

Diana Tea Company Limited

ANNUAL REPORT 2013





Corporate INFORMATION

BOARD OF DIRECTORS

Sandeep Singhania	<i>Managing Director</i>
Sarita Singhania	<i>Director (Sales & Marketing)</i>
Naresh Pachisia	<i>Independent Director</i>
Harish Parekh	<i>Independent Director</i>
N. F. Tankariwala	<i>Independent Director</i>

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Manoj Agarwala

AUDITORS

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

BANKERS

United Bank of India
Punjab National Bank
HDFC Bank Ltd.

GARDENS

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

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

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

REGISTERED OFFICE

Sir R. N. M. House
3B, Lal Bazar Street
Kolkata - 700 001
Phone : (033) 2248-8672, 4066 1590-93
Fax : (033) 2248-7571
E-mail : contactus@dianatea.in
CIN : L15495WB1911PLC002275

REGISTRAR & SHARE TRANSFER AGENTS

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

Between

**THE
COVERS**

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Notice

NOTICE is hereby given that the 103rd Annual General Meeting of **Diana Tea Company Limited** will be held on Saturday, June 28, 2014, at Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata – 700071 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 December 31, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To Consider and if thought fit, to pass with or without modification, the following resolutions as an ordinary resolution :

“RESOLVED THAT Mr.Naresh Pachisia, a Director retiring by rotation not seeking re-appointment and is therefore not re-appointed as a Director of the Company.

RESOLVED FURTHER THAT the vacancy on the Board of Directors of the Company so created be not filled at this meeting or any adjournment thereof but will be filled at a later date under the provision of the Act.”

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 to authorize the Board of Directors to 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 Mrs.Sarita Singhania who was appointed with effect from 11th November, 2013 as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013(corresponding to Section 260 of the Companies Act, 1956) and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director,be and is hereby appointed as a Director of the Company.”

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT in terms of sections 198, 269, 309, 310 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 appointment of Mrs. Sarita Singhania as Whole-time Director of the Company who will be designated as Director (Sales & Marketing) for a

period of three years with effect from November 11, 2013 to November 10, 2016 upon the terms and conditions including remuneration as set out in the draft agreement, which is hereby specifically approved and sanctioned by the Remuneration Committee and as recommended 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(s), modification(s), variation(s) 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 provisions of Companies Act, 1956 read with Part II Section II(B) of Schedule XIII or any amendment(s), modification(s), variation(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof be and are hereby authorized to do all such acts, deeds, 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.”

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :

FIXATION OF BORROWING LIMITS

“RESOLVED THAT in supercession of resolution passed at the Extra-Ordinary General Meeting of the Company held on 1st March ,1999 on the matter and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the Act and Companies Act, 1956 (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’ which term shall include a Committee thereof authorized for the purpose) of the Company, to borrow, from time to time, any sum or sums of money (including non-fund based banking facilities) as may be required for the purpose of the business of the Company,

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from one or more Banks, Financial Institutions and other persons, firms, bodies corporates, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid up Capital of the Company and its Free Reserves(reserves not set apart for any specific purpose) provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of ₹ 40 crores (Rupees Forty crores only) and the Board be and is hereby authorized to decide all terms and conditions in relation to such borrowing, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required."

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

CREATION OF CHARGE ON COMPANY'S PROPERTIES

"RESOLVED THAT in supercession of resolution passed at the Extra-Ordinary General Meeting of the Company held on 1st March, 1999 on the matter and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act and Companies Act, 1956 (including any statutory modification or re-enactment thereof), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company (both present and future) and /or any other assets or properties, either tangible or intangible, of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully / partly Convertible Debentures and / or Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits of ₹ 40 Crores (Rupees Forty crores only) approved by the shareholders under Section 180(1)(c) of the Act (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any

increase as a result of devaluation / revaluation / fluctuation in the rate of exchange and the Board be and is hereby authorized to decide all terms and conditions in relation to such creation of charge, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required."

Registered Office : For and on behalf of the Board
3B, Lal Bazar Street
Kolkata - 700 001
Date : March 01, 2014

Manoj Agarwala
CFO & Company Secretary

Notes :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- 3) The Register of Members and Share Transfer Register of the Company will remain closed from June 21, 2014 to June 28, 2014 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.
- 4) The dividend on Equity Shares as recommended by the Board, if declared, will be payable on or after June 28, 2014 to those members whose names appear on the Register of Members of the Company as on June 28, 2014 or to their mandatees. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership details to be furnished by NSDL and CDSL for the purpose.
- 5) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use bank details furnished by the investors for distributing dividends or other cash benefits to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, companies are required to print the bank details, if available, on the payment instrument for distribution of dividends to the investors. Therefore, members holding shares in physical mode are requested to provide their bank details to the Company/RTA. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participant(s) concerned.
- 6) Members are requested to notify immediately change of addresses, if any, to the company in case shares are held in physical form or to the DPs, where the account is maintained, if held in demat form.

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- 7) Pursuant to Section 205A(5) of the Companies Act, 1956 (as amended) any money transferred to the unpaid dividend account of a Company remaining unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to Investor Education and Protection Fund and thereafter no claim shall lie against the fund or the Company. So, members are advised to claim the same from the Company immediately. Members who have not so far encashed their Dividend warrants for the Accounting years ended 31st December, 2007, 2008, 2009, 2010, 2011 and 2012 may immediately approach the Registrars for revalidation of unclaimed Dividend Warrants.
- 8) The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent to the shareholders in Electronic Mode. To support this green initiative of the Government in full measure, the members who have not registered their e-mail addresses, so far, are requested to register their e-mail address in respect of electronic holdings with the Depository through their concerned Depository Participants (DP). Members who hold shares in physical form are requested to submit their e-mail address to contactus@dianatea.in & mdpldc@yahoo.com. We are sure you would appreciate the "Green Initiative" taken by MCA and solicit your patronage and support to participate in such initiative.
- 9) Shareholders seeking any information with regard to accounts are requested to write to the Company at least 7 days prior to meeting, so as to enable the management to keep the information ready.
- 10) Members/ Proxies should bring the attendance slip duly filled in, for recording their attendance at the meeting.
- 11) Shareholders are requested to kindly bring their copies of Annual Report at the meeting.
- 12) Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- 13) Section 109A of the Companies Act, 1956 extends nomination facility to individual shareholders of the company. Therefore the shareholders holding share certificates in physical form and willing to avail this facility by submitting details in the prescribed format, which may be obtained from the company's Registrar & Share Transfer Agent. However, in case of Demat holdings, the shareholders should approach to their respective Depository Participants for making nominations.

- 14) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (11.00 am to 1.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

Registered Office : For and on behalf of the Board
 3B, Lal Bazar Street
 Kolkata- 700 001
 Date : March 01, 2014

Manoj Agarwala
 CFO & Company Secretary

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item 5 and 6

Mrs. Sarita Singhania was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on 11th November, 2013. Thereafter she was further appointed as a Director (Sales & Marketing) of the Company for a period of 3 years from 11th November, 2013 to 10th November, 2016 on the terms and conditions as mentioned in the draft agreement executed between her and the Company.

According to the provisions of Section 161 of the Companies Act, 2013 (corresponding to section 260 of the Companies Act 1956) the above Director hold office up to the date of the forthcoming Annual General Meeting. Further, as required by Section 257 of the Companies Act, 1956 a notice has been received from a Member signifying his intention to propose the appointment of Mrs. Sarita Singhania as Director of the Company at the forthcoming Annual General Meeting.

Mrs. Sarita Singhania is an Arts Graduate from Kurukshetra University, Delhi. She was with the company in the capacity as Wholtime Director from the year 1996 to mid 2013. She again joined the Board of the Company on 11th November, 2013. Considering the proven ability of Mrs. Sarita Singhania the Board of Directors in its meeting held on 11th November, 2013 has approved the appointment of Mrs. Sarita Singhania as Director (Sales & Marketing) of the Company for a period of three years with effect from 11th November, 2013 on terms and conditions and remuneration payable to her as set out in the resolution which requires the approval of the members. The appointment and remuneration payable to her has been approved by the remuneration committee in their meeting held on 11th November, 2013.

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

1. Mrs. Sarita Singhania (hereinafter called "Mrs. Singhania") is appointed as Director (Sales & Marketing) of the Company for a period of three years with effect from 11th November, 2013. During currency of such three years

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period Directorship of Mrs. Singhanian will be liable to retire by rotation.

2. As Director (Sales & Marketing) of the Company, Mrs. Singhanian shall devote whole of her time, attention and ability to the business and affairs of the Company, subject to the superintendence, control and directions of the Board.

3 In consideration of her services as Director (Sales & Marketing) Mrs. Singhanian shall be entitled to receive the following by way of remuneration :

a. **Salary** : ₹ 1,50,000/- per month.

Revision of the basic salary shall be decided by the Board of Directors annually on the recommendation of the Remuneration Committee in the salary range of ₹ 1,50,000/- to ₹ 2,00,000/- per month.

b. **Commission** : Commission as determined by the Board of Directors within the overall ceiling on managerial remuneration laid down in Sections 198 and 309 of the Companies Act, 1956 and based on the net profits of the Company in any particular year.

c. **Perquisites** : In addition to the salary and commission payable, Mrs. Singhanian shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for herself and her family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mrs. Singhanian.

The perquisites and allowances shall be valued as per Income Tax Act, 1961 or any other rules hereunder or any statutory modification(s) or re-enactment thereof, and in absence of such rules they shall be valued at actual cost.

Provision for use of the Company's car for official duties and telephone (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

d. **Minimum Remuneration** : In the event of loss,

absence or inadequacy of profits in any financial year during the term of office of Mrs. Singhanian, the remuneration payable to her by way of salary, allowances, commissions and perquisites shall not, without the approval of the Central Government (if required), exceed limit specified in schedule XIII to the Companies Act, 1956 including any amendment(s), modification(s), variation(s) or re-enactment thereof.

4. **Variation** : The Board of Directors or any Committee may alter and vary the terms and conditions of the appointment and/or agreement (including the amount of salary, commission and also type & amount of perquisites and other benefits payable to Mrs. Singhanian) in such manner as may be agreed between the Board or Committee thereof and Mrs. Singhanian, provided however that the remuneration payable to Mrs. Singhanian shall not exceed the limits specified in the Schedule XIII of The Companies Act, 1956, including any amendment(s), modification(s), variation(s) or re-enactment thereof.

THE DETAILS IN RESPECT OF PART II SECTION II(B) OF SCHEDULE XIII AS REQUIRED PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 1956 ARE AS FOLLOWS :

I. General information

The company is engaged in cultivation and manufacture of tea and is a going concern. The Financial Performance is detailed in the annexed annual accounts forming part of this report.

