

# **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**

*Vice President (Finance)*

**P. Srihari**

*Company Secretary*

**C. N. Bhavani Prasad**

*Auditors*

**M/s. Mathesh & Ramana.,**

Chartered Accountants

# 3-6-145, Himayathnagar, Hyderabad 500 029

*Bankers*

IndusInd Bank, Secunderabad Branch, Hyderabad

ICICI Bank, Begumpet Branch, Hyderabad

Union Bank of India, Khairatabad Branch, Hyderabad

*Regd. Office*

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

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

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## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the shareholders of the Company will be held on **Friday, the 30th day of December, 2011 at 11:00 A.M** at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad-500 063 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider & adopt the Balance sheet as at 30th June 2011, Profit & Loss account for the period ended as on that date and the Auditors report and the Directors Report there on.
2. To appoint a Director in Place of Mr. G Pramod, who retires by rotation and being eligible offers himself for re-appointment.
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** M/s Mathesh & Ramana, Chartered Accountants be and are hereby re-appointed as Statutory Auditors of the Company from the conclusion of this annual general meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors.”

### SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification 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 any statutory modification or reenactment thereof for the time being in force) (the “Companies Act”), as also provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “SEBI Regulations”), the provisions of the Foreign Exchange Management Act, 1999 and rules and regulations made thereunder, including the Foreign Exchange Management (Transfer and Issue of Securities by a Person Resident outside India) Regulation, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and rules and regulations made thereunder, if applicable, any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and applicable guidelines/regulations prescribed by the Securities and Exchange Board of India (“SEBI”) and/or Reserve Bank of India (“RBI”) and/or any other regulatory/statutory authority and clarifications thereon issued from time to time, whether in India or abroad, and enabling provisions in the Memorandum and Articles of Association of the Company and Listing Agreements, entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to the approvals, consents, permissions and/or sanctions of, if applicable including but not limited to, Government of India, RBI, SEBI, Foreign Investment Promotion Board (“FIPB”) and/or all other authorities, institutions or bodies, within or outside India, (hereinafter collectively referred to as appropriate authorities) and subject to such terms, alterations, conditions, changes, variations and/or modifications as may be prescribed by any of them while granting such approval (hereinafter referred to as requisite approvals) and as agreed to by the Board of Directors (including any Committee duly authorized by the Board of Directors), the consent of the Company be and is hereby accorded to the Board, to create, offer, issue and allot in one or more tranche(s), in the course of domestic or international offerings or qualified institutional placements, with or without an over allotment/green shoe option, in one or more foreign markets or domestic markets, to domestic institutions, foreign institutions, non-resident Indians, Indian public companies, corporate bodies, mutual funds, banks, insurance companies, pension funds, individuals, qualified institutional buyers or other persons or entities, whether shareholders of the Company or not, through a public issue and/or on a private placement basis and/or qualified institutional placement within the meaning of Chapter VIII of the SEBI/ ICDR Regulations and/or a preferential issue and/or any other kind of public issue and/or private placement, equity shares, preference shares, secured or unsecured debentures, bonds, warrants or any other securities whether convertible into equity shares or not, including, but not limited to, Compulsorily Convertible Preference Shares (“CCPS”) and/or Optionally Convertible Preference Shares (“OCPS”) and/or Partially Convertible Preference Shares (“PCPS”) and/or Non Convertible Preference Shares (“NCPS”) and/or Global Depository Receipts (“GDRs”) and/or American Depository Receipts (“ADRs”) and/or Foreign Currency Convertible Bonds (“FCCBs”) and/or Non Convertible



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Debentures (“NCDs”) with or without attached share warrants and/or Partly Convertible Debentures (“PCDs”) and/or Optionally Convertible Debentures (“OCDs”) and/or Fully Convertible Debentures (“FCDs”) and/or bonds with share warrants attached which are convertible into or exchangeable with equity shares and/or any other equity related instrument of the Company or a combination of the foregoing including but not limited to a combination of equity shares with bonds and/or any other securities whether convertible into equity shares or not as may be permitted by law (hereinafter referred to as “securities”), whether secured or unsecured, to be listed on any stock exchange inside India or any foreign/international stock exchange outside India if required, through an offer document and/or prospectus and/or offer letter, and/or offering circular, and/or on public and/or private or preferential basis, whether rupee denominated or denominated in foreign currency, provided that the aggregate of the sums so raised, including premium, if any, shall not exceed **US \$ 50 million**, as the Board may determine in accordance with the SEBI Regulations and where necessary in consultation with the lead managers, underwriters, merchant bankers, guarantors, financial and/or legal advisors, rating agencies/advisors, depositories, custodians, principal paying/transfer/ conversion agents, listing agents, registrars, trustees, printers, auditors, stabilizing agents and all other agencies/advisors.”

**“RESOLVED FURTHER** that the securities to be created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and the underlying equity shares shall rank paripassu in all respects with the existing equity shares of the Company including payment of dividend, if any, declared including other corporate benefits, if any, for the financial year in which the issue/offer/allotment has been made and subsequent years and shall have the same voting rights as the existing equity shares.”

**“RESOLVED FURTHER** that in addition to all applicable Indian laws, the securities issued in pursuance of this resolution shall also be governed by all applicable laws and regulations of any jurisdiction outside India where they are listed or that may in any other manner apply to such securities or provided in the terms of their issue.”

**“RESOLVED FURTHER** that the Board or any committee thereof be and is hereby authorised on behalf of the Company to finalise the pricing, terms and conditions relating to the issue of the securities and any other matter in connection with, or incidental to, the issue of the securities as the Board or any committee thereof, in its absolute discretion, deems necessary or desirable, together with any amendments or modifications thereto.”

**“RESOLVED FURTHER** that the pricing of the securities and the pricing of any equity shares issued upon conversion of the securities shall be made subject to and in compliance with all applicable laws, guidelines, notifications, rules and SEBI regulations.”

**“RESOLVED FURTHER** that the Board or any committee thereof be and is hereby authorised to appoint, in its absolute discretion, managers (including lead managers), investment bankers, merchant bankers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, principal paying/transfer/ conversion agents, listing agents, registrars, trustees and all other agencies, whether in India or abroad, in connection with the proposed issue/offering/ allotment of the securities and to negotiate and finalise the terms and conditions (including the payment of fees, commission, brokerage, out of pocket expenses and their charges subject to requisite approvals of the RBI, if any) of the aforesaid appointments and also to, in its absolute discretion, renew or terminate the appointments so made and to enter into and execute all such agreements, arrangements, memoranda, documents etc. with such persons and to seek listing of such securities.”

**“RESOLVED FURTHER** that the Board or any committee thereof be and is hereby authorised to determine the form, terms and timing of the issue(s)/offering(s)/allotment(s), including the investors to whom the securities are to be allotted, the proportion in which they are allotted, issue price, face value, number of equity shares or other securities upon conversion or redemption or cancellation of the securities, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion or variation of the price or period of conversion, listing on one or more Stock Exchanges in India and/or abroad and fixing of record date or book closure and related or incidental matters and finalise and approve the preliminary as well as the final offer documents for the proposed issue of the securities as may be required by the authorities in such issues in India and/or abroad and to authorise any Director or Directors of the Company or any other officer or officers of the Company to sign the above documents for and behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose

aforesaid to give such declarations, affidavits, certificates, consents or any other confirmation and/or authorities as may, in the opinion of such authorised person, be required from time to time.”

“**RESOLVED FURTHER** that the Company do apply for listing of any new securities issued with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited or any other stock exchange(s).”

“**RESOLVED FURTHER** that such of these securities as are not subscribed may be disposed off by the Board or any committee thereof, in its absolute discretion in such manner, as the Board may deem fit and as permissible by law.”

“**RESOLVED FURTHER** that in case of a qualified institutional placement pursuant to Chapter VIII of the SEBI Regulations, the allotment of eligible securities within the meaning of Chapter VIII of the SEBI Regulations shall only be to qualified institutional buyers within the meaning of Chapter VIII of the SEBI Regulations, such securities shall be fully paid-up and the allotment of such securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by SEBI Regulations from time to time and the Company shall apply to the National Securities Depository Limited and/or Central Depository Services (India) Limited for admission of the eligible securities to be allotted as per Chapter VIII of the SEBI Regulations.”

“**RESOLVED FURTHER** that in case of a qualified institutional placement of equity shares pursuant to Chapter VIII of the SEBI Regulations, the relevant date for the determination of the price of the equity shares, shall be the date of the meeting of the Board or any committee thereof in which the decision to open the proposed issue is taken or such other time as may be allowed by SEBI Regulations from time to time and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Regulations.”

“**RESOLVED FURTHER** that in the event securities convertible into equity shares are issued under Chapter VIII of the SEBI Regulations, the relevant date for the purpose of pricing of the equity shares to be issued on conversion, shall be the date of the meeting of the Board or any committee thereof in which the decision to open the proposed issue is taken or the date on which the holder(s) of securities which are convertible into or exchangeable with equity shares at a later date become(s) entitled to apply for the said shares or such other time as may be allowed by SEBI Regulations from time to time and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Regulations.”

“**RESOLVED FURTHER** that for the purpose of giving effect to the above resolution, the Board or any committee thereof be and is hereby authorized to do all such acts, deeds, matters and things, as it may at its absolute discretion deems necessary or desirable for such purpose, including, without limitation:

- (a) finalisation of the allotment of the securities on the basis of the subscriptions received;
- (b) finalisation of and arrangement for the submission of the preliminary and final offering circulars/prospectus(es)/ offer document(s), and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required;
- (c) appointing Lead Managers, Underwriters, Guarantors, Depositories, Registrars, Solicitors, Counsels, Custodians, Escrow Banks, Trustees, Bankers, Advisors and all such agencies and intermediaries, whether in India or abroad, as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like as it deems fit;
- (d) approval of the preliminary and final offering circulars/ prospectus/offer document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalised in consultation with the Lead Managers/ Underwriters/ Advisors, in accordance with all applicable laws, rules, regulations and guidelines;
- (e) approval of the Deposit Agreement(s), the Purchase/ Underwriting Agreement(s), the Trust Deed(s), the Indenture(s), GDRs/ADRs/FCCBs and other securities, letters of allotment, listing application, engagement letter(s), memoranda of understanding and any other agreements or documents, as may be necessary in connection with the issue/offering (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;
- (f) finalisation of the basis of allotment in the event of over subscription;



- (g) acceptance and appropriation of the proceeds of the issue of the securities;
- (h) authorisation of the maintenance of a register of holders of the securities, if so required, in India or abroad;
- (i) authorisation of any director or Directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as the authorised person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the securities;
- (j) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the issue and allotment of the securities;
- (k) seeking the listing of the securities on any Indian or international stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
- (l) giving or authorising the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- (m) deciding the pricing and terms of the securities, and all other related matters, including taking any action on conversion of securities, as per applicable laws, regulations or guidelines; and
- (n) creation of mortgage and / or charge in accordance with Section 293 (1) (a) of the Companies Act, 1956 in respect of securities as may be required either on paripassu basis or otherwise."
- (o) opening one or more bank accounts in the name of Company, including escrow account, special purpose accounts etc., in Indian currency or foreign currency(ies) which such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue/ offer, subject to requisite approvals from the RBI and other overseas regulatory authorities, if any;
- (p) making such applications to the relevant authorities and make the necessary regulatory filings in connection with the issue;
- (q) affixing the Common Seal of the Company on any agreement(s)/documents as may be required to be executed in connection with the above, in terms of Articles of Association of the Company;

**"RESOLVED FURTHER** that without prejudice to the generality of the foregoing, issue of the securities may be done upon all or any terms or combination of terms in accordance with international practices relating to the payment of interest, additional interest, premium on redemption, prepayment or any other debt service payments and all such terms as are provided customarily in an issue of securities of this nature."

**"RESOLVED FURTHER** that the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of depository receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international markets."

**"RESOLVED FURTHER** that for the purpose of giving effect to the above resolutions, the Board or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the securities."

**"RESOLVED FURTHER** that the Board or any Committee thereof be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as appropriate authorities, inside or outside India, may impose at the time of their approval and as agreed to by the Board thereof."

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

**Increase of borrowing powers of the Board of Directors up to ₹ 500 Crores**

"**RESOLVED** that the consent of the Company under the provisions of section 293(1)(d) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company / Committee thereof to borrow monies from time to time, but so that the monies to be borrowed together with the monies already borrowed by the Company, for the time being (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, but shall not exceed the amount of ₹ 500 Crores (Rupees Five hundred Crores only) at any one time."

"**RESOLVED FURTHER** that for the purpose of giving effect to this resolution, the Board or a Committee thereof be and is hereby authorized to finalise, settle and execute such documents/deeds/writing/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowings as aforesaid.

Place: Hyderabad  
Date: 06.12.2011

For and on behalf of the Board  
For **NEHA INTERNATIONAL LIMITED**  
Sd/-  
**G . Vinod Reddy**  
Chairman & Managing Director



1. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item's No:2 above, are annexed.
2. A member entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be 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 Share transfer books of the Company will be closed from **29th December 2011 to 30th December 2011** (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 Transfer agents, M/s XL Softech Systems Limited, #3, Sagar Society, Road No:2, Banjara Hills, Hyderabad-500 034. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant and not to the Company or the Company's Registrar and Share Transfer Agents
6. Members who hold the shares in dematerialized form are requested to write their Client ID and DPID 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 will be available at the venue for inspection by the members.
8. **Important Communication to Members:** The Ministry of Corporate affairs has introduced a "Green Initiative in the Corporate Governance" vide its circulars dated 21.04.2011 and 29.04.2011 by allowing the companies to service the notices/documents including Annual Report by way of e-mail to its members. This initiative is a step towards protection of environment and enabling faster communication with the members.

Accordingly the Company has proposed to serve all the documents to e-mail addresses of the members in coming years. The members are requested to support the green initiative of the Government by registering/ updating their e-mail addresses with their concerned Depository participants (DP) to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to e-mail address to the Company either by e-mail at **complianceofficer@nehainternational.com** or by sending the communication to the registered office of the Company. If any member is interested to receive such document in physical form, a communication in this regard may be made to the Company.



**ANNEXURE TO THE RESOLUTION**  
**EXPLANATORY STATEMENT**  
**(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

**Item No:4**

The Company is planning substantial expansion and acquisition programme and to part finance the capital expenditure in respect of expansion and acquisition programme, general corporate expenditure and also to part finance the working capital requirements and overseas direct investment in Joint Ventures (JV)/Wholly Owned Subsidiaries (WOS) subject to the existing guidelines and in this connection, it is proposed to issue either equity shares, preference shares, debentures, bonds, warrants or other securities, including, but not limited to, Compulsorily Convertible Preference Shares (“CCPS”), Optionally Convertible Preference Shares (“OCPS”) and/or Partially Convertible Preference Shares (“PCPS”), Non Convertible Preference Shares (“NCPS”) and/or Global Depository Receipts (“GDRs”) and/or American Depository Receipts (“ADRs”) and / or Foreign Currency Convertible Bonds (“FCCBs”), Non Convertible Debentures (“NCDs”) with or without attached share warrants and / or Partially Convertible Debentures (“PCDs”) and / or Optionally Convertible Debentures (“OCDs”) and / or Fully Convertible Debentures (“FCDs”) and/or bonds with attached share warrants, including but not limited to a combination of the foregoing in one or more tranches to the eligible investors including but not limited to qualified institutional buyers under the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009 (“SEBI Regulations”), such that the aggregate of the sums so raised by issuing equity shares, debentures, bonds and other securities, including premium, if any, shall not exceed **US \$ 50 million** as the Board/duly authorized Committee of the Board may determine in accordance with the SEBI Regulations and where necessary in consultation with the lead managers, underwriters, merchant bankers, guarantors, financial and/or legal advisors, rating agencies/advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees, printers, auditors, stabilizing agents and all other agencies/advisors.

