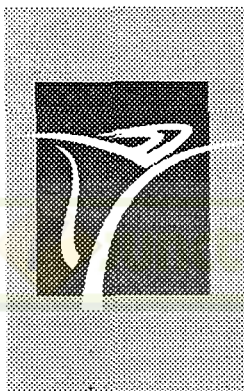


NEHA INTERNATIONAL LIMITED



FOURTEENTH ANNUAL REPORT 2006-2007

NEHA INTERNATIONAL LIMITED

BOARD OF DIRECTORS	
Managing Director	G. Vinod Reddy
Directors	G. Pramod Anil G. Nair P. Sarath Kumar
Auditors	M/s. Tukaram & Co., Chartered Accountants 209, Venkatarama Towers Basheerbagh, Hyderabad – 500 029
Bankers	Canara Bank UCO Bank, Union Bank of India
Regd. Office	No.6-3-1090/A/12&13, 501, Manbhum Jade Towers Rajbhavan Road, Somajiguda Hyderabad - 500 082 Tel : 040-66134759 Fax: 040-66136435
Works	Gut No.44 & 45 Kondiwade Village, Taluq, Maval, Pune Dist. Maharashtra State

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the shareholders of the Company will be held on 10th October, 2007 at 11.00 A.M at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad-500063 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider & adopt the Balance Sheet as at 30th June, 2007, Profit & Loss Account for the period ended on 30th June, 2007 and Directors Report and the Auditors report thereon.
2. To appoint a Director in place of Shri. P.Sarath Kumar, who retires by rotation, and, being eligible, offers himself for reappointment.
3. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** the retiring Auditors M/s Tukaram & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by Board of Directors."

SPECIAL BUSINESS:**Increase of Authorised Capital & Alteration of Memorandum of Association**

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to Section 16, 17, 94 and other applicable provisions, if any, of the Companies, Act, 1956, the Authorised Share Capital of the Company be increased from Rs. 6,50,00,000/- (Rupees Six Crores Fifty Lakhs Only) divided into 65,00,000 (Sixty five Lakhs Only) equity shares of Rs. 10/- each (Rupees Ten Only) to Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) equity shares of Rs. 10/- each (Rupees Ten Only), and consequently the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and following new Clause V be substituted."

"The authorized Share Capital of the Company shall be Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores Only) equity shares of Rs. 10/- each (Rupees Ten Only), with the power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by, or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being."

Alteration of Articles of Association

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Article No.3 of the Articles of Association be and is hereby altered by deleting the same and the following new Article No. 3 be substituted.

The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores) equity shares of Rs. 10/- each (Rupees Ten Only)."

Issue of shares and convertible share warrants on Preferential Basis

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** in terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI DIP Guidelines) as may be applicable to the preferential issue of Equity Shares and other applicable regulations/guidelines of SEBI, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committees thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot to the promoters and the others as detailed below 23,00,000 Equity Shares of Rs.10/- each of the company at an issue price of Rs.42/- per share with a premium of Rs.32/- and 42,50,000 convertible share warrants at an issue price of Rs.42/- per warrant convertible into Equity Shares with in a period not exceeding 18 months from the date of allotment of warrants at a price of Rs.10/- per Equity Share with a premium of Rs.32/- as determined in accordance with the preferential issue guidelines given in chapter XIII of SEBI (DIP) guidelines 2000.

Name of the Proposed Allottees:

Sl No.	Name of the Proposed Allottee	No. of shares / warrants proposed to be allotted
01	Allande International Investments Limited	975000
02	Consolidated Securities Limited	250000
03	Jai Salasar Balaji Industries Pvt. Ltd.	200000
04	Chandana Data Solutions (Pvt.) Ltd.	150000
05	Tarun Kumar Pravinchandra Sheth	150000
06	Jangla Impex(P) Ltd	150000
07	Choukhany Leasing & Finance Co. (P) Ltd	100000
08	P.C. Shrimal	100000
09	Ritz Credit Promotion (p) Ltd	85000
10	P.N.Thomas	50000
11	Trimurthi Advisory Services (P) Ltd	25000
12	S. Jhansi	25000
13	N.Himabindu	10000
14	G. Sandhya Rani	10000
15	Ramesh kumar P. shah	10000
16	N.Maheswari	5000
17	Pradeep Kumar Dhandhanai	5000
A	Total equity shares	23,00,000
18	G. Vinod Reddy (Promoter)	20,00,000 *
19	MVR Projects (P) Ltd (Promoter Group)	10,00,000 *
20	Consolidated Securities Limited	7,50,000 *
21	Harvic Management Services (I) Ltd.,	2,50,000 *
22	Kanu C Shah	2,50,000 *
B	Total convertible share Warrants	42,50,000 *
A+B	Total share holding in the issue	65,50,000

* Convertible share warrants

"RESOLVED FURTHER THAT the pricing of the Equity Shares to be allotted on shall be calculated in accordance with the SEBI's Preferential Issue Guidelines with reference to the 'Relevant Date'"

The "relevant date" for the purpose of pricing of the resultant share is 10.09.2007 i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956 (AGM to be held on -10.10.2007).

"RESOLVED FURTHER THAT the Equity Shares so issued shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes pari passu with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares."

"RESOLVED FURTHER THAT the Equity Shares issued on conversion of warrants shall rank paripassu with the existing Equity Shares of the Company in all respects."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of the Equity Shares, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time. However, the issue price shall in no case be less than the price determined as per the Preferential Issue Guidelines as provided in Chapter XIII of SEBI (DIP) Guidelines, 2000."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in regard to implementation of this Resolution, issue and allotment and equity shares and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Company do apply for listing of the new equity shares."

