

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

Chief Financial Officer

N. Sridhar V Rao

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, S.D. Road Branch, Secunderabad

Bank of Maharashtra, 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 Twentieth Annual General Meeting of the members of Neha International Limited will be held on Tuesday **31st December 2013 at 11.00 a.m.** at Bhaskara Auditorium B.M. Birla Science Centre, Adarshnagar, Hyderabad 500063 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at June 30, 2013 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 Mr. P. Sarath Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Mathesh & Ramana, Chartered Accountants, Hyderabad, having firm Regn No.0020205 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 pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT M/s. Mathesh & Ramana, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next annual general meeting at such remunerations as may be determined by the Board of Directors".

Place : Hyderabad
Date : 05-12-2013

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

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. Members are requested to bring their copies of Annual report to the Annual General Meeting.
3. The register of Member's and Share transfer books of the Company will be closed from 29th December, 2013 to 31st December 2013 (both the days inclusive)
4. 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 Register and Share Transfer Agents.

5. 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.
6. The relevant details as required by Clause 49 of the Listing agreement entered with Stock Exchange of persons seeking appointment / re-appointment as Directors under Item No.2 above are annexed.
7. 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 address 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.

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.

Mr. P. Sarath Kumar, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. P. Sarath Kumar is a Practicing Chartered accountant with an experience of about 3 decades. He is appointed as an independent Director of the Company with effect from 06-06-2005 and he is well experienced in Financial, strategy, risk management and Administrative matters.

Yours Directors recommend this resolution for your approval

Brief write upon the appointee:

Mr. P. Sarath Kumar is a Chartered Accountant by profession and training. Mr. Sarath Kumar also has a Bachelor of Law degree and is a certified Fraud Examiner (CFE) from USA. He is an expert in Investigation Audits and is visiting faculty at S.V.P. National Police Academy, National Academy of Direct Taxes, A.P. Judicial Academy and also at the Andhra Pradesh Police Academy delivering lectures on White Collar Crimes and Forensic Accounting. He is advisor to various central and state investigating agencies."

Other Directorships of Mr. P. Sarath Kumar :

- | | |
|---|----------|
| 1. M/s. Shreyas Management & Services Pvt Ltd | Director |
| 2. M/s. Vigilance India Consultants Pvt Ltd | Director |
| 3. Sarath & Associates Chartered Accountants | Partner |

Place : Hyderabad
Date : 05-12-2013

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

DIRECTORS' REPORT

Dear Stakeholders,

The Directors take great pleasure in presenting the twentieth Annual Report to the Members together with the audited financial statements for the period ended 30th June, 2013.

Financial Results: Consolidated		(₹ in lakhs)	
	Particulars	2012-13	2011-12
1	Net Sales & Income	11401.10	7846.10
2	Increase/(Decrease) in stock	(16.99)	34.16
3	Total Expenditure	11014.25	6723.29
4	Interest	378.36	346.04
5	Profit before depreciation & Exceptional Items	(8.50)	810.92
6	Depreciation	141.33	159.16
7	Less: Minority interest	1.24	(28.77)
8	Less: Provision for tax (Net)	11.68	46.95
9	Profit/Loss carried to Balance Sheet	(162.75)	633.59

Financial Results: Standalone		(₹ in lakhs)	
	Particulars	2012-13	2011-12
1	Net Sales & Income	10138.75	5146.25
2	Increase/(Decrease) in stock	(16.99)	34.16
3	Total Expenditure	9726.41	4874.04
4	Interest	279.44	187.69
5	Profit before depreciation & Exceptional Items	115.91	118.68
6	Depreciation	15.39	14.58
7	Less: Provision for tax (Net)	19.15	18.29
8	Profit/Loss carried to Balance Sheet	81.37	85.81

OPERATIONS

The Standalone revenues increased to ₹ 10138.75- lakhs for the year ended 30.06.2013. The Company achieved a standalone operational profit of ₹ 81.37 lakhs. The Directors did not recommend any dividend for the period ended 30th June, 2013 keeping in mind the fund requirements for the working Capital requirements of the Company.

The Company recorded revenue of ₹ 11401.10 lakhs in consolidated financials for the year ended 30th June, 2013.

