



12th
ANNUAL REPORT
2004

Unique Organics Limited

**Board of Directors**

Mr. J.P. Kanodia, *Managing Director*
 Mrs. Madhu Kanodia
 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) Bank of Baroda
 Nehru Place, Tonk Road, Jaipur
- (b) 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 Twelfth Annual General Meeting of the members of Unique Organics Limited will be held on Thursday, the 30th September, 2004, at 10.30 a.m. at the Registered Office of the company, at E-521, Sitapura Industrial Area, Near Sanganer, Jaipur (Rajasthan) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and the Profit and 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. Vinita Mishra, who retires by rotation and is eligible for reappointment.
3. To reappoint the auditors and fix their remuneration.

Registered Office :
E-521, Sitapura Ind. Area,
Near Sanganer, Tonk Road,
Jaipur (Rajasthan)
Dated : 24th July, 2004.

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 23-9-2004 to 30-9-2004 (both days inclusive).
3. The members are requested to notify change of their addresses, if any, at the registered office of the company at an early date.

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

Mr. Vinita Mishra (born on 12-3-1973)

Education : B.Ed.

Experience : 5 years as administrative experience.

Other directorships : Nil

Committee memberships : 03

DIRECTORS' REPORT

To,

All Members

Your Directors present Twelfth Annual Report and audited Statement of Accounts of the Company for the financial year ended 31st March, 2004.

Financial Results

(Rs. in Lacs)

| | As at 31.3.2004 | As at 31.3.2003 |
|------------------------|--------------------|--------------------|
| Sales | 75.45 | 251.80 |
| Other Income | 2.54 | 3.30 |
| Total Operational Cost | 91.92 | 259.13 |
| Interest | 0.11 | 4.69 |
| Depreciation | 24.58 | 24.54 |
| Income Tax | — | — |
| Net Profit (Loss) | (38.62) | (33.26) |
| Paid-up share capital | 696.83 | 696.83 |
| Reserve & Surplus | 22.35 | 22.35 |

OPERATIONS :

During the year under review, supply to foreign buyers continued and efforts by better liaisoning and tie-ups were made to increase the business activity. However, owing to overall global competition, and higher administrative and other costs, the company faced uncomfortable position and the working operations resulted into loss despite many odds during the year under review.

Notwithstanding the above difficult situation prevailing all around, your company cannot possibly withstand with the adversity to global business and also cannot compete with domestic sale due to various factors beyond the control of the company. After all efforts made in all directions the probable solution is a far-reaching cry in this line of business. The company has forcibly closed down its operations/ temporarily to avoid mounting losses. Meanwhile a fresh study is being made to find a long-worthy solution to utilise the capital assets.

Foreign Exchange earnings & out go :

| | | |
|----------------|---|------------------|
| F. E. Earnings | — | Rs. 82,79,582.00 |
| F. E. Outgo | — | Rs. 9,06,327.00 |

DIRECTORS :

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

Mr. C. M. Bindal, ceased to be director of the company by resignation w.e.f. 22-9-2003.

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 invited/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, 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. Shri C. M. Bindal ceased to be member of the Committee w.e.f. 22.9.2003. 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, Kolkatta and Mumbai.

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 a difficult phase during the year under review due to unfavourable raw-material prices and high competition from the manufacturers in the world. As such many spices and oleoresin units in the country closed. Due to nonviability of the project in the present market.

(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 yield is low and thus can't meet international competition.

(c) Segment-wise performance :

The company produced during the year under review only spices and could not manufacture oleoresins due to less demand and or international competition.

(d) Outlook :

Though international scenario is also changing and the company could not make a proper headway in world market. Domestic market does not seem to be attractive due to established brand image of various products as the company originally has not made any strategy for local sale. Your Directors are looking for alternate use of the plant.

(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

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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, the turnover has not shown any improvement and the administrative cost is also alarming.

(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

Chairman & Managing Director

Place : Jaipur

Dated : 24th July, 2004.

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 4 members, which include one Managing Director (viz. executive director), one non-executive director and three non-executive independent directors. This accounts for 50% 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 and no remuneration or sitting fee, etc. is paid to the managing director or any other director.

A. COMPOSITION OF BOARD OF DIRECTORS AS ON 24TH JULY, 2004.

| Name of directors | Designation | Executive/ Non-executive/ Independent | 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 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.



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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 1.4.03 to 31.4.04 | Whether present at previous AGM |
|-----------------------|--|------------------------------------|
| Shri J.P. Kanodia | 6 | Yes |
| Smt. Madhu Kanodia | 6 | Yes |
| Shri C.M. Bindal (1) | 1 | - |
| Shri Sajjan K. Gupta | 6 | - |
| Smt. Vinita Mishra | 1 | - |

(1) - Ceased to be director w.e.f. 22.9.2003.