II. Information about the appointee

Mrs. Sarita Singhanian is an arts graduate and was associated with the company for more than 16 years and have thorough experience of tea industry. Previously remuneration paid to her as Wholtime Director was ₹ 1,25,000/- per month. Remuneration proposed to Mrs. Sarita Singhanian is given under item No.5 and 6 of the explanatory statement. On a comparative analysis the remuneration drawn by the Director(Sales & Marketing) of your company is far lower than the value of services provided. It is for this reason that the Board of the company has recommended that the remuneration payable to the Director(Sales & Marketing) be in the range of ₹ 1,50,000/- to ₹ 2,00,000/- (excluding perquisites).

III. Other information

The tea industry is cyclic in nature and is dependent on the vagaries of nature and weather for crop and auction prices which is totally governed by demand and supply position. Since 2000-2007, the tea industry had passed through severe price recession where supply was more than demand, coupled with high cost, increase in terms of wages and other inputs which had considerably eroded profit margin of the industry. In view of the complexities

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of the operation and uncertainty of the weather condition, there is a need of experienced leader who can provide the effective guidance. In return to pay adequate remuneration for the services rendered. The proposed terms are provided for minimum remuneration when the need arises.

IV. Disclosures

The Terms of remuneration are as stated hereinabove. The Disclosures for the same has been given under Corporate Governance in Annexure C of the Board of Directors Report.

The Directors commend the resolution for your approval. None of the Directors of the Company except Mrs. Sarita Singhania (being appointee) and Mr. Sandeep Singhania, being relative of Mrs. Sarita Singhania is concerned or interested in the said resolution. None of the interest is being affected in any other company in respect of the holding of the shares in excess of 2 % of the paid up capital of that company by the promoter, Director, Manager and Key managerial Personnel of this company. The above material terms of appointment and remuneration payable to Mrs. Singhania as set out in the accompanying Notice should be considered an abstract and Memorandum of Interest, pursuant to the provision of Section 302 of The Companies Act, 1956.

Item 7 and 8

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013 read with Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose). At the Extra-Ordinary General Meeting of the Company held on 1st March, 1999 the shareholders had accorded consent to the Board of Directors borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹ 40 Crores (Rupees Forty Crores only).

At the same Extra-Ordinary General Meeting of the Company, the shareholders had accorded consent to the Board of Directors for creation of mortgages, charges and hypothecations etc. to secure aforesaid borrowings.

The proposed borrowings by the Company, if required, is to be secured by mortgage or charge on all or any of the movable or immovable or any other tangible and intangible assets / properties of the Company (both present & future), in favour of any lender including the financial institutions / banks / debenture trustees etc. in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and / or charge on any of the movable and

/ or immovable or any other tangible and intangible assets / properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013 read with Section 293(1)(a) of the Companies Act, 1956.

The resolutions contained in item 7 and 8 of the accompanying Notice, accordingly, seek members' approval for fixing the borrowing limits and disposal of the Company's undertaking(s) by creation of mortgage / charge etc. thereon and for authorizing the Board of Directors (including a Committee thereof authorized for the purpose) of the Company to complete all the formalities in connection with the fixation of the borrowing limits and creating charge on Company's properties, respectively.

None of the Directors or key managerial personnel of the Company or their relatives is / are, in any way concerned or interested in the proposed resolutions. None of the interest is being affected in any other company in respect of the holding of the shares in excess of 2 % of the paid up capital of that company by the promoter, Director, Manager and Key managerial Personnel of this company.

Registered Office : For and on behalf of the Board
3B, Lal Bazar Street
Kolkata- 700 001
Date : March 01, 2014

Manoj Agarwala
CFO & Company Secretary

Details of Directors in pursuant to clause 49 of Listing Agreement :

Mrs. Sarita Singhania

Mrs. Sarita Singhania, aged 51 years, was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on 11th November, 2013. Thereafter she was further appointed as Director (Sales & Marketing) of the Company with immediate effect. A graduate in Arts having more than 16 years of experience in tea plantation and marketing business. She is also Director of Singhania Builders Ltd. and Woodville Properties & Finance Ltd. She holds 3,74,924 Equity Shares of the Company.



Dear Shareholders,

Your Directors have pleasure in presenting their 103rd Annual Report along with the Audited Accounts for the year ended December 31, 2013

Financial Results	(₹ in lakh)	
Particulars	December 31, 2013	December 31, 2012
Profit before Depreciation and Amortization Expense,		
Finance costs & Taxation	448.21	464.49
Less : Depreciation and Amortization Expense	87.18	78.12
Finance Costs	185.71	162.40
Exceptional items	123.17	-
Profit before tax	52.15	223.97
Less : Provision for Tax Expenses (net)	100.05	(43.40)
Profit / (Loss) after Tax	(47.90)	267.37
Add : Balance brought forward from previous year	128.42	129.61
Add : Transfer from General Reserve	87.93	-
Amount available for appropriation	168.45	396.98
Appropriations :		
Proposed Dividend	37.48	37.48
Provision for tax on proposed dividend	2.55	6.08
Dividend Tax for earlier year written back	(21.89)	-
Transferred to General Reserve	-	225.00
Balance carried forward	150.31	128.42
	168.45	396.98
Basic and diluted earning per share	(0.32)	1.78

Directors' Report

Review of Performance

The year under review was marginally better in terms of crop wherein our own crop was higher by 43,815 kgs when compared to previous year. We continued to have a very careful approach towards procurement of bought leaf keeping quality in mind and as such our bought leaf production has come down to 2,05,824 kgs from 2,60,552 kgs of previous year. However, the total turnover of the company was lower at ₹ 3,962.48 lakh compared to ₹ 4,459.12 lakh of previous year and the main reason for the same was lower carry forward stock this year when compared to last year.

During the year under review the Indian tea production was higher by 7.9% to 1200 million kgs against 1112 million kgs of made tea previous year. Similar trend was visible globally where Kenyan tea production was significantly higher when compared to last year. The overall higher global tea production resulted in lower price realization in all auction Centres when compared to last year. However, good quality teas continued to sell readily with high price realization whereas common and medium tea struggled to sell and fetched lower price in auction Centres. However, because of our overall focus on quality our average price realization stood higher at ₹ 130.85 per kg this year compared to ₹ 128.25 per kg of last year.

During the year Company has made a net loss of ₹ 47.90 lakh. The primary reason for the same is exceptional items related to sale of Ambari Tea Estate. Due to inordinate delay in getting the permission from various government authorities the matter went into litigation. A prohibitively high stamp duty was becoming a stumbling block in concluding the transaction. Simultaneously law and order situation at the Ambari Tea Estate had gone from bad to worse and considering the anticipated problem and keeping the interest of the shareholders and company in mind, we gave a concession of ₹ 1.23 crores to the buyer on the total consideration amount and transferred the property on as is where is basis. In spite of the losses, keeping in mind the shareholders interest, a dividend is proposed at par with last year from the general reserve of the company.

Company continued with policy to improve its existing tea estates by way of regular uprooting, replanting of old tea bushes and continuous up-gradation of field and factory with a target of producing premium quality tea, to enhance yield of the garden and to reduce the overall costs. Our gardens have 100% irrigation facility which protected us from the regular phenomena of drought in the early part of the season.

Prospects

Your company is optimistic about domestic tea market in the coming year, particularly in the quality tea segment which continues to command premium and sells briskly in the market. Demand for quality tea continues to overstep the supply and as such there will be a genuine premium available for the quality tea over inferior and medium quality tea. This is likely

to increase the price gap between quality tea over non-quality segment. Indian production during the current year could see a decline as there is extended drought condition in North India which is likely to affect the health of tea bushes for the entire season. However, the global crop scenario continues to be good. The same is likely to translate into a higher premium for good quality tea where as inferior and medium quality tea will have to struggle.

With domestic consumption steadily growing at around 3% CAGR and likelihood of more exports to Iran, thus resulting in production of more Orthodox tea. It is likely to create a shortfall in quality CTC tea segment which is going to have a positive effect on the price of quality CTC tea, the reflection of which is also showing in the auction centres wherein average price realization of quality tea is higher by ₹ 10-15/- per kg. when compared to last year.

However, wage negotiations are due and are likely to be finalized by June/July of this year. This increase is going to have a major impact on the overall cost of production of tea once it is implemented.

Your company continues to take full benefit of all subsidies provided by the Tea Board on various fronts. With adequate measures adopted by the company to consolidate its existing operations through upgradation of field, plant & machineries to achieve quality enhancement along with cost reduction, your company will make all efforts to improve its performance in the coming years.

Dividend

The Board has recommended a Dividend of ₹ 0.25 per Equity Share (i.e. 5%) for the year ended December 31, 2013 and such dividend, on approval, will be paid to those members recorded in the registers of the Company at the close of business on the date of Annual General Meeting, subject, however, to the provision of Section 206A of the Companies Act, 1956.

Personnel

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

We recognise people as our most valuable asset and cordial relations with the employees were maintained at all company 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 about improvements in the difficult circumstances faced by the tea industry.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 relating to

Directors' Report

conservation of energy and technology absorption, foreign exchange earning and outgo are given by way of Annexure 'A' to this Report.

Directors

Mr. Naresh Pachisia is retiring by rotation at this Annual General Meeting and does not seek reappointment as per new SEBI norms for Independent Director. Board of Directors are thankful to Mr. Pachisia for his valuable guidance to the company during his tenure.

Management Discussion And Analysis Report

In accordance with the requirements of Clause 49 of Listing Agreement, entered into with the Stock Exchange wherein the shares of the Company are listed, Management Discussion and Analysis Report is annexed herewith as Annexure 'B' to this Report.

Corporate Governance Report

As stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchange the detailed report on Corporate Governance is annexed herewith and marked as Annexure 'C' to this report and the certificate obtained from the statutory auditors of the Company, regarding compliance of the conditions of Corporate Governance, as stipulated in the said clause, is also attached to this report.

Directors' Responsibility Statement

(As per Section 217 (2AA) of the Companies Act, 1956)

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 December 31, 2013 and the loss for the Financial year. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities. The Annual Accounts of your Company has been prepared on a going concern basis.

