



Directors' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 108th Annual Report along with the Audited Accounts for the financial year ended 31st March, 2019.

Financial Results

The summarized Financial results of your Company are given in the table below.

(₹ in Lakhs)

Particulars	31 st March, 2019	31 st March, 2018
Revenue from Operations	6230.69	6086.02
Profit before taxation	(149.23)	267.35
Tax Expense	(30.73)	41.74
Profit for the year	(118.50)	225.61
Other Comprehensive Income (net of tax)	(11.58)	(2.60)
Total Comprehensive Income	(130.08)	223.01
Other Equity at year end	5242.38	5524.06

Note: The above figures are extracted from the standalone financial statements prepared under IND AS (Indian Accounting Standards) for the financial year ended on 31st March, 2019 and 31st March, 2018.

Review of Performance

The year under review was extremely challenging from every perspective, be it crop, cost or realization. Our own crop for the year was down by 1,05,814 kilograms, when compared to last year. This is partially due to embargo imposed on plucking as per Tea Board directive and also due to unfavorable weather condition in the beginning of the year. Our total crop for the year was 40,82,400 kilograms when compared to last year 40,09,576 kilograms out of which our own production was 31,75,373 kilograms. viz a viz last year was 32,81,187 kilograms and brought leaf production was 9,07,027 kilograms. viz a viz 7,28,389 kilograms last year.

During the year Indian Tea production was approximately 1,349 million kilograms against 1278 million kilograms last year. The increase in crop is majorly coming out of small tea growers which are mushrooming every year. This had led to the poor sentiments prevailing in the market where there was hardly any price appreciation in the quality

segment whereas non quality segment majorly consisting of Brought Leaf got hit the most. To add to the misery of organized sector of tea industry the State Government has increased the wages from ₹ 132.50 to ₹176.00 that is 33% increase within one year which had major impact on the profitability of the tea companies. In spite of our focus on producing higher quality of tea made out of our own produce and enhancing the capacity of brought leaf and manufacturing higher quantity of brought leaf we were unable to overcome the cost burden imposed on us due to extremely higher wages. In spite of having one of the highest yields and favorable average age of the bush coupled with regular developmental work in field and following prudent agricultural practices, your company suffered a loss of ₹118.50 Lakhs.

Prospects

Current year looks to be equally challenging where North Indian crop continues to be higher than last year till the month of May, again major contribution coming from small

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growers. This has again led to bearish sentiment prevailing in the tea market. In addition to that world tea market is also on a declining trend. Only positive takeaway is that, higher quantity of orthodox is being made by Assam planters and good demand for quality tea by the packeters. However, there are no major signs of rerating of tea prices to take care of growing cost structure in organized tea industry.

Your Company is leaving no stone unturned to pass through this headwind by following continuous developmental work in field to further enhance our yields together with focusing on producing quality tea. We also intend to produce higher quantity of Brought leaf segment to offset the cost burden and optimize operational costs.

Your Company has been taking full advantage of various subsidies being provided by the Tea Board and is following PPC code prescribed by the Tea Board. Your Company is also in the process of getting Trustee certification done in near future.

With the advantages of having a higher yield coupled with better average sales realization over most of our peers. We are hopeful of turning around the company in coming years.

Change in nature of Business, if any

There has been no change in the nature of business and the Company continues to concentrate on their own business.

Transfer to Reserves

Your Directors proposed not to transfer any amount to General Reserves.

Transfer from Reserves

Your Directors proposed to transfer a sum of Rs.150.00 Lakhs from the General Reserves.

Dividend

Due to losses and in order to conserve the resources of the Company for future growth and survive in the tough Industrial scenario, the Board of Directors have not recommended any dividend for the Financial Year 2018-19.

Details of Board meetings

During the Financial Year, 4 Board meetings were held, details of which are given below:

Date of the meeting	No. of Directors attended the meeting
28.05.2018	4
13.08.2018	4
14.11.2018	4
14.02.2019	4

Share Capital

During the financial year ended 31st March, 2019 there has been no change in the issued and subscribed capital of your Company. The outstanding capital as on 31st March, 2019 is ₹ 749.55 lakhs comprising of 1,49,91,000 equity shares of ₹ 5/- each.

Extract of Annual Return

The extract of Annual Return pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 forming a part of this Report, attached as **Annexure "A"**.

Committees of Board

The details of composition of the Committees of the Board of Directors are as under:-

a. Audit Committee

Sl. No.	Name	Chairman/ Members
1.	Mr. H.M. Parekh	Chairman
2.	Mr. Sandeep Singhania	Member
3.	Mr. Gautam Bhalla	Member
4.	Mr. N.F Tankariwala	Member

- The Terms of Reference of the Audit Committee has been provided in the Corporate Governance Section forming part of this Report. During the financial year, the Committee had met 4 times as on May 28, 2018, August 13, 2018, November 14, 2018 and February 14, 2019.

Recommendation by audit committee:

There is no such recommendation of audit committee which has not been accepted by the Board during the said financial year.

