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

## **DIRECTORS**

Ms. MALLIKA SRINIVASAN – Chairman

Mr. N. SRINIVASAN

Mr. SANKAR DATTA

Mr. R. SUBRAMANIYAN

Mr. D. HEGDE, Whole-time Director

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

Mr. T. K. RAMASUBRAMANYAN

(Demised on 6<sup>th</sup> December 2011)

## **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

HDFC BANK 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 Ninetieth Annual General Meeting of the Company will be held at 'SAE GARDENS", 3 A&B, Kamaraj Road, Coimbatore – 641 018 on Friday, the 3<sup>rd</sup> August, 2012 at 2.45 PM to transact the following business :-

**ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Report, Statement of Profit and Loss for the year ended 31st March 2012 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a final Dividend.
3. To appoint a Director in place of Mr. Sankar Datta, Director who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R. Subramaniyan, Director who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their Remuneration.

(By order of the Board)

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

S. RAGHURAMAN

Finance Manager & Company Secretary

Chennai  
4th May, 2012

**NOTES:**

The Members Register and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> July 2012 to 3<sup>rd</sup> August 2012 (both days inclusive).

The Dividend, when declared will be paid on or after 3<sup>rd</sup> August 2012 in respect of shares held in Physical form to those members whose names appear in the Register of Members as on 3<sup>rd</sup> August 2012 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 19<sup>th</sup> July 2012 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 en-cash the Dividend warrants immediately.

The Company had transferred Unclaimed Dividend in respect of Final Dividend 2004 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,  
4th May 2012

**Brief Particulars of Directors seeking re-appointment**

NAME	Mr. SANKAR DATTA	Mr. R. SUBRAMANIYAN
Date of Appointment	28 <sup>th</sup> December 2005	27 <sup>th</sup> August 2008
Qualification	B.Com., FCA.	B.Com ACA., ACS.
Expertise in special function	Corporate Finance and Audit	Corporate Accounts
Directorship in other Companies	Nil	Nil
Management Committee Member	Nil	Nil

None of the above Directors is related to any other Director / promoters.

(By order of the Board)  
For **The United Nilgiri Tea Estates Company Limited**

Chennai,  
4th May 2012

S.RAGHURAMAN  
Finance Manager & Company Secretary

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 90<sup>th</sup> Annual Report on the performance of the Company together with the Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2012 and the Balance Sheet as at that date together with the Auditors' Report thereon.

### FINANCIAL RESULTS :

	Rs. in lakhs	
	2011-2012	2010-2011
Profit before Interest, Depreciation and Tax	624.02	522.43
Financial cost	5.80	4.13
Depreciation and amortization	97.45	86.55
Profit Before Tax	<b>520.77</b>	<b>431.75</b>
Provision for Taxation (net of adjustment of earlier year and Defferred tax)	98.43	107.08
Profit for the year	<b>422.34</b>	<b>324.67</b>
Add: Balance brought forward from previous year	179.61	186.03
<b>Profit available for appropriation</b>	<b>601.95</b>	<b>510.70</b>

### Appropriations:

Interim Dividend	49.96	49.96
Proposed Final Dividend	64.96	62.46
Tax on distribution of Dividend	18.65	18.67
Transfer to General Reserve	42.25	200.00
Balance carried forward	426.13	179.61
	<b>601.95</b>	<b>510.70</b>

### DIVIDEND :

Your Directors have recommended a Final Dividend of Rs.1.30 per Share (13%) which together with an Interim Dividend of Rs.1.00 per Share (10%) already paid, aggregate to Rs.2.30 per share (23%) for the year ended 31<sup>st</sup> March 2012 [Previous year Rs.2.25 per Share (22.50 %)].

### OPERATIONS:

The total quantity of Tea manufactured during the year was 24,82,230 Kg. as against 23,68,975 Kg. during the previous year.

The overall average price realization was higher than the previous financial year.

Total export of Tea was higher than last year and stood at 12,85,039 Kgs compared to 12,60,680 Kgs during last year. There was good demand for organic tea from overseas customers which enabled your Company to export 3,31,189 Kgs. of organic tea during the year as against 2,14,659 kgs last year. The average realization was also higher than previous year.

## **DIRECTORS' REPORT – (Contd.)**

With a view to improving performance, your Company has focused more on manufacturing Organic Tea including Green Tea and Value added teas. With the expected normal monsoon this year, crop during the year is expected to be better than last year. With growing demand from overseas customers for Organic Tea, Value added teas and continued cost control measures, the performance of your Company for the current financial year would appear favourable.

### **AWARDS AND DISTINCTIONS :**

Your Directors are happy to inform you that Korakundah and Chamraj Estate have won four awards at The Golden Leaf India Awards – Southern Tea Competition 2012 held at Dubai.

### **PROPERTY DEVELOPMENT :**

Your Directors are pleased to report that the construction of commercial building at Coimbatore has since been completed and would be occupied by a leading retail group.

### **DIRECTORS :**

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

The Directors record with regret the sudden demise of Mr .T.K. Ramasubramaniyan on 6<sup>th</sup> December 2011 and place on record his valuable contribution during his tenure as a Director of the Company.

### **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 2012, 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:**

The Chamraj Sivasailam Garden Hospital has treated more than 11,000 outside patients besides own estate staff and workers. The service rendered by the hospital is well appreciated by the community.

Five Primary Schools and a Higher Secondary School run by the estate offer both English and Tamil medium of education. Of the total of over 1500 students, 65% are from the local community. The results in the public examinations are quite impressive. Increasing number of students are pursuing higher / vocational education.

Two orphanages run by the Company continue to render useful service to the needy children.

The Company's Labour and welfare practices are for more than the statutory requirements which are well recognized by prestigious plantation labour welfare international organization viz. Fair Trade Labelling Organisation.

**ENVIRONMENTAL PROTECTION :**

The Company has been certified by Rain Forest Alliance and UTZ in recognition of environmental protection.

**INDUSTRIAL RELATIONS :**

The labour relations were cordial during the year.

**FIXED DEPOSITS :**

The aggregate Deposits from public as on 31<sup>st</sup> March 2012 was Rs.43,88,000/-. There is no unclaimed / overdue deposit.

