

**NUWAY ORGANIC NATURALS INDIA LTD.**

**15<sup>th</sup>**

**ANNUAL REPORT  
2 0 0 9 - 2 0 1 0**



Regd. Off.: 22, Pratap Colony,  
Model Gram, Ludhiana-141002



## NUWAY ORGANIC NATURALS INDIA LTD.

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### 15th Annual General Meeting

Date	:	27th September, 2010
Day	:	Monday
Time	:	10.00 A.M.
Place	:	Registered Office 22, Pratap Colony, Model Gram, Ludhiana (Punjab)

### CHAIRMAN & MANAGING DIRECTOR

Mr. Manminder Singh Narang

### BOARD OF DIRECTORS

Mr. Ashok Kumar  
Mrs. Ginny Singh  
Mrs. Daisy Singh  
Ms. Rosy Arora  
Mrs. Anchal Narang

### COMPANY SECRETARY

Sandeep 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.

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## NOTICE:

To,  
The Members,

Notice is hereby given that the **15<sup>th</sup> Annual General Meeting** of the Company will be held **at the Registered office at 22, Pratap Colony, Model Gram, Ludhiana (Punjab)** on Monday, **the 27<sup>th</sup> September, 2010**, at 10.00 A.M. to transact the following businesses:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010, and Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2010 and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Ashok Kumar who retires by rotation and, being eligible, offers 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.

## SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution:  
"RESOLVED THAT Mrs. Ginny Singh, be and is hereby appointed as a Director of the company, liable to retire by rotation."
5. To consider and, if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution:  
"RESOLVED THAT Mrs. Daisy Singh, be and is hereby appointed as a Director of the company, liable to retire by rotation."
6. To consider and, if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution:  
"RESOLVED THAT Ms. Rosy Arora, be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Mrs. Anchal Narang, be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

Place: Delhi  
Date : 30/08/2010

Sd/-  
Manminder Singh Narang  
Managing Director

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**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 25<sup>th</sup> September, 2010 to 27<sup>th</sup> September, 2010 (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.

6. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item no. 4 to 7 is annexed herewith.

**EXPLANATORY STATEMENT**

(Pursuant to section 173(2) of the Companies Act, 1956)

**ITEM NO. 4**

Mrs. Ginny Singh joined the Board with effect from 16/11/2009 as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956. She is holding office upto the date of ensuing Annual General Meeting. Ms. Ginny Singh is a Graduate and has experience of 5 years in the field of Manufacturing & Trading. It is proposed that she be appointed as regular Director of the Company. The Company has received a notice in writing from one of its members signifying his intention to propose the candidature of Mrs. Ginny Singh as a Director of the Company, Pursuant to the provisions of section 257 of the Companies Act, 1956 along with security deposit of Rs. 500/-.

Mrs. Ginny Singh does not hold any share of NUWAY ORGANIC NATURALS INIDA LIMITED. If appointed, she will be a Non Executive Independent director of the company.

None of the director except Mrs. Ginny Singh herself is concerned or interested in this item.

**ITEM NO. 5**

Mrs. Daisy Singh joined the Board with effect from 11/01/2010 as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956. She is holding office upto the date of ensuing Annual General Meeting. Mrs. Daisy Singh is an M.Com. and has experience of 12 years in the field of Office Administration and Supervision. It is proposed that she be appointed as regular Director of the Company. The Company has received a notice in writing from one of its members signifying his intention to propose the candidature of Mrs. Daisy Singh as a Director of the Company, Pursuant to the provisions of section 257 of the Companies Act, 1956 along with security deposit of Rs. 500/-.

Mrs. Daisy Singh holds 105000 shares of NUWAY ORGANIC NATURALS INIDA LIMITED. If appointed, she will be a Non Executive Promoter director of the company.

None of the directors except Mr. Manminder Singh Narang and Mrs. Anchal Narang, being relatives of Mrs. Daisy Singh is concerned or interested in this item.

**ITEM NO. 6**

Ms. Rosy Arora joined the Board with effect from 23/07/2010 as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956. She is holding office upto the date of ensuing Annual General Meeting. Ms. Rosy Arora is a Graduate and has experience of 20 years in the field of Finance & Accounts. It is proposed that she be appointed as regular Director of the Company. The Company has received a notice in writing from one of its members signifying his intention to propose the candidature of Ms. Rosy Arora as a Director of the Company, Pursuant to the provisions of section 257 of the Companies Act, 1956 along with security deposit of Rs. 500/-.

Ms. Rosy Arora holds 12500 shares of NUWAY ORGANIC NATURALS INIDA LIMITED. If appointed, she will be a Non Executive Independent director of the company.

None of the directors except Ms. Rosy Arora is concerned or interested in this item.

