

NUWAY ORGANIC NATURALS (INDIA) LTD.

9th

ANNUAL REPORT

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22, Pratap Colony, Model Gram,
Ludhiana-141002

NUWAY ORGANIC NATURALS INDIA LTD.

9th Annual General Meeting

Date : 22nd September, 2004
 Day : Wednesday
 Time : 10.00 a.m.
 Place : Registered Office
 22, Pratap Colony,
 Model Gram,
 Ludhiana (Punjab)

CHAIRMAN-CUM-MANAGING DIRECTOR

1. Mr. Manminder Singh Narang

BOARD OF DIRECTORS

1. Mr. Manjit Singh
 2. Mr. Gautam Chawla

Auditors

Alok Bajaj & Associates
 No. 1, Motla Khan, Rani Jhansi Road,
 New Delhi-110 055.

Regd. Office

22, Pratap Colony, Model Gram,
 Ludhiana (Punjab)

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NUWAY ORGANIC NATURALS INDIA LTD.

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of NUWAY ORGANIC NATURALS INDIA LIMITED will be held on 22nd day of September, 2004 at 10.00 A.M., at 22, Pratap Colony, Model Gram, Ludhiana 141002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March 2004 and the reports of Directors, Auditors thereon.
2. To appoint a director in place of Sh. Gautam Chawla, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sh. Manjit Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. Appointment of Director

To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 257 of the Companies Act 1956 and subject to the approval of members Mr. Subhash Dhingra, be and is hereby appointed as an ordinary director of the company and liable to retire by rotation."

6. Delisting of Securities from Delhi, Jaipur & Ahmedabad Stock Exchange

To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Special Resolution:

"RESOLVED THAT subject to the approval of members and pursuant to the applicable provisions of the Companies Act, 1956, Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and the rules framed hereunder, listing agreement & all other applicable laws, rules and regulation and guidelines and subject to such condition & modification as may be prescribed, the consent of the company be and is hereby accorded to the board to make application for Voluntary Delisting of its Ordinary Shares from Delhi, Jaipur and Ahmedabad Stock Exchanges due to decline in the trading volume since last few years and also continued listing on the said Stock Exchanges is not considered necessary."

"FURTHER RESOLVED THAT Mr. Manminder Singh Narang, Managing Director of the company is authorized to undertake all such work and decisions as may be required to give effect to the aforementioned purpose including signing of various documents, letters, applications, power of attorney, affidavit and any other legal requirement for the captioned matter on behalf of the Company as may be required in relation to the aforementioned purpose and to do such other work as may be necessary for the aforesaid purpose."

By Order of the Board of Directors

Sd/-

Place : Ludhiana
Date : 24th August, 2004

Manminder Singh Narang
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE RELATIVE EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956, IN RESPECT OF THE BUSINESS MENTIONED AT SR. NO. 5 & 6 SET OUT ABOVE ARE ANNEXED HERETO.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED ON 22nd SEPTEMBER 2004.
4. MEMBERS ARE REQUESTED TO INTIMATE THE CHANGE, IF ANY, IN THEIR REGISTERED ADDRESSES IMMEDIATELY.
5. INFORMATION PROVIDED AS PER CLAUSE 49 VI (A) OF THE LISTING AGREEMENT REGARDING MR. SUBHASH DHINGRA AGED ABOUT 43 YEARS, HAS BEEN CLOSELY ASSOCIATED WITH THE BUSINESS OF THE COMPANY.

By Order of the Board of Directors

Sd/-

Place : Ludhiana
Date : 24th August, 2004

Manminder Singh Narang
Managing Director

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2)

ITEM No. 5

The members are hereby informed that the Board of Directors had proposed to appoint Mr. Subhash Dhingra, as a director of the company. Keeping in view there rich and diversified experience in the industries which will give an advantage to the company in its future growth, the members are proposed to appoint them as ordinary director in the annual general meeting.

ITEM NO 6.

The members are hereby informed that due to decline in the trading volume in Delhi, Jaipur & Ahmedabad Stock exchange since last year and also the proposed delisting would further contribute to the cost reduction initiative. After obtaining the consent of members the board of director will make application for the voluntary delisting of the Company's ordinary shares from Delhi Stock Exchange, Jaipur Stock Exchange & Ahmedabad Stock Exchange.

