

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

V S Venkatish

Auditors

M/s. Mathesh & Ramana.,

Chartered Accountants

3-6-145, Himayathnagar, Hyderabad 500 029

Bankers

IndusInd Bank, Secunderabad 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 Nineteenth Annual General Meeting of the members of Neha International Limited will be held on **Monday, 31st day of December 2012 at 11.00 a.m.** at Bhaskara Auditorium, B.M. Birla Science Centre, Adarshnagar, Hyderabad 500063 to, Hyderabad, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at June 30, 2012 and the Statement of Profit and Loss for the year ended as on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anil G.Nair, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint M/s Mathesh & Ramana, Chartered Accountants, Hyderabad, having Firm Registration No.0020205 issued by The Institute of Chartered Accountants of India as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT in pursuance of the applicable statutory Rules and Regulations, consent of the appropriate authorities, subject to the approval of the Reserve Bank of India and other concerned authorities as may be necessary, the company do promote a Subsidiary company outside India in the name and style of Neha Energy or such other name as may be approved by the concerned authorities.”

“RESOLVED FURTHER THAT in pursuance of the provisions of Companies Act, 1956, Foreign Exchange Management Act and other applicable provisions & statutes, the consent of the shareholders be and is hereby accorded to the Board of Directors to subscribe / invest upto \$ 2 Million (₹ 11 Crores approx.) in trenches, in the capital of the aforesaid Subsidiary.”

“RESOLVED FURTHER THAT Mr. G. Vinod Reddy, Managing Director and or Mr. G. Pramod, Director of the company, be and are hereby nominated as First Directors of the aforesaid Subsidiary.”

“RESOLVED FURTHER THAT Mr. G. Vinod Reddy, Managing Director and Mr. G. Pramod, Director of the company be and are hereby severally authorized to make necessary applications to the Reserve Bank of India and other concerned Indian / Foreign authorities, to sign / execute and submit such documents as may be necessary under the Common Seal of the company, wherever required, in terms of the provisions of the Articles of Association of the company, for formation of the aforesaid Subsidiary and for implementing the aforesaid decision of the Board and are further authorized severally to do all the things which may be necessary or required for implementing the aforesaid decision of the Board.”

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

Employee Stock Option Scheme 2012:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more trenches, to such permanent employees (including joining employees) of the



Company whether working in India or out of India and directors of the company whether Independent Directors, whole-time directors or otherwise (hereinafter collectively referred as the "Employees") who are eligible to participate as per the Guidelines and as may be decided by the Board/Committee, under a plan titled "NEHA EMPLOYEES STOCK OPTION SCHEME - 2012" (hereinafter referred to as "the Scheme") the salient features of which are detailed in the explanatory statement, such number of options which could rise to the issue of equity shares of the Company not exceeding 500000 (Five Lakhs) equity shares at such price and on such terms and conditions as may be determined by the Board/Committee in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the notice and to make any modification(s), change(s), variation(s), alternation(s) or revision(s) in the terms and conditions of Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.

"RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall Rank pari passu inter se with the then existing equity shares of the Company in all respects.

"Resolved further that in case Neha International Limited's equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Scheme on the Stock Exchanges where the shares of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

Allotment of Equity Shares Exceeding 1% of the Paid Up Capital of the Company under ESOP -2012:

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more tranches, the benefits of the ESOP-2012 referred to in the Resolution under item nos. 7 and 8 in this notice and duly passed at this meeting, to such permanent employees (including joining employees) of the Company including subsidiary company and step down subsidiary company whether working in India or out of India and

Directors of the Company whether Whole-time Directors or otherwise (hereinafter collectively as the "Employees") who are eligible to participate as per SEBI (ESPS) Guidelines and as may be decided by the Board/Committee, Options exercisable by the Employees under a plan titled "NEHA EMPLOYEES STOCK OPTION SCHEME 2012", as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board (hereinafter referred to as "the scheme") the salient features of which are detailed in the explanatory statement.

"Resolved further that the approval be and is hereby accorded for issue of options or equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the key global personnel as may be identified by the Compensation Committee for their outstanding performance / contribution at the time of grant of options".

"Resolved further that for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of the Sections 198, 349 and 350 of the Act be paid to and distributed amongst the directors of the Company or some or any of them (other than managing director and whole time directors of the Company) in such amounts or proportions and such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respects of the Company".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and hereby authorised to fix the tenure and time frame for payment of the above remuneration".

NOTES:

1. **A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTION / AUTHORITY, AS APPLICABLE.**
2. An Explanatory Statement with respect to special business under Item No. 4 to 9 of the notice is annexed hereto.
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, 2012 to 31st December, 2012 (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 500034. 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 relevant details as required by Clause 49 of the Listing Agreement entered with Stock Exchanges of persons seeking appointment/re-appointment as Directors under Item No.2 above are annexed.



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 send their e-mail address to the Company either through 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 documents in physical form, a communication in this regard may be made to the Company.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT TO SPECIAL BUSINESS

Item No:4

Your Company plans to expand its overseas business operations significantly and for this purposes it intends to incorporate one new subsidiary, overseas. The overseas subsidiary would undertake generation and distribution of Solar, wind, hydel, Bio-mass or other renewable energy activities outside India, with Africa as a primary focus. The overseas subsidiary is likely to be incorporated either in Singapore or at such other place as may be convenient to the Company.

Your Company proposes to make investments in the above proposed Company to be set up in abroad apart from providing loans, guarantees and securities to it.

The Board of Directors recommends the passing of this resolution as a special resolution as set out in the notice.

None of the directors is interested in the above resolution.

Item Nos: 5 & 6

The floriculture Industry in India is undergoing a transformation due to increased competition particularly from the foreign and increased sophistication in products. The new era presents both an unprecedented opportunity and threat. The future prospects of the Company, therefore, depend to a great extent in the ability of Company to co-relate with the emerging environment and create a position of leadership.

In order to attract and retain talent, enhance motivation and in order to enable them to participate in the long term growth and financial success of the Company, it is proposed to issue stock options to employees, Directors both present and future, of the Company and its subsidiaries, who comply with certain eligibility criteria. The employees could exercise the option after a stipulated time and after complying with the conditions subject to which the options are granted, by paying the appropriate consideration, consequent to which the shares would be allotted to them.

The main objectives of these scheme are to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market. The Employees Stock Option Scheme 2012 (The Scheme) will be administered by the Compensation Committee of the Board or the Board in terms of the Employee Stock Option Guidelines.

The tranches within which the options are to be granted in accordance with the Eligibility Criteria. The terms and conditions subject to which the options granted would vest in the respective employees. The terms and conditions subject to which the options vested would be exercised by the employees. The right of the employees to Exercise all the options vested in him at one time or at various points of time within the Exercise Period; Conditions under which the options vested in the employees may lapse. The procedure for making fair and reasonable adjustment to the number and options and exercise price in case of

any corporate actions, such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Board / compensation committee:

1. The number and the price of options shall be adjusted in a manner such that total value of the options remains the same after the corporate action. For this purpose global best practice in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
2. The Vesting Period and the life of the options shall be left unaltered as far as possible to protect the rights of the Option holders.
3. The procedure for cashless exercise of options, if any.
4. Obtaining permission from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all rules and SEBI ESOP Guidelines applicable to the "NEHA EMPLOYEES STOCK OPTION SCHEME - 2012"; framing suitable policies and systems to ensure that there is no violation by any person of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any statutory modifications and re-enactments thereof.
5. Framing appropriate procedure for granting, vesting and exercising of options.

SALIENT FEATURES NEHA INTERNATIONAL LIMITED EMPLOYEES STOCK OPTION SCHEME 2012:

(a) The total number of options to be granted:-

The total number of options that may in the aggregate, be granted shall be up to 500000 options that shall be converted into 500000 fully paid up equity shares of the face value Rs. 10/- each of the Company. Any vested option(s) that lapse due to non-exercise or unvested option(s) that do not vest due to any reasons whatsoever would be available for re-grant at a future date.

(b) Identification of classes of employees entitled to participate in EMPLOYEES STOCK OPTIONS SCHEME- 2012

Persons who are "permanent employees" and "Directors" of the Company, subsidiary company and step down subsidiary company including joining employees, as defined in the ESOP Guidelines (including any statutory modification(s) or enactment of the Act or the Guidelines for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time will be entitled to participate in the Scheme based on annual appraisal process.

An employee who is a promoter or belongs to the promoter group and a director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company shall not be eligible to participate in the ESOP scheme.

The options granted under the scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated, other than the manner specified in the Scheme.

(c) Requirement of vesting, period of vesting including maximum period within which options shall be vested:

- i) Continuation of employment is the requirement for vesting of Options.
- ii) There shall be a minimum period of one year between the grant of options and vesting of options.
- iii) Vesting of options will commence after a period of 1 year from the date of grant, and may extend up to 5 years from the date of grant.
- iv) The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the ESOP Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance milestones.

**(d) Exercise price or pricing formula:**

The exercise price for the purpose of grant of options shall be the price as defined in the SEBI Guidelines/Regulations on the date of grant of options or the price equal to the closing price of the equity shares a day prior to the date of the meeting of the Board of Directors or Compensation Committee, in which the options are granted, on the Stock Exchanges where the equity shares of the company are listed and traded with highest trading volume on the said date or such other price as decided by the ESOP compensation committee which shall not be less than the face value of the equity share of the company.

(e) Exercise Period and the process of Exercise:

The Exercise Period has been defined in the EMPLOYEE STOCK OPTIONS SCHEME- 2012 as the period of 4 years from the date of Vesting of the options, within which period the Option Grantee should exercise the options vested in him. The options will be exercisable by the option grantee(s) by a written application to the Company to exercise the options in such manner and on execution of such documents, as may be prescribed by the compensation committee from time to time.