Auditors' Report

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

Auditors

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

Appreciation

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

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : March 01, 2014

For and on behalf of the Board

Sandeep Singhania
Managing Director

Annexure to the Directors' Report**Annexure - 'A'****FORM 'A'****Form for disclosure of particulars with respect to conservation of energy**

		Current Year ended 31.12.2013	Previous Year ended 31.12.2012
A) POWER & FUEL CONSUMPTION			
1) Electricity			
a) Purchased			
Unit	(KWH)	4,151,390	4,188,415
Total Amount	(₹ in lacs)	353.25	359.95
Rate per unit	(₹/KWH)	8.51	8.59
b) Own Generation			
Through Diesel Generator Unit	(KWH)	316,773	335,330
Unit per Ltr.of Diesel Oil	(KWH)	3.11	3.04
Fuel Cost / Unit	(₹/KWH)	17.42	14.93
2) Coal for Tea Processing in Withering & Drying			
Quantity	(M.T.)	2,132.27	2,303.56
Total Amount	(₹in lacs)	153.45	190.59
Rate/Unit	(₹/M.T.)	7,196.54	8,273.93
3) Other for Transportation & Material Handling			
a) H.S.D.Oil :			
Quantity	(Ltrs.)	56,477	59,812
Total Cost	(₹ in lacs)	30.52	27.12
Rate / Unit	(₹/Ltr.)	54.05	45.35
b) Petrol :			
Quantity	(Ltrs.)	11,300.83	13,197.11
Total Cost	(₹ in lacs)	8.68	9.68
Rate / Unit	(₹/Ltr.)	76.84	73.33
B) CONSUMPTION PER UNIT OF PRODUCTION			
Product - Tea (Gross)	(Kg.)	3,090,786	3,101,699
Energy Use : Electricity (including own Generation) for Manufacturing	(KWH/Kg.)	0.80	0.79
Other Fuel for Processing of Tea			
Coal	(Kg./Kg.)	0.69	0.65

Annexure to the Directors' Report**FORM 'B'****Form for disclosure of particulars with respect to Absorption, Research and Development****Research and Development (R & D)**

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

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

Technology Absorption, Adaptation and Innovation

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

Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Earned	₹ NIL
Used	₹ 41,13,730/- (Travelling & Others)

Not applicable

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : March 01, 2014

For and on behalf of the Board

Sandeep Singhania
Managing Director



Management DISCUSSION AND ANALYSIS

Annexure to the Directors' Report

Annexure - 'B'

Tea industry

The industry is largely dominated by India (second largest producer and largest consumer) followed by China, Sri Lanka, Kenya and Indonesia. India accounts for 30% of world's production; the combined production of Sri Lanka, Kenya and Indonesia was lower than India's.

India : India is the second largest tea producer after China. The country offers a variety of products – original Orthodox, CTC, green tea, Darjeeling tea, Assam tea and Nilgiri tea. The total turnover of the tea industry is estimated at around ₹ 15,000 crore; tea production since independence has grown over 250%, while land area has grown only 40%. The Dooars in North Bengal account for 14 per cent of the country's tea production.

The Dooars tea is a strong tea and often used for blending with Assam tea to enhance the latter's mildness.

Production : Indian tea Production for the year 2013 is higher at 1200 million kgs. against 1112 million kgs. of 2012. Our crop was also ahead during the year. The average realization during the current year is higher at ₹ 130.85 per kg. compared to ₹ 128.25 per kg. of previous year.

Realisations : Owing to higher global production as well as Indian production the average price realization of Indian tea market is lower to last year.

The average price realisation of North Indian tea was lower when compared to the previous year. The prices at the three auction centres are given below to analyze the trend.

Auction Centres	(₹/ Kg.)	
	2013	2012
Kolkata	144.62	148.41
Siliguri	119.74	125.08
Guwahati	134.93	137.04

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

Tea Areas	(₹/ Kg.)	
	Company's Tea	Consolidated Average of Siliguri Auction Centre
Dooars	130.85	119.74

Management Discussion and Analysis

Consumption : India's tea consumption is likely to grow @3% per annum

Outlook : Indian tea market expected to be buoyant for the good quality teas as there is a shortage in this segment. However, medium and ordinary teas are likely to struggle and could sell at lower realization.

Risks and concerns

Tea industry is an agricultural industry and its performance is dependent on vagaries of nature.

Financial review and analysis

The Company's financial position is strong enough which has helped company to pass through in turbulent times. The development work in garden is always given top priority for improvement in quantity as well as quality. The surplus fund in 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 system are periodically tested and supplemented by an extensive programme of internal audit by independent firm of Chartered Accountants. Audits are finalized and conducted based on internal risk assessment. Significant

findings are brought to the notice of the Audit Committee of the Board and corrective measures are recommended for implementation.

Material development in human resources and industrial relations

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

Cautionary statement

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

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : March 01, 2014

For and on behalf of the Board

Sandeep Singhania
Managing Director



Report on Corporate GOVERNANCE

Annexure to the Directors' Report

Annexure 'C'

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's core business is cultivation and manufacturing of tea. The Company continues to lay importance on continuous upliftment of human and economic assets like plantations. The Company's overall philosophy is to gain excellence in all spheres of operation.

2. BOARD OF DIRECTORS

Composition :

The Company's Board consists of five Directors, of which three

are independent Directors, therefore, more than 50% of the Board consists of Non-Executive Independent Directors.

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

During the Financial Year 2013, six Board meetings were held on March 26, 2013, May 15, 2013, August 3, 2013, August 14, 2013, September 06, 2013 and November 11, 2013.

Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM	No. of ** outside Directorship held	No. of * outside-Committee Membership held	No. of * outside Committee Chairmanship held
Mr. Sandeep Singhania (Managing Director)	Executive Non-Independent	6	Yes	3	-	-
Mrs. Sarita Singhania (Wholetime Director)	Executive Non-Independent	2	Yes	2	-	-
Mr. Naresh Pachisia	Non-Executive Independent Director	4	No	8	6	-
Mr. Harish Parekh	Non-Executive Independent Director	6	Yes	8	4	4
Mr. N. F. Tankariwala	Non-Executive Independent Director	5	Yes	-	-	-

*Represents Chairmanship/membership of Audit Committee and Shareholders Grievances Committee

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

Report on Corporate Governance

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees in any company [as per Clause 49(1)(c)(ii)] across all the Companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committees positions held by them in other Companies.

Mr. Naresh Pachisia is retiring by rotation at this Annual General Meeting and does not offer himself for reappointment.

3. CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct for all Board members and all employees in the management grade of the Company. All Board members and senior management personnel have confirmed compliance with the Code.

A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

4. AUDIT COMMITTEE

The Company has an Independent Audit Committee within the scope as set out in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The Audit Committee comprises Mr. Harish Parekh, Chairman of the Committee, Mr. Naresh Pachisia, Independent Director, Mr. N. F. Tankariwala, Independent Director and Mr. Sandeep Singhanian, Managing Director of the Company. The Chairman of the Audit Committee attended the last Annual General Meeting as held on June 22, 2013.

Mr. Manoj Agarwala, CFO and Company Secretary, is the Secretary of the Committee.

The functions of the Committee include :

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible
- Reviewing the quarterly, half-yearly and annual financial statements before submission to the Board
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function
- Discussing with internal and external auditors any significant finding and follow-up on such issues
- Reviewing key accounting matters and developments
- Reviewing the utilisation of funds raised by the Company
- Reviewing the statutory compliance system
- Reviewing the related parties' transactions
- Reviewing other matters as directed by the Board

Four Meetings of Audit Committee were held on March 26, 2013, May 15, 2013, August 14, 2013 and November 11, 2013.

Attendance Record of the Audit Committee Meeting:

Sl. No.	Name of Directors	No. of Meetings Attended
1)	Mr. Harish Parekh	4
2)	Mr. Naresh Pachisia	3
3)	Mr. N. F. Tankariwala	4
4)	Mr. Sandeep Singhanian	4

5. REMUNERATION COMMITTEE

The composition of the Committee is as under :

Mr. Harish Parekh - Chairman

Mr. Naresh Pachisia – Member

Mr. N. F. Tankariwala - Member

The functions of the Committee include

To evaluate, review and recommend to the Board, the remuneration of the Executive Directors so as to bring about the objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

Two meetings of the Director's Remuneration Committee were held on August 14, 2013 and November 11, 2013.

Attendance record of the Remuneration Committee meetings :

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

Remuneration policy

Executive Directors

The Remuneration Committee takes into account experience, qualification and prevailing industry practices before giving its recommendation to the Board. On recommendation of the Remuneration Committee, the Board decides remuneration to be paid to Executive Directors, subject to approval of shareholders in terms of provisions of the Companies Act, 1956, read with Schedule XIII thereof. The Committee aims towards rewarding, on the basis of performance and reviews on a periodical basis.

Non-Executive Directors

The Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors and committees and also reimbursement of expenses incurred in this regard. In order to reward the Non-Executive Independent Directors for their contribution, they are paid remuneration by way of sitting fee for attending the meetings of Board and Committees.

Report on Corporate Governance

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

Name of Directors	Sitting fees(₹)		Salary & Perks (₹)
	Board Meeting	Committee Meeting	
Mr. Sandeep Singhania			29,41,258
Mrs. Sarita Singhania			12,10,322
Mr. Naresh Pachisia	28,000	10,500	
Mr. Harish Parekh	42,000	12,000	
Mr. N. F. Tankariwala	35,000	14,500	
Total	1,05,000	37,000	41,51,580

6. INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

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

Mr. Naresh Pachisia - Chairperson (Non-Executive)

Mr. N. F. Tankariwala - Member (Non-Executive)

Mr. Sandeep Singhania - Member (Managing Director)

Mrs. Sarita Singhania - Member (Wholetime Director)

The functions of the Committee include:

- Approval of share transfers and transmissions
- Taking actions on routine complaints of shareholders
- Disposal of old stationeries of dividend warrants
- Issue of duplicate share certificates
- Any other matter(s) out of and incidental to these functions and such other acts assigned by the Board

The Committee met fourteen times during the financial year 2013.

a)	No. of complaints not resolved/no action taken/ pending as on 1.1.2013	NIL
b)	Complaints received from Investors	2
c)	Complaints replied/resolved	2
d)	Complaints pending on December 31, 2013	NIL

There were also no investors complaint pending against the Company as on December 31, 2013 on SCORES, the web based complaint redressal system of SEBI.

Name, designation and address of Compliance Officer :

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

Diana Tea Company Limited

Sir RNM House

3B, Lal Bazar Street, 4th floor

Kolkata -700001

Phone : 033-40661590-93

Fax : 033-22487571

E-mail : contactus@dianatea.in

Report on Corporate Governance

7. GENERAL BODY MEETINGS

- a) Details regarding venue, date and time of last three Annual General Meetings of the Company are as follows :-

Financial Year	Date	Time	Location
2012	June 22, 2013	10.30 A.M.	Gyan Manch Education Society Hall,, 11, Pretoria Street, Kolkata-700071
2011	June 23, 2012	10.30 A.M.	- Do -
2010	June 25, 2011	10.30 A.M.	- Do -

- b) Details regarding Special Resolution passed in last three Annual General Meetings :

The following Special Resolution was passed by the Members during the last three Annual General Meetings:

Financial Year	Special Resolution
2012	No Special Resolution was passed at the Annual General Meeting held on June 22,2013
2011	Approval for re-appointment and payment of remuneration to Mr.Sandeep Singhanian as Managing Director for a period of three years w.e.f. August 27, 2012.
2010	No Special Resolution was passed at the Annual General Meeting held on June 25,2011

- c) Details regarding Resolutions passed in 2013 through postal ballot :

During the financial year 2013, No Special Resolutions were passed through Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing Special Resolutions through Postal Ballot.