**ITEM NO. 7**

Mrs. Anchal Narang joined the Board with effect from 23/07/2010 as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956. She is holding office upto the date of ensuing Annual General Meeting. Mrs. Anchal Narang is a B.A. & Diploma in Mass Communication. She has experience of 17 years in the field of Herbal Products. It is proposed that she be appointed as regular Director of the Company. The Company has received a notice in writing from one of its members signifying his intention to propose the candidature of Mrs. Anchal Narang as a Director of the Company, Pursuant to the provisions of section 257 of the

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Companies Act, 1956 along with security deposit of Rs. 500/-

Mrs. Anchal Narang holds 105000 shares of NUWAY ORGANIC NATURALS INDIA LIMITED. If appointed, she will be a Non Executive Promoter director of the company.

None of the directors except Mr. Manminder Singh Narang, Mrs. Daisy Singh, being relatives of Mrs. Anchal Narang is concerned or interested in this item.

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

Place: Delhi	Sd/- Manminder Singh Narang Chairman & Managing Director
Date : 30/08/2010	

# 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 15<sup>th</sup> Annual Report along with the Audited Statement of Accounts of the company for the financial year ended 31<sup>st</sup> March, 2010.

## FINANCIAL HIGHLIGHTS

PARTICULARS	(Rs. In '000)	(Rs. In '000)
	YEAR ENDED 31-03-2010	YEAR ENDED 31-03-2009
Sales	1,18,717.13	1,16,171.50
Other Income	-	-
Closing Stock	8,980.71	6,893.33
Total	1,27,697.84	1,23,064.83
Less: Expenses	1,14,560.96	1,15,972.31
Profits/Loss before Taxation	13,136.88	7,093.11
Less: Preliminary Expenses	297.70	297.62
Less: Provision for Taxation/FBT	5,709.40	1,533.38
Add: Provision for deferred revenue	531.33	730.38
Net Profit/Loss	6,598.44	4,531.14
Add: Balance brought forward	244.90	(4,286.24)
Surplus/Losses carried to	6,843.34	244.90
Balance Sheet		

## DIVIDEND

In order to strengthen the financial position of the company your directors are of the opinion that the profit is to be ploughed back in the working of the company. Therefore, no dividend is proposed for the year under review.

## PERFORMANCE

The company has earned a profit of Rs. 65.98 Lacs against the profit of Rs. 45.31 Lacs in the previous year.

## FUTURE OUTLOOK

It is expected that the project for manufacturing of Vodka at Rajpura, Punjab will be commissioned in another 4-5 months.

## 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 there under.

## AUDIT COMMITTEE

Presently the Audit Committee comprises of all non-executive directors viz. Mr. Ashok Kumar as Chairman and Mrs. Ginny Singh and Mrs. Daisy Singh as Members and five

meetings of the audit committee were held during the year. The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2010 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.

## AUDITORS' REPORT

There is no adverse qualification in the Auditors' 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 the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ashok Kumar retires by rotation at the ensuing Annual General Meeting and being eligible offered himself for re-appointment.

Mrs. Ginny Singh, Mrs. Daisy Singh and Mr. Dilvinder Singh were appointed as additional director at Board of Directors meeting held on 16.11.2009, 11.01.2010 & 03.07.2010 respectively and Ms. Rosy Arora, Mr. Amit Singh Grover and Mrs. Anchal Narang were appointed as additional directors at the Board of Directors meetings held on 23.07.2010. The company has received requisite notices u/s 257 of the Companies Act, 1956 proposing their regular appointments. However Mr. Dilvinder Singh and Mr. Amit Singh Grover opted out to be directors of the company.

Mr. Dapinder Paul Singh and Mr. Mahender Pal Singh resigned from the board of the Company w.e.f. 31.10.2009 and 15.12.2009 respectively. Your directors would like to place on record their appreciation for the valuable services rendered by all of them during their tenure as directors.

Brief resume of the directors to be appointed at the forthcoming Annual General Meeting, nature of their expertise in specific functional areas 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, is given in the section of corporate governance in the Annual Report.

# NUWAY ORGANIC NATURALS INDIA LTD.

## DIRECTOR'S RESPONSIBILITY STATEMENT

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

- 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 profit 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.

## 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 this 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:

Your company continues to pay significant attention towards the conservation of energy and all necessary measures have been taken to optimize the use of electricity. Pursuant to the provisions of Section 217(1)(e) and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information on Conservation of Energy and Technology Absorption is not applicable to the company. Therefore, the 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 up gradation through R&D activities are being made. The company is not using any foreign technology, which is required to be absorbed.

## Foreign Exchange Earning and Outgo:

Particulars	Year ended 31.03.10	(Rs. In Lac) Year ended 31.03.09
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 Delhi Stock Exchange Association Ltd.

The shares of the company have been delisted from Ludhiana Stock Exchange Association Ltd. with effect from 23-01-2010 vide letter no. LSE/Listing/2010 dated 25.01.2010.

Further, Listing fee for the financial year 2010-11 has been paid to BSE and The Delhi Stock Exchange Association Ltd.