To the extent that any part of the above mentioned capital raising plan includes issue of equity shares or securities linked to or convertible into equity shares of the Company, members' approval is being sought. As per provisions of Section 81 (1A) of the Companies Act, 1956, the Board of Directors/duly authorized Committee of the Board of Directors of the Company can issue and allot shares to any person other than existing members, provided that the members approve the same by way of a special resolution. The Listing Agreements executed by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited also provide that the Company shall, in the first instance, offer all securities for subscription pro rata to the existing Shareholders unless the Shareholders in General Meeting decide otherwise. The equity shares, if any, allotted on issue, conversion of securities or exercise of warrants shall rank in all respects paripassu with the existing equity shares of the Company.

The consent of the shareholders is being sought by the special resolutions for approving an enabling authority in favour the Board/duly authorized Committee of the Board to issue Securities under the QIP category to the Qualified Institutional Buyers (the “QIB”) in accordance with the provisions of the ICDR Regulations and to any other international or domestic investor inside or outside India, through public issues and/or private placement or a combination thereof.

The special resolutions seek the consent and authorization of the members to the Board/duly authorized Committee of the Board to make the proposed issue of securities, in consultation with the lead managers, advisors and other intermediaries and in the event it is decided to issue securities convertible into equity shares, to issue to the holders of such convertible securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of the rules, regulations or guidelines.



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Pursuant to the above, the Board / duly authorized Committee of the Board thereof may, in one or more tranches, issue or allot equity shares/convertible warrants/GDRs/ADRs/FCCBs//any other securities, which are convertible into or exchangeable with equity shares on such date as may be determined by the Board or duly authorized Committee of the Board thereof but not later than such time period as permitted under applicable law through public issues(s), right issues(s), private placements or any combination thereof.

The relevant date for the purpose of pricing of the Securities issued by way of QIP means:

- (i) in case of allotment of equity shares, the date of the meeting in which the board of directors of the issuer or the duly authorized Committee of Board of Directors of the issuer decides to open the proposed issue;
- (ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the board of directors of the issuer or the duly authorized Committee of Board of Directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

The relevant date for the purpose of pricing of the Securities issued by way of GDRs/ADRs/FCCBs shall be the date of the meeting in which the Board / duly authorised Committee of Board of Directors of the issuer decides to open the issue or shall be the date as specified under the applicable law or regulation.”

The end usage of the proceeds of the above issue of equity and / or such other convertible securities shall be in accordance with the provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended from time to time, Foreign Currency Exchangeable Bonds Scheme, 2008 as amended from time to time and ECB Guidelines and as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and as per the FDI Policy issued by the Department of Industrial Policy & Promotion as amended from time to time and any other regulatory authorities as amended from time to time.

The detailed terms and conditions for the offer will be determined in consultation with the Advisers, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

Your Board of Directors recommends the above enabling Resolution, as a Special Resolution for your approval in the best interests of the Company.

None of the Directors of the Company is concerned or interested in the proposed resolution.

#### **Item No:5**

The Company is at present authorized to borrow from the Financial Institutions / Banks (other than the borrowings in the ordinary course of business) in the form of term loan by way of issue of debentures (convertible and/ or non Convertible), foreign currency convertible bonds, external commercial borrowings etc., upto an amount of ₹ .125.00 Crores (Rupees One hundred and Twenty five Crores only) in accordance with the consent of the members of the Company at their meeting held on 17th March 2008. The existing borrowing powers of ₹ 125 Crores may not be sufficient and to enable the Company to raise funds from time to time through borrowings, therefore it is proposed to increase the limits of borrowing powers.

Approval of the shareholders is sought under Section 293 (1)(d) of the Companies Act, 1956 to increase the present borrowing powers from the present level of ₹ 125 Crores (Rupees One hundred and twenty Five Crores) to ₹ 500 Crores (Rupees Five Hundred Crores only)

Therefore, your Directors recommend the resolution for your approval.

None of the Director is interested or concerned in the aforesaid resolution.

**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, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Dr. Pramod doctor by profession is a teacher for post- graduates and believes in group and institutional practice as against private practice. He is a leading pediatrician in Hyderabad associated with two reputed medical institutions Fernandez hospital and Durgabhai Deshmukh Hospital (Andhra Mahila Sabha). He is appointed as Director of the Company with effect from 30-03-1998. With his experience of handling critical situations in medical practice he has been helping the company identifying and managing various business processes to control and reduce business risks at macro levels. He is a Promoter Director in the Company.

Your Directors recommend this resolution for your approval

Place: Hyderabad

Date: 06.12.2011

For and on behalf of the Board

For **NEHA INTERNATIONAL LIMITED**

Sd/-

**G. Vinod Reddy**

Chairman & Managing Director

**DIRECTORS' REPORT**

Dear Members,

The Directors take great pleasure in presenting their report on the business and operations of the company along with the Eighteenth Annual Report to the Members with the audited financial statements for the period ended 30th June, 2011.

<b>Financial Results: Consolidated</b>		<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
1	Net Sales & Income	8817.95	5604.25
2	Increase/(Decrease) in stock	-	(6.99)
3	Total Expenditure	6467.87	3904.89
4	Interest	286.61	267.22
5	Profit before depreciation & Exceptional Items	2063.46	1425.14
6	Depreciation	264.79	391.71
7	Less: Write off / prior period items	-	-
8	Less: Minority interest	9.91	(200.48)
9	Less: Provision for tax (Net)	7.51	4.31
10	Profit/Loss carried to Balance Sheet	1781.26	1229.60

<b>Financial Results: Standalone</b>		<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
1	Net Sales & Income	4426.93	2407.13
2	Increase/(Decrease) in stock	-	6.99
3	Total Expenditure	4193.62	2197.26
4	Interest	117.76	22.89
5	Profit before depreciation & Exceptional Items	115.55	179.99
6	Depreciation	4.71	38.48
7	Less: Write off / prior period items	-	-
8	Add: Extra Ordinary Income:	-	-
9	Less: Provision for tax (Net)	7.51	4.31
10	Profit/Loss carried to Balance Sheet	103.33	137.20

**RESULTS OF OPERATIONS**

The standalone revenues increased to ₹ 4426.93 Lakhs for the year ended 30.06.2011. The Company achieved a standalone operational profit of ₹ 103.33 Lakhs. The Directors did not recommend any dividend for the period ended 30th June 2011, keeping in mind the fund requirements for the expansions under taken by the company.

The company recorded revenue of ₹ 8817.95 lakhs in consolidated financials for the year ended 30th June 2011, compared to ₹ 5604.25 lakhs in the previous period ended 30.06.2010

**FINANCIAL YEAR**

Your company closed its accounts as on 30th June 2011 for a period of twelve months.

**LISTING**

The securities of your company are listed at Bombay, Madras and GDRs are listed at Luxembourg Stock Exchange. The securities are also traded in National Stock Exchange through the trading platform provided by Madras stock Exchange Ltd. Listing Fees has been paid for the exchanges and depositories up to 31.03.2012.

**CHANGE IN CAPITAL STRUCTURE****ISSUE OF GLOBAL DEPOSITARY RECEIPTS (GDRs)**

During the year under review, your Company successfully completed the issue of 66,65,000 GDRs (Including the Green shoe option of 26,65,000 GDRs) underlying the equity shares of the Company with face value of ₹ 10/- each. The issue price of GDR was US\$ 3.00 (₹ 136.344). The GDRs were listed on Luxembourg Stock Exchange on May 5, 2011 and traded on EURO MTF segment of the Luxembourg Stock Exchange. The Bank of New York Mellon, New York is the Depositary and DBS Bank Ltd (Mumbai) is the Custodian of all the equity shares underlying the GDRs issued by the Company.

Each GDR represents one underlying equity share of the Company. GDR is not time bound instrument and can be surrendered at any time and converted into underlying equity shares of the Company. The shares so released in favor of the investor upon surrender of the GDRs can either be held by the investors concerned in their name or sold off in the Indian secondary market for cash.

**PREFERENTIAL ALLOTMENT**

During the year under review, your company has allotted 33.70 lakh shares to promoters and others by conversion of 33.70 lakh Convertible warrants.

By virtue of the above two allotments the company could raise about ₹ 10436.85 lakh and the same was put to use towards the purposes as mentioned in the respective explanatory statement to the notices to the shareholders.

Company has also allotted 1.85 lakh shares to permanent employees of the company under NEHA ESOP 2007.

By virtue of the above three allotments the paid-up capital has increased from ₹ 14,56,33,180 to ₹ 24,78,33,180

**DIRECTORS**

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

**AUDITORS**

The Auditors of the Company M/s Mathesh & Ramana., are retiring at the conclusion of this Annual General Meeting. The Company has received a certificate from the Auditors to the effect that their appointment if made would be within the limits prescribed under Sec 224(1B) of the Companies Act, 1956. Your directors recommend their re-appointment.

**SUBSIDIARY COMPANIES**

The company has four subsidiary companies M/s Globeagro Holdings, Mauritius, M/s Dream Flowers PLC, Ethiopia, M/s Neha Agricorp Pte Ltd and M/s Neha Agri Services Pte Ltd, Singapore, and nine step down subsidiaries: M/s Alliance Flowers PLC, Ethiopia, M/s Oromia Wonders PLC, Ethiopia M/s Holetta Roses PLC, Ethiopia M/s Nint Agri PLC, Ethiopia, M/s Neha Agri Tanzania Ltd, Tanzania, M/s Neha Agri Ventures (U) Ltd, Uganda, M/s Neha Agri Zambia Ltd, Zambia, M/s Neha Agri Senegal, SUARL, M/s Neha Agri Services, FZE, (UAE).

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' report, Balance Sheet, and Profit and Loss account of our subsidiaries. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2010-11 does not contain the financial statements of our subsidiaries. The audited annual accounts and related information of our subsidiaries, where applicable, will be made available upon request. These documents will also be available for inspection during business hours at our registered office. The same will also be published on our website, [www.nehainternational.com](http://www.nehainternational.com)

A statement pursuant to Section 212 of the Companies act, 1956, containing details of subsidiary companies is annexed.



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## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the period ended 30th June, 2011 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 Director's Responsibility statement, it is hereby confirmed:

- a. That the preparation of the accounts for the period ended 30th June, 2011, 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 year 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 year ended 30th June, 2011 on a going concern basis.

## 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 part of the Annual Report.

## 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.

## PERSONNEL

Employee relations 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 NIL.

## ALLOTMENT OF EQUITY SHARES UNDER -- EMPLOYEES STOCK OPTION SCHEME

The Compensation committee at the meeting held on 29th October 2010 has approved the allotment of 1,85,000 options to permanent employees of the Company under NEHA ESOP 2007.

## 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.

## ACKNOWLEDGEMENTS

Your Directors wish to thank the Central and State Governments, Banks, Suppliers, Customers and Employees for their support and assistance to the Company. The Company wishes to thank the shareholders for their continued support.

Hyderabad

Date: 06.12.2011

For and on behalf of the Board

**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) Rule, 1988 and forming part of Director's Report.

#### Form A

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

<b>A</b>	<b>Power and Fuel Consumption</b>	<b>Current Period</b>	<b>Previous Period</b>
		<b>01.07.2010 to</b>	<b>01.07.2009 to</b>
		<b>30.06.2011</b>	<b>30.06.2010</b>
<b>I</b>	<b>Electricity:</b>		
	a) Purchased Units	NA	47788
	Total Amount (₹)	NA	131417
	Rate/ Unit (₹)	NA	2.75
	b) Own Generation:	NA	
	Through Diesel Generator (Units)	NA	6712
	Cost/Unit (₹)	NA	15.42
<b>B</b>	Consumption per Unit of Production	NA	
	Electricity (No. of Units)	NA	NA
<b>C</b>	Foreign Exchange Earnings and Outgo		
	i) Foreign Exchange Earned (₹) (FOB value of Exports) (Gross Freight & Import Duty)	1127.96	1564.20
	ii) Foreign Exchange used (₹):		
	1. Raw Materials (Merchandise flower purchase)	652.21	389.15
	2. Machinery	430.05	211.05
	iii) Foreign Travel (Others)	9.57	11.66
	iii) Commission/handling charges	389.73	793.43

During the current year the Company has not undertaken any manufacturing activity.

#### 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:

	<b>Current Year</b>	<b>Previous Year</b>
1. <b>Earnings:</b> (Gross Freight Import Duty)	1127.96 lakhs	1564.20 lakhs
2) <b>Outgo:</b> Commission/ Handling/others	389.7 lakhs	793.43 lakhs
Raw Materials (Merchandise flower purchase)	652.21 lakhs	389.15 lakhs
Machinery (Merchandise machinery purchase)	430.05 lakhs	211.05 lakhs



## ANNEXURE - II MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Forming Part of Directors' Report)

### COMPANY OVERVIEW

**Background** A premium grower of cut roses, NEHA brings in 18 years of rich experience in the field of floriculture. The company's innovative, eco-friendly farming practices helped harness the excellent climatic and fertile land opportunities in Eastern Africa. Neha is credited as one of the top four growers in highland cultivation, roses are cultivated at altitudes -8500 feet above sea level. Neha group companies produce some of the best possible hybrid roses, sold through premium auction houses like Flora Holland in Netherlands.

**Rapid strides in floriculture** - Substantial investments have been made in Ethiopia for establishing state of art propagation and growing facilities - 30 hectares of greenhouses have been brought online for production, new varieties of roses have been included increasing the yields while maintaining the best quality in international flower auctions. The company has consolidated its holdings in the floriculture subsidiaries: its stakes in Holetta Roses Plc, Alliance Flowers Plc & Oromia Wonders Plc., stands at 99.99%; and in Dream Flowers Plc; it holds 50%.

**Floriculture Markets** - Our products are exported to countries like Netherlands in Europe, Japan in Asia, the Middle Eastern markets like Saudi Arabia, Qatar, UAE. Exporting 98% of the produce makes it one of the largest exporter of roses from Ethiopia to Europe and Japan. The company hopes to add Russia to the list, shortly.

**Foray into Agriculture** - Spike in food prices and food insecurity have always been a motivation for producing more food from the available resources. Neha decided to make this foray utilizing its rich experience in floriculture to tap into the agribusiness segment.

### AGRIBUSINESS: DEVELOPMENTS & OUTLOOK

Burgeoning population globally is becoming a cause of concern for government's world over. The challenge of feeding 9 billion people by 2050 despite limitations like degrading lands, changing climatic conditions, and scarce water resources appear to be a herculean task. Achieving more yields from the available land remains the only option left for agriculturist's world over. Africa presents an opportunity in the vast tracts of uncultivated arable lands, plenty of water resources and a huge agriculture workforce. Low cost of electricity and supportive governments would boost agribusiness opportunities.

**Business Model** Neha International would follow the hub and spokes model in all the countries of operation. The agricultural commodities which are in demand in Africa would be cultivated and produce sold in the neighboring markets.

The company plans to provide a variety of agricultural solutions ranging from cultivation, processing, research and marketing all under the same umbrella. Other than land cultivation of own/ leased land, Neha also would include local farming communities in out grower's model providing them with the required technical guidance along with a 100% buyout guarantee.





