,127	29,870	245,127
Orkay Industries Limited	10	2,800	67,376	2,800	67,376
Rank Aqua Estates Limited	10	1,000	45,116	1,000	45,116
Sonal International Limited	10	5,000	180,472	5,000	180,472
Step Two Finance Limited	10	700	7,000	700	7,000
Suvarna Aqua Farm Exports Limited	10	-	-	200	2,808
Tezpur Tea Company Limited	10	-	-	300	60,900
			545,091		768,257
			19,053,346		46,919,573
<u>In Fully Paid Units</u>					
Opulent Venture Capital Trust	1000	30,000	30,000,000		-
			49,053,346		46,919,573
Market Value of Quoted Investments			9,850,237		59,870,705

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

DIANA TEA COMPANY LIMITED

Schedules forming part of the Balance Sheet	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 6				
CURRENT ASSETS, LOANS & ADVANCES				
Current Assets : (As taken, valued and certified by the Management)				
Inventories				
Stores & Spare Parts	16,054,626		14,563,249	
Stores-in-Transit	118,320	16,172,946	76,232	14,639,481
Stock of Tea and Tea Waste		69,363,824		84,073,345
		85,536,770		98,712,826
Sundry Debtors				
Debts outstanding for a period exceeding six months :				
Considered Doubtful	108,930		108,930	
Considered Good	8,675,251		6,644,831	
Other Debts				
Considered Good	20,969,126	29,753,307	26,511,349	33,265,110
Cash & Bank Balances				
Cash-in-hand (as certified)	988,340		1,717,355	
Remittance-in-transit (as certified)	2,478,878		400,000	
With Scheduled Banks in Current Accounts	737,667		15,020,045	
Deposit Accounts (Pledged with Bankers against issue of Bank Guarantees)	1,396,814		1,953,324	
Dividend Accounts	167,289	5,768,988	223,470	19,314,194
Other Current Assets				
Interest Receivable	9,681,393		8,560,338	
Insurance Claim Receivable	-		71,920	
Deposit with NABARD	-		5,000	
Replantation Subsidy Receivable	2,870,596		3,003,679	
Input Tax Receivable	913,229		-	
Quality Upgradation Subsidy Receivable	999,463	14,464,681	-	11,640,937
Loans & Advances : (Unsecured, Considered good)				
Loans	55,750,000		17,158,276	
Advances Receivable in cash or in kind or for value to be received	5,036,859		5,011,435	
Income Tax Advance (Less Provisions)	3,155,318		3,623,144	
Balance with Central Excise Department	260,782		222,682	
Security Deposit	417,978		414,978	
Prepaid Expenses	489,253	65,110,190	407,975	26,838,490
		200,633,936		189,771,557

Frequent intake of tea increases memory, alertness.

DIANA TEA COMPANY LIMITED

Schedules forming part of the Balance Sheet	As at 31st December, 2005		As at 31st December, 2004		
	Rs.	Rs.	Rs.	Rs.	
SCHEDULE : 7					
CURRENT LIABILITIES & PROVISIONS					
Current Liabilities :					
Sundry Creditors	57,132,667		71,131,865		
Advance from Customers	24,165,140		28,014,899		
Unclaimed Dividend Account	167,289		223,470		
Share Application Refund Account	544		544		
Interest accrued but not due	2,125,487	83,591,127	560,666	99,931,444	
Provisions :					
Proposed Dividend	3,747,750		-		
Tax on Proposed Dividend	525,622		-		
Provision for Bonus	6,812,247	11,085,619	6,957,146	6,957,146	
		94,676,746		106,888,590	
Schedules forming part of the Profit & Loss Account					
		For the year ended 31st December, 2005	For the year ended 31st December, 2004		
		Rs.	Rs.	Rs.	Rs.
SCHEDULE : 8.					
SALES & SERVICES					
Sales		300,996,806		297,454,250	
Less : Excise Duty & Cess		1,369,135		6,051,760	
Net Sales		299,627,671		291,402,490	
Services Rendered		306	299,627,977	-	291,402,490
SCHEDULE : 9					
OTHER INCOME					
Miscellaneous Receipt		69,076		302,696	
Claims		267,188		164,763	
Dividend		189,722		2,248,923	
Replantation Subsidy		229,096		227,136	
Profit on Sale of Investment(Net)		38,057,997		3,920,827	
Liabilities Written Back (Net)		469,121	39,282,200	604,859	7,469,204

