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NIIN CORPORATION LIMITED



14<sup>TH</sup> ANNUAL REPORT

2007-2008

**BOARD OF DIRECTORS**

**Mr. Vikram A. Doshi**  
Chairman & Managing Director

**Mr. Chirag S. Gandhi**  
Director

**Mrs. Leena V. Doshi**  
Director

**Mr. Suresh N. Talwar**  
Director

**Mr. Mahendra Sanghavi**  
Director

**BANKERS**

ICICI BANK  
HDFC Bank Limited

**AUDITOR**

G. C. Patel & 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](mailto:bigshare@bom7.vsnl.net.in)

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

Vaghefa Avenue, 3<sup>rd</sup> Floor,  
Behind Havmor Restaurant,  
Navrangpura, Ahmedabad - 380 004.

**WORKS**

1. Daman Industrial Estate,  
Airport Road, S. No.74/13,  
Village Kadaiya,  
Daman - 396 210.
2. 17A, Somnath Industrial Estate,  
Somnath Road,  
Village Dabhel,  
Daman - 396 210.

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON TUESDAY, SEPTEMBER 30, 2008 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, 2008, 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. Chirag Gandhi who retire by rotation and, being eligible, offer 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. Mahendra Sanghavi, who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company, be and is hereby appointed as the Director of the Company, not liable to retire by rotation "
- 5 To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT Mrs. Leena Doshi, who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose her as a candidate for the office of the Director of the Company, be and is hereby appointed as the Director of the Company, not liable to retire by rotation "
- 6 To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and the listing agreement with the Stock Exchange, the consent of members of the Company be and is accorded for the payment of sitting fees, as per the table given below, to the non-executive directors of the Company for attending meetings of the Board of Directors of the Company and meeting of the Committee of the Board of Directors of the Company:

Type of Meeting	Amount of sitting fees per meeting per director
Board Meeting	Rs.1000
Audit Committee Meeting	Rs.500
Remuneration Committee Meeting	Rs.500
Shareholders' Committee Meeting	Rs.500

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

Place Mumbai  
Date 30<sup>th</sup> June, 2008

For and on behalf of the Board

sd/-  
Vikram A Doshi  
Director

sd/-  
Mahindra Sanghavi  
Director

## Notes :

- 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 195 in respect of the business under item No. 4 to 6 are annexed hereto.
- 3 Members/Proxies should fill the Attendance Slip for attending the meeting

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. 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 Share Transfer Books will remain closed from Wednesday, the 24<sup>th</sup> September, 2008 to Tuesday, the 30<sup>th</sup> September, 2008 (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. Members are requested to bring their copy of Annual Report to the Meeting.
8. 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.

## Registered Office:

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

For and on behalf of the Board

Place: Mumbai  
Date: 30<sup>th</sup> June, 2008

sd/-  
Vikram A Doshi  
Director

sd/-  
Mahindra Sanghavi  
Director

## Details of the Directors seeking re-appointment in the ensuing Annual General Meeting

Name of Director	Mrs. Leena Doshi	Mr. Mahendra Sanghavi	Mr. Chirag Gandhi
Date of Birth	01/05/1965	18/05/1956	13/07/1963
Date of Appointment	17/12/2007	11/12/2007	04/07/2002
Expertise in specific functional area	H.R Management	Marketing	Information Technology and Software Development
Qualification	B.Com	M.Com	B. Pham
No. Equity Shares held	2784340	--	13
List of outside Company Directorship held	1. Anew Electronic Industries Private Limited 2. Covet Securities & Leasing Private Limited 3. Harvest Electronics Private Limited 4. Kimaya Shoppee Limited 5. Doshi Enterprises Private Limited 6. edesk Services Limited	1. Atcom Technologies Limited	1. C2m Technologies India Ltd
Chairman/Member of committee of the Board of Directors of the Company	--	--	1. Audit Committee-Chairman 2. Remuneration Committee-Chairman
Chairman/Member of Committees of Director of other Companies in which he/she is a Director		--	--
a) Audit Committee			
b) Shareholders/Investors Grievance Committee/Share Transfer Committee	--	--	--

ANNEXURE TO NOTICE DATED 30<sup>th</sup> June 2008**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 30<sup>th</sup> June, 2008.

**Item No. 4**

At the Meeting of the Board of Directors of the Company held on 11/12/2007, Mr. Mahendra Sanghavi 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. Mahendra Sanghavi as Director of the Company whose office shall be liable to retire by rotation

Except Mr. Mahendra Sanghavi, none of the other directors are interested or concerned in the said Resolution.

The Board of Directors recommends the passing of the resolution as set out in the item No.4 of the Notice

**Item No. 5**

At the Meeting of the Board of Directors of the Company held on 17/12/2007, Mrs. Leena V. Doshi was appointed as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956, she 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 Mrs. Leena V. Doshi as Director of the Company whose office shall be liable to retire by rotation

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

The Board of Directors recommends the passing of the resolution as set out in the item No.5 of the Notice

**Item No. 6**

Securities and Exchange Board of India has vide its Circular No. SEBI/DIL/CG/1/2004/12/10 dated October 29, 2004 amended the listing agreement with the stock exchanges, by substituting the existing clause 49 of the listing agreement with a new clause 49. The said amendment was initially made effective from April 1, 2005.

