

NEHA INTERNATIONAL LIMITED



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**NINTH ANNUAL REPORT
2001-2002**

NEHA INTERNATIONAL LIMITED

BOARD OF DIRECTORS

Managing Director**G.Vinod Reddy****Directors****G.Pramod****Anil G. Nair****P.Ramalinga 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****Regd. Office and****Share Transfer Office****B-38, Indian Airlines Colony****Begumpet, Secunderabad - 500 003****Works****Gut No.44 & 45****Kondiwade Village,****Maval, Pune Dist. Maharashtra**

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Share holders of the Company will be held on 30th September, 2002 at 11.00 AM at Plot No.169, Phase - I, Road No.13, Jubilee Hills, Hyderabad - 500 037 to transact the following.

Ordinary Business:

1. To receive, consider & adopt balance sheet as at 31st March 2002 and Profit & Loss Account for the year ended 31st March 2002 along with the Directors and the Auditors report thereon.
2. To appoint a director in place of Mr. G.Pramod, who retires by rotation, and being eligible offers himself for reappointment.
3. 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.

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/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.
2. Members/Proxies are requested to bring their copies of Annual Report to the Annual General Meeting.
3. Members are requested to notify immediately any change in their addresses to the Company's Registered Office with their ledger folio number(s).
4. The Register of Members and Share Transfer Book will be closed from the 27th day of September, 2002 to 30th day of September, 2002(both days inclusive).

Registered Office:

B-38, Indian Airlines Colony
Begumpet
Secunderabad- 500 003

By Order of the Board

(G.Vinod Reddy)
Managing Director.

DIRECTORS REPORT

To
The Shareholders

The Directors have pleasure in presenting the Ninth Annual Report on the business of the Company and the audited Statement of Accounts of the Company for the year ended 31st March 2002.

Financial Results:

		(Rupees in lacs)	
		2001-2002	2000-2001
1	Net Sales & Income	148.48	193.41
2	Increase/(Decrease) in stock	-1.59	1.99
3	Total Expenditure	148.03	185.33
4	Interest	50.32	49.33
5	Gross Loss	51.46	39.26
6	Depreciation	55.94	29.42
7	Write offs	10.89	13.34
8	Loss carried to Balance Sheet	118.29	82.02

Operations:

During the financial year 2001- 2002, the company could not perform well due to various reasons beyond the control of the Company. During the year the price for cut flowers in the International Market was one of the lowest in the past two decades. More over the overall market was sluggish due to the September 11 attack.

Prospects:

The Indian Floriculture Industry is stabilizing with the help of viable rehabilitation packages from financial institutions, initiatives from APEDA, a Government of India's Export Promotion Agency, better infrastructure facilities, availability of experienced personnel and the inter action amongst the various companies to focus on better quality and efficient production practices.

Your Company is putting more thrust on exploring the possibilities in the International market to realize better prices through out the export season by sending the companies personnel abroad, and making arrangements to sell directly to the wholesalers, wherever possible, thereby enhancing the profitability of the company. Your company is also making arrangements with local customers for supply through out the year, at a higher price.

Directors Responsibility Statement:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility statement, it is hereby confirmed:

- i) that the preparation of the accounts for the financial year ended 31.03.2002, the applicable accounting standards have been followed and there were no material departures.
- ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true

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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 the year under review;

- iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the directors have prepared the accounts for the financial year ended 31st March 2002 on a going concern basis.

Audit Committee

In the year 2000- 2001, in compliance with Section 292A of the Companies Act, 1956, your board of directors has constituted the Audit Committee comprising of the following Directors as its members. 1) Mr. G Vinod Reddy - Managing Director, 2) G.Pramod - Director, 3) P.Ramalinga Reddy - Director.

The Audit Committee met five times during the year under review.