(f) Appraisal process of determining the eligibility of employees to the ESOP, 2012:

The Company has a formal performance appraisal system established wherein the performance of the employee is assessed each year on the basis of various parameters. The appraisal process is reviewed at regular intervals. In determining the number of options to be granted, the Compensation Committee shall consider the following:

1. Performance of the employee
2. Position, seniority and responsibilities of the employee
3. Nature & value of the eligible employee's services & accomplishments, whether direct or indirect, to the company.
4. The employee's present and potential contribution to the success of the company or its Subsidiary or Holding Company.
5. Gap in compensation package as per market, if any.
6. Such other factors as the compensation committee may deem relevant

(g) Maximum number of options to be issued per employees and in the aggregate:

- i) The maximum number of options granted to Eligible Employees will depend upon the Rank / designation of the employee as on the date of grant of options.
- ii) The ESOP Committee shall decide on the number of options to be granted to each Employee within the limit.

(h) Accounting Policies:

The company will conform to the accounting policies specified in Clause 13.1 of the ESOP Guidelines and/or such other guidelines as may be applicable from time to time.

(i) Method of Valuation:

The Company shall use the intrinsic value method prescribed under the ESOP Guidelines to value its options. In case the company calculates the employees compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Director's Report and also the impact of this difference on profits and on EPS of the company shall be disclosed in the Director's Report. The Company shall disclose in its Directors' Report, the difference between the employee compensation cost computed using the intrinsic method of valuation of options and the employee compensation cost that shall have been recognized if it had used the fair value of the options and also the impact of this difference on profits and the EPS (Earning Per Share) of the Company.

Resolution

Your Directors recommend the resolutions as set out in Item Nos. 5 and 6 for the approval of the members as Special Resolutions. None of the Directors is concerned or interested in the resolution apart from the Directors of the Company who may be deemed to be interested in this resolution to the extent of their entitlement of shares under the Scheme.

Item No:7

Taking out the responsibility of the Directors it is proposed that in terms of Section 309 (4) of the Companies Act, 1956 the directors (apart from the managing director and whole time directors if any) be paid remuneration not exceeding 1% p.a. of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the directors in accordance with the directions given by the Board.

All the directors of the Company except the Managing Director are concerned or interested to the extent of remuneration that may be received by them.

**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**

Shri Anil G Nair, is a qualified Chartered Accountant with an experience of more than 2 decades and having rich experience in Financial and Administrative Matters. He is associated with the Company since its inception.

Other Directorships of Mr. Anil G Nair

Name of the Company	Designation
ANA Consultants Pvt Ltd	Director
Value Added Corporate Services Pvt Ltd	Director
Presidency Club Limited, Madras	Director
Committee Memberships/Chairmanships: Nil	
Relationship with other directors: Nil	

For and on behalf of the Board

Place: Hyderabad

For **NEHA INTERNATIONAL LIMITED**

Date: 05/12/2012

Sd/-

G . Vinod Reddy

Chairman & Managing Director

DIRECTORS' REPORT

Dear Stakeholders,

The Directors take great pleasure in presenting the Nineteenth Annual Report to the Members together with the audited financial statements for the period ended 30th June, 2012.

Financial Results: Consolidated		(₹ in lakhs)	
	Particulars	2011-12	2010-11
1	Net Sales & Income	7846.10	8817.95
2	Increase/(Decrease) in stock	34.16	-
3	Total Expenditure	6723.29	6468.21
4	Interest	346.04	277.62
5	Profit before depreciation & Exceptional Items	810.92	2072.12
6	Depreciation	159.16	273.44
7	Less: Write off / prior period items	-	-
8	Less: Minority interest	(28.77)	9.91
9	Less: Provision for tax (Net)	46.95	7.51
10	Profit/Loss carried to Balance Sheet	633.59	1781.26

Financial Results: Standalone		(₹ in lakhs)	
	Particulars	2011-12	2010-11
1	Net Sales & Income	5146.25	4426.93
2	Increase/(Decrease) in stock	34.16	-
3	Total Expenditure	4874.04	4193.96
4	Interest	187.69	108.76
5	Profit before depreciation & Exceptional Items	118.68	124.22
6	Depreciation	14.58	13.37
7	Less: Write off / prior period items	0	0
8	Less: Minority interest	0	0
9	Less: Provision for tax (Net)	18.29	7.51
10	Profit/Loss carried to Balance Sheet	85.81	103.33

OPERATIONS

The standalone revenues increased to ₹ 5146.25 lakhs for the year ended 30.06.2012. The Company achieved a standalone operational profit of ₹85.81 lakhs. The Directors did not recommend any dividend for the period ended 30th June, 2012 keeping in mind the fund requirements for the expansions under taken by the Company.

The Company recorded revenue of ₹ 7846.10 lakhs in consolidated financials for the year ended 30th June, 2012 compared to ₹ 8817.95 lakhs in the previous period ended 30th June, 2011.

FINANCIAL YEAR

Your company closed its accounts as on 30th June, 2012 for a period of twelve months.

DIRECTORS

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

AUDIT COMMITTEE

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

AUDITORS

Statutory Auditors of the Company M/s Mathesh & Ramana, Chartered Accountants 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 Section 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, /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 Director's 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 granted a general exemption to companies from complying with Section 212, subject to fulfillment of conditions mentioned therein. Accordingly, the Annual Report 2011-12 does not contain the financial statements of our subsidiaries. The gist of financial performance of the subsidiary companies is contained in the report. The audited annual accounts and related information of our subsidiaries, where applicable, will be made available upon request by any member of the company or to any investor of its subsidiary companies who may be interested in obtaining the same. 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

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

CONSOLIDATED FINANCIAL STATEMENTS

In terms of Clause 32 of the Listing Agreement with the Stock Exchanges and as prescribed by Accounting Standard 21 notified by the Government of India under Section 211(3C) of the Companies Act, 1956, the Audited consolidated financial statements for the period ended 30th June, 2012 are annexed and forms part of this annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the applicable accounting standards have statement, it is hereby confirmed:

- a. That the preparation of the accounts for the year ended 30th June, 2012, 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.



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- d. That the Directors have prepared the accounts for the financial year ended 30th June, 2012 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 to and form part of this 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.

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

The Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, requiring disclosures 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: 05/12/2012

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

Form A

Form for disclosure of particulars with respect to conservation of energy

A	Power and Fuel Consumption	Current Period 01.07.2011 to 30.06.2012	Previous Period 01.07.2010 to 30.06.2011
I	Electricity:		
a)	Purchased Units	NA	NA
	Total Amount (₹)	NA	NA
	Rate/ Unit (₹)	NA	NA
b)	Own Generation:	NA	NA
	Through Diesel Generator (Units)	NA	NA
	Cost/Unit (₹)	NA	NA
B	Consumption per Unit of Production	NA	NA
	Electricity (No. of Units)	NA	NA
C	Foreign Exchange Earnings and Outgo		
i)	Foreign Exchange Earned (₹) (FOB value of Exports) (Gross Freight & Import Duty)	418.40	1127.96
ii)	Foreign Exchange used (₹):		
1.	Raw Materials (Merchandise flower purchase)	332.39	652.21
2.	Machinery	0	430.05
lii	Foreign Travel (Others)	8.26	9.57
iii)	Commission/handling charges	148.33	389.73

During the 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
2.	Technology absorption, adaptation and innovation	Nil

Foreign Exchange Earnings and outgo:

	Current Year	Previous Year
1. Earnings: (Gross Freight Import Duty)	418.40 lakhs	1127.96 lakhs
2) Outgo: Commission/ Handling/others	148.33 lakhs	389.7 lakhs
Raw Materials (Merchandise flower purchase)	332.39 lakhs	652.21 lakhs
Machinery (Merchandise machinery purchase)	-	430.05 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 19 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 for being one of the top four growers in highland cultivation. Roses are cultivated at altitudes of 8500 feet from the Sea level. Neha International group floriculture companies produce some of the best possible hybrid roses and sell them at auction houses like FloraHolland 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 is consolidating its holdings in the floriculture subsidiaries: its stakes in Holetta Roses Plc and Alliance Flowers Plc have been increased to 99.99%; acquired 50% stake in Dream Flowers Plc; is in the process of increasing the stake in Oromia Wonders Plc to 99.99%.

Floriculture Markets - Our products are exported to countries like the UK and 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 suppliers of roses from Ethiopia to Europe and Japan. Negotiations are in advanced stages for including Russia in the list of exporting countries.

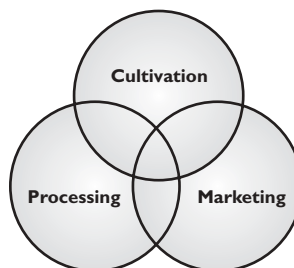
Foray into Agriculture - Spike in food prices and food insecurity have always been a motivation for producing more food from the available resources. Neha decided to make this foray utilizing its rich experience in floriculture to tap into the agribusiness segment.

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 is being prepared for sowing. A rice mill with a capacity of 120 tonnes/ day and a seed processing unit with a capacity of 100 tonnes/ day are in the process of installation. Apart from infrastructure establishment, 6000 sq. m ware house is going to be installed. 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. A reconstruction activity of a 10.5 Km road is being carried out from 'Billobashe' to the site road.

The machinery has been sourced from leading companies like CLAAS, AMAZON 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.

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 foremost 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.

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 in all its units located at various destinations of the world. 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, uniforms 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 ₹ 19628.59 lakhs and Paid-up capital of the company has increased by ₹ 3,59,62,500 to ₹ 28,37,95,680. upon conversion of 35.96 lakh warrants

MINORITY INTEREST

Minority interest as at 30th June, 2012 is ₹ (28.77) 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, 2012 was ₹ 1166.49 lakhs.

GOODWILL

Goodwill as at 30th June, 2012 is ₹ 3807.94 lakhs

FIXED ASSETS

The company has purchased fixed assets and net increased in gross fixed assets during the year is ₹ 1279.26 lakhs

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

The company has ₹ 160.40 Lakhs of inventories of Fertilizers, Pesticides, chemicals, and packing materials as at 30th June, 2012. Its debtors as on 30th June, 2012 are ₹ 3759.63 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 includes 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, 2012 was ₹ 451.77 Lakhs.

Loans and Advances as at 30th June, 2012 was ₹ 11960.65 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, 2012 were ₹ 3317.79 Lakhs.

RESULTS OF OPERATIONS.