According to clause 1(B) of the new clause 49, all fees/compensation to non-executive directors shall be fixed by the Board of Directors and shall require previous approval of Shareholders in the general meeting.

The Sitting fees paid to non-executive directors has been fixed by the Board of Directors in terms of section 309 of the Companies Act, 1956. In terms of the above new clause 49, payment of sitting fees will also require the prior approval of shareholders.

The following directors, viz Mr. Vikram Doshi, Mr. Chirag Gandhi, Mr. Suresh Talwar, Mrs. Leena Doshi and Mr. Mahendra Sanghavi, are concerned or interested in the resolution to the extent of sitting fees that they will receive for attending the meetings of the Board of Directors of the Company/Committees of the Board of Directors of the Company.

The Board of Directors recommends the passing of the resolution as set out in the item No.6 of the Notice

Registered Office:  
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14, G. D. Ambekar Road,  
Wadala, Mumbai - 400 031.

Place Mumbai  
Date 30<sup>th</sup> June, 2008

For and on behalf of the Board

sd/-  
Vikram A Doshi  
Director

sd/-  
Mahendra Sanghavi  
Director

## MANAGEMENT DISCUSSION & ANALYSIS

### Highlights of performance :

31<sup>st</sup> march 2008 was the first year of amalgamated company NHN Corporation limited. Company is now in two business lines and both of them have their strengths of being a futuristic and sustainable business. Business of water had been always a fastest expanding business all over India. However due to size old operation could not do leveraging of distribution network. Due to that water business had been stagnant and has not improved any further than past year's performance. Industrial and business supplies stores are a novel concept, which was so far under testing, trial, team building and system building. Due to this reason over all performance of the company has not reflected all this work in terms of numbers last year.

### Opportunities, Initiatives and future Outlook :

Having a continuous close study of various available business opportunities, the company is planning to expand their water business through franchisee network and expand Industrial and business supplies store through well thought out business strategy of reaching out to customers through product consultants. Company should be able to perform on both the businesses by doubling the top line and reducing the carry forward losses drastically

### Risk & Concerns :

The Risks, be it external or internal, is inherent in every business. For our company main Risk factor is going to be building formidable team, who can support company's vision to turn around And perform with objectivity driven plan as per the way it has been forecasted.

### Internal Control & their adequacy :

Your Company has adequate internal control procedure commensurate with its size and nature of business. These internal control procedures ensure the following:

- Efficient use and protection of resources
- Compliance with policies, procedures and statutes
- Accuracy and promptness of financial reports

The internal control system provides for well-documented policies, guidelines, authorisations and approval procedures. The internal audit reports, the progress in implementation of recommendations contained in the audit reports and the adequacy of internal controls are reviewed by the Board on regular bases.

### Financial Performance :

Financial Performance which has been highlighted in the Director's Report need to be viewed in the context of the bold initiative by the management under the difficult market as well as financial constraints.

### Human Resources :

In today's competitive world where creativity and innovation are increasingly becoming important, development of Human Resources is the call of the day. Your Company is taking various steps to develop the skills and enhance the knowledge of the Human Resources. Human brainware is one of the key elements of sustainable competitive advantage and stakeholder value creation. Your Company's human resource philosophy aims at nurturing an organizational culture that respects people, empowers and enable them to deliver high quality performance and rewards talent with competitively superior compensation and accelerated career growth opportunities. Your Company values its people integrity, excellence and the entrepreneurial passion to achieve.

### Cautionary Statement :

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operation and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations

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

The Philosophy of the Company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that confirm 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 conforming 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 five directors of which one executive director and the rest non-executive directors. The Chairman is an Executive Director. The Board has 3 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/ Non Independent	Yes	8	13	1	1
*Vineet A. Doshi	Executive/ Non Independent	Yes	5	10	-	-
Chirag S Gandhi	Independent	Yes	8	1	-	1
Suresh N Taiwar	Independent	Yes	8	8	-	-
**Leena V Doshi	Non Independent	No	3	7	-	-
***Mahendra Sanghavi	Independent	No	4	1	-	-

\* Mr. Vineet Doshi resigned from Directorship on 17/12/2007

\*\* Mrs. Leena Doshi is appointed as Additional Director on 17/12/2007.

\*\*\* Mr. Mahendra Sanghavi is appointed as Additional Director on 11/12/2007.

**Meeting of the Board of Directors:**

During the year 2007-08, the Board of Directors met six times on the following dates: - 30/04/2007, 31/07/2007, 22/08/2007, 31/10/2007, 11/12/2007, 17/12/2007, 31/01/2008 and 24/03/2008.

**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 2007-2008.**