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 1.4.2003 to 31.3.2004 is as follows :

| Name of Director | Salary | Perquisites | Sitting Fee | Total |
|-----------------------------------|--------|-------------|-------------|-------|
| Shri J.P. Kanodia | - | - | - | Nil |
| Smt. Madhu Kanodia | - | - | - | Nil |
| Shri C.M. Bindal (Upto 22.9.2003) | - | - | - | Nil |
| Shri Sajjan K. Gupta | - | - | - | Nil |
| Smt. Vinita Mishra | - | - | - | Nil |

IV. COMMITTEES OF THE BOARD :

A. Audit Committee :

- (a) Audit Committee constituted on 12.7.2001 comprised Shri J.P. Kanodia, Mg. Director, Shri Rahul Kalra, Director and Smt. Madhu Kanodia, Director.
- (b) The said committee was reconstituted on 15.3.2003 and comprised Shri C.M. Bindal, Shri Sajjan K. Gupta and Smt. Vinita Mishra, independent directors and Shri J.P. Kanodia, Mg. Director, Shri C. M. Bindal ceased to be member of Committee w.e.f. 22.9.2003.
- (c) The meetings of audit committee were held on 26.4.2003, 26.7.2003, 15.10.2003 and 22.1.2004 and were attended by all members (except Shri Vinita Mishra, who attended weehings. Statutory auditor and internal auditor also attended as invitees.
- (d) The powers and functions of audit committee are as provided in section 292A of Companies Act, 1956 and Clause 49 of Listing Agreement.

B. Shareholders' Grievance Committee :

The Shareholders' Grievance Committee was constituted on 15.3.2003 comprising Shri Sajjan K. Gupta and Smt. Vinita Mishra, independent directors. During the year 2003-04, there was a meeting on 22.1.2004. During the year 2003-04, no complaints were received from shareholders/investors and other enquiries were resolved to their satisfaction.

C. Remuneration & Appointment Committee :

The Remuneration and Appointment Committee was re-constituted on 15.3.2003 comprising Shri C. M. Bindal and Shri Sajjan K. Gupta, non-executive independent directors. The Committee considers appointment of and remuneration payable to directors and recommends its proposals to the Board for consideration. However Shri C. M. Bindal ceased to be director of company w.e.f. 22.9.2003. The committee was not re-constituted.

D. Share Transfer Committee :

A Share Tranfer Committee comprising Shri J.P. Kanodia, Mg. Director and Shri Sajjan K. Gupta and Smt. Vinita Mishra

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non-executive independent directors, was constituted on 17.4.2003, to consider matters pertaining to transfer, transmission, splitting, duplicate share certificates etc.

V. SHARE TRANSFERS :

As the company's shares are compulsorily traded in demat segment on stock exchanges, bulk of transfers take place in electronic form. For expediting physical transfer of shares, the company has appointed a common agency, M/s ABS Consultants (P) Ltd. 99, Stephen House, 6th Floor, 4, B.B.D. Bag (East), Kolkata - 700001, for demat as well as physical transfer. The Board has delegated share transfer function to the Share Transfer Committee. Physical transfers are effected well within the statutory period of one month. The Board has designated Shri Naresh Bindal, Manager, as Compliance Officer.

A. Shareholding Pattern as on 31.3.2004 :

| S. No. | Category | No. of Shares held | Percentage of Shareholding |
|---------------|---|--------------------|----------------------------|
| 1. | Promoters | 25,03,300 | 41.9208% |
| 2. | Mutal Funds & UTI | NIL | NIL |
| 3. | Bank, Financial Institutions, Ins. Companies (Central/State Govt. Inst., Non-Govt. Inst.) *RIICO | 1,87,500 | 3.14% |
| 4. | Foreign Inst. Investors | NIL | NIL |
| 5. | Private Corporate Bodies | 1,36,700 | 2.2892% |
| 6. | Indian Public | 30,15,200 | 50.4931% |
| 7. | NRLs / OCBs | 1,28,800 | 2.1569% |
| 8. | GDR | NIL | NIL |
| Grand Total : | | 59,71,500 | 100.00% |

B. Distribution of Shareholding as at 31.3.2004 :

| No. of shares | Share Holder | Total % (Holders) | No. of Shares | Total % (Shares) |
|-----------------|--------------|-------------------|---------------|------------------|
| 1 to 500 | 3571 | 77.83 | 11,15,200 | 18.68 |
| 501 to 1000 | 536 | 11.68 | 4,44,700 | 7.45 |
| 1001 to 2000 | 203 | 4.42 | 3,03,100 | 5.08 |
| 2001 to 3000 | 90 | 1.96 | 2,23,600 | 3.74 |
| 3001 to 4000 | 26 | 0.57 | 93,600 | 1.57 |
| 4001 to 5000 | 40 | 0.87 | 1,84,600 | 3.09 |
| 5001 to 10000 | 46 | 1.00 | 3,50,800 | 5.87 |
| 10001 to 50000 | 62 | 1.35 | 19,45,800 | 32.58 |
| 50001 to 100000 | 11 | 0.24 | 6,22,600 | 10.43 |
| 100001 & above | 3 | 0.07 | 6,87,500 | 11.51 |
| Total | 4588 | 100.00 | 59,71,500 | 100.00 |