• Vigil Mechanism

The Company has formulated the codified Whistle Blower Policy incorporating the provisions relating the Vigil Mechanism in terms of Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, in order to encourage Directors and Employees of the Company to escalate to the level of the Audit Committee any issues of concern impacting and compromising with the interest of the Company and the Stakeholders in any way and to prevent leak of Unpublished Price Sensitive Information. The Company has also made provisions for adequate safeguards against victimization of its

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employees and Directors who express their concerns. The Chairman of Audit Committee can be accessed directly by any employee for reporting issues which need to be brought to the notice of the Board. The said policy was revised on 14th February, 2019. The Vigil Mechanism / Whistle Blower Policy of the Company has been uploaded on the website of the Company: www.dianatea.in.

b. Nomination & Remuneration Committee

Sl. No.	Name	Chairman/ Members
1.	Mr. H.M Parekh	Chairman
2.	Mr.N.F. Tankariwala	Member
3.	Mr. Gautam Bhalla	Member

The Terms of Reference of the Committee has been provided in the Corporate Governance Section forming part of this Report. During the financial year, the Committee had met 2 times as on August 13, 2018 and February 14, 2019.

c. Stakeholders Relationship Committee

Sl. No.	Name	Chairman/ Members
1.	Mr. N.F.Tankariwala	Chairman
2.	Mr. Gautam Bhalla	Member
3.	Mr.Sandeep Singhanian	Member
4.	Mrs. Sarita Singhanian	Member

- The Terms of Reference of the Committee has been provided in the Corporate Governance Section forming part of this Report. During the financial year, the Committee had met 4 times on May 28, 2018, August 13, 2018, November 14, 2018 and February 16, 2019.

Corporate Social Responsibility (CSR)

Your Company considers Corporate Social Responsibility as an important aspect of doing business. As a good corporate citizen, your Company shall initiate appropriate action towards various social causes in the future. Presently, the provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

Management Discussion and Analysis

As per SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, Management Discussion and Analysis Report is attached as **Annexure "B"** forming part of this report.

Directors' Responsibility Statement

Pursuant to the requirement of clause (c) of sub-section (3) and (5) of Section 134 of the Companies Act, 2013, your Directors confirm that:

(a) in the preparation of the annual accounts, for the

financial year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures except gratuity liability being accounted for, as and when paid/payable;

- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the financial year ended 31st March, 2019 and of the profit and loss of the company for that year;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Governance

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improving investor's protection and maximizing long term shareholders value. The certificate of the Auditors confirming compliance of conditions of Corporate Governance as stipulated under Regulation 34 read with Schedule V(E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Stock Exchange is annexed as **Annexure "C"**.

Related party transactions

The related party transactions entered during the year were in ordinary course of business and also on arm's length basis in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict of the interest with the Company at large. All related party transactions are presented to the Audit Committee and the Board, if required, for approval. Omnibus approval

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is obtained for the transactions which are foreseen and repetitive in nature. The said policy was revised on 14th February, 2019. The Revised Policy on Related Party Transactions as approved by the Board is uploaded on the Company's web link: www.dianatea.in/Policy-on-Related-Party-transactions_7.pdf.

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under sub-section (3)(m) of the Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are given at **Annexure "D"** to the Directors' Report.

Particulars of Employees

The ratio of the remuneration of each Director to the median employee's remuneration and other particulars or details of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended are attached to this Report as **Annexure "E"**.

There are no directors who is in receipt of any commission from the company as well as from its holding company as per section 197 (14) of the Companies Act, 2013.

Annual Evaluation of Board's Performance

During the financial year, the Board evaluated its own performance as well as that of its Committees and individual Directors. The exercise was carried out covering various aspects of the Boards functioning such as composition of the Board & committees, qualification, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of Non-Independent Directors. The performance of Independent Directors has been evaluated based on the guidelines as provided under Schedule IV of the Act. The evaluation of the Independent Directors was carried out by the entire Board except by the Director being evaluated. The directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

Auditors and Audit Report

M/s. B. Nath & Co., Chartered Accountants having registration number FRN No.307057E were appointed as statutory Auditors of the Company in the 107th Annual General Meeting to hold office for a term of 5(Five) years from the Conclusion of 107th Annual General Meeting till the conclusion of the 112th Annual General Meeting. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment)

Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence the resolution seeking ratification of the Members for continuance of their appointment at this AGM is not being sought. The Statutory Auditors hold a valid peer review certificate as prescribed under Regulation 33(1)(d) of SEBI Listing Regulations, 2015.

Further, the report of the Auditors along with notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments. Further, the Statutory Auditors have not reported any incident of fraud during the year under review to the Audit Committee of your Company.

Secretarial audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MR & Associates, Company Secretaries In Practice (CP No.2551), to undertake the Secretarial Audit of the Company for the financial year ending 31st March, 2019. The Secretarial Audit Report for the financial year ended 31st March, 2019 is annexed herewith as **Annexure "F"** to this Report. The Secretarial Audit Report is self-explanatory and does not contain any adverse qualification, reservation or remark.

Cost Audit

As per Section 148 of the Companies Act 2013 read with Rule 4 of Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records for the financial year 2019-2020 and accordingly such accounts and records are made and maintained. However the Company is not required to appoint Cost Auditor to conduct the audit of cost records for the financial year 2019-2020.

