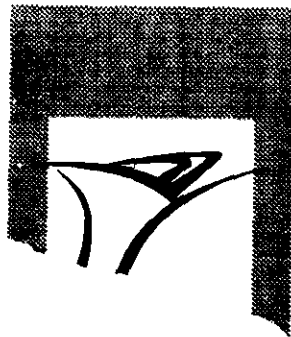


NEHA INTERNATIONAL LIMITED



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SIXTH ANNUAL REPORT
1998 - 99

NEHA INTERNATIONAL LIMITED

BOARD OF DIRECTORS

MANAGING DIRECTOR : G. VINOD REDDY

DIRECTORS : N. PURUSHOTHAM REDDY
ANIL G. NAIR
P. RAMALINGA REDDY
G. PRAMOD
R.D.REDDY

AUDITORS : M/S. TUKARAM & Co.
Chartered Accountants
209, Venkatarama Towers
Basheerbagh, Hyderabad - 500 029.

BANKERS : CANARA BANK
Somajiguda Branch
Hyderabad.
STATE BANK OF HYDERABAD
Punjagutta Branch
Hyderabad.

REGISTERED OFFICE : Flat No.4,
Suvarna House, Punjagutta,
Hyderabad - 500 082.
Ph: 3323047.

WORKS : Gut No.44 & 45
Kondiwade Village
Maval Dist, Pune, Maharashtra.

NEHA INTERNATIONAL LIMITED

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Share holders of the Company will be held on Thursday the 30th September, 1999 at 11AM, at The Hyderabad Gymkhana, Road No.2, Banjara Hills, Hyderabad - 500 034 to transact the following:

Ordinary Business:

1. To receive, consider & adopt balance sheet as at 31st March, 1999 and Profit and Loss Account for the year ended 31st March, 1999 along with the Directors and the Auditors report there on.
2. To appoint a director in place of Mr. N.Purushotham Reddy who retires by rotation, and being eligible offers himself for reappointment
3. To appoint a director in place of Mr. Anil G. Nair who retires by rotation, and being eligible offers himself for reappointment
4. To appoint M/s. Tukaram & Co., Auditors to hold office from the conclusion of this meeting till 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 Sri G. Vinod Reddy, Managing Director of the Company, whose term of office expires on 17-05-99 be and is hereby re-appointed as Managing Director for a further period of five years with effect from 18-05-99.

NOTES

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under Item No. 4 as set out above is appended hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. However, proxies in order to be effective should be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
3. Members/Proxies are requested to bring their copies of Annual Report to the Annual General Meeting.
4. Members are requested to notify immediately any change in their addresses to the Company's Registered Office with their ledger folio number(s).
5. The Register of Members and Share Transfers Book will be closed from the 25th day of September, 1999 to the 30th day of September, 1999 (both days inclusive).

**No Gift will be Distributed,
in the A.G.M.,**

SIXTH ANNUAL REPORT 1998 - 1999

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

Item No.4 Sri.G.Vinod Reddy, is the Managing Director of the Company from the inception. His term of office expired on 17th May, 99. The Board of Directors of the Company has re-appointed Sri.G. Vinod Reddy as the Managing Director of the Company during the Board Meeting held on 15-07-99 for a further period of five years with effect from 17-05-99. During the period of Sri.G.Vinod Reddy as managing Director, the company has successfully implemented the project and started commercial production and was guiding the company. He has invested huge money in the company to overcome the initial teething problems of the company. To keep in mind his expertise in the field of floriculture, the board has decided to re-appoint Sri. G. Vinod Reddy as Managing Director of the Company for a further period of five years.

None of the Directors are concerned or interested in this resolution except Sri. G. Vinod Reddy.

The Board of Directors therefore recommended his appointment for your approval.

Registered Office:

Flat No.4,
Suvana House, Punjagutta,
Hyderabad - 500 082.

By Order of the Board
for **Neha International Limited**

3rd September, 1999.

(G. Vinod Reddy)
Managing Director

NEHA INTERNATIONAL LIMITED

DIRECTORS' REPORT

To
The Shareholders

The Directors have pleasure in presenting the Sixth Annual Report on the business of the Company and the audited Statement of Accounts of the Company for the year ended 31st March, 1999.

Financial Results:

	1998-99	1997-98
	(Rupees in Lakhs)	
1. Net Sales	103.53	96.46
2. Increase / (Decrease) in Stock	1.35	1.25
3. Total Expenditure	109.24	88.71
4. Interest	99.13	84.01
5. Gross Profit / (Loss)	(103.49)	(75.01)
6. Depreciation	15.53	15.02
7. Write Offs	55.54	35.00
8. Provision for Taxation	0.00	0.00
9. Profit / (Loss) carried to Balance Sheet	(174.56)	(125.03)

Operations

During the financial year 1998 - 99 the company could not perform well due to various reasons beyond the control of the management. As envisaged during the last year, the company could not complete the re plantation work. Hence the projected production & revenue could not achieved.

Projections Vs Actuals

Particulars	Projections	Actuals
	(Rupees in Lakhs)	
Total Income	639.36	103.53
Profit / (Loss) after tax	109.12	(174.56)
Dividend	15%	Nil

The reasons for variations are:

Due to the low utilization of the farm, and low exports, the company could not produce the expected number of stems. Hence the turnover was very less and the company could not make any profit.

Prospects

Even in the face of all this adversity the promoters have immense confidence in the industry. During the current year, the Company has replanted two green houses with new plants. Thus now 60 percent of the plants are new and expect very good yield during the current year. In the current year the company is hopeful of making good production and export sales. The promoters are taking all the measures to turnaround the company. The Indian Floriculture Industry is stabilising with better infrastructural facilities, availability of experienced personnel and the inter action amongst the various companies to focus on better quality and efficient production practices.