



Report **11th** ion.com

ANNUAL REPORT

2003

Unique Organics Limited



UNIQUE ORGANICS LIMITED

Board of Directors

Mr. J.P. Kanodia, *Managing Director*
Mrs. Madhu Kanodia
Mr. C. M. Bindal
Mrs. Vinita Mishra
Mr. Sajjan K. Gupta

Auditors

M/s. Gupta Abhishek & Co;
Chartered Accountants
203, Shyam Anukampa,
O-11, Ashok Marg
C-Scheme, Jaipur-302 001.

Bankers

- (a) State Bank of Bikaner & Jaipur
Sitapura Industrial Area
Jaipur
- (b) Bank of Baroda
Nehru Place, Tonk Road, Jaipur
- (c) Global Trust Bank Ltd.
Sangam Tower,
Church Road, Jaipur

Regd. Office

E-521, Sitapura Industrial Area,
Near Sanganer, Jaipur-(Raj.)
E-mail : info@uniqueorganics.com

Registrar & Share Transfer Agent

ABS Consultants (P) Ltd.
99, Stephen House, 6th Floor,
4, B.B.D. Bag, (East)
Calcutta-700 001
E-mail : absconsultant@vsnl.net

NOTICE

NOTICE is hereby given that Eleventh Annual General Meeting of the members of Unique Organics Limited will be held on Monday, the 15th September, 2003, at 10.30 a.m. at the Registered Office of the company, at E-521, Sitapura Industrial Area, Near Sanganer, Jaipur (Raj.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date, alongwith the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Madhu Kanodia, who retires by rotation and is eligible for reappointment.
3. To reappoint the auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To appoint a director in place of Mr. C. M. Bindal, who holds office as additional director upto the date of ensuing annual general meeting and in whose favour a notice under section 257 proposing his candidature as director of the company has been received from a member.
5. To appoint a director in place of Mr. Sajjan Kumar Gupta, who holds office as additional director upto the date of ensuing annual general meeting and in whose favour a notice under section 257 proposing his candidature as director of the company has been received from a member.
6. To appoint a director in place of Mrs. Vinita Mishra, who holds office as additional director upto the date of ensuing annual general meeting and in whose favour a notice under section 257 proposing his candidature as director of the company has been received from a member.
7. To consider and pass with or without modification, if any, the following resolution as special resolution:
"RESOLVED THAT pursuant to the SEBI (Delisting of Securities) Guidelines, 2003, consent of the company, be and is hereby given for delisting all the equity shares of the company from Stock Exchanges at Jaipur, Delhi, Kolkata & Ahmedabad with immediate effect and the Board is hereby authorised to take all such steps and other necessary actions as may be thought fit and required to give effect to this resolution subject to such approval, permission and/or sanction as may be prescribed for the purposes under the said Guidelines and concerned Stock Exchanges".

Registered Office :
E-521, Sitapura Ind. Area,
Near Sanganer, Tonk Road,
Jaipur (Raj.)
Dated : 26-7-2003

By Order of the Board,

Sd/-
J. P. Kanodia
Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the company. The proxy should be lodged with the company's Registered Office not less than 48 hours before the commencement of the meeting.
2. The Register of members and share transfer books of the company will remain closed from 11-9-2003 to 15-9-2003 (both days inclusive).
3. An explanatory statement under provisions of section 173 of the Companies Act, 1956, in respect of Items 4, 5, 6 and 7 above, is annexed herewith.
4. All documents referred to in Notice & Explanatory Statement are open for inspection at the registered office of company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of annual general meeting.
5. The members are requested to notify change of their addresses, if any, at the registered office of the company at an early date.
6. The common Agency for transfer of shares in Demat and in physical form appointed is **M/s. ABS Consultants (P) Ltd.**
99, Stephen House, 6th Floor,
4, B.B.D. Bag, (East), Calcutta-700 001

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956 :

Item Nos. 4, 5 and 6 :

Mr. C. M. Bindal, Mr. Sajjan K. Gupta and Mrs. Vinita Mishra, who were appointed as additional directors on the Board of company w.e.f. 15-3-2003, hold their offices as such upto the date of ensuing annual general meeting. The company has received notices pursuant to provisions of section 257 of Companies Act, 1956 from members proposing their candidatures for election as directors of the company. Further, a deposit of Rs. 500/- from each of them has been received under the said provisions. They have reasonably good experience in professional, education, business areas and their presence on the Board is considered by the Board helpful. The said resolutions are for approval by the members of the company. None of the directors (except the appointee himself/herself) is



in any way interested in the said respective resolution.