None of the Directors is interested or concerned in the resolution.

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DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting the Ninth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended as on March 31st, 2004.

1. FINANCIAL HIGHLIGHTS

PARTICULARS	(Rs. In '000) YEAR ENDED 31-03-2004	(Rs. In '000) YEARENDED 31-03-2003
Sales	1187.06	1642.03
Other income	409.26	—
Total	1596.32	1642.03
Less : Expenses	2082.60	1687.43
Profit / Loss before Taxation	(486.28)	(45.40)
Less : Provision for Taxation	—	—
Net Profit / Loss	(486.28)	(162.75)
Add: Balance brought forward	(1249.35)	(1086.60)
Surplus / losses carried to Balance Sheet	(1735.63)	(1249.35)

2. DIVIDENDS

The Company had incurred losses during the financial year therefore your directors do not recommend any dividend.

3. OPERATIONS

The company plans to rapidly step up and enhance the quantity, quality and the range of its' new business activities in order to achieve its objective efficiently & effectively. The Company had entered into financial collaboration agreement with M/S Punjab Agro Industries Corporation Limited for setting up the Potable Alcohol Manufacturing Project during the period.

Sales and other income during the financial year ended 31st March 2004 amounted to Rs. 1187.06 (thousand) as compare to preceding year Sales of Rs. 1642.03 (thousand). Also, the Net Loss after tax during the year under review amounted to Rs. 486.28 (thousand) as compared to Loss of Rs. 162.75 (thousand) during the previous year.

4. DEPOSITS

Your Company has not accepted any deposits with in the meaning of Section 58A, of the Companies Act, 1956 and the rules made there under during the Year ended 31st March 2004. Neither there are any outstanding deposits as on the date of the report.

5. DIRECTORS

Shri. Manjit Singh and Shri. Gautam Chawla retires by rotation and is eligible for re-appointment.

Shri. Subhash Dhingra was proposed to be appointed as director of the company. Your Board recommends the same.

During the period Mr. Rajinder Paul Mohindra and Mr. Kushinder Paul Mohindra resigned from the directorship due to his pre occupations. The Board would like to place on record their appreciation for the valuable services rendered by him

6. PARTICULARS OF EMPLOYEES

None of the employees drew remuneration of Rs 24,00,000 or more per annum or Rs. 2,00,000/- per month during the financial year 2003 - 2004. This information is furnished with respect to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of the Employees) Rules, 1975 forming part of the Directors' Report.

7. AUDITORS' REPORT

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comment.

8. AUDITORS

M/s Alok Bajaj & Associates, Chartered Accountants, the Auditors of the Company, will retire at the ensuing Annual General Meeting and being eligible for re-appointment, offer themselves for re-appointment.

9. STATUTORY DISCLOSURES

The requirement of disclosure, in terms of section 217(1)(e) of the companies Act, 1956 regarding conservation of energy and technology absorption does not apply to your Company.

The company has been, however, making all possible attempts to reduce energy Conservation and has made full use of information technology in its operations. Also there was no foreign exchange earning during the year.

10. CORPORATE GOVERNANCE

The provisions of corporate governance are applicable during the financial year. Report on Corporate Governance for the year 2003-2004 has been attached as Annexure-I.

11. AUDIT COMMITTEE

The Management had formed Audit Committee consisting of Mr. Manjit Singh, Mr. Gautam Chawla and Mr. Garish Khanna as the member of the committee during the year. Mr. Manjit Singh was appointed as the

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Chairman of the Committee and Mr. Garish Khanna has been inducted as new non - executive director in place of Mr. Manminder Singh during the year.

12. RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

- (I) In the preparation of the annual accounts, the applicable accounting standard have been followed along with proper explanation relating to material departures;
- (II) Appropriate accounting policies have been selected and have 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 2003-2004 and of the profit and loss account of the company for that period;
- (III) Proper and sufficient care has been taken 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) The annual accounts have been prepared on a going concern basis.

13. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Financial Performance

The financial performance during 2003-2004 was fairly satisfactory and management is hopeful of doing a fine business in the coming year.

(II) Internal Control Systems and their adequacy

Adequate steps had been taken for the timely compliance/submission of various returns and data/information to Stock Exchanges or other regulatory bodies

(III) Human Resources

No employee of the company was in receipt of remuneration above the limit specified under section 217(2A) of the Companies Act, 1956

14. PERSONNEL

Your Directors wish to place on record their appreciation for dedicated and sincere services rendered by the staff at all levels of operation.

15. ACKNOWLEDGEMENT

The Directors wish to thank the customers, dealers, bankers, and all others whose continued support has been a source of strength to the company. Your Directors also wish to place on record their sincere appreciation of the devotion and dedicated efforts put in by the employees at all levels.

By Order of the Board of Directors
For NUWAY ORGANIC NATURALS INDIA LIMITED

Sd/-
Manminder Singh Narang
Chairman &
Managing Director

Sd/-
Manjit Singh
Director

Place : Ludhiana
Date : 24th August, 2004

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REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

The essence of good corporate governance lies not in the mere compliance of legal and statutory requirements, but in the creation of an entire culture of excellence in management, transparency in operation and ensuring, at all time, maximum shareholder value. Having implemented the code of Corporate Governance w.e.f. financial year ended 31st March 2003, the company has been and continues to be committed to observe the best practices of Corporate Governance, with protection of the shareholder's interest at the core of its effort.

2. Board of Directors (ED : Executive Director ; NED : Non-Executive Director)

(A) Board Composition

The Board of Directors of the Company is presently having 3 Directors. All the Directors on the Board are professionally competent. The Company has an appropriate mix of executive and non-executive Directors. The Managing Director of the Company is the only Executive Director on the Board. The number of non-executive Directors constitute more than 50% of the Board.

The composition and category of the Directors on the Board of the Company during the year are :

S. No.	Name of the Director	Category	No. of Directorship in other Co.	No. of Committee positions held in other Companies as Chairman	No. of Committee positions held in other Companies as Member	Date of Appointment	Date of Cessation
1.	Rajinder Paul Mohindra	NED	3	—	—	Since Incomp.	23-02-2004
2.	Kushinder P. Mohindra	NED	2	—	—	—do—	23-02-2004
3.	S.P Sood	NED	2	—	—	—do—	25-09-2003
4.	Manminder S. Narang	ED	7	—	—	01-10-2002	—
5.	Gautam Chawla	NED	—	—	—	28-04-2003	—
6.	Manjit Singh	NED	—	—	—	28-04-2003	—
7.	Ashok Dhir	NED	—	—	—	01-10-2002	28-04-2003
8.	Garish Khanna	NED	1	—	—	27-03-2004	23-08-2004

(B) Board Meetings

During the year 2003-2004 11 meetings of the Board of Directors were held. The Members of the Board were provided with information as required under Annexure- I to Clause 49 of the Listing Agreement sufficiently in advance of the dates of Board Meetings and the same were appropriately dealt with. Dates of Board Meeting were 1st April, 24th April, 28th April, 25th July, 18th August, 25th August, 27th October, 30th October, 31st January, 23rd February and 27th March in 2004.

(C) Attendance of Directors

Attendance of Directors at the Board Meetings held during the year 2003-2004 and at the last Annual General Meeting on 25-09-2003.

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Sr. No.	Name of Director	Meeting held during the tenure of Director In F/Y 2003-04	No. of Meetings Attended	Attendance at the last Annual General Meeting
1	Rajinder Paul Mohindra	10	1	YES
2	Kushinder Paul Mohindra	10	0	YES
3	Manminder Singh Narang	11	11	YES
4	Gautam Chawla	11	9	YES
5	Manjit Singh	11	9	YES
6	Ashok Dhir	3	3	YES
7	S.P Sood	6	0	YES
8	Garish Khanna	1	1	NA

Notes :

- (i) None of the Directors has any business relationship with the Company.
(ii) None of the Directors received any loans and advances from the Company during the year.

(D) Membership of Board Committees

None of the Directors hold membership in more than three Committees or act as Chairman of more than three Committees, across all the companies in which he is a Director. The disclosures as required regarding Committee positions have been made by the Directors.

