

NUWAY ORGANIC NATURALS INDIA LTD.

13th

ANNUAL REPORT

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22, Pratap Colony, Model Gram,
Ludhiana-141002

NUWAY ORGANIC NATURALS INDIA LTD.

13th Annual General Meeting

Date : 30th September, 2008
 Day : Tuesday
 Time : 10.00 a.m.
 Place : Registered Office
 22, Pratap Colony,
 Model Gram,
 Ludhiana (Punjab)

CHAIRMAN-CUM-MANAGING DIRECTOR

Mr. Manminder Singh Narang

BOARD OF DIRECTORS

Mr. Dapinder Paul Singh
 Mr. Ashok Kumar
 Mr. Mahender Pal Singh

COMPANY SECRETARY

Alka Singh

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:

To,
The Members,

Notice is hereby given that the **13th Annual General Meeting** of the Company will be held **at the Registered office at 22, Pratap Colony, Model Gram, Ludhiana (Punjab)** on **Tuesday, the 30th September, 2008**, at 10.00 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008, and Profit & Loss Account of the Company for the year ended 31st March, 2008 and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Dapinder Paul Singh who retires by rotation and, being eligible, offer himself for re-appointment.
3. To appoint M/s Alok Bajaj & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

For NUWAY ORGANIC NATURALS INDIA LTD

Sd/-

(Manminder Singh Narang)
Managing Director

Place: Ludhiana
Date : 27/08/2008

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. **Members/Proxies should bring the attendance slip duly filled in for attending the meeting.**
3. The Register of Members and Share Transfer Book of the Company will remain closed from 29th September, 2008 to 30th September, 2008 (both days inclusive).
4. Members desirous of any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least one week before the meeting, so as, to enable the management to keep information ready. Replies will be provided only at the meeting.
5. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company between 11.00A.M. to 1.00 P.M. on all working days except Sundays and other holidays upto the date of the Annual General Meeting.

By Order of the Board

For NUWAY ORGANIC NATURALS INDIA LTD

Sd/-

(Manminder Singh Narang)
Managing Director

Place: Ludhiana
Date : 27/08/2008

NUWAY ORGANIC NATURALS INDIA LTD.

DIRECTORS' REPORT TO THE MEMBERS

To,
The Members,
M/S NUWAY ORGANIC NATURALS INDIA LTD

Your Directors have pleasure in presenting the **13th Annual Report** along with the Audited Statement of Accounts of the company for the financial year ended **31st March, 2008**.

FINANCIAL HIGHLIGHTS

PARTICULARS	(Rs. In '000) YEAR ENDED 31-03-2008	(Rs. In '000) YEAR ENDED 31-03-2007
Sales	11,427.08	0.00
Stock Transfer	26.92	00.00
Other income	13.33	341.74
Closing Stock	776.08	0.00
Total	12,243.42	341.74
Less : Expenses	13,088.81	1,012.37
Profit / Loss before Taxation	(845.38)	(670.63)
Less : Preliminary Expenses	297.62	0.00
Less : Provision for Taxation/FBT	0.96	4.88
Add : Provision for deferred revenue	143.83	0.00
Net Profit / Loss	(1,000.14)	(675.51)
Add: Balance brought forward	(3,286.10)	(2,610.59)
Surplus / losses carried to Balance Sheet.	(4,286.24)	(3,268.10)

DIVIDEND

The company had incurred losses during the financial year, therefore, your director do not recommend any dividend.

PERFORMANCE

Your company has achieved a turnover of Rs. 122.43 Lacs against Rs. 3.42 Lacs in the previous year.

FUTURE OUTLOOK

The implementation of project for manufacturing of bathing soap at Baddi, H.P. is almost complete. Trial production from the said plant has also started and commercial production is likely to commence very soon.

The Company has started trading of Cosmetic products, bottled soda water and potable water. Your Company has received good response from the Market. Every effort is being made to position your company in the market.

Further your Company is also in the process of setting up a new plant in Rajpura, Punjab for the manufacturing of vodka using potato as major input ingredient. Unstinted efforts are being made to cross all the hurdles coming in the implementation of setting up of plant for manufacture of vodka from potato at Rajpura, Punjab.

