



FIFTEENTH ANNUAL REPORT 2007-2008

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NEHA INTERNATIONAL LIMITED



NEHA INTERNATIONAL LIMITED



BOARD OF DIRECTORS

Chairman & Managing Director

Shri G. Vinod Reddy

Directors

Dr. G. Pramod

Shri Anil G. Nair

Shri P. Sarath Kumar

Company Secretary

M. Srirama Saran Prasad

Vice President (Finance)

P. Srihari

Auditors

M/s. Tukaram & Co.,

Chartered Accountants

209, Venkatarama Towers, Basheerbagh, Hyderabad - 500 029

Bankers

Canara Bank, Union Bank of India

Regd. Office

No. 6-3-1090/A/12 & 13,

501, Manbhum Jade Towers, Rajbhavan Road, Somajiguda,
Hyderabad - 500 082, India. Tel : 040-66134759, Fax : 040 - 66136435

Works

Gut No. 44 & 45 Kondiwade Village, Maval Taluq,
Pune Dist. Maharashtra State

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the shareholders of the Company will be held on Saturday, the 27th day of September, 2008 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 31st March, 2008, Profit & Loss Account for the period ended as on that date and the Auditors report and Directors 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 statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to pass 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.”

By order of the Board

For **NEHA INTERNATIONAL LIMITED**

Sd/-

Place: Hyderabad

G.Vinod Reddy

Date: 27.08.2008

Chairman & Managing Director

Notes:

1. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos.2 above, are annexed.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolution/authority, as applicable.
3. Members are requested to bring their copies of Annual Report to the Annual General Meeting.
4. The Register of Members and Transfer Books of the Company will be closed from 22nd September, 2008 to 27th September, 2008 (both days inclusive).
5. Members holding shares in physical form are requested to inform any change in address immediately to the Company's Registrar and Share Transfer Agents, M/s XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034 A.P. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agents.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DPID numbers on the Attendance Slip for easy identification of attendance at the Meeting.
7. The statutory registers maintained under Sections 301 and 307 of the Companies Act, 1956 and the Certificate from the auditors of the Company certifying that the Company's stock option plan is being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolution passed by the members at the general meeting, will be available at the venue for inspection by the members.



**INFORMATION AS REQUIRED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT
PARTICULARS OF DIRECTORS WHO ARE PROPOSED TO BE RE-APPOINTED AT THIS MEETING.**

Dr. G. Pramod (43), Director is a leading Paediatrician in Hyderabad associated with two reputed medical institutions - Fernandez Hospital and Durgabhai Deshmukh Hospital (Andhra Mahila Sabha). He takes care of intensely critical care work in Neonatology at Fernandez. He is a teacher for post graduates and believes in group and institutional practice as against a private practice. His experience with medical practice in critical care has translated in helping the company identifying and managing various business processes to control and reduce business risks at macro levels.

He received his Doctor of Medicine (MD) in paediatrics in the year 1992 from Mangalore University. He is one of the Promoter Directors of the company. He holds 2604 Equity Shares in the Company.

By order of the Board
For **NEHA INTERNATIONAL LIMITED**

Place: Hyderabad

Date: 27.08.2008

G. Vinod Reddy
Chairman & Managing Director

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DIRECTORS' REPORT

Dear Members,

The Directors take great pleasure in presenting their report on the business and operations of the company along with the Fifteenth Annual Report to the Members with the audited financial statements for the period ended 31st March, 2008.

Financial Results: Consolidated (Rupees in lakhs)

Particulars	2007-08
1 Net Sales & Income	2165.84
2 Increase/(Decrease) in stock	1.45
3 Total Expenditure	1636.80
4 Interest	30.17
5 Profit before depreciation & Extraordinary Item	500.32
6 Depreciation	43.75
7 Less: Write off / prior period items	2.52
8 Add: Extra Ordinary Income	0.00
9 Less: Provision for tax	0.59
10 Profit/(Loss) carried to Balance Sheet	453.05

Financial Results: Standalone (Rupees in lakhs)

Particulars	2007-08	2006-07
1 Net Sales & Income	1432.22	326.26
2 Increase/(Decrease) in stock	1.45	(0.96)
3 Total Expenditure	1289.46	258.99
4 Interest	2.15	4.87
5 Profit before depreciation & Extraordinary Item	142.05	61.44
6 Depreciation	24.24	37.69
7 Less: Write off / prior period items	2.52	0.32
8 Add: Extra Ordinary Income	0.00	92.73
9 Less: Provision for tax	0.59	0.50
10 Profit/(Loss) carried to Balance Sheet	114.71	115.66

RESULTS OF OPERATIONS

The standalone revenues increased to Rs.1432.22 Lakhs for a period of nine months ended 31.03.2008, recorded an increase of over 339% compared for the preceding period of 15 months ended 30.06.2007. The standalone operational profit increased from Rs.22.93 Lakhs to Rs.114.71 Lakhs, an increase of 400% over the previous financial period. The Directors did not recommend any dividend for the period ended 31st March 2008.