During the period ended 30th June, 2012 the company recorded a turnover of ₹ 7846.10 lakhs. The company earned the Profit after tax of ₹ 633.59 Lakhs during this period.

Financial Results: Consolidated		(₹ in lakhs)	
	Particulars	2011-12	2010-11
1	Net Sales & Income	7846.10	8817.95
2	Increase/(Decrease) in stock	34.16	-
3	Total Expenditure	6723.29	6468.21
4	Interest	346.04	277.62
5	Profit before depreciation & Exceptional Items	810.92	2072.12
6	Depreciation	159.16	273.44
7	Less: Write off / prior period items	-	-
8	Less: Minority interest	(28.77)	9.91
9	Less: Provision for tax (Net)	46.95	7.51
10	Profit/Loss carried to Balance Sheet	633.59	1781.26

Financial Results: Standalone		(₹ in lakhs)	
	Particulars	2011-12	2010-11
1	Net Sales & Income	5146.25	4426.93
2	Increase/(Decrease) in stock	34.16	-
3	Total Expenditure	4874.04	4193.96
4	Interest	187.69	108.76
5	Profit before depreciation & Exceptional Items	118.68	124.22
6	Depreciation	14.58	13.37
7	Less: Write off / prior period items	0	-
8	Add: Extra Ordinary Income:	0	-
9	Less: Provision for tax (Net)	18.29	7.51
10	Profit/Loss carried to Balance Sheet	85.81	103.33

REVENUE BASED ON GEOGRAPHY

Geographical Revenues: Consolidated (in ₹)

Geographical Segment	Revenue	
	Current Year	Previous Year
Netherlands	198447858	304673612
India	463912604	236820980
Japan	35375155	87112482
Greece	832462	1220569
Ethiopia	4952467	83209387
Italy	10396781	25604720
Beiruth, Doha, Jeddah, Riyadh & Sudan	0	6402385
Dubai	69785745	134427372
Total:	783703072	879471507

Segment wise Revenues- Operation wise

(In ₹)

Revenue	Farm	Merchan- dising	Trading Sales	Total
Current Year	0	46572860	463944142	510517002
Previous Year	0	203549543	236820980	440370523

Geographical Revenues: Stand alone

(in ₹)

Geographical Segment	Revenue	
	Current Year	Previous Year
India	463912604	236820980
Japan	35375155	87112482
Greece	832462	1220569
Ethiopia	0	83209387
Italy	10396781	25604720
Beiruth, Doha, Jeddah, Riyadh & Sudan	0	6402385
Total	510517002	440370523

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 view 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	Shri G.Vinod Reddy	760865	Chairman & Managing Director, Promoter Director
2	Dr.G.Pramod Reddy	2604	Non-Executive Promoter Director
3	Shri Anil G. Nair	Nil	Non Executive Independent
4	Shri P.Sarath Kumar	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 in other Public Companies		Attendance at the last AGM
					Boards	Committes	
1	G.Vinod Reddy	Chairman & Managing Director	6	6	-	-	Yes
2	G.Pramod Reddy	Non Executive Director	6	6	-	-	Yes
3	Anil G. Nair	Independent Director	6	5	-	-	Yes
4	P.Sarath Kumar	Independent Director	6	5	-	-	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 date of the Board meetings.
Six Board Meetings were held during the period 2011-12 (1st July 2011 to 30th June 2012). The time gap between any two Board Meetings did not exceed by more than four months.

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

1st Board Meeting	:	13th August 2011
2nd Board Meeting	:	28th September 2011
3rd Board Meeting	:	11th November 2011
4th Board Meeting	:	6th December 2011
5th Board Meeting	:	14th February 2012
6th Board Meeting	:	15th May 2012

3. AUDIT COMMITTEE

In compliance with Section 292A of the Companies Act, 1956, your 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 auditors, 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 policies¹
- 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 13th August, 2011, 11th November 2011, 14th February, 2012 and 15th May, 2012.

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 there were no Remuneration / compensation committee meetings were held.

5. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

The Board of Directors constituted a shareholder/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 transfer, 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) **Shri G.Pramod Reddy**, Chairman
- 2) **Shri P.Sarath Kumar**, Member
- 3) **Shri Anil G Nair**, Member

- (a) Name and Designation of Compliance Officer:

Mr. C N Bhavani Prasad has resigned and relieved from 15th May, 2012 and Mr. V S Venkatish, has been appointed Company Secretary is the Compliance Officer of the Company with effect 18th May, 2012.

- (b) Status of Investor Complaints received during the period 2011-12 (1st July, 2011 to 30th June, 2012).

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 certificate	5	5
Change of Address	-	-
Non-receipt of duplicate share certificate	-	-
Non-receipt of Annual Report	-	-
Request for Stop transfer	-	-
De-mat request pending	-	-
Other complaints	-	-
Total	5	5

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.

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
30th December, 2011	2010-11	Yes	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM
31st December, 2010	2009-10	Yes	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00 AM
31st December, 2009	2008-09	NIL	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00 AM

**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 of 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: www.nehainternational.com
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 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 and 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 5th December, 2012.

12. GENERAL SHAREHOLDER INFORMATION

a) The Company's Annual General Meeting will be held on 31st December, 2012 at 11.00 AM at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad 500063.

(b) Financial Calendar for the year 2012 -2013

Results as on	To be announced on/before
1st Quarter Results as on 30-09-2012	14.11.2012
2nd Quarter Results as on 31-12-2012	14.02.2013
3rd Quarter Results as on 31-03-2013	15.05.2013
4th Quarter results as on 30.06.2013	14.08.2013

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 2012-13 to BSE, MSE, NSDL & CDSL.

(d) Stock Code

Scrip Code - **BSE : 519560**Scrip Code - **NSE : NEHAINT EQ**

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, 2012 are furnished here under :

Month	BSE		Volume	NSE		Volume
	Share Price			Share Price		
	High (₹)	Low (₹)		High (₹)	Low (₹)	
Jul - 11	195.00	158.40	753344476	197.80	158.40	3572.09
Aug - 11	174.95	95.00	365128820	172.80	97.00	3143.65
Sep - 11	134.50	96.05	232487600	134.95	97.50	1358.81
Oct - 11	123.00	104.20	171793002	122.95	107.10	627.32
Nov - 11	115.50	54.20	105244551	115.00	53.50	427.32
Dec - 11	52.85	22.40	72314512	53.25	22.50	400.27
Jan - 12	38.90	27.35	69568506	38.85	27.70	352.19
Feb - 12	42.55	29.30	55157535	42.20	29.15	206.82
Mar - 12	58.50	34.10	138935643	58.50	34.10	751.05
Apr - 12	61.35	45.00	69599434	62.45	45.00	305.15
May - 12	53.80	30.30	19627895	51.50	31.00	88.93
Jun - 12	35.40	28.50	31439796	34.95	28.00	76.58

* Source: www.bseindia.com & 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 contract 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 30.06.2012

No. of Equity Shares Held	No. of Share Holders	% of Shares Held	No. of Shares Held	% of Share Holding
Upto - 5,000	6600	82.92	652033	2.30
5001 - 10,000	472	5.93	391287	1.38
10,001 - 20,000	328	4.12	513335	1.81
20,001 - 30,000	101	1.27	263304	0.93
30,001 - 40,000	66	0.83	238044	0.84
40,001 - 50,000	67	0.84	314914	1.11
50,001 - 1,00,000	110	1.38	817387	2.88
1,00,001 and above	215	2.70	25189264	88.76
Total	7959	100.00	28379568	100.00



(ii) Share Holding Pattern as at 30th June 2012

Category		No. of Share held	Percentage of Share holding
A.	Promoter's Holding		
1.	Promoters :	5463469	19.25
2.	Persons acting in Concert	8083	0.03
	Sub Total (1 + 2)	5471552	19.28
B.	Non Promoter Holding (3+4)		
3.	Institutional Investors		
a	Mutual Funds and UTI	0	0
b	Banks, Financial Institutions, Insurance Companies Central/ state Govt. Institutions / non government Institutions	0	0
c	FII's	0	0
	Sub Total (3)	0	0
4	Others		
a	Private Corporate Bodies	6727259	23.71
b	Indian Public	14402483	50.75
c	FII's	435422	1.53
d	NRI's / Foreign Company	1239155	4.37
e	Any other (Please Specify) Trusts / Clearing Members	103697	0.37
f	Shares held by custodians against which Depository Receipts have been issued		
	Sub Total (4)	22908016	80.73
	Grand Total (A+B)	28379568	100.00

i) **Dematerialization of Shares**

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 in INE874D01022. As on 30th June, 2012, 28093992 shares, being 99% 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 - 2,48,750 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 I G.Vinod Reddy, Managing Director of Neha International Limited declare that Board Members and Senior Management Personnel affirmed compliance with the Code of Conduct laid down by the Board of Directors.