In view of efforts doing by the company, your management is hopeful to attain better performance in the future.

MATERIAL CHANGES

There is no other material change affecting the affairs of the Company, which has happened between the date of the Balance Sheet and upto the date of this report.

PUBLIC DEPOSITS

Your Company has not accepted any deposits with in the meaning of Section 58A of the Companies Act, 1956, and the rules made thereunder.

AUDITORS' REPORT

There is no adverse qualification in the Auditor's Report, which needs to be clarified.

AUDITORS

M/s. Alok Bajaj & Associates, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the limits prescribed U/s 224(1B) of the Companies Act, 1956. M/s. Alok Bajaj & Associates, Chartered Accountants, are required to be reappointed as Statutory Auditors of the Company at the ensuing Annual General Meeting. Their appointment has also been recommended by the Audit Committee.

DIRECTORS

In accordance with the provisions of section 256 and 257 of the Companies Act, 1956 and the Articles of association of your Company, Mr. Dapinder Paul Singh retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

Brief resume of the above director, nature of their expertise in specific functional area and names of Companies in which they hold directorships and the membership / chairmanship of committees, of the Board as stipulated under clause 49 of the Listing Agreement with the stock exchanges, are given in the section of corporate governance in the Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

NUWAY ORGANIC NATURALS INDIA LTD.

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) that the directors had 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 and of the 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 the Companies Act, 1956, 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.

AUDIT COMMITTEE

The Audit Committee comprises of all non-executive directors viz. Mr. Mahendra Pal Singh, as Chairman and Mr. Dapinder Paul Singh and Mr. Ashok Kumar as Members. The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2008 and has not given any adverse observations. It has also recommended the re-appointment of M/s. Alok Bajaj & Associates, Chartered Accountants, as statutory auditors of the company.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with Stock Exchange(s), Management discussion & Analysis Report and Corporate Governance Report are annexed as Annexure I and Annexure II & form part of is Directors' Report.

PARTICULARS OF EMPLOYEES

There was no employee receiving remuneration during the year in excess of limits prescribed u/s 217 (2A) of the Companies Act, 1956, and the relevant rules made there under.

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

Information pursuant to Section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosures of Particulars in the Report of Board of directors) Rules, 1988, is as follows:

Conservation of Energy:

Company continue to pay significant attention towards the conservation of energy and all necessary measures have been taken to optimize the use of electricity. Since company has not carried any manufacturing operation on commercial basis neither during the period under review nor in previous year, information as required to be given in Form A may please be treated as nil.

Research & Development and Technology Absorption
Continuous efforts to bring in operational effectiveness and product upgradation through R&D activities are being made.

Foreign Exchange earning and Outgo:

Particulars	(Rs. In Lac)	
	Year ended	Year ended
	31.03.08	31.03.07
Foreign Exchange Earning	Nil	Nil
Foreign Exchange Outgo	Nil	Nil

EMPLOYEES RELATIONS

Your directors wish to place on record the appreciation for the dedicated services rendered by the workers, staff and executives of the Company at all levels who have contributed to the efficient and successful management of the Company.

LISTING

Presently the Company's equity shares are listed at the following Stock Exchanges:

Bombay Stock Exchange Ltd. (BSE)
The Jaipur Stock Exchange Ltd,
The Stock Exchange, Ahmedabad,
Ludhiana Stock Exchange,
The Delhi Stock Exchange Association Ltd

However, Shareholders in their extra-ordinary general meeting held on 10th May, 2008 have given their approval for voluntary delisting of company's securities from the Jaipur and Ahmedabad Stock Exchanges. Now, Company is in process to make application to the said stock exchanges for voluntary delisting of its securities.

Listing fee for the financial year 2008-09 has been paid to all the Stock Exchanges .

ACKNOWLEDGEMENT

Your directors take this opportunity to offer their sincere thanks to various departments of the Central and state Governments, Financial Institutions, Banks and Investors for their unstinted support, assistance and valuable guidance.