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

DIANA TEA COMPANY LIMITED

Schedules forming part of the Profit & Loss Account	As at 31st December, 2005		As at 31st December, 2004	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 10				
EXPENSES				
Manufacturing & Cultivation :				
Stores & Spares Consumed	26,026,241		26,957,958	
Power & Fuel	37,915,719		37,962,651	
Purchase of Green Leaf	26,599,119		32,034,235	
West Bengal Cess Duty	-	90,541,079	140,027	97,094,871
Repairs & Maintenance to :				
Machinery	3,475,401		2,871,081	
Building	1,908,902		1,827,497	
Others	1,061,153	6,445,456	1,116,379	5,814,957
Payment to & Provisions for Employees :				
Salaries, Wages, Bonus & Gratuity	109,953,261		116,880,055	
Contribution to Provident Fund & Other Fund (including Administrative Charges)	12,049,658		12,164,781	
Workers & Staff Welfare	14,802,178	136,805,097	15,859,228	144,904,064
Other Expenses :				
Office Rent	108,000		102,000	
Rates & Taxes	742,006		623,219	
Insurance	784,873		696,183	
Sales Tax	-		23,734	
Miscellaneous Expenses	12,656,900	14,291,779	10,828,678	12,273,814
Auditors' Remuneration :				
For Statutory Audit	85,000		85,000	
For Tax Audit	25,000		25,000	
For Limited Review	18,000		36,000	
For Taxation Matters	5,000		5,000	
For Service Tax	13,056		14,346	
For Certificates & Others	-		5,000	
For Expenses	26,720	172,776	20,691	191,037
Tea Selling Expenses :				
Brokerage & Commission	4,207,425		3,727,337	
Freight, Warehouse and Other Selling Expenses	7,393,143	11,600,568	6,665,720	10,393,057
Donation		48,155		24,655
Loss on Sale/Discard of Fixed Assets		1,002,179		225,274
Public Issue Expenses Written off		-		502,374
		260,907,089		271,424,103
SCHEDULE : 11				
INTEREST & FINANCE CHARGES (NET)				
Interest to Banks for Working Capital finance	11,824,082		10,003,942	
Interest on Term Loans	15,756,753		8,644,049	
Interest to Others	12,558		482,826	
Finance Charges	973,229	28,566,622	103,098	19,233,915
Less : Interest Income (Gross) (TDS Rs 799763)		6,556,383		3,914,052
Previous Year Rs.2,32,181)		22,010,239		15,319,863

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

DIANA TEA COMPANY LIMITED

Schedules to and forming part of the Balance Sheet as at 31st December 2005 and the Profit & Loss Account for the year ended on that date.

SCHEDULE 12

NOTES ON ACCOUNTS

A) Significant Accounting Policies

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

1) Accounting Convention

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

2) Revenue Recognition

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

2.2) Sales are net of Sales Tax wherever applicable.

3) Fixed Assets

Fixed assets are stated at cost 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.

Tea increases your metabolism.

NOTES ON ACCOUNTS (Contd.)

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

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

12) Income Tax

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

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

13) Borrowing Costs

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

14) Foreign Currency Transactions

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

B) OTHER NOTES :

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

- Bank Guarantees issued to various Government Bodies to the extent of Rs.66,22,029/- (Previous year Rs.66,22,029/-).
- Claim against the Company not acknowledged as debts amounting to Rs.2,54,40,300/-(Previous year Rs.2,54,40,300/-).
- West Bengal Sales Tax demand for the Assessment Year 2000-01 of Rs.80,543/-

