

NHN Corporation Limited

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11th Annual Report|2004

BOARD OF DIRECTOR

Mr Sharad A. Doshi -Chairman

Mr Chirag Gandhi - Director

Mr Hitendra Shah - Director

BANKER

ICICI Bank

HDFC Bank Limited

AUDITOR

Paresh B. Shah & Co.

Chartered Accountants

SHARE REGISTRAR & TRANSFER AGENT

Bigshare Services Pvt Ltd.

E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka,

Andheri(E), Mumbai-400 072.

Tel No. 28523474, 28560652/53, 56936291.

Fax No. 28525207.

e-mail : bigshare@bom7.vsnl.net.in

REGISTERED OFFICE

NHN Corporation Limited

6A, Lalwani Industrial Estate,

14 G D Ambekar Road,

Wadala, Mumbai-400 031.

WORKS

Daman Industrial Estate,

Airport Road, S.No. 74/13,

Village Kadariya,

Daman- 396 210.

NHN CORPORATION LIMITED

6A, Lalwani Industrial Estate, 14, G. D. Ambekar Road, Wadala, Mumbai - 400 031

NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the **NHL Corporation Limited** will be held on Wednesday, the 29th day of June, 2005, at 4.00 P.M at the Registered Office of the Company, situated at 6A, Lalwani Industrial Estate, 14, G. D. Ambekar Road, Wadala, Mumbai - 400 031 to transact the following Business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 30th September, 2004, profit and loss Account for the year ended as on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hitendra Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint **M/s. Paresh B. Shah & Co., Chartered Accountants, Mumbai** Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

Place : Mumbai

Date : 26th May, 2005

For and on behalf of the Board of Directors

Registered Office:

**6A, Lalwani Industrial Estate
14, G.D. Ambekar Road
Wadala, Mumbai - 400 031**

Sd/-

**Sharad A. Doshi
(Chairman and Managing Director)**

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
2. Members/Proxies should fill in the Attendance Slip for attending the meeting.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting and members who hold shares in electronic form (Demat) are requested to bring their Client ID and DP ID numbers for identification of attendance at the meeting.
5. The Register of Members and the Share Transfer Books will remain closed from 22nd June, 2005 to 29th June, 2005 (both days inclusive).
6. Members are requested to notify the change in their address to the Company and/or Registrar & Share Transfer Agent of the Company in physical mode and always quote their folio no. in all correspondence with the Company. In respect of holding in electronic form, members are requested to notify any change of address and change in bank details in their Depository Participants.
7. Shareholders are requested to bring their copy of Annual Report to the Meeting.
8. The particulars of Directors retiring by rotation are given in Corporate Governance Section.
9. Members seeking further information on the accounts or any other matter contained in the Notice are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.
10. The Registrar of Companies, vide their letter no. 74306/TA dated 2nd May, 2005 has granted the permission for extension of time to hold the Annual General Meeting up to 30th June, 2005.

NHN CORPORATION LIMITED

6A, Lalfani Industrial Estate, 14, G. D. Ambekar Road, Wadala, Mumbai - 400 031

Directors' Report

To
The Members

Your Directors are presenting the 11th Annual Report of the Company together with Audited Accounts for the period ended September 30, 2004.

Financial Results:

PARTICULAR	(Rs. In lacs)	
	2003-2004	2002-03
Sales & Other Income	159.74	443.70
Profit/(Loss) before Depreciation & Tax	(142.42)	(1648.18)
Less: Depreciation	(32.67)	(92.76)
Less: Provision for Income Tax	----	----
Profit/ (Loss) after Depreciation & Tax	(177.09)	(1740.94)
Income Tax Paid (Prior Year)	----	(4.25)
Less: Prior Period Expenses	(0.18)	(1.73)
Add: Balance Brought forward	(177.27)	(732.79)
Balance Carried to Balance Sheet	(2656.84)	(2479.56)

Business Performance:

There may be competition in Packaged Drinking Water Industry from domestic as well as foreign players. Your Company is fully prepared to face the competition from Indian as well as overseas players in this Industry. With such major changes taking place in the market, the Company is continuously evolving strategies to prepare itself for the deregulated scenario. The Company will evolve into a strong marketing and customer focused Company with significant presence in the coming period.

Operations:

The accumulated losses of the Company has at 30th September, 2004 have exceeded its paid-up capital and free reserves. The main reason for this being not utilization of its production capacity and the price line for the product had to be maintained, consequently impacting sales but managed to survive due to superior quality and cost control measures and heavy financial burden due to high rate of interest as much as 18% p.a., etc. have pushed the Company into losses. It needs to be mentioned here that, in the past few years Packaged Drinking Water Industry was witnessed sea changes and stiff competition has emerged. Now, basically there are two types of players in this Industry.

The first category of players are multinationals and big corporate houses with their establish and popular brand at National/ International Level. These Companies are cash rich companies and normally operate through job worker and franchises. It is just the Brand value, which drives the market in this segment. The franchisees/ job worker are always comfortable in associating with such Companies.

The Company could not establish itself in the first category because of the non utilization of its full production capacity and its attention in revised business scenario and exploring the possibility for co-packaging/ job works.

The second category is local unrecognized manufactures catering to local small market. These manufactures are not quality conscious and also do not spend heavily on the advertisement and Brand building and therefore are able to keep the cost at the lowest.

The Bureau of Indian Standard (BIS) has set up the stricter and clearer norms related to quality of the product and therefore such unrecognized sector manufacturer will cease to exist due to their non-ability to adhere such quality standards.

As NHN Corporation adhered to very quality standards and meet all BIS and other standards, it has got an edge over all the local manufactures giving an advantage to increase the business. As the Packaged Drinking water Industry is poised for growth in future the Company shall re-establish itself with a shift in its focus based on the current scenario and proper restructuring.

Across the organisation, the attitude of cost-effective, better quality, innovative working has been spread which would certainly yield good results when general economic conditions improve.

Business Development activities:

Your Company is optimistically looking forward to strengthening of global economy. Most of the weaknesses would be eliminated and only robust, improvised, futuristic business processes; products would make hay in the rejuvenated economy. Your Company is seriously consolidating and gearing itself to meet the challenges and rewards in future.

Sick Industries Companies (Special Provisions) Act, 1985:

As the net worth of the Company has been completely eroded, the Company has become a Sick Industrial Company as per the provision of the 'Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

As required under the provisions of SICA, the Company has taken necessary steps to file the necessary reference with the Board For Industrial & Financial Reconstruction (BIFR) for determination of the measures to be adopted with respect to the Company.

Director's Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm

- a) that in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b) That they have in the selection of the accounting policies, consulted the statutory auditors 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 and of the Loss of the Company for that period.
- c) That to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d) That they have prepared the annual accounts on a going concern basis.

Dividend:

Due to the losses incurred during the current financial year, Board of director had not recommended any dividend.

Fixed Deposit :

The Company has not received any Fixed Deposit during the year the Financial year.

Corporate Governance:

Your Company believes in coherent and self-regulatory approach in the conduct of its business to achieve highest standard of Corporate Governance. It has complied with the requirement of the Corporate Governance as stipulated by SEBI.

A separate report on Corporate Governance along with Auditor's Certificate on its compliance is annexed to and forms part of the report.