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

Sd/-
Manminder Singh Narang
Chairman &
Managing Director

Sd/-
Dapinder Paul Singh
Director

Place: Ludhiana
Date : 27/08/2008

NUWAY ORGANIC NATURALS INDIA LTD.

ANNEXURE – I

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industrial Scene:

The Company has interests primarily in three segments, viz manufacturing of Soap and Vodka and trading in cosmetics and bottled soda and potable water.

Soap is a product that many people might take for granted or consider rather ordinary, but for some, lathering up can be a treasured part of a morning or nightly routine. India is a vast country with a population of 1030 million people. Household penetration of soap is 98%. People belonging to different income levels use different brands, which falls under different segments (i.e. Carbolic, Discount, Popular, Premium, Super Premium), but all income levels soaps, making it the second largest industry in India. Rural consumers in India constitute 70% of the population. Rural demand is growing, with more and more soap brands being launched in the discount segment targeting the lower socio-economic strata of consumers. The market for Soaps & Detergents has increased manifold with changing lifestyles, growing purchasing power, increased awareness about personal hygiene, responsiveness of the consumer to brands offering superior value and the spread of audio-visual media.

Vodka is one of the world's most popular distilled beverages. It is a clear liquid containing water and ethanol purified by distillation- often multiple distillation- from a fermented substance such as potatoes, grain (usually rye or wheat) or sugar beet molasses, and an insignificant amount of other substance such as flavorings or unintended impurities. Although Vodka is traditionally drunk neat in the Eastern European and Nordic countries of the "Vodka Belt", its popularity elsewhere owes much to its usefulness in cocktails and other mixed drinks, such as the Bloody Mary, the Screwdriver, the Vodka tonic, vodka martini and most recently vodka red bull.

There are huge opportunities in Indian Markets for trading of Bottled Soda, potable Water and Cosmetic Products. Cosmetic products are Fast Moving Consumer Goods (FMCG) hence are always in demand. Due to deterioration in the quality of drinking water, requirement and consumption of bottled potable water and Soda has increased manifolds over last few years.

Financial Outlook

As the company has started trading of cosmetic products, Soda and potable water Bottles, and the response of market is good, your management is hopeful that at the end of financial year 2008-09 Company would earn profit.

The setting up of manufacturing of bathing soap plant is almost complete. Trial production has also been started from the said plant and commercial production from the said plant is expected to be started from the mid of financial year 2008-09 and thus your management forecast to attain good turnover in this field.

It is expected that the vodka manufacturing plant shall also be commissioned during the current financial year. Therefore, your management expects a better financial performance in the times to come.

Segment wise performance

During the year reported, your company has started trading of cosmetic products, bottled soda and potable water and has done good business.

Segment wise performance is given in Note 9 of schedule VI of the Balance sheet as at 31/03/2008.

Opportunities

India is exporting cosmetic products to the countries primarily in middle east and South east Asia. Other major cosmetic importing countries are UAE, USA, Netherlands, South Arabia, Germany, Japan, Malaysia, Nepal, Sri Lanka, UK, China, Indonesia, France, Russia and Italy. As such there is a lot of potential for export of bathing soap. In India the demand for this product is regularly increasing.

Further, vodka as indigenous product will be produced by us in India for the first time. This drink besides other things has health values. Therefore, there is a lot of scope of this product in India.

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Soda water is plain water in which Carbon dioxide gas has been dissolved and is the major and defining component of most soft drinks. Popularity and consumption of Soda Water between Indian consumers is increasing day by day, hence the market of soda water is very alluring.

Threats

Intense competition from other manufacturers will add pressure on the profits margin of the Company in the bathing soap section. Vodka being a new product is sensitive to the customer choice. To establishing brand of bottled soda water and potable water against existing brand of Big Companies and MNCs ie. McDowell etc.

Company Outlook

Your company has entered into a joint venture/ technical arrangement with Punjab Agro Industrial Corporation for manufacturing of potato based vodka. Bathing soap plant has also been put up at Baddi, in Himanchal Pradesh. The management expects a better performance in the future.

