

## CONTENTS

	<b>PAGE</b>
BOARD OF DIRECTORS, ETC. ..	3
NOTICE OF ANNUAL GENERAL MEETING ..	4 – 7
DIRECTORS' REPORT ..	8 – 13
REPORT ON CORPORATE GOVERNANCE ..	14 – 19
MANAGEMENT DISCUSSION & ANALYSIS REPORT ..	20
AUDITORS' REPORT ..	21 – 24
BALANCE SHEET ..	26
PROFIT AND LOSS ACCOUNT ..	27
SCHEDULE 1 TO 18 ..	28 – 35
SCHEDULE 19 (NOTES ON ACCOUNTS) ..	36 – 45
CASH FLOW STATEMENT ..	46
PROXY FORM ..	Enclosed



# **THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**

## **DIRECTORS**

Mr. A. SIVASAILAM – Chairman Upto 12.01.2011

Ms. MALLIKA SRINIVASAN – Chairman  
Since 25.01.2011

Mr. N. SRINIVASAN

Mr. SANKAR DATTA

Mr. R. SUBRAMANIYAN

Mr. T. K. RAMASUBRAMANYAN

Mr. D. HEGDE, Whole time Director

Mr. T. G. B. PINTO, Whole time Director

## **FINANCE MANAGER & COMPANY SECRETARY**

Mr. S. RAGHURAMAN

## **AUDITORS**

Messrs. FRASER & ROSS

Chartered Accountants

Coimbatore - 641 018

## **BANKERS**

CENTRAL BANK OF INDIA

STATE BANK OF INDIA

HSBC LTD

## **ESTATES :**

ALLADA VALLEY, CHAMRAJ,

DEVABETTA, KORAKUNDAH,

CHAMRAJ ESTATE & POST

THE NILGIRIS - 643 204

## **REGISTERED OFFICE**

No. 3, SAVITHRI SHANMUGAM ROAD,

RACE COURSE,

COIMBATORE - 641 018

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**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**

REGD. OFFICE: No. 3, SAVITHRI SHANMUGAM ROAD,  
RACE COURSE, COIMBATORE 641 018

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Eighty Ninth Annual General Meeting of the Company will be held at "SAE GARDENS", 3 A&B, Kamaraj Road, Coimbatore - 641 018 on Wednesday, the 3rd August, 2011 at 10.30 AM to transact the following business :-

**ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Report, Profit and Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. N. Srinivasan, Director who retires by rotation. He is eligible for re – appointment.
4. To appoint a Director in place of Mr. R. Subramaniyan, Director who retires by rotation. He is eligible for re – appointment.
5. To appoint Auditors and fix their Remuneration.

**SPECIAL BUSINESS :**

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

"RESOLVED THAT Ms.Mallika Srinivasan, whose term of office as a Director pursuant to Section 262 of the Companies Act,1956 , expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing her candidature for the office of the Director be and is hereby appointed as a Director of the Company and liable to retire by rotation".

(By order of the Board)

For **The United Nilgiri Tea Estates Company Limited**

S. RAGHURAMAN

Finance Manager & Company Secretary

Chennai  
11th May, 2011

**NOTES:**

The Members Register and Share Transfer Books of the Company will remain closed from 20th July 2011 to 3rd August 2011 (both days inclusive).

The Dividend, when declared will be paid on or after 3rd August 2011 in respect of shares held in Physical form to those members whose names appear in the Register of Members as on 3rd August 2011 and in respect of shares held in electronic form, Dividend will be paid on the basis of Beneficial ownership of the shares as on the closing of the business hours on 19th July 2011 as per details furnished by M/s. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

The amount of Dividends which remain unclaimed for a period of 7 years is required to be transferred to the Investor Education and Protection Fund pursuant to Section 205A of the Companies Act, 1956. Hence it is in your interest to encash the Dividend warrants immediately.

The Company had transferred Unclaimed Dividend in respect of Final Dividend 2003 to the account of Investor Education and Protection Fund in terms of provisions of Section 205 A of the Companies Act , 1956.

Members holding shares in physical form are requested to intimate the change of address , if any , to the Company's Registrars and Share Transfer agents M/s. Integrated Enterprises (India) Limited, II Floor, ' Kences Towers ' , No. 1, Ramakrishna Street , North Usman Road, T.Nagar, Chennai – 600 017 or to the respective Depository Participants ( DP ) in case of members holding shares in electronic form.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a Member of the Company. Forms appointing proxies should be filed with the Company at the Registered Office not less than 48 hours before the time for holding the Meeting.

(By order of the Board)

**For The United Nilgiri Tea Estates Company Limited**

S.RAGHURAMAN

Finance Manager & Company Secretary

Chennai,  
11th May 2011

**EXPLANATORY STATEMENT UNDER SEC 173 (2) OF THE COMPANIES ACT,  
1956**

**Item 6 of the Agenda**

Ms.Mallika Srinivasan was appointed as a Director of the Company with effect from 25<sup>th</sup> January 2011 in the casual vacancy pursuant to Sec 262 of the Companies Act, 1956. Ms. Mallika Srinivasan will hold the office of the Director upto the date of the Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose at the forthcoming Annual General Meeting the name of Ms. Mallika Srinivasan for appointment as a Director of the Company, liable to retire by rotation. Brief particulars of Ms. Mallika Srinivasan in terms of the provisions of Clause 49 of the Listing Agreement are attached to the notice.

Your Directors recommend the Resolution for approval.

None of the Directors except Ms. Mallika Srinivasan is concerned or interested in the Resolution.

(By order of the Board)

**For The United Nilgiri Tea Estates Company Limited**

S.RAGHURAMAN  
Finance Manager & Company Secretary

Chennai,  
11th May 2011

**Particulars of Director(s) seeking appointment / re-appointment  
( In pursuance of Clause 49 of the Listing Agreement )**

	RE-APPOINTMENT		APPOINTMENT
Name	<b>Mr.N.SRINIVASAN</b>	<b>Mr. R. SUBRAMANIYAN</b>	<b>Ms. MALLIKA SRINIVASAN</b>
Date of Appointment	30 <sup>th</sup> June 1999	27 <sup>th</sup> August 2008	25 <sup>th</sup> January 2011
Qualification	B.Com CA	B.Com ACA., ACS	MA., MBA
Expertise in special function	Financial Management	Accounts & Secretarial	Industrialist
Directorship in other Companies	United Breweries Holdings Ltd, Tractors And Farm Equipment Ltd. India Cements Ltd The Andrapradesh Paper Mills Ltd. India Cements Capital Ltd. Amco Batteries Ltd. GATI Ltd. Ador Fontech Ltd. Essar Shipping Ltd. UB Engineering Ltd. TAFE Motors & Tractors Ltd. Redington (India) Ltd. McDowell Holdings Ltd. UT Worldwide (India) Private Ltd. Unique Receivable Management Private Ltd. SGP Export Private Ltd. Indair Carrier Private Ltd. SCM Microsystems (India) Private Ltd.	Nil	Tractors And Farm Equipment Ltd. TAFE Access Ltd. TAFE Reach Ltd. TAFE Motors & Tractors Ltd. Tata Global Beverages Ltd. Trust Properties Development Co. Pvt. Ltd. Stanadyne Amalgamations Pvt. Ltd.
Management Committee Member	Associated Chamber of Commerce & Industry Madras Chamber of Commerce & Industry Indo Australian Chamber of Commerce & Industry The Employers Federation of Southern India.	Nil	Indian School of Business, Hyderabad Indian Institute of Management, Trichy

(By order of the Board)

**For The United Nilgiri Tea Estates Company Limited**

Chennai,  
11th May 2011

S.RAGHURAMAN  
Finance Manager & Company Secretary

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 89th Annual Report on the working and progress of the Company together with the Profit and Loss Account, Cash Flow Statement for the year ended 31st March 2011 and the Balance Sheet as at that date together with the Auditors' Report thereon.

### FINANCIAL RESULTS :

	Rs. in lakhs	
	2010-2011	2009-2010
Profit before Interest, Depreciation and Tax	<b>522.43</b>	698.99
Interest	<b>4.13</b>	4.76
Depreciation	<b>86.55</b>	85.06
Profit Before Tax	<b>431.75</b>	609.17
Provision for Taxation	<b>107.08</b>	134.56
Profit after tax	<b>324.67</b>	474.61
Add: Balance brought forward from previous year	<b>186.03</b>	127.94
<b>Available for appropriation</b>	<b><u>510.70</u></b>	<u>602.55</u>
<b><u>Appropriations:</u></b>		
Interim Dividend	<b>49.96</b>	74.95
Proposed Final Dividend	<b>62.46</b>	62.46
Tax on Distribution of Dividend	<b>18.67</b>	23.11
Transfer to General Reserve	<b>200.00</b>	256.00
Balance carried forward	<b>179.61</b>	186.03
	<b><u>510.70</u></b>	<u>602.55</u>

### DIVIDEND :

Your Directors have recommended a Final Dividend of Rs.1.25 per Share (12.5%) which together with the Interim Dividend of Rs.1.00 per Share (10%) already paid, aggregate to Rs.2.25 per share (22.5%) for the year ended 31<sup>st</sup> March 2011.

### OPERATIONS:

The total quantity of Tea manufactured during the year was 23,69,089 kgs. as against 25,20,912 kgs. during the previous year. The reduction is primarily due to erratic weather conditions and lower rainfall.

The average price realisation, in common with the industry, was also lower by 10% compared to the previous financial year.

Total Exports of Tea declined marginally and stood at 12,60,686 kgs compared to the previous year figure of 13,30,249 kgs; however, with good demand from export customers, exports of organic tea increased to 2,14,659 kgs during the year as against 1,88,290 kgs during the previous year.

With prospects of normal monsoon, production during the current financial year is expected to be not less than last year. Demand from export customer is also expected to improve and with better cost control the company looks forward to an improved overall performance.



# **DIRECTORS' REPORT – (Contd.)**

## **PROPERTY DEVELOPMENT :**

The construction of Commercial building at Coimbatore is nearing completion and would be leased out to chosen customers at competitive rentals.

