



NUWAY ORGANIC NATURALS (INDIA) LTD.

16th

**ANNUAL REPORT
2010-2011**

CORPORATE INFORMATION

CHAIRMAN & MANAGING DIRECTOR

Mr. Manminder Singh Narang

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Amit Shekhar

AUDITORS

M/s. Shanti Prashad & Co.
M-96, Connaught Place
New Delhi - 110001

Regd. Office

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

Registrar and Share Transfer Agent

BEETAL Financial & Computer Services (P) Limited
99 Madangir, Behind Local Shopping
Centre, Near Dada Harsukhdas Mandir,
New Delhi - 110062

16TH ANNUAL GENERAL MEETING

Day : Friday
Date : 30th September, 2011
Time : 10.00 A.M.
Place : 22, Pratap Colony,
Model Gram,
Ludhiana (Punjab)

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NOTICE

To,
The Members,

Notice is hereby given that the **16th Annual General Meeting** of the Company will be held at the **Registered office at 22, Pratap Colony, Model Gram, Ludhiana (Punjab)** on Friday, **the 30th September, 2011**, 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, 2011, and Profit & Loss Account of the Company for the year ended 31st March, 2011 and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mrs. Ginny Singh, who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint a director in place of Mrs. Anchal Narang, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint **M/S Shanti Prashad & Co., (having Firm Registration No. 019923N) 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

5. To Consider and if thought fit, to pass the following Resolution with or without modification.

"RESOLVED THAT pursuant to provisions of Section 269 and Section 316 read with Schedule XIII of the Companies Act, 1956, and provisions of Article 118 (1) of Articles of Association of the Company, appointment of Sh. Manminder Singh Narang as Managing Director of the Company, as made by the board in its meeting on 11/04/2011, is hereby confirmed and approved for a period of five years from 01-05-2011 to 30-04-2016, without any remuneration."

Place : Delhi
Date : 02/09/2011

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

Sd/-
Manminder Singh Narang
Chairman & Managing Director

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, 2011 to 30th September, 2011 (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 11.00 A.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. 5 is annexed here with.

Place : Delhi
Date : 02/09/2011

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

Sd/-
Manminder Singh Narang
Chairman & Managing Director

**Explanatory Statement
(Pursuant to Section 173(2) of Companies Act, 1956)**

Item no. 5:-

Tenure of Sh. Manminder Singh as Managing director of the Company expired on 30/04/2011. Your Board has reappointed him as Managing Director for a further period of five years from 01/05/2011 to 30/04/2016, without any remuneration. In terms of Part-III of Schedule XIII of the Companies Act, 1956 members' approval by way of Ordinary Resolution is required.

Mr. Manminder Singh Narang is one of the Promoter of the Company. Under his leadership, company has progressed steadily and looking forward to progress immensely. Mr. Manminder Singh Narang is also a Managing Director in Three-N-Products Private Limited. He is drawing remuneration from that company. As no remuneration is being paid, there is no requirement of taking recommendations of Remuneration Committee. Hence, Your Board recommends the same for your approval.

Further, This may also be treated as a notice u/s 302 of the Companies Act, 1956, if required as per clause 49 of the listing agreement is given in the report under the heading Corporate Governance.

No director except Mr. Manminder Singh Narang himself, Mrs. Anchal Narang and Mrs. Daisy Singh being relatives are interested in the resolution as per Item no 5 of Notice.

Place : Delhi
Date : 02/09/2011

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

Sd/-
Manminder Singh Narang
Chairman & Managing Director

DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the 16th Annual Report along with the Audited Statement of Accounts of the company for the financial year ended 31st March, 2011.

(Rs. In '000)

	Year ended March 31, 2011	Year ended March 31, 2010
Total Income	96896.377	118717.131
Less: Expenses	92992.227	104076.502
Profits/Loss before Interest		
Depreciation & Taxation	3904.150	14640.629
Financial Expenses	—	20.440
Profit before Depreciation & Taxation	3904.150	14620.189
Depreciation	1109.397	1483.312
Preliminary Exp written off	—	297.704
Provision for Income Tax	800.000	5709.400
Net Profit	712.622	6598.438

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. 7.12 Lacs against the profit of Rs. 65.98 Lacs in the previous year.