- The Land & Plantation of Diana, Baintgoorie and Goodhope Tea Estates except respective additions during the period have been revalued on 1st April, 2000 as per valuation made by an approved valuer. This resulted in an increase in the book value of assets by Rs.28,51,21,124/-, which was credited to Capital Reserve Account during the period ended 31st December, 2000.
- Depreciation as calculated includes additional charges of Rs.65,880/- on revalued assets and an amount equivalent to the additional charges has been transferred to Profit & Loss Account from Capital Reserve (Revaluation of Fixed Assets) such transfer according to an authoritative professional view being acceptable for the purpose of the Company's Annual Accounts.
- Stock of Tea includes 915230 Kgs. valuing Rs.5,78,69,993/- lying with other Parties (Previous year 12,04,792 Kgs. valuing Rs.7,44,80,241/-).
- No provision has been made for Sundry Debtors amounting to Rs.1,08,930/- considered as Doubtful of Recovery (Under Litigation) (Previous year Rs.1,08,930/-).
- Sundry Creditors include outstanding in respect of machinery and vehicle amounting to Rs.91,85,937/-(Previous year Rs.89,89,778/-) purchased in terms of Hire Purchase Agreements.
- No provision has been made in respect of present liabilities for future payment of gratuity to the Staff and Workers which will be charged to accounts as and when paid. According to actuarial valuation the liability for gratuity payable to Staff and Workers as on 31st December, 2005 is Rs.3,65,32,565/- (Previous year Rs.3,69,71,947/-).
- 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.1,15,00,030/- (Previous year Rs.1,39,33,316/-) 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.
- Miscellaneous Expenses includes Directors Board Meeting Fee & Committee Fee Rs.23,500/- (Previous year Rs.8,000/-).
- Interest to Banks for Working Capital Finance & Term Loan includes Rs.14,60,151/- (Previous year Rs. 14,86,648/-) being the proportionate amount of foreign exchange fluctuation for repayment of foreign currency loan from bank, covered by forward contract.
- Company has not provided interest income amounting to Rs.5,10,000/- (aggregate upto date Rs.10,20,000/-) during the year on loan given to parties under dispute.
- Sundry Creditors includes Rs.2,46,026/- (Previous Year Rs.3,16,400/-) due to Small Scale Industrial undertakings to the extent such parties have been identified from the available documents/information. An amount of Rs.1,000/- (Rupees one thousand only) is due to party namely M/s.Encon (India) Ltd., Rs.1,90,695/- is due to M/s.Avani Poly Pvt. Ltd., Rs.17,996/- is due to M/s. T&I Ltd. are outstanding for more than 30 days.
- Land & Plantation includes Rs.790 lacs in respect of Ambari Tea Estate, conveyance for which is not executed.
- The Provision for taxation has been computed on the basis of the profits for the year ended 31st December, 2005 which extends over two Assessment Years, Assessment Year 2005-06 and Assessment Year 2006-07 and in view of the carried forward losses and on the basis of computation, provision for taxation is not required. Although the ultimate tax liability for the Assessment Year 2006-07 will be determined on the basis of profits for the period from 1st April, 2005 to 31st March, 2006.
- During the year company has received Rs.16,05,654/- and Rs.6,63,596/- capital subsidy against Plant & Machinery and Buildings, accordingly the company has calculated depreciation on net amount with the retrospective effect. Hence the depreciation amounting to Rs.29,765/-and Rs.5,482/- respectively hither to charge as depreciation in Profit & Loss Account now written back. As such the profit for the year has been increased by Rs.35,247/-.
- 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, 2005 and the net deferred tax assets have been computed Rs.82,94,451/-. Accordingly the deferred tax amounting to Rs.18,82,166/- for the year has been recognized in the Profit and Loss Account.
- In the opinion of the Board of Directors of the Company the Current Assets, Loans, Advances and Deposits are approximately of the value stated in the accounts, if realised, in ordinary course of business unless otherwise stated. The provision for all known liabilities are adequate and not in excess of the amount reasonably required.

DIANA TEA COMPANY LIMITED

18) Basic and Diluted Earnings/(Loss) per share :	<u>2005</u>	<u>2004</u>
a) Profit/(Loss) for the year attributable to Equity Share Holders (In Rs.)	3,39,87,317	2,14,75,080
b) Number of Equity Shares of Rs.2/- each outstanding during the year (Adjusted)	3,74,77,500	3,74,77,500
c) Adjusted Basic & Diluted Earnings per share (Rs.)	0.91	0.57

19) Related Party Disclosures :

Name of Party	Nature of Relation	Description of Transaction	Transaction during year ended on 31st December,		Balance Outstanding as on 31st December,	
			2005 Rs.	2004 Rs.	2005 Rs.	2004 Rs.
Singhanian Builders Ltd.	Directors interested as Directors	Rent Payment Electricity	1,08,000 1,39,851	1,02,000 1,78,451	-	-
Mr. Sandeep Singhania	Managing Director	Remuneration & perquisites	3,62,363	3,60,386	-	-
Mrs. Sarita Singhania	Wholetime Director	Remuneration & perquisites	290,752	2,89,367	-	-
Diana Capital Ltd.	Holding Company	Loan taken	53,50,000	-	20,00,000	-
Woodville Properties & Finance Ltd.	Directors Interested as Directors	Loan given Interest	52,75,000 2,10,637	-	-	-

In addition to above Company's financial assistance of Rs.725.00 lacs from United Bank of India are additionally secured by pledgement of company's 23,93,750 equity shares held by Holding Co., Diana Capital Limited, 6,87,125 equity shares held by Managing Director Mr.Sandeep Singhania and 9,37,312 equity shares held by Whole time Director Mrs.Sarita Singhania. Singhania Builders Ltd., has also given corporate guarantee of Rs.35.00 lacs for the above term loan of Rs.725.00 lacs as additional security to United Bank of India.

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

	<u>Year ended 31st December, 2005</u>	<u>Year ended 31st December, 2004</u>
	Rs.	Rs.
a) Salary & Bonus	5,40,000	5,40,000
b) Contribution to Provident Fund	64,800	64,800
c) Perquisites	48,315	44,953

21) Interest receivable includes Rs.1,92,668/- due from a Company in which Directors are interested as Directors.