## **DIRECTORS :**

The Directors record with deep regret the sudden demise of the Chairman of the Company Mr.A.Sivasailam on 12<sup>th</sup> January 2011. Under his dynamic leadership, the Company registered phenomenal growth especially on the export front. Consistent quality improvement in the tea grown and manufactured, has been due to his constant drive and motivation. Mr. A. Sivasailam deeply cared for the welfare of the employees and their families ensuring that they had access to schooling facilities for children, hospital facilities for the sick and needy and good living conditions. The Board placed on record his invaluable contribution and guidance which resulted in the Company becoming renowned for its quality teas - both in the domestic and the international markets.

Ms. Mallika Srinivasan, was appointed as a Director and Chairman of the Board on 25<sup>th</sup> January 2011 and she retires at the ensuing Annual General Meeting . A proposal from a member has been received by the Company in terms of Section 257 of the Companies Act, 1956 for appointing her as a Director liable to retire by rotation and is included in the Agenda of the Annual General Meeting.

Mr.N Srinivasan and Mr. R.Subramaniyan, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

## **DIRECTORS RESPONSIBILITY STATEMENT :**

As required by sub-section 2AA of Section 217 of the Companies Act 1956, your Directors confirm that :

- in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2011, the applicable Accounting Standards have been followed ;
- 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 at the end of the Financial year and the profit for the 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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; the Annual Accounts have been prepared on a going concern basis.

## **REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION:**

The matters relating to Corporate Governance as per Clause 49 of the Listing Agreement and Management Discussion and Analysis Report are given as annexure to this report.

A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the above report.

**CORPORATE SOCIAL RESPONSIBILITY:**

During the year 2010-2011, 8018 outside patients were treated at the Chamraj Garden Hospital which is the only Estate Hospital in the Nilgiri District extending this facility to over 16 villages.

There are five primary schools and a Higher Secondary School (both English and Tamil medium) run by the Estate and in all about 1400 pupils are studying. 65% of them are from the neighbouring villages / local Community.

**INDUSTRIAL RELATIONS :**

The labour relations were cordial during the year.

**FIXED DEPOSITS :**

The aggregate Deposits from public as on 31<sup>st</sup> March 2011 was Rs.43,83,000/-. There is no unclaimed / overdue deposit.

**PARTICULARS OF EMPLOYEES :**

There is no employee attracting the provisions of Section 217 (2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules 1975 as amended.

**AUDITORS :**

The retiring Auditors Messrs. Fraser and Ross, Chartered Accountants are eligible for re-appointment.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Details are furnished in the annexed statement which may please be read as part of this report.

**(For and on behalf of the Board)**

Chennai  
11th May, 2011

**MALLIKA SRINIVASAN**  
CHAIRMAN

**Annexure to the Directors' Report for the year 2010-2011**  
**Statement under Companies (Disclosure of particulars in the**  
**Report of the Board of Directors) Rules 1988**

**CONSERVATION OF ENERGY**

- |                                                                                                                                                                                                                                                                                                                                                        |   |                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. Energy conservation measures taken</li> <li>2. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy</li> <li>3. Impact on measures at (1) and (2) for reduction of energy consumption and consequent impact on the cost of production of goods.</li> </ol> | } | <p>Efforts are taken to conserve energy to the best possible extent. Temperature Control units for exhaust ducts in driers installed, helps in reducing energy Consumption and this will reflect on Cost of Production.</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**ANNEXURE**  
**FORM A**  
(See Rule 2)

**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT**  
**TO CONSERVATION OF ENERGY**

	2010 – 2011	2009 – 2010
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
<i>(a) Purchased</i>		
Units	13,98,089	14,15,699
Total Amount	<b>Rs. 74,76,137</b>	Rs. 70,52,492
Rate/Unit	<b>Rs. 5.35</b>	Rs. 4.98
<i>(b) Own Generation</i>		
Through Diesel Generators :		
Units	23,905	41,264
Units/Ltr. of Diesel Oil	2.32	2.26
Cost/Unit	<b>Rs. 16.60</b>	Rs. 15.58
<b>B. Consumption of Electricity per unit of Production</b>	<b>0.60</b>	0.58

**ANNEXURE**

**FORM B  
(See Rule 2)**

**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGICAL ABSORPTION**

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**RESEARCH AND DEVELOPMENT (R & D)**

- |                                                             |                                                                                                                                                                                    |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Specific areas in which R & D carried out by the Company | R&D was primarily conducted in the areas connected to the Tea Field. In order to improve water holding capacity of the soil, we produce vermi compost and apply them to the field. |
| 2. Benefits derived as a result of the above R & D          | This would mitigate the effect of drought.                                                                                                                                         |
| 3. Future plan of action                                    | The R&D activities will be carried out on long term basis and the finding will be utilized in the best possible manner.                                                            |
| 4. Expenditure on R & D :                                   |                                                                                                                                                                                    |
| (a) Capital                                                 | Rs. Nil                                                                                                                                                                            |
| (b) Recurring                                               | Rs. 4,86,762/-                                                                                                                                                                     |
| (c) Total                                                   | Rs. 4,86,762/-                                                                                                                                                                     |
| (d) Total R & D expenditure as percentage of total turnover | 0.18%                                                                                                                                                                              |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- |                                                                                                                                      |                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation.                                                  | UPASI's recommendation with respect to field practices and manufacturing process are adopted to the extent possible to achieve better results. |
| 2. Benefits derived as a result of the above e.g. product improvement, cost reduction, Product Development, Import Substitution etc. | Improvement in the quality of raw-material and end product which ultimately helps in better realization.                                       |

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |                                                                                                                            |                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| 1. Activities relating to Exports                                                                                          |                                                                                                                                    |
| 2. Initiatives taken to increase exports and development of new export markets for products and services and export plans. | The Company continues its efforts to improve exports by offering quality Tea of International Standards and also Value added Teas. |
| 3. Total Foreign Exchange                                                                                                  |                                                                                                                                    |
| (a) Used                                                                                                                   | Rs. 34,96,305                                                                                                                      |
| (b) Earned (FOB value Rs. 15,02,28,636/-)                                                                                  | Rs. 15,45,90,528                                                                                                                   |

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(For and on behalf of the Board)

Chennai  
11th May 2011

**MALLIKA SRINIVASAN**  
CHAIRMAN

**PROGRESS REPORT AND CROP HARVESTED**

Year	Profit Rs.	Taxation Rs.	Net Profit after Taxation Rs.	Tea Crop (Made Tea) Kg.	Dividend %
2005 – 2006	2,80,06,747	1,01,23,605	1,78,83,142	21,87,513	22.5
2006 – 2007	4,03,15,892	77,12,942	3,26,02,950	22,69,437	30
2007 – 2008	4,16,50,217	90,34,237	3,26,15,980	26,24,656	17.5
2008 – 2009	4,42,69,652	1,30,41,566	3,12,28,086	23,66,400	22.5
2009 – 2010	6,09,16,572	1,34,55,850	4,74,60,722	25,20,912	27.50
2010 – 2011	4,31,75,131	1,07,08,585	3,24,66,546	23,69,089	(10% Interim Dividend paid and 12.5% proposed)

**AREA OF THE ESTATES ARE APPROXIMATELY AS FOLLOWS**  
(In Hectares)

Division	Mature Tea	Replanting/ Rejuvenetic Area	Un-Mature Tea	Fuel Area and Wind Belts	Reserves, Roads, Buildings and Waste	Total
ALLADA VALLEY	216.60	3.00	—	1.00	10.17	230.77
CHAMRAJ	122.88	2.00	4.00	1.00	19.96	149.84
DEVABETTA	170.50	2.00	—	2.00	18.12	192.62
KORAKUNDAH	270.00	3.00	4.00	128.00	520.86	925.86
<b>TOTAL</b>	<b>779.98</b>	<b>10.00</b>	<b>8.00</b>	<b>132.00</b>	<b>569.11</b>	<b>1499.09</b>

## THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

### REPORT ON CORPORATE GOVERNANCE

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

The Board of Directors and the Management of **THE UNITED NILGIRI TEA ESTATES COMPANY LTD** are committed to:

- Constantly improve the quality and quantity of production of orthodox teas of exportable grades and be a leader in export of organic teas.
- Enhancing Shareholder Value, keeping in view the interests of Stakeholders, through pro-active management and observance of high ethical standards.
- Ensuring transparency and accountability and
- Social responsibility including welfare of the workers in the plantation.
- Company follows Fair-trade practices as recommended by Fair-trade Labelling Organization International.

#### 1. **BOARD OF DIRECTORS :**

The present strength of the Board is seven. The Board comprises of Two Whole-time Directors and Five Non-Whole-time Directors.

The Board of Directors of the Company are :

Mr. A. Sivasailam	Chairman (Non Executive) upto 12.01.2011
Ms. Mallika Srinivasan	Chairman (Non Executive) since 25.01.2011
Mr. N. Srinivasan	Director (Non Executive – Independent)
Mr. Sankar Datta	Director (Non Executive – Independent)
Mr. R. Subramaniyan	Director (Non Executive – Independent)
Mr. T. K. Ramasubramanyan	Director (Non Executive – Independent)
Mr. D. Hegde	Director (Executive)
Mr. T.G.B. Pinto	Director (Executive)

#### 2. **ATTENDANCE :**

Attendance of each Director at the Board Meetings during the Financial Year 2010 – 11 and at the last Annual General Meeting and details of other Directorships are given below -:

Six Board Meetings were held during the year 2010-2011. The dates on which the Meetings were held are : 29.05.2010, 07.08.2010, 26.08.2010, 10.11.2010, 25.01.2011, and 25.02.2011

The maximum gap between any two meetings was less than four months.

All material information is circulated to the Directors before the meeting or placed at the meeting, including minimum information made available to the Board as mentioned under Clause 49 of the Listing Agreement.

DIRECTOR	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Companies excluding private limited / foreign companies	Committee Memberships in other Companies
Mr. A. Sivasailam *	2	No	14	Nil
Ms. Mallika Srinivasan	2	N.A	5	2
Mr. N. Srinivasan	6	Yes	14	4
Mr Sankar Datta	6	Yes	Nil	Nil
Mr.R.Subramaniyan	6	Yes	Nil	Nil
Mr D.Hegde	4	Yes	Nil	1
Mr TGB Pinto	5	Yes	Nil	Nil
Mr.T.K.Ramasubramanyan	5	Yes	1	Nil

\* Demised on 12th January 2011.