FUTURE OUTLOOK

Your Company's distillery project at Rajpura has commenced production and is hopeful of garnering significant market share in coming years. Your company is doing reasonably well in other areas of cosmetic and portable water trading.

MATERIAL CHANGES

No material change affecting the affairs of the Company 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 read with (Acceptance of Deposits) Rules, 1975.

AUDIT COMMITTEE

Presently the Audit Committee comprises of two non-executive independent directors viz. Mr. Ashok Kumar as Chairman and Mrs. Ginny Singh and one non executive director Mrs. Daisy Singh as Members and Six 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 31.03.2011 and has not given any adverse observations. It has also recommended the re-appointment of M/s. Shanti Prashad & Co., Chartered Accountants, as Statutory Auditors of the company.

AUDITORS' REPORT

Auditor report is annexed to the balance sheet attached in this annual report. There is no adverse qualification in the Auditors' Report, which needs to be clarified.

AUDITORS

M/s. Shanti Prashad & Co., 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. Shanti Prashad & Co., 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, Mrs. Ginny Singh and Mrs. Anchal Narang retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Tenure of Sh. Manminder Singh as Managing director of the Company expired on 30/04/2011. Your Board, Subject to approval of Shareholders, has reappointed him as Managing Director for a further period of five years from 01/05/2011 to 30/04/2016, without any remuneration.

Mr. Dilvinder Singh and Mr. Amit Singh Grover resigned from the board of the Company w.e.f. 27.09.2010. Your directors would like to place on record their appreciation for the valuable services rendered by them during their tenure as directors.

Brief resume of the director 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.

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 along with proper explanation relating to material departures;
- 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 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 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), a separate report on corporate governance along with certificate from Practicing Company Secretary regarding compliance with conditions of corporate governance forms a part of Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

As per Clause 49 of the Listing Agreement with Stock Exchange(s), a Management Discussion and Analysis is appended to the Annual 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, read with the Companies (Particular of employees) Rules, 1975.

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 upgradation through R&D activities are being made.

FOREIGN EXCHANGE EARNING AND OUTGO: (RS. IN LAC)

PARTICULARS	Year Ended 31.03.11	Year Ended 31.03.10
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:

1. Bombay Stock Exchange Ltd. (BSE)
2. The Delhi Stock Exchange Association Ltd.

Further, listing fee for the financial year 2011-12 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.

Place : Delhi
Date : 02/09/2011

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

Sd/-
Manminder Singh Narang
Chairman & Managing Director

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.

Fast Moving Consumer Goods (FMCG) will be witnessing more than 50% of growth in its Rural and Semi-Urban Segments by 2012 which in totality is projected to grow at an CAGR (Compound Annual Growth Rate) of 10% to carry forward its market size to over Rs.1,06300 Crore from present level of Rs. 87,900 Crore, according to an analysis carried out by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

The growing penchant and insatiable appetite of rural and semi-urban folks for FMCG products will mainly be responsible for this development as their manufacturers will have to deepen their concentration for higher sales volumes in such niche areas.

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 7000million 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 XII of the Balance sheet as at 31/03/2011.

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

Company's Outlook

Your company has started with the commercial production of cosmetic products from the plant situated at Baddi, in Himanchal Pradesh. Further, it is expected 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 coming years.

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 31.03.2011 the total number of regular employees was 9.

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 31.03.2011 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	9	9	5	Yes
Mr. Ashok Kumar	Non Promoter Non Executive Independent Director	Director	9	9	2	Yes
Mrs. Rosy Arora	Non Promoter Non Executive Independent Director	Director	9	6	5	Yes
Mrs. Anchal Narang	Promoter Non Executive Director	Director	9	6	4	Yes
Mrs. Ginny Singh	Non Promoter Non Executive Independent Director	Director	9	9	1	No
Mrs. Daisy Singh	Promoter Non Executive	Director	9	0	1	No

Since Mr. Dilvinder Singh and Mr. Amit Singh Grover were appointed as additional directors on 03.07.2010 and 23.07.2010 respectively and have resigned with effect from 27.09.2010, their names were not included in the above table.

3. Board Meetings

During the financial year 2010-11, 9 meetings of Board of Directors were held. These were held on 13.05.2010, 03.07.2010, 23.07.2010, 13.08.2010, 30.08.2010, 25.09.2010, 13.11.2010, 01.02.2011, 15.02.2011. 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 statue, 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.