- d) Extraordinary General Meeting :

No Extraordinary General Meeting of the members was held during the financial year 2013.

8. OTHER DISCLOSURES

- a. Related Party Transaction

Disclosures of materially significant related party transaction:

Details of related party transaction as specified in the Accounting Standards - 18 issued by the Institute of Chartered Accountants of India have been reported in the notes to the financial Statements.

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

- b. Accounting treatment in preparation of financial statement

The Company followed the guidelines as laid down in Accounting Standards, prescribed by the Institute of Chartered Accountants of India, for the preparation of financial statements.

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

9. CEO/CFO CERTIFICATION

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

10. MEANS OF COMMUNICATION

- Quarterly results and half-yearly results are published in newspapers such as The Financial Express, Dainik Statesman/Arthik Lipi (Bengali).
- Company's e-mail address: contactus@dianatea.in
- Management Discussion and Analysis Report forms part of the Director's Report.

Report on Corporate Governance

11. SHAREHOLDERS' INFORMATION :

(a) AGM date, time and venue :

Saturday, the June 28, 2014 at 10-30 A.M.
Gyan Manch Education Society Hall,
11, Pretoria Street, Kolkata-700 071.

(b) Financial Calendar and publication of results :

The Financial Year of the Company is from January to December.
Publication of Results will be as follows:

Period	Approval by the Board of Director (tentative)
1st Quarter ending March 31, 2014	Within 15th May 2014
2nd Quarter ending June 30, 2014	Within 14th August, 2014
3rd Quarter ending September 30, 2014	Within 14th November, 2014
Final Audited Results of December 31, 2014 including 4th Quarter	Within 1st March ,2015
AGM for the year ending December 31, 2014	June, 2015

(c) Book closure :

Saturday, June 21, 2014 to Saturday, June 28, 2014(Both days inclusive)
Dividend Payment Date : Within 30 days from the date of Shareholders' approval at the forthcoming AGM

(d) Listing on Stock Exchanges :

The Company's securities are listed at

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

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

Custodial fees to Depositories: The annual custodial fees for the financial year 2013 has been paid to NSDL and CDSL.

Report on Corporate Governance

(e) Stock Price Data :

(Amount in ₹)

Month	BSE Ltd.	
	High	Low
January 2013	19.70	15.30
February 2013	16.90	12.50
March 2013	14.90	12.60
April 2013	13.85	11.32
May 2013	13.95	10.70
June 2013	13.00	09.90
July 2013	11.95	08.60
August 2013	10.90	08.30
September 2013	10.40	08.13
October 2013	09.34	08.00
November 2013	10.70	08.65
December 2013	11.81	09.45

(f) Share Transfer System :

The Company's shares are in compulsory demat mode. Share transfers are registered within a maximum period of 15 days from the date of receipt, provided the documents are complete in all respects.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchange, certificate on Half Yearly basis, have been issued by a Company Secretary in practice for due compliance of share transfer formalities by the Company.

(g) Dematerialisation of shares :

The shares of the Company are compulsorily traded in dematerialised form under depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

(h) a) Distribution of share holding as on December 31, 2013.

Group of shares	No. of shareholders	%	No. of Shares held	% to total shares
1 to 500	5,704	78.97	8,12,415	5.42
501 to 1000	710	9.83	5,91,847	3.95
1001 to 2000	391	5.41	6,12,995	4.09
2001 to 3000	127	1.76	3,26,121	2.17
3001 to 4000	74	1.02	2,73,818	1.83
4001 to 5000	49	0.68	2,32,983	1.55
5001 to 10000	101	1.40	7,37,405	4.92
10001 & higher	67	0.93	1,14,03,416	76.07
Total	7,223	100.00	1,49,91,000	100.00

Report on Corporate Governance

b) Share holding pattern as on December 31, 2013.

Category	No.of shareholders	No.of shares held	% of shareholding
Promoters	11	91,94,854	61.34
Private Body Corporates	150	11,49,547	7.67
Individuals	6,986	45,80,901	30.55
Qualified Foreign Investors/NRI	68	59,638	0.40
Clearing Member	08	6,060	0.04
Total	7,223	1,49,91,000	100.00

c) Dematerialisation of shares and liquidity as on December 31, 2013

Nature of holding	Holders	Shares	Percentage
Physical	785	2,11,926	1.4137
Demat	6,438	1,47,79,074	98.5863
Total	7,223	1,49,91,000	100.00

International Securities Identification Number(ISIN) : INE012E01035

(i) Secretarial Audit :

In Compliance with Regulation 55A of SEBI (Depositories and participants regulations) 1996, a qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital.

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

Not applicable

(k) Plant Location :

The Company owns three tea gardens each having its own processing factory at Doars (North Bengal) in Jalpaiguri District

a) Diana Tea Estate

P.O.Banarhat-735202

b) Baintgoorie Tea Estate

P.O.Mal-735221

c) Goodhope Tea Estate

P.O.Dam Dim-735209

(l) Address for correspondence :

(Registered Office)

Diana Tea Company Limited

Sir RNM House

3B, Lal Bazar Street, 4th floor

Kolkata - 700001

Phone : 033-40661590-93

Fax : 033-22487571

E-mail : contactus@dianatea.in

CIN : L15495WB1911PLC002275

(Registrar & Share Transfer Agents)

M/s. Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor,

Kolkata - 700 001

Phone (033) 2243-5029/5809, 2248-2248

Fax: (033) 2248-4787

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

Registered Office :

3B, Lal Bazar Street

Kolkata - 700 001

Date : March 01, 2014

For and on behalf of the Board

Sandeep Singhania

Managing Director

Report on Corporate Governance

CEO/CFO Certification

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

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

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

For Diana Tea Company Limited

Place : Kolkata
Date : March 01, 2014

Sandeep Singhania
Managing Director

Manoj Agarwala
Chief Financial Officer &
Company Secretary

Report on Corporate Governance

Declaration Regarding Code of Conduct

TO WHOM IT MAY CONCERN

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

I confirm that the Company has in respect of the financial year ended December 31, 2013 received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary, employees in the Executive cadre as on December 31, 2013.

For **Diana Tea Company Limited**

Place: Kolkata
Date : March 01, 2014

Sandeep Singhania
Managing Director

Report on Corporate Governance

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

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

We have examined the compliance of conditions of Corporate Governance by Diana Tea Company Limited (the Company) for the year ended December 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that the Registrars of the Company have certified that as on December 31, 2013, there were no investor grievance remaining unattended / pending.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

4, Chowringhee Lane,
Kolkata – 700 016
Date : March 01, 2014

For **DAS & PRASAD**
Chartered Accountants
Firm Regn. No.303054E

P. K. Agarwal
Partner
Membership No. 056921

Independent Auditors' Report

To
The Members of
Diana Tea Company Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **Diana Tea Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st December, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the **loss** of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

EMPHASIS OF MATTER

7. Refer to (i) Note No. 15(b) for non-provision of Sundry Debtors considered doubtful of recovery, (ii) Note No. 17 (a) & (b) for non-provision of loans and advances receivable which is doubtful of recovery, (iii) Note No. 18 for non-provision of Interest and Replantation Subsidy Receivable which is doubtful of recovery, (iv) Note No. 28-8(b) for non-provision of Gratuity liability, (v) Note No. 28-9 for non-provision of diminution in value of long term investments in respect of quoted investments and, (vi) non-provision of Entry Tax.

Our opinion is not qualified in respect of above matters.

Independent Auditors' Report

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act except for Accounting Standard 15 (Revised 2005), in respect of non-provision of part of gratuity liability as mentioned in point no. 8(b) of Note 28.
 - (e) On the basis of the written representations received from the directors as on 31st December, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DAS & PRASAD**
Chartered Accountants
Firm Registration No. 303054E

P. K. Agarwal
Partner
Membership No.056921

Place : Kolkata

Dated : March 01, 2014

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets :
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory :
- (a) The management has conducted physical verification of inventory at reasonable intervals during the year except stock of tea lying with third party.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company and hence, not commented upon.
- (e) The Company has taken interest free unsecured loan from holding company. The amount of loan taken by the Company during the year was ₹ 44,50,000/-, at the year end the outstanding balance of such loan taken was ₹ 47,55,000/- and maximum amount involved during the year was ₹ 1,90,70,000/-.
 - (f) In our opinion, terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
 - (g) In respect of aforesaid loan the Company is regular in repayment of the principal amount as stipulated.
- (iv) In our opinion and according to the information and explanations given to us there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weakness in the internal controls has been noticed.
- (v) In respect of contracts 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) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rupees five lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public covered under Section 58A and 58AA of the Companies Act, 1956.
- (vii) As per information and explanations given by the management, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.

- (b) According to information and explanation given to us, the disputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty that have not been deposited on account of matters pending before appropriate authorities are as follows :

Name of the Statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Sales Tax	80,543/-	2000-2001	Commercial Tax Officer
West Bengal Value Added Tax Act, 2003	Sales Tax	15,56,546/-	2010-2011	Joint Commissioner of Commercial Taxes, Chowringhee Circle, Kolkata
Central Sales Tax Act, 1956	CST	25,28,836/-	2003-2004	Joint Commissioner of Commercial Taxes, Chowringhee Circle, Kolkata
Central Sales Tax Act, 1956	CST	6,24,243/-	2010-2011	Joint Commissioner of Commercial Taxes, Chowringhee Circle, Kolkata
Income Tax Act, 1961	Income Tax	59,206/-	2007-2008	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	14,43,100/-	2010-2011	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	15,94,320/-	2011-2012	Deputy Commissioner of Income Tax

- (x) The Company does not have any accumulated losses at the end of the accounting year and has not incurred cash losses in the current year and the immediately preceding accounting year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) (a) In our opinion, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
(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 guarantees for loan taken by others from a bank or financial institution.
- (xvi) Based on our audit procedures and on the information given by the management, we report that the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xvii) Based on the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company as at 31st December, 2013, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xviii) Based on the audit procedures performed and the information and explanations given to us by the management, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For **DAS & PRASAD**
Chartered Accountants
Firm Registration No. 303054E

P. K. Agarwal
Partner

Place : Kolkata

Dated : March 01, 2014

Membership No.056921

Balance Sheet as at 31st December, 2013

(₹ in Lacs)