**Current Project** - NINT Agri Plc (a subsidiary of Neha International Limited) has acquired 4,000 hectares of land in Ethiopia for large scale cultivation of food crops. The land has been cleared and preparation is over and already undertaken trial cultivation and ready for commercial cultivation. **The company expects to take the first crop in March 2012.** A rice mill with a capacity of 120 tonnes/ day has been installed and expect to commission shortly. A seed processing unit with a capacity of 100 tonnes/ day are in the process of installation. Apart from infrastructure establishment, 5400 sq. m ware house is in the final stage of installation. For the smooth conduct of the company's agri activities, a 12 km approach road is being constructed from "Annoo" village to the agricultural site.

The machinery has been sourced from leading companies like CLAAS, AMAZONE and RABE of Germany, DOOSAN of S Korea, ASTHOR of Spain for Agriculture operations. This infrastructure is capable of meeting the requirements of the produce from the first 4,000 hectares. State of art irrigation equipment is being procured for making elaborate arrangements for large scale irrigation. Neha's Human Resources comprise of eminent Agronomists, Agriculture scientists, Chartered accountants and Managers with years of experience in Africa.

**Other Endeavors** - In a move to expand its agribusiness operations, Neha International Limited entered into a MoU with Zambia Development Agency (ZDA) to facilitate the acquisition of 100,000 hectares of land for agricultural development in Zambia. This MoU marks the beginning of a new alliance between Neha Agri Zambia Limited, Wholly Owned Subsidiary of Neha International Limited, and ZDA, the economic growth and development arm of the Zambian government. The company would continue to acquire and develop arable lands in other countries of Eastern and Southern Africa as part of its business development strategy. A feasibility study has been completed on 20,000 ha of land which is ready for development. Neha has forayed into West Africa through its wholly owned subsidiary Neha Agri Senegal SUARL. An MoU has been signed with local communities of Anambe, Velingara to facilitate acquisition of 60,000 ha of land. More than 200 ha of paddy has been sown and is ready for harvest.

**Corporate Social Responsibility** - Neha's tagline "Nurturing Environment Holistic Agriculture" emphasizes the concern of the company for Mother Nature. Unrestrained production and indiscriminate growth without concern for the environment would put the lives of our future generations in jeopardy. At Neha, agriculture is practiced while nurturing the environment. Various methods like integrated nutrient management, pest and disease management, usage of bio-fertilizers and bio-pesticides, composting methods would be integrated to not only maintain but also improve soil texture and fertility. Water, being the fore most element in agriculture, would be conserved through effective water management techniques like reduction of outflow, rainwater harvesting and judicious usage.

Neha International believes in sustained growth by involving the local communities in farming operations and also allocates revenues towards their development.

#### **OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

Proactive governments in Eastern Africa, huge markets for grains like rice within Africa and a possibility of exporting them to Middle Eastern markets seems to be a viable alternative. Production costs can be minimized by using state of art infrastructure and an integrated approach to agriculture using biological inputs for nurturing the environment.

Soil dynamics, suitability of germ plasm, rainfall patterns, pest incidence, and climatic variations are few parameters that might pose a risk to crop yields. The company is taking all possible measures for mitigating the perceivable risk. Few steps for risk mitigation include performing field trials prior to scaling up, assessment of land fertility, presence of water resources, and access to agricultural workforce before land acquisition.

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Internal Control System comprises of exercising controls at various stages and is established in order to provide reasonable assurance for:

- Safeguarding Assets and their Usage,
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the Information used for carrying on Business Operations.



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The key elements of the system are as follows:

- a) Existence of clearly defined Organizational Structure and Authority.
- b) Existence of Corporate Policies for Financial Reporting and Accounting
- c) Existence of Management Information System updated from time to time as may be required.
- d) Existence of Annual Budgets and Long Term Business Plans.
- e) Periodical Review of Opportunities and Risk Factors depending on the Global/Domestic Scenario and to undertake measures as may be necessary.

### **HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS**

The Company continued with its policy of Human Resources Development and retention. To enrich the skills of employees and enrich their experience, the Company invites experts in the field of Production, pest control, post harvest management, packing etc., and provide in-house training to the employees in their respective & allied operational areas. The Company is maintaining good employee relations and no man-days are lost during the period due to employee's unrest. The Company continues to provide with welfare activities such as Canteen Facility, Medical Aids, Transport Facility, etc.

### **FINANCIAL PERFORMANCE**

#### **SHARE CAPITAL AND RESERVES AND SURPLUS**

During the period the authorized capital of the company stands at ₹ 4,000.00 Lakhs and Reserves & Surplus of ₹ 1435.23 lakhs and Paid-up capital of the company has increased from ₹ 14,56,33,180 to ₹ 24,78,33,180.

#### **MINORITY INTEREST**

Minority interest as at 30th June, 2011 is ₹ 11.80 Lakhs

#### **LOAN FUNDS**

The subsidiaries of the company M/s Alliance Flowers PLC and M/s Holetta Roses PLC & Dream Flowers Plc., have the loans from the Bank at Ethiopia. Unsecured loans outstanding as at 30th June, 2011 was ₹ 999.96 lakhs.

#### **FIXED ASSETS**

The company has purchased fixed assets and net increased in gross fixed assets during the year is ₹ 233.51 lakhs

#### **CURRENT ASSETS, LOANS AND ADVANCES AND CURRENT LIABILITIES AND PROVISIONS.**

The company has ₹ 100.73 Lakhs of inventories of Fertilizers, Pesticides, chemicals, and packing materials as at 30th June, 2011. Its debtors as on 30th June, 2011 are ₹ 1429.50 Lakhs. These debtors are considered good and realizable.

Cash balance represents balance in cash with the company to meet its various cash expenditure. The bank balance in India include both rupee and foreign currency accounts. The Bank balances in overseas current accounts are maintained to meet the expenditure of the overseas subsidiaries. The cash and Bank balances, as at 30th June, 2011 was ₹ 4727.19 Lakhs.

Loans and Advances as at 30th June, 2011 was ₹ 5594.76 Lakhs. Significant items of loans and advances include advances towards Capital expenditure, Expense, secured deposits for rental premises, Pre-paid expenses, Loans to employees etc.

Current liabilities as at 30th June, 2011 were ₹ 1070.15 Lakhs.

**RESULTS OF OPERATIONS.**

During the period ended 30th June,2011 the company recorded a turnover of ₹ 8817.95 lakhs.The company earned the Profit after tax of ₹ 1781.26 Lakhs during this period.

<b>Financial Results: Consolidated</b>		<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
1	Net Sales & Income	8817.95	5604.25
2	Increase/(Decrease) in stock	-	(6.99)
3	Total Expenditure	6467.87	3904.89
4	Interest	286.61	267.22
5	Profit before depreciation & Exceptional Items	2063.46	1425.14
6	Depreciation	264.79	391.71
7	Less:Write off / prior period items	-	-
8	Less:Minority interest	9.91	(200.48)
9	Less:Provision for tax (Net)	7.51	4.31
10	Profit/Loss carried to Balance Sheet	1781.26	1229.60

<b>Financial Results:Standalone</b>		<b>(₹ in lakhs)</b>	
	<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
1	Net Sales & Income	4426.93	2407.13
2	Increase/(Decrease) in stock	-	6.99
3	Total Expenditure	4193.62	2197.26
4	Interest	117.76	22.89
5	Profit before depreciation & Exceptional Items	115.55	179.99
6	Depreciation	4.71	38.48
7	Less:Write off / prior period items	-	-
8	Add:Extra Ordinary Income:	-	-
9	Less:Provision for tax (Net)	7.51	4.31
10	Profit/Loss carried to Balance Sheet	103.33	137.20



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**REVENUE BASED ON GEOGRAPHY****Geographical Revenues: Consolidated (in ₹)**

Geographical Segment	Revenue	
	Current Year	Previous Period
Netherlands	304673612	318143955
India	236820980	81301969
Japan	87112482	117751201
Greece	1220569	1236933
Canada, Swiss, UK & Oman	-	3782937
Ethiopia	83209387	34923958
Italy	25604720	-
Beiruth, Doha, Jedda, Riyad & Sudan	6402385	-
Dubai	134427372	-
<b>Total</b>	<b>879471507</b>	<b>557140953</b>

**Segment wise Revenues- Operation wise**

(In ₹)

Revenue	Cut Flowers	Machinery Service	Outsourcing	Total
Current period	120340156	83209387	236820980	440370523
Previous period	144349798	34923958	59723242	238996998

**Geographical Revenues: Stand alone**

(in ₹)

Geographical Segment	Revenue	
	Current Year	Previous Period
Netherlands	-	-
India (Cut Flowers)	236820980	81301969
Japan	87112482	117751201
Greece	1220569	1236933
Canada, Swiss, UK & Oman	-	3782937
Ethiopia (Machinery)	83209387	34923958
Italy	25604720	-
Beiruth, Doha, Jedda, Riyad & Sudan	6402385	-
<b>Total</b>	<b>440370523</b>	<b>238996998</b>

## REPORT ON CORPORATE GOVERNANCE

### I. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Neha International Limited does believe and practice Good Corporate Governance. The Company's essential character is shaped by the very value of transparency, customer satisfaction, integrity, professionalism and accountability. The company continuously endeavors to improve on these aspects. The management follows the principle of fair representation and full disclosure in all its dealings and communications. The Board views Corporate Governance in its widest sense. The main objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness and to develop capabilities to attain the goal of sustainable value creation

### 2. BOARD OF DIRECTORS

#### (a) Composition of the Board

The Company's Board consists of four directors.

Sl.No	Name of the Director	No.of shares Held	Executive/Non- Promoter/Independent/ Executive Director/Nominee Director
1	<b>Sri G.Vinod Reddy</b>	2189335	Chairman & Managing Director Promoter Director
2	<b>Dr. G.Pramod</b>	2604	Non-Executive Promoter Director
3	<b>Sri Anil G Nair</b>	Nil	Non-Executive Independent
4	<b>Sri P.Sarath Kumar</b>	Nil	Non-Executive Independent

#### (b) Attendance of each Director at Board Meetings and the last Annual General Meeting (AGM)

Sl. No.	Name of the Director	Category of Director	No. of Board Meetings held during the last financial year	No. of Board Meetings Attended	No. of Memberships Attendance in other Public Companies		Attendance at the last AGM
					Boards	Commi-tees	
1	<b>G.Vinod Reddy</b>	Chairman & Managing Director	13	13	-	-	Yes
2	<b>G. Pramod</b>	Non executive Director	13	11	-	-	Yes
3	<b>Anil G. Nair</b>	Independent Director	13	10	1	-	Yes
4	<b>P.Sarath Kumar</b>	Independent Director	13	11	-	-	Yes

**Note:** Date of last Annual General Meeting (AGM) 30th December 2010.

#### (c) Pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company.

The Company's non-executive Directors do not have any pecuniary relationship or transactions with the Company.



- (d) Number of board Meetings held during the financial year and the dates of the Board meetings.

Thirteen Board Meetings were held during the period 2010-11 (1st July 2010 to 30th June,2011). The time gap between any two Board meetings did not exceeded by more than four months.

**The dates on which the said Board Meetings were held are as follows:**

1st Board Meeting	:	14th August 2010
2nd Board Meeting	:	28th August 2010
3rd Board Meeting	:	29th October 2010
4th Board meeting	:	14th November 2010
5th Board Meeting	:	4th December 2010
6th Board Meeting	:	22nd December 2010
7th Board Meeting	:	5th January 2011
8th Board Meeting	:	26th January 2011
9th Board Meeting	:	12th February 2011
10th Board Meeting	:	27th April 2011
11th Board Meeting	:	11th May 2011
12th Board Meeting	:	14th June 2011
13th Board Meeting	:	16th June 2011

### 3. AUDIT COMMITTEE

In compliance with Section 292A of the Companies Act, 1956, your Board of Directors has constituted the Audit Committee comprising of majority of Independent Directors as its members. The following are the members of the committee

- (1) **Sri. Anil G Nair** - Chairman of the Committee
- (2) **Sri.G.Pramod** - Member
- (3) **Sri. P. Sarath Kumar** - Member

#### BRIEF DESCRIPTION OF TERMS OF REFERENCE

- 1) Oversight of Company's financial reporting process and disclosure of financial information.
- 2) Recommending the appointment and removal of external auditor; fixation of audit fees and also approval for payment for any other services
- 3) Review with the management of annual financial statements before submission to the Board for Approval
- 4) Review of changes in accounting policies
- 5) Review of quarterly financial statements before submission to Board
- 6) Review of adequacy of internal control systems and internal audit functions.
- 7) Review of Company's financial and risk management policies.

The Audit Committee met 4 times during the year under review on 14th August, 2010, 14th November 2010, 12th February, 2011, 11th May 2011.

### 4. REMUNERATION/COMPENSATION COMMITTEE

The compensation committee devises policies for compensation and benefits to Executive Directors, Other Directors and Senior Management personnel. The committee consists of the following directors.

1. Sri P.Sarath Kumar, Chairman
2. Sri G.Pramod, Member
3. Sri Anil G. Nair, Member

During the year the committee met, on 29th October 2010 for issue of 1.85 lakh shares to permanent employees of the company under NEHA ESOP 2007.

## 5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

The Board of Directors constituted a Shareholders/Investor Grievance Committee as a measure of good corporate governance and to strengthen the investor relations. The committee looks into redressal of grievances pertaining to Share transfers, non-receipt of share certificates, issue of duplicate share certificates and responsible for formulation of procedures in line with the statutory guidelines.

The committee consists of the following directors as members of committee, Majority of them being Independent Directors.

- 1) **Sri.G. Pramod**, Chairman
- 2) **Sri P. Sarath Kumar**, Member
- 3) **Sri Anil G. Nair**, Member

- (a) Name and Designation of Compliance Officer:

Mr.C N Bhavani Prasad, Company Secretary is the Compliance Officer of the Company.

- (b) Status of Investor Complaints received during the period 2010-11 (1st July, 2010 to 30th June, 2011).

The investor complaints are being handled by our Registrar & Share transfer agent, M/s.XL Softech Systems Ltd in consultation with the company.

### DETAILS OF COMPLAINTS

Nature of Complaint	Received	Resolved
Non receipt of share certificates	4	4
Change of Address	-	-
Non-receipt of duplicate share certificates	-	-
Non-receipt of Annual Report	-	-
Request for stop transfer	-	-
De-mat request pending	-	-
Other complaints	-	-
<b>Total</b>	<b>4</b>	<b>4</b>

**Note:** The company attends the shareholders/investors grievances/correspondence generally within a period of 15 days except in cases where constraints by disputes or legal impediments.

- (c) Number of pending share transfers

There are no valid share transfer requests pending as at the end of the financial year.



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**6. GENERAL BODY MEETINGS**

(a) Details of the location and time of the last three Annual General Meetings of the Company are as follows:

Date of the meeting	AGM held relating to accounting year ended	Special Resolutions Passed	Venue of the Meeting	Time of Meeting.
31st December, 2010	2009-10	Yes	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM
31st December 2009	2008-09	Nil	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM
27th September 2008	2007-08	Nil	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM

(b) Whether any special resolutions were put through postal Ballot last year, details of voting pattern, person who conducted the postal ballot exercise, proposed to be conducted through postal ballot and procedure for postal ballot.