**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  
4th May, 2012

**MALLIKA SRINIVASAN**  
CHAIRMAN

**Annexure to the Directors' Report for the year 2011-2012**  
**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> | } | Efforts are taken to conserve energy to the best possible extent. |
|--|---|---|

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

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

	2011 – 2012	2010 – 2011
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
<b>(a) Purchased</b>		
Units	14,20,714	13,98,089
Total Amount	Rs. 78,55,788	Rs. 74,76,137
Rate/Unit	Rs. 5.53	Rs. 5.35
<b>(b) Own Generation</b>		
Through Diesel Generators :		
Units	35,062	23,905
Units/Ltr. of Diesel Oil	1.78	2.32
Cost/Unit	Rs. 24.15	Rs. 16.60
<b>B. Consumption of Electricity per unit of Production</b>	0.58	0.60

## 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 will 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. 12,07,066/-  |
| (c) Total   | Rs. 12,07,066/-  |
| (d) Total R & D expenditure as percentage of total turnover | 0.39%  |

##### 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 including Value added Teas. |
| 3. Total Foreign Exchange  |   |
| (a) Spent  | Rs. 1,17,62,725/-   |
| (b) Earned (FOB value Rs. 16,58,60,603/-)  | Rs.17,10,51,922/-   |

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(For and on behalf of the Board)

Chennai  
4th May 2012

**MALLIKA SRINIVASAN**  
CHAIRMAN

### PROGRESS REPORT AND CROP HARVESTED

Year	Profit Rs.	Taxation Rs.	Net Profit after Taxation Rs.	Tea Crop (Made Tea) Kg.	Dividend %
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	17.50
2008 – 2009	4,42,69,652	1,30,41,566	3,12,28,086	23,66,400	22.50
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	23,68,975	22.50
2011 – 2012	5,20,76,854	98,43,233	4,22,33,621	24,82,230	(10% Interim Dividend paid and 13% proposed)

### AREA OF THE ESTATES ARE APPROXIMATELY AS FOLLOWS (in Hectares)

Division	Mature Tea	Replanting/ Rejunevetic 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>

**REPORT ON CORPORATE GOVERNANCE  
COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Board of Directors and the Management of Company 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 and value added 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, in addition, follows Fair-trade practices as recommended by Fair Trade Labelling Organization International.

**1. BOARD OF DIRECTORS :**

The Board comprises of Two Whole-time Directors and four Non- Whole-time Directors.

The Board of Directors of the Company are :

Ms. Mallika Srinivasan	Chairman (Non Executive)
Mr. N. Srinivasan	Director (Non Executive – Independent)
Mr. Sankar Datta	Director (Non Executive – Independent)
Mr. R. Subramaniyan	Director (Non Executive – Independent)
Mr. D. Hegde	Director (Executive)
Mr. T.G.B. Pinto	Director (Executive)
Mr. T. K. Ramasubramanyan; Director (Non Executive – Independent) demised on 6th December 2011	

**2. ATTENDANCE :**

Attendance of each Director at the Board Meetings during the Financial Year 2011 – 12 and at the last Annual General Meeting and details of other Directorships are given below -:

Six Board Meetings were held during the year 2011-2012. The dates on which the Meetings were held are : 11.05.2011, 27.06.2011, 03.08.2011, 05.11.2011, 25.01.2012 and 28.03.2012

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 required 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
Ms. Mallika Srinivasan	6	Yes	5	2
Mr. N. Srinivasan	6	Yes	13	4
Mr. Sankar Datta	5	Yes	Nil	Nil
Mr. R. Subramaniyan	6	Yes	Nil	Nil
Mr. D.Hegde	5	Yes	Nil	1
Mr. T.G.B. Pinto	5	Yes	Nil	Nil
Mr. T. K. Ramasubramanyan	1	No	1	Nil

### 3. REMUNERATION TO DIRECTORS :

#### (a) Whole-time Directors' Remuneration for the year 2011 - 12

No.	Description	Mr. D. Hegde (Rs.)	Mr. T.G.B. Pinto (Rs.)	Total (Rs.)
1.	Salary	16,08,000	15,48,000	31,56,000
2.	Contribution to Provident Fund, Superannuation Fund and Mediclaim	4,35,945	4,20,269	8,56,214
3.	Holiday Allowance	1,31,500	1,26,500	2,58,000
4.	Incentive	1,42,619	1,42,619	2,85,238
	<b>TOTAL</b>	<b>23,18,064</b>	<b>22,37,388</b>	<b>45,55,452</b>

#### (b) 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 are furnished below :

Directors	Sitting Fees (Rs.)	Commission * (Rs.)	Total (Rs.)
Mr. A. Sivasailam (proportionate)	–	79,238	79,238
Ms. Mallika Srinivasan	32,500	15,848	48,348
Mr. N. Srinivasan	52,500	95,087	1,47,587
Mr. R. Subramaniyan	50,000	95,087	1,45,087
Mr. Sankar Datta	47,500	95,087	1,42,587
Mr.T. K. Ramasubramanyan	5,000	95,087	1,00,087
<b>TOTAL</b>	<b>1,87,500</b>	<b>4,75,434</b>	<b>6,62,934</b>

\*Pertaining to 2010 – 2011 accounts paid during the year. Provision for Commission to Non-Whole-time Directors of Rs.6,08,354/- for the year ended 31<sup>st</sup> March 2012 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	44,088	93,388
Mr. N. Srinivasan	2,002	4,505
Mr. R. Subramaniyan	18	41

#### 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 four times during the year on 11.05.2011, 03.08.2011, 05.11.2011, and 24.01.2012

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	4
Mr. N.Srinivasan	4
Mr. R.Subramaniyan	4

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 2012. 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

Mr. N. Srinivasan – Member

Mr. Sankar Datta – Member

The Committee met only once during the year on 27.06.2011.

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. 50 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.

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 thereof.

## 8. STOCK OPTION

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

## 9. ANNUAL GENERAL MEETING :

Location and time of last 3 Annual General Meetings were :

Year	Location	Date	Time	No. of Special Resolution Passed
2010 – 11	“SAE Gardens” 3 A & B, Kamaraj Road, Race Course, Coimbatore – 18	03.08.2011	10.30 AM	Nil
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

## 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 Company’s financial results are posted on the Company’s Website ([www.chamrajtea.in](http://www.chamrajtea.in)).

The Quarterly Results are published in “The Business Line” ( State Edition ), and Dinamani ( Coimbatore Edition). Management Discussion and Analysis Report has been included in the Directors’ Report.

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	:	3rd August, 2012, 2.45 p.m.
Venue	:	‘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	:	20.07.2012 to 03.08.2012 (Both the days inclusive)
Dividend Payment Date	:	03.08.2012
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 (face value of Rs. 10/-) are given below from April 2011 to March 2012 :-

MONTH	NATIONAL STOCK EXCHANGE	
	HIGH (Rs.)	LOW (Rs.)
April 2011	167.00	140.00
May 2011	150.00	132.00
June 2011	152.00	114.00
July 2011	147.00	119.15
August 2011	147.00	112.00
September 2011	146.50	127.10
October 2011	150.00	133.00
November 2011	150.00	128.00
December 2011	156.00	135.15
January 2012	153.00	136.00
February 2012	156.00	141.00
March 2012	154.90	140.15

#### Shareholding Pattern as on 31st March 2012.

Category	No. of Shares held	% to Capital
1. Promoters	23,77,392	47.58
2. Banks, FI, Insurance Cos	8,51,994	17.05
3. Private Bodies Corporate	18,244	0.36
4. Indian Public	14,06,335	28.15
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 2012.

Shareholding Range	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
Upto 5000	1,824	95.25	8,30,505	16.62
5001 – 10000	59	3.08	4,24,156	8.49
10001 – 20000	18	0.94	2,64,552	5.29
20001 – 30000	2	0.10	46,599	0.93
30001 – 40000	2	0.10	68,712	1.38
40001 – 50000	1	0.05	43,690	0.87
50001 & above	9	0.48	33,18,352	66.42
<b>TOTAL</b>	<b>1,915</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** 79.38% of the Paid Up Share Capital of the Company has been dematerialized as on 31st March 2012.