### 3. REMUNERATION TO DIRECTORS :

#### Payments to Non-Whole-time Directors

Non-Whole-time Directors are paid Sitting Fees for each Meeting or a Committee thereof and also Commission upto 1% of the Net Profit calculated in the manner prescribed in the Companies Act, 1956.

The details of remuneration paid / payable to all the Directors for the year 2010 – 11 are :

#### (a) **Whole-time Directors' Remuneration for the year 2010 - 11**

No.	Description	Mr. D. Hegde (Rs.)	Mr. T.G.B. Pinto (Rs.)	Total (Rs.)
1.	Salary	15,48,000	14,88,000	30,36,000
2.	Contribution to Provident Fund, Superannuation Fund and Medclaim	4,02,779	3,87,869	7,90,648
3.	Holiday Allowance	1,21,500	1,16,500	2,38,000
4.	Incentive	1,42,619	1,42,619	2,85,238
	<b>TOTAL</b>	<b>22,14,898</b>	<b>21,34,988</b>	<b>43,49,886</b>

#### (b) **Non-Whole-time Directors :**

Directors	Sitting Fees (Rs.)	Commission * (Rs.)	Total (Rs.)
Mr. A. Sivasailam	12,500	1,53,670	1,66,170
Ms. Mallika Srinivasan	10,000	—	10,000
Mr. N. Srinivasan	60,000	1,53,670	2,13,670
Mr. R. Subramaniyan	55,000	1,53,670	2,08,670
Mr. Sankar Datta	60,000	1,53,670	2,13,670
Mr. T .K. Ramasubramanyan	25,000	76,836	1,01,836
<b>TOTAL</b>	<b>2,22,500</b>	<b>6,91,516</b>	<b>9,14,016</b>

\* Relating to 2009 – 2010 paid during the year. Provision for Commission to Non-Whole-time Directors of Rs.4,75,434 for the year ended 31<sup>st</sup> March 2011 has been made in the accounts of the year.

#### (c) **Number of Shares held by Non-Whole-time Directors:**

Directors	Total No. of Shares held	Dividend Paid (Rs.)
Ms. Mallika Srinivasan	39440	47879
Mr. N. Srinivasan	2002	4505
Mr. R. Subramaniyan	18	41
Mr. T. K. Ramasubramanyan	100	225

#### 4. **AUDIT COMMITTEE :**

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Clause 49 of the Listing Agreement and Sec 292 A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors.

The Audit Committee met five times during the year on 29.05.2010, 07.08.2010, 26.08.2010, 10.11.2010 and 25.01.2011.

The present members of the Committee are -:

Mr. Sankar Datta – Chairman

Mr. N.Srinivasan – Member

Mr. R. Subramaniyan – Member

The attendance by the Directors at Audit Committee Meeting -:

<b><u>Name of the Directors</u></b>	<b><u>No. of Meetings attended</u></b>
Mr. Sankar Datta	5
Mr. N.Srinivasan	5
Mr. R.Subramaniyan	5

Mr S Raghuraman, Finance Manager & Company Secretary is the Secretary of the Audit Committee.

#### 5. **SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE :**

The Shareholders / Investor Grievance Committee oversees redressal of shareholder and investor grievances, transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, and related matters.

Mr. R. Subramaniyan is the one-man member of the Committee and Mr S Raghuraman, Finance Manager & Company Secretary is the Compliance Officer of the Company in matters relating to shareholders, Stock Exchanges, SEBI and other related regulatory matters. During the year five complaints were received and resolved. No complaint was pending as at 31<sup>st</sup> March 2011. As on that date, there were no pending share transfers.

#### 6. **REMUNERATION COMMITTEE (NON – MANDATORY):**

The present Committee consists of the following members :

Ms. Mallika Srinivasan Chairman – Since 25.02.2011

Mr. N. Srinivasan Member

Mr. Sankar Datta Member

The Committee met twice during the year on 29.05.2010 and 26.08.2010. Mr S Raghuraman, Finance Manager & Company Secretary is the Secretary of the Remuneration Committee.

#### 7. **DISCLOSURE**

All materially significant related party transactions with the Company's Promoters, Directors, the Associated Companies or relatives etc., are disclosed in the Accounts under note No. B.(25) of Notes on Accounts and in the opinion of the Directors, these financial and commercial transactions are not in conflict with the interests of the Company.

There have been no instances of non-compliance by the Company on any matters relating to capital markets, nor have any penalty / strictures been imposed by Stock Exchanges or SEBI or any other statutory authority on such matters.

CEO / CFO Certificate duly signed by two Whole-time Directors and the Secretary of the Company was submitted to the Board for its approval.

The Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company and all of them have affirmed compliance of the same.



## 8. STOCK OPTION

The Company does not have a Stock Option Scheme as on date for its employees / officers.

## 9. ANNUAL GENERAL MEETING :

Location and time of last 3 Annual General Meetings were :

Year	Location	Date	Time	No. of Special Resolution Passed
2009 – 10	“SAE Gardens” 3 A & B, Kamaraj Road, Race Course, Coimbatore – 18	26.08.2010	4.30 PM	Nil
2008 – 09	“SAE Gardens” 3 A & B, Kamaraj Road, Race Course, Coimbatore – 18	25.08.2009	4.35 PM	Nil
2007 – 08	“SAE Gardens” 3 A & B, Kamaraj Road, Race Course, Coimbatore – 18	27.08.2008	4.30 PM	Nil

## 10. POSTAL BALLOT :

No Special Resolutions were required to be put through Postal Ballot in the last three Annual General meetings. No Special Resolution on matters requiring approval by Postal Ballot is proposed to be placed at the ensuing Annual General Meeting.

## 11. MEANS OF COMMUNICATION :

The Quarterly Results are published in “The Business Line” ( State Edition ), and Dinamani ( Coimbatore Edition). There has been no presentation to analysts. Management Discussion and Analysis Report has been included in the Directors’ Report. The Company’s financial results are posted on the Company’s Website ([www.chamrajtea.in](http://www.chamrajtea.in)) periodically.

The Shareholders can send their grievances / complaints by mailing to the Company’s E Mail Id : [unitea22@gmail.com](mailto:unitea22@gmail.com)

## 12. GENERAL SHAREHOLDER INFORMATION

AGM : Date, Time and Venue	:	3rd August, 2011, 10.30 A.M. at ‘SAE Gardens’, 3A & B, Kamaraj Road, Race Course, Coimbatore – 641 018
Financial Year	:	April To March
Financial Calendar	:	First Quarter Results – July Half Year – October / November Third Quarter – January Annual Results – May / June
Date of Book Closure	:	20th July, 2011 to 3rd August, 2011 (Both the Days inclusive)
Dividend Payment Date	:	3rd August, 2011
Listing	:	<b>The Madras Stock Exchange Ltd,</b> “Exchange Buildings” No. 11, Second Line Beach, CHENNAI - 600 001
ISIN	:	I N E 458 F 01011
Stock Code	:	U N L

### 13. MARKET PRICE IN THE FINANCIAL YEAR

The monthly high and low of the Company's shares are given below from April 2010 to March 2011 -:

#### Market Price data of Company's shares in Madras Stock Exchange

MONTH	MADRAS STOCK EXCHANGE	
	HIGH (Rs)	LOW (RS)
April 2010	170.00	130.10
May 2010	159.80	131.65
June 2010	160.00	130.00
July 2010	163.70	141.00
August 2010	158.95	135.00
September 2010	148.50	127.10
October 2010	156.00	130.25
November 2010	150.00	132.70
December 2010	157.00	124.00
January 2011	160.00	135.10
February 2011	144.95	125.00
March 2011	149.95	123.30

#### Shareholding Pattern as on 31st March 2011.

Category	No. of Shares held	% to Capital
1. Promoters	23,67,684	47.39
2. Banks, FI, Insurance Cos	8,60,887	17.22
3. Private Bodies Corporate	30,618	0.62
4. Indian Public	13,94,776	27.91
5. NRIs / OBCs	77,785	1.56
6. Trustees T Stanes & Co. Staff Pension Fund	2,64,816	5.30
<b>TOTAL</b>	<b>49,96,566</b>	<b>100.00</b>

#### Distribution of Shareholding as on 31st March 2011.

Shareholding Range	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
Upto 5000	1818	95.18	860446	17.22
5001 – 10000	60	3.14	426752	8.54
10001 – 20000	19	0.99	274691	5.50
20001 – 30000	2	0.10	53645	1.07
30001 – 40000	2	0.10	68712	1.38
40001 – 50000	0	0	0	0
50001 & above	9	0.49	3312320	66.29
<b>TOTAL</b>	<b>1910</b>	<b>100.00</b>	<b>49,96,566</b>	<b>100.00</b>

**Share Transfer Agents :** M/s. Integrated Enterprises (India) Limited "Kences Towers", 2nd Floor, No 1, Ramakrishna Street, North Usman Road, T.Nagar, CHENNAI - 600 017

**Dematerialization of Shares** 49.80% of the Paid Up Share Capital of the Company has been dematerialized as on 31st March 2011.

**Estate Location** CHAMRAJ ESTATE, Chamraj Estate & Post, The Nilgiris - 643 204

**Address for Communication** REGISTERED OFFICE :  
No : 3, Savithri Shanmugham Road, Race Course, COIMBATORE-641 018

## **CERTIFICATE OF CORPORATE GOVERNANCE**

### **To the members of The United Nilgiri Tea Estates Company Limited.**

We have examined the compliance of conditions of Corporate Governance by The United Nilgiri Tea Estates Company Ltd. for the year ended 31<sup>st</sup> March, 2011, as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchange.

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 the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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

For Fraser & Ross  
Chartered Accountants  
(Registration No.000829S)

M. Ramachandran  
Partner  
Membership No. 16399

Chennai  
11th May, 2011

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Development:**

The country has been facing erratic monsoon affected by Global Warming and the Tea industry is no exception. Prolonged drought in plantation would affect the Crop yield .If the monsoon sets on time the crop can improve and this will have positive impact on the cost of production.