Sd/-

G. Vinod Reddy

Chairman & Managing Director

Place: **Hyderabad**

Date: **05/12/2012**

AUDITORS CERTIFICATION 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, 2012 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.0020205

Sd/-

BV Ramana Reddy

Partner

M.No.026967

Place:Hyderabad

Date: 05/12/2012

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 systems 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: 05/12/2012

ANNEXURE - III
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN FOR THE YEAR FROM 1ST JULY 2011 TO 30TH JUNE, 2012

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 FZE - UAE
1 The Financial year of the Subsidiary companies ended on	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012
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
3 Country of incorporation	Mauritius	Ethiopia	Ethiopia	Ethiopia	Ethiopia	Singapore	Ethiopia	Tanzania	Zambia	Senegal	Uganda	Singapore
a Number of shares held by Neha International Ltd and/or its nominees in the subsidiaries as on 30.06.2012	11815735	12999	130000	34999	6500	10	49999	99	99000000	250	99	10
b Extent of interest of Neha International Ltd (holding company) in the Subsidiaries as on 30.06.2012	100%	99.99%	99.99%	99.99%	50%	100%	99.99%	99.99%	99.00%	100.00%	99.00%	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.	(627167)	16207322	17930078	20224402	(2875912)	(4851906)	Nil	(5044)	(737167)	(11657344)	(999)	(878633)
a For the financial year ended 30.06.12	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
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												
For the previous financial years of the Subsidiary since it became a subsidiary (30.06.2010)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

FINANCIAL INFORMATION OF THE SUBSIDIARIES FOR THE PERIOD ENDED 30TH JUNE, 2012

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	682321573	31525558	55891349	62666568	40443000	1342129814	265783311	336	1121	266257	2242168	392	534028
Reserves and Surplus	156776254	245121728	64437446	6965709	-65030029	-81164464	0	-248600	-3730076	-15579377	-1421703	65567158	67656404
Total Assets	1009635134	329230080	140620442	195344378	68177658	1635044287	471245946	336	21461	3173681	1652310	79028743	79018331
Total Liabilities	190537307	52582794	20291647	125712100	92764688	374078937	205462635	248600	3750416	18486801	831844	13461192	10827898
(Excluding Capital and Reserves)													
Investments	155550	0	0	155550	0	0	0	0	0	0	0	0	0
(Excluding investment in subsidiaries)													
Total Income	236502423	81977084	66780577	105348210	24546282	3831753	0	0	0	2852336	0	77551883	77551904
Profit before tax	62907779	16758559	21465732	20464472	-6866525	-19181131	0	-5606	-827497	-12354066	-1121	23528358	24504776
Provision for taxation	3185224	1105295	1990685	0	0	0	0	0	0	0	0	0	0
Profit after tax	5972555	15655264	19475047	20464472	-6866525	-19181131	0	-5606	-827497	-12354066	-1121	23528358	24504776
Proposed Dividend (including tax thereon)	0	0	0	0	0	0	0	0	0	0	0	0	0

AUDITORS' REPORT

To
The Members,
Neha International Limited

We have audited the attached Balance Sheet of NEHA INTERNATIONAL LIMITED as at 30th June, 2012, the Statement of 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.

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, 2012.
 - 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 : 05/12/2012

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 ₹ 761.26 lakhs and the Year-end balance of loans from such parties was ₹ 83.93 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.

- (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. 0020205

Place : Hyderabad
Dated : 05/12/2012

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



neha

BALANCE SHEET AS AT 30TH JUNE , 2012

PARTICULARS	NOTE NO.	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
I EQUITY AND LIABILITIES			
I Shareholder's Funds			
Share Capital	2	283,795,680	247,833,180
Reserves and Surplus	3	1,495,650,008	1,303,095,903
Money received against share warrants	4	-	78,375,000
2 Share application money pending allotment		-	-
3 Non-Current Liabilities			
Long-term borrowings	5	366,585	308,339
Deferred tax liabilities (Net)	6	455,772	445,772
Other Long term liabilities	-	-	-
Long term provisions	7	607,970	577,393
4 Current Liabilities			
Short-term borrowings	8	140,474,416	99,995,819
Trade payables	9	79,323,827	49,577,407
Other current liabilities	10	2,506,092	2,282,286
Short-term provisions	11	13,560,656	8,164,487
Total		2,016,741,006	1,790,655,586
II Assets			
I Non-current assets			
Fixed assets	12		
Tangible assets		51,535,983	4,731,540
Intangible assets		906,422	1,772,322
Capital work-in-progress			
Intangible assets under development			
Non-current investments	13	1,630,590,004	1,543,321,006
Deferred tax assets (net)		-	-
Long term loans and advances		-	-
Other non-current assets	14	1,490,975	16,757,759
2 Current assets			
Current investments		-	-
Inventories	15	3,416,300	-
Trade receivables	16	150,520,585	101,243,728
Cash and cash equivalents	17	14,952,461	5,313,593
Short-term loans and advances	18	147,318,959	96,219,722
Other current assets	19	16,009,317	21,295,916
Total		2,016,741,006	1,790,655,586

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 : 05/12/2012

G. Pramod
Director

P. Srihari
Vice President(Finance)

For **Neha International Limited**

G. Vinod Reddy
Managing Director

V.S. Venkatish
Company Secretary

NEHA INTERNATIONAL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH JUNE, 2012

(Amount in ₹)

PARTICULARS	Note No	As on 30/06/2012 in ₹	As on 30/06/2011 in ₹
INCOME			
Revenue from operations	20	510,517,002	440,370,523
Other Income	21	4,107,643	2,322,130
TOTAL REVENUE (I)		514,624,645	442,692,653
EXPENSES			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade	22	454,332,434	358,214,698
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(3,416,300)	-
Employee benefit expense	24	9,124,535	8,911,095
Financial costs	25	18,768,663	10,876,491
Depreciation and amortization expense	12	1,457,875	1,337,490
Other expenses	26	23,947,440	52,269,608
TOTAL EXPENSES (II)		504,214,647	431,609,382
Profit before exceptional and extraordinary items and tax (I-II)		10,409,998	11,083,271
Exceptional Items		-	-
Profit before extraordinary items and tax		10,409,998	11,083,271
Extraordinary Items		-	-
Profit before tax		10,409,998	11,083,271
Tax expense:			
Current tax		3,148,920	3,004,663
Deferred tax		10,000	51,192
MAT Tax Credit		(1,329,990)	(2,305,152)
Profit(Loss) from the period from continuing operations		8,581,068	10,332,568
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from Discontinuing operations		-	-
Profit/(Loss) for the period		8,581,068	10,332,568
Earning per equity share:			
(1) Basic		0.30	0.42
(2) Diluted		0.29	0.36
Summary of Significant Accounting Policies	I		

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

For Neha International Limited

B.V. Ramana Reddy
Partner
M.No.026967
Place : Hyderabad
Date : 05/12/2012

G. Pramod
Director

G.Vinod Reddy
Managing Director

P. Srihari
Vice President

V.S. Venkatish
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
2. SHARE CAPITAL

PARTICULARS	As at 30.06.2012		As at 30.06.2011	
	Number of shares	₹	Number of shares	₹
Authorised				
Equity shares of ₹ 10 each with voting rights	40,000,000	400,000,000	40,000,000	400,000,000
Issued				
Equity shares of ₹ 10 each with voting rights	28,379,568	283,795,680	24,783,318	247,833,180
Subscribed & Fully Paid Up				
Equity shares of ₹10 each with voting rights	28,379,568	283,795,680	24,783,318	247,833,180

a) A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Equity Shares of ₹ 10 each, Fully paid up :

At the beginning of the reporting period	24,783,318	247,833,180	14,563,318	145,633,180
Issued during the period - Bonus Issue	-	-	-	-
Issued during the period- Cash Issue	3,530,000	35,300,000	10,035,000	100,350,000
Issued during the period- ESOP	66,250	662,500	185,000	1,850,000
Forfeited / Bought Back during the year	-	-	-	-
Outstanding at the end of the reporting period	28,379,568	283,795,680	24,783,318	247,833,180

b) Details of Shareholder holding more than 5% shares of the company

PARTICULARS	As at 30/06/2012		As at 30/06.2011	
	Number of shares	% share holding	Number of shares	% share holding
Equity Shares of ₹ 10 each Held By				
MVR Projects Private Limited	4,700,000	16.56%	2,850,000	11.51%
The Bank of Newyork Melon	4,640,000	16.35%	5,815,000	23.46%
G.Vinodreddy	-	-	2,189,218	8.84%

3 RESERVES AND SURPLUS

PARTICULARS	As at 30/06/2012	As at 30/06/2011
	₹	₹
3. RESERVES AND SURPLUS		
a) Capital reserve		
As at the commencement of the year	18,420,000	18,420,000
Add: Additions during the year	24,750,000	-
Less: Utilised during the year	-	-
	43,170,000	18,420,000
b) Securities Premium Reserve		
As at the commencement of the year	1,266,644,820	342,782,075
Add: Shares premium on shares allotment	159,512,500	945,554,814
Less: Utilised for Capital raising expenses during the year	289,462	21,692,069
	1,425,867,858	1,266,644,820
c) Surplus :		
i) Opening Balance - Profit and Loss Account	18,031,083	7,698,515
Add: Transfer from Profit & Loss Account	8,581,068	10,332,568
	26,612,151	18,031,083
Total Reserves and Surplus	1,495,650,008	1,303,095,903

4. MONEY RECEIVED AGAINST SHARE WARRANTS

Opening Balance as on 1st July	78375000	92812500
Add; Share Warrants Money Received	140525000	95631250
	218900000	188443750
Converted in to Share Capital -3530000 Shares and 3370000 shares in 2011	35300000	33700000
	183600000	154673750
Share Premium Account	158850000	44400000
	24750000	110343750
Share Warrant Money Refund	0	31968750
	24750000	78375000
Share Warrant Money Forfeited	24750000	0
	0	78375000
Closing Balance as on 30th June	0	78375000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 30/06/2012 in ₹	As at 30/06/2011 in ₹
5 LONG TERM BORROWINGS		
Vehicle Loans:		
From banks:		
Secured	366,585	308,339
(Secured by Hypothecation of Vehicles)	-	-
Total long term borrowings	366,585	308,339
6 DEFERRED TAX LIABILITIES (NET)		
Opening Deferred tax Liability	445,772	394,580
Add: Deferred Tax Liability for the year (Due to SLM and WDV Difference)	10,000	51,192
Deferred Tax Liability/ (Asset) - Net	455,772	445,772
7 LONG TERM PROVISIONS		
Provisions for employee benefits		
Provision for Gratuity	607,970	577,393
Total Long Term Provisions	607,970	577,393
8 SHORT TERM BORROWINGS		
Loans repayable on demand:		
From banks		
Secured	27,581,709	-
(Cash credit from M/s Union Bank of India is secured by the collateral property and personal guarantee of the Promoter Directors)		
From other parties		
Unsecured	104,500,000	99,819,511
Loans and advances from Related parties		
Unsecured	8,392,707	176,308
Total short term borrowings	140,474,416	99,995,819