**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, 2012, 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)

Chennai  
4th May, 2012

S. Ganesh  
Partner  
Membership No. 204108

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

The Global warming has severe impact on the weather pattern drastically and consequently it results in drought. The productivity of the tea industry is based on monsoon and is an uncontrollable factor. Your Company at the moment is facing drought and the situation will improve once the monsoon picks up.

As there is good demand for orthodox tea in the export market, the Government of India has extended the subsidy on production of orthodox tea to the 12th plan period which will help the tea industry to increase the production of orthodox tea.

### **Opportunities and Threats:**

Consistent quality and continuous interaction with the customers enabled your Company to maintain the export volume of over 1.2 million kgs during the year. Increase in cost and shortfall in production on account of drought are the major threats for the growth of the Company in the short run.

### **Outlook:**

The selling price in the domestic market is on the increasing trend which is due to the shortfall in the production but this may not last long. Construction of your company's commercial building at Coimbatore has been completed and the revenue is expected to accrue from second half of the current financial year which will improve the profitability.

### **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. With the Statutory Auditors operating at the apex level, in the opinion of the Board of Directors, these systems are 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, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012;
    - (b) in the case of the Statement of Profit and Loss, 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, 2012 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, 2012 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)

**S. GANESH**  
Partner  
(Membership No. : 204108)

Chennai  
4th May, 2012

# 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, 2012 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 31<sup>st</sup> March, 2012 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)

**S. GANESH**  
*Partner*  
(Membership No. : 204108)

Chennai  
4th May, 2012

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2012

Particulars	Note No.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
<b>Equity and Liabilities</b>			
<b><u>Shareholders' Funds</u></b>			
Share Capital	3	4,99,65,660	4,99,65,660
Reserve and Surplus	4	36,68,37,930	33,79,60,716
<b>Sub-Total</b>		<b>41,68,03,590</b>	<b>38,79,26,376</b>
<b><u>Non-Current Liabilities</u></b>			
Long-term borrowings	5	43,38,000	4,18,86,876
Deffered Tax Liability	28	38,16,860	41,81,949
Other Long term Liabilites	6	64,50,000	-
Long term provisions	7	9,07,000	9,07,000
<b>Sub-Total</b>		<b>1,55,11,860</b>	<b>4,69,75,825</b>
<b><u>Current Liabilities</u></b>			
Short -term borrowings	8	2,67,42,054	-
Trade Payable	9	1,98,99,516	1,51,47,880
Other Current Liabilites	10	1,29,58,850	85,83,985
Short -term provisions	11	1,34,66,847	1,03,73,572
<b>Sub-Total</b>		<b>7,30,67,267</b>	<b>3,41,05,437</b>
<b>Total</b>		<b>50,53,82,717</b>	<b>46,90,07,638</b>
<b>Assets</b>			
<b><u>Non-current Assets</u></b>			
Fixed assets			
Tangible assets	12	12,46,62,863	11,82,25,831
Intangible assets		-	14,408
Capital work-in-progress		18,53,56,308	9,95,81,974
		31,00,19,171	21,78,22,213
Non- Current Investments	13	3,08,65,844	3,48,43,596
Long -term Loans and Advances	14	82,64,794	1,34,45,160
<b>Sub-Total</b>		<b>34,91,49,809</b>	<b>26,61,10,969</b>
<b><u>Current Assets</u></b>			
Inventories	15	2,20,22,208	2,31,88,834
Trade receivables	16	2,86,96,500	2,81,08,528
Cash and Bank balances	17	8,84,28,483	13,39,98,333
Short-term loans and advances	18	48,85,521	38,56,327
Other current assets	19	1,22,00,196	1,37,44,647
<b>Sub-Total</b>		<b>15,62,32,908</b>	<b>20,28,96,669</b>
<b>Total</b>		<b>50,53,82,717</b>	<b>46,90,07,638</b>
Accompanying notes form part of the financial statements			

In terms of our Report

S.RAGHURAMAN  
Finance Manager &  
Company Secretary

MALLIKA SRINIVASAN  
N. SRINIVASAN  
D. HEGDE  
Directors

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

Chennai  
4th May, 2012

S. GANESH  
Partner

Membership No. 204108



**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	Note No.	For the year ended 31.03.2012 Rs.	For the year ended 31.03.2011 Rs.
<b><u>Revenue:</u></b>			
Revenue from operations (gross)	20	32,04,57,151	27,74,86,592
Less: Excise Duty		11,50,169	7,12,876
Revenue from operations (net)		<u>31,93,06,982</u>	<u>27,67,73,716</u>
Other Income	21	1,19,02,301	1,15,25,956
<b>Total Revenue</b>		<u>33,12,09,283</u>	<u>28,82,99,672</u>
<b><u>Expenses:</u></b>			
(a) Greenleaf purchases		4,91,29,237	5,08,25,848
(b) Tea purchases		1,58,57,359	1,02,21,624
(c) Changes in value of stock of Tea	22	36,57,090	7,14,853
(d) Employee benefit expenses	23	8,18,74,668	7,49,40,337
(e) Finance Cost	24	5,80,366	4,12,992
(f) Depreciation and amortisation	25	97,44,607	86,55,372
(g) Other Expenses	26	11,82,89,102	9,93,53,515
<b>Total Expenses</b>		<u>27,91,32,429</u>	<u>24,51,24,541</u>
<b>Profit before Tax</b>		<b>5,20,76,854</b>	<b>4,31,75,131</b>
Tax Expense			
Current Tax		(1,11,50,000)	(1,07,00,000)
Earlier years provision no longer required		9,41,678	-
Deferred Tax		3,65,089	(8,585)
<b>Profit for the year</b>		<u><b>4,22,33,621</b></u>	<u><b>3,24,66,546</b></u>
Earnings per share (Basic & Diluted)[Face value of Rs 10 each]		8.45	6.50
Accompanying notes form part of the financial statements			