### **Opportunities and Threats:**

Adopting consistently high standards of quality production and maintaining good customer relations enabled your Company to achieve more than 1.2 million Kg export during the year under reference. International prices may have an impact on our export earnings which is however beyond the forecast of the Company. There is good scope for organic and value added Tea in the export market. Your Company is making use of this opportunity to improve its export earnings.

### **Outlook:**

The selling price has been on the downward trend at the domestic market perhaps due to arrival of more Tea from other countries in the overseas market. This is no doubt a matter of concern for the exporters in India.

### **Internal Control Systems:**

Your Company has adequate Internal Control System in place which is further strengthened by an external audit firm carrying out the Internal Audit function. In the opinion of the Board of Directors, the control system is adequate considering the size and nature of the Company's business.

### **Labour relation:**

The labour relation at the Estate has been very cordial during the year. The Estate Management continues to implement various welfare measures beyond what is stipulated by Government.

## AUDITOR'S REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of **THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED** as at 31<sup>st</sup> March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
  - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - (b) in the case of the Profit and Loss Account, of the profit 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) 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;
  - (ii) 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;
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **FRASER & ROSS**  
Chartered Accountants  
(Registration No.000829S)

**M. RAMACHANDRAN**  
Partner  
(Membership No. : 16399)

Chennai  
11th May, 2011

# AUDITOR'S REPORT TO THE MEMBERS

(Contd.)

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses iii(b) to (d), (f) & (g), x, xii, xiii, xv, xix and xx of CARO are not applicable.
- (ii) 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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, 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.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has during the year neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) 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 Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the

# AUDITOR'S REPORT TO THE MEMBERS

(Contd.)

- prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the Company has an adequate internal audit system. In our opinion, the internal audit functions carried out during the year by firm(s) of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of plantation products and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed 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 and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below:
- | Statute                | Nature of Dues                               | Forum where Dispute is pending | Period to which the Amount Relates | Amount involved (Rs.) |
|------------------------|----------------------------------------------|--------------------------------|------------------------------------|-----------------------|
| The Central Excise Act | Movement of Goods without filing declaration | High Court of Madras           | 2000-01                            | 1,88,221              |
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) The Company does not deal in shares securities, debentures and other investments.

# AUDITOR'S REPORT TO THE MEMBERS

*(Contd.)*

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the

Register maintained under Section 301 of the Companies Act, 1956.

(xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **FRASER & ROSS**  
Chartered Accountants  
(Registration No.000829S)

**M. RAMACHANDRAN**  
*Partner*  
(Membership No. : 16399)

Chennai  
11th May, 2011



## ACCOUNTS

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH 2011

SOURCE OF FUNDS	Schedule No.	As at 31.3.2011 Rs.		As at 31.3.2010 Rs.	
<b>Shareholders' Funds</b>					
Share Capital	1	4,99,65,660		4,99,65,660	
Reserves and surplus	2	33,79,60,716	38,79,26,376	31,86,03,645	36,85,69,305
<b>Loan Funds</b>					
Secured Loan	3	3,78,10,753		-	
Unsecured Loans	4	46,38,311	4,24,49,064	37,09,097	37,09,097
Deferred Tax Liability (Refer Note No.B.(3) of Schedule 19)			41,81,949		41,73,364
Total			<u>43,45,57,389</u>		<u>37,64,51,766</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	5				
Gross block		20,78,39,011		19,52,82,374	
Less: Depreciation		8,95,98,772		8,38,25,814	
		<u>11,82,40,239</u>		<u>11,14,56,560</u>	
Add: Capital Work-in-Progress		9,95,81,974		1,69,05,193	
Net Block			21,78,22,213		12,83,61,753
<b>Investments</b>	6		3,48,43,596		3,48,43,596
<b>Current Assets, Loans and Advances</b>					
Inventories	7	2,31,88,834		2,20,45,262	
Sundry Debtors	8	2,81,08,528		2,23,37,483	
Cash and Bank Balances	9	13,39,98,333		16,18,45,411	
Other Current Assets	10	1,37,44,647		1,91,67,725	
Loans and Advances	11	1,72,00,436		2,09,66,349	
		<u>21,62,40,778</u>		<u>24,63,62,230</u>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	12	2,30,68,626		2,17,83,316	
Provisions	13	1,12,80,572		1,13,32,497	
		<u>3,43,49,198</u>		<u>3,31,15,813</u>	
<b>Net Current Assets</b>			<u>18,18,91,580</u>		<u>21,32,46,417</u>
Total			<u>43,45,57,389</u>		<u>37,64,51,766</u>
Notes on Accounts	19				

Schedules 1 to 13 and 19 form an integral part of this Balance Sheet

S.RAGHURAMAN  
Finance Manager &  
Company Secretary

MALLIKA SRINIVASAN  
N. SRINIVASAN  
D. HEGDE  
Directors

In terms of our Report  
For FRASER & ROSS  
Chartered Accountants  
(Registration No.000829S)

Chennai  
11th May, 2011

M. RAMACHANDRAN  
Partner  
Membership No. 16399

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

<b>INCOME</b>	<b>Schedule No.</b>	<b>Curent year March, 2011 Rs.</b>	<b>Previous year March, 2010 Rs.</b>
Sales		<b>26,61,97,007</b>	28,43,88,216
Less: Excise duty/Cess		<b>(7,12,876)</b>	(7,48,505)
Net Sales		<b>26,54,84,131</b>	28,36,39,711
Other Income	<b>14</b>	<b>2,27,95,181</b>	3,21,96,670
Total		<b>28,82,79,312</b>	31,58,36,381
<b>EXPENDITURE</b>			
(Increase)/Decrease in value of Stock in Trade (Tea)	<b>15</b>	<b>7,14,853</b>	18,27,963
Employee Costs	<b>16</b>	<b>7,49,40,337</b>	6,55,88,148
Other Expenses	<b>17</b>	<b>16,03,80,627</b>	17,85,21,437
Interest	<b>18</b>	<b>4,12,992</b>	4,75,979
Depreciation		<b>86,55,372</b>	85,06,282
Total		<b>24,51,04,181</b>	25,49,19,809
<b>PROFIT BEFORE TAX</b>			
Provision for Taxation			
Current Tax		<b>(1,07,00,000)</b>	(1,40,00,000)
Deferred Tax		<b>(8,585)</b>	3,79,789
		<b>3,24,66,546</b>	4,72,96,361
Taxation no longer required relating to earlier years		-	1,64,361
<b>PROFIT FOR THE YEAR</b>			
		<b>3,24,66,546</b>	4,74,60,722
<b>Balance Brought forward from Previous year</b>		<b>1,86,03,645</b>	1,27,94,564
<b>Balance Available for appropriation</b>		<b>5,10,70,191</b>	6,02,55,286
<b>Appropriations:</b>			
Interim Dividend		<b>49,96,566</b>	74,94,849
Proposed Final Dividend		<b>62,45,708</b>	62,45,708
Tax on Distribution of Dividend		<b>18,67,201</b>	23,11,084
Transfer to General Reserve		<b>2,00,00,000</b>	2,56,00,000
Balance Carried to Balance Sheet		<b>1,79,60,716</b>	1,86,03,645
		<b>5,10,70,191</b>	6,02,55,286
Earnings per Share (Basic & Diluted)		<b>6.50</b>	9.50
Notes on Accounts	<b>19</b>		

Schedules 14 to 19 form an integral part of this Profit and Loss Account

S.RAGHURAMAN  
*Finance Manager &  
Company Secretary*

MALLIKA SRINIVASAN  
N. SRINIVASAN  
D. HEGDE  
*Directors*

In terms of our Report  
For FRASER & ROSS  
*Chartered Accountants*  
(Registration No.000829S)

Chennai  
11th May, 2011

M. RAMACHANDRAN  
*Partner*  
Membership No. 16399

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

<b>SCHEDULE 1</b>	<b>As at 31.3.2011 Rs.</b>	<b>As at 31.3.2010 Rs.</b>
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
50,00,000 Equity Shares of Rs.10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
<b>Issued, Subscribed and Paid-up</b>		
49,96,566 Equity Shares of Rs.10/- each fully paid	<u>4,99,65,660</u>	<u>4,99,65,660</u>
<b>Note:</b>	<b>Nos.</b>	<b>Nos.</b>
<b>Of the above :</b>		
(a) Shares allotted as fully paid up pursuant to a contract without payments being received in Cash	<b>9,500</b>	9,500
(b) Shares allotted as fully paid up by way of Bonus Issues through capitalisation of reserves	<u>49,28,026</u>	<u>49,28,026</u>
<b>SCHEDULE 2</b>	<b>Rs.</b>	<b>Rs.</b>
<b>RESERVES AND SURPLUS</b>		
<b>(i) GENERAL RESERVE</b>		
As per last Balance Sheet	<b>30,00,00,000</b>	27,44,00,000
Add : Transfer from Profit and Loss Account	<u>2,00,00,000</u>	<u>2,56,00,000</u>
	<b>32,00,00,000</b>	30,00,00,000
<b>(ii) SURPLUS</b>		
Profit and Loss Account Balance	<u>1,79,60,716</u>	<u>1,86,03,645</u>
	<b>33,79,60,716</b>	<b>31,86,03,645</b>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
– Term Loan (Refer Note No. B(1) of Schedule 19)	<b>3,78,10,753</b>	—
	<u>3,78,10,753</u>	<u>—</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Finance Lease	<b>2,55,311</b>	13,36,097
Fixed Deposit from Public	<b>43,83,000</b>	23,73,000
	<u>46,38,311</u>	<u>37,09,097</u>