Item No. 7 :

Presently, the company's equity shares are listed on stock exchanges at Jaipur, Delhi, Kolkata, Ahmedabad and Mumbai. The Ahmedabad Stock Exchange was requested on 30-4-97 to delist the equity shares of the company w.e.f. 30-4-97 and they have not confirmed as yet the delisting to have been made as requested.

Except Mumbai, trading of company's equity shares is Nil at other stock exchanges during preceding several years. With the extensive networking of the stock exchange, Mumbai (BSE) and extension of terminals to other cities in India, investors have access to online dealings in company's shares across the country. The company's shares are now being traded in dematerialised form. In view of no trading at stock exchanges (except Mumbai-BSE), the benefits accruing to the investors by keeping the shares listed on stock exchanges at Jaipur, Delhi, Kolkata and Ahmedabad are not commensurate with the cost incurred by the company for continued listing on these stock exchanges.

The Securities and Exchange Board of India (SEBI) issued the SEBI (Delisting of Securities) Guidelines, 2003, which provided voluntarily delisting of shares from the stock exchanges (including Regional) without obtaining buy-back to the shareholders, provided the securities have been listed for a minimum period of three years and a public announcement in prescribed manner is published.

The shareholders approval is sought by way of special resolution for delisting of company's equity shares from Jaipur, Delhi, Kolkata and Ahmedabad Stock Exchanges. Your Directors recommend the special resolution for approval by shareholders. None of the directors is in any way interested in the said resolution.

Registered Office :
E-521, Sitapura Ind. Area,
Near Sanganer, Tonk Road,
Jaipur (Raj.)
Dated : 26-07-2003

By Order of the Board,

Sd/-
J.P. Kanodia
Managing Director

As required under Clause 49 (vi) of the Listing Agreement, brief resume including experience, other directorship and committee membership of the persons proposed for appointment/re-appointment as directors, are given below :

1. Mrs. Madhu Kanodia : (born on 3-11-1961)
Education : B.Sc. (Hons.)
Experience : 10 years in Spice Business
Other directorships : Nil
Committee membership : 2
2. Mr. C.M. Bindal : (born on 8-3-1941)
Education : GDCS, FCS, MIIA
Experience : 40 years as professional
Other directorships : Nil
Committee memberships : 2

3. Mr. Sajjan K. Gupta (born on 14-4-1970)
Education : B. Com.
Experience : Marketing experience in Chemicals
Other directorships :
 1. Ishwar Finsec Pvt. Ltd.
 2. Regent Meditech Pvt. Ltd.
 3. Mita Conductor & Wires (P) Ltd.
Committee memberships : 4
4. Mrs. Vinita Mishra (born on 12-3-1973)
Education : B. Ed.
Experience : 5 years of administrative experience
Other directorships : Nil
Committee memberships : 3

DIRECTORS' REPORT

To,

All Members

Your Directors present Eleventh Annual Report and audited Statement of Accounts of the Company for the financial year ended 31st March, 2003.

Financial Results

	(Rs. in Lacs)	
	As at 31.3.2003	As at 31.3.2002
Sales	251.80	186.00
Other Income	3.30	2.91
Total Operational Cost	259.13	175.36
Interest	4.69	4.53
Depreciation	24.54	24.64
Income Tax	—	—
Net Profit (Loss)	(33.26)	(15.62)
Paid-up share capital	696.83	596.83
Reserve & Surplus	22.35	22.35

OPERATIONS :

During the year under review, manufacturing of spices and their supply to foreign buyers continued and efforts by better liaisoning and international food fare at Hungary and San Francisco, were made to increase the business activity. Global supplies from China, Korea, Vietnam, Indonesia, Malaysia, Africa and Sudan in the line of products of your company have become now less competitive. However, owing to overall global competition, and higher administrative and other costs, the company faced uncomfortable position and the working operations resulted into loss during the year under review.

Notwithstanding the above difficult situation prevailing all around, your company shall continue the efforts to have a possible entry into larger global market, beside serving the domestic market, and reduce the administrative cost further.

Foreign Exchange earnings & out go :

F. E. Earnings	—	Rs. 2,41,22,630.00
F. E. Outgo	—	Rs. 4,20,503.61

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DIRECTORS :

Mrs. Madhu Kanodia who retires by rotation at the ensuing annual general meeting and being eligible offers herself for reappointment.