During the period ended 30th June, 2011 the company sought approval from its shareholders on 22nd January 2011 passing special resolutions through process of Postal ballot in accordance with Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The declared results of the postal ballot were announced through newspapers. The details of the same are given below:

**22nd January 2011**

Particulars	Whether Ordinary/ Special	Person who conducted the Postal Ballot exercise	Total Votes Cast	Total Votes favouring the resolution	Total Votes cast against the resolution
1. Increase in Authorised share capital and Alteration of Memorandum of Association of the company	Special FCS Company	S. Sarveswar Reddy, Practicing Secretary	3104438 (99.99%)	3104318 (0.004%)	120

**7. DISCLOSURES**

There were no significant related party transactions, i.e. transactions of the company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large. The related party transactions are duly disclosed in the Notes to Accounts to the Balance Sheet.

There were no cases of non-compliance by the Company, penalties, strictures imposed on Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years.



## 8. MEANS OF COMMUNICATION

Quarterly and Half yearly Report/Result.	Published in English and Regional News papers apart from furnishing to the Stock Exchanges for displaying on their websites for the benefit of the investors at large
Website where quarterly results are displayed	The Results are displayed in company's website: <a href="http://www.nehainternational.com">www.nehainternational.com</a>
Management Discussion and Analysis Report	Form part of the Director's Report

## 9. WHISTLE BLOWER POLICY

The Company has adopted a whistle blower policy in which all the employees of the Company are entitled to approach the audit committee (in respect of unethical or improper practice) without necessarily informing their superiors. The Company has not denied any personal access to the audit committee of the company and it has a policy to provide protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.

## 10. CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. CEO declaration to this effect forms part of this annual report.

## 11. CEO/CFO CERTIFICATION

CEO/CFO certification by Mr.G.Vinod Reddy, Chairman & Managing Director & Mr.P.Srihari, Vice President (Finance), as stipulated by clause 49 of the Listing Agreement was placed before the Board of Directors at its meeting held on 06.12.2011

## 12. GENERAL SHAREHOLDER INFORMATION

a) The Company's Annual General Meeting will be held on 30th December, 2011 at 11.00 AM at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad-500 063

(b) Financial Calendar for the year 2011 -2012

Results as on	To be announced on/before
1st Quarter Results as on 30-09-2011	14.11.2011
2nd Quarter Results as on 31-12-2011	14.02.2012
3rd Quarter Results as on 31-03-2012	15.05.2012
4th Quarter results as on 30.06.2012	14.08.2012

c) The Shares of the Company are listed on 1) Bombay Stock Exchange Limited (BSE) (Code: 519560 ) 2) Madras Stock Exchange Limited (MSE) and also traded in National Stock Exchange (NEHAINTL) The company has paid listing fees/ issuer fee for the year 2011 -12 to BSE, MSE, NSDL & CDSL.

(d) Stock Code

Scrip Code - **BSE: 519560**

Scrip Code - **NSE: NEHAINT EQ**



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**e) Stock Data**

Average Monthly High and Low stock prices of Neha International limited at the Bombay Stock Exchange Limited (BSE) for the year ended 30th June, 2011 are furnished hereunder.

Month	BSE			NSE		
	Share Price		Volume	Share Price		Volume
	High (₹)	Low (₹)		High (₹)	Low (₹)	
Jul-10	161.40	133.10	2853062	NA	NA	NA
Aug-10	168.15	140.15	2805822	170.00	135.10	192997
Sep-10	163.95	137.90	2975392	163.90	125.10	299304
Oct-10	177.00	135.65	11593479	177.00	136.10	320720
Nov-10	271.70	138.00	31875812	272.00	136.00	215817
Dec-10	210.30	101.95	2091430	208.85	101.50	341419
Jan-11	127.00	79.50	1473887	126.80	80.65	948548
Feb-11	124.90	84.40	1496541	123.70	85.65	847199
Mar-11	140.15	114.10	2622361	139.95	114.90	471440
Apr-11	197.00	139.15	1381306	199.55	139.00	494917
May-11	189.45	150.00	1181445	191.90	153.10	421574
Jun-11	195.50	149.25	2096024	197.00	149.60	591078

\* Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)

**f) Share Transfer System**

The company attends to the shareholders/investors grievances/correspondence generally within a period of 15 days except in cases where constraints by disputes or legal impediments. The Share Holders are advised to contact M/s. XL Softech Systems Limited, directly.

**g) Registrar & Share Transfer Agents**

**M/s. XL Softech Systems Limited**, # 3, Sagar Society, Road No.2,  
Banjara Hills, Hyderabad, Tel. No. 23545913/14. Fax No. 23553214

**h) Distribution of Shareholding**

(i) Equity Share Holding Break Up (% of Total Equity) as on 30.06.2011

No. of Equity Shares Held	No. of Share Holders	% of Shares Held	No. of Shares Held	% of Share Holding
Upto 5,000	6119	85.20	5415990	2.19
5001-10,000	349	4.86	2911350	1.17
10,001-20000	239	3.33	3688040	1.49
20001-30000	94	1.31	2371230	0.96
30001-40000	56	0.78	2006580	0.81
40001-50000	58	0.81	2743860	1.11
50001-100000	115	1.60	8417860	3.40
100001 and above	152	2.12	220278270	88.88
<b>TOTAL</b>	<b>7182</b>	<b>100.00</b>	<b>247833180</b>	<b>100.00</b>

(ii) Share Holding Pattern as at 30th June 2011

Category		No. of Share held	Percentage of Share holding
<b>A.</b>	<b>Promoter's Holding</b>		
1.	Promoters:	5039335	20.33
2.	Persons acting in Concert	10687	0.05
	<b>Sub Total (1+2)</b>	<b>5050022</b>	<b>20.38</b>
<b>B.</b>	<b>Non-Promoters Holding (3+4)</b>		
3.	Institutional Investors		
a.	Mutual Funds and UTI	-	-
b.	Banks, Financial Institutions, Insurance Companies	-	-
c.	Central / State Govt. Institutions / Non Government Institutions	-	-
d.	FII's	-	-
	<b>Sub Total (3)</b>	<b>-</b>	<b>-</b>
<b>4.</b>	<b>Others</b>		
a.	Private Corporate Bodies	5561493	22.44
b.	Indian Public	6351299	25.63
c.	FII's	725787	2.93
c.	NRI's / Foreign Company	994679	4.01
d.	Any Other (Please Specify) Trusts/Clearing Members	285038	1.15
e.	Shares held by custodians against which Depository receipts have been issued	5815000	23.46
	<b>Sub Total (4)</b>	<b>19733296</b>	<b>79.62</b>
	<b>GRAND TOTAL (A+B)</b>	<b>24783318</b>	<b>100.00</b>

**i) Dematerialization of Shares**

The equity shares of the company are admitted for dematerialization by both the depositories namely 1) National Securities Depository Limited (NSDL), 2) Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Numbers (ISIN) allotted to the Company's scrip is INE874D01022. As on 30th June, 2011, 2,08,90,182 shares, being 84.30% of the subscribed and paid-up capital are dematerialized with NSDL & CDSL.

**Address of Registrars for Dematerialization & Physical Transfer of Shares:**

**M/s. XL Softech Systems limited,**

3, Sagar Society, Road No.2, Banjara Hills, Hyderabad, Tel.No. 23545913/14, Fax No.23553214

**j) Outstanding GDRs/ADRs/Warrants or any other convertible instruments, conversion date and likely impact on equity**

Employee Stock Options: The company has earmarked 7,00,000 equity shares under the Neha-Employees Stock Option Plan-2007 (NEHA-ESOP-2007). The Compensation committee has granted 5,00,000 options to its eligible employees on 7th August 2009, out of which as on 30th June 2011 315000 options remains unexercised.

**k) Address for correspondence**

**Neha International limited,**

Building No.6-3-1090/A/12&13, 501, Manbhumi Jade Towers

Rajbhavan Road, Somajiguda, Hyderabad - 500082, Tel No: 040-66134759, Fax No: 040-66136435



**CEO Declaration**

I, G.Vinod Reddy, Managing Director of Neha International Limited hereby declare that Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Board of Directors.

Place: **Hyderabad**

Date: **06.12.2011**

Sd/-

**G. Vinod Reddy**

Chairman & Managing Director

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## AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To  
The Members of  
M/s. Neha International Ltd.

We have examined the compliance of conditions of Corporate Governance by M/s Neha International Limited for the period ended 30th June, 2011 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The Compliance conditions of Corporate Governance are the responsibility of the Management. Our examination was limited to a review of procedures and implementations thereof adopted by the company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **M/s Mathesh & Ramana.,**  
Chartered Accountants  
Firm Regn No.002020S  
Sd/-  
BV Ramana Reddy  
Partner  
M.No.026967

Place: Hyderabad  
Date: 06.12.2011



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Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

### MANAGING DIRECTOR CERTIFICATE

I, **G Vinod Reddy**, Managing Director of M/s **Neha International Limited** certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
  - (a) Significant changes in internal controls over financial reporting during the year;
  - (b) Significant changes in the accounting policies during the year;
  - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

Sd/-

**G. Vinod Reddy**

Chairman & Managing Director

Place: Hyderabad

Date: 06.12.2011

**ANNEXURE III**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN FOR THE YEAR FROM 1ST JULY 2010 TO 30TH JUNE 2011**

Particulars	Globeagro Holdings	Alliance Flowers	Oromia Wonders	Holetta Roses	Dream Flowers	Neha Agri corp Pte Ltd	NINT Agri Ethiopia	Nehaagri Tanzania	Nehaagri Zambia	Nehaagri Senegal	Nehaagri Uganda	Neha Agri Services	Neha Agri-services FZE - UAE
1 The Financial year of the Subsidiary companies ended on	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011
2 Date from which they became Subsidiary companies	07.02.2008	07.02.2008	07.02.2008	07.02.2008	07.09.2009	17.02.2010	03.06.2010	14.05.2010	07.03.2011	19.04.2011	27.09.2010	17.02.2010	27.02.2011
3 Country of incorporation	Mauritius	Ethiopia	Ethiopia	Ethiopia	Ethiopia	Ethiopia	Singapore	Ethiopia	Tanzania	Zambia	Senegal	Uganda	Singapore
Number of shares held by Neha International Ltd and/or its nominees in the subsidiaries as on 30.06.2011	11815735	12999	130000	34999	6500	10	9999	99	99000000	250	99	10	1
b Extent of interest of Neha International Ltd (holding company) in the Subsidiaries as on 30.06.2011	100%	99.99%	99.99%	99.99%	50%	100%	99.99%	99.99%	99.00%	100.00%	99.00%	100%	100%
5 The net aggregate amount of the Profits/(losses) of the subsidiaries So far as it concerns the members of Neha International Ltd and is not Dealt with in the accounts of Neha International Ltd.	(533943)	79997523	21163627	42321627	(1771363)	(1394874)	Nil	(100789)	(2329925)	(2792785)	(1140298)	(607757)	34988076
a For the financial year ended 30.06.11	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b For the previous financial years of the Subsidiary since it became a subsidiary	Nil	1642975	5946733	9723846	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6 The net aggregate amount of the Profits/(losses) of the subsidiaries So far as it concerns the members of Neha International Ltd Dealt With or provided for in the accounts of Neha International Ltd.													
a For the financial year ended 30.06.11	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
b For the previous financial years of the Subsidiary since it became a subsidiary (30.06.2010)													

## FINANCIAL INFORMATION OF THE SUBSIDIARIES FOR THE PERIOD ENDED 30TH JUNE 2011

Particulars	Globeagro Holdings	Alliance Flowers	Oromia Wonders	Holetta Roses	Dream Flowers	Neha Agri corp Pte Ltd	NINT Agri Ethiopia	Nehaagri Tanzania	Nehaagri Zambia	Nehaagri Senegal	Nehaagri Uganda	Neha Agri Services	Neha Agri services FZE - UAE
Paid-up Share Capital	535663983	26642187	47233669	52959394	34178300	1005840034	184120905	317	907	249341	1813392	317	431905
Reserves and Surplus	93732691	193923349	37997636	-11407778	-49153864	-29991328	0	-229281	-2347510	-3020399	-1148920	33999604	34899622
Total Assets	784350295	271513427	95099371	140044932	53876082	1300876600	357866025	317	210595	5161650	1336334	44027843	44014735
Total Liabilities (Excluding Capital and Reserves)	154953621	50947891	9868067	98493316	68851646	325027894	173745120	229281	2557198	7932708	671862	10027922	8683208
Investments (Excluding Investment in subsidiaries)	131471	0	0	131471	0	0	0	0	0	0	0	0	0
Total Income	339851694	145163590	72763006	120987935	39081729	0	0	0	0	0	0	135340291	135340293
Profit before tax	145370932	74914151	22595505	38881434	-2876367	-7775054	0	-101550	-2347510	-3020399	-1148920	34293419	34899622
Provision for taxation	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit after tax	145370932	74914151	22595505	38881434	-2876367	-7775054	0	-101550	-2347510	-3020399	-1148920	34293419	34899622
Proposed Dividend (Including tax there on)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: \$ converted into Indian Rupees at the Exchange Rate | US \$ = ₹ 45.3348  
Ethiopian Birr converted into Indian Rupees at | Birr = ₹ 2.6291



## AUDITORS' REPORT

To  
The Members,  
**Neha International Limited**

We have audited the attached Balance Sheet of NEHA INTERNATIONAL LIMITED as at 30th June, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto.

These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph (2) above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books of the company.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the company.
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with this report **subject to standards specified in Para 3(e) below** complies with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (e) **The Company has not made a Provision of Gratuity and other retirement benefits as per the actuarial valuation referred in the Accounting Standard 15 "Accounting for Retirement Benefits in the financial Statement of Employers". The effect on current Year profit was not ascertained.**
  - (f) On the basis of written representations received from the Directors and taken on record by the Board of Directors, in our opinion, none of the director is disqualified from being appointed as a director under section 274(1)(g) of the Companies Act, 1956.



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4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view subject to our qualifications given in para 3(e)
- i) in the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2011.
  - ii) in the case of the Profit and Loss Account, of profit of the Company for the year ended on the date.
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **MATHESH & RAMANA**  
Chartered Accountants  
Firm. Reg. No. 002020S

Place : Hyderabad  
Dated : 06.12.2011

Sd/-  
**B.V.RAMANA REDDY**  
M. No.026967, PARTNER

## ANNEXURE TO THE AUDITORS' REPORT

(This is the Annexure to in our Report of even date)

1. The company has maintained proper records showing full particulars including quantitative details and the situation of Fixed Assets. All the assets have not been physically verified by the management during the Year, but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and nature of its business. We have been informed that no material discrepancies were noticed on such physical verification. Substantial part of fixed assets has been disposed during the Year; however there is no affect on its going concern.
2. The stock of inventory has been physically verified by the management during the Year at reasonable intervals. In our opinion, the procedure of the physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper stock records of inventory. The discrepancies noticed on verification between physical stock and the book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under the register maintained under section 301 of the Companies Act, 1956.  
(b) The Company has taken interest free loan from one party covered under the register maintained under section 301 of the Companies Act, 1956. The amount involved during the Year was ₹ 115.45 lakhs and the Year-end balance of loans from such parties was ₹ 1.76 lakhs.

As per the information and explanation given to us, we are of the opinion that the rate of Interest and other terms & conditions on which such loans were taken are not prima-facie prejudicial to the Interest of the Company and the same is in regular in repayment.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) According to information and explanation given to us, the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act 1956 is updated in the register.  
(b) As per the information and explanation provided to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act and exceeding the value of rupees five lakhs in respect of any party during the Year.
6. As informed, the Company has not accepted any deposits from the public during the Year.
7. The Company has formal Internal Audit System and the Company's Internal Control Procedures together with the internal checks conducted by the management staff during the Year can be considered as an adequate system commensurate with the size and nature of business.
8. As informed the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the activities of the Company.
9. (a) The Company is regular in depositing undisputed statutory dues including tax deducted at source, employees Provident Fund and other statutory dues with appropriate authorities and there is no amount outstanding for a period of more than 6 months.