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET

### SCHEDULE 5

#### FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Balance on April 1st, 2010	Additions	Deletions	Balance on March 31, 2011	Upto March 31, 2010	For the year	On deletions	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>TANGIBLE ASSETS:</b>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land and Development	2,04,83,575	1,35,840	—	<b>2,06,19,415</b>	—	—	—	—	<b>2,06,19,415</b>	2,04,83,575
Buildings	5,67,91,674	56,79,974	2,26,336	<b>6,22,45,312</b>	2,04,65,030	15,43,330	41,350	<b>2,19,67,010</b>	<b>4,02,78,302</b>	3,63,26,644
Machinery	8,26,93,839	78,18,102	11,05,251	<b>8,94,06,690</b>	4,26,06,581	47,69,554	10,40,022	<b>4,63,36,113</b>	<b>4,30,70,577</b>	4,00,87,258
Electrical Installations	62,20,062	60,387	5,72,750	<b>57,07,699</b>	36,48,409	2,12,243	4,60,082	<b>34,00,570</b>	<b>23,07,129</b>	25,71,653
Furniture, Office and other Equipments	56,28,497	11,53,998	2,27,147	<b>65,55,348</b>	40,90,700	2,87,039	1,20,475	<b>42,57,264</b>	<b>22,98,084</b>	15,37,797
Vehicles *	2,31,83,177	11,36,138	12,96,318	<b>2,30,22,997</b>	1,27,57,757	18,33,401	12,20,485	<b>1,33,70,673</b>	<b>96,52,324</b>	1,04,25,420
<b>INTANGIBLE ASSETS:</b>										
Software	2,81,550	—	—	<b>2,81,550</b>	2,57,337	9,805	—	<b>2,67,142</b>	<b>14,408</b>	24,213
PREVIOUS YEAR	19,52,82,374	1,59,84,439	34,27,802	<b>20,78,39,011</b>	8,38,25,814	86,55,372	28,82,414	<b>8,95,98,772</b>	<b>11,82,40,239</b>	11,14,56,560
Work in Progress	18,23,47,530	1,71,85,217	42,50,373	<b>19,52,82,374</b>	7,86,98,323	85,06,282	33,78,791	<b>8,38,25,814</b>	<b>9,95,81,974</b>	1,69,05,193
									<b>21,78,22,213</b>	<b>12,83,61,753</b>

\* Includes Cost of Assets acquired under Finance Lease Terms : Rs. 19,81,861 (previous year Rs.41,02,789)

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**

**SCHEDULE 6 SCHEDULES FORMING PART OF BALANCE SHEET**

**INVESTMENTS**

PARTICULARS	Nominal Value of shares/units Rs.	As at 31st March 2010		Additions during the year		Deductions during the year		As at 31st March 2011	
		No. of shares/units	Amount Rs.	No. of shares/units	Amount Rs.	No. of shares/units	Amount Rs.	No. of shares/units	Amount Rs.
<b>LONG TERM INVESTMENTS :</b>									
<b>I. Trade at Cost - Fully Paid</b>									
<b>(a) Quoted Shares</b>									
Stanes Amalgamated Estates Limited	10	81,783	6,08,420	—	—	—	—	81,783	6,08,420
<b>(b) Unquoted Shares</b>									
Stanes MJF Teas Limited	10	7,50,000	75,00,000	—	—	—	—	7,50,000	75,00,000
<b>II. Non-Trade at Cost - Fully Paid</b>									
<b>(a) Quoted Shares</b>									
Bank of Maharashtra	10	2,800	64,400	—	—	—	—	2,800	64,400
Central Bank Of India	10	233	23,766	—	—	—	—	233	23,766
Essar Shipping Limited	10	1,400	12,120	—	—	—	—	1,400	12,120
Force Motors Limited	10	100	11,750	—	—	—	—	100	11,750
Gujarat Gas Company Limited	2	2,500	30,583	—	—	—	—	2,500	30,583
Hindustan Unilever Limited	1	1,750	76,532	—	—	—	—	1,750	76,532
ICICI Bank Limited	10	300	89,476	—	—	—	—	300	89,476
IP Rings Limited	10	2,000	3,24,330	—	—	—	—	2,000	3,24,330
Lakshmi Mills Company Limited	100	160	14,016	—	—	—	—	160	14,016
Larsen and Toubro Limited	1	796	21,365	—	—	—	—	796	21,365
Nestle India Limited	10	300	75,430	—	—	—	—	300	75,430
Petronet LNG Limited	10	2,200	33,000	—	—	—	—	2,200	33,000
Power Trading Corporation of India Limited	10	100	1,600	—	—	—	—	100	1,600
Sundaram Clayton Limited	5	8,600	3,85,315	—	—	—	—	8,600	3,85,315
TVS Motor Company Limited	10	43,107	3,48,842	—	—	—	—	86,214	3,48,842
TATA Coffee Limited	10	1,000	2,18,205	43,107 @	—	—	—	1,000	2,18,205
Tata Steel Limited	10	6,739	9,01,753	—	—	—	—	6,739	9,01,753
The Tata Power Company Limited	10	1,000	1,45,883	—	—	—	—	1,000	1,45,883
Ultratech Cemco Limited	5	159	17,070	—	—	—	—	159	17,070
Harita Seating Systems Limited	10	2,600	44,916	—	—	—	—	2,600	44,916
Uniworth India Limited	10	750	91,880	—	—	—	—	750	91,880
Wabco-TVS (India) Limited	5	4,300	—	—	—	—	—	4,300	—

PARTICULARS	Nominal Value of shares/units Rs.	As at 31st March 2010		Additions during the year		Deductions during the year		As at 31st March 2011	
		No. of shares/units	Amount Rs.	No. of shares/units	Amount Rs.	No. of shares/units	Amount Rs.	No. of shares/units	Amount Rs.
<b>(b) Mutual Funds</b>									
Franklin Templeton (MIP)	10	1,50,542	17,78,616	—	—	—	—	1,50,542	17,78,616
Sundaram CAPEX Opportunities Fund	10	4,25,053	66,12,420	—	—	—	—	4,25,053	66,12,420
<b>(c) Unquoted Shares</b>									
Hifame Private Limited	10	27,600	8,10,000	—	—	—	—	27,600	8,10,000
Kuduma Fasteners Private Limited	100	75,000	2,08,88,500	—	—	—	—	75,000	2,08,88,500
Orkay Industries Limited	10	450	34,800	—	—	—	—	450	34,800
Palani Andavar Cotton & Synthetic Spinners Ltd.	10	500	72,053	—	—	—	—	500	72,053
Simpson and Company Limited	10	26,333	1,06,555	—	—	—	—	26,333	1,06,555
<b>Total -&gt;</b>			<b>4,13,43,596</b>						<b>4,13,43,596</b>
Less: Provision for Diminution			65,00,000						65,00,000
<b>Grand Total</b>			<b>3,48,43,596</b>						<b>3,48,43,596</b>

@ Bonus Shares

	As at 31.03.2010		As at 31.03.2011	
	Cost Rs.	Market Value Rs.	Cost Rs.	Market Value Rs.
QUOTED INVESTMENTS	1,19,31,688	2,78,72,239	1,19,31,688	3,22,97,530
UNQUOTED INVESTMENTS	2,94,11,908		2,94,11,908	
	<u>4,13,43,596</u>		<u>4,13,43,596</u>	

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET – (Contd.)

	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
Stores and Spare Parts at average cost	74,14,713	55,62,038
Nursery Stock at cost	9,25,322	9,19,572
Stock-in-Trade (Tea)	1,48,48,799	1,55,63,652
	<u>2,31,88,834</u>	<u>2,20,45,262</u>
<b>SCHEDULE 8</b>		
<b>Sundry Debtors :</b>		
(Unsecured-Considered Good)		
Debts outstanding for a period exceeding Six months	27,203	—
Other Debts	2,80,81,325	2,23,37,483
	<u>2,81,08,528</u>	<u>2,23,37,483</u>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash and Stamps on Hand	44,948	40,512
Balance with Scheduled Banks		
– in Current Account (including Dividend Account - Rs.23,82,183 Previous year Rs.17,52,984)	1,65,59,582	91,44,840
– in Deposit Accounts (includes deposit marked with lien for Rs.100 Lakhs towards Over-draft facility for working capital)	11,73,93,803	15,26,60,059
	<u>13,39,98,333</u>	<u>16,18,45,411</u>
<b>SCHEDULE 10</b>		
<b>OTHER CURRENT ASSETS</b>		
(Unsecured-Considered Good)		
Interest accrued on Deposits	66,41,587	91,48,313
Tea Board Subsidy Receivable	71,03,060	1,00,19,412
	<u>1,37,44,647</u>	<u>1,91,67,725</u>



# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET – (Contd.)

	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
<b>SCHEDULE 11</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured-Considered Good)		
Advances recoverable in Cash or in kind for value to be received	<b>1,39,26,729</b>	1,45,81,506
Balance with Central Excise Authorities	—	1,000
Deposit with NABARD	<b>3,308</b>	40,83,308
Other Deposits	<b>32,70,399</b>	23,00,535
	<b><u>1,72,00,436</u></b>	<b><u>2,09,66,349</u></b>
<b>SCHEDULE 12</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note No.B.(8) of Schedule 19)	<b>1,00,83,379</b>	1,05,56,410
Other Liabilities	<b>1,06,00,888</b>	94,67,013
Unclaimed Dividend	<b>23,82,183</b>	17,52,984
Unclaimed Interest	<b>2,176</b>	6,909
	<b><u>2,30,68,626</u></b>	<b><u>2,17,83,316</u></b>
(Note : No amount is due to be credited to Investor Education and Protection Fund)		
<b>SCHEDULE 13</b>		
<b>PROVISIONS :</b>		
For Income Tax	<b>30,90,530</b>	32,99,455
(Net of Advance Tax and Tax Deducted at Source Rs.3,86,79,250 Previous Year : 3,64,03,743)		
Compensated Absence	<b>9,07,000</b>	7,50,000
Proposed Final Dividend	<b>62,45,708</b>	62,45,708
Tax on Distribution of Dividend	<b>10,37,334</b>	10,37,334
	<b><u>1,12,80,572</u></b>	<b><u>1,13,32,497</u></b>