## ACKNOWLEDGEMENT

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

By order of the Board  
For NUWAY ORGANIC NATURALS (INDIA) LTD

Place : Delhi  
Date : 30/08/2010

Sd/-  
Manminder Singh Narang  
Chairman & Managing Director



# NUWAY ORGANIC NATURALS INDIA LTD.

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## ANNEXURE – I

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

#### Industrial Scene:

Presently your company is functioning in three segments, viz manufacturing of Cosmetics products and Vodka, trading of cosmetics and trading of bottled soda and potable water.

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. The Indian FMCG sector with a market size of US\$13.1 billion is the fourth largest sector in the economy. A well-established distribution network, intense competition between the organized and unorganized segments characterizes the sector. FMCG Sector is expected to grow by over 60% by 2010. That will translate into an annual growth of 10% over a 5-year period. It has been estimated that FMCG sector will rise from around Rs 56,500 crores in 2005 to Rs 92,100 crores in 2010.

Despite some of the negative aspects attributed to the Liquor Industry there are many positive ones associated with the industry. In the past decade (2000-2010) there has been an upheaval of sorts for the industry. Although the government instills many an impediment to act as a deterrent for the growth, the alcohol industry is very important for the government. The industry is said to be Rs.55, 000 crores at retail value and generates revenues to the tune of Rs.30, 000 crores in spite of the fact that the per capita consumption of liquor in India is the lowest in the world. IMFL accounts for only a third of the total liquor consumption in India. Most IMFLs are cheap and 85 per cent of the brands are priced below Rs. 200 per bottle. India is the fastest growing alcoholic beverage market in the world and is set to reach "One Billion cases mark by year 2015". The Indian alcoholic beverages industry is expected to witness accelerating growth in coming years with the consumer base likely to expand fast. The domestic alcoholic drinks market has been growing at an astounding rate in the past few years. The growth rate is higher than other major Asian markets like China and South Korea.

The categories of bottled water in India are Packaged Natural Mineral Water and Packaged Drinking Water. Bottled water industry, colloquially called, the mineral water industry, is a symbol of new life style emerging in India. The packaged drinking water in India, which is estimated at Rs.850 crores with over 200 brands floating in the market, most of which have restricted territorial distribution. This is a growing market in India as quality consciousness among the consumers is on the rise. The bottled water market is growing at a rapid rate of around 20%. At this growth rate, the Rs 7000 million per year market is estimated to overtake the soft drinks market soon. Multinationals, Coca-Cola, Pepsi, Nestle and others are trying to grab a significant share of the market. There are more than 180 brands in the unorganized sector. The small players account for nearly 19% of the total market. The per capita consumption of bottled water in India is less than half a litre per year, compared to 111 litres in France and 45 litres in the US. These points to the future potential beyond the high growth.

#### Financial Outlook

It is expected that the vodka manufacturing plant will be commissioned in another 4-5 months. Therefore, your management expects a better financial performance in the times to come.

#### Segment wise performance:

Segment wise performance is given in Note 11 of schedule VIII of the Balance sheet as at 31/03/2010.

#### Opportunities:

India is one of the world's largest producers of FMCG goods but its exports are miniscule as compared to production. Though Indian Cos. has been going global, their focus is more towards Asian countries because of the similar preferences. An expansion of horizons towards more and more countries would help the Company grow its consumer base and henceforth the revenues.

#### Threats:

The top five FMCG companies constitute nearly 70% of the total revenues generated by this sector. Multinational FMCG companies like Hindustan Unilever, ITC, Nestle, Procter & Gamble and GlaxoSmithKline Consumer Healthcare traditionally comprise the first category of FMCG companies. But the biggest worry for national players is the emergence of private labels, i.e. the in-house brands of retail companies. As retailers don't have to incur marketing costs on these in-house brands, they are cheaper than their branded counterparts

# NUWAY ORGANIC NATURALS INDIA LTD.

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## Company's Outlook

Your company has started with the commercial production of cosmetic products from the plant situated at Baddi, in Himachal Pradesh. Further, it is expected that the plant for manufacturing of potato based vodka will be ready for production in another 4-5 months. Therefore 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 31.03.2010 the total number of regular employees were 9.

## ANNEXURE - II

### Report on Corporate Governance

#### 1. Company's Philosophy on Corporate Governance

The Corporate Governance is about commitment to business values. Corporate Governance comprised of laws, rules, regulations affecting the manner in which the business of the company is conducted. Good Corporate Governance practices helps in achieving long term Corporate Goal of enhancing Stakeholders' value. 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 comprising of independent Directors who have no material business relationship with the Company. Details of Name, Composition, and Attendance record of directors for the year ended 31.03.2010 and the number of Directorship and Committee Chairmanship/ Membership by them in other companies are as follows:

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
Mr. Manminder Singh Narang	Promoter Executive Director	Chairman Cum Managing Director	11	11	5	Yes
Mr. Mahender Pal Singh*	Non Promoter Non Executive Independent Director	Director	11	7	1	Yes
Mr. Ashok Kumar	Non Promoter Non Executive Independent Director	Director	11	11	2	Yes
Mr. Dapinder	Non Promoter	Director	11	5	1	Yes