In terms of our Report

S.RAGHURAMAN  
*Finance Manager &  
Company Secretary*

MALLIKA SRINIVASAN  
N. SRINIVASAN  
D. HEGDE  
*Directors*

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

Chennai  
4th May, 2012

S. GANESH  
*Partner*  
Membership No. 204108

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	For the year ended 31.03.2012 Rs.	For the year ended 31.03.2011 Rs.
<b>Cash flow from operating activities</b>		
Profit before tax	5,20,76,854	4,31,75,131
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization	97,44,607	86,55,372
Diminution in value of investments	40,00,000	
Loss/(profit) on sale of fixed assets	(43,249)	(7,09,492)
Loss on asset discarded	-	4,69,555
Provision for Leave Encashment	-	1,57,000
Interest expense	5,80,366	4,12,992
Interest Income	(70,39,959)	(97,75,027)
Dividend Income	(10,26,468)	(10,21,077)
	5,82,92,151	4,13,64,454
<b>Operating profit before working capital changes</b>		
<b>Movements in working capital:</b>		
Increase/(decrease) in trade payables	38,80,356	(1,46,037)
Increase/(decrease) in other current liabilities	(3,75,510)	-
Increase/(decrease) in other long-term liabilities	64,50,000	-
Decrease/(increase) in trade receivables	(5,87,972)	(57,71,045)
Decrease/(increase) in inventories	11,66,626	(11,43,572)
Decrease/(increase) in long-term loans and advances	51,80,366	(3,14,087)
Decrease/(increase) in short-term loans and advances	(10,29,194)	-
Decrease/(increase) in other current assets	16,96,924	29,16,351
Cash generated from/(used in) operations	7,46,73,747	3,69,06,064
Direct taxes paid ( net of refunds)	(73,81,278)	(1,09,08,924)
<b>Net cash flow/(used in) operating activities</b>	<b>6,72,92,469</b>	<b>2,59,97,140</b>
<b>Cash flows from investing activities :</b>		
Purchase of fixed assets, including intangible assets, CWIP and Capital Advances	(10,13,76,463)	(9,78,54,339)
Proceeds from sale of fixed assets	3,49,427	7,85,325
Purchase of non-current investments	(22,248)	-
Deposits	2,13,64,254	(9,56,62,790)
Withdrawal of Deposit with NABARD	-	40,80,000
Interest received	68,87,486	1,22,81,753
Dividend received	10,26,468	10,21,077
<b>Net cash flow from/(used in) in financing activities</b>	<b>(7,17,71,076)</b>	<b>(17,53,48,974)</b>
<b>Cash flows from financing activities :</b>		
Proceeds from long-terms borrowings	53,63,000	3,98,20,753
Repayment from long-term borrowings	(4,29,11,876)	(10,80,787)
Proceeds from short-term borrowings	2,67,42,054	-
Interest paid	(5,80,366)	(4,12,992)
Dividends paid on equity shares	(1,12,42,274)	(1,12,42,274)
Tax on equity dividend paid	(18,47,902)	(18,67,201)
Unclaimed dividend	47,50,375	6,24,466
<b>Net cash flow from/(used in) in financing activities</b>	<b>(1,97,26,989)</b>	<b>2,58,41,965</b>

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012 – (Contd.)**

	<b>For the year ended 31.03.2012 Rs.</b>	<b>For the year ended 31.03.2011 Rs.</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	(2,42,05,596)	(12,35,09,869)
Cash and cash equivalents as on 01.04.2011	3,83,35,543	16,18,45,411
Cash and cash equivalents as on 31.03.2012	1,41,29,947	3,83,35,543
	(2,42,05,596)	(12,35,09,868)
<b><u>Components of cash and cash equivalents :</u></b>		
Cash on hand	8,992	44,948
Bank Balances		
In Current Accounts	69,88,397	1,41,77,399
In Deposit Accounts	-	2,17,31,013
In Unpaid Dividend Accounts	71,32,558	23,82,183
Total cash and cash equivalents (note 17)	1,41,29,947	3,83,35,543
Accompanying notes form part of the financial statements		

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  
4th May, 2012

S. GANESH  
*Partner*  
Membership No. 204108

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

### 1. Corporate Information

The United Nilgiri Tea Estates Company Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, its shares are listed on Madras Stock Exchange Ltd. in India. The company is engaged in manufacturing of Tea. The company caters to both domestic and international markets.

### 2. Significant Accounting Policies

#### 2.1 Basis of accounting and preparation of financial statements

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. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and reported income and expenditure during the year. The management believes that the estimates used in the preparations of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

#### 2.3 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.

#### 2.4 Cash flow statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3-Cash Flow Statement.

#### 2.5 Revenue recognition

Revenue from sale of tea at auction is recognized on receipt of sale notes from the brokers. Exports and Private tea sales are recognized when the property in goods are transferred. Export benefits are accounted for based on eligibility and when there is no uncertainty in receiving the same.

#### 2.6 Borrowing costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of the cost of assets upto the date such assets are ready for their intended use. Other borrowing costs are recognized as expense in the period in which they are incurred.

#### 2.7 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 is 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) Capital work-in-progress includes projects under which assets are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

### **2.8 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 Statement of Profit and Loss.

### **2.9 Subsidies**

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

### **2.10 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.

### **2.11 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 Statement of Profit and Loss 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.

### **2.12 Leases**

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**

**2.13 Income Taxes**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

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/reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**2.14 Impairment**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**2.15 Research and Development**

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

**2.16 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.

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

3. SHARE CAPITAL	As at 31st March 2012		As at 31st March 2011	
	Number of Shares	Rs.	Number of Shares	Rs.
<b>Authorised</b> 50,00,000 (31st March 2011 : 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 fully paid -up</b> 49,96,566 (31st March 2011 : 49,96,566) equity shares of Rs.10/- each		<u>4,99,65,660</u>		<u>4,99,65,660</u>
		<b><u>4,99,65,660</u></b>		<b><u>4,99,65,660</u></b>
<b>(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year</b>				
<b>Equity Shares</b>				
At the beginning of the year	49,96,566	4,99,65,660	49,96,566	4,99,65,660
Changes during the year	—	—	—	—
Outstanding at the end of the year	<u>49,96,566</u>	<u>4,99,65,660</u>	<u>49,96,566</u>	<u>4,99,65,660</u>
<b>(b) Term/rights attached to equity shares:</b>				
Each shareholder is entitled to dividend when declared ; Other rights are governed by the Articles of Association of the Company and the Companies Act,1956.				
<b>(c) Details of shares held by each shareholder holding more than 5% shares:</b>	Nos	%	Nos	%
Tractors and Farm Equipment Ltd	8,53,031	17.07	8,53,031	17.07
T Stanes & Co Ltd.	8,36,308	16.74	8,36,308	16.74
Life Insurance Corporation of India	7,71,496	15.44	7,71,496	15.44
Amalgamations Private Limited	3,05,540	6.12	3,05,540	6.12
Trustees, T Stanes & Co. Ltd. Staff Pension Fund	2,64,816	5.30	2,64,816	5.30
<b>(d) Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.</b>				
24,98,283 equity shares of Rs. 10 each were allotted on 15th September 2007 as fully paid bonus shares.				