"RESOLVED FURTHER THAT the Company do make an application to the Depositories for admission of the new equity shares."

NEHA INTERNATIONAL LIMITED

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions."

Issue of further shares for consideration other than cash for acquiring the Overseas Businesses.

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI DIP Guidelines) as may be applicable to the preferential issue of Equity Shares and other applicable regulations/guidelines of SEBI, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committees thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, RBI, FIPB, Government of India or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot to the current promoters and the others as detailed below 75,22,958 Equity Shares of Rs.10/- each of the company at an issue price of Rs.42/- per share with a premium of Rs.32/- determined in accordance with the preferential issue guidelines given in chapter XIII of SEBI (DIP) guidelines 2000, towards consideration for acquisition of 100% stake in Globeagro Holdings, situated in Mauritius, which holds 99% stake in Alliance Flowers PLC and 50% stake each in Holetta Roses PLC and Oromia Wonders PLC located in Ethiopia.

NEHA INTERNATIONAL LIMITED**Name of the Proposed Allottees:**

Sl No.	Name of the Proposed Allottee	No. of shares proposed to be allotted
01	G. Vinod Reddy (Promoter)	41,14,161
02	A3N Holdings	6,60,074
03	GoodTiger Holdings	3,59,853
04	Thalamarla Siva kumar	15,14,884
05	M. Kalyan Chakravarthy	4,10,621
06	Vemula Mahesh Babu	51,756
07	Madhavi Murthy	51,756
08	Dyapa Venkateshwar Reddy	3,59,853
	TOTAL	75,22,958

"RESOLVED FURTHER THAT the pricing of the Equity Shares to be allotted on shall be calculated in accordance with the SEBI's Preferential Issue Guidelines with reference to the 'Relevant Date'

The "relevant date" for the purpose of pricing of the resultant share is 10.09.2007 i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956 (AGM to be held on -10.10.2007).

"RESOLVED FURTHER THAT the Equity Shares so issued shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes pari passu with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of the Equity Shares, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time. However, the issue price shall in no case be less than the price determined as per the Preferential Issue Guidelines as provided in Chapter XIII of SEBI (DIP) Guidelines, 2000."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent

NEHA INTERNATIONAL LIMITED

to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in regard to implementation of this Resolution, issue and allotment and equity shares and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Company do apply for listing of the new equity shares."

"RESOLVED FURTHER THAT the Company do make an application to the Depositories for admission of the new equity shares."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions."

NEHA ESOP - 2007

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, including the relevant circulars and notifications issued by the Reserve Bank of India ("the RBI") and/or SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI ESOP Guidelines") issued by Securities and Exchange Board of India on Employee Stock Option and Stock Purchase Plans and the Memorandum and Articles of Association of Neha International Limited ("the Company") and subject to the approval, consent, permission and/or sanction, if any, of the appropriate authorities/institution's or bodies as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, consent of the Company, be and is, hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof), to issue, offer and allot to any one or more or all of the permanent employees and directors of the Company (other than (i) promoter directors and (ii) those directors who hold directly or indirectly more than 10% of the outstanding equity shares of the Company), Stock Options exercisable into equity shares at the option of the Company and/or holder of the securities up to 7,00,000 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time) of nominal value Rs. 10 each under " NEHA ESOP- 2007 " to be created by the Company for the benefit of employees of Neha International and its Subsidiaries at an exercise price of not less than the face value of the equity shares of the Company on the terms and conditions as detailed in the explanatory statement annexed hereto."

"RESOLVED FURTHER THAT the Board be, and is, hereby also authorized to issue and allot such number of equity shares within the limit as set above and may be required to be issued and allotted upon exercise of any Stock Options as may be necessary in accordance with the terms of the offering, all such shares ranking *pari passu* with the equity shares of the Company in all respects."

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments representing the same as described above, the Board and/or other designated officers of the Company be, and are, hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it/they may at its/their absolute discretion deem necessary or desirable for such purpose, including without limitation, filing necessary documents/statements with the Stock Exchanges, Statutory Authorities and other Agencies and such other regulatory authority as may be necessary for listing the Securities on the Stock Exchanges."

"RESOLVED FURTHER THAT the Board be, and is, hereby also authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities or of Stock Options giving rise to shares/securities upon exercise and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of these resolutions."

"RESOLVED FURTHER THAT the Board be, and is, hereby also authorized to delegate all or any of the powers herein conferred to any committee of directors or any director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions."

"RESOLVED FURTHER THAT the Board of Directors, be and is, hereby also authorized to determine all other terms and conditions of the issue of the said Stock Options as the Board may in its absolute discretion determine."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, including the relevant circulars and notifications issued by the Reserve Bank of India ("the RBI") and/or SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI ESOP Guidelines") issued by Securities and Exchange Board of India on Employee Stock Option and Stock Purchase Plans and the Memorandum and Articles of Association of Neha International Limited ("the Company") and subject to the approval, consent, permission and/or sanction, if any, of the appropriate authorities/institution or bodies as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof) to issue, offer and allot to any one or more or all of the permanent employees and directors of the subsidiary companies whether in India or overseas (other than (i) promoter directors and (ii) those directors who hold directly or indirectly more than 10% of the outstanding equity shares of the Company), Stock Options exercisable into equity shares at the option of the