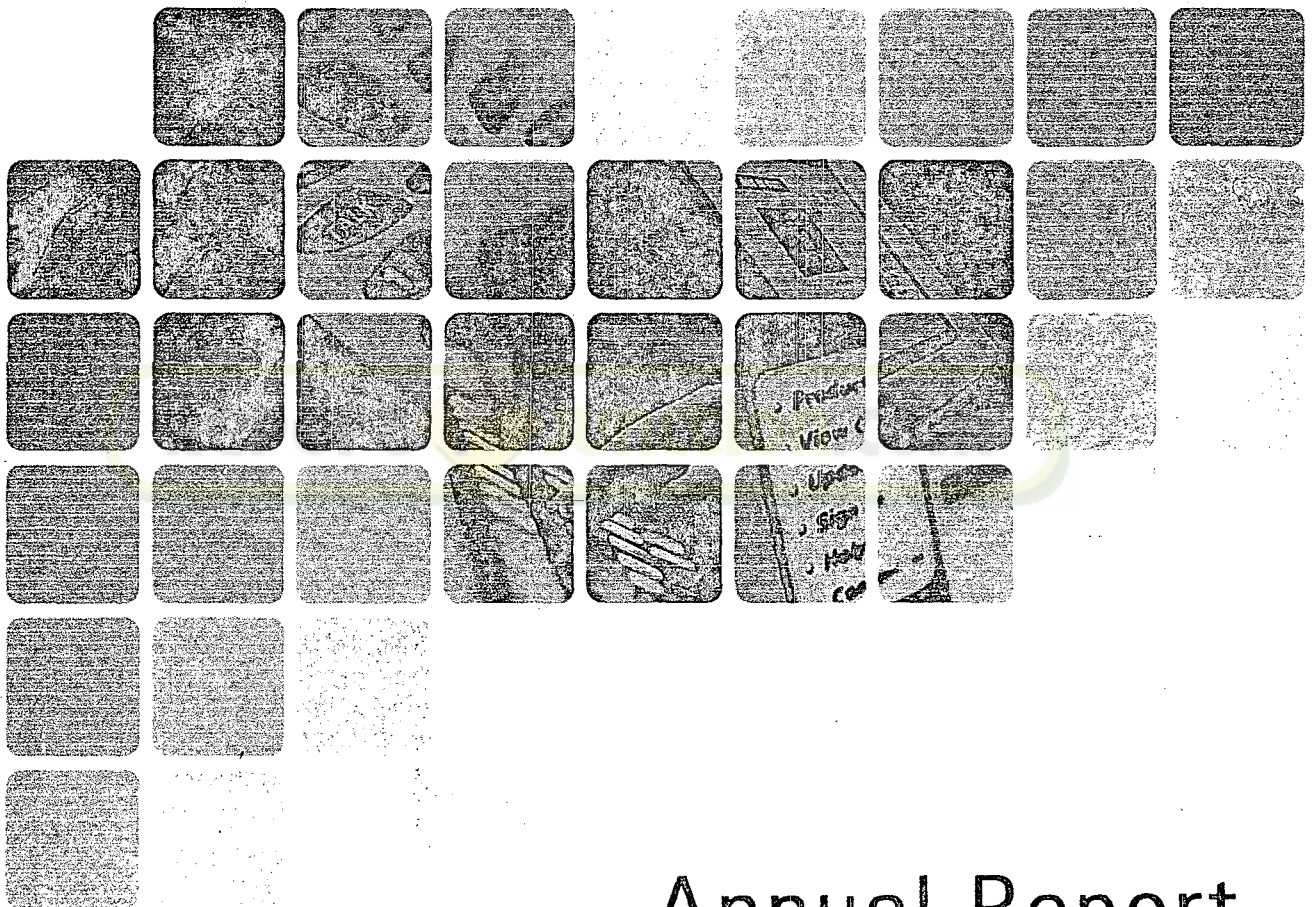


NHN CORPORATION LIMITED



Annual Report 2006-2007

13th Annual Report 2007

NHN Corporation Ltd.

BOARD IF DIRECTORS

Mr. Vikram A. Doshi
Director

Mr. Chirag S. Gandhi
Director

Mr. Vineet A. Doshi
Director

Mr. Suresh N. Talwar
Director

BANKERS

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.
Email : 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 Kadaiya,
Daman – 396 210.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON SATURDAY 29TH SEPTEMBER, 2007 AT 3.30 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 6/A, LALWANI INDUSTRIAL ESTATE, 14, G.D. AMBEKAR ROAD, WADALA, MUMBAI 400031, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2007, Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram A. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint 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 Auditor's plus service tax, traveling and out of pocket expenses.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Vineet A. Doshi be and is hereby appointed as a Director of the Company liable to retire by rotation."