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT – (Contd.)**

<b>SCHEDULE 14</b>	<b>Current year March, 2011 Rs.</b>	Previous year March, 2010 Rs.
<b>OTHER INCOME</b>		
Income from Long Term Investments		
– Dividend	<b>10,21,077</b>	36,17,425
Interest Receipts		
– From Bank Deposit	<b>89,38,321</b>	1,32,11,536
– From Others	<b>8,36,706</b>	4,79,729
Profit on Sale of Fixed Assets (Net)	<b>7,09,492</b>	6,70,295
Profit on Sale of Investments	—	13,53,240
Miscellaneous Income	<b>1,08,49,985</b>	73,98,224
Replanting Subsidy from Tea Board	<b>4,39,600</b>	4,39,600
Subsidy on Orthodox Production from Tea Board	—	50,26,621
	<b><u>2,27,95,181</u></b>	<u>3,21,96,670</u>
Tax Deducted at Source on Interest	<b><u>5,61,530</u></b>	<u>13,89,798</u>
<b>SCHEDULE 15</b>		
<b>(Increase)/Decrease in value of stocks</b>		
Opening Stock	<b>1,55,63,652</b>	1,73,91,615
Closing Stock	<b>(1,48,48,799)</b>	(1,55,63,652)
	<b><u>7,14,853</u></b>	<u>18,27,963</u>
<b>SCHEDULE 16</b>		
<b>Employee Costs</b>		
Salaries, Wages and Bonus	<b>5,97,10,248</b>	5,28,02,479
Contribution to Provident Fund and Family Pension Fund	<b>84,55,189</b>	50,18,255
Contribution to Superannuation Fund	<b>10,10,314</b>	6,56,424
Contribution to Gratuity Fund	<b>42,47,404</b>	44,73,345
Workmen and Staff Welfare Expenses	<b>15,17,182</b>	26,37,645
	<b><u>7,49,40,337</u></b>	<u>6,55,88,148</u>

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT – (Contd.)**

<b>SCHEDULE 17</b>	<b>Current year March, 2011 Rs.</b>	<b>Previous year March, 2010 Rs.</b>
<b>Other Expenses</b>		
Green Leaf Purchased and Consumed	<b>5,08,25,848</b>	7,49,42,595
Purchase of Tea	<b>1,02,21,624</b>	13,95,029
Consumption of Stores and Spare Parts	<b>1,69,34,084</b>	1,34,00,143
Power and Fuel	<b>1,90,74,282</b>	2,00,98,748
Repairs to Building	<b>57,30,350</b>	59,14,792
Repairs to Machinery	<b>19,55,046</b>	23,60,287
Rates and Taxes	<b>9,30,601</b>	14,12,988
Insurance	<b>13,88,853</b>	11,94,226
Transport Charges	<b>39,19,523</b>	29,53,483
Selling Expenses :		
– Brokerage and Commission	<b>9,68,560</b>	10,97,989
– Sampling and Other Expenses	<b>68,81,250</b>	63,06,701
Directors Sitting Fees	<b>2,22,500</b>	2,72,500
Commission to Non-wholetime Directors	<b>4,75,434</b>	6,91,516
Payment to Auditors :		
– Audit Fee	<b>3,90,000</b>	1,75,000
– Tax Matters (Incl. Tax Audit)	<b>1,26,180</b>	40,000
– Certifying Statements	<b>1,30,300</b>	1,25,300
– Travelling Expenses	<b>25,828</b>	—
Travelling Expenses	<b>41,87,017</b>	29,05,718
Freight and Other Expenses on Tea Export	<b>1,63,01,285</b>	2,11,73,080
Donation	<b>5,00,000</b>	5,00,000
Loss on assets discarded	<b>4,69,555</b>	—
Lease Rental	<b>25,50,251</b>	25,67,650
Provision for Diminution in value of Investments	—	60,79,432
Miscellaneous Expenses	<b>1,61,72,256</b>	1,29,14,260
	<b><u>16,03,80,627</u></b>	<b><u>17,85,21,437</u></b>
<b>SCHEDULE 18</b>		
<b>Interest</b>		
Interest on Fixed Deposits	<b>2,07,563</b>	2,05,477
Interest on Bank Loan	<b>1,00,303</b>	62,934
Interest on Vehicle Loan	<b>78,913</b>	1,82,879
Interest payments – Others	<b>26,213</b>	24,689
	<b><u>4,12,992</u></b>	<b><u>4,75,979</u></b>

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19 NOTES ON ACCOUNTS

### **A. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. ACCOUNTING CONVENTION :**

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the accounting principles generally accepted in India (Indian GAAP) and comply with Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act 1956 to the extent applicable.

#### **2. FIXED ASSETS :**

- (a) Expenditure on Development and New Tea Planting is capitalised.
- (b) Fixed Assets are recorded at cost to the Company. Capital Subsidy received from Tea Board is deducted from the Asset additions. Depreciation on tangible assets are provided on Straight Line basis at the rates specified in Schedule XIV to the Companies Act, 1956. Cost of Software is written off over a period of three years.
- (c) Assets acquired under Finance Lease Agreement are capitalised. Assets under Equipment Lease arrangements are not capitalized and such lease rentals are expensed.
- (d) Expenditure on Poly House for Herbal Tea Cultivation and Floriculture is amortised over its effective economic life.

#### **3. SUBSIDIES:**

Replanting expenses and subsidy received from Tea Board are accounted in the Profit and Loss Account. Subsidy on Orthodox tea is accounted based on acceptance of claim by the Tea Board.

#### **4. INVESTMENTS :**

Investments being long term are stated at cost inclusive of brokerage and stamp duty and diminution in their value, if considered permanent in nature, is provided for.

#### **5. INVENTORIES :**

- (a) Stores and Spares are valued at cost ascertained primarily on weighted average basis.
- (b) Nursery stocks are valued at cost incurred in raising and maintaining such stocks till transplanted.
- (c) Stock-in-Trade (Tea) is valued at lower of Cost and net realizable price.

#### **6. REVENUE RECOGNITION:**

Revenue from sale of tea at auction is recognized on receipt of sale notes from the brokers.

Private tea sales including exports are recognized on Transfer of Property of goods.

#### **7. FOREIGN CURRENCY TRANSACTIONS :**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are restated at the exchange rates prevailing on the Balance Sheet date. Exchange differences arising on settlement of transactions and from the year end restatement are dealt with in the Profit and Loss Account.

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

#### 8. EMPLOYEE BENEFITS :

##### (a) Short Term:

Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

##### (b) Post Retirement :

Post Retirement Benefits comprise of Provident Fund, Superannuation Fund and Gratuity which are accounted for as follows:

##### (i) Provident Fund :

This is a defined contribution plan, and contributions made to the Fund as per the rules of the Company are charged to Revenue. The Company has no further obligations for future provident fund benefits other than monthly contributions.

##### (ii) Superannuation Fund :

This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employees' salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India ( LIC). The Company has no further obligations for future superannuation benefits other than its annual contributions and recognises such contributions as expense in the year incurred.

##### (iii) Gratuity :

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur.

##### (c) Long Term :

Long term employee benefits represent compensated absence which is provided for based on actuarial valuation using projected unit credit method.

#### 9. PROVISIONS AND CONTINGENCIES:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

#### 10. RESEARCH AND DEVELOPMENT:

Research and Development expenses are capitalised where appropriate, otherwise absorbed as expenses.

#### 11. INCOME TAXES :

Provision for Deferred Tax is made for all timing differences arising between the taxable income and accounting income at the tax rates enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

#### 12. CASH FLOW STATEMENT :

Cash Flow Statement has been prepared in accordance with the Indirect method prescribed in Accounting Standard 3.

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

<b>B. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011</b>	<b>Current year Rs.</b>	<b>Previous year Rs.</b>
1. Term Loan from bank is secured by an equitable mortgage over Company's property situated at Coimbatore.		
2. Estimated amount of Contracts remaining to be executed on Capital Account not provided for (net of advances)	<b>4,65,65,000</b>	6,16,49,861
3. Deferred Tax Liability(On account of Depreciation)		
Opening Balance	<b>41,73,364</b>	45,53,153
Add : Current year charge	<b>8,585</b>	(3,79,789)
Closing Balance	<b>41,81,949</b>	41,73,364
4. (a) The Company did not cover Foreign Currency exposure relating to Export of Tea based on cost benefit analysis.	<b>2,06,97,357</b>	1,66,87,883
(b) The Exchange (gain) / loss on this account during the year included under Freight and Other expenses on Tea Export	<b>1,96,012</b>	40,22,092
5. (i) The Company has obtained stay of Proceedings from the Honorable High Court Madras on 16 <sup>th</sup> March 2006 against a proposition notice from the Commercial Tax Department for levy of Sales Tax for Export Sales effected through Auction centres and the matter is pending. Legal counsel is of the view that the Company has a strong case and accordingly no provision is considered in the Accounts.		
(ii) The Central Sales Tax department is seeking to reopen a past completed assessment to levy differential Sales Tax amounting to Rs.9.67 lakhs which based on a clarification by the Department in 2008 is not payable. The Company is moving the High Court contesting the re-opening proceedings.		
6. The Company was permitted in an earlier year to retain excess holding of 336.67 acres of vacant land contiguous the planted area in the Tea garden; but due to the rocky terrain the land could not be cultivated as stipulated by Government and eviction proceeding relating to the aforesaid piece of land has been stayed by the Supreme Court of India.		
7. Disclosures required under Accounting Standard 15R notified in the Companies (Accounting Standards) Rules 2006, are given below:		
I. Defined Benefit Plan – Gratuity		
A. Change in Present value of the obligation during the year ended March 31, 2011		
1. Present value of the obligation as at April 1, 2010	<b>2,62,53,428</b>	2,26,91,002
2. Current service cost	<b>14,66,540</b>	10,71,804
3. Interest Cost	<b>18,51,716</b>	13,39,771
4. Benefits paid	<b>(33,65,801)</b>	(25,94,183)
5. Actuarial (Gain) / Loss on obligation	<b>30,11,592</b>	37,45,034
6. Present value of obligation as at March 31, 2011	<b>2,92,17,475</b>	2,62,53,428