Risks Management

The Risks Management policies of the Company ensures that all the moveable and immoveable assets of the Company are adequately covered. The same are reviewed by the Board from time to time. Besides the Company is prone to usual risks of the business like change in demand, any change in export policy of the Government, International agreements on trade and tariffs etc.

Internal Control System

The Company has developed an internal control system and procedures to ensure efficient conduct of business and security of its assets. Management Information system has been developed through which production performance and financial dealings are monitored by management on regular basis.

Human Resources

The Company believes that the workers are the backbone of the Company. It is providing an opportunity to all the employees to utilise their full potential and grow in the organization. There was no strike or labour unrest during the last financial year. As on 31.03.2008 the total number of regular employees were 9.

ANNEXURE - II

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

In the fast changing business scenario, good Corporate Governance helps in achieving long term Corporate Goal of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the Corporate entity deals with various stakeholders, with transparency being the key word. Accordingly timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate governance. Your Company strongly believes in Corporate Governance and endeavors to continually take initiatives to strengthen areas of corporate Governance.

2. Board of Directors

The Company has an Executive Chairman, the Board's composition meets the stipulated requirement of at least half of the Board being independent members who have no business relationship with the Company.

The details of directors and their attendance record at Board Meeting held during the year and last AGM are given below:

NUWAY ORGANIC NATURALS INDIA LTD.

Name	Category	Designation	No. of Meetings Held during The last fin.Year	No. of Meetings Attended	No. of Membership In Boards of Other Companies	Attendance of each Director At last AGM
Sh. Manminder Singh Narang	Promoter Executive Director	Managing Director	9	9	5	Yes
Sh. Dapinder Paul Singh	Non Promoter Non Executive Independent Director	Director	9	9	1	Yes
Sh. Ashok Kumar	Non Promoter Non Executive Independent Director	Director	9	9	1	Yes
Sh. Mahender Pal Singh	Non Promoter Non Executive Independent Director	Director	9	9	Nil	Yes

3. Board Meetings

During the financial year 2007-08, 9 meetings of Board of Directors were held. These were held on 16.04.2007, 30.04.2007, 31.07.2007, 25.08.2007, 01.10.2007, 10.10.2007, 31.10.2007, 20.12.2007 & 30.01.2008. The intervening period between two meetings was well within the maximum time gap of 4 months as prescribed under Corporate Governance norms.

Board's Procedures

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations, etc. are regularly placed before the Board. This is in addition to information with regard to actual operations; major litigation feed back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

4. Committees of the Board**a) Audit Committee**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted by the Board comprising three Directors, all being Non-Executive with majority of them being independent. The Chairman of the Audit Committee is an independent Director. The Company secretary acts as the Secretary to the Audit Committee.

The constitution of the Audit Committee also meets with the requirements under section 292A of the Companies Act, 1956. The terms of reference and powers of the Audit Committee are in keeping with those contained under Clause 49 of the Listing Agreement and the Act.

The Audit Committee specifically reviews:

- Management discussion and analysis of financial conditions and results of operations.
- Quarterly and Annual Financial Results.
- Annual budget and variance Reports.
- Significant related party transactions.
- Internal Audit Reports/ Cost Audit Report including letters on internal control weaknesses, if any, issued by Statutory/ Internal Auditors.
- Recommendation for appointment of Statutory and Cost Auditors.
- Appointment and remuneration of Internal Auditors.

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Five meetings of the Audit Committee were held during the year as against the requirement of minimum four meetings. The meetings were held on 30.04.2007, 31/07/2007, 25.08.2007, 31/10/2007, 30/01/2008.

The details of constitution of the Committee and attendance at meetings are as under:

Name	Status	Designation	No. of Meetings Held during The last fin. Year	No. of Meetings Attended
Sh. Mahender Pal Singh	Chairman	Non-Executive Independent Director	5	5
Sh. Dapinder Paul Singh	Member	Non-Executive Independent Director	5	5
Sh. Ashok Kumar	Member	Non-Executive Independent Director	5	5

The Chairman of the Audit Committee was present at the Annual General Meeting to answer shareholders' queries.

b) Remuneration Committee

A Remuneration committee was constituted to review and approve the annual salaries, commission, service agreement and other employment conditions for the executive Directors.