	Note	As at 31st December, 2013		As at 31st December, 2012	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	1	749.55		749.55	
Reserves and surplus	2	7,091.05	7,840.60	7,198.05	7,947.60
Non-current liabilities					
Long-term borrowings	3	414.66		476.05	
Deferred tax liabilities (net)	4	95.04	509.70	17.04	493.09
Current liabilities					
Short-term borrowings	5	189.29		1,071.06	
Trade payables	6	218.77		401.39	
Other current liabilities	7	451.41		451.11	
Short-term provisions	8	181.06	1,040.53	218.74	2,142.30
TOTAL			9,390.83		10,582.99
ASSETS					
Non-current assets					
Fixed assets	9				
- Tangible assets		5,653.01		5,529.21	
- Capital work-in-progress - tangible assets		12.17		7.12	
Non-current investments	10	363.20		363.20	
Long-term loans and advances	11	322.92		220.09	
Other non-current assets	12	2.54	6,353.84	5.39	6,125.01
Current assets					
Current investments	13	5.50		28.53	
Inventories	14	1,011.06		966.91	
Trade receivables	15	384.57		1,836.23	
Cash and cash equivalents	16	63.62		79.86	
Short-term loans and advances	17	1,469.73		1,446.39	
Other current assets	18	102.51	3,036.99	100.06	4,457.98
TOTAL			9,390.83		10,582.99

Significant Accounting Policies

27

The Accompanying Notes 1 to 28 are an integral part of the financial statements

In terms of our report of even date

For and on behalf of the Board

For **DAS & PRASAD**

Chartered Accountants

Firm Registration No.303054E

P. K. Agarwal

Partner

Membership No. 056921

4, Chowringhee Lane, Kolkata - 700 016

Date : March 01, 2014

Manoj Agarwala

CFO & Company Secretary

Sandeep Singhania

Managing Director

Sarita Singhania

Director (Sales & Marketing)

Statement of Profit and Loss for the year ended 31st December, 2013

(₹ in Lacs)

	Note	For the year ended 31st December, 2013		For the year ended 31st December, 2012	
INCOME					
Revenue from operations	19		4,024.59		4,488.24
Other income	20		156.37		153.00
Total Revenue			4,180.96		4,641.24
EXPENSES					
Cost of material consumed	21	160.22		232.38	
Purchase of stock-in-trade		–		44.25	
Changes in inventories of finished goods and stock-in-trade	22	(58.93)		290.59	
Employee benefit expenses	23	2,093.88		2,091.39	
Finance costs	24	185.71		162.40	
Depreciation and amortization expense	9	87.18		78.12	
Other expenses	25	1,537.58	4,005.64	1,518.14	4,417.27
Total Expenses			4,005.64		4,417.27
Profit before exceptional items and tax			175.32		223.97
Exceptional items			123.17		–
Profit before Tax			52.15		223.97
Tax expense :					
Current tax	26		22.05		53.06
Deferred tax			78.00		(96.46)
Profit/(Loss) for the year			(47.90)		267.37
Earning per equity share in ₹					
Basic & Diluted Earning Per Share	28(14)		(0.32)		1.78

Significant Accounting Policies

27

The Accompanying Notes 1 to 28 are an integral part of the financial statements

In terms of our report of even date

For and on behalf of the Board

For **DAS & PRASAD**

Chartered Accountants

Firm Registration No.303054E

P. K. Agarwal

Partner

Membership No. 056921

4, Chowringhee Lane, Kolkata - 700 016

Date : March 01, 2014

Manoj Agarwala

CFO & Company Secretary

Sandeep Singhania

Managing Director

Sarita Singhania

Director (Sales & Marketing)

Cash Flow Statement for the year ended 31st December, 2013

(₹ in Lacs)

	For the year ended 31st December, 2013		For the year ended 31st December, 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		52.15		223.97
Adjustments for :				
Depreciation & Amortization Expense	87.18		78.12	
Finance Costs	185.71		162.40	
Loss on Sale of Investment	–		2.53	
Loss on Discard of Tea Plantation	11.90		7.45	
Provision for diminution of Investment	–		2.93	
Dividend Income	(0.61)		(0.62)	
Interest Income	(125.35)		(133.05)	
Profit on Sale of Assets (Net)	(1.42)		(0.59)	
Transferred from Capital Reserve	(0.50)	156.91	(0.50)	118.67
Operating Profit before Working Capital Changes		209.06		342.64
Adjustments for :				
(Increase)/Decrease in Inventories	(44.15)		186.08	
Increase/(Decrease) in Trade & Other Payable	(1,064.54)		(101.46)	
(Increase)/Decrease in Trade & Other Receivable	1,390.10	281.41	46.29	130.91
Cash Generated from Operations		490.47		473.55
Tax Paid		14.61		93.17
Net Cash (Outflow)/Inflow from Operating Activities		475.86		380.38
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Fixed Assets	1.57		0.89	
Capital Subsidy Received	4.00		1.05	
Interest Received	122.21		133.06	
Dividend Received	0.61		0.62	
Partial Redemption of Debenture	23.03		4.85	
Sale of Investment	–		12.10	
Acquisition of Fixed Assets	(272.55)		(230.92)	
Acquisition of Investments	–		(33.38)	
Loans Granted	(68.50)	(189.63)	(266.00)	(377.73)
Net Cash (Outflow)/Inflow from Investing Activities		(189.63)		(377.73)

Cash Flow Statement for the year ended 31st December, 2013

(₹ in Lacs)

	For the year ended 31st December, 2013		For the year ended 31st December, 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings	(61.39)		140.57	
Dividend Paid (including tax on dividend)	(39.58)		(78.21)	
Finance Costs Paid	(201.50)	(302.47)	(164.15)	(101.79)
Net Cash Inflow/(Out flow) from Financing Activities		(302.47)		(101.79)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(16.24)		(99.14)
Cash & Cash Equivalents as at Opening		79.86		179.00
Cash & Cash Equivalents as at Closing		63.62		79.86

Notes :

- The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement prescribed under the Companies Act, 1956.
- Previous Year figures have been recast/regrouped wherever considered necessary to make them comparable with current year figures.

In terms of our report of even date

For and on behalf of the Board

For **DAS & PRASAD**

Chartered Accountants

Firm Registration No.303054E

P. K. Agarwal

Partner

Membership No. 056921

4, Chowringhee Lane, Kolkata - 700 016

Date : March 01, 2014

Manoj Agarwala

CFO & Company Secretary

Sandeep Singhania

Managing Director

Sarita Singhania

Director (Sales & Marketing)

Notes to the financial statements for the year ended 31st December, 2013

NOTE 1 : SHARE CAPITAL

(₹ in Lacs)

	As at 31st December, 2013	As at 31st December, 2012
Authorised		
2,40,00,000 (2,40,00,000) equity shares of Rs. 5/- each	1,200.00	1,200.00
Issued, Subscribed & Fully Paid up		
1,49,91,000 (1,49,91,000) equity shares of Rs. 5/- each	749.55	749.55

Note :

Out of the above Shares :

- 89,94,600 Equity Shares of ₹ 5/- each have been allotted as fully paid-up Bonus Shares by way of Capitalisation of Share Premium Account.
- 9,24,300 Shares of ₹ 5/- each were allotted as fully paid-up Bonus Shares by way of Capitalisation of General Reserve.
- 74,520 Shares of ₹ 5/- each, fully paid were issued as pursuant to contract without payment being received in cash.
- 81,79,340 Shares of ₹ 5/- each, fully paid-up are held by Holding Company Diana Capital Limited.
- There is no movement in share capital as compared to previous year.
- Terms/rights attached to equity shares :
 - The Company has only one class of equity shares having par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend if any proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
 - The Company, due to absence of profits in the current year, has recognized the amount of per share dividend as distributions to equity shareholders, ₹ 0.25/- per share out of accumulated Free Reserve, as per provision of Companies Act 1956 (31 December 2012 : ₹ 0.25/- per share).
 - In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.
- Details of Shareholders holding more than 5% equity shares in the Company.

Name of the Shareholder	As at 31st December, 2013		As at 31st December, 2012	
	Numbers	% holding	Numbers	% holding
Diana Capital Ltd.	8,179,340	54.56	8,179,340	54.56

Notes to the financial statements for the year ended 31st December, 2013

NOTE 2 : RESERVES AND SURPLUS		(₹ in Lacs)	
	As at 31st December, 2013	As at 31st December, 2012	
A. Share Premium Account			
As per last Account	323.61	323.61	
Closing Balance	323.61	323.61	
B. Capital Reserve (Revaluation)			
As per last Account	2,706.05	2,736.19	
Less : Assets discarded during the year	40.46	29.64	
Less : Transferred to Statement of Profit and Loss	0.50	0.50	
Closing Balance	2,665.09	2,706.05	
C. Capital Reserve (Share Forfeiture)			
As per last Account	0.10	0.10	
Closing Balance	0.10	0.10	
D. General Reserve			
As per last Account	4,039.87	3,814.87	
Add/(Less) : Transferred from/(to) Statement of Profit and Loss	(87.93)	225.00	
Closing Balance	3,951.94	4,039.87	
E. Surplus in the statement of Profit and Loss			
As per last Account	128.42	129.61	
Add : Profit/(Loss) during the year	(47.90)	267.37	
Add : Transfer from General Reserve	87.93	-	
Less : Proposed Dividend			
- Dividend [₹ 0.25 (2012 ₹ 0.25) per share]	37.48	37.48	
Tax on proposed dividend	2.55	6.08	
Amount transferred to General Reserve	-	225.00	
Add : Dividend Tax for Earlier Years Written back [Refer Note No.28(5)]	21.89	-	
As at the end of the year	150.31	128.42	
TOTAL (A+B+C+D+E)	7,091.05	7,198.05	

Notes to the financial statements for the year ended 31st December, 2013

NOTE 3 : LONG TERM BORROWINGS		(₹ in Lacs)	
		As at 31st December, 2013	As at 31st December, 2012
A. Secured			
Term Loan			
Rupee Loans From Banks (#)	A	312.60	275.63
Indian rupee loan from Others (##)	B	98.56	196.88
Deferred Payment Liabilities			
- Vehicle Loans (###)	C	3.40	3.39
B. Unsecured			
Others	D	0.10	0.15
TOTAL	(A+B+C+D)	414.66	476.05

Term loan from banks includes loan from United Bank of India repayable upto 2017-18 amounting ₹ 312.60 Lacs (₹ 275.63 Lacs), Secured by first charge on the current assets of the Company and also secured by Pari Pasu 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 acquisitions thereof and also personal guarantee of two directors of the Company.

Indian Rupee Loan from others includes loan from Tea Board which secured by second charge by equitable mortgage of lease hold Tea Estate ranking subsequent to the charge of the bank. During the year Company has repaid SPTF Loan against Ambari Tea Estate amounting ₹ 98.32 Lacs .

Vehicle loan includes loan from HDFC against vehicles repayable in equated periodic instalments as per the scheme of loan. The loan are secured by hypothecation of respective vehicles.