3. Audit Committee

The Audit Committee shall consist of three Non Executive Independent Directors viz. Shri Manjit Singh, Shri Gautam Chawla and Shri. Garish Khanna. Mr. Gautam Chawla has been inducted as new director in place of Mr. Ashok Dhir and Mr. Garish Khanna has been inducted as new independent non - executive director in place of Mr. Manminder Singh in the newly constituted Audited Committee. During the period Mr. Garish Khanna has resigned from the membership and Mr. Manminder Singh Narang inducted as new member in the Committee. All the members of the Committee possess good knowledge of Finance, Accounts and basic elements of Company Law.

The Chairman of the Audit Committee was present at the Annual General Meeting of the company held on 25th September 2003. The terms of reference and the role of the Audit Committee stipulated by the Board of Directors, include the areas mentioned in the Listing Agreement and the Companies Act, 1956.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of the various Accounting Standards issued by the Institute of Chartered Accountants of India. Compliance of the Accounting Standards, as applicable to the Company, has been ensured in the Financial Statements for the year 2003-2004.

The composition of the Audit Committee and the attendance of members in five meetings of committee held during F.Y. 2003-04 are given hereunder:

Composition of the Audit Committee	Shri Gautam Chawla	Shri Manjit Singh	Shri Garish Khanna
Category of the	Member	Member/Chairman	Member
No. of Meetings attended	5	5	1

4. Remuneration Committee

The Remuneration Committee of the Directors comprised of three members viz. Shri Manjit Singh, Shri Gautam Chawla and Shri. Garish Khanna. Mr. Gautam Chawla has been inducted as new director in place of Mr. Ashok Dhir. Mr. Garish Khanna has been inducted as new non - executive director in place of Mr. Manminder Singh. Mr. Rajinder Paul Mohindra has been ceased to be the member of the Committee during the period under review.

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The basic terms of reference of the Committee include the determination of the remuneration package and other compensation of the directors of the company and the recommendation of the same to the Board.

Name	Salary	Perquisites & Allowance	Commission	Stock Option
Sh. Manminder Singh Narang	600000	Nil	Nil	Nil
Sh. Gautam Chawla	Nil	Nil	Nil	Nil
Sh. Manjit Singh	Nil	Nil	Nil	Nil
Sh. Garish Khanna	Nil	Nil	Nil	Nil

Period of Contract (Sh. M.S. Narang): 5 year from 1st May 2003 (i.e. upto 30th April 2008)

5. Shareholders/Investors' Grievance Committee

The Shareholders/Investors Grievance Committee specifically looks into various issues of the Shareholders including Redressal of Shareholders' complaints etc. The Committee presently comprises of three Directors viz. S/Shri Gautam Chawla, Manminder Singh Narang and Manjit Singh. Earlier Sh. R.P Mohindra was the member during F/Y 2003-04 whose vacancy was filled by Sh. Gautam Chawla after Mr. R.P. Mohindra resigned on 23-02-2004.

- a) Name of the Non-Executive Director heading the Committee. : Sh. Manjit Singh
- b) Name / Designation of Compliance Officer : Sh. Manminder Singh Narang, M.D.
- c) No. of Shareholders' complaints received from Stock Exchanges, SEBI, Dept. of Company Affairs, Registrar of Companies during the financial year 2003-2004 : Nil
- d) No. of complaints not redressed to the satisfaction of shareholders : Nil
No. of pending share transfers/ requests for Dematerialisation of Shares as on 31-03-2004 : Nil
- e) Requests for dematerialisation of shares pending as on 31-03-2004 have been subsequently dealt with. : Nil

6. General Body Meetings

Location and time where last three Annual General Meetings were held :

Year	Date	Venue	Time
2002-2003	25-09-2003	At the Regd. Office of the Company i.e. 22, Pratap Colony, Model Gram, Ludhiana	10.00 AM
2001-2002	30-09-2002	At the Regd. Office of the Company, i.e. Mata Rani Road, Ludhiana	9.30 AM
2000-2001	29-09-2001	-----do-----	9.30 AM