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- (b) According to the information and explanation given to us, there are no dues of sales tax, income tax and other taxes and duties that have not been deposited on account of any dispute.
10. The Company does not have accumulated losses exceeding fifty percent of its net worth at the end of the Year and has neither incurred any cash losses during the Year covered by our audit nor in the immediately preceding Financial Year.
  11. As per the information and explanation provided to us the Company has not defaulted in repayment of dues to Banks.
  12. As per information and explanation provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other Investment.
  13. The Company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society.
  14. The Company is not dealing or trading in shares, securities, debentures and other investments.
  15. The Company has not given any guarantee for loans taken by others, from Banks or Financial Institutions of the Company.
  16. To the best of our knowledge and belief and according to the information and explanation given to us, term loans availed by the company during the year were prima facie applied for the purpose for which the loans were obtained.
  17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment..
  18. There were no debentures issued by the Company.
  19. During the year the company has raised money through GDR issue and warrants. The funds raised through the issues were prima facie applied for the purpose for which the funds were raised.
  20. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **MATHESH & RAMANA**  
Chartered Accountants  
Firm. Reg. No. 002020S

Place : Hyderabad  
Dated : 06.12.2011

Sd/-  
**B.V.RAMANA REDDY**  
M. No.026967, PARTNER

## BALANCE SHEET AS AT 30TH JUNE 2011

PARTICULARS	SCHEDULE	As at 30.06.2011 in ₹	As at 30.06.2010 in ₹
<b>Sources of Funds</b>			
<b>Share Holders Funds :</b>			
Share Capital	I	247833180	145633180
Reserves and Surplus	II	1303095903	368900590
Share Application Money		78375000	121275000
Deferred Tax Liability		445772	394580
<b>Loan Funds :</b>			
Secured Loans	III	570794	27636
Unsecured Loans	IV	99995819	5050000
<b>Total</b>		<b>1730316468</b>	<b>641280986</b>
<b>Application of Funds :</b>			
<b>Intangible Assets</b>			
Gross Amount		4623016	4623016
Less: Amortisation		2850694	1984794
<b>Net Amount</b>		<b>1772322</b>	<b>2638222</b>
<b>Fixed Assets</b>			
Gross Block	V	8011323	5318780
Less: Depreciation		3279783	2808193
<b>Net Block</b>		<b>4731540</b>	<b>2510587</b>
Investments	VI	1543321006	505290964
<b>Current Assets, Loans and Advances</b>			
Inventories	VII	-	-
Sundry Debtors	VIII	101243728	85683120
Cash and Bank Balances	IX	5313593	79854836
Loans and Advances	X	134174354	29425604
<b>Total Current Assets</b>		<b>240731675</b>	<b>194963560</b>
Less: Current Liabilities & Provisions	XI	60339118	64527206
<b>Net Current Assets</b>		<b>180392557</b>	<b>130436354</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	XII	99043	404859
<b>Total</b>		<b>1730316468</b>	<b>641280986</b>
Notes to Accounts	XXI		

As per our Report of even Date  
For **Mathesh & Ramana**  
Chartered Accountants  
Firm Reg. No. 002020S

**B.V. Ramana Reddy**  
Partner  
M.No.026967  
Place : Hyderabad  
Date : 06.12.2011

**G. Pramod**  
Director

**P.Srihari**  
Vice President(Finance)

For **Neha International Limited**

**G.Vinod Reddy**  
Managing Director

**C.N. Bhavani Prasad**  
Company Secretary



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**PROFIT AND LOSS ACCOUNT FOR THE ENDED 30TH JUNE 2011**

PARTICULARS	SCHEDULE	For the Year ended 30.06.2011 in ₹	For the period ended 30.06.2010 in ₹
<b>Income from Operations</b>			
Sales	XIII	440370523	238996998
Other Income	XIV	2322130	1715920
Increase / (Decrease) in Finished Goods	XV	-	(699361)
<b>Total (A)</b>		<b>442692653</b>	<b>240013557</b>
Raw material consumed and Manufacturing costs	XVI	358214698	123508800
Administrative Overheads	XVII	12718858	9706692
Personnel costs	XVIII	5911095	4985643
Selling Expenses	XIX	42517216	81524699
<b>Total (B)</b>		<b>419361867</b>	<b>219725834</b>
<b>Earnings Before Interest and Depreciation(A-B)</b>		<b>23330786</b>	<b>20287723</b>
Less : Financial Expenses	XX	11775925	2288969
Earnings Before Depreciation		11554861	17998754
Less : Depreciation	V	471590	3847850
<b>Profit/(Loss) before Prior Period Adjustments</b>		<b>11083271</b>	<b>14150904</b>
Less: Provision for : Deferred Tax Liability		51192	394580
: Minimum Alternative Tax		3004663	2312393
: MAT Tax Credit		(2305152)	(2275690)
Net Profit after tax for the period		10332568	13719621
Profit / (Loss) Brought forward from previous year		7698515	(6021106)
<b>Net Profit carried to Balance sheet</b>		<b>18031083</b>	<b>7698515</b>
Basic / Diluted Earning per share (Face value - ₹ 10/- each)		0.42 / 0.36	0.94

As per our Report of even Date

For **Mathesh & Ramana**  
Chartered Accountants  
Firm Reg. No. 002020S

**G. Pramod**  
Director

For **Neha International Limited**

**G. Vinod Reddy**  
Managing Director

**B.V. Ramana Reddy**  
Partner  
M.No.026967  
Place : Hyderabad  
Date : 06.12.2011

**P.Srihari**  
Vice President(Finance)

**C.N. Bhavani Prasad**  
Company Secretary

**SCHEDULE FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	As at 30.06.2011 in ₹	As at 30.06.2010 in ₹
<b>SCHEDULE I - SHARE CAPITAL</b>		
Authorised Capital		
40000000 Equity shares of ₹ 10/- each	400000000	300000000
Issued , subscribed & Paid up		
24783318 Equity shares of ₹ 10/- each (Previous Year 14563318 Shares of ₹ 10/- each)	247833180	145633180
Share Application Money	-	-
Share warrant application money	78375000	121275000
	<b>78375000</b>	<b>121275000</b>
<b>SCHEDULE II - RESERVES &amp; SURPLUS</b>		
Share Premium account	1266644820	342782075
Capital Reserve	18420000	18420000
Balance in Profit & Loss A/c	18031083	7698515
<b>Total</b>	<b>1303095903</b>	<b>368900590</b>
<b>SCHEDULE III - SECURED LOANS</b>		
Hire Purchase Loan	570794	27636
<b>Total</b>	<b>570794</b>	<b>27636</b>
<b>SCHEDULE IV - UNSECURED LOANS</b>		
From Directors	176308	50000
Short term loans and advances - others	99819511	5000000
<b>Total</b>	<b>99995819</b>	<b>5050000</b>
<b>SCHEDULE VI - INVESTMENTS (AT COST)</b>		
<b>Fully Paid Equity Shares of Subsidiaries :</b>		
Investment in Globeagro Holdings	519363704	482395304
Investment in Dream Flowers PLC	22895000	22895000
Investment in Neha Agricorp PTE Ltd	1001061972	330
Investment in Neha Agri Services PTE Ltd	330	330
<b>Total</b>	<b>1543321006</b>	<b>505290964</b>
<b>SCHEDULE VII - INVENTORIES</b>		
Fertilizers	-	-
Chemicals & Pesticides	-	-
Packing Materials	-	-
Finished Goods	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>SCHEDULE VIII - SUNDRY DEBTORS</b>		
Morethan six months	71747906	11380263
Others	29495822	74302857
<b>Total</b>	<b>101243728</b>	<b>85683120</b>

**STATEMENT OF FIXED ASSETS AND DEPRECIATION  
FIXED ASSETS - FORMING PART OF BALANCE SHEET**

**SCHEDULE V**

(in ₹)

Description	Gross Block			Depreciation / amortisation			Net Block			
	As at 01.07.2010	Additions during the period	Deletions /Sale of Assets	As at 30.06.2011	Up to 01.07.2010	For the Period	On Deletion	Up to 30.06.2011	As at 30.06.2011	As at 30.06.2010
Patents & Trademarks	-	225000	-	225000	-	22500	-	22500	202500	-
Furniture & Fixtures	1680376	1007166	-	2687542	1127259	130020	-	1257279	1430263	553117
Office Equipment	2086837	150400	-	2237237	828179	104959	-	933138	1304099	1258658
Computers	839706	244524	-	1084230	664935	60033	-	724968	359262	174771
Vehicles	711861	1065453	-	1777314	187820	154078	-	341898	1435416	524041
<b>Total</b>	<b>5318780</b>	<b>2692543</b>	<b>-</b>	<b>8011323</b>	<b>2808193</b>	<b>471590</b>	<b>-</b>	<b>3279783</b>	<b>4731540</b>	<b>2510587</b>
<b>Previous Years Figures</b>	<b>139110029</b>	<b>1496014</b>	<b>135287263</b>	<b>5318780</b>	<b>79040979</b>	<b>3847850</b>	<b>80080636</b>	<b>2808193</b>	<b>2510587</b>	<b>60069050</b>



**SCHEDULE FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	As at 30.06.2011 in ₹	As at 30.06.2010 in ₹
<b>SCHEDULE IX - CASH AND BANK BALANCES</b>		
Bank Balance with Scheduled Banks in current account	4675121	79413971
Bank Balances with Non-Scheduled Banks in current account	5553	-
Cash balance	632919	440865
<b>Total</b>	<b>5313593</b>	<b>79854836</b>
<b>SCHEDULE X - LOANS AND ADVANCES</b>		
Advance for Capital Goods	457350	459350
Advance to suppliers	9065251	1699921
Advance for expenses	1673000	1648000
Advances - Staff	127998	606000
Deposits	16301704	1127204
Prepaid expenses	31337	16771
TDS Receivable	147140	156582
Loan to M/s Neha Agricornp & Globe Agro(WOS company)	78875618	-
Minimum Alternative Tax (MAT) Credit	5842028	3536876
Interest Accrued but not due on FDR	357012	361733
Other Current Assets	21295916	19813167
<b>Total</b>	<b>134174354</b>	<b>29425604</b>
<b>SCHEDULE XI - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES (A) :</b>		
Creditors for capital goods	1170351	1170351
Creditors for expenses	4247431	697593
Sundry Creditors	48407056	54305759
Advance from Customers	-	2954410
Investment amount payable	2019831	2019831
<b>Total (A)</b>	<b>55844669</b>	<b>61147944</b>
<b>PROVISIONS (B) :</b>		
Provision for Gratuity	577393	797721
Provision for FBT & Minimum Alternative tax	3917056	2462393
Provision for Bonus	-	119148
<b>Total (B)</b>	<b>4494449</b>	<b>3379262</b>
<b>Total (A+B)</b>	<b>60339118</b>	<b>64527206</b>
<b>SCHEDULE XII - MISC. EXPENDITURE</b>		
<b>NOT WRITTEN OFF</b>		
Opening Balance	404859	710675
Additions during the year	-	-
Written off during the year	305816	305816
Closing Balance	<b>99043</b>	<b>404859</b>



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	For the Year ended 30.06.2011 in ₹	For the period ending 30.06.2010 in ₹
<b>SCHEDULE XIII- SALES</b>		
Export sales	33702129	-
Local sales	236820979	81301969
Mechandising sales	169847415	157695029
<b>Total</b>	<b>440370523</b>	<b>238996998</b>
<b>SCHEDULE XIV- OTHER INCOME</b>		
Scrap sales	-	27421
Other Income	858086	1243739
Freight Subsidy	-	49740
Interest received on Deposits (TDS deducted - ₹1,46,404/-) (Previous year - ₹ 3,698)	1464044	395020
<b>Total</b>	<b>2322130</b>	<b>1715920</b>
<b>SCHEDULE XV - INCREASE / DECREASE IN STOCK</b>		
Opening stock of Finished Goods	-	699361
Closing stock of Finished Goods	-	-
<b>Increase/(Decrease) in stock</b>	<b>-</b>	<b>(699361)</b>
<b>SCHEDULE XVI - MATERIAL CONSUMED AND MANUFACTURING COSTS:</b>		
<b>Cost of Material &amp; Raw Material consumed</b>		
Cost of Merchandising Flower Purchase & Machinery	358214698	118386792
Fertilisers	-	568093
Chemicals & Pesticides	-	470467
Wages and Bonus	-	3760912
Carriage inwards	-	2157
Genset Maintenance	-	103494
Farm Maintenance	-	85468
Power charges	-	131417
<b>Total</b>	<b>358214698</b>	<b>123508800</b>
<b>SCHEDULE XVII - ADMINISTRATIVE EXPENSES</b>		
Audit fees	165450	165450
General Expenses	1174372	781932
Insurance	38741	38386
Listing Fees & Annual registration fees	567727	379576
Share Transfer Expenses	111380	79891
Postage & Telegram	104540	71282
Printing and Stationery	131175	21484

	For the Year ended 30.06.2011 in ₹	For the period ending 30.06.2010 in ₹
Professional charges	1074055	544450
Rent,rates and taxes	1813988	1565737
Repairs and maintenance	87464	193081
MD'S Remuneration	3000000	1425403
Security expenses	-	87468
Office maintenance	549082	280714
Telephone expenses	736147	455135
Travelling & Conveyance	1974321	1988919
Transportation charges	18700	190738
Loss on sale of Assets	-	206627
Deferred Revenue exp Written off	865900	924603
Misc expenses Written off	305816	305816
<b>Total</b>	<b>12718858</b>	<b>9706692</b>
<b>SCHEDULE XVIII - PERSONNEL EXPENSES</b>		
Salaries and other allowances	5861543	4479877
Contribution to Provident and other Funds	-	430719
Staff Welfare	49552	75047
<b>Total</b>	<b>5911095</b>	<b>4985643</b>
<b>SCHEDULE XIX - SELLING EXPENSES</b>		
Handling charges		667317
Packing Material consumed	114601	154922
Merchandising sales expenses	38973301	79342808
Carriage outwards - Exports	3411083	1275165
Carriage outwards - Local	-	43992
Business Promotion	18231	25295
Local selling expenses	-	15200
<b>Total</b>	<b>42517216</b>	<b>81524699</b>
<b>SCHEDULE XX - FINANCIAL EXPENSES</b>		
Interest on Hire Purchase	47306	17072
Interest on Term Loan	-	1260950
Interest - ICD's & Others	8572176	466300
Bank charges	3156443	544647
<b>Total</b>	<b>11775925</b>	<b>2288969</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE XXI

Significant Accounting Policies and notes to accounts forming part of the accounts for the year ended 30th June 2011.