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
9 TRADE PAYABLES		
Trade Payables	79,323,827	49,577,407
Total Trade Payables	<u>79,323,827</u>	<u>49,577,407</u>
10 OTHER CURRENT LIABILITIES		
Current maturities of long term debt	486,261	262,455
Other Payables - Investments payable	2,019,831	2,019,831
Total other current liabilities	<u>2,506,092</u>	<u>2,282,286</u>
11 SHORT TERM PROVISIONS		
Provisions for employee benefits		
Salaries Payable	764,013	451,140
Others (Specify the nature)		
Tax Deducted at source	3,893,349	532,345
Provision for Expenses	8,903,294	7,181,002
Total short term provisions	<u>13,560,656</u>	<u>8,164,487</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE NO. 12 - TANGIBLE ASSETS & INTANGIBLE ASSETS

Description	Gross Block			Depreciation / Amortisation				Net Block				
	As at 1/7/2011	Additions during the year	Capitalised during the year	Sale / Deletions during the year	As on 30/06/2012	Rate of Depreciation	Dep.As on 01/07/2011	Dep. For the year 2011-12	Impairment Loss / Reversal of	Total Depreciation	Net Block as on 31-06-12	Net Block as on 31-06-11
Tangible Assets:												
Land	-	46,527,310	-	-	46,527,310	0.00%	-	-	-	-	46,527,310	-
Building	-	-	-	-	-	3.34%	-	-	-	-	-	-
Plant & Machinery	-	-	-	-	-	4.75%	-	-	-	-	-	-
Electrical Equipment	-	-	-	-	-	4.75%	-	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-	4.75%	-	-	-	-	-	-
Office Equipment	2,237,237	5,954	-	-	2,243,191	4.75%	933,138	106,527	-	1,039,665	1,203,526	1,304,099
Computers	1,084,230	-	-	-	1,084,230	16.21%	724,968	60,480	-	785,448	298,782	359,262
Furniture	2,687,542	-	-	-	2,687,542	6.33%	1,257,279	170,120	-	1,427,399	1,260,143	1,430,263
Vehicles	1,777,314	863,154	-	-	2,640,468	9.50%	341,898	209,844	-	551,742	2,088,726	1,435,416
Patents and trademarks	225,000	-	-	-	2,25,000	20.00%	22,500	45,004	-	67,504	157,496	202,500
Total	8,011,323	47,396,418	-	-	55,407,741		3,279,783	591,975	-	3,871,758	51,535,983	4,731,540
Tangible Assets:												
Intangible Fixed Assets	4,623,016	-	-	-	4,623,016	20.00%	2,850,694	865,900	-	3,716,594	906,422	1,772,322
TOTAL	4,623,016	-	-	-	4,623,016	-	2,850,694	865,900	-	3,716,594	906,422	1,772,322
Depreciation & Amortization Expenses								1,457,875				

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
13 NON- CURRENT INVESTMENTS		
Investment in Subsidiaries		
Equity Shares		
in M/s Globeagro Holdings with 100% of holding	519,363,704	519,363,704
in M/s Neha Agricorp Pte Ltd with 100% of holding	22,895,000	22,895,000
in M/s Neha Agriservices Pte Ltd with 100% of holding	1,088,330,970	1,001,061,972
in M/s Dream Flowers PLC with 50% of holding	330	330
	<u>1,630,590,004</u>	<u>1,543,321,006</u>
Total Non Current Investments	1,630,590,004	1,543,321,006
Less: Provision for Diminution in Investments	-	-
Total Non - Current Assets (Net)	<u>1,630,590,004</u>	<u>1,543,321,006</u>
14 OTHER NON - CURRENT ASSETS		
Interest Accrued on Deposits	401,271.00	357,012
Deposits	1,089,704.00	16,301,704
Miscellaneous Expenditure (to the extent not written off)	-	99043
Total other non current assets	<u>1,490,975.00</u>	<u>16,757,759.00</u>
Less : Provision for Bad and Doubtful debts	-	-
Total non - current assets(net)	<u>1,490,975.00</u>	<u>16,757,759.00</u>
15 INVENTORIES		
Stock - in - trade (in respect of goods acquired for trading)	3,416,300	-
Total Inventories	<u>3,416,300</u>	<u>-</u>
16 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good	-	71,747,906
	<u>-</u>	<u>71,747,906</u>
Other Receivables:		
Unsecured, Considered Good	150,520,585	29,495,822
	<u>150,520,585</u>	<u>29,495,822</u>
Total trade receivable	<u>150,520,585</u>	<u>101,243,728</u>
Less : Allowance for bad & doubtful debts	-	-
Total Trade Receivables(net)	<u>150,520,585</u>	<u>101,243,728</u>
17 CASH AND BANK BALANCES		
Cash and cash equivalents :		
Balances with banks :		
On Current Accounts	4,680,016	4,680,674
Margin Money	10,108,438	-
Cash on hand	164,007	632,919
Total Cash and Cash Equivalents	<u>14,952,461</u>	<u>5,313,593</u>

**18 SHORT TERM LOANS AND ADVANCES**

Loans and advances to related parties (giving details thereof)		
Unsecured - Loan & Advance to Subsidiaries	133,498,950	78,875,618
Other loans And advances (Specify the nature)		
Advance for Expenses	1,673,000	1,673,000
Advance to staff	260,061	127,998
Advance to Suppliers	5,599,883	9,065,251
Advance to Capital works	457,350	457,350
Prepaid Expenses	87,757	31,337
TDS Receivable	-	147,140
MAT Credit	5,741,958	5,842,028
Total short term loans & advances	147,318,959	96,219,722
Less : Provision for Doubtfull Debts	-	-
Total short term loans & advances (net)	147,318,959	96,219,722.00

19 OTHER CURRENT ASSETS

Other Current Assets	16,009,317	21,295,916
Total other current Assets	16,009,317	21,295,916

20 REVENUE FROM OPERATIONS

Merchandising Sales (Flowers)	46,572,860	169,847,415
Local Sales (Agricultural Items)	463,912,604	236,820,979
Export Sales (Machinery)	31,538	33,702,129
Total Revenue from Operations	510,517,002	440,370,523

21 OTHER INCOME

Interest income (Other than a finance company)	3,993,715	1,464,044
Other Income (Incentives Receivables)	113,928	858,086
Total Other Income	4,107,643	2,322,130

22 PURCHASE OF STOCK IN TRADE

Merchandising Purchases (Flowers)	21,412,055	108,225,847
Local Purchases (Agricultural Items)	421,092,943	249,988,851
Purchases - Import (Cashew Nuts)	11,827,436	-
Total Trade Purchases	454,332,434	358,214,698

23 CHANGE IN INVENTORIES & WIP.

Stock in trade at the beginning of the year	-	-
Less : Stock in trade at the end of the year	3,416,300	-
	(3,416,300)	-
(Increase) / Decrease in Inventories	(3,416,300)	-

24 EMPLOYEE BENEFIT EXPENSES

Salaries & Wages	6,088,262	5,861,543
Staff Welfare Expenses	36,273	49,552
MD's Remuneration	3,000,000	3,000,000
Total Employee Benefit Expenses	9,124,535	8,911,095

25 FINANCE COST

Bank Charges	2,085,161	3,156,443
Interest on ICD's	16,230,942	7,672,742
Interest on Cash Credit	382,889	-
Interest on Hire Purchase	69,671	47,306
Total Finance Cost	18,768,663	10,876,491

26 OTHER EXPENSES

Insurance	57,785	38,741
Listing Fee and Annual Registration Fee	365,185	567,727
Share Transfer Expenses	77,214	111,380
Repairs and Maintenance	7,264	87,464
Office Maintenance	425,866	549,082
Miscellaneous Expenses Written Off	99,043	305,816
Transportation Charges	-	18,700
Rent	1,951,044	1,789,232
Rates & Taxes (excluding Income Tax)	92,963	24,756
Advertisement Expenses	90,956	144,377
Payment to Auditors :		
As Auditor	185,394	165,450
Miscellaneous Expenditure	904,059	964,995
Telephone, Postage and Others	527,335	840,687
Conveyance	2,322,891	1,974,321
Printing & Stationery Expenses	46,058	131,175
Professional Consultancy fee	332,930	1,074,055
Director Sitting Fee	25,000	65,000
Interest on taxes Payable	659,454	899,434
Selling Expenses		
Handling charges	15,000	-
Packing Material consumed	-	114,601
Merchandising sales expenses	14,832,740	38,973,301
Carriage outwards - Exports	-	3,411,083
Carriage outwards - Local	594,146	-
Business Promotion	-	18,231
Commission & Brokerage	335,113	-
Total Other expenses	23,947,440	52,269,608

SCHEDULES FORMING PART OF THE ACCOUNTS

I. Significant Accounting Policies and notes to accounts forming part of the accounts for the year ended 30th June 2012.

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 2011 to 30th June 2012.
- 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:

	Year Ended 30.06.2012	Period Ended 30.06.2011
Profit attributed to the Equity Shareholders ₹ (A)	8581068	10332567
Weighted average number of Equity Shares		
Outstanding during the year (B)	28379568	24783318
Face Value of Equity Shares ₹	10/-	10/-
Basic Earning per share ₹ (A/B)	0.30	0.42
Diluted Earning per Share ₹ (A/B)	0.29	0.36

4. SEGMENT REPORTING AS I7

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	46572860	31538	463912604	510517002
Previous period	120340156	83209387	236820980	440370523

Segment wise Revenues - Operation wise:

(In ₹)

Revenue	Farm	Merchandising	Tradings Sales	Total
Current Year	0	46572860	463944142	510517002
Previous period	0	203549543	236820980	440370523



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GEOGRAPHICAL REVENUES

(in ₹)

Geographical Segment	REVENUE	
	Current Year	Previous Year
India	463912604	236820980
Japan	35375155	87112482
Greece	832462	1220569
Ethiopia	0	83209387
Italy	10396781	25604720
Beiruth,Doha,Jedda,Riyad & Sudan	0	6402385
Total	510517002	440370523

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

B. Transactions with Related Parties (Amount in Lakhs)

Particulars	Alliance Flowers	Dream	Holetta	Oromia	NehaAgricorp
Purchase of Goods	58.02	23.08	78.45	56.42	0
Payments against material	22.74	12.16	91.28	105.02	0
Sale of Goods	0	0	0	0	0
Receipts against material					467.83

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	761.26	83.93

- 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 ₹ 15,99,891/- (Previous Year - ₹ 15,72,432/-)
- 7) The Company has recognized MAT Credit of ₹ 2989326/- 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 ₹ 10000/- 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	30.06.2012	30.06.2011
Salaries and Allowances	3000000	3000000
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
Total	3000000	3000000

11) Auditors Remuneration:

Audit Fees	₹ 135,000	₹ 130,000
Tax Audit	₹ 20,000	₹ 20,000

Exclusive of service tax & out of pocket expenses

- 12) No amounts are due to SSI units beyond the prescribed limit as on 30th June 2012.
- 13) 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 215,250 options and the company has allotted 251,250 equity shares of ₹ 10/- each at a premium of ₹ 10/- each.
- 14) The Parent company has further invested US\$ 1.7565 Million in its 100% wholly owned subsidiary M/s. M/s Neha Agricorp PTE Ltd
- 15) Additional information pursuant to part II of schedule VI of the Companies Act, 1956.
Quantitative and other details: Current year the company has not undertaken any manufacturing activity in India. Hence it is not applicable.
- 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.