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
<b>4. Reserves and Surplus</b>		
<b>General Reserve</b>		
Opening Balance	32,00,00,000	30,00,00,000
Add : Transferred from balance in Statement of Profit and Loss	42,25,000	2,00,00,000
Closing Balance	<u>32,42,25,000</u>	<u>32,00,00,000</u>
<b>Surplus (i.e. balance) in Statement of Profit and Loss</b>		
Opening Balance	1,79,60,716	1,86,03,645
Add : Profit for the year	4,22,33,621	3,24,66,546
Less: Interim Dividend	49,96,566	49,96,566
Tax on Interim Dividend	8,10,568	8,29,867
Proposed Final Dividend	64,95,536	62,45,708
Tax on Proposed Dividend	10,53,737	10,37,334
Transfer to General Reserve	42,25,000	2,00,00,000
Closing Balance	<u>4,26,12,930</u>	<u>1,79,60,716</u>
<b>Total</b>	<b><u>36,68,37,930</u></b>	<b><u>33,79,60,716</u></b>
<b>5. Long-Term borrowings</b>		
Term Loan (Secured) (refer note (i) below)		
From Bank	–	3,78,10,753
Deposits (unsecured) (refer note (ii) below)	43,38,000	40,50,000
Finance lease obligation	–	26,123
<b>Total</b>	<b><u>43,38,000</u></b>	<b><u>4,18,86,876</u></b>
Notes :		
(i) Term Loan from Bank was secured by equitable mortgage over Company's property situated at Coimbatore. The entire loan amount was repaid during the year.		
(ii) Maturity period of deposits is three years carrying interest @ 10% per annum		
<b>6. Other long -term liabilities</b>		
Rent Deposit	<u>64,50,000</u>	–
<b>7. Long Term Provisions</b>		
Compensated absence	<u>9,07,000</u>	<u>9,07,000</u>



**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
<b>8. Short-term borrowings (Unsecured)</b> (refer note below)		
From Banks		
– Overdraft	17,42,054	–
– Packing Credit	2,50,00,000	–
	<u>2,67,42,054</u>	<u>–</u>
Note		
(i) Overdraft is repayable on demand carrying interest @ 1% above deposit rate		
(ii) Tenor of Packing credit 180 days carrying interest @ 1.4425% per annum.		
(iii) The Company has not defaulted in repayment of loans and interest		
<b>9. Trade Payables</b>	<u>1,98,99,516</u>	<u>1,51,47,880</u>
<b>10. Other Current Liabilities</b>		
Current maturity of finance lease obligation	26,123	2,29,188
Statutory dues	20,10,124	56,37,438
Unclaimed Interest	2,176	2,176
Unclaimed Dividend	21,35,992	23,82,183
Interim Dividend payable	49,96,566	–
Due to gratuity trust	37,37,869	–
Current maturity of deposits	50,000	3,33,000
<b>Total</b>	<u>1,29,58,850</u>	<u>85,83,985</u>
<b>11. Short term Provisions</b>		
Provision for Income Tax (Net of Advance Tax and TDS Rs.3,49,22,426/-) (Previous year Rs.3,87,46,570)	59,17,574	30,90,530
Proposed Final Dividend	64,95,536	62,45,708
Tax on Proposed Dividend	10,53,737	10,37,334
<b>Total</b>	<u>1,34,66,847</u>	<u>1,03,73,572</u>

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**

**NOTE :12  
FIXED ASSETS**

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance on April 1st, 2011	Additions	Deletions	Balance on March 31, 2012	Upto March 31, 2011	For the year	On deletions	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>TANGIBLE ASSETS:</b>										
Freehold Land and Development	2,06,19,415	35,65,085	-	2,41,84,500	-	-	-	-	2,41,84,500	2,06,19,415
Buildings	6,22,45,312	2,97,612	47,23,270	5,78,19,654	2,19,67,010	19,05,624	17,04,571	2,21,68,063	3,56,51,591	4,02,78,302
Machinery	8,94,06,690	1,27,82,701	80,912	10,21,08,479	4,63,36,113	55,73,057	80,912	5,18,28,258	5,02,80,221	4,30,70,577
Electrical Installations	57,07,699		4,02,295	53,05,404	34,00,570	1,83,188	2,99,277	32,84,481	20,20,923	23,07,129
Furniture, Office and other Equipments	65,55,348	5,74,952		71,30,300	42,57,264	3,10,470		45,67,734	25,62,566	22,98,084
Vehicles *	2,30,22,997	23,74,777	18,24,373	2,35,73,401	1,33,70,673	17,57,860	15,18,194	1,36,10,339	99,63,062	96,52,324
<b>Total</b>	20,75,57,461	1,95,95,127	70,30,850	22,01,21,738	8,93,31,630	97,30,199	36,02,954	9,54,58,875	12,46,62,863	11,82,25,831
<b>INTANGIBLE ASSETS:</b>										
Software	2,81,550	-	-	2,81,550	2,67,142	14,408	-	2,81,550	-	14,408
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
<b>PREVIOUS YEAR</b>	19,52,82,374	1,59,84,439	34,27,802	20,78,39,011	8,38,25,814	86,55,372	28,82,414	8,95,98,772	18,53,56,308	9,95,81,974

\* 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**

**NOTE :13**

**Non-Current Investments :-**

PARTICULARS	Nominal Value of shares/units Rs.	As at 31st March 2011		Additions during the year		Deductions during the year		As at 31st March 2012	
		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>INVESTMENTS</b>									
(At cost or otherwise stated)									
I. Trade (in equity instruments-fully paid)									
(a) Quoted Shares									
Stanes Amalgamated Estates Limited	10	81,783	6,08,420	-	-	-	-	81,783	6,08,420
(b) Unquoted Shares									
Stanes MJF Teas Limited	10	7,50,000	75,00,000	-	-	-	-	7,50,000	75,00,000
II. Other Investments									
(in equity instruments-fully paid)									
(a) Quoted Shares									
Bank of Maharashtra	10	2800	64,400	-	-	-	-	2,800	64,400
Central Bank Of India	10	233	23,766	216	22,248	-	-	449	46,014
Essar Shipping Limited	10	934	8,086	-	-	-	-	934	8,086
Essar Ports Limited	10	466	4,034	-	-	-	-	466	4,034
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	43,107@	-	-	-	86,214	3,48,842
TATA Coffee Limited	10	1,000	2,18,205	-	-	-	-	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	-

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

**Note : 13 – (Contd.)**

**Non-Current Investments :-**

PARTICULARS	Nominal Value of shares/units Rs.	As at 31st March 2011		Additions during the year		Deductions during the year		As at 31st March 2012	
		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) Unquoted Shares</b>									
Hifame Private Limited	10	27,600	8,10,000	0	0	0	0	27,600	8,10,000
Kuduma Fasteners Private Limited	100	75,000	2,08,88,500	0	0	0	0	75,000	2,08,88,500
Orkay Industries Limited	10	450	34,800	0	0	0	0	450	34,800
Palani Andavar Cotton & Synthetic Spinners Ltd.	10	500	72,053	0	0	0	0	500	72,053
Simpson and Company Limited	10	26,333	1,06,555	0	0	0	0	26,333	1,06,555
<b>Sub Total</b>			<b>3,29,52,560</b>		<b>22,248</b>				<b>3,29,74,808</b>
<b>III. Mutual Funds</b>									
Franklin Templeton (MIP)	10	1,50,542	17,78,616	0	0	0	0	1,50,542	17,78,616
Sundaram CAPEX Opportunities Fund	10	4,25,053	66,12,420	0	0	0	0	4,25,053	66,12,420
<b>Total -&gt;</b>			<b>4,13,43,596</b>		<b>22,248</b>				<b>4,13,65,844</b>
Less: Provision for Diminution			65,00,000		40,00,000				1,05,00,000
<b>Grand Total</b>			<b>3,48,43,596</b>						<b>3,08,65,844</b>