Human Resources

Your Company treats its "human resources" as one of its most important assets.

The Company has a large work force employed at the tea estates. There were no major disruptions of work at the garden or any other establishment of the Company during the period under review. The correct recruitment practices are in place to attract best talent. Industrial Relations at all the units remained satisfactory.

Material changes and commitments, if any, affecting the Financial Position

No material changes and commitments have occurred during the financial year 2018-19 which might affect the financial position of the company.

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Disclosure under Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013

Your Company is committed to provide a work environment which ensures that every woman employee is treated with dignity, respect and equality. There is zero-tolerance towards sexual harassment and any act of sexual harassment invites serious disciplinary action.

Your Company hereby declares that it has complied with provisions relating to the constitution of Internal Complaints Committee of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaint has been brought to the notice of the Management during the financial year ended on 31st March, 2019.

Risk Management

In terms of the requirement of the Companies Act, 2013 and Listing Regulations, the Company has developed and implemented the Risk Management Policy. The Company has taken adequate measures to mitigate various risk encountered. In the opinion of the Board there is no such risk which may threaten the present existence of the Company.

Declaration by independent directors

Necessary declarations have been obtained from all the Independent Directors that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

Remuneration Policy

The remuneration policy of the Company aims to attract, retain and motivate qualified people at the Board levels. The remuneration policy seeks to employ people who not only fulfill the eligibility criteria but also have the attributes needed to fit into the corporate culture of the company. The remuneration policy is consistent with the 'pay-for-performance' principle. The Company has formulated Criteria for making payment to Non Executive Directors which is available in Company's weblink: http://www.dianatea.in/Criteria%20of%20making%20to%20non-executive%20directors_6.pdf.

Executive Directors

The Nomination and Remuneration Committee takes into account experience, qualification and prevailing industry practices before giving its recommendation to the Board. On recommendation of the Nomination and 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, 2013, read

with Schedule V thereof. The Committee aims towards rewarding, on the basis of performance and reviews on a periodical basis.

Non-Executive Directors

The Company has formulated Criteria for making payment to Non Executive Directors which is available in Company's weblink: http://www.dianatea.in/Criteria%20of%20making%20to%20non-executive%20directors_6.pdf. As per the criteria, Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors and Committees.

Details of Significant and material orders passed by the Regulators/ Courts/ Tribunals impacting the going concern status and the Company's operations in future.

There were no significant and material orders passed by the regulators or courts or tribunals that would impact the Going concern Status and or will have any bearing on Company's Operations in future.

Transfer to Investor Education and Protection fund

Your Company has, subsequent to year end, transferred a sum of ₹ 1.88 lacs and 109530 shares to Investor Education and Protection Fund, in compliance with the provisions of Section 124, 125 and other applicable provisions of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

The said amount represents dividend for the year 2010 which remain unclaimed for a period of 7 years from its due date of payment.

Internal financial controls systems with reference to the financial statement

Your Company has adequate Internal Financial Control System at all levels of Management and they are reviewed from time to time. The Internal Audit is carried out in house as well as by a firm of Chartered Accountants. The Audit Committee of the Board looks into Auditor's review which is deliberated upon and corrective action taken, wherever required.

Subsidiaries, Joint Venture or Associate Companies

Your Company continues to be the Subsidiary of Diana Capital Limited. Further, the Company has no subsidiaries, joint venture and associates for the financial year ended 31st March, 2019.

Particulars of Loans, Guarantees and Investments

The particulars of loans, guarantees or investments made under section 186 of the Companies Act 2013 are covered in the notes to accounts of the Financial Statement for the year ended 31st March, 2019 forming part of this Annual Report.

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Directors

As per provisions of Section 152 of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014, Mr. Sandeep Singhania (DIN 00343837) is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his re-appointment as a Director liable to retire by rotation.

There has been no change in the Composition of the Board of Directors during the Financial year 2018-19.

Key Managerial Personnel

There has been no change in the Composition of the Key Managerial Personnel of the Company during the Financial Year 2018-19.

Ms. Anushree Biswas was appointed as Company Secretary & Compliance Officer of the Company with effect from 13th August, 2019.

Ms. Namrata Jain designated as Company Secretary & Compliance Officer of the Company, resigned from the post with effect from 26th June, 2019.

Mr. Ramesh Kumar Jhunjunwala, Chief Financial Officer of the Company was appointed as Compliance Officer of the Company with effect from 27th June, 2019.

Deposits

Your Company has not accepted any deposits within the meaning of Section 73 and 76 of the companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

Compliance of Secretarial Standards

The Company complies with all applicable Secretarial Standards.

Acknowledgement

Your Directors place on record their appreciation for employees at all levels, who have contributed to the growth and performance of your Company.

Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board

Registered Office :
3B, Lalbazar Street
Kolkata - 700 001
Date : 13th August, 2019

Sd/-
Sandeep Singhania
Managing Director
(DIN: 00343837)

Sd/-
Sarita Singhania
(Whole-time Director)
(DIN: 00343786)