DIANA TEA COMPANY LIMITED

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

Sl. No.	Name of Shares	No. of Shares	Purchase Amount (Rs.)	Sold Amount (Rs.)
1)	Jindal Saw Pipes Ltd.	2148	7,62,889	7,72,134
2)	Punjab National Bank	467	1,82,130	2,02,405
3)	Srei Infrastructure Fin. Ltd.	190845	1,22,56,268	1,24,16,825

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

1) Tea

Particulars of capacity, production, stock and sales

	<u>Year ended 31st December, 2005</u>		<u>Year ended 31st December, 2004</u>	
	Quantity Kgs.	Amount Rs.	Quantity Kgs.	Amount Rs.
i) Licenced Capacity	Not applicable		Not Applicable	
ii) Installed Capacity (as certified by the Management)	55,00,000 Kgs.		55,00,000 Kgs.	
iii) Actual Production (excluding tea issued for sampling, shortage & complimentary 45,466 Kgs.) (Previous year 94,720 Kgs.)	43,60,870 Kgs.		46,19,663 Kgs.	
iv) Opening Stock	13,59,970	8,40,73,345	11,42,314	6,50,87,618
v) Purchase of tea	1,000	68,000	-	-
vi) Closing Stock	10,96,252	6,93,63,824	13,59,970	8,40,73,345
vii) Gross Sales	46,25,588	30,09,91,778	44,02,007	29,74,54,250

2) Coffee

	<u>Quantity Kgs.</u>	<u>Amount Rs.</u>	<u>Quantity Kgs.</u>	<u>Amount Rs.</u>
i) Purchase	17	2,652	-	-
ii) Sales	17	2,463	-	-

3) Milk

	<u>Quantity Kgs.</u>	<u>Amount Rs.</u>	<u>Quantity Kgs.</u>	<u>Amount Rs.</u>
i) Purchase	29	2,552	-	-
ii) Sales	29	2,565	-	-

4) Particulars of Raw Materials consumed (all indigenous)

	<u>Kgs.</u>	<u>Rs.</u>	<u>Kgs.</u>	<u>Rs.</u>
Green leaf harvested	1,57,00,572	-	1,69,31,496	-
Green leaf purchased	32,32,382	2,65,99,119	35,51,452	3,20,34,235

(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)

DIANA TEA COMPANY LIMITED

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

	Rs.	%	Rs.	%
All Indigenous	2,60,26,241	100	2,69,57,958	100

6) Expenditure in Foreign currency
(On account of payment of Interest
on Foreign Currency Loan from Bank)

	63,89,242	41,51,898
--	-----------	-----------

24) Abstract of the Balance Sheet as at 31.12.2005 and Company's General Business Profiles as per Part IV of Schedule VI (amended) to the Companies Act, 1956.

I) Registration Details

Registration No.

2 2 7 5

Balance Sheet Date

State Code

2 1

31 Date	12 Month	2005 Year

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

Public Issue

N I L

Bonus Issue

4 4 9 7 3

Right Issue

N I L

Private Placement

N I L

III) Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities

9 0 8 4 5 2

Sources of Funds

Paid-up Capital

7 4 9 5 5

Secured Loans

2 6 0 7 2 5

Application of Funds :

Net Fixed Assets

6 5 0 4 7 0

Net Current Assets

1 0 5 9 5 7

Deferred Tax Assets

8 2 9 4

Total Assets

9 0 8 4 5 2

Reserve Et Surplus

4 7 5 9 8 9

Unsecured Loans

2 1 0 5

Investments

4 9 0 5 3

Misc. Expenditure

N I L

Accumulated Losses

N I L

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

DIANA TEA COMPANY LIMITED

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

Turnover

4 0 8 3 4 0

Profit Before Tax

3 0 4 1 5

Earning per share in Rs.

0 . 9 1

Total Expenditure

3 7 7 9 2 5

Profit After Tax

3 2 1 4 7

Dividend Rate %

5

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

Item Code No. (ITC CODE)

0 9 0 2

Product Description

T E A

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

Signatures to Schedule 1 to 12

As per our annexed report of even date

For Das Et Prasad

Chartered Accountants

P. K. Agarwal

Partner

Membership No.056921

9, Jagmohan Mullick Lane, Kolkata - 700 007

Dated : the 24th April ,2006

For and on behalf of the Board

Sandeep Singhania, Managing Director

Sarita Singhania, Wholetime Director

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



DIANA TEA COMPANY LIMITED NOTES



1



5



6



2



4



3

Product range



1. One of the best constructed factory in Dooars Region
2. Efficient Plucking to ensure High Quality Of Tea
3. Mechanised tea handling to prevent leaf damage
4. Hygienic processing of tea
5. Regular Testing Session for quality control
6. Safe Packaging maintaining freshness of tea



DIANA TEA COMPANY LIMITED

"SIR R. N. M. HOUSE"

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