VI. SHAREHOLDERS INFORMATION :

- 12th Annual General Meeting (to be held)
Date : 30.9.2004
Time : 10.30 a.m.
Venue : E-51, Sitapura Industrial Area, Near Sanganer, Tonk Road, Jaipur (Raj.)
- Date of Book Closure : 23.9.04 to 30.9.04 (both days inclusive) for A.G.M.

3. Financial Calendar of company for 2004-05 :

The financial year covers the period from April to March. Quarterly Results for

- a) First quarter ending June 30, 2004 : before end July, 04
- b) Half year ending Sept. 30, 2004 : before end Nov, 04
- c) Third quarter ending Dec. 31, 2004 : before end Jan. 05
- d) Half year ending March 31, 2005 : before end May, 05

Note : The above dates are indicative. It may be mentioned that working operations (except trading) are temporarily suspended and thus the company may not have any working financial results.

4. **Registered Office** : E-521, Sitapura Industrial Area, Near Sanganer, Tonk Road, Jaipur (Raj.)

5. Listing of Equity shares on stock exchanges :

The company's shares are listed on the stock exchanges at Jaipur, Delhi, Kolkata, Mumbai and Ahmedabad.

The Ahmedabad stock exchange was requested to delist the shares on 30-4-1997 w.e.f. 30-4-1997. However, they have not yet confirmed the delisting to have been made.

The Board has on 26.7.2003 decided to have the shares of the company delisted from all the above stock exchanges (except Mumbai-BSE) and the consent of the shareholders by way of special resolution, we accorded on 15.9.2003 pursuant to the SEBI (Delisting of Securities) Guidelines, 2003. However, the company has not yet completed the formalities in this regard.

6. Dematerialisation of shares and liquidity :

The company's shares are available for dematerialisation on both Depositories, viz. NSDL and CDSL. Shares of the company are to be delivered compulsorily in demat form on stock exchanges by all investors. Shares representing 24.03 % of the Equity paid up capital have so far been dematerialised by investors.

7. Stock Code :

- Number in NSDL and CDSL for equity shares : ISIN : INE 333E 01019
- The Stock Exchange, Mumbai : 30977
- The Delhi Stock Exchange Association Ltd : 8129
- The Jaipur Stock Exchange Limited : 638
- The Calcutta Stock Exchange Association Ltd : 5589
- The Stock Exchange, Ahmedabad : 62355

8. Share Price Data : During the year 2003-04, no shares of company were traded on stock exchange.

9. Address for correspondence :

Shareholders can have correspondence at the following address both for Demat and Physical transfer work and other grievance if any :

- (a) **ABS Consultants (P) Ltd.** 99, Stephen House, 6th Floor, 4, B.B.D. Bag, (East) Calcutta-700 001
(Share Transfer Agent)

- (b) Registered Office of Company : E-521, Sitapura Industrial Area, Near Sanganer, Tonk Road, Jaipur (Raj.)

10. Information on Shareholders meetings :

The last three annual general meetings of company were held as under

| Date | Time | Venue |
|-----------|------------|---|
| 04.9.2001 | 10.30 a.m. | E-521, Sitapura Industrial Area, Near Sanganer, Tonk Road, Jaipur |
| 30.9.2002 | 10.30 a.m. | E-521, Sitapura Industrial Area, Near Sanganer, Tonk Road, Jaipur |
| 15.9.2003 | 10.30 a.m. | E-521, Sitapura Industrial Area, Near Sanganer, Tonk Road, Jaipur |

11. Disclosures :

The company has complied with provisions of law and no penalties have been imposed by the Stock Exchanges, SEBI or other authority on any matter related to the capital market during last three years. Disclosure on related party transaction is as under :

- a) Shri Sanjeev Mishra is providing services as internal auditor and he happens to be a relative of a director, Smt. Vinita Mishra.
- b) Shri C.M. Bindal, Non-executive independent director, (upto 22.9.2003) happened to be a relative of an existing employee.

12. Means of Communication :

The quarterly and half yearly results are published in Hindi and English Newspapers, depending on liquidity available.

Information released to the press at the time of declaration of result is also being sent to all stock exchanges where the shares of the company are listed for benefit of investors.