@ Bonus Shares

	As at 31.03.2011		As at 31.03.2012	
	Cost Rs.	Market Value Rs.	Cost Rs.	Market Value Rs.
QUOTED INVESTMENTS	1,19,31,688	3,22,97,530	1,19,53,936	2,54,82,981
UNQUOTED INVESTMENTS	2,94,11,908		2,94,11,908	
	<u>4,13,43,596</u>		<u>4,13,65,844</u>	

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>14. Long term Loans and Advances (Unsecured - considered good)</b>		
Capital Advance	50,43,921	1,01,74,761
Security Deposit	<u>32,20,873</u>	<u>32,70,399</u>
<b>Total</b>	<b><u>82,64,794</u></b>	<b><u>1,34,45,160</u></b>
<b>15. Inventories (Refer Note 2.3)</b>		
Stores and Spare Parts	94,32,664	74,14,713
Nursery Stock	13,97,835	9,25,322
Stock in Trade (Tea)	<u>1,11,91,709</u>	<u>1,48,48,799</u>
<b>Total</b>	<b><u>2,20,22,208</u></b>	<b><u>2,31,88,834</u></b>
<b>16. Trade receivables</b>		
Unsecured, considered good : Outstanding for a period exceeding six months from the date they are due for payment	–	27,203
Other Trade receivables	<u>2,86,96,500</u>	<u>2,80,81,325</u>
<b>Total</b>	<b><u>2,86,96,500</u></b>	<b><u>2,81,08,528</u></b>
<b>17. Cash and Bank Balances:</b>		
(i) Cash and Cash equivalents		
(a) Cash on hand	8,992	44,948
(b) Balance with Banks		
– In Current Accounts	69,88,397	1,41,77,399
– In Unpaid Dividend Accounts	71,32,558	23,82,183
– In Deposit Account	–	2,17,31,013
<b>Total (A)</b>	<b><u>1,41,29,947</u></b>	<b><u>3,83,35,543</u></b>
(ii) Other Bank balances		
– In Deposit Accounts (B)	<u>7,42,98,536</u>	<u>9,56,62,790</u>
<b>Total (A+ B)</b>	<b><u>8,84,28,483</u></b>	<b><u>13,39,98,333</u></b>
* includes deposit marked with lien for Rs.100 lakhs (Previous year Rs.100 Lakhs) towards Over-draft facility for working capital		
<b>18. Short term Loans and Advances (Unsecured - considered good)</b>		
Rent Deposit	15,000	–
Deposit with NABARD	3,308	3,308
Gratuity Trust	–	1,01,051
Advances -Trade and Supplies	10,54,185	10,63,741
Prepaid Expenses	37,62,228	25,41,727
Loans to employees	<u>50,800</u>	<u>1,46,500</u>
<b>Total</b>	<b><u>48,85,521</u></b>	<b><u>38,56,327</u></b>
<b>19. Other Current Assets</b>		
Interest accrued on deposits	67,94,060	66,41,587
Subsidy Receivable	<u>54,06,136</u>	<u>71,03,060</u>
<b>Total</b>	<b><u>1,22,00,196</u></b>	<b><u>1,37,44,647</u></b>

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended 31.03.2012 Rs.	For the year ended 31.03.2011 Rs.
<b>20. Revenue from operations</b>		
(a) Sales of finished goods - Tea	30,45,63,646	26,61,97,007
(b) Other operating revenues (Refer note below)*	1,58,93,505	1,12,89,585
Revenue from operations (gross)	<u>32,04,57,151</u>	<u>27,74,86,592</u>
<b>* Note : (Other operating revenue)</b>		
Scrap sales	12,21,154	46,601
DEPB Income	73,34,485	78,49,581
Duty Drawback	6,95,127	-
Orthodox subsidy	29,67,454	-
Replanting subsidy from Tea Board	5,49,500	4,39,600
Income from other planting activities	31,25,785	29,53,803
Total	<u>1,58,93,505</u>	<u>1,12,89,585</u>
<b>21. Other Income</b>		
Interest Income on		
Bank deposits	61,52,102	89,38,321
Others	8,87,857	8,36,706
Dividend Income on		
Non current investments	10,26,468	10,21,077
Net gain on foreign currency transactions and translations	37,92,625	20,360
Profit on sales of fixed assets (Net)	43,249	7,09,492
Total	<u>1,19,02,301</u>	<u>1,15,25,956</u>
<b>22. (Increase)/decrease in value of stock of Tea</b>		
Opening Stock	1,48,48,799	1,55,63,652
Closing Stock	<u>(1,11,91,709)</u>	<u>(1,48,48,799)</u>
<b>Net (Increase)/decrease</b>	<u>36,57,090</u>	<u>7,14,853</u>
<b>23. Employee benefits expenses</b>		
Salaries, Wages and Bonus	6,85,50,896	5,97,10,248
Contribution to Provident Fund and Family Pension Fund	61,58,461	84,55,189
Contribution to Superannuation Fund	9,35,744	10,10,314
Contribution to Gratuity fund	44,30,652	42,47,404
Workman and Staff Welfare Expenses	17,98,915	15,17,182
Total	<u>8,18,74,668</u>	<u>7,49,40,337</u>
(includes remuneration to Wholetime Directors – Note 3 of Corporate Government)		
<b>24. Finance Cost</b>		
Interest		
on fixed deposits	4,36,697	2,07,563
on bank loan (OD account)	76,888	1,00,303
on finance lease obligation	66,781	78,913
to others	-	26,213
<b>Total</b>	<u>5,80,366</u>	<u>4,12,992</u>

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended 31.03.2012 Rs.	For the year ended 31.03.2011 Rs.
<b>25. Borrowing cost included under capital work in progress</b>	<b>57,35,800</b>	<b>10,69,254</b>
<b>26. Depreciation and amortization</b>		
Depreciation of tangible assets	97,30,199	86,45,567
Amortization of intangible assets	14,408	9,805
<b>Total</b>	<b>97,44,607</b>	<b>86,55,372</b>
<b>27. Other expenses</b>		
Consumption of stores and spares	1,91,06,049	1,69,34,084
Power and fuel	2,29,81,374	1,90,74,282
Transport charges	41,36,877	39,19,523
Repairs & Maintenance		
Building	89,13,977	57,30,350
Machinery	29,55,102	19,55,046
Rates & Taxes	9,81,762	9,30,601
Insurance	17,34,653	13,88,853
Selling Expenses		
Brokerage and Commission	6,92,155	9,68,560
Sampling and Other Expenses	75,23,816	68,81,250
Commission to Non-Wholetime Directors	6,08,354	4,75,434
Director Sitting Fees	1,87,500	2,22,500
Audit Fees ( Refer Note below)	6,57,408	6,72,308
Travelling Expenses	27,59,730	41,87,017
Freight and other expenses on Tea Export	2,04,59,516	1,63,21,645
Donation	5,00,000	5,00,000
Loss on assets discarded	-	4,69,555
Lease Rental	25,41,996	25,50,251
Provision for Diminution in value of Investments	40,00,000	-
Miscellaneous Expenses	1,75,48,833	1,61,72,256
<b>Total</b>	<b>11,82,89,102</b>	<b>9,93,53,515</b>
Note: Audit Fees		
As auditor:		
Audit fee	5,50,000	3,90,000
Tax audit fee		1,26,180
In other capacity		
Other related services*	55,150	1,30,300
Reimbursement of Travelling Expenses	52,258	25,828
<b>Total</b>	<b>6,57,408</b>	<b>6,72,308</b>
* Payment made to a firm in which some of the Partners of the audit firm are Partners		