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

<b>B. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)</b>	<b>Current year Rs.</b>	<b>Previous year Rs.</b>
<b>B. Change in Assets during the year ended March 31, 2011</b>		
1. Fair value of plan assets as at April 1, 2010	<b>2,36,14,533</b>	1,78,25,452
2. Expected return on plan assets	<b>22,37,455</b>	18,16,753
3. Contributions made	<b>68,44,989</b>	65,66,511
4. Benefits paid	<b>(33,65,801)</b>	(25,94,183)
5. Actuarial Gain / (Loss) on plan assets	—	—
6. Fair value of plan assets as at March 31, 2011	<b>2,93,31,176</b>	2,36,14,533
<b>C. Net Asset/(Liability) recognized in the Balance Sheet</b>		
1. Present value of the obligation as on 31.3.2011	<b>2,92,17,475</b>	2,62,53,428
2. Fair value of plan assets as on 31.3.2011	<b>2,93,31,176</b>	2,36,14,533
3. Funded status surplus / (deficit)	<b>1,13,701</b>	(26,38,895)
4. Unrecognised past service cost	—	—
5. Net Asset / (Liability) recognized in the Balance Sheet	<b>1,13,701</b>	(26,38,895)
<b>D. Expenses recognized during year ended 31.3.2011</b>		
1. Current Service cost	<b>14,66,540</b>	10,71,804
2. Interest Cost	<b>18,51,716</b>	13,39,771
3. Expected return on plan assets	<b>(22,37,455)</b>	(18,16,753)
4. Actuarial Loss / (Gain) during the year	<b>30,11,592</b>	37,45,034
5. Total Expense	<b>40,92,393</b>	43,39,856
<b>E. Major categories of plan assets as a percentage of Total plan</b>		
Government of India Bonds	<b>0.06%</b>	0.06%
Bank balances and Investments with Life Insurance Corporation of India	<b>99.94%</b>	99.94%
Total	<b>100.00%</b>	100.00%
<p>The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is actuarially determined upon which reliance is placed by the auditors. In the absence of readily available information about experience adjustment, the same are not furnished.</p>		
<b>F. Actuarial Assumptions</b>		
1. Discount rate	<b>8%</b>	8%
2. Salary escalation	<b>6%</b>	6%
3. Expected rate of return on plan assets	<b>9.25%</b>	9.25%
4. Attrition rate	<b>1% to 3%</b>	1% to 3%
<b>II. Long Term Benefit Plan – Compensated Absence</b>		
1. Discount rate	<b>8%</b>	8%
2. Salary escalation	<b>6%</b>	6%
3. Attrition rate	<b>1% to 3%</b>	1% to 3%

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

<b>B. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)</b>	<b>Current year Rs.</b>	<b>Previous year Rs.</b>
Provisions which are not contingent but provided based on estimation.		
Nature of expenses – Compensated Absence		
Probable outflow estimated within the year	—	—
Provisions outstanding at the beginning of the year	<b>7,50,000</b>	7,50,000
Provision made during the year	<b>1,57,000</b>	—
Provision utilized during the year	—	—
Provision reversed during the year	—	—
Provision at the end of the year	<b>9,07,000</b>	7,50,000
8. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as Micro, Small and Medium Enterprises and consequently the amount paid/payable to these parties has been considered as Nil.		
9. Earnings per share : For the purpose of computing the earnings per share, the net profit after tax has been used as the numerator and the weighted average numbers of shares outstanding has been considered, as the denominator.		
Net profit attributable to shareholders	Rs. <b>3,24,66,547</b>	4,74,60,722
Number of shares (Face value Rs.10)	<b>49,96,566</b>	49,96,566
Earnings per share (Basic and Diluted) :	Rs. <b>6.50</b>	9.50
10. Whole time Directors remuneration		
(a) Salary	<b>30,36,000</b>	26,16,000
(b) Contribution to Provident Fund,	<b>13,13,886</b>	10,38,732
Superannuation and Money Value of perquisites	<b>43,49,886</b>	36,54,732
11. Computation of Net Profit under Section 349 of the Companies Act, 1956 for the purpose of Commission to non-Whole Time Directors.		
Profit before tax as per Profit and Loss Account	<b>4,31,75,131</b>	6,09,16,572
Add: Directors' Remuneration	<b>43,49,886</b>	36,54,732
Directors' Sitting Fees	<b>2,22,500</b>	2,72,500
Commission to non-Whole Time Directors	<b>4,75,434</b>	6,91,516
Provision for Diminution in value of Investments	—	60,79,432
Loss on Assets Discarded	<b>4,69,555</b>	—
	<b>4,86,92,506</b>	7,16,14,752
Less: Profit on sale/conversion of investments	—	13,53,240
Profit on sale of Assets	<b>7,09,492</b>	6,70,295
Replanting Subsidy from Tea Board	<b>4,39,600</b>	4,39,600
Profit for the purpose of Commission	<b>4,75,43,414</b>	6,91,51,617
Commission at 1% of the Profit thereon	<b>4,75,434</b>	6,91,516



# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

<b>B. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)</b>	<b>Current year Kg.</b>	<b>Previous year Kg.</b>																				
<b>12. QUANTITATIVE PARTICULARS</b>																						
Stock of Tea																						
Licensed Capacity	<b>Not applicable</b>	Not applicable																				
Installed Capacity (On Single Shift)	<b>25,00,000</b>	25,00,000																				
Opening Stock	<b>2,27,268</b>	2,23,548																				
Production	<b>23,69,089</b>	25,20,912																				
Purchase of Tea	<b>1,53,953</b>	16,089																				
Sales	<b>25,39,830</b>	25,33,281																				
Closing Stock	<b>2,10,480</b>	2,27,268																				
The quantitative particulars of Carnation Flowers, Milk, Eucalyptus oil and Firewood being less than 10% of total value of turnover / consumption, have not been given in terms of exemptions granted by the Government of India notification dated 8 <sup>th</sup> February, 2011.																						
<b>13. CONSUMPTION OF RAW MATERIALS :-</b>	<b>Kg.</b>	<b>Kg.</b>																				
Green Leaf Harvested from Estates	<b>49,49,951</b>	50,77,572																				
Green Leaf Purchased	<b>46,09,706</b>	50,13,529																				
	<b>95,59,657</b>	<u>1,00,91,101</u>																				
<b>14. Value of Raw Materials, Stores and Spare Parts &amp; Components Consumed (excluding green leaf harvested) –</b>	<b>Rs.</b>	<b>Rs.</b>																				
	<b>6,55,01,884</b>	8,68,59,858																				
<table style="width: 100%; border: none;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">2010-2011</th> <th colspan="2" style="text-align: center;">2009-2010</th> </tr> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">Value</th> <th style="text-align: center;">%</th> <th style="text-align: center;">Value</th> </tr> </thead> <tbody> <tr> <td>Indigenous</td> <td style="text-align: center;">96.24</td> <td style="text-align: right;">6,30,39,802</td> <td style="text-align: center;">96.93</td> <td style="text-align: right;">8,41,95,659</td> </tr> <tr> <td>Imported</td> <td style="text-align: center;">3.76</td> <td style="text-align: right;">24,62,082</td> <td style="text-align: center;">3.07</td> <td style="text-align: right;">26,64,199</td> </tr> </tbody> </table>		2010-2011		2009-2010			%	Value	%	Value	Indigenous	96.24	6,30,39,802	96.93	8,41,95,659	Imported	3.76	24,62,082	3.07	26,64,199		
	2010-2011		2009-2010																			
	%	Value	%	Value																		
Indigenous	96.24	6,30,39,802	96.93	8,41,95,659																		
Imported	3.76	24,62,082	3.07	26,64,199																		
<b>15. Repairs to Buildings and Machinery include</b>																						
Salaries and Wages	<b>30,40,306</b>	35,80,221																				
Consumption of Stores	<b>35,52,625</b>	35,01,854																				
<b>16. Earnings in Foreign Currency</b>																						
F.O.B. Value of Tea Exports	<b>15,02,28,636</b>	15,79,32,356																				
<b>17. C.I.F. Value of Imports</b>																						
Packing Materials	<b>14,87,558</b>	9,33,627																				
<b>18. Expenditure in Foreign Currency</b>																						
(i) Travel	<b>10,59,100</b>	11,05,229																				
(ii) Commission	<b>9,49,647</b>	11,82,311																				
	<b>20,08,747</b>	<u>22,87,540</u>																				
<b>19. Research and Development expenses included under various heads of the Profit and Loss Account</b>	<b>4,86,762</b>	4,53,694																				
<b>20. Finance Leases relating to vehicles :</b>																						
(a) Reconciliation between total minimum lease payments and their present value :																						
Total minimum lease payments	<b>2,55,311</b>	13,36,097																				
Less: Future liability on interest account	<b>7,493</b>	59,565																				
Present value of minimum lease payments	<b>2,47,818</b>	12,76,532																				

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

<b>B. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)</b>	Current year Rs.		Previous year Rs.	
	Total Minimum Lease Payments	Present Value of Lease Payments	Total Minimum Lease Payments	Present Value of Lease Payments
(C) Year-wise future minimum lease rental payments on contracts entered :				
Not later than one year	2,29,188	2,23,668	10,80,786	10,45,972
Later than one year and not later than five years	26,123	24,150	2,55,311	2,30,560
Later than five years	—	—	—	—
21. Operating Leases (non-cancellable) availed for equipment lease :				
(i) Year-wise future minimum lease rental payments on contracts entered :				
Not later than one year	23,45,300		26,23,175	
Later than one year and not later than five years	16,41,659		39,86,961	
Later than five years	—		—	
(ii) The company has taken four vehicles costing in the aggregate Rs. 68,84,133 on "Equipment Leasing" arrangement with option to acquire them at pre-agreed price. The annual lease rentals are expensed in the Profit & Loss Account				
22. <b>Fixed Deposits from Public :</b>				
(i) Due for repayment within one year		3,33,000		4,70,000
(ii) Deposits held by Directors		9,00,000		17,85,000
23. The Company is engaged primarily in growing and manufacture of Tea. Accordingly there are no separate reportable Business segments as per Accounting Standard 17. However, geographical segments have been considered as secondary segment. Secondary Segment Information – By Geographical Segments				
(a) <b>Sales Revenue</b>				
India		11,08,93,603		12,12,85,004
Outside India		15,45,90,528		16,23,54,707
<b>Total</b>		<u>26,54,84,131</u>		<u>28,36,39,711</u>
(b) <b>Segment Assets</b>				
India		44,82,09,230		39,28,79,696
Outside India		2,06,97,357		1,66,87,883
<b>Total</b>		<u>46,89,06,587</u>		<u>40,95,67,579</u>
(c) <b>Capital Expenditure</b>		1,59,84,439		1,71,85,217
24. Previous year's figures are re-classified wherever necessary to conform to the current year's presentation.				