	2011-12	2010-11
Deferred Tax Liability on Fixed Assets	₹	₹
- Opening Balance	4,45,772/-	3,94,580/-
- During the Year	10,000/-	51,192/-
	-----	-----
Deferred Tax Asset	4,55,772/-	4,45,772/-
	-----	-----

Deferred tax Debited to Profit and Loss Account for the current year is ₹ 10,000/-

17) CIF Value of Imports (In ₹)	For the Year	Previous period
a) Capital Equipment's	Nil	Nil
b) Purchase of Flowers for trading /others	332.39 Lakhs	652.21 Lakhs
c) Expenditure in Foreign Currency:		
Handling & Freight	148.33 Lakhs	389.73 Lakhs
Foreign Travel	8.26 Lakhs	9.57 Lakhs
Earning in Foreign Currency:		
(FOB Value of Exports)	418.40 Lakhs	1127.96 Lakhs
d) Raw Materials	NIL	NIL

18) During the year, the company got the sanction of Rs. 1500 lakhs Letter of credit limits from M/s Indusind Bank and 400 lakhs Cash Credit from Union Bank of India. This limit is secured by way of cash margin, hypothecation of Immovable properties of Neha International Limited & promoters and personal guarantee of promoter Directors

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:

P. Srihari
Vice President (Finance)

V.S. Venkatesh
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2012

PARTICULARS	Year ended 30.06.2012 (₹ in lacs)	Year ended 30.06.2011 (₹ in lacs)
Cash Flow from Operating Activities:		
Net Profit before Exceptional Item	104.10	110.83
Adjustment for :		
Interest Expenses	194.28	117.76
Depreciation	5.92	4.72
Miscellaneous Expenditure Written off	0.99	3.06
Provision for MAT (Net)	(18.19)	(7.00)
Operating Profit before working Capital Changes	287.10	229.37
Adjustment for:		
Debtors and other receivables	(492.77)	(155.61)
Increase/Decrease in Loans & Advance	(306.45)	(1,047.49)
Increase /Decrease in Inventories	(34.16)	-
Increase/Decrease in Creditors and other payables	351.73	(41.88)
Net Cash from operating Activities(A)	(194.55)	(1015.61)
Cash Flow from Investing Activities:		
Purchase of Fixed Assets (Net)	(473.96)	(26.93)
Additions/ Written off of in Intangible asset (Net)	8.66	8.66
Investments in subsidiary	(872.69)	(10,380.30)
Expenditure for Enhancement of Authorised share capital	-	-
Net Cash used in investing activities : (B)	(1338.00)	(10398.57)
Cash Flow from Financing Activities:		
Proceeds from secured loan	278.64	5.43
Proceeds from unsecured loan	128.97	949.46
Issue of Equity Shares/Share application money	1,415.61	9,831.63
Interest paid	(194.28)	(117.76)
Net Cash used in Financing Activities : (C)	1,628.93	10,668.76
Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)	96.39	(745.42)
Cash and Cash equivalent at the beginning of the year	53.13	798.55
Cash and Cash equivalent at the end of the year	149.52	53.13

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 : 05/12/2012

G. Pramod
Director

P. Srihari
Vice President

For **Neha International Limited**

G. Vinod Reddy
Managing Director

V.S. Venkatesh
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I REGISTRATION DETAILS			
Registration No.	015987	State Code	01
Balance Sheet Date	30th June, 2012		
II CAPITAL RAISED DURING THE YEAR			
	₹ in 000's		₹ in 000's
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	35962.50
III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS			
	₹ in 000's		₹ in 000's
Total Liabilities	2016741.006	Total Assets	2016741.006
Sources of Funds			
Paid up Capital	283795.680	Reserves & Surplus	1495650.009
Non-Current Liabilities	1430.327	Current Liabilities	235864.991
Application of Funds			
Net Fixed Assets	52442.405	Non-current Investments	1630590.004
Other Non-Current Assets	1490.975	Current Assets	332217.622
IV. PERFORMANCE OF COMPANY			
	₹ In 000's		
Turnover	514624.645	Total Expenditure	504214.647
Loss/Profit before Tax & after extra ordinary item	10409.998	Profit/Loss after Tax & Extra ordinary item	8581.068
V. GENERIC NAMES OF PRINCIPAL			
Products of the Company			
Product Description			
CUT FLOWERS		060-31000	

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, 2012, the Statement of 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 ₹ 224.45 Crores as at June, 2012, total revenues of ₹ 26.99 Crores and net cash inflows amounting to ₹ 3.02 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 Nint Agri PLC, the step down subsidiary as the auditors qualified on the Professional and Travel Expense amounting to Birr 1,255,549 and 2,553,740 (INR 1.10 Cr) of NINT Agri PLC, as the auditors of company could not check the account balances.
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 4 above.
 - i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30th June, 2012.
 - 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 : 05/12/2012

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



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CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE , 2012

PARTICULARS	NOTE NO.	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
I EQUITY AND LIABILITIES			
I Shareholder's Funds			
Share Capital	2	283,795,680	247,833,180
Reserves and Surplus	3	1,962,859,675	1,435,236,252
Money received against share warrants	4	-	78,375,000
2 Share application money pending allotment		-	
3 Non-Current Liabilities			
Long-term borrowings	5	116,649,697	76,503,178
Deferred tax liabilities (Net)	6	455,772	445,772
Other Long term liabilities	7	2,059,824	1,665,918
Long term provisions	8	607,970	577,393
4 Current Liabilities			
Short-term borrowings	9	170,944,764	132,650,751
Trade payables	10	82,582,973	59,520,013
Other current liabilities	11	32,100,186	28,782,514
Short-term provisions	12	46,150,760	17,910,938
Total		2,698,207,301	2,079,500,909
II Assets			
I Non-current assets			
Fixed assets	13		
Tangible assets		386,669,381	298,476,818
Intangible assets		381,700,380	382,566,280
Capital work-in-progress		287,527,854	213,008,880
Intangible assets under development			
Non-current investments	14	155,550	131,471
Deferred tax assets (net)		-	-
Long term loans and advances		-	-
Other non-current assets	15	1,852,386	484,607,263
2 Current assets			
Current investments		-	
Inventories	16	16,039,823	10,073,467
Trade receivables	17	375,962,718	142,949,822
Cash and cash equivalents	18	45,177,129	472,719,173
Short-term loans and advances	19	1,196,065,465	32,427,410
Other current assets	20	7,056,614	42,540,325
Total		2,698,207,301	2,079,500,909

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 : 05/12/2012

G. Pramod
Director

P. Srihari
Vice President(Finance)

For **Neha International Limited**

G. Vinod Reddy
Managing Director

V.S. Venkatesh
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH JUNE, 2012

PARTICULARS	NOTE NO	For the Year ended 30.06.2012 in ₹	For the Period ended 30.06.2011 in ₹
INCOME			
Revenue from operations	21	783,703,072	879,471,507
Other Income	22	906,971	2,323,959
TOTAL REVENUE (I)		784,610,043	881,795,466
EXPENSES			
Cost of materials consumed	23	57,092,820	52,380,485
Purchase of Stock-in-Trade	24	483,084,598	391,872,432
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(3,416,300)	-
Employee benefit expense	26	17,569,943	11,273,780
Financial costs	27	34,604,204	27,762,032
Other expenses	28	114,582,171	191,294,472
Depreciation and amortization expense	13	15,915,868	27,344,784
TOTAL EXPENSES (II)		719,433,304	701,927,985
Profit before exceptional and extraordinary items and tax (I-II)		65,176,739	179,867,481
Exceptional Items		-	-
Profit before extraordinary items & tax		65,176,739	179,867,481
Extraordinary items		-	-
Profit before tax		65,176,739	179,867,481
Tax Expenses			
Current tax		6,015,122	3,004,663
Deferred tax		10,000	51,192
MAT Tax Credit		(1,329,990)	(2,305,152)
Profit(Loss) from the period from continuing operations		60,481,607	179,116,778
Profit/(Loss) from discontinuing operations		-	-
Minority Interest		(2,877,466)	990,995
Profit/(Loss) from Discontinuing operations		-	-
Profit/(Loss) for the period		63,359,073	178,125,783
Earning per equity share:			
Basic		2.23	7.19
Diluted		2.22	6.28
Summary of Significant Accounting Policies	I		

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 : 05/12/2012

G. Pramod
Director

P.Srihari
Vice President(Finance)

For **Neha International Limited**

G.Vinod Reddy
Managing Director

V.S.Venkatish
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SHARE CAPITAL

PARTICULARS	As at 30.06.2012		As at 30.06.2011	
	Number of shares	₹	Number of shares	₹
Authorised				
Equity shares of Rs.10 each with voting rights	40,000,000	400,000,000	40,000,000	400,000,000
Issued				
Equity shares of Rs.10 each with voting rights	28,379,568	283,795,680	24,783,318	247,833,180
Subscribed & Fully Paid Up				
Equity shares of Rs.10 each with voting rights	28,379,568	283,795,680	24,783,318	247,833,180

a) A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Equity Shares of Rs.10 each, Fully paid up :