The company recorded revenue of Rs.2165.84 lakhs in consolidated financials for the period ended 31st March 2008 wherein



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the post acquisition revenue of Rs.733.62 was taken into consideration. It is to be noted that the company acquired 100% stake in Globeagro Holdings w.e.f.08.02.2008.

BUSINESSACQUISITION

The Company has acquired 100% stake in M/s Globeagro Holdings, Mauritius on 8th February, 2008 for a consideration of Rs.41.32 crores. This Company holds 99% of M/s Alliance Flowers PLC and 50% stake each in M/s Holetta Roses PLC and M/s Oromia Wonders PLC. This acquisition is being partly funded by way of further issue of 19.55 lakh equity shares on preferential basis, to persons other than Promoters at Rs.42 per share and 42.50 lakh convertible share warrants, on preferential basis, to promoters and others, at a price of Rs.42 as per SEBI Guidelines. The balance consideration was discharged by way of a share swap and will entail issuance of 75.23 lakh equity shares of Rs.10 each to the shareholders of Globeagro Holdings, for consideration other than cash.

The Company has received the approval from FIPB for acquiring M/s. Globeagro Holdings, Mauritius, the Board of Directors of the Company at its meeting held on February 08, 2008, has allotted 75,22,958 equity shares of Rs.10/- each at a premium of Rs.32/- each on preferential basis to the shareholders of M/s. Globeagro Holdings, Mauritius towards part consideration for acquisition of business as approved by Shareholders at AGM held on 10th October, 2008, as approved by the stock exchange and as approved by Foreign Investment Promotion Board (FIPB) vide their approval dated 5th February, 2008

CAPITAL

During the period the authorized capital of the company has been increased from Rs.650 Lakhs to Rs.3000 Lakhs. During the period the company has allotted 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 part consideration for acquisition of 100% stake in M/s Globeagro Holdings, Mauritius, which holds 99% of M/s Alliance Flowers PLC and 50% stake each in M/s Holetta Roses PLC and M/s Oromia Wonders PLC. In addition to this, the company also allotted 19,55,000 equity shares & 4250000 Convertible Share Warrants of Rs.10/- each at a premium of Rs.32/- each on preferential basis to Promoters and Others. The money raised through preferential issue was fully Utilised for the purposes for which it was raised. Moreover, the members of the company in the extraordinary general meeting held on 17th March 2008 approved to increase the Authorized Share Capital of the Company from 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) to Rs.30,00,00,000/- (Rupees Thirty Crores Only) divided into 3,00,00,000 (Three Crores Only) equity shares of Rs.10/- each (Rupees Ten Only) and consequential amendments in the Memorandum & Articles of Association of the Company.

FINANCIALYEAR

Your company closed its accounts by 31st March 2008 for a period of nine months.

LISTINGS

The securities of your company are listed at Mumbai, Madras and Pune Stock Exchanges. Listing Fees has been paid for all the exchanges up to 31.03.2008.

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, Dr.G.Pramod, Director retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

AUDIT COMMITTEE

The Audit Committee of the Board consists of three Non whole-time Directors, Viz., Dr.G.Pramod, Promoter Director, Shri Anil G Nair, Independent Director and Shri P.Sarath Kumar, Independent Director. Shri Anil G Nair is the Chairman of the Audit Committee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 I**, which forms part of this report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement on Corporate Governance: (a) Management Discussion and Analysis Report (b) The Report on the Corporate Governance and (c) Certificate from the Auditors of the Company regarding compliance of mandatory requirements of the Corporate Governance are attached as **Annexure II**.

SUBSIDIARY COMPANIES

The company has one subsidiary M/s Globeagro Holdings, Mauritius and three step down subsidiaries: M/s Alliance Flowers PLC, Ethiopia, M/s Oromia Wonders PLC, Ethiopia and M/s Holetta Roses PLC, Ethiopia. A statement pursuant to section 212 of the companies act, 1956, containing details of subsidiary companies is annexed as **Annexure III**.