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

#### 25. Related Party Disclosures:

**(i) Names of related Parties and nature of related party relationship exists are as under:**

Name	Nature of Control
(a) Sri.A.Sivasailam	– Chairman upto 12.1.2011
(b) Ms. Mallika Srinivasan	– Chairman since 25.1.2011

**(ii) Associate Companies :**

Amalgamations Private Limited  
 Simpson & Company Limited  
 IP Rings Limited  
 Amco Batteries Limited  
 Amco Power Systems Limited  
 T.Stanes & Company Limited  
 Stanes Motor Parts Limited  
 Stanes Agencies Limited  
 Stanes Motors (South India) Limited  
 Stanes Amalgamated Estates Limited  
 Stanes MJF Teas Limited  
 Kuduma Fasteners Private Limited

**(iii) Particulars of transactions with related parties**

Description	Associates		Related party where control exists		Total	
	2010-2011 Rs.	2009-2010 Rs.	2010-2011 Rs.	2009-2010 Rs.	2010-2011 Rs.	2009-2010 Rs.
<b>Transactions during the year</b>						
<b>Purchase of goods</b>	<b>39,20,480</b>	<b>25,86,954</b>	–	–	<b>39,20,480</b>	<b>25,86,954</b>
T.Stanes & Company Limited	39,20,480	25,86,954	–	–	39,20,480	25,86,954
<b>Sale of goods</b>	<b>15,69,842</b>	<b>8,90,014</b>	–	–	<b>15,69,842</b>	<b>8,90,014</b>
T.Stanes & Company Limited	15,69,842	8,90,014	–	–	15,69,842	8,90,014
<b>Service Charges</b>	<b>1,77,720</b>	<b>3,36,547</b>	–	–	<b>1,77,720</b>	<b>3,36,547</b>
Amalgamations Private Limited	1,32,360	1,32,360	–	–	1,32,360	1,32,360
Stanes MJF Teas Limited	–	6,847	–	–	–	6,847
T.Stanes & Company Limited	45,360	1,97,340	–	–	45,360	1,97,340
<b>Reimbursement of Expenses</b>	<b>1,98,540</b>	<b>2,01,405</b>	–	–	<b>1,98,540</b>	<b>2,01,405</b>
Amalgamations Private Limited	1,98,540	2,01,405	–	–	1,98,540	2,01,405
<b>Dividend Received</b>	<b>6,46,344</b>	<b>4,28,896</b>	–	–	<b>6,46,344</b>	<b>4,28,896</b>
Stanes Amalgamated Estates Limited	2,45,349	1,63,566	–	–	2,45,349	1,63,566
IP Rings Limited	6,000	2,000	–	–	6,000	2,000
Simpson & Company Limited	3,94,995	2,63,330	–	–	3,94,995	2,63,330

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

Description	Associates		Related party where control exists		Total	
	2010-2011 Rs.	2009-2010 Rs.	2010-2011 Rs.	2009-2010 Rs.	2010-2011 Rs.	2009-2010 Rs.
<b>Payment to Related party where control exists</b>	–	–	<b>3,87,864</b>	<b>4,11,547</b>	<b>3,87,864</b>	<b>4,11,547</b>
Dividend paid	–	–	89,248	1,39,956	89,248	1,39,956
Interest on Fixed deposit	–	–	1,44,946	1,53,575	1,44,946	1,53,575
Non-wholetime Directors Commission	–	–	1,53,670	1,18,016	1,53,670	1,18,016
<b>Dividend paid</b>	<b>28,93,051</b>	<b>32,14,500</b>	–	–	<b>28,93,051</b>	<b>32,14,500</b>
Amalgamations Private Limited	6,76,080	7,51,200	–	–	6,76,080	7,51,200
Simpson & Company Limited	1,38,389	1,53,765	–	–	1,38,389	1,53,765
T.Stanes & Company Limited	18,81,693	20,90,770	–	–	18,81,693	20,90,770
Stanes Amalgamated Estates Limited	1,96,889	2,18,765	–	–	1,96,889	2,18,765
<b>Balance at the year end</b>						
<b>Investments</b>	<b>2,94,27,805</b>	<b>2,94,27,805</b>	–	–	<b>2,94,27,805</b>	<b>2,94,27,805</b>
Stanes MJF Teas Limited	75,00,000	75,00,000	–	–	75,00,000	75,00,000
Kuduma Fasteners Private Limited	2,08,88,500	2,08,88,500	–	–	2,08,88,500	2,08,88,500
Stanes Amalgamated Estates Limited	6,08,420	6,08,420	–	–	6,08,420	6,08,420
IP Rings Limited	3,24,330	3,24,330	–	–	3,24,330	3,24,330
Simpson & Company Limited	1,06,555	1,06,555	–	–	1,06,555	1,06,555
<b>Sundry Debtors</b>	<b>99,504</b>	<b>1,35,856</b>	–	–	<b>99,504</b>	<b>1,35,856</b>
T.Stanes & Company Limited	99,504	1,35,856	–	–	99,504	1,35,856
<b>Sundry Creditors</b>	<b>46,463</b>	<b>1,29,378</b>	–	–	<b>46,463</b>	<b>1,29,378</b>
T.Stanes & Company Limited	46,463	1,29,378	–	–	46,463	1,29,378

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## SCHEDULE 19

### NOTES ON ACCOUNTS – (Contd.)

#### 26. BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

<b>I.</b>	<b>REGISTRATION DETAILS</b> Registration No : 181 – 000234 Balance Sheet as at 31 - 03 – 2011	State Code : 18
<b>II.</b>	<b>Capital raised during the Year( Amount in ‘ 000 )</b> Public Issue Nil Bonus Issue Nil	Rights Issue Nil Private Placement Nil
<b>III.</b>	<b>Position of Mobilisation and Deployment of Funds (Amount in Rs.’ 000)</b> <b>Total Liabilities</b> 4,68,907 <b>Source of Funds</b> Paid Up Capital 49,966 Secured Loans 37,811 Deferred Tax Liability 4,182 <b>Application of Funds</b> Net Fixed Assets 2,17,822 Net Current Assets 1,81,892 Accumulated losses Nil	<b>Total Assets</b> 4,68,907  Reserves & Surplus 3,37,961 Unsecured Loans 4,638  Investments 34,844 Mis. Expenditure Nil
<b>IV.</b>	<b>Performance of Company (Amount in ‘ 000)</b> Turnover including other income 2,88,279 Profit before tax 43,175 Earnings per Share Rs. 6.50	Total Expenditure 2,45,104 Profit after tax 32,466 Dividend Rate 22.50%
<b>V.</b>	<b>Generic Name of Principal Product of the Company (as per monetary term)</b> Item Code No : (ITC CODE) Product Description	09.0230 Tea

Signature to Schedules 1 to 19

S.RAGHURAMAN  
*Finance Manager &  
Company Secretary*

MALLIKA SRINIVASAN  
N. SRINIVASAN  
D.HEGDE  
*Directors*

Chennai  
11th May, 2011

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

	Current Year 2010 – 2011 Rs.	Previous Year 2009 – 2010 Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:-</b>		
Profit before tax before extraordinary items	4,31,75,132	6,09,16,572
<b>Adjustments for:</b>		
Depreciation	86,55,372	85,06,282
Profit/Loss on Assets sold	(7,09,492)	(6,70,295)
Profit on sale/conversion of investments	—	(13,53,240)
Loss on assets discarded	4,69,555	—
Provision for diminution in value of Investments	—	60,79,432
Provision for Leave Encashment	1,57,000	
Investments Income (Dividend)	(10,21,077)	(36,17,425)
Interest Income	(97,75,027)	(1,32,11,536)
Interest Expense	4,12,992	4,75,979
	4,13,64,455	5,71,25,769
<b>Adjustments for changes in working capital</b>		
Trade Payable	(1,46,037)	19,39,780
Inventories	(11,43,572)	28,69,806
Trade and other Receivables	(31,68,781)	(2,87,95,204)
<b>Cash generated from operations before Extraordinary items</b>	3,69,06,065	3,31,40,151
Direct taxes-Payment and TDS	(1,09,08,925)	(1,19,08,690)
Net Cash generated from operations	2,59,97,140	2,12,31,461
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9,78,54,339)	(1,99,64,044)
Sale of Fixed Assets	7,85,325	15,41,877
Sale/Redemption of Investments	—	2,88,19,067
Deposits	1,59,52,776	1,80,19,340
Interest Received	1,22,81,753	1,15,86,823
Dividend received	10,21,077	36,17,425
Net cash used in Investing activities	(6,78,13,408)	4,36,20,488
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings raised	3,98,20,753	—
Repayment of borrowings	(10,80,786)	(1,17,975)
Dividends paid ( inclusive of dividend tax)	(1,31,09,475)	(1,46,14,331)
Unclaimed Dividend	6,24,466	(2,48,984)
Interest paid	(4,12,992)	(4,75,979)
Net cash used in financing activities	2,58,41,966	(1,54,57,269)
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)	(1,59,74,302)	4,93,94,680
Cash and cash equivalents as on 01.04.2010	5,43,09,845	49,15,165
Cash and cash equivalents as on 31.03.2011*	3,83,35,543	5,43,09,845
	(1,59,74,302)	4,93,94,680
Cash and Cash equivalents as on 31.03.2011 include the following :		
Cash on hand	44,948	40,512
Balance at Bank in Current Account	1,65,59,582	91,44,840
Short term deposits maturing within 90 days	2,17,31,013	4,51,24,493
(Classified as Cash equivalent as per Accounting Standard 3)	3,83,35,543	5,43,09,845

S.RAGHURAMAN  
Finance Manager &  
Company Secretary

MALLIKA SRINIVASAN  
N. SRINIVASAN  
D.HEGDE  
Directors

In terms of our Report  
For FRASER & ROSS  
Chartered Accountants  
(Registration No.000829S)

M. RAMACHANDRAN  
Partner

Chennai  
11th May, 2011

Membership No. 16399