

NUWAY ORGANIC NATURALS (INDIA) LTD.

10th

ANNUAL REPORT

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22, Pratap Colony, Model Gram
Ludhiana-141002

NUWAY ORGANIC NATURALS INDIA LTD.

10th Annual General Meeting

Date	:	30th September, 2005
Day	:	Friday
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
3. Mr. Subhash Dhingra

Auditors

Alok Bajaj & Associates
Vardaan Mansion, Ground Floor,
7A/75, Western Extension Area (W.E.A.)
Karol Bagh, New Delhi-110 005.

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 Tenth Annual General Meeting of the Members of NUWAY ORGANIC NATURALS INDIA LIMITED will be held on 30th day of September, 2005 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 2005 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 a director in place of Sh. Subhash Dhirga, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5 To appoint Auditors of the Company and to fix their remuneration.

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 REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 20TH SEPTEMBER 2005 TO 30TH SEPTEMBER 2005 (BOTH DAYS INCLUSIVE).
3. MEMBERS ARE REQUESTED TO INTIMATE THE CHANGE, IF ANY, IN THEIR REGISTERED ADDRESSES IMMEDIATELY.

By Order of the Board of Directors

By Order of the Board of Directors

Place : Ludhiana
Date : 6th September, 2005

Sd/-
Manminder Singh Narang
Managing Director

Place : Ludhiana
Date : 6th September, 2005

Manminder Singh Narang
Managing Director

NUWAY ORGANIC NATURALS INDIA LTD.

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,
Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended as on March 31st, 2005.

1. FINANCIAL HIGHLIGHTS

PARTICULARS	(Rs. In '000) YEAR ENDED 31-03-2005	(Rs. In '000) YEAR ENDED 31-03-2004
Sales	1954.36	1187.06
Other income	511.33	409.26
Total	2465.69	1596.32
Less : Expenses	2873.13	2082.60
Profit / Loss before Taxation	407.44	(486.28)
Less : Provision for Taxation	—	—
Net Profit / Loss	407.44	(486.28)
Add: Balance brought forward	1735.63	(1249.35)
Surplus / losses carried to Balance Sheet.	2143.07	(1735.63)

2. DIVIDENDS

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

3. OPERATIONS

The company's plans of setting up a project of producing "VODKA" etc. from low quality & surplus potatoes is underway. As the members are aware your company had entered into financial collaboration agreement with M/S Punjab Agro Industries Corporation Limited in the last year for this purpose.

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 2005. Neither there are any outstanding deposits as on the date of the report.

5. DIRECTORS

Shri. Manjit Singh, Shri Subash Dhingra and Shri Gautam Chawla retire by rotation and are eligible for re-appointment.

6. PARTICULARS OF EMPLOYEES

None of the employees draw remuneration of Rs 24,00,000 or more per annum or Rs. 2,00,000/- per month during the financial year 2004 - 2005. 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 / outgo during the year.

10. CORPORATE GOVERNANCE

The provisions of corporate governance are applicable during the financial year. Report on Corporate Governance for the year 2004-2005 has been attached as Annexure-I.

11. AUDIT COMMITTEE

Audit Committee consisting of Mr. Manjit Singh, Mr. Gautam Chawla and Mr. Subhash Dhingra attended its meeting held on 30th April 2004, 30th July, 2004, 25th Oct., 2004 & 15th Jan., 2005. Later on, Mr. Subhash Dhingra was appointed as a Chairman

12. RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standard have been followed along with proper explanation relating to material departures.
- 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 2004-2005 and of the profit and loss account of the company for that period.

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(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 2004-2005 was fairly satisfactory and management is hopeful of doing trial run production 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 : 6th September, 2005

NUWAY ORGANIC NATURALS INDIA LTD.**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 2005, 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 4 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.

(B) Board Meetings

During the year 2004-2005 9 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 30th April, 05 June, 14th June, 30th July, 24th August, 25th October, 2004 & 15th January, 17th January and 30th March 2005.

(C) Attendance of Directors

Attendance of Directors at the Board Meetings held during the year 2004-2005 and at the last Annual General Meeting on 22-09-2004 is as follows:

Sr. No.	Name of Director	Meeting held during the tenure of Director in FY 2004-05	No. of Meetings Attended	Attendance at the last Annual General Meeting
1	Manminder Singh Narang	9	9	YES
2	Gautam Chawla	9	9	YES
3	Manjit Singh	9	9	YES
4	Garish Khanna	4	4	YES
5	Subhash Dhingra	5	4	YES

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. Subhash Dhingra who has been inducted as new director in place of Mr. Garish Khanna in the newly constituted Audit 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 22nd September 2004. 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.

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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 2004-2005.

The composition of the Audit Committee and the attendance of members in four meetings of committee held during F.Y. 2004-05 are given hereunder:

Composition of the Audit Committee	Shri Gautam Chawla	Shri Manjit Singh	Shri Garish Khanna	Shri Subhash Dhingra
Category of the	Member	Member	Member	Chairman
No. of Meetings attended	4	4	2	2

4. Remuneration Committee

The Remuneration Committee of the Directors comprised of three members viz. Shri Manjit Singh, Shri Gautam Chawla and Shri. Subhash Dhingra, who are all non-executive directors.

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. The earlier approved remuneration of the executive director is as follows. No remuneration was paid to any other director.

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. Subhash Dhingra	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.

- | | | |
|--|---|----------------------------------|
| 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 2004-2005 | : | 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 31-03-2005 | : | NIL |
| e) Requests for dematerialisation of shares pending as on 31-03-2005 have been subsequently dealt with | : | NIL |

NUWAY ORGANIC NATURALS INDIA LTD.**6. General Body Meetings**

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

Year	Date	Venue	Time
2003-2004	22-09-2004	At the Regd. Office of the Company i.e. 22, Pratap Colony, Model Gram, Ludhiana	10.00 AM
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

7. Disclosures

Disclosures on materially significant related party transaction i.e transaction of the Company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

None

Details of non-compliance by the Company penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.

NIL

8. Means of Communication

Whether Half-yearly Report was sent to each household of shareholders ?

No, as the Company publishes the Quarterly results in the newspapers

Quarterly Results in which newspapers normally published ?

Pioneer
Jagbani

Whether any Website, where the results were displayed ?

Nil

Whether the Company also displays official news releases, and the presentations made to institutional investors or to the analysts ?

Nil

Whether Management Discussion & Analysis is a part of Annual Report ?

Yes

9. General Shareholder Information**a) Annual General Meeting**

Time : 10 A.M.
Date : 30-09-2005
Venue : 22, Pratap Colony, Model Gram,
Ludhiana-141002