



Something fresh...

Every new year, some unique inspiration adopts tea and radically changes its image. Seemingly adding millions of new consumers across the globe, tea is iced, flavoured, mixed

with herbs, grown organically and otherwise accepted as a health drink. Billions of dollars are spent worldwide in researching formulations and building brands. The traditional cup that cheers is ceaselessly re-invented for the

Americans, Europeans and Asians who are taking to it in increasing numbers.

It is this millennium challenge that faces us Indian tea producers. We are also burdened with taxes, political uncertainties, rising infrastructure costs and lower prices for our tea due to competition from abroad. India remains the world's largest producers of tea, but each year a little of our international presence is lost to leaner and meaner competition.

Thus, while the international market for tea grows, we are compelled to constantly keep looking inward and worry about our domestic problems.

But we're meeting the challenge head on – we have, of late, come up with many new versions of teas: Korakundah

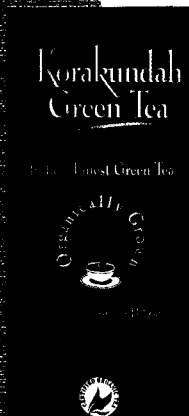
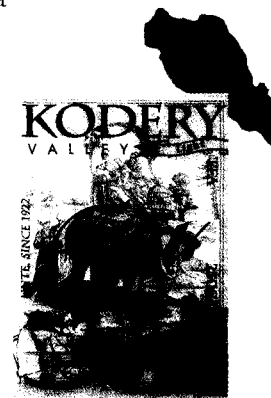
Flowery Orange Pekoe - Green & Flowery Orange Pekoe - Black, Kodery Valley Light and so on. Others being considered are Iced and Flavoured Teas to corner the niche market which is growing by leaps and bounds all due to a rapidly rising and upwardly mobile middle class that defies definitions of traditional tea drinking and

expects to try something fresh...

“Corporations, like people, are often better understood by looking at their past. In the business world, where eyes are usually firmly fixed on the road ahead, this exercise is seldom performed.”

Michael Katz
Everybody's Business:
The irreverent guide to corporate America

Source:
The Heritage of Indian Tea
by D.K. Taket



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**THE UNITED NILGIRI
TEA ESTATES COMPANY
LIMITED**

DIRECTORS

A. SIVASAILAM Esq. (Chairman)
N. SRINIVASAN Esq.
G.G. MUTHANNA Esq.

**FINANCE MANAGER & COMPANY
SECRETARY**

S. RAGHURAMAN Esq.

AUDITORS

Messrs. FRASER & ROSS
Chartered Accountants
Chennai - 600 017



BANKERS

CENTRAL BANK OF INDIA
STATE BANK OF INDIA

REGISTERED OFFICE

No. 3, SAVITHRI SHANMUGAM ROAD
RACECOURSE
COIMBATORE 641 018

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 Eightyfirst Annual General Meeting of the Company will be held at the Registered Office at No: 3, Savithri Shanmugam Road, Race Course, Coimbatore 641018 on Thursday, the 7th August 2003 at 4.00 p.m. 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 2003 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a Dividend.
3. To elect a Director in place of Sri N. Srinivasan who retires by rotation. He is eligible for re-appointment.
4. 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,
 28th May 2003

NOTES:

The Members Register and Share Transfer Books of the Company will remain closed from 1st August, 2003 to 7th August, 2003 (both days inclusive).

The Dividend, when declared will be paid on or after 7th August 2003 to those members whose name appear in the Register of Members as on 7th August 2003. 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 hours of the business hours on 31st July 2003 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 Companies Act, 1956. Hence it is in your interest to encash the Dividend warrants immediately.

The amount of Unclaimed Dividend for and upto Final Dividend 1995 have already been transferred to the General Revenue Account of the Central Government in terms of Provisions of Section 205A of the Companies Act, 1956. Those members who have so far not claimed their Dividend for the said periods may claim the same by submitting an application in Form II to the Registrar of Companies, Stock Exchange Buildings, Trichy Road, Coimbatore-641 045.

The Company has also transferred Unclaimed Dividend in respect of Interim Dividend 1996 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,
 28th May 2003

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

**DIRECTORS'
REPORT**

Your directors have pleasure in presenting the 81st Annual Report on the working and progress of the Company together with the Profit and Loss Account for the year ended 31st March 2003 and the Balance Sheet as at that date together with the Auditors' Report thereon.

FINANCIAL RESULTS :

The net profit for the year after charging depreciation of Rs. 61,46,397/- amounts to Rs. 2,06,82,672/- as compared to Rs. 3,03,37,452/- during the previous year. This together with Rs.82,87,258/- brought forward from the previous year and also considering excess provision for taxation no longer required to an extent of Rs. 22,75,000/- makes a total of Rs.3,12,44,930/-. After deducting there from Rs.60,00,000/- being provision for taxation including deferred taxation of Rs.6,00,000/- for the year, the balance available for appropriation is Rs.2,52,44,930/- which is dealt with as under:

	Rs.
Transfer to General Reserve	1,00,00,000
Transfer to Contingency Reserve	25,00,000
Proposed Dividend @ 17.50% (Free of Income Tax)	43,71,995
Tax on Distribution of Dividend	5,60,053
Balance carried forward	78,12,882

DIVIDEND :

Your Directors have recommended a Dividend of 17.50% (free of Income tax) for the year.

OPERATIONS:

Your Company has suffered during the part of the year from severe frost followed by a long drought for the second year in a row. Total rainfall for the year was 32 inches only which was insufficient for the tea growth. Total quantity of tea manufactured during the year was 17,10,267 Kgs as against 20,17,124 Kgs of last year. The export performance for the year was lower than previous year due to lower production and also lesser international market offtake.