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	Current Year Rs.	Previous Year Rs.
<p><b>28.</b> Presentation and disclosure of financial statements:</p> <p>For the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The previous year figures have been reclassified to make them comparable with those of current year.</p>		
<p><b>29.</b> Estimated amount of Contracts remaining to be executed on Capital Account not provided for (net of advances)</p>	4,71,52,000	4,65,65,000
<p><b>30.</b> Deffered Tax Liability (on account of Depreciation)</p> <p>Opening Balance</p>	41,81,949	41,73,364
<p>Add: Current year charge/(credit)</p>	(3,65,089)	8,585
<p><b>Closing Balance</b></p>	38,16,860	41,81,949
<p><b>31.</b> (i) The Company did not cover short term Foreign Currency exposure relating to Export of Tea based on cost benefit analysis</p>	2,16,02,765	2,06,97,357
<p>(ii) Outstanding forward exchange contract of packing credit entered into by the company as on 31.03.2012 USD - 497413.45 Rs. 2,50,00,000/-</p>	USD 4,97,413.45 2,50,00,000	Nil Nil
<p><b>32.</b> The Company has obtained stay of Proceeding from the Honorable High Court Madras on 16th 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.</p>		
<p><b>33.</b> The Company was permitted in an earlier year to retain excess holding of 333.67 acres of vacant land contiguous the planted area in the Tea garden, but due to rocky terrain and 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</p>		



# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Current Year Rs.	Previous Year Rs.
<b>34. Disclosures required under Accounting Standard 15 R notified in the Companies (Accounting Standards) Rules 2006, are given below:</b>		
<b>A. Change in Present Value of the obligation during the year ended March 31, 2012</b>		
1. Present value of the obligation as at April 1, 2011	2,80,61,883	2,50,17,625
2. Current Service Cost	17,49,681	14,66,540
3. Interest Cost	20,95,257	18,51,716
4. Benefits paid	(32,05,005)	(33,65,801)
5. Actuarial (Gain)/Loss on obligation	30,62,252	30,91,803
6. Present value of obligation as at March 31, 2012	3,17,64,068	2,80,61,883
<b>B. Change in Assets during the year ended March 31, 2011</b>		
1. Fair value of plan assets as at April 1, 2011	2,81,62,935	2,23,14,784
2. Expected return on plan assets	24,76,538	21,62,655
3. Contribution made	5,91,731	70,51,297
4. Benefits paid	(32,05,005)	(33,65,801)
5. Actuarial Gain/ (Loss) on plan assets	-	-
6. Fair Value of plan assets as at March 31, 2012	2,80,26,199	2,81,62,935
<b>C. Net Asset/(Liability) recognised in the Balance Sheet</b>		
1. Present value of the obligation as on March 31, 2012	3,17,64,068	2,80,61,883
2. Fair Value of plan assets as on March 31, 2012	2,80,26,199	2,81,62,935
3. Funded status surplus/(deficit)	(37,37,869)	1,01,051
4. Unrecognised past service cost	-	-
5. Net Asset/ (Liability) recognised in the Balance Sheet	(37,37,869)	1,01,051
<b>D. Expenses recognised during year ended March 31, 2012</b>		
1. Current Service Cost	17,49,681	14,66,540
2. Interest Cost	20,95,257	18,51,716
3. Expected return on plan assets	(24,76,538)	(21,62,655)
4. Actuarial Loss/(Gain) during the year	30,62,252	30,91,803
5. Total Expenses	44,30,652	42,47,404
<b>E. Major categories of plan assets as a percentage of Total Plan</b>		
Government of India Bond	-	0.06%
Bank balances and Investment with Life Insurance Corporation	100.00%	99.94%
Total	100.00%	100.00%
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.		
<b>F. Actuarial Assumptions</b>		
I.		
1. Discount rate	8%	8%
2. Salary escalation	6%	6%
3. Expected rate of return on plan assets	9.25%	9.25%
4. Attrition rate	1% to 3%	1% to 3%
II. Long Term Benefit Plan - Compensated Absence		
1. Discount rate	8%	8%
2. Salary escalation	6%	6%
3. Attrition rate	1% to 3%	1% to 3%

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	Current Year Rs.	Previous Year Rs.
<b>35.</b> Provisions which are not contingent but provided based on estimation. Nature of expenses - Compensated Absence Probable outflow estimated within the year Provision outstanding at the beginning of the year	9,07,000	7,50,000
Provision made during the year	–	1,57,000
Provision utilized during the year	–	–
Provision reversed during the year	–	–
Provision at the end of the year	9,07,000	9,07,000
<b>36.</b> 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.		
<b>37.</b> Earning 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. 4,22,33,621	3,24,66,546
Number of shares (Face value of Rs.10)	49,96,566	49,96,566
Earning per share (Basic and Diluted)	Rs. 8.45	6.50
<b>38.</b> 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 Statement of Profit and Loss	5,2076,854	4,31,75,131
Add: Directors' Remuneration	45,55,452	43,49,886
Directors' Sitting Fees	1,87,500	2,22,500
Loss on Sale of Assets	1,15,706	–
Commission to Non- Whole time Directors	6,08,354	475,434
Loss on Assets discarded	–	469,555
Provision for diminution in value of Investments	40,00,000	–
	<u>6,15,43,866</u>	<u>4,86,92,506</u>
Less: Profit on Sale of Assets	1,58,955	7,09,492
Tea Board Subsidy (Replanting)	5,49,500	4,39,600
Profit for the purpose of Commission	<u>6,08,35,411</u>	<u>4,75,43,414</u>
Commission at 1% of the Profit thereon	6,08,354	4,75,434

# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Current Year Rs.	Previous Year Rs.																
<b>39. Value of Raw Materials, Stores and Spare Parts &amp; Components Consumed (excluding green leaf harvested) –</b>	6,73,61,395	6,55,01,884																
<table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: center;"><b>2011-2012</b></td> <td></td> <td style="text-align: center;">2010-2011</td> </tr> <tr> <td style="text-align: center;">%</td> <td style="text-align: center;"><b>Value</b></td> <td style="text-align: center;">%</td> <td style="text-align: center;">Value</td> </tr> <tr> <td>Indigenous</td> <td style="text-align: right;"><b>95.68    6,44,52,952</b></td> <td style="text-align: right;">96.24</td> <td style="text-align: right;">6,30,39,802</td> </tr> <tr> <td>Imported</td> <td style="text-align: right;"><b>4.32    29,08,443</b></td> <td style="text-align: right;">3.76</td> <td style="text-align: right;">24,62,082</td> </tr> </table>		<b>2011-2012</b>		2010-2011	%	<b>Value</b>	%	Value	Indigenous	<b>95.68    6,44,52,952</b>	96.24	6,30,39,802	Imported	<b>4.32    29,08,443</b>	3.76	24,62,082		
	<b>2011-2012</b>		2010-2011															
%	<b>Value</b>	%	Value															
Indigenous	<b>95.68    6,44,52,952</b>	96.24	6,30,39,802															
Imported	<b>4.32    29,08,443</b>	3.76	24,62,082															
<b>40. Repairs to Building and Machinery include</b>																		
Salaries and Wages	36,25,478	30,40,306																
Consumption of Stores	65,74,579	35,52,625																
	<b><u>1,02,00,057</u></b>	<b><u>65,92,931</u></b>																
<b>41. Earning of Foreign Currency</b>																		
F.O.B. Value of Tea Exports	16,58,60,602	15,02,28,636																
<b>42. C.I.F Value of Imports</b>																		
Packing Materials	34,67,538	14,87,558																
Capital Expenditure	50,87,679	–																
<b>43. Expenditure in Foreign Currency</b>																		
(i) Travel	9,75,392	10,59,100																
(ii) Agency Commission	17,48,444	9,49,647																
	<b><u>27,23,836</u></b>	<b><u>20,08,747</u></b>																
<b>44. Research and Development expenses included under various heads of Statement of Profit and Loss</b>	12,07,066	4,86,762																
<b>45. Disclosure as per Clause 32 of the Listing Agreements</b>																		
There are no loans and advances in the nature of loans given to associates and others and investment in shares of the Company by such parties.																		
<b>46. Finance Leases relating to vehicles :-</b>																		
(a) Reconciliation between total minimum lease payment and their present value.																		
Total Minimum lease payments	26,123	2,55,311																
Less: Future liability on interest account	442	7,493																
Present value of minimum lease payment	25,681	2,47,818																

**THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

<b>46. Finance Leases relating to Vehicles – (Contd.)</b>	<b>Current year Rs.</b>		<b>Previous year Rs.</b>	
	<b>Total Minimum Lease Payments</b>	<b>Present Value of Lease Payments</b>	<b>Total Minimum Lease Payments</b>	<b>Present Value of Lease Payments</b>
(b) Year-wise future minimum lease rental payments on contracts entered :				
Not later than one year	26,123	25,681	2,29,188	2,23,668
Later than one year and not later than five years	–	–	26,123	24,150
Later than five years	–	–	–	–
<b>47. Operating Leases (non-cancellable) availed for equipment lease:</b>				
(i) Year -wise future minimum lease rental payments on contract entered:				
Not later than one year	6,36,665		23,45,300	
Later than one year and not later than five years	10,04,994		16,41,659	
Later than five years	–		–	
(ii) The company has taken three vehicles costing in the aggregate Rs.22,24,549 on “Equipment Leasing” arrangement with option to acquire them at pre-agreed price. The annual lease rental are expensed in the statement of Profit and Loss.				
<b>48. Deposits from Public includes deposit held by a Director</b>		9,00,000		9,00,000
<b>49. 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.</b>				
Secondary Segment information - By Geographical Segments				
(a) <b>Sales Revenue (net of excise duty)</b>				
India		13,25,78,597		11,08,93,603
Outside India		17,08,34,880		15,45,90,528
Total		30,34,13,477		26,54,84,131
(b) <b>Segment Assets</b>				
India		48,37,79,952		44,83,10,281
Outside India		2,16,02,765		2,06,97,357
Total		50,53,82,717		46,90,07,638
(c) <b>Capital Expenditure</b>		1,64,73,409		1,59,84,439



# THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### (iii) Particulars transaction with related parties :

Description	Associates		Related party where control exists/Key Management Personnel		Total	
	2011-2012 Rs.	2010-2011 Rs.	2011-2012 Rs.	2010-2011 Rs.	2011-2012 Rs.	2010-2011 Rs.
<b>Transactions during the year</b>						
<b>Purchase of goods</b>	<b>40,63,957</b>	<b>39,20,480</b>	-	-	<b>40,63,957</b>	<b>39,20,480</b>
T.Stanes & Company Limited	40,63,957	39,20,480	-	-	40,63,957	39,20,480
<b>Sale of goods</b>	<b>10,78,518</b>	<b>15,69,842</b>	-	-	<b>10,78,518</b>	<b>15,69,842</b>
T.Stanes & Company Limited	10,78,518	15,69,842	-	-	10,78,518	15,69,842
<b>Service Charges</b>	<b>1,45,596</b>	<b>1,77,720</b>	-	-	<b>1,45,596</b>	<b>1,77,720</b>
Amalgamation Private Limited	1,45,596	1,32,360	-	-	1,45,596	1,32,360
T.Stanes & Company Limited	-	45,360	-	-	-	45,360
<b>Reimbursement of Expenses</b>	<b>1,98,540</b>	<b>1,98,540</b>	-	-	<b>1,98,540</b>	<b>1,98,540</b>
Amalgamation Private Limited	1,98,540	1,98,540	-	-	1,98,540	1,98,540
<b>Dividend Received</b>	<b>5,93,997</b>	<b>6,46,344</b>	-	-	<b>5,93,997</b>	<b>6,46,344</b>
Stanes Amalgamated Estates Limited	61,337	2,45,349	-	-	61,337	2,45,349
IP Rings Limited	6,000	6,000	-	-	6,000	6,000
Simpson & Company Limited	5,26,660	3,94,995	-	-	5,26,660	3,94,995
<b>Payment to Related party where control exists/Key Management Personnel</b>	-	-	<b>47,50,219</b>	47,37,750	<b>47,50,219</b>	47,37,750
Dividend Paid	-	-	49,300	89,248	49,300	89,248
Interest on Fixed Deposit	-	-	90,000	1,44,946	90,000	1,44,946
Non-Wholetime Directors Commission	-	-	55,467	1,53,670	55,467	1,53,670
Salary paid to Key Managerial Personnel	-	-	45,55,452	43,49,886	45,55,452	43,49,886
<b>Dividend Paid</b>	<b>16,07,251</b>	<b>28,93,051</b>	-	-	<b>16,07,251</b>	<b>28,93,051</b>
Amalgamation Private Limited	3,75,600	6,76,080	-	-	3,75,600	6,76,080
Simpson & Company Limited	76,883	1,38,389	-	-	76,883	1,38,389
T Stanes & Company Limited	10,45,385	18,81,693	-	-	10,45,385	18,81,693
Stanes Amalgamated Estates Limited	1,09,383	1,96,889	-	-	1,09,383	1,96,889
<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 Fastners 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	60,842
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>2,03,239</b>	<b>99,504</b>	-	-	<b>2,03,239</b>	<b>99,504</b>
T.Stanes & Company Limited	2,03,239	99,504	-	-	2,03,239	99,504
<b>Sundry Creditors</b>	<b>67,152</b>	<b>46,463</b>	-	-	<b>67,152</b>	<b>46,463</b>
T.Stanes & Company Limited	67,152	46,463	-	-	67,152	46,463