At the beginning of the reporting period	24,783,318	247,833,180	14,563,318	145,633,180
Issued during the period - Bonus Issue	-	-	-	-
Issued during the period- Cash Issue	3,530,000	35,300,000	10,035,000	100,350,000
Issued during the period- ESOP	66,250	662,500	185,000	1,850,000
Forfeited / Bought Back during the year	-	-	-	-
Outstanding at the end of the reporting period	28,379,568	283,795,680	24,783,318	247,833,180

b) Details of Shareholder holding more than 5% shares of the company

PARTICULARS	As at 30.06.2012		As at 30.06.2011	
	Number of shares	% share holding	Number of shares	% share holding
Equity Shares of Rs. 10 each Held By				
MVR Projects Private Limited	4,700,000	16.56%	2,850,000	11.51%
The Bank of Newyork Melon	4,640,000	16.35%	5,815,000	23.46%
G.Vinodreddy	-	-	2,189,218	8.84%

3 RESERVES AND SURPLUS

PARTICULARS	As at 30.06.2012	As at 30.06.2011
	₹	₹
RESERVES AND SURPLUS		
a) Capital reserve		
As at the commencement of the year	18,420,000	18,420,000
Add: Additions during the year	24,750,000	-
Less: Utilised during the year	-	-
	<u>43,170,000</u>	<u>18,420,000</u>
b) Securities Premium Reserve		
As at the commencement of the year	1,266,644,820	342,782,075
Add: Shares premium on shares allotment	159,512,500	945,554,814
Less: Utilised for Capital raising expenses during the year	289,462	21,692,069
	<u>1,425,867,858</u>	<u>1,266,644,820</u>
e) Foreign Currency exchange reserve	163,554,355	(116,736,957)
c) Surpluses :		
i) Opening Balance - Profit and Loss Account	266,908,389	103,616,425
Add: Transfer from Profit & Loss Account	63,359,073	178,125,783
Less: Transfer To General Reserve	-	-
Less: Dividend	-	-
Less: Bonus shares	-	-
Less: Transfer to/from reserves.	-	14,833,819
	<u>330,267,462</u>	<u>266,908,389</u>
Total Reserves and Surplus	<u>1,962,859,675</u>	<u>1,435,236,252</u>

4. MONEY RECEIVED AGAINST SHARE WARRANTS

Opening Balance as on 1st July	78375000	92812500
Add; Share Warrants Money Received	140525000	95631250
	<u>218900000</u>	<u>188443750</u>
Converted in to Share Capital -3530000 Shares and 3370000 shares in 2011	35300000	33700000
	<u>183600000</u>	<u>154673750</u>
Share Premium Account	158850000	44400000
	<u>24750000</u>	<u>110343750</u>
Share Warrant Money Refund	0	31968750
	<u>24750000</u>	<u>78375000</u>
Share Warrant Money Forfeited	24750000	0
	<u>24750000</u>	<u>0</u>
Closing Balance as on 30th June	0	78375000



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
5 LONG TERM BORROWINGS		
Vehicle Loans:		
From banks:		
Secured	366,585	308,339
(Secured by Hypothecation of Vehicles)		
Term loans:		
From banks:		
Secured	116,283,112	76,194,839
Notes :		
The term loans have been taken in overseas subsidiaries and step down subsidiaries and the same have been secured by the assets of the respective subsidiary.	116,283,112	76,194,839
Total long term borrowings	116,649,697	76,503,178
6 DEFERRED TAX LIABILITIES (NET)		
Opening Deferred tax Liability	445,772	394,580
Add:		
Deferred Tax Liability for the year (Due to SLM and WDV Difference)	10,000	51,192
Deferred Tax Liability/ (Asset) - Net	455,772	445,772
7 OTHER LONG TERM LIABILITIES		
Others (specify the nature)		
Advance from Customers	2,059,824	1,665,918
Total other long term liabilities	2,059,824	1,665,918
8 LONG TERM PROVISIONS		
Provisions for employee benefits		
Provision for Gratuity	607,970	577,393
Total Long Term Provisions	607,970	577,393

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
9 SHORT TERM BORROWINGS.		
I Short term borrowings		
a) Loans repayable on demand:		
From banks		
Secured	58,052,057	32,654,932
From other parties		
Unsecured	104,500,000	99,819,511
c) Loans and advances from Related parties		
Unsecured	8,392,707	176,308
Notes :		
II Cash credit from M/s Union Bank of India is secured by the collateral property of the Promoters	27,581,709	-
Term loans at overseas subsidiaries payable in short term are secured by the assets of the respective subsidiaries and step subsidiaries	30,470,348	32,654,932
III Cash credit from M/s Union Bank of India is Guaranteed by the two Promoter Directors	27,581,709	-
Total short term borrowings	170,944,764	132,650,751
10 TRADE PAYABLES		
Trade Payables	82,582,973	59,520,013
Total Trade Payables	82,582,973	59,520,013
11 OTHER CURRENT LIABILITIES		
Current maturities of long term debt	486,261	262,455
Other Payables - Investments payable	33,327,615	27,340,541
- Minority Interest	(1,713,690)	1,179,518
Total other current liabilities	32,100,186	28,782,514
12 SHORT TERM PROVISIONS		
Provisions for employee benefits		
Salaries Payable	1,234,800	895,643
Others (Specify the nature)		
Tax Deducted at source	-	-
Provision for Expenses	44,915,960	17,015,295
Total short term provisions	46,150,760	17,910,938

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
NOTE NO. 13 - TANGIBLE ASSETS & INTANGIBLE ASSETS

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1/7/2011	Additions during the year	Deletions during the year	As at 30/06/2012	As at 1/7/2011	Charge for the Year	Deletions for the Year	Exchange Fluctuation	As at 30/06/2012	As at 30/06/2011
Tangible Assets:										
Land and Development	-	46,527,310	-	46,527,310	-	-	-	-	-	-
Patents and Trademarks	225,000	-	-	225,000	22,500	45,004	-	-	67,504	157,496
Buildings	19,874,432	-	-	23,514,523	1,584,266	354,839	-	318,613	2,257,718	21,256,805
Green Houses	105,829,797	5,082,431	-	130,707,287	23,689,469	5,735,863	-	4,800,481	34,225,814	96,481,473
Plant Materials	113,174,098	520,350	-	134,467,750	89,014,253	4,686,752	-	16,682,192	110,383,197	24,084,553
Furniture & Fixtures	2,687,542	-	-	2,687,542	1,257,279	170,120	-	-	1,427,399	1,260,143
Office Equipment	4,111,211	60,560	-	4,519,422	1,438,443	294,250	-	107,642	1,840,336	2,679,086
Computers	1,210,195	-	-	1,233,266	744,210	82,847	-	5,317	832,374	400,892
Vehicles	10,016,210	863,154	-	12,388,696	4,344,216	1,067,042	-	802,076	6,213,334	6,175,362
D.G Set	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	175,402,523	352,999	-	207,595,711	11,959,555	5,371,428	-	2,618,467	19,949,451	187,646,260
Total	432,531,009	53,406,805	-	563,866,507	134,054,191	17,808,145	-	25,334,790	177,197,126	386,669,381
Intangible Assets:										
Goodwill	380,793,958	-	-	380,793,958	-	-	-	-	-	380,793,958
Deferred charges	4,623,016	-	-	4,623,016	2,850,694	865,900	-	-	3,716,594	1,772,322
Total	385,416,974	-	-	385,416,974	2,850,694	865,900	-	-	3,716,594	382,566,280
Capital Work in Progress	213,008,880	74,518,974	-	287,527,854	-	-	-	-	-	287,527,854

Note: The depreciation at one of the step subsidiary M/s NINT Agri PC to the extent of Rs.27,58,176/- had been capitalized since the project has not yet come to operations.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
14 NON- CURRENT INVESTMENTS		
Non- Current Assets		
1) Investment in Subsidiaries		
a) Equity Shares	155,550	131,471
	<u>155,550</u>	<u>131,471</u>
Total Non Current Investments	155,550	131,471
Less: Provision for Diminution in Investments	-	-
Total Non - Current Assets (Net)	155,550	131,471
Aggregate amount of Unquoted Investments;	155,550	131,471
15 OTHER NON - CURRENT ASSETS		
Interest Accrued on Deposits	401,271	357,012
Others (specify the nature)		
Deposits	1,451,115	484,151,208
Miscellaneous Expenditure (to the extent not written off)	-	99,043
Total other non current assets	<u>1,852,386</u>	<u>484,607,263</u>
Less : Provision for Bad and Doubtful debts	-	-
Total non - current assets(net)	1,852,386	484,607,263
16 INVENTORIES		
Inventories :		
a) Raw materials		
Material - Fertilizers, Chemicals and Pesticides	12,623,523	10,073,467
Sub Total	12,623,523	10,073,467
b) Work - in - progress		
Sub Total	-	-
c) Finished goods		
Sub Total	-	-
d) Stock - in - trade (in respect of goods acquired for trading)		
Type - Agri products	3,416,300	-
Sub Total	<u>3,416,300</u>	<u>-</u>
Total Inventories	16,039,823	10,073,467