The Scheduled Maturity of the long term borrowings is summarised as under :

	2013		2012	
	Indian rupee loan from banks/Vehicle Loan	Indian rupee loan from Others	Indian rupee loan from banks/Vehicle Loan	Indian rupee loan from Others
Borrowings Repayable				
In the first year (Note - 7)	93.50	0.05	67.72	0.05
Current maturities of long-term debt	93.50	0.05	67.72	0.05
In the second year	125.39	3.39	70.99	0.05
In the third to fifth year	190.61	34.00	208.03	50.83
After five years	-	61.27	-	146.15
Long-term borrowings	316.00	98.66	279.02	197.03

Notes to the financial statements for the year ended 31st December, 2013

NOTE 4 : DEFERRED TAX LIABILITIES (Net)		(₹ in Lacs)	
		As at 31st December, 2013	As at 31st December, 2012
Deferred Tax Liabilities :			
Timing Difference in depreciable Assets		161.26	159.52
	(A)	161.26	159.52
Deferred Tax Assets :			
Timing Difference u/s 43B		66.22	142.48
	(B)	66.22	142.48
Net Deferred Tax Liabilities	(A-B)	95.04	17.04

NOTE 5 : SHORT TERM BORROWINGS			
Secured Loan			
Loan from Banks			
Cash credit Facilities (#)		141.74	880.36
Unsecured Loan			
Loan from Others (##)		47.55	190.70
TOTAL		189.29	1071.06

Cash Credit facilities are Secured by first charge on current assets of the Company mainly, stock of raw materials, semi-finished and finished goods, stores and spares, book debts, receivables 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 guarantee of two directors of the Company.

Includes loan from Holding company Diana Capital Limited which is payable on demand and not bearing interest.

NOTE 6 : TRADE PAYABLES			
Micro & Small Enterprises		-	0.87
Creditors for goods, services etc (#)		218.77	400.52
TOTAL		218.77	401.39

Sundry Creditors include outstanding in respect of Machinery amounting to ₹ Nil (Previous year ₹ 989,700/-) purchased in terms of Hire Purchase Agreements.

Notes to the financial statements for the year ended 31st December, 2013

NOTE 7 : OTHER CURRENT LIABILITIES		(₹ in Lacs)	
	As at 31st December, 2013	As at 31st December, 2012	
Current Maturities of Long-term debt (Note - 3)	93.55	67.77	
Interest accrued & due on borrowings	1.24	3.56	
Interest accrued & not due on borrowings	7.23	20.69	
Unclaimed Dividends	5.92	5.60	
Advance received from customers	161.10	160.32	
Other payables	182.37	193.17	
TOTAL	451.41	451.11	
Other payables comprise :			
Statutory Liabilities	28.23	33.35	
Unpaid salaries and other payroll dues	148.99	150.79	
Others	5.15	9.03	
TOTAL	182.37	193.17	
NOTE 8 : SHORT - TERM PROVISIONS			
Provision for employee benefits :			
- Provision for bonus	118.54	109.01	
- Provision for leave encashment	9.18	7.50	
- Retirement benefits	13.31	40.43	
Proposed dividend	37.48	37.48	
Income tax on proposed dividend	2.55	24.32	
TOTAL	181.06	218.74	

Notes to the financial statements for the year ended 31st December, 2013**NOTE 9 : FIXED ASSETS**

(₹ in Lacs)

Description	Gross Block				Depreciation				Net Block	
	Cost as at 01.01.2013	Addition During the Year	Cost of Assets sold / discarded / Adjusted	Total as at 31.12.2013	Balance as on 01.01.2013	Addition During the Year	Adjustmet/ Written Back during the Year	Total upto 31.12.2013	Balance as at 31.12.2013	Balance as at 31.12.2012
Tangible										
Land & Plantation	4,449.31	86.51	52.35	4,483.47	–	–	–	–	4,483.47	4,449.31
Building	606.71	8.47	–	615.18	219.43	13.14	–	232.57	382.61	387.28
Roads & Bridges	46.47	0.03	–	46.50	11.97	0.76	–	12.73	33.77	34.50
Plant & Machinery and Electric Installation (#)	887.78	97.81	23.19	962.40	635.39	36.45	19.19	652.65	309.75	252.39
Water Installation	467.69	44.92	–	512.61	180.44	19.80	–	200.24	312.37	287.25
Furniture, Fittings & Other Equipments	84.11	4.33	0.76	87.68	57.74	3.46	0.60	60.60	27.08	26.37
Vehicles	184.43	25.42	–	209.85	92.32	13.57	–	105.89	103.96	92.11
TOTAL	6,726.50	267.49	76.30	6,917.69	1,197.29	87.18	19.79	1,264.68	5,653.01	5,529.21
Previous Year Total	6,552.62	226.67	52.79	6,726.50	1,133.53	78.12	14.36	1,197.29	5,529.21	

Capital Work In Progress-Tangible Assets

Description	As at 31.12.2013	As at 31.12.2012
Opening Balance	7.12	2.88
Add : Addition made during the Year	12.17	4.24
Less : Capitalised during the Year	(7.12)	–
Closing Balance	12.17	7.12

During the year Company has received Subsidy of ₹ 400000/- against Quality Upgradation & Product Diversification Scheme. Accordingly, the Company has calculated depreciation on net amount with prospective effect according to Accounting Standard - 12.

NOTE 10 : NON-CURRENT INVESTMENTS (at cost unless otherwise stated)

(₹ in Lacs)

	As at 31st December, 2013		As at 31st December, 2012	
	Nos.	Amount	Nos.	Amount
Non trade - investments				
A. Quoted				
In fully paid equity shares				
Agri-Tech (I) Limited of ₹ 10 each	820	0.19	820	0.19
Alsa Marine & Harvests Limited of ₹ 10 each	800	0.34	800	0.34
Ambuja Cement Limited of ₹ 2 each	615	–	615	–
Cerebra Integrated Technologies Limited of ₹ 10 each	15,132	9.26	15,132	9.26

Notes to the financial statements for the year ended 31st December, 2013

NOTE 10 : NON-CURRENT INVESTMENTS (at cost unless otherwise stated) (Contd.)

(₹ in Lacs)

	As at 31st December, 2013		As at 31st December, 2012	
	Nos.	Amount	Nos.	Amount
A. Quoted				
Dhunseri Investment Limited of ₹ 10 each	75	–	75	–
DSQ Software Limited of ₹ 10 each	1,200	3.53	1,200	3.53
Electrosteel Steels Limited of ₹ 10 each	175,000	17.50	175,000	17.50
Jindal Steel & Power Limited of ₹ 1 each	300	1.58	300	1.58
JSW Steel Limited of ₹ 10 each	326	2.24	326	2.24
Kirloskar Multimedia Limited of ₹ 10 each	50,000	5.00	50,000	5.00
Kirtivardhan Finvest Service Ltd of ₹ 1 each	560	–	560	–
LCC Infotech Limited of ₹ 2 each	5,000	–	5,000	–
Moving Pictures Company (I) Limited of ₹ 10 each	6,958	3.83	6,958	3.83
Mukand Engineers Limited of ₹ 10 each	34,690	29.99	34,690	29.99
Namaste Exports Limited of ₹ 10 each	500	–	500	–
Nath Bio-Genes (I) Limited of ₹ 10 each	902	0.21	902	0.21
Nath Seeds Limited of ₹ 10 each	2,378	0.55	2,378	0.55
Ojas Techno Chem Product Limited of ₹ 10 each	41,900	6.65	41,900	6.65
Padmini Technologies Limited of ₹ 10 each	8,100	11.87	8,100	11.87
Raj Rayon Industries Limited of ₹ 1 each (Previous year ₹ 10 each)	71,900	3.18	7,190	3.18
RDL Infotech Limited of ₹ 10 each	25,000	2.50	25,000	2.50
Reliance Capital Limited of ₹ 10 each	49	0.88	49	0.88
Reliance Communications Limited of ₹ 5 each	3,090	10.76	3,090	10.76
Reliance Industries Ltd of ₹ 10 each	242	1.69	242	1.69
Reliance Infrastructure Limited of ₹ 10 each	506	9.77	506	9.77
Reliance Power Limited of ₹ 10 each	22	–	22	–
Srei Infrastructure Finance Limited of ₹ 10 each	21,780	12.77	21,780	12.77
Step Two Finance Limited of ₹ 10 each	700	0.07	700	0.07
Suvarna Aqua Farm & Export Ltd of ₹ 10 each	200	0.03	200	0.03
Tata Steel Ltd of ₹ 10 each	571	0.95	571	0.95
TCM Limited of ₹ 10 each	800	0.28	800	0.28
Tecil Chemicals & H.P. Ltd of ₹ 10 each	200	0.06	200	0.06
TOTAL		135.68		135.68

Notes to the financial statements for the year ended 31st December, 2013**NOTE 10 : NON-CURRENT INVESTMENTS (at cost unless otherwise stated)**
(Contd.)

(₹ in Lacs)

	As at 31st December, 2013		As at 31st December, 2012	
	Nos.	Amount	Nos.	Amount
B. Unquoted				
In fully paid equity shares				
Ambition Vyapaar Private Limited of ₹ 10 each	2,000	0.20	2,000	0.20
Diana Capital Limited of ₹ 10 each	117,370	24.33	117,370	24.33
Janak Steel Tubes Limited of ₹ 100 each	20,300	203.00	20,300	203.00
Orkay Industries Limited of ₹ 10 each	2,800	0.67	2,800	0.67
Rank Aqua Estates Limited of ₹ 10 each	1,000	0.45	1,000	0.45
Sonal International Limited of ₹ 10 each	5,000	1.80	5,000	1.80
TOTAL		230.45		230.45
Less : Diminution in Value of Unquoted Investments		2.93		2.93
GRAND TOTAL VALUE OF INVESTMENT		363.20		363.20
Aggregate Market Value of Quoted Investments		43.97		56.74

NOTE 11 : LONG-TERM LOANS AND ADVANCES

	As at 31st December, 2013	As at 31st December, 2012
Capital Advances		
Unsecured, considered good	278.55	182.08
Security Deposits		
Unsecured, considered good	5.32	5.66
MAT credit receivable	39.05	32.35
TOTAL	322.92	220.09

NOTE 12 : OTHER NON-CURRENT ASSETS

	As at 31st December, 2013	As at 31st December, 2012
Deferred Reserve Fund	2.54	4.93
Deferred Interest	–	0.46
TOTAL	2.54	5.39

NOTE 13 : CURRENT INVESTMENTS

	As at 31st December, 2013		As at 31st December, 2012	
	Nos.	Amount	Nos.	Amount
In Debentures				
Quoted				
16% Redeemable Debenture of Lodha Developers Limited	4	5.50	4	28.53
TOTAL		5.50		28.53

During the year part redemption has been made in respect of investment held by the company

Notes to the financial statements for the year ended 31st December, 2013

NOTE 14 : INVENTORIES		(₹ in Lacs)	
	As at 31st December, 2013	As at 31st December, 2012	
Stores and spares (#)	241.42	256.20	
Stock of tea and tea waste (##)	769.64	710.71	
TOTAL	1,011.06	966.91	

Stores and spares includes goods in transit amounting ₹ 957,245/- (Previous Year ₹ 960,466/-)

Stock of Tea includes 558,953 Kgs. valuing ₹ 67,434,098/- lying with other Parties (Previous year 518,340 Kgs. valuing ₹ 60,039,330/-)

NOTE 15 : TRADE RECEIVABLES			
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, Considered good (a)	26.18	1,601.76	
Doubtful (b)	1.09	1.09	
Others			
Unsecured, considered good	357.30	233.38	
TOTAL	384.57	1,836.23	

(a) Trade Receivable also Includes ₹ Nil (Previous year ₹ 15,60,13,791) related to sale of Ambari Tea Estate.