Mr. C. M. Bindal, Mr. Sajjan Kumar Gupta and Mrs. Vinita Mishra, who were appointed as Additional Directors on the Board of company w.e.f. 15th March, 2003, shall hold their offices as such upto the date of ensuing annual general meeting. The company received notices under section 257 of Companies Act, 1956, proposing their names as directors for appointment. They being eligible have offered for appointment as directors of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of section 217(2AA) of Companies Act, 1956, your directors hereby state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSITS :

The company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956.

AUDIT COMMITTEE :

Pursuant to provisions of section 292A of Companies Act, 1956, an Audit Committee comprising Shri J. P. Kanodia, Managing Director, Smt. Madhu Kanodia, Non-executive Director and Shri Rahul Kalra, Non-executive Director, existed. Pursuant to said provisions and clause 49 of Listing Agreement, the audit committee was reconstituted on 15.3.2003, which comprised Shri C. M. Bindal, Shri Sajjan K. Gupta and Smt. Vinita Gupta, non-executive independent directors and Shri J. P. Kanodia, Managing Director. The powers and functions of the said Audit Committee are as per Section 292A of Companies Act and Clause 49 of Listing Agreement.

LISTING OF SHARES :

The equity shares of the Company continue to be listed with stock exchanges at Jaipur, Delhi, Kolkata and Mumbai. The

Ahemdabad Stock Exchange was requested to delist the shares of the company on w.e.f. 30-4-97 but they have not yet confirmed the delisting having been made as per request made. Your Board of Directors have decided to have the equity shares of the company delisted from all stock exchanges (including Regional stock exchange at Jaipur) except Mumbai (BSE) whose networking terminals are available in all major cities in the country and members/investors have access thereto for trading the shares of the company. The said delisting shall be pursued pursuant to the SEBI (Delisting of Securities) Guidelines, 2003 and the conditions prescribed if any by the concerned stock exchanges.

AUDITORS :

M/s. Gupta Abhishek & Co., Chartered Accountants, Jaipur, Statutory Auditors of your company, hold office until the conclusion of the ensuing annual general meeting and are recommended for reappointment. They being eligible have offered themselves for reappointment.

PARTICULARS OF EMPLOYEES :

There is no employee covered under section 217 (2A) of the Companies Act, 1956 and thus particulars under the Companies (Particulars of Employees) Rules, 1975, may be taken as Nil.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

Pursuant to Section 217 (1) (e) of Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the requisite particulars are given in Annexure hereto forming part of this Report.

DEPOSITORY SYSTEM :

Your company's shares are now tradable compulsorily in electronic form and it established connectivity with depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The company has also appointed common agency for transfer of shares in depository and in physical form.

CORPORATE GOVERNANCE :

A separate report on corporate governance of the company is annexed to this report. A certificate from the auditors of the company regarding compliance of corporate governance as stipulated under clause 49 of the Listing Agreement is appended to the report on corporate governance.

MANAGEMENT DISCUSSION AND ANALYSIS :

The core business of the company is the manufacture and marketing of all types of spices and oleoresins. The management discussion and analysis is given as under :

- (a) Industry structure and development :
The spices and oleoresin industry continued to pass through



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a difficult phase during the year under review due to general economic slow down and unfavourable raw-material prices and high competition from the manufacturers in the world. Many spices and oleoresin units in the country closed. It required some support/help from the Govt. if revival of this industry is to be resorted to.

(b) Opportunity and threats :

The local raw-materials available are either costly and of inferior quality as compared to the international standards. Therefore, the processed and manufactured spices and oleoresins become un-remunerative as well as of poor quality and thus cannot have international demand.

(c) Segment-wise performance :

The company produced during the year under review only spices and could not manufacture oleoresins due to no demand and or international competition. Some quantity of spices was supplied to domestic buyers also.

(d) Outlook :

Your directors have hope to make some improvements in quality, price reduction to some extent, and exercise greater control over the administrative cost. Now international scenario is also changing and the company may have some better place in world market.

(e) Risk and concerns :

Despite technological improvements needed to be made, the company has not found a banker to get the needed funds in the form of working capital facilities to increase the business activity.

(f) Internal control system :

The company is maintaining proper and safe internal control systems, providing adequate safeguard and effective monitoring of transactions. It has adequate internal audit system.

(g) Discussion on financial performance with respect to Operating Performance :

The operating performance is given in the para "Financial Results" above. In brief, there has been improvement in turnover but administrative cost is to be further curtailed.

(h) Developments in human resources and industrial relations :

The company has minimum staff and their potential is fully utilised for all work and matters of the company. The industrial relation remained very cordial.

(i) Cautionary Statement :

The entire business of the company depend on availability of quality raw-material at reasonable prices, international competition, continuous demand, favourable policy of the Government, any expected further assistance for export of these products.