#### A. ACCOUNTING POLICIES

1. The accounts are prepared on the historical cost convention and on the accounting principle of a going concern. The accounts are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies act, 1956 of India.
2. All Income and expenses to the extent considered receivable and payable unless specifically stated to be otherwise are accounted for on accrual basis.
3. Fixed assets are stated at cost less accumulated depreciation. The expenses related to, and incurred during implementation period have been capitalized under the appropriate heads. The original cost of fixed assets is inclusive of Freight, duties, taxes, incidental expenses relating to the acquisition, cost of installation/erection etc.
4. Depreciation on Fixed assets have been charged on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies act, 1956.
5. **Miscellaneous Expenditure:** Expenses incurred for the acquisition of subsidiaries has been capitalized and will be written off in equal installments over a period of five years.
6. **Inventories:** Raw materials and consumable stores are valued at cost on FIFO basis. Finished goods are valued on the lower of cost or net realizable value.
7. **Intangible Assets:** The expense incurred on the development of overseas markets has been recognized as Intangible Assets and will be amortized over a period of five years. The company is following the practice of writing off the Deferred Revenue charges over a period of five years and the same accounting treatment is consistently followed for the current year also. Any new deferred revenue expenditure incurred will be written off in the year of such expenditure as per Accounting Standard 28.
8. **Gratuity:** Provision for Gratuity has been provided for employees who have completed requisite period of service.
9. **Leave Encashment:** Leave encashment will be accounted for as and when payments are made.
10. **Provident Fund:** Contributions to appropriate Authorities is charged to Profit and Loss Account.
11. **Lease Rentals:** Lease rentals in respect of operating lease accrue as per the Lease agreement and are charged to Profit and Loss account.
12. **Deferred Tax:** Deferred tax charge reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.
13. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognized in the profit and loss account except for the net exchange gain or loss on account of imported Fixed assets, which is adjusted in the carrying amount of the related fixed assets. Foreign Currency Denominated current assets and

current liabilities at period end are translated at the period end exchange Rates and the resulting net gain or loss is recognized in the profit and loss account, except for exchange Differences related to acquisition of fixed assets purchased from foreign countries is adjusted in the Carrying amount of the related fixed assets.

14 **Contingent Liability:** There are no contingent liabilities for the period.

#### B. Notes to Accounts:

- The Company has prepared its financial statements for a period of Twelve months i.e. from 1st July 2010 to 30th June 2011.
- In the view of Management, no event has taken place to trigger the need for testing its assets for impairment. Accordingly, as per the management's assessment, the carrying values of its assets as at the Balance sheet date are not higher than their corresponding recoverable amounts.

#### 3. EARNING PER SHARE (EPS)

The numerator and denominator used to calculate Earning per Share:

	Period Ended 30.06.2011	Period Ended 30.06.2010
Profit attributed to the Equity Shareholders ₹ (A)	10332567	13719621
Weighted average number of Equity Shares		
Outstanding during the year (B)	24783318	14563318
Face Value of Equity Shares ₹	10/-	10/-
Basic Earning per share ₹ (A/B)	0.42	0.94
Diluted Earning per Share ₹ (A/B)	0.36	0.57

#### 4. SEGMENT REPORTING AS 17

**Business Segment:** Since the company is into merchandising, trading in flowers, Machinery and other Agri products in addition to growing of flowers, the revenues from each operation is also given below.

**Geographical Segment:** Geographical Segment of the company are Netherlands, India, Japan, Greece Canada, Switzerland, Oman, United Kingdom, Italy, Beirut, Doha, Jeddah, Riyadh & Sudan as the company is engaged in business with these countries.

#### Segment wise Revenues - Product wise:

(in ₹)

Revenue	Cut Flowers	Machinery	Outsourcing	Total
Current Year	120340156	83209387	236820980	440370523
Previous period	144349798	34923958	59723242	238996998

#### Segment wise Revenues - Operation wise:

(In ₹)

Revenue	Farm	Merchandising	Tradings Sales	Total
Current Year	-	203549543	236820980	440370523
Previous period	21578665	157695091	59723242	238996998



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## GEOGRAPHICAL REVENUES

(in ₹)

Geographical Segment	REVENUE	
	Current Period	Previous Period
Netherlands	-	-
India	236820980	81301969
Japan	87112482	117751201
Greece	1220569	1236933
Canada, Swiss, UK & Oman	-	3782937
Ethiopia (Machinery)	83209387	34923958
Italy	25604720	-
Beiruth, Doha, Jedda, Riyad & Sudan	6402385	-
<b>Total</b>	<b>440370523</b>	<b>238996998</b>

**5. RELATED PARTY DISCLOSURE:** Information regarding Related Party Transactions as per Accounting Standard 18 issued by the ICAI

**A. Related Party and their Relationship**

- I. (A) Subsidiaries (Direct Holding)  
M/s Globe agro Holdings, Mauritius  
M/s Dream Flowers PLC, Ethiopia  
M/s Neha Agricorp PTE Ltd, Singapore  
M/s Neha Agriservices PTE Ltd, Singapore
- (B) Step Subsidiaries (Indirect Holding)  
a. M/s Alliance Flowers PLC, Ethiopia  
c. M/s Oromia Wonders PLC, Ethiopia.  
e. M/s Neha Agri Tanzania Ltd, Tanzania  
g. M/s Neha Agri Zambia Ltd., Zambia  
i. M/s Neha Agriservices FZE, UAE
- b. M/s Holetta Roses PLC, Ethiopia  
d. M/s NINT Agri PLC, Ethiopia.  
f. M/s Neha Agri Ventures (U) Ltd, Uganda  
h. M/s Neha Agri Senegal SUARL, Senegal

**B. Transactions with Related Parties (Amount in Lakhs)**

Particulars	Alliance Flowers	Dream	Holetta	Oromia	Neha Agricorp
Purchase of Goods	134.65	177.43	192.36	147.77	---
Payments against material	120.39	170.69	116.44	166.84	---
Sale of Goods	---	---	---	---	832.09
Receipts against material	---	---	---	---	360.31

Name of the Company or Party	Relationship	Nature of Transaction	Amount ₹ in lakhs	Outstanding amounts carried in the Balance Sheet (₹ in lakhs)
Mr. Vinod Reddy G.	Managing Director	Obtained/re paid Unsecured Loan	115.95	1.76

6) In compliance with Accounting Standard AS 19 "Lease", the following are the Disclosures:

The Company has entered into an operating lease agreement for its office premises for a period of 24 months renewable at the option of the lesser and lessee. Total lease payments for the period charged to P&L account is ₹ 15,72,432/- (Previous Year- ₹ 12,19,582/-)

- 7) The Company has recognized MAT Credit of ₹ 23,05,152/- in the books in accordance with 115JAA of the Income tax act, as there is a reasonable certainty of future taxable profits against which MAT credit can be realized.  
The company has recognized deferred tax liability of ₹ 51,192/- in the books in accordance with AS-22 "Accounting for taxes on income"

8) **Contingent Liabilities not provided for : Nil**

- 9) Confirmation of balances has not been received from some of the Creditors, Debtors and for Loans & Advances, which are subject to reconciliation. Provision for doubtful debts, if any, in respect of the above and the consequential adjustment, if any, whether of revenue nature or otherwise, will be dealt accordingly.

10) **MANAGERIAL REMUNERATION**

Particulars	30.06.2011	30.06.2010
Salaries and Allowances	3000000	14,25,403
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
<b>Total</b>	<b>3000000</b>	<b>14,25,403</b>

11) **Auditors Remuneration:**

Audit Fees	₹ 130,000	₹ 130,000
Tax Audit	₹ 20,000	₹ 20,000

# Exclusive of service tax

- 12) No amounts are due to SSI units beyond the prescribed limit as on 30th June 2011.
- 13(a) During the year, the company has allotted 33.70 lakhs of shares to promoters and others by conversion of 33.70 laks convertible warrants. The company completed the issue of 66,65,000 GDRs underlying the equity shares of the company with face value of ₹10/- each. The price of the GDR was US \$ 3.00 (₹136.344). The GDRs were listed in Luxemburg stock exchange on 05th of May 2011.
- (b) The members of the Company at their Annual General Meeting held on 10th October, 2007 had approved granting of a maximum of 700000 Options to its eligible employees by special resolution. Pursuant to this approval, the Compensation committee at its meeting held on 7th August, 2009 had granted 500000 options to the eligible employees of the company and its overseas subsidiaries and the same shall be exercised within five years from the date of vesting as per NEHA ESOP-2007. The employees of the company have exercised 185,000 options in the first year and 66,250 options in the second year as on date. The company has allotted 251,250 equity shares of ₹10/- each at a premium of ₹10/- each.
- 14) The Parent company has further invested \$ 8,100,000 in M/s Globeagro Holdings during the year for the increase in stake in the existing subsidiaries. During the year the company has invested \$ 22,186,923 in the 100% wholly owned subsidiary company M/s NehaAgricorp PTE Ltd
- 15) Additional information pursuant to part II of schedule VI of the Companies Act, 1956.

**Quantitative and other details : Current year company has not undertaken any manufacturing activity in India. Hence current year data is not applicable.**

	2011	2010
1 Licensed Capacity Cut Flowers (Roses)	-	10000000
2 Installed Capacity	-	6000000
3 Production - Stems (Net of wastage)	-	3467955



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**Information regarding Opening Stock, Closing Stock, Sales etc.,**

Opening Stock		2011		2010	
		Quantity	Value (₹)	Quantity	Value (₹)
A	Fertilizers	---	---	0.344 MT	15310
B	Chemicals & Pesticides	---	---	---	20410
C	Packing Materials	---	---	---	20572
D	Finished Goods	---	---		
<b>Closing Stock</b>					
A	Fertilizers	---	---	---	---
B	Chemicals & Pesticides	---	---	---	---
C	Packing Materials	---	---	---	---
D	Finished Goods	---	---	---	---
<b>Sales:</b>					
A	Export Sales	---	---	---	---
B	Local Sales	---	---	3817644 Stems	21578665
<b>Consumption of Raw Materials:</b>					
A	Fertilizers	---	---	16.03 MT	568093
B	Chemicals & Pesticides	---	---	---	470467
C	Packing Materials	---	---	---	154922
Value of Imported and indigenous Raw material and chemicals etc..and percentage of total consumption					
				%	Value
Indigenous: - %		---	---	100%	1294169
Imported: - %		---	---	100%	NIL

- 16 In compliance with Accounting Standard (AS 22) "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company Provided for deferred taxes on timing differences in the books.

	2010-11	2009-10
<b>Deferred Tax Liability on Fixed Assets</b>	₹	₹
- Opening Balance	3,94,580/-	--
- During the Year	51,192/-	3,94,580/-
	-----	-----
<b>Deferred Tax Asset</b>	<b>4,45,772/-</b>	<b>3,94,580/-</b>
	-----	-----

Deferred tax Debited to Profit and Loss Account for the current year is ₹ 51,192/-

- 17) **CIF Value of Imports (In ₹)**
- |                                    | For the Year | Previous period |
|------------------------------------|--------------|-----------------|
| a) Capital Equipment's             | Nil          | Nil             |
| b) Purchase of Flowers for trading | 652.21 Lakhs | 389.15 Lakhs    |
| Purchase of Machinery for trading  | 430.05 Lakhs | 211.05 Lakhs    |



c) Expenditure in Foreign Currency:				
Commission, Handling & Freight	389.73	Lakhs	793.43	Lakhs
Foreign Travel	9.57	Lakhs	11.66	Lakhs
Earning in Foreign Currency: (FOB Value of Exports)	1127.96	Lakhs	1564.20	Lakhs
d) Raw Materials	Nil		Nil	

- 18) During the year, the company got the sanction of ₹ 1000 lakhs Letter of credit limits from M/s Indusind Bank. This limit is secured by pledge of the Neha's shares held by Promoters in addition to cash margin. The company has not utilized any of this limit as on 30.06.2011.
- 19) Previous year's figures have been regrouped, rearranged and reclassified, wherever necessary to match with the current year's figures.
- 20) Paise have been rounded off to the nearest rupee.

#### Signatures to Schedule I to XXI

As per our report of even date

For **Mathesh & Ramana**  
Chartered Accountants  
Firm Regn No.002020S

For and on behalf of the Board  
For **Neha International Limited**

**B.V. Ramana Reddy**  
Partner  
M.No.026967

**G.Pramod**  
Director

**G. Vinod Reddy**  
Managing Director

Place: Hyderabad  
Date: 06.12.2011

**P. Srihari**  
Vice President (Finance)

**C.N. Bhavani Prasad**  
Company Secretary



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**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2011**

PARTICULARS	Year ended 30.06.2011 (₹ in lakhs)	Period ended 30.06.2010 (₹ in lakhs)
<b>Cash Flow from Operating Activities:</b>		
<b>Net Profit before Exceptional Item</b>	<b>110.83</b>	<b>141.51</b>
<b>Adjustment for:</b>		
Interest Expenses	117.76	22.89
Depreciation	4.72	38.48
Miscellaneous Expenditure Written off	3.06	3.06
Provision for MAT (Net)	(7.00)	(0.37)
<b>Operating Profit before working Capital Changes</b>	<b>229.37</b>	<b>205.57</b>
Adjustment for:		
Debtors and other receivables	(155.61)	(641.83)
Increase/Decrease in Loans & Advance	(1,047.49)	(158.35)
Increase /Decrease in Inventories	-	7.56
Increase/Decrease in Creditors and other payables	(41.88)	359.70
<b>Net Cash from operating Activities(A)</b>	<b>(1015.60)</b>	<b>(227.36)</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets (Net)	(26.93)	537.11
Additions/ Written off of in Intangible asset (Net)	8.66	9.25
Investments in subsidiary	(10,380.30)	(908.28)
Expenditure for Enhancement of Authorised share capital	-	-
<b>Net Cash used in investing activities:(B)</b>	<b>(10398.57)</b>	<b>(361.92)</b>
<b>Cash Flow from Financing Activities:</b>		
Proceeds from secured loan	5.43	(2.01)
Proceeds from unsecured loan	949.46	(18.14)
Issue of Equity Shares/Share application money	9,831.63	1,421.74
Interest paid	(117.76)	(22.89)
<b>Net Cash used in Financing Activities : (C)</b>	<b>10,668.76</b>	<b>1,378.70</b>
Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)	(745.41)	789.42
Cash and Cash equivalent at the beginning of the year	798.55	9.13
<b>Cash and Cash equivalent at the end of the year</b>	<b>53.14</b>	<b>798.55</b>

As per our Report of even Date

For **Mathesh & Ramana**

Chartered Accountants

Firm Reg. No. 0020205

**B.V. Ramana Reddy**

Partner

M.No.026967

Place : Hyderabad

Date : 06.12.2011

**G. Pramod**

Director

**P.Srihari**

Vice President(Finance)

For **Neha International Limited****G.Vinod Reddy**

Managing Director

**C.N. Bhavani Prasad**

Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE**

<b>I REGISTRATION DETAILS</b>			
Registration No.	015987	State Code	01
Balance Sheet Date	30th June, 2011		
<b>II CAPITAL RAISED DURING THE YEAR</b>		<b>₹ in 000's</b>	
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
<b>III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS</b>		<b>₹ in 000's</b>	
Total Liabilities	1730316.47	Total Assets	1730316.47
<b>Sources of Funds</b>			
Paid up Capital	326208.18	Reserves & Surplus	1303541.67
Secured Loans	570.80	Unsecured Loans	99995.82
<b>Application of Funds</b>			
Net Fixed Assets	4731.54	Investments	1543321.01
Net Current Assets	180392.55	Misc. Expenditure	1871.37
Accumulated Losses	NIL		
<b>IV PERFORMANCE OF COMPANY</b>		<b>₹ in 000's</b>	
Turnover	442692.65	Total Expenditure	431609.38
Loss/Profit before Tax & after extra ordinary item	11083.27	Profit/Loss after Tax & Extra ordinary item	10332.57
<b>V GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY</b>			
Product Description			
CUT FLOWERS		060-31000	



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## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors,

**Neha International Limited**

We have audited the attached Consolidated Balance Sheet of NEHA INTERNATIONAL LIMITED (the company) and its Foreign Subsidiaries (collectively referred as Group) as at 30th June, 2011 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of its foreign subsidiaries, whose financial statements reflect total assets of ₹ 145.12 Crores as at June, 2011, total revenues of ₹ 43.91 Crores and net cash inflows amounting to ₹ 45.81 Crores for the period ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors, **except for the Audit report of Neha Agricornp Pte Ltd. as the auditors qualified on the stock value of \$ 175,000 (INR 0.80 Cr) of NINT Agri PLC, as the auditors of company have not attended the physical count of the reported stock.**
3. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. In so far as it relates to the results of operations and the financial position of the Neha International Limited included in these consolidated financial statements we are of the opinion that :
  - (a) **The Company has not made a Provision of Gratuity and other retirement benefits as per the actuarial valuation referred in the Accounting Standard 15 "Accounting for Retirement Benefits in the financial Statement of Employers". The effect on current year profit was not ascertained.**
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanation given to us, We are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India **subject to our qualification given in Para 2 and 4 above.**
  - i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30th June, 2011.
  - ii) In the case of the consolidated Profit and Loss Account, of profit of the Group for the Year ended on the date ; and
  - iii) In the case of the consolidated Cash Flow Statement, consolidated of the cash flows for the Year ended on that date.