(b) No provision has been made for Sundry Debtors amounting to ₹ 1,08,930/- considered as Doubtful of Recovery (Under Litigation ₹ 1,08,930/-) (Previous year Rs.1,08,930/-).

NOTE 16 : CASH AND CASH EQUIVALENTS			
Balance with banks :			
Current accounts	14.34	15.37	
Deposit accounts	38.08	30.29	
(Pledged with Bankers against issue of Bank Guarantees)			
Unpaid dividend accounts	5.92	5.60	
Cash in hand	5.28	28.60	
TOTAL	63.62	79.86	

Notes to the financial statements for the year ended 31st December, 2013**NOTE 17 : SHORT-TERM LOANS AND ADVANCES**

(₹ in Lacs)

	As at 31st December, 2013	As at 31st December, 2012
Unsecured, considered good unless otherwise stated		
Loans and advances :		
- Considered Good	1,132.50	1,059.00
- Considered Doubtful (#)	173.45	178.44
Other loans and advances (Other Loans and Advances includes Commercial Advance, advance to employees and unexpired expenses etc)	93.99	123.56
Balance with Statutory authorities	0.11	1.57
Income tax advance(net of provisions)	69.68	83.82
TOTAL	1,469.73	1,446.39

- # a. No provision has been made for loan receivable amounting to ₹ 158,44,778/- (Previous Year ₹ 163,44,778/-) as considered doubtful of recovery during the year. Hence no interest has been provided on the said loan.
- b. Further it also includes advances given to Shruti Trade & Enterprises Pvt Ltd amounting to ₹ 1,500,000/- which is doubtful of recovery. However no provision has been made for the same as the company has filed suit in Hon'ble High Court for Winding up of said Company.

NOTE 18 : OTHER CURRENT ASSETS

Interest Accrued on Loans, Deposit (a)	92.05	88.92
Replantation subsidy receivables :		
- Considered Good	2.65	3.33
- Considered Doubtful (b)	7.81	7.81
TOTAL	102.51	100.06

- (a) Interest Accrued on loans includes interest receivable from Shruti Trade & Enterprises Pvt Ltd amounting to ₹ 1,45,015/- (Previous year ₹ 1,45,015/-) which is doubtful of recovery. However no provision has been made for the same as the company has filed suit in Hon'ble High Court for Winding up of said Company. Further interest receivable includes interest from DDS Steel Rolling Mills amounting to ₹ 4,99,065/- (Previous year ₹ 4,99,065/-) which is doubtful of recovery but no provision has been done for the same.
- (b) No provision has been made for Replantation Subsidy Receivable amounting to ₹ 3,66,930/- (Previous year ₹ 3,66,930) for the year 1997-98 in respect of Ambari Tea Estate & ₹ 4,14,344/- (Previous Year ₹ 4,14,344) in respect of Goodhope Tea Estate for the year 1994 - 95, which is considered as Doubtful of recovery.

NOTE 19 : REVENUE FROM OPERATIONS

	For the year ended 31st December, 2013		For the year ended 31st December, 2012	
Gross Revenue from sale of Products	3,978.45		4,474.94	
Less : Excise Duty & Cess	15.97	3,962.48	15.82	4,459.12
Other Operating Revenues :				
- Replantation Subsidy		54.52		23.31
- Miscellaneous Sale		7.59		5.81
TOTAL		4,024.59		4,488.24

Notes to the financial statements for the year ended 31st December, 2013

(₹ in Lacs)

NOTE 20 : OTHER INCOME	For the year ended 31st December, 2013	For the year ended 31st December, 2012
Interest Income on Loans and Bank Deposits	121.22	131.25
Interest Income on Debenture	4.13	1.80
Dividend Income	0.61	0.62
Claims	0.19	3.97
Profit on Sale/Discard of Fixed Assets(net)	1.42	0.59
Sundry balance Written Back	28.30	14.27
Transferred from Capital Reserve	0.50	0.50
TOTAL	156.37	153.00
NOTE 21 : COST OF MATERIAL CONSUMED		
Green leaf (Purchased and Consumed)	160.22	232.38
TOTAL	160.22	232.38
NOTE 22 : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE		
Opening Stock of Tea	710.71	1,001.30
Closing Stock of Tea	769.64	710.71
TOTAL	(58.93)	290.59
NOTE 23 : EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Bonus and Gratuity	1,708.32	1,684.37
Contribution to Provident & Other Funds	218.41	241.55
Workers & Staff Welfare expenses	167.15	165.47
TOTAL	2,093.88	2,091.39
NOTE 24 : FINANCE COSTS		
Interest to banks for working capital finance	103.08	86.39
Interest on term loan	43.44	37.37
Interest to others	0.07	0.17
Bank Charges	15.28	14.77
Interest on Tea Board SPTF Scheme	21.67	18.44
Hire Purchase Finance Charge	2.17	5.26
TOTAL	185.71	162.40

Notes to the financial statements for the year ended 31st December, 2013

NOTE 25 : OTHER EXPENSES		(₹ in Lacs)	
	For the year ended 31st December, 2013	For the year ended 31st December, 2012	
Stores & spares consumed	458.82	461.86	
Power and fuel	546.35	546.59	
Repairs & Maintenance :			
- Buildings	38.06	45.83	
- Plant & Machinery	36.69	39.08	
- Others	31.13	28.32	
Tea Selling Expenses :			
- Brokerage, Commission & Service Charges	71.79	57.44	
- Freight, Warehouse and Other Selling Expenses	99.24	111.17	
Office Rent	1.80	1.80	
Rates and Taxes	11.69	8.02	
Insurance charges	7.59	7.32	
West Bengal Cess Duty	-	14.76	
Payment to auditors	3.22	3.08	
Loss on sale of investment	-	2.53	
Provision for Diminution in value of Investments	-	2.93	
Bad Debts Written Off	-	23.20	
Loss on Discard of Tea Plantation	11.90	7.45	
Donation	11.03	0.17	
Sundry balance Written Off	4.45	1.83	
Miscellaneous expenses	203.82	154.76	
TOTAL	1,537.58	1,518.14	
Payment to auditors includes			
Auditor's Remuneration and expenses :			
- Audit fees	1.24	1.24	
- Fees for limited review	0.27	0.33	
- Tax audit fees	0.67	0.67	
- Fees for certificates and other services	0.59	0.55	
- Reimbursement of expenses	0.45	0.29	
TOTAL	3.22	3.08	
NOTE 26 : CURRENT TAX			
Income Tax for the year :			
Current Tax	28.75	66.96	
Adjustments/(Credit) related to previous years - (Net) :			
- MAT Credit Entitlement	(6.70)	(13.90)	
TOTAL	22.05	53.06	

Notes to the financial statements for the year ended 31st December, 2013

NOTE 27 : SIGNIFICANT ACCOUNTING POLICIES

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

1) **Basis of Accounting**

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

2) **Revenue Recognition**

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

2.2) Sales are net of Sales Tax wherever applicable.

3) **Fixed Assets**

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

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

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

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

4) **Replantation Expenditure**

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

5) **Impairment of Fixed Assets**

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

6) **Depreciation & Amortization**

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 amortization of leasehold Land & Plantation.

7) **Contingent Liabilities**

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

8) **Inventories**

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

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

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

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

9) **Investments**

Investments are classified as Non Current 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.

Notes to the financial statements for the year ended 31st December, 2013

10) Excise Duty & Cess on Tea Production

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

11) Retirement Benefits

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

12) Income Tax

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

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

13) Provisions

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

14) Borrowing costs

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

15) Grants/Subsidies

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

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

16) Foreign Currency Transactions

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

Notes to the financial statements for the year ended 31st December, 2013

NOTE 28 : ADDITIONAL INFORMATIONS

- 1) The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification / disclosure.

2)

Contingent Liability not provided for in respect of Particulars	Amount In (₹)	
	As at 31st December, 2013	As at 31st December, 2012
Claims & Govt. Demand against the company not acknowledged as debt :		
- Sales Tax Matter under dispute /appeal	47,90,168	26,09,379
- Income Tax matter under dispute / appeal	30,96,626	22,99,520
- Other matter not acknowledged as debt	2,54,40,300	2,54,40,300
Bank Guarantee	93,98,748	1,01,57,394

- 3) Depreciation as calculated includes additional charges of ₹ 49,895/- on revalued assets and an amount equivalent to the additional charges has been transferred to Statement of Profit and Loss from Capital Reserve (Revaluation of Fixed Asset) such transfer according to an authoritative Professional view being acceptable for the purpose of the Companies annual accounts.
- 4) The Company had entered into a Sale Agreement with M/s. Stanmore Estates Pvt. Ltd., the nominee of M/s. Maxwell Golden Tea Pvt. Ltd. for sale of its Ambari Tea Estate in the year 2011. An advance of ₹ 300 lacs was received against the said Sale Agreement and balance consideration was receivable on conveyance of the said deed subject to various Government permissions. Because of inordinate delay in getting various government permissions there was a litigation between the parties which was resolved through out of court settlement. In terms of the said settlement the final amount received/adjusted ₹ 1,416.53 lacs in the year 2013. As such an amount of ₹ 123.17 lacs receivable from Stanmore Estates Pvt. Ltd. has been written off (as no longer receivable) and considered as exceptional item in the books in 2013.
- 5) During the year, Company has reversed Dividend Distribution tax amounting to ₹ 21,88,724/- in excess of 40% of the proposed Dividend as made in earlier years in view of the favourable order from the Hon'ble Supreme Court in the case of Jayshree Tea & Industries Ltd. vs Union of India, and the Company continue to provide Dividend Distribution Tax on 40% of Total Profit Distributed as Dividend.
- 6) In accordance with the AS – 28 on Impairment of Assets, the company has assessed as on the balance sheet date, whether there are any indication (listed in paragraphs 8 to 10 of the standard) with regard to impairment of any assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been provided in the books of accounts.
- 7) The Company has not received any information from its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act, 2006". Hence, the information required to be given in accordance with Section 22 of the said Act, is not ascertainable. Hence, not disclosed;
- However Sundry Creditors includes Rs .Nil (Previous year – ₹ 87,464/-) due to Small Scale Industrial undertakings to the extent such parties have been identified from the available documents/information.
 - No interest was paid by the company in terms of section 16 of MSMED Act during the year.
 - There was no interest for delay in making payment beyond appointed date.
 - There is no interest accrued and remaining unpaid beyond the appointed date.
 - No interest is remaining due and payable even in succeeding years, until such that when the interest dues as above are actually paid to Micro, Small and Medium Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the aforesaid Act.