Registered Office:

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

For and on behalf of the Board

sd/-
Director

Place: Mumbai

Date: 22nd August 2007

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself only on poll and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered office of the Company not less than forty-eight before the commencement of the meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, in respect of the business under item No. 4 is annexed hereto.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company during office hours on all working days except Saturdays / Holidays between 11.00 a.m. & 1.00 p.m. upto the date of the Annual General Meeting.
5. 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
6. The Register of Members and Share Transfer Books will remain closed from Saturday, the 22nd September, 2007 to Saturday, the 29th September, 2007 (both days inclusive)
7. 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.
8. Members are requested to bring their copy of Annual Report to the Meeting.
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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF THE BUSINESS (Annexure to the notice)

As required by Section 173(2) of the Companies Act, 1956, (hereinafter referred to as "the Act") the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No.1 of accompanying Notice dated 22nd August, 2007.

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NHN Corporation Ltd.

Item No.4

At the Meeting of the Board of Directors of the Company held on 31/07/2006, Mr. Vineet A. Doshi was appointed as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956, he holds office of Directorship upto the conclusion of this Annual General Meeting.

Notice has been received from a shareholder of the Company pursuant to Section 257 of the Companies Act, 1956, alongwith the security deposit of Rs.500/- proposing the candidature of Mr. Vineet A. Doshi as Director of the Company whose office shall be liable to retire by rotation

Except Mr. Vineet A. Doshi and Mr. Vikram A. Doshi, none of the other directors are interested or concerned in the said Resolution.

Registered Office:
6A, Lahwani Industrial Estate,
14, G. D. Ambekar Road,
Mumbai - 400 031.

For and on behalf of the Board

sd/-
Director

Place: Mumbai
Date: 22nd August 2007



DIRECTORS' REPORT

To
The Members,

Your Directors are presenting the 13th Annual Report of the Company together with Audited Accounts for the period ended March 31, 2007.

FINANCIAL RESULTS

	2006 - 2007	(Rs. In Lacs) 2004 - 2005
Sales & Other Income	232.69	183.48
Profit/(Loss) before Depreciation & Tax	(11.14)	(259.06)
Less: Depreciation	(16.52)	(40.87)
Less: Provision for Taxation	0.00	0.00
Profit/(Loss) after Depreciation & Tax	(27.66)	(299.93)
Income Tax Paid (Prior Year)	(0.64)	0.00
Less: Prior Period Expenses	(0.57)	(4.22)
Add: Balance brought forward	(2960.99)	(2656.84)
Balance carried to Balance Sheet	(2989.21)	(2960.99)

Business Overview:

The Company's Packaged Drinking Water business has not improved even this year. The reason being incomplete project due to the non-disbursement of the sanctioned loan by the leading financial institution, which has resulted in the poor financial position of the Company. The Company has been trying to sustain in the Packaged Drinking Water business and the management is confident of making a come back. The company has been exploring other business opportunities so as to add Value to the shareholders of the company.

The Company has been referred to the Board For Industrial And Financial Reconstruction (BIFR) under the provisions of the SICA 1985 and the reference no. has been allotted as 410/2003.

The Company has already submitted the Draft Rehabilitation Scheme to the Board for perusal and circulation to all the concerned.

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:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have 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 ended on 31st March, 2007 and of the loss of the Company for that period;
- That the Directors 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;
- That the Directors have prepared the annual accounts on a going concern basis.

Dividend:

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

Fixed Deposits

The Company has not accepted any "deposits" from the public during the year under review.

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.

Employee Relations:

Relations between the employees and the Management continued to be cordial during the year. A statement of particulars of employees as required under section 217 (2A) of the Companies Act, 1956 is not annexed hereto as the same is not applicable to the Company.

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Trade Relations:

Your Company continued to receive unstinted support and co-operation from its retailers, stockists, suppliers of goods/services and all others associated with it. Your Board wishes to record its appreciation and your Company would continue to build and maintain strong links with its business partners.

Energy, Technology Absorption and Foreign Exchange:

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and forms part of this report.

Directors:

In accordance with the Article of Association of the Company, Mr. Vikram A. Doshi retires by rotation and being eligible offers himself for reappointment.