For **MATHESH & RAMANA**  
Chartered Accountants  
Firm. Reg. No. 002020S

Place : Hyderabad

Dated : 06.12.2011

Sd/-

**B.V.RAMANA REDDY**  
M. No.026967, PARTNER

**CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2011**

PARTICULARS	SCHEDULE	As at 30.06.2011 in ₹	As at 30.06.2010 in ₹
<b>Sources of Funds</b>			
<b>Share Holders Funds :</b>			
<b>Share Capital</b>	I	247833180	145633180
Reserves and Surplus	II	1435236250	429355132
Share Application Money		78375000	121275000
Deferred Tax Liability		445772	394580
<b>Loan Funds :</b>			
Secured Loans	III	109420565	166651975
Unsecured Loans	IV	99995819	5050000
<b>Total</b>		<b>1971306586</b>	<b>868359867</b>
<b>Application of Funds :</b>			
Goodwill		380793958	380793958
<b>Other Intangible Assets</b>			
Gross Amount		4623016	4623016
Less: Amortisation		2850694	1984794
Net Amount		1772322	2638222
Fixed Assets	V		
Gross Block		432531009	409179637
Less: Depreciation		134054191	141833490
<b>Net Block</b>		298476818	267346147
Capital Work in Progress		213008880	56558021
Investments	VI	131471	173516
<b>Current Assets, Loans and Advances</b>			
Inventories	VII	10073467	3030332
Sundry Debtors	VIII	142949822	115563353
Cash and Bank Balances	IX	472719173	89128298
Loans and Advances	`	559475956	107574946
<b>Total Current Assets</b>		1185218418	315296929
Less: Current Liabilities & Provisions	XI	107014805	113393347
Minority Interest		1179518	41458438
<b>Net Current Assets</b>		1077024095	160445144
Miscellaneous Expenditure (to the extent not written off or adjusted)	XII	99043	404859
<b>Total</b>		<b>1971306586</b>	<b>868359867</b>
Notes to Accounts	XXI		

As per our Report of even Date  
For **Mathesh & Ramana**  
Chartered Accountants  
Firm Reg. No. 002020S

**B.V. Ramana Reddy**  
Partner  
M.No.026967  
Place : Hyderabad  
Date : 06.12.2011

**G. Pramod**  
Director

**P.Srihari**  
Vice President(Finance)

For **Neha International Limited**

**G.Vinod Reddy**  
Managing Director

**C.N. Bhavani Prasad**  
Company Secretary



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**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2011**

PARTICULARS	SCHEDULE	For the Year ended 30.06.2011 in ₹	For the Period ended 30.06.2010 in ₹
<b>Income from Operations</b>			
Sales	XIII	879471507	557140953
Other Income	XIV	2323959	3284398
Increase / (Decrease) in Finished Goods	XV	-	(69936)1
<b>Total</b>		<b>881795466</b>	<b>559725990</b>
<b>Raw material consumed and Manufacturing costs</b>			
Administrative Overheads	XVII	30006961	20820109
Personnel costs	XVIII	8273780	8163653
Selling Expenses	XIX	164253977	201590976
<b>Total</b>		<b>646787635</b>	<b>390489293</b>
<b>Earnings Before Interest and Depreciation</b>			
		235007831	169236697
Financial Expenses	XX	28661466	26722317
Earnings Before Depreciation		206346365	142514380
Depreciation	V	26478884	39171445
Earnings after Depreciation		179867481	103342935
<b>Less: Provision for :</b>			
: Deferred Tax Liability		51192	394580
: Minimum Alternative tax		3004663	2312393
: Deferred MAT tax credit		(2305152)	(2275690)
Net Profit after tax for the period		179116778	102911652
Less: Minority Interest		990995	(20047767)
Net profit after Minority interest		178125783	122959419
Profit /(Loss) Brought forward from previous year		186340766	63381347
<b>Net Profit Carried to Balance Sheet</b>		<b>364466549</b>	<b>186340766</b>
<b>Basic / Diluted Earning per share (Face Value - ₹ 10/- each)</b>		<b>7.19/6.28</b>	<b>8.44</b>

As per our Report of even Date  
For **Mathesh & Ramana**  
Chartered Accountants  
Firm Reg. No. 002020S

**B.V. Ramana Reddy**  
Partner  
M.No.026967  
Place : Hyderabad  
Date : 06.12.2011

**G. Pramod**  
Director

**P.Srihari**  
Vice President(Finance)

For **Neha International Limited**

**G.Vinod Reddy**  
Managing Director

**C.N. Bhavani Prasad**  
Company Secretary

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

	As at 30.06.2011 in ₹	As at 30.06.2010 in ₹
<b>SCHEDULE I - SHARE CAPITAL</b>		
Authorised Capital		
40000000 Equity shares of ₹10- each	400000000	300000000
Issued , subscribed & Paid up	247833180	145633180
24783318 Equity shares of ₹10/- each (Previous Year 14563318 Shares of ₹10/- each)		
Share warrant application money	78375000	121,275,000
<b>Total</b>	<b>78375000</b>	<b>121,275,000</b>
<b>SCHEDULE II - RESERVES &amp; SURPLUS</b>		
Share Premium account	1266644820	342782075
Capital Reserve	18420000	18420000
Foreign exchange reserve	(116736957)	(35463368)
Profit & Loss account	281742206	103616425
Less: Cost of control during the year	14833819	-
<b>Total</b>	<b>1435236250</b>	<b>429355132</b>
<b>SCHEDULE III - SECURED LOANS</b>		
Hire Purchase Loan	570794	27636
Loan from Bank	108849771	166624339
<b>Total</b>	<b>109420565</b>	<b>166651975</b>
<b>SCHEDULE IV - UNSECURED LOANS</b>		
From Directors	176308	50,000.00
Short Term loans and advances - Others	99819511	5000000
<b>Total</b>	<b>99995819</b>	<b>5050000</b>
<b>SCHEDULE VI - INVESTMENTS</b>		
Investment by subsidiaries	131471	173516
<b>Total</b>	<b>131471</b>	<b>173516</b>
<b>SCHEDULE VII - INVENTORIES</b>		
Fertilizers	10073467	3030332
Chemicals & Pesticides	-	-
Packing Materials	-	-
Finished Goods	-	-
<b>Total</b>	<b>10073467</b>	<b>3030332</b>

**STATEMENT OF FIXED ASSETS AND DEPRECIATION FOR THE ENDED 30.06.2011**  
**SCHEDULE V** (in ₹)

Description	Gross Block				Depreciation / Amortisation				Net Block		
	As at 1st July, 2010	Additions during the year	Deletions during the year	Exchange Fluctuation	As at 30th June 2011	As at 1st July, 2010	Charge for the Year	Deletions for the Year	Exchange Fluctuation	As at 30th June 2011	As at 30th June 2010
Patents and Trademarks	-	225,000	-	-	225,000	-	22,500	-	-	202,500	-
Buildings	26,230,576	-	-	(6,356,144)	19,874,432	1,663,381	344,932	-	(424,047)	18,290,167	24,567,195
Green Houses	135,541,222	3,340,733	-	(33,052,158)	105,829,797	24,667,783	5,325,305	-	(6,303,619)	82,140,328	110,873,439
Plant Materials	141,513,691	6,341,807	-	(34,681,400)	113,174,098	96,472,667	16,957,443	-	(24,415,858)	24,159,846	45,041,024
Furniture & Fixtures	1,680,376	1,007,166	-	-	2,687,542	1,127,259	130,020	-	-	1,430,263	553,117
Office Equipment	3,837,107	796,231	-	(444,662)	4,188,676	1,295,786	266,830	-	(122,900)	2,748,959	2,541,321
Computers	839,706	316,152	-	(23,128)	1,132,730	664,935	79,494	-	(1,492)	389,793	174,771
Vehicles	11,586,027	1,065,453	-	(2,635,269)	10,016,211	4,437,246	987,782	-	(1,080,812)	5,671,994	7,148,781
D.G Set	-	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	87,950,932	115,390,755	-	(27,939,164)	175,402,523	11,504,433	3,453,726	-	(2,998,604)	163,442,968	76,446,499
<b>Total</b>	<b>409,179,637</b>	<b>128,483,296</b>	<b>-</b>	<b>(105,131,924)</b>	<b>432,531,009</b>	<b>141,833,490</b>	<b>27,568,033</b>	<b>-</b>	<b>(35,347,332)</b>	<b>134,054,191</b>	<b>267,346,147</b>

Note : The depreciation at one of the step subsidiary M/s. NINT Agri PLC to the extent of ₹ 10,89,148/- had been capitalized since the project has not yet come to operations.



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

	As at 30.06.2011 in ₹	As at 30.06.2010 in ₹
<b>SCHEDULE VIII - SUNDRY DEBTORS</b>		
Morethan six months	18306849	-
Others	124642973	115563353
<b>Total</b>	<b>142949822</b>	<b>115563353</b>
<b>SCHEDULE IX - CASH AND BANK BALANCES</b>		
Bank Balances with Schedules Banks in Current Account	471130100	86687382
Bank Balances with Non-Schedules Banks in Current Account	5553	-
Cash balance	1589073	2440916
<b>Total</b>	<b>472719173</b>	<b>89128298</b>
<b>SCHEDULE X - LOANS AND ADVANCES</b>		
Advance for capital Goods	457350	8663710
Advance to suppliers	17837965	3421
Advance for expenses	5318779	1648000
Advances - Staff	160768	11947348
Deposits (incl. ICD)	484151208	2866501
Prepaid expenses	2663381	2688822
TDS Receivable	147140	8347527
Minimum Alternative Tax (MAT) Credit	5842028	939839
Interest accrued but not due	357012	-
Other Loans and Advances	42540325	39494311
<b>Total</b>	<b>559475956</b>	<b>76599479</b>
<b>SCHEDULE XI - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES (A) :</b>		
Creditors for capital goods	11314557	1170351
Creditors for expenses	13993882	20574047
Sundry Creditors	48205458	35631288
Advance from Customers	1665918	3282002
Investment amount payable	27340541	15146132
<b>Total (A)</b>	<b>102520356</b>	<b>75803820</b>
<b>PROVISIONS (B) :</b>		
Provision for Gratuity	577393	982644
Provision for FBT & Minimum Alternative tax	3917056	1214475
Provision for Bonus	-	250000
<b>Total (B)</b>	<b>4494449</b>	<b>2447119</b>
<b>Total (A+B)</b>	<b>107014805</b>	<b>78250939</b>
<b>SCHEDULE XII - MISC. EXPENDITURE NOT WRITTEN OFF</b>		
Opening Balance	404859	1092944
Written off during the year	305816	382269
Closing Balance	<b>99043</b>	<b>710675</b>



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**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT**  
(in ₹)

	For the Year ended 30.06.2011	For the period ended 30.06.2010
<b>SCHEDULE XIII- SALES</b>		
Export sales	399618082	334803261
Local sales	310006010	107314956
Mechandising sales	169847415	115022736
<b>Total</b>	<b>879471507</b>	<b>557140953</b>
<b>SCHEDULE XIV- OTHER INCOME</b>		
Scrap sales	-	27421
Other Income	859915	2861957
Interest received on Deposits (TDS deducted - ₹1,46,404/-) (Previous year - ₹ 3,698)	1464044	395020
<b>Total</b>	<b>2323959</b>	<b>3284398</b>
<b>SCHEDULE XV - INCREASE / DECREASE IN STOCK</b>		
Opening stock of Finished Goods	-	699361
Closing stock of Finished Goods	-	-
Increase/(Decrease) in stock	-	<b>(699361)</b>
<b>SCHEDULE XVI - MATERIAL CONSUMED AND MANUFACTURING COSTS:</b>		
Raw Material consumed		
Cost of Merchandising Purchase : Flowers & Machinery	391872432	91151075
Fertilisers	18519155	32822557
Chemicals & Pesticides	-	470467
Wages and Bonus	21556236	25554778
Carriage inwards	-	2157
Genset Maintenance	268499	4504631
Farm Maintenance	6319695	3197021
Other Manufacturing expenses	5716900	2211869
<b>Total</b>	<b>444252917</b>	<b>159914555</b>
<b>SCHEDULE XVII - ADMINISTRATIVE EXPENSES</b>		
Audit fees	1996507	837735
General Expenses	2530554	2056378
Insurance	1410377	1852469
Listing Fees & Annual registration fees	631516	379576
Share Transfer Expenses	111380	79891
Postage & Telegram	146079	71282

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT**  
(in ₹)

	For the Year ended 30.06.2011 in ₹	For the period ended 30.06.2010 in ₹
Printing and Stationery	911261	458396
Professional charges	5067106	1480780
Rent,rates and taxes	3786506	3632647
Repairs and maintenance	531928	193081
MD'S Remuneration	3000000	1425403
Security expenses	-	87468
Office maintenance	1359818	2068657
Telephone expenses	1930297	1251478
Travelling & Conveyance	4444397	3289937
Transportation charges	977519	217885
Loss on sale of Assets	-	206627
Deferred Revenue exp Written off	865900	924603
Misc expenses Written off	305816	305816
<b>Total</b>	<b>30006961</b>	<b>20820109</b>
<b>SCHEDULE XVIII - PERSONNEL EXPENSES</b>		
Salaries and other allowances	8212455	7451589
Contribution to Provident and other Funds	-	430719
Staff Welfare	61325	281345
<b>Total</b>	<b>8273780</b>	<b>8163653</b>
<b>SCHEDULE XIX - SELLING EXPENSES</b>		
Handling charges	4069536	667317
Packing Material consumed	11434762	7027599
Merchandising sales expenses	38973301	110572104
Carriage outwards - Exports	89659164	82251851
Carriage outwards - Local	-	43992
Business Promotion	18231	25295
Export charges & Market development	20098983	-
Local selling expenses	-	1002818
<b>Total</b>	<b>164253977</b>	<b>201590976</b>
<b>SCHEDULE XX - FINANCIAL EXPENSES</b>		
Interest on term loans/ soft loans	16396657	25692976
Interest on Hire Purchase	47306	17072
Interest - Others	8572176	466300
Bank charges	3645327	545969
<b>Total</b>	<b>28661466</b>	<b>26722317</b>