The following are the members of Remuneration Committee:

S.No.	Name of Directors	Status	Category of Membership
1.	Sh. Ashok Kumar	Member	Non Executive Independent Director
2.	Sh. Dapinder Paul Singh	Member	Non Executive Independent Director
3.	Sh. Mahender Pal Singh	Member	Non Executive Independent Director

During the Financial year 2007-2008 under review, no matter relating to managerial remuneration was dealt with by Board. Therefore, no meeting of remuneration Committee was held during this period.

Remuneration Policy

Subject to the approval of the Board of Directors and the subsequent approval by the shareholders at the General Body Meeting and such authorities as the case may be, remuneration of the Managing/Whole-time Directors is fixed by the Remuneration Committee. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises basic salary, commission, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956. The remuneration policy for Whole-time Directors is directed towards regarding performance, based on review of achievements. The non-executive Directors have not drawn any remuneration from the Company except sitting fee for meetings of the Board and Committees attended by them.

Details of Remuneration paid to Directors

a) Executive Directors

Total Remuneration paid for the year ended March 31st, 2008 to Mr. Manminder Singh Narang, Managing Director, is Rs. 6, 00,000/-.

b) Non Executive Director

There was no sitting fee paid for attending the meetings.

c) Investors Grievance and Share Transfer Committee

The Committee has been constituted to specifically look into redressal of shareholders and investor grievances such as transfer of shares, dividend and dematerialisation related matters. Presently, the Committee comprising of all non-executive directors viz, Mr. Mahender Pal Singh, Mr. Ashok Kumar & Mr. Dapinder Paul Singh There is no complaint pending.

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Name	Status	No. of Meetings Held during The last fin. Year	No. of Meetings Attended
Sh. Mahender Pal Singh	Chairman	4	4
Sh. Dapinder Paul Singh	Member	4	4
Sh. Ashok Kumar	Member	4	4

General Body Meeting

Details about Last 3 years Annual General Meetings are as under:

Sr. No.	Date	Venue	Time	Special Resolution
1.	30.09.2005	22, Pratap Colony, Model Garm, Ludhiana-141002	10.00 A.M.	No Special resolution was passed
2.	27.09.2006	22, Pratap Colony, Model Garm, Ludhiana-141002	10.00 A.M.	No Special resolution was passed.
3.	29.09.2007	22, Pratap Colony, Model Garm,	10.00 A.M.	No Special resolution was passed.

Neither any Extra-Ordinary General Meeting was held nor any resolution was passed through Postal Ballot during the year under review.

Disclosures

- There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. having potential conflict with the interest of the company at large.
Details on materially significant related party transactions are shown in note no. 10 of schedule VI of the Balance Sheet as at 31/03/2008.
- There has been no non compliance by the Company nor were any penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any other Statutory authority on any matter related to capital markets during the last three years.
- Presently, the Company does not have a Whistle Blower Policy However, no personnel of the Company has been denied access to the Audit Committee.
- The Company has generally complied with all the mandatory requirements of Clause 49. As regard the non-mandatory requirements, Company tries to implement them to the extent possible.

Risk Management Policy

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are regularly apprised key risk assessment and risk mitigation mechanisms.

Code of Conduct

The Board of Director has laid down a Code of Conduct for all Board members and senior management personnel of the Company All Board Members and Senior Management Personnel have affirmed compliance with the Code on annual basis and the CEO Certificate to the Board of Directors contains a declaration to this effect.

Means of Communication

The Quarterly Financial Results of the Company were not got published for the period under review except for quarter ended 30th June, 2007.

Management discussions and analysis

Management discussions and analysis forms a part of this report.

General Shareholders Information

- a) Annual General Meeting : 13th Annual General Meeting
Date : 30th September, 2008
Day : Tuesday
Time : 10.00 A.M.
Place : 22, Pratap Colony, Model Garm, Ludhiana
Financial Year : 1st April, 2007 to 31st March, 2008