Corporate Governance:

In accordance with the requirement of the company Law and the guidelines of SEBI, your management has initiated the necessary steps to put in place a structure that would ensure good corporate governance. The constitution of the audit committee is the first step in this direction. Other arrangements are under active consideration and will be implemented well before the dead line. The management of your company has always believed in conducting business in a fair, ethical and transparent manner to improve shareholder value and corporate image.

Personnel:

Employees relation continue to be cordial. Information on particulars of Employees Remuneration required as per section 217((2A) read with Companies (Particulars of Employees) Rules 1975 is not applicable to the company as none of the employees is drawing remuneration in excess of limits prescribed there under.

Disclosure Particulars:

The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, requiring disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange are given in Annexure 1, which forms part of this report.

Auditors Report:

1. Explanation to remarks and qualifications in audit report as per Section 217(3) of the Companies Act, 1956.

As regards to remarks in para 1(a) of the Auditors report in respect of preparation of accounts on the assumption of going concern, the same has been explained in at Item No.6 of the notes forming part of accounts.

2. As regards qualification in para 1(b) of the auditors report, the company did not appoint company secretary as per the provisions of Section 383 A of the Companies Act, 1956 due

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to adverse financial position of the Company. The company will appoint a full time company secretary as and when there is any improvement in the financial position.

3. As regards qualification in para 1(c) of the auditors' report, the company is expecting a positive response from the bank to the rehabilitation package submitted to it. Hence, provision for interest on term loans was made at a rate mentioned in the rehabilitation package.
4. As regards qualification in para 1(d) of the auditors report, the floriculture industry in general is not in a position to know the sale value of the produce exported to apply the exchange rate prevailing on the date of shipment. Only after the auction/sale the company will know the price. Hence, average exchange rate on the day of remittance was applied.

Deposits:

Your Company has not accepted any deposit from the public during the year.

Directors:

Mr. G.Pramod, retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Auditors:

Auditors of the Company M/s. Tukaram & Co., Chartered Accountants, Hyderabad are retiring at the conclusion of this Annual General Meeting. The company has received a certificate from the auditors to the effect that their reappointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

Acknowledgements:

Your Directors wish to thanks the Central and State Governments, Canara Bank, State Bank of Hyderabad, National Horticulture Board, APEDA, FMO Netherlands, Suppliers, Customers and employees for their support and assistance offered to the company. The Company wishes to thank the shareholders for their continued support.

For and on behalf of the Board

Hyderabad
Date: 18-07-2002

G.Pramod
Director

G.Vinod Reddy
Managing Director

ANNEXURE 1

Information under Section 217(1)(e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 and forming part of Director's Report.

Form - A

Form for disclosure of particulars with respect to conservation of energy.

A	Power and Fuel Consumption	Current year	Previous Year
		1-4-01 to 31.03.02	1-4-00 to 31.03.01
1	Electricity:		
	a) Purchased Units	160546	170735
	Total Amount(Rs)	505591	529281
	Rate/ Unit (Rs)	3.15	3.10
	b) Own Generation:		
	Through Diesel Generator (Units)	39888	155501
	Cost/Unit (Rs.)	4.00	4.00
B	Consumption per Unit of Production		
	Electricity (No. of Units)	NA	NA
C	Foreign Exchange Earnings and Outgo	(Rs. in lakhs)	(Rs. in lakhs)
	i) Foreign Exchange Earned (Rs)(FOB value of Exports)	44.72	90.92
	ii) Foreign Exchange used (Rs.):		
	1. Raw Materials	Nil	Nil
	2. Machinery	Nil	Nil
	iii) Foreign Travel (Rs)	Nil	Nil
	iii) Commission/handling charges	10.40	26.89

Form - B

Form for disclosure of particulars with respect to absorption

1.	Research and Development	Nil
2.	Technology absorption, adaptation and innovation	Nil
3	Foreign Exchange Earnings and outgo:	
	Earnings (Net) -(Gross Sales - Freight - Import Duty): -	44.72 lacs
	Outgo	10.40 lacs