Notes to the financial statements for the year ended 31st December, 2013

- 8) The disclosures required under Accounting Standard 15 (Revised 2005) "Employee Benefits" notified in the Companies (Accounting Standards) Rules,2006, are given below:

a)	Defined Contribution Plan – Provident Fund	
	Employer's contribution to Provident Fund	₹ 14,846,485/-
	Employee's contribution to Provident Fund	₹ 14,846,485/-

b) Defined Benefit Plan - Gratuity

No provision has been made in respect of present liabilities for future payment of gratuity to the staff and workers, which will be charged to accounts as and when paid. According to actuarial valuation under Revised AS-15, the liability for gratuity obligation to staff and workers as on 31st December, 2013 is ₹ 85,917,278/- (Previous Year ₹ 71,853,404/-) and the net liability is ₹ 50,603,002/- (Previous Year ₹ 44,140,756/-).

The Company extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd., SBI Life Insurance Company Ltd. and Birla Sunlife Insurance Company Ltd. in accordance with the scheme framed by the Corporation. The details are as under :

Liability to be recognised in Balance Sheet as on 31.12.2013	(₹)
Present value of Obligations	85,917,278
Fair Value of Plan Assets	35,314,276
Net Asset/(Liability) not recognised in the Balance Sheet	(50,603,002)
Change in Plan Assets (Reconciliation of Opening & Closing Balances)	
Fair Value of Plan Assets as on 01.01.2013	27,712,648
Expected Return on Plan Assets	2,217,012
Actuarial Gain/(Losses)	384,616
Contributions	5,000,000
Benefits Paid	-
Fair Value of Plan Assets as at 31.12.2013	35,314,276
Reconciliation of Opening and Closing Balances of Obligation	
Change in defined Benefit Obligation	
Obligation as at 01.01.2013	71,853,404
Current Service Cost	3,959,504
Interest cost	6,107,539
Actuarial Losses/(Gain)	3,996,831
Benefits Paid	-
Obligation as on 31.12.2013	85,917,278
Expenditure to be recognised during the year	
Current Service Cost	3,959,504
Interest Cost	6,107,539
Expected Return on Plan Assets	(2,217,012)
Net Actuarial Losses/(Gain) Recognised during the year	3,612,215
Total Expenditure/(Income) required to recognise in the Statement of Profit and Loss but not recognised	11,462,246
Assumptions	
Discount Rate (Per Annum)	8.50%
Expected Rate of Return on Assets (Per Annum)	8.00%
Salary Escalation Rate	6.00%

Notes to the financial statements for the year ended 31st December, 2013

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

- 9) In accordance with Accounting Standard 13 issued by the Council of the Institute of Chartered Accountants of India, the Long Term Investments in respect of quoted investment held by the Company are valued at cost and ₹ 9,619,540/- (Previous year ₹ 8,561,673/-) 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. However in respect of Unquoted investments, provision for diminution has been made amounting to Rs. Nil (Previous year ₹ 292,962) on account of diminution which are of permanent in nature.
- 10) The Company's profits for the period 1st April, 2013 to 31st December, 2013 together with those for the subsequent period to 31st March, 2014 will be assessable (including under section 115JB of the Income Tax Act, 1961) as one composite income for the Assessment Year 2014-2015 and in the view of this, no provision for the taxation and Deferred Tax Liability has been made as the tax liability in respect of the said period of Nine months cannot be quantified at present. However provision for Income Tax for the Three month from 1st Jan, 2013 to 31st March, 2013 along with previous Nine month from 1st April, 2012 to 31st December, 2012 has been ascertained and duly provided.
- 11) 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 March, 2013 and the net deferred tax Liability have been computed ₹ 9,504,412/-. Accordingly the deferred tax amounting to ₹ 7,800,278/- for the year has been recognized in the Statement of Profit and Loss and the Deferred Tax Liability/Assets for the period from 1st April 2013 to 31st December, 2013 has not been provided in view of the above note number 10.
- 12) In the opinion of the Board of Directors of the Company the Current Assets, Loans, Advances and Deposits are approximately of the value stated in the accounts, if realised, in ordinary course of business unless otherwise stated. The provisions for all known liabilities are adequate and not in excess of the amount reasonably required.
- 13) The Company is engaged in the business of integrated activities of manufacture and sale of tea, predominantly in the domestic market. Hence, there is no reportable segment as per the Accounting Standard 17 on "Segment Reporting" as issued by the ICAI.
- 14) **Earning Per Share :**

Basic and Diluted Earnings/(Loss) per share :		₹ in Lacs	
Sl.No.	PARTICULARS	31st December 2013	31st December 2012
a)	Profit /(Loss) for the year attributable to Equity Share Holders (In ₹)	(47.90)	267.37
b)	Number of Equity Shares of ₹ 5 /- each outstanding during the year.	149.91	149.91
c)	Basic & Diluted Earnings per share (In ₹)	(0.32)	1.78

Notes to the financial statements for the year ended 31st December, 201315) **Related Party Disclosures :**

(Amount in ₹)

Name of Party	Nature of Relation	Description of Transaction	Transaction during year ended on 31st December		Balance Outstanding as on 31st December	
			2013	2012	2013	2012
Singhania Builders Ltd.	Directors interested as Directors	Rent Paid	180,000/-	180,000/-	-	-
		Electricity Expenses paid	242,300/-	249,675/-	30,241/-	34,585/-
		Maintenance charges paid	64,012/-	75,954/-	-	25,605/-
Mr. Sandeep Singhania	Key Management Personnel	Remuneration & Perquisites	2,941,258/-	2,092,059/-	-	-
Mrs. Sarita Singhania	Key Management Personnel	Remuneration & Perquisites	12,10,322/-	1,400,022/-	-	-
Diana Capital Ltd.	Holding Company	Loan Taken	4,450,000/-	13,635,000/-	4,755,000/-	19,070,000/-
		Repayment	18,765,000/-	6,673,000/-		
Woodville Properties & Finance Ltd.	Directors interested as Directors	Loan Taken/ (Repayment)	-	(8 00,000/-)	-	-
		Interest	-	11,753/-	39,400/-	59,400/-

16) **Remuneration to Key Management Personnel.**

Sl.No	Particulars	Year ended 31st December, 2013 (₹)	Year ended 31st December, 2012 (₹)
a)	Salary & Bonus	3,688,710/-	3,005,645/-
b)	Contribution to Provident Fund	442,645/-	360,678/-
c)	Perquisites	20,225/-	125,758/-

17) **Expenditure in Foreign Currency**

Particulars	31.12.2013 (₹)	31.12.2012 (₹)
Travelling & Others	4,113,730	1,329,120

18) **Details of Raw Materials consumed during the year (All Indigenous)**

Particulars	Year ended 31st December, 2013		Year ended 31st December, 2012	
	Quantity (Kgs.)	Amount (₹)	Quantity (Kgs.)	Amount (₹)
Green Leaf harvested (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)	12,190,465	-	12,304,596	-
Green Leaf Purchased	961,615	160,22,207	1,226,860	23,237,585/-

Notes to the financial statements for the year ended 31st December, 2013

19) Detail of Finished Goods, Production, Purchase, Stock and Sales

Particulars	Year ended 31st December, 2013		Year ended 31st December, 2012	
	Quantity (Kgs.)	Amount (₹)	Quantity (Kgs.)	Amount (₹)
Actual production (excluding tea issued for sampling, shortage, tea waste destroyed & complimentary 26,852 Kgs.) (Previous Year 26,379 Kgs.)	3,063,934	-	3,075,320	-
Opening Stock	614,840	71,070,860/-	965,981	100,130,149/-
Purchase	-	-	62,020	4,425,085/-
Closing Stock	637,945	76,963,977/-	614,840	71,070,860/-
Gross Sales	3,040,829	397,845,330/-	3,488,481	447,494,290/-

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

Particulars	Year ended 31st December, 2013		Year ended 31st December, 2012	
	Amount (₹)	%	Amount (₹)	%
All Indigenous	45,881,706	100	46,185,764/-	100

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

For **DAS & PRASAD**
Chartered Accountants
Firm Registration No.303054E

P. K. Agarwal
Partner
Membership No. 056921
4, Chowringhee Lane, Kolkata - 700 016
Date : March 01, 2014

Manoj Agarwala
CFO & Company Secretary

Sandeep Singhania
Managing Director

Sarita Singhania
Director (Sales & Marketing)

DIANA TEA COMPANY LIMITED

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

CIN : L15495WB1911PLC002275

ATTENDANCE SLIP

L.F./Client ID No.

DP ID No.

No. of Shares held.....

I/We hereby record my/our presence at the 103rd Annual General Meeting of the Members of the Company on Saturday, June 28, 2014, at Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata - 700 071 at 10.30 a.m.

Full name of the Shareholder : _____
(in block letters)

Signature of the Shareholder : _____

Full name of Proxy : _____
(in block letters)

Signature of the Proxy : _____

Notes :

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

DIANA TEA COMPANY LIMITED

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

CIN : L15495WB1911PLC002275

FORM OF PROXY

L.F./Client ID No.

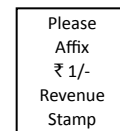
DP ID No.

No. of Shares held.....

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

in the district of _____ as my/our proxy to vote for me/our behalf at the 103rd Annual General Meeting of the Members of the Company to be held on 28th day of June 2014 and at any adjournment thereof.

Signed this _____ day of _____ 2014.



Notes :

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



List of products

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

Tea Chest
(in 26 kgs & 35 kgs)

Poly Pouch Pack
(3 varieties in 25 gms)

Tea Bags
(25 bags & 100 bags pack)

Mini Chestlet
(500 gms)

BOOK-POST

If undelivered, please return to :



DIANA TEA COMPANY LIMITED

“SIR R. N. M. HOUSE”

3B, Lal Bazar Street, Kolkata 700 001

Phone : (033) 2248-8672, 4066 1590/93, Fax : (033) 2248 7571

E-mail : contactus@dianatea.in

CIN : L15495WB1911PLC002275