COST ACCOUNTING RECORDS :

The Central Government has during the year prescribed the statutory maintenance of Cost Accounting Records for Tea Industry and such record are made and maintained in the manner prescribed.

DEPOSITORY SYSTEM :

The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the shareholders to hold shares in dematerialisation form with effect from 1st June 2002. M/s. Integrated Enterprises (India) Limited, Chennai has been appointed as the Depository Registrar to handle the transactions in electronic form. The identification number allotted to the Company's equity shares is INE458F01011. Further M/s. Integrated Enterprises (India) Limited will also handle the work relating to transfer of shares in physical form.

DIRECTORS

Sri. N. Srinivasan retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm that :

In the preparation of the annual accounts, the applicable accounting standards have been followed :

They have 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 ended 31st March 2003 and the profit of the Company for the year;

They 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;

They have prepared the annual accounts on a going concern basis.

INDUSTRIAL RELATIONS

The labour relationship has been cordial during the year.

FIXED DEPOSITS

The aggregate Deposits from public as on 31st March 2003 was Rs. 93,50,000 including unclaimed deposits amounting to Rs.1,89,000/- but there are no overdue deposits.

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 Messers. Fraser and Ross, Chartered Accountants are eligible for reappointment.

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.

(By order of the Board)

Chennai
28th May 2003

A.SIVASAILAM
CHAIRMAN

Annexure to the Directors' Report for the year 2002-2003
Statement under Companies (Disclosure of particulars in the
Report of The Board of Directors) Rules 1988

CONSERVATION OF ENERGY

1. Energy conservation measures taken
2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy
3. Impact on measures at (1) and (2) for reduction of energy consumption and consequent impact on the cost of production of goods.

Efforts in this direction are being continuously taken by the Company on an on-going basis.

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

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT
TO CONSERVATION OF ENERGY

	2002-2003	2001-2002
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units	10,89,619	12,32,383
Total Amount	Rs. 55,44,036	Rs. 57,62,819
Rate/Unit	Rs. 5.09	Rs. 4.68
(b) Own Generation		
Through Diesel Generators :		
Units	29,362	59,549
Units/Ltr. of Diesel Oil	2.40	2.50
Cost/Unit	7.53	7.17
B. Consumption of Electricity per unit of Production	0.65	0.63

ANNEXURE**FORM B**

(See Rule 2)

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

1. Specific areas in which R & D carried out by the Company	Technology improvement in the processing of specialized teas like decaffeinated Green and Black, Ready to Drink Herbal Blends and other Value Added Teas.
2. Benefits derived as a result of the above R & D	Better overall results in the domestic market and improvement in the Export for specialized tea.
3. Future plan of action	Follow up action for product improvement and development of innovative products in lines described above.
4. Expenditure on R & D	
(a) Capital	Rs. 1,17,000/-
(b) Recurring	Rs. 11,68,262/-
(c) Total	Rs. 12,85,262/-
(d) Total R & D expenditure as percentage of total turnover	1.18%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation.	(i) ISO – Surveillance Audit being continued in Chamraj Factory. Attempts are being made to obtain ISO 14001 certification for Korakundah Estate.
	(ii) Introduced new varieties of Teas viz. Herbal Teas, Aroma Teas, Flavoured and Iced Teas.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, Product Development, Import Substitution etc.	This will improve our product development.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports] Steps are being taken to improve our Exports of specialised Teas.
2. Initiatives taken to increase exports and development of new export markets for products and services and export plans.	
3. Total Foreign Exchange	
(a) Used	Rs. 24,66,200
(b) Earned (FOB value Rs. 4,46,59,060)	Rs. 4,59,33,238

For and on behalf of the Board

Chennai
28th May 2003**A. SIVASAILAM**
CHAIRMAN

PROGRESS REPORT AND CROP HARVESTED

Year	Profit Rs.	Taxation Rs.	Net Profit after Taxation Rs.	Tea Crop (Made Tea) Kgs.	Dividend %
1997 – 1998	6,71,80,243	2,30,00,000	4,41,80,243	27,18,172	45
1998 – 1999	6,01,40,287	1,90,00,000	4,11,40,287	25,24,209	45
1999 – 2000	4,51,17,586	1,50,00,000	3,01,17,586	24,37,863	30
2000 – 2001	3,33,80,789	1,15,00,000	2,18,80,789	19,89,097	25
2001 – 2002	3,03,37,452	99,25,000	2,04,12,452	20,17,124	22.50
2002 – 2003	2,06,82,672	60,00,000	1,46,82,672	17,10,267	17.50 Proposed

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

Division	Mature Tea	Fuel Area and Wind belts	Reserves, Roads Buildings and Waste	Total
Allada Valley	217.80	1.00	10.17	228.97
Chamraj	127.10	1.00	19.96	148.06
Devabetta	172.50	2.00	18.12	192.62
Korakundah	261.00	139.00	525.86	925.86
Total	778.40	143.00	574.11	1495.51

THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED

**REPORT OF
THE AUDITORS
TO THE
MEMBERS**

We have audited the attached Balance Sheet of **THE UNITED NILGIRI TEA ESTATES COMPANY LIMITED** as at 31st March 2003 and also the Profit and Loss Account and cash flow statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2003 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) 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 Company's Act, 1956, in the manner so required and give a true fair view in conformity with the accounting principles generally accepted in India.
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2003;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

.For FRASER & ROSS

R. JAGANATHAN
Partner
Chartered Accountants

Chennai
28th May 2003