ACKNOWLEDGMENT :

Your Directors record their sincere thanks to various

Departments of Central and State Governments, Banks, Members, foreign buyers and customers for their cooperation and assistance and look forward to their continued support.

For & On behalf of the Board of Directors,
Sd/-

J. P. KANODIA

Place : Jaipur

Dated : 26-07-2003

Chairman, Managing Director

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

The company believes in principle of good corporate governance in pursuit of overall excellence over the years. It does not only mean the compliances under regulations, but also responsive to the aspirations of customers and expectation of society. Thus the objectives of the company are customer satisfaction and enhancement in shareholders value. The Board of Directors supports broad principles of corporate governance and lays emphasis on transparency, accountability and integrity in functioning.

II. BOARD OF DIRECTORS :

The present Board of Directors comprises of 5 members, which include one Managing Director (viz. executive director), one non-executive director and three non-executive independent directors. This accounts for 60% of the Board strength as independent directors against the requirement of 50% as per Listing Agreement. Non-executive independent directors are eminent professionals with experience in business, education and finance.

The directors do not have any pecuniary relationship with the company except to the extent of the following :

(a) In case of managing director -

Remuneration as per terms of appointment & reimbursement of expenses actually incurred.

(b) In case of non-executive directors -

Reimbursement of expenses & payment of sitting fee, if any for Board/Committee meetings attended.

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A. COMPOSITION OF BOARD OF DIRECTORS AS ON 26TH JULY, 2003.

Name of directors	Designation	Executive/ Non-executive/ Independent Companies	No. of other directorship in Pub. Ltd. Companies	No. of other Board/Committees of which member
Shri J. P. Kanodia	Managing Director	Executive	-	-
Smt. Madhu Kanodia	Director	Non-executive	-	-
Shri C. M. Bindal	Director	Non-executive Independent	-	-
Shri Sajjan K. Gupta	Director	Non-executive Independent	-	-
Smt. Vinita Mishra	Director	Non-executive Independent	-	-

B. BOARD PROCEDURE :

The members of the Board are provided with requisite information mentioned in Listing Agreement well before the Board meetings and same are dealt with properly. The Board of Directors considers all matters required to be considered statutorily. In addition, following matters are discussed at meetings of the Board :

1. Strategy and business plan
2. Annual operating and capital expenditures
3. Investment plan, if any.
4. Compliance with regulatory requirements and review of major outstanding legal issues.
5. Approval of quarterly/half yearly/annual results, after consideration by Audit Committee, where required.
6. Significant labour problem.
7. Transaction pertaining to purchases/disposal of assets.
8. Major accounting provisions and write offs.
9. Foreign exchange exposure and risks.

All the directors who are members of various committees are within the permissible limits of Listing Agreement. The directors intimate about their membership in various committees in other companies.

C. ATTENDANCE OF DIRECTORS AT MEETINGS OF THE BOARD AND ANNUAL GENERAL MEETING :

Name of the Directors	No. of Board meetings attended during 1.4.02 to 31.3.03	Whether present at previous AGM
Shri J.P. Kanodia	8	Yes
Smt. Madhu Kanodia	6	Yes
Shri Rahul Kalra (1)	6	Yes
Smt. Ruchika Kalra (2)	4	Yes
Shri C.M. Bindal (3)	1	-
Shri Sajjan K. Gupta (3)	1	-
Smt. Vinita Mishra (3)	1	-

(1) - Ceased to be director w.e.f. 1.3.2003.

(2) - Ceased to be director w.e.f. 13.3.2003.

(3) - Appointed additional directors w.e.f. 15.3.2003.

III. REMUNERATION OF DIRECTORS :

The remuneration to Managing Director is determined by the Board of Directors at the recommendation of Remuneration & Appointment Committee of Directors and then approved by the shareholders. No remuneration is paid to non-executive directors, except the sitting fee. The remuneration paid to each director during 1.4.2002 to 31.3.2003 is as follows :

Name of Director	Salary	Perquisites	Sitting Fee	Total
Shri J.P. Kanodi	1,37,204.00	80,035.00	-	2,17,239.00
Smt. Madhu Kanodia	-	-	-	-
Shri Rahul Kalra (upto 1.3.2003)	-	-	-	-
Smt. Ruchika Kalra (upto 13.3.2003)	-	-	-	-
Shri C.M. Bindal (From 15.3.2003)	-	-	-	-
Shri Sajjan K. Gupta (From 15.3.2003)	-	-	-	-
Smt. Vinita Mishra (From 15.3.2003)	-	-	-	-