The company has applied to Government of India for exempting the company from attaching the financial statements of subsidiaries for the period ended 31st March, 2008 with the annual report of your company. The affirmative approval for the same is expected.

A statement pursuant to Section 212(8) of the Companies Act, 1956 containing the details of subsidiaries of the company forms part of this annual report. The audited annual accounts of the subsidiaries of the company are available for inspection by the members during the business hours at the Registered Office of the company.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the period ended 31st March, 2008 in accordance with Accounting Standards forms part of this annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. That the preparation of the accounts for the financial period ended 31.03.2008, the applicable accounting standards have been followed and there were no material departures.
- b. 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 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 period under review;
- c. 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.
- d. That the directors have prepared the accounts for the financial period ended 31st March, 2008 on a going concern basis.

AUDITORS

The Present 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. Your Directors recommend their reappointment.

FIXED DEPOSITS

The Company has not invited/ accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

CASH FLOW STATEMENT

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, a Cash Flow Statement is attached to the Balance Sheet, along with Auditors' Certificate.



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PERSONNEL

Employee relation continues to be cordial. Information on particulars of Employees Remuneration required as per section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975 is **NIL**.

EMPLOYEES STOCK OPTION SCHEME

Employees Stock Option Plan 2007 (NEHA ESOP 2007): This plan shall be termed as 'NEHA ESOP-2007 (The "plan")'. This plan covers the employees and eligible directors of the company whether located in India or outside India including its holding company and subsidiaries. This Plan has been approved by the special resolution passed by the shareholders on 10th October 2007 at the Annual General Meeting of the company. The Plan shall be effective from the date of its adoption by the compensation committee of Neha International Limited. The maximum number of shares that may be issued pursuant to exercise of options granted to the participants under this plan shall not exceed 700000 (Seven lakhs only) shares of the company or such other adjusted figure for any bonus, stock splits or consolidations or other re-organization of the capital structure of the company as may be applicable from time to time. The compensation committee not yet granted the options.

AUDITORS REPORT

1. As regards qualification in Para 3(e) of the audit report, non-provision of Gratuity and other retirement benefits as per the actuarial valuation: The Company has provided gratuity provision for all the eligible employees, as per company rules.
2. As regards qualification in Para 3(g) of the audit report, confirmation of balances of debtors, creditors and Loans & Advances: confirmation letters from some of the parties are not received. We do not anticipate any variation(s) in the accounts. The differences if any, that may arise will be dealt accordingly in the coming year.

ACKNOWLEDGMENTS

Your Directors wish to thank the Central and State Governments, Banks, 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

Place : Hyderabad

Date: 24.04.2008

G. Vinod Reddy

Chairman & Managing Director

ANNEXURE I

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

Form A

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

A	Power and Fuel Consumption	Current Period	Previous Period
		01.07.07 To 31.03.2008	01.04.06 To 30.06.2007
I	Electricity:		
a)	Purchased Units	105155	274120
	Total Amount (Rs)	261427	713120
	Rate/ Unit (Rs)	2.49	2.60
b)	Own Generation:		
	Through Diesel Generator (Units)	9899	24180
	Cost/Unit (Rs.)	14.03	12.00
B	Consumption per Unit of Production		
	Electricity (No. of Units)	NA	NA
C	Foreign Exchange Earnings and Outgo		
i)	Foreign Exchange Earned (Rs)(FOB value of Exports)	834.76 lakhs	131.13 lakhs
ii)	Foreign Exchange used (Rs.):		
	1. Raw Materials (Merchandise flower purchase)	508.81 lakhs	40.40 lakhs
	2. Machinery	184.36 lakhs	0 lakhs
iii)	Foreign Travel (Others)	1.41 lakhs	0.56 lakhs
iv)	Commission/handling charges	468.89 lakhs	82.30 lakhs

Form B

Form for disclosure of particulars with respect to absorption

1.	Research and Development	Nil	Nil
2.	Technology absorption, adaptation and innovation	Nil	Nil

Foreign Exchange Earnings and outgo:

1.	Earnings:	834.76 lakhs	196.67 lakhs
2.	Outgo: Commission/ Handling/others	468.89 lakhs	82.30 lakhs
	Raw Materials (Merchandise flower purchase)	508.81 lakhs	40.40 lakhs
	Machinery (Merchandise machinery purchase)	184.36 Laks	Nil