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
17 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good	-	-
Unsecured, Considered Good	161,506,102	18,306,849
Doubtful	-	-
	<u>161,506,102</u>	<u>18,306,849</u>
Other Receivables:		
Secured, Considered Good	-	-
Unsecured, Considered Good	214,456,616	124,642,973
Doubtful	-	-
	<u>214,456,616</u>	<u>124,642,973</u>
Total trade receivable	375,962,718	142,949,822
Less : Allowance for bad & doubtful debts	-	-
Total Trade Receivables(net)	<u>375,962,718</u>	<u>142,949,822</u>
18 CASH AND BANK BALANCES		
Cash and cash equivalents :		
a) Balances with banks :		
1) On Current Accounts	31,272,597	471,130,100
2) Margin Money	10,108,438	-
c) Cash on hand	3,796,094	1,589,073
Total Cash and Cash Equivalents	<u>45,177,129</u>	<u>472,719,173</u>
19 SHORT TERM LOANS AND ADVANCES		
Other loans And advances (Specify the nature)		
Advance for Expenses	15,914,103	5,318,779
Advance to staff	307,490	160,768
Advance to Suppliers	54,549,814	17,837,965
Advance to Capital works	1,119,018,911	457,350
Prepaid Expenses	533,189	2,663,380
TDS Receivable	-	147,140
MAT Credit	5,741,958	5,842,028
Total short term loans & advances(net)	<u>1,196,065,465</u>	<u>32,427,410</u>
20 OTHER CURRENT ASSETS		
Other Current Assets	7,056,614	42,540,325
	<u>7,056,614</u>	<u>42,540,325</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
21 REVENUE FROM OPERATIONS		
Revenue from operations		
Merchandising Sales (Flowers)	46,572,860	169,847,415
Local Sales (Agricultural Items)	447,453,016	310,006,010
Export Sales (Machinery)	289,677,196	399,618,082
Total Revenue from Operations	783,703,072	879,471,507
22 OTHER INCOME		
Interest income (Other than a finance company)	793,043	1,464,044
Other Income (Incentives Receivables)	113,928	859,915
Total Other Income	906,971	2,323,959
23 Cost of Material Consumed		
Raw Material Consumed	-	-
Fertilisers, Chemicals & Pesticides	15,933,612	18,519,155
Wages and Bonus	32,380,660	21,556,236
Genset Maintenance	354,976	268,499
Other Manufacturing Expenses	4,192,479	5,716,900
Farm Maintenance	4,231,093	6,319,695
Total Cost Of Contracts	57,092,820	52,380,485
24 PURCHASE OF STOCK IN TRADE		
Merchandising Purchases (Flowers)	50,164,219	141,883,581
Local Purchases (Agricultural Items)	421,092,943	249,988,851
Purchases - Import (Cashew Nuts)	11,827,436	-
Total Trade Purchases	483,084,598	391,872,432
25 CHANGE IN INVENTORIES & WIP.		
Stock in trade		
Stock in trade at the beginning of the year	-	-
Less : Stock in trade at the end of the year	3,416,300	-
	(3,416,300)	-
(Increase)/Decrease in Inventories	(3,416,300)	-
26 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages 14,354,710	8,212,455	
Staff Welfare Expenses	215,233	61,325
Managerial Remuneration	3,000,000	3,000,000
Total Employee Benefit Expenses	17,569,943	11,273,780

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 30.06.2012 in ₹	As at 30.06.2011 in ₹
27 FINANCE COST		
Bank Charges	2,339,732	3,645,327
Interest on ICD's	16,634,008	7,672,742
Interest on Term Loans / Soft Loans	15,560,793	16,396,657
Interest on Hire Purchase	69,671	47,306
Total Finance Cost	34,604,204	27,762,032
28 OTHER EXPENSES		
Insurance	1,831,708	1,410,377
Listing Fee and Annual Registration Fee	365,185	631,516
Share Transfer Expenses	77,214	111,380
Repairs and Maintenance	388,205	531,928
Office Maintenance	1,062,589	1,359,818
Miscellaneous Expenses Written Off	99,043	305,816
Transportation Expenses	1,042,153	977,519
Rent	2,818,420	2,775,491
Rates & Taxes (excluding Income Tax)	960,323	1,011,015
Advertisement Expenses	90,956	144,377
Payment to Auditors:		
As Auditor	2,775,642	1,996,507
Miscellaneous Expenditure	2,274,635	2,321,177
Telephone, Postage and Others	1,350,502	2,076,376
Conveyance	3,711,820	4,444,397
Printing & Stationery Expenses	627,619	911,261
Professional Consultancy fee	1,125,612	5,067,106
Director Sitting Fee	25,000	65,000
Interest on taxes Payable	659,454	899,434
Selling Expenses		
Handling charges	1,038,986	4,069,536
Packing Material consumed	11,575,946	11,434,762
Merchandising sales expenses	20,884,136	38,973,301
Carriage outwards - Exports	58,262,738	89,659,164
Carriage outwards - Local	594,146	-
Business Promotion	-	18,231
Export charges & Market development	605,025	20,098,983
Local selling expenses	335,113	-
Total Other expenses	114,582,171	191,294,472

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2012

PARTICULARS	Year ended 30.06.2012 (₹ in lacs)	Year ended 30.06.2011 (₹ in lacs)
Cash Flow from Operating Activities:		
Net Profit before Exceptional Item	651.77	1798.67
Adjustment for :		
Interest Expenses	352.64	286.61
Depreciation	150.50	264.79
Miscellaneous Expenditure Written off	0.99	3.06
Provision for MAT (Net)	(46.85)	(7.51)
Operating Profit before working Capital Changes	1,109.04	2345.62
Adjustment for:		
Debtors and other receivables	(2,330.13)	(273.86)
Increase/Decrease in Loans & Advance	(6,454.99)	(4,519.01)
Increase /Decrease in Inventories	(59.66)	(70.43)
Increase/Decrease in Creditors and other payables	548.21	(466.57)
Net Cash from operating Activities(A)	(7,187.52)	(2,984.25)
Cash Flow from Investing Activities:		
Additions in Fixed Assets & Exchange Fluctuation reserve	1,054.08	(2,962.74)
Additions in Intangible asset	8.66	(139.68)
Investments	(0.24)	0.42
Net Cash used in investing activities: (B)	1,062.49	(3,102.00)
Cash Flow from Financing Activities:		
Net Proceeds from secured loan	657.67	(572.31)
Proceeds from unsecured loan	128.97	949.46
Issue of Equity Shares/Share application money/Reserves	1,415.61	9,831.63
Miscellaneous expenses	-	0
Interest paid	(352.64)	(286.61)
Net Cash used in Financing Activities : (C)	1,849.61	9922.16
Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)	(4,275.42)	3835.91
Cash and Cash equivalent at the beginning of the year	4,727.19	891.28
Cash and Cash equivalent at the end of the year	451.77	4727.19

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 : 05/12/2012

G. Pramod
Director

P. Srihari
Vice President

For **Neha International Limited**

G. Vinod Reddy
Managing Director

V.S. Venkatish
Company Secretary



SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30th JUNE, 2012

I. Background :

Neha International limited is incorporated on 12th July 1993. The company is engaged in the business of Floriculture and Agri-farming and Agri goods Trading.

Neha International Limited has four subsidiaries. M/s. Globeagro Holdings is one of the subsidiary based in 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 company has the 100% stake in M.s Neha Agricorp Pte Ltd and M/s Neha Agriservices Pte Ltd based in Singapore. The company also has the 50% stake with controlling interest in Floriculture company M/s Dream Flowers PLC, Located in Ethiopia.

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

Subsidiaries other particulars	Country of incorporation and the immediate parent	Percentage of holding	Year of consolidation
M/s. Globeagro Holdings	A subsidiary of Neha International Ltd Incorporated under the laws of Mauritius	100%	2011-12
M/s Holetta Roses Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2011-12
M/s Alliance Flowers Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2011-12
M/s Oromia Wonders Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2011-12
M/s. Neha Agricorp PTE Ltd	A subsidiary of Neha International Ltd Incorporated under the laws of Singapore	100%	2011-12
M/s NINT Agri Plc	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Ethiopia	99.99%	2011-12
M/s Neha Agri Tanzania Ltd	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Tanzania	99.00%	2011-12
M/s Neha Agri Ventures (U) Ltd	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Uganda	99.00%	2011-12
M/s. Neha Agri Zambia Ltd	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Zambia	99.00%	2011-12
M/s. Neha Agri Senegal, SUARL	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Senegal	100%	2011-12
M/s. Neha Agriservices PTE Ltd	A subsidiary of Neha International Ltd Incorporated under the laws of Singapore	100%	2011-12
M/s. Neha Agriservices FZE	A subsidiary of Neha Agri Services Pte. Ltd. Incorporated under the laws of UAE	100%	2011-12
M/s. Dream Flowers PLC	A subsidiary of Neha International Ltd Incorporated under the laws of Ethiopia	50%	2011-12

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, 2012.
- (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 2011 to 30th June 2012

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	30.06.2012	30.06.2011
Salaries and Allowances	3000000	3000000
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
Total	3000000	3000000

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, 2012.

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
- 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	58.02	23.08	78.45	56.42	0
Payments against material	22.74	12.16	91.28	105.02	0
Sale of Goods	0	0	0	0	0
Receipts against material					467.83

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	761.26	83.93

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	250004723	-	533698349	783703072
Previous Period	434156099	83209387	362106021	879471507

Segment wise Revenues Operation wise:

(In ₹)

Revenue	Farm Production	Merchandising/Trading	Trading Sales	Total
Current period	250004723	-	533698349	783703072
Previous period	434156099	83209387	362106021	879471507

Geographical Revenues :

(in ₹)

Geographical Segment	REVENUE	
	Current Year	Previous Year
Netherlands	198447858	304673612
India	463912604	236820980
Japan	35375155	87112482
Greece	832462	1220569
Ethiopia	4952467	83209387
Italy	10396781	25604720
Beiruth, Doha, Jedda, Riyad & Sudan	0	6402385
Dubai	69785745	134427372
Total :	783703072	879471507

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 ₹ 2989326/- 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 ₹ 10000 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

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

For and on behalf of the Board

B.V. Ramana ReddyPartner
M.No. 026967**G. Pramod**

Director

G. Vinod Reddy

Managing Director

P. Srihari

Vice President(Finance)

V.S. Venkatish

Company Secretary

Place : Hyderabad

Date : 05/12/2012



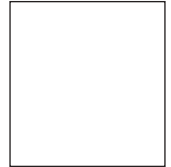
NEHA INTERNATIONAL LIMITED

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 31st December, 2012 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 of2012



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
Telephone Nos. (040) 66134759, Fax: (040) 66136435

ATTENDANCE SLIP

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

Regd. Folio No.:		Client ID :	
No of shares held		DPID :	

I hereby record my presence at the 19th Annual General Meeting to be held on 31st December, 2012 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.