Auditors:**Acknowledgements:**

The Directors sincerely appreciate the high degree of professionalism, commitment and dedication of the employees at all levels. The Directors also place on record their gratitude to the members for their continued support and confidence.

The Directors would like to thank you, our esteem shareholders, Customers, business Associates, Financial Institutions, Commercial Banks, for the faith reposed by them in the Management of the Company.

Date: 22nd August 2007

Place: Mumbai

On behalf of the Board of Directors

sd/-

Vikram A. Doshi
DirectorReport Junction.com

ANNEXURE TO THE DIRECTOR'S REPORT

Particulars required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY**a. Energy conservation measures taken:**

- Use of natural light through bigger windows, skylights etc.
- Increase in power factor by using additional capacitors and automation in control panel.
- Monitoring and control of running time of compressors of air conditioners.
- Replacement of conventional copper chokes with energy efficient electronic ballast.

b. Additional investment and proposals:

- It is planned to extend the measures taken during the current year, which yielded good results, to other areas/equipment/offices.
- Electronizer equipment is actively being considered for optimizing energy consumption in lighting loads.
- It is planned to undertake Energy Audit through competent authorities.

c. Impact of measurement at a. and b. above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The measures taken above have resulted in reduction of power consumption

(B) TECHNOLOGY ABSORPTION:**a. Research and Development (R & D)**

Upgradation of QC laboratory to meet requirements of BIS for ISI mark and international Quality standards.

b. Technology absorption, adaptation and innovation:

1. The plants were audited by technical personnel for process efficiency, quality improvisation & innovation

2. Benefits derived:

- Reduction in wastage.
- Improvement in output rate.
- Reduction in cost of production

3. Information regarding technology imported during the last five years:

- | | | |
|---|---|----------------|
| a. Technology imported | : | No |
| b. Year of import | : | Not applicable |
| c. Has technology been fully absorbed | : | Not applicable |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of actions | : | Not applicable |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	2006-07	2004-05
Earning	Nil	Nil
Outgo	Nil	Nil

On behalf of the Board of Directors

Date : 22nd August, 2007
Place : Mumbai

sd/-
Vikram A. Doshi
Director

CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT**1. Company's Philosophy**

The Philosophy of the Company in relation to Corporate Governance is ensure transparency, disclosures and reporting that confirms fully with laws, regulations and guidelines, and to promote ethical conduct throughout the organization, with the primary objective of enhancing shareholders value while being a responsible corporate citizen. The Company is committed to confirming to the highest standards of Corporate Governance in the country. It recognizes that the Board is accountable to all shareholders and that each member of the Board owes his first duty to protecting and furthering the interest of the Company.

2. Board of Directors

The policy is to have an optimum combination of Executive, Independent and Non-Executive Directors, to ensure the independent functioning of the Board. The Board consists of four directors of which two are executive directors and the rest non-executive directors. The Chairman is an Executive Director. The Board has 2 independent directors. Composition and Category of Directors

Name of Director	Category	Attendance Particulars		Other Boards		
		Annual General Meeting	Board Meeting	Director Ship	Committee Chairmanship	Committee Membership
Vikram A. Doshi	Executive	Yes	6	8	1	1
Vineet A. Doshi	Executive	Yes	3	7	-	-
Chirag S. Gandhi	Independent	No	5	3	-	1
Suresh N. Talwar	Independent	No	2	8	-	-
Ramesh Subramanian	Independent	No	1	-	-	-
Sharad A. Doshi	Executive	No	1	1	-	-
Hitendra V. Shah	Independent	No	2	-	-	-

Meeting of the Board of Directors:

During the year 2006-07, the Board of Directors met six times on the following dates: - 31/03/2006, 30/04/2006, 31/07/2006, 31/10/2006, 31/01/2007 and 30/03/2007.

3. Audit Committee**❖ Terms of reference:**

The Audit Committee comprises three directors, of which two are independent directors and provides assistance to the Board of Directors in fulfilling its responsibilities.

The functions of the audit committee include:

- Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Discussing the adequacy of internal control systems, the scope of audit, internal audit reports and the compliance thereof.
- Recommending the fixation of the audit fees and also approval for payment for any other services rendered by the statutory Auditors.
- Reviewing with management the quarterly and annual financial statements, before submission to the Board for approval.

❖ Meetings and attendance of the members of the Audit Committee during the year 2005-2006.

Committee Members	No. of Meetings	
	Held	Attended
Mr. Vikram A. Doshi, Member	4	4
Mr. Chirag S. Gandhi, Chairman	4	4
Mr. Suresh N. Talwar, Member	4	4