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**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2011***(₹ in lakhs)*

PARTICULARS	Year ended 30.06.2011 ₹ in Lakhs	Year ended 30.06.2010 ₹ in Lakhs
<b>Cash Flow from Operating Activities:</b>		
<b>Net Profit before Exceptional Item</b>	<b>1798.67</b>	<b>1033.43</b>
<b>Adjustment for:</b>		
Interest Expenses	286.61	267.22
Depreciation	264.79	391.71
Miscellaneous Expenditure Written off	3.06	3.06
Provision for MAT (Net)	(7.51)	(4.31)
<b>Operating Profit before working Capital Changes</b>	<b>2345.63</b>	<b>1691.11</b>
<b>Adjustment for:</b>		
Debtors and other receivables	(273.86)	(254.77)
Increase/Decrease in Loans & Advance	(4519.01)	(309.75)
Increase /Decrease in Inventories	(70.43)	95.74
Increase/Decrease in Creditors and other payables	(466.57)	249.37
<b>Net Cash from operating Activities(A)</b>	<b>(2984.25)</b>	<b>1471.70</b>
<b>Cash Flow from Investing Activities:</b>		
Additions in Fixed Assets & Exchange Fluctuation reserve	(2962.74)	(485.52)
Additions in Intangible asset	(139.68)	(1118.72)
Investments	0.42	0.43
<b>Net Cash used in investing activities:(B)</b>	<b>(3102.00)</b>	<b>(1603.81)</b>
<b>Cash Flow from Financing Activities:</b>		
Net Proceeds from secured loan	(572.31)	(139.13)
Proceeds from unsecured loan	949.46	(18.14)
Issue of Equity Shares/Share application money/Reserves	9831.63	1421.75
Interest paid	(286.61)	(267.22)
<b>Net Cash used in Financing Activities : (C)</b>	<b>9922.16</b>	<b>997.26</b>
<b>Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)</b>	<b>3835.91</b>	<b>865.15</b>
Cash and Cash equivalent at the beginning of the year	891.28	26.13
<b>Cash and Cash equivalent at the end of the year</b>	<b>4727.19</b>	<b>891.28</b>

As per our Report of even Date

For **Mathesh & Ramana**

Chartered Accountants

Firm Reg. No. 002020S

**B.V. Ramana Reddy**

Partner

M.No.026967

Place : Hyderabad

Date : 06.12.2011

**G. Pramod**

Director

**P.Srihari**

Vice President(Finance)

For **Neha International Limited****G.Vinod Reddy**

Managing Director

**C.N. Bhavani Prasad**

Company Secretary

## SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30th JUNE, 2011

### I. Background :

Neha International limited is incorporated on 12th July 1993. The company is engaged in the business of Floriculture.

Neha International Limited has one subsidiary viz; M/s. Globeagro Holdings, Mauritius. It has substantial stake in Three (3) Floriculture Companies namely Holetta Roses Plc, Alliance Flowers Plc and Oromia Wonders Plc. all located in Ethiopia. These Companies produce some of the best T-hybrid roses and sell them at premium prices across the world including leading auction houses like Vba and Flora Holland in Netherlands. With this acquisition Neha is poised to emerge as a world class Floriculture Company.

The Parent company has further invested \$ 8,100,000 in M/s Globeagro Holdings during the year for the increase in stake in the existing subsidiaries. During the year the company has invested \$ 22,186,923 in the 100% wholly owned subsidiary company M/s Neha Agricorp PTE Ltd

The list of subsidiaries considered in these financial statements with percentage of holding is as follows.

Subsidiaries	Country of incorporation and other particulars	Percentage of holding the immediate parent	Year of consolidation
M/s. Globeagro Holdings	A subsidiary of Neha International Ltd` Incorporated under the laws of Mauritius	100%	2010-11
M/s Holetta Roses Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2010-11
M/s Alliance Flowers Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2010-11
M/s Oromia Wonders Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2010-11
M/s. Neha Agricorp PTE Ltd	A subsidiary of Neha International Ltd Incorporated under the laws of Singapore	100%	2010-11
M/s NINT Agri Plc	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Ethiopia	99.99%	2010-11
M/s Neha Agri Tanzania Ltd	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Tanzania	99.00%	2010-11
M/s. Neha Agri Ventures (U) Ltd.	A subsidiary of Neha International Ltd Incorporated under the laws of Uganda	99.00%	2010-11
M/s. Neha Agri Zambia Ltd	A subsidiary of Neha International Ltd Incorporated under the laws of Zambia	99.00%	2010-11
M/s. Neha Agri Senegal, SUARL	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Senegal	100%	2010-11
M/s. Neha Agri services PTE Ltd	A subsidiary of Neha International Ltd Incorporated under the laws of Singapore	100%	2010-11
M/s. Neha Agri services FZE	A subsidiary of Neha Agri Services Pte. Ltd. Incorporated under the laws of UAE	100%	2010-11
M/s. Dream Flowers PLC	A subsidiary of Neha International Ltd Incorporated under the laws of Ethiopia	50%	2010-11



## 2.0 Significant Accounting Policies :

### 2.1 Basis of Preparation

Consolidated Financial statements have been prepared to meet the requirements of clause 32 of the listing agreement with stock exchange. The consolidated financial statements of Neha International Limited and its subsidiaries (as listed in Schedule I above) collectively referred to as the 'Neha International Group' or the 'Group', have been prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the provisions of the Companies act, 1956, to the extent considered necessary for the purpose of these accounts, and in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the mandatory Accounting standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') , to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest rupee.

### 2.2 Principles of Consolidation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 "Consolidated Financial statement" issued by the ICAI. The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the Parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances/ transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered, and are presented to the extent possible, in the same manner as the company's independent financial statements.
- (b) The excess of cost to the parent company of its investment in the subsidiary over the parents company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill.
- (c) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. period ended 30th June, 2011.
- (d) Minority interest's share of profits or losses is adjusted against income to arrive at the net income attributable to the company's shareholders. Minority's share of net assets is disclosed separately in the Balance Sheet.

### 2.3 Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that estimates made in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 2.4 Revenue Recognition

All Income and expenses to the extent considered receivable and payable unless specifically stated to be otherwise are accounted for on accrual basis.

### 2.5 Fixed Assets and Depreciation

Fixed assets are stated at cost less depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. The expenses related to, and incurred during implementation period have been capitalized under the appropriate heads. Depreciation on Fixed assets have been charged on straight-line method at the rates and the manner specified in schedule XVI to the companies act, 1956. The cost of plant materials including replantation expenses is being written off over a period of five years.

## 2.6 Retirement benefits

**Gratuity:** Provision for Gratuity has been provided for the employees who have completed the requisite period of service.

**Leave encashment:** Leave encashment will be accounted for as and when payments are made.

**Provident Fund:** Contributions to Provident Fund to appropriate authorities is charged to Profit and loss account.

## 2.7 Inventories

Raw materials and consumables are valued at cost on FIFO basis. Finished goods are valued at cost or market value whichever is lower.

## 2.8 Lease Rentals

Lease rentals in respect of operating lease accrue as per the Lease agreement and are charged to Profit and Loss account.

## 2.9 Intangible Assets

The expense incurred on the development of overseas markets has been recognized as Intangible Assets and will be amortized over a period of five years. The company is following the practice of writing off Deferred Revenue Expenses over a period of five years and the same accounting treatment is consistently followed for the current year also. Any new deferred revenue expenditure incurred will be written off in the year of such expenditure as per Accounting Standard 28.

## 2.10 Taxation

Provision for income Tax has been recognized as per the provision of the Income Tax act, 1961.

However there is no such requirement for the subsidiaries as per the local laws of the country

## 2.11 Foreign Currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognized in the profit and loss account except for the net exchange gain or loss on account of imported fixed assets, which is adjusted in the carrying amount of the related fixed assets. Foreign currency denominated current assets and current liabilities at period end are translated at the period end exchange rates and the resulting net gain or loss is recognized in the profit and loss account, except for exchange differences related to acquisition of fixed assets purchased from foreign countries is adjusted in the carrying amount of the related fixed assets.

## 2.12 Foreign Currency translation

The consolidated financial statements are reported in Indian rupees. Since the company has the non-integral subsidiaries, assets and liabilities are translated at exchange rates prevailing at the date of the Balance sheet. The items in the Profit and loss account are translated at the average exchange rate during the period. The differences arising out of the transactions are transferred to Exchange translation reserve on consolidation of non-integral subsidiary, under Reserves and Surplus.

## 2.13 Earnings per share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

**2.14 Provisions and Contingencies**

A provision is created when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for the contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**3.0 Notes to Accounts :**

3.1 The Company has prepared its financial statements for a period of Twelve months i.e. from 1st July 2010 to 30th June 2011.

3.3 In the view of Management, no event has taken place to trigger the need for testing its assets for impairment. Accordingly, as per the management assessment, the carrying values of its assets as at the Balance sheet date are not higher than their corresponding recoverable amounts

**3.4 Managerial Remuneration**

(in ₹)

Particulars	30.06.2011	30.06.2010
Salaries and Allowances	3000000	1425403
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
<b>Total</b>	<b>3000000</b>	<b>1425403</b>

**3.5 RELATED PARTY TRANSACTIONS**

A. Details of related parties including the summary of transactions entered into by the Neha International Limited during the period ended 30th June, 2011.

Parties with substantial interests

MVR Projects Pvt. Ltd

Subsidiaries wherein control exists

- Globe agro Holdings, Mauritius
- Holetta Roses PLC, Ethiopia
- Alliance Flowers PLC, Ethiopia
- Oromia Wonder PLC, Ethiopia
- Neha Agricorp Pte Ltd, Singapore
- NINT Agri PLC, Ethiopia
- Neh Agri Tanzania Ltd, Tanzania
- Neha Agri Ventures (U) Ltd, Uganda
- Neha Agri Zambia Ltd, Zambia
- Neha Agri Senegal - SUARL, Senegal
- Neha Agriservices Pte Ltd, Singapore
- Neha Agriservices FZE, Dubai
- Dream Flowers PLC, Ethiopia

Key Managerial Personnel including relatives

- Mr. Vinod Reddy G

Companies in which Directors are interested

- Nil

Non-Executive Directors

- Mr. Pramod G
- Mr. Anil G. Nair
- Mr. Sarath Kumar P



**B. Transactions with Related Parties (₹ in Lakhs)**

Particulars	Alliance Flowers	Dream	Holetta	Oromia	NehaAgricorp
Purchase of Goods	134.65	177.43	227.22	182.34	---
Payments against material	120.39	170.69	116.44	166.84	---
Sale of Goods	---	---	---	---	832.09
Receipts against material	---	---	---	---	360.31

Name of the Company or Party	Relationship	Nature of Transaction	Amount ₹ in lakhs Sheet (₹ in lakhs)	Outstanding amounts carried in the Balance (₹ in lakhs)
Mr. Vinod Reddy G.	Managing Director	Obtained/re paid Unsecured Loan	115.95	1.76

**3.6 EMPLOYMENT STOCK OPTION PLAN**

The members of the Company at their Annual General Meeting held on 10th October, 2007 had approved granting of a maximum of 700000 Options to its eligible employees by special resolution. Pursuant to this approval, the Compensation committee at its meeting held on 7th August, 2009 had granted 500000 options to the eligible employees of the company and its overseas subsidiaries and the same shall be exercised within five years from the date of vesting as per NEHA ESOP-2007. The employees of the company have exercised 185,000 options in the first year and 66,250 options in the second year as on date. The company has allotted 251,250 equity shares of ₹10/- each at a premium of ₹10/- each.

**3.7 SEGMENTAL REPORTING AS-17**

**Business Segment:** Since the company is into merchandising, trading in flowers, Machinery and other Agri products in addition to growing of flowers, the revenues from each operation is also given below.

**Geographical Segment:** Geographical Segment of the company are Netherlands, India, Japan, Greece Canada, Switzerland, Oman, United Kingdom as the company is engaged in business with these countries.

**Revenue from these segments is as follows:**

Segment wise Revenues:

(in ₹)

Revenue	Cut Flowers	Machinery	Trading Sales	Total
Current period	434156099	83209387	362106021	879471507
Previous Period	462493753	34923958	59723242	557140953

Segment wise Revenues Operation wise:

(In ₹)

Revenue	Farm Production	Merchandising/Trading	Trading Sales	Total
Current period	434156099	83209387	362106021	879471507
Previous period	339722682	157695029	59723242	557140953



neha

**Geographical Revenues:**

(in ₹)

Geographical Segment	REVENUE	
	Current Period	Previous period
Netherlands	304673612	318143955
India	236820980	81301969
Japan	87112482	117751201
Greece	1220569	1236933
Canada, Swiss, UK & Oman	0	3782937
Ethiopia	83209387	34923958
Italy	25604720	0
Beiruth, Doha, Jedda, Riyad & Sudan	6402385	0
Dubai	134427372	0
<b>Total:</b>	<b>879471507</b>	<b>557140953</b>

**3.8 CAPITAL AND OTHER COMMITMENTS AND CONTINGENT LIABILITIES**

The estimated amounts of contracts remaining to be executed on capital amount and not provided for (net of advance): Nil (Previous year NIL)

- 3.9** The Company has recognized MAT Credit of ₹ 2305152/- in the books in accordance with 115JAA of the Income tax act, as there is a reasonable certainty of future taxable profits against which MAT credit can be realized.

The company has recognized deferred tax liability of ₹ 51192 in the books in accordance with AS-22 "Accounting for taxes on income"

- 3.10** Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

- 3.11** Paise have been rounded off to the nearest rupee

As per our Report of even Date

For **Mathesh & Ramana**  
Chartered Accountants  
Firm Reg. No. 0020205

**G. Pramod**  
Director

For **Neha International Limited**

**G. Vinod Reddy**  
Managing Director

**B.V. Ramana Reddy**  
Partner  
M.No.026967

**P. Srihari**  
Vice President(Finance)

**C.N. Bhavani Prasad**  
Company Secretary

Place : Hyderabad  
Date : 06.12.2011



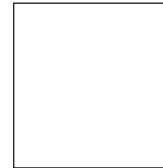
## NEHA INTERNATIONAL LIMITED

Regd. Office: 501, Manbhum Jade Towers, Rajbhavan Road,  
Hyderabad 500082, A.P., India  
Telephone Nos. (040) 66134759, Fax: (040) 66136435

### PROXY FORM

I/We ..... of .....  
..... being a member/members of the  
above named company hereby appoint..... of  
..... as my/our proxy to vote  
for me/us on my/our on behalf at the Annual General Meeting of the company to be held on 30th December, 2011 at 11.00  
A.M at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad - 500063, Andhra Pradesh and at any  
adjournment thereof.

Signed this.....day of .....2011



**Note:**

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
- b) Proxy need not be a member.
- c) The proxy form duly completed should be deposited at the registered office of the company not less than 48 hours before the time fixed for holding the meeting.



## NEHA INTERNATIONAL LIMITED

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Hyderabad 500082, A.P., India  
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### ATTENDANCE SLIP

(Please present this slip at the entrance of the meeting venue)

<b>Regd. Folio No.:</b>		<b>Client ID :</b>	
<b>No of shares held</b>		<b>DPID :</b>	

I hereby record my presence at the Eighteenth Annual General Meeting to be held on 30th December, 2011 at 11.00 A.M at  
Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad 500063, A.P., India

Name of the Shareholder	:	
Name of the Proxy	:	
Signature of member/proxy	:	

**Note:**

- 1) To be signed at the time of handing over this slip.
- 2) Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.