FINANCIAL YEAR

Your company closed its accounts as on 30th June, 2013 for a period of twelve months.



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LISTING

The securities of your company are listed at Bombay and Madras Stock Exchanges and also trades in National Stock Exchange Ltd. Listing fee/ issuer fee has been paid for both the exchanges and depositories up to 31st March, 2014.

DIRECTORS

In terms of the provisions of section 255 and 256 of the Companies Act, 1956, Shri P.Sarath Kumar 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 the three Non whole time Directors, Viz., Dr.G.Pramod, Non- executive Director, Shri Anil G. Nair, Independent Director and Shri P.Sarath Kumar Independent Director. Shri G.Anil 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 Globeagre Holdings, Mauritius, M/s Dream Flowers PLC, Ethiopia, M/s Neha Agricornp Pte Ltd and M/s Neha Agri Service 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 Ninit Agri PLC, Ethiopia, Neha Agri Tanzania Ltd, Tanzania, M/s Neha Agri Ventures (U) Ltd, Uganda, M/s Neha Agri 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 2012-13 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 Exchange 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, 2013 are annexed and forms part of the 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, 2013, the applicable accounting standards have been followed and there were no material departures.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the accounts for the financial year ended 30th June, 2013 on a going concern basis.

MANAGEMENT'S RESPONSE ON AUDITORS COMMENT ON FOREIGN SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS:

The Management has taken reasonable steps for the maintenance of Fixed Assets Register, providing for bad debts, reconciliation of difference in Cash Balances, verification of Stock account balances, etc.

During the year operational expenses in trial period was charged to Profit & Loss Account in Neha Agri Senegal Suarl. Due to this there was a loss during the year which reflected as erosion of networth by more than 50%. The management has taken various steps to improve the networth and is confident of improving in the coming financial year.

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 Auditor's 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.

Place : Hyderabad
Date : 05-12-2013

For and on behalf of the Board
For **NEHA INTERNATIONAL LIMITED**
Sd/-
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

(₹ in lakhs)

A	Power and Fuel Consumption ****	Current Period 01.07.2012 to 30.06.2013	Previous Period 01.07.2011 to 20.06.2012
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	5561.56	418.40
	ii) Foreign Exchange used:		
	l. Raw Materials (Merchandise flower purchase)	49.85	332.39
	lii Foreign Travel (Others)	10.87	8.26
	iii) Handling charges	263.12	148.33

**** 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	5561.56 lakhs	418.40 lakhs
2. Outgo	--	--
a. Handling Charges / Others	263.12 lakhs	146.33 lakhs
b. Raw Materials (Merchandise flower purchased)	49.85 lakhs	332.39 lakhs

ANNEXURE - II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Forming Part of Directors' Report)

COMPANY OVERVIEW

Floriculture: Neha is a premium grower of cut roses from Ethiopia with over 20 years of experience in the field of floriculture. It is recognized as one of the top growers in the highlands of Africa - roses are cultivated at 8500 feet above sea level in Ethiopia. The company made substantial investments in Ethiopia to build state of the art growing and propagation facilities. Production and post harvest operations have been stabilized and emphasis is placed on introducing new varieties of roses with higher yields while maintaining the reputation of supplying quality products to international flower markets. Most of the produce is exported to Netherlands, Norway, Italy, Germany, Japan and Middle East.

Agriculture: Neha made its foray into agriculture over the last three years. Global food shortages and the spike in food prices create the opportunity to produce food crops on a large scale. Africa with its virgin soils, congenial climate, and abundant resources has a great potential to be the world's breadbasket. As part of the existing operations in Ethiopia, Neha acquired 4,000 hectares of arable land in Bako region of Ethiopia.

The company built the required infrastructure in Ethiopia: a 13 km approach road has been constructed from the highway to the agricultural site; land has been cleared of trees and bushes; internal roads and irrigation facilities are being developed. Neha sourced equipment from world class manufacturers - Tractors and Implements from CLAAS and Amazone in Germany, and Excavators from Doosan of South Korea. State of the art rice mill and seed processing unit - the biggest in Ethiopia, along with ware house and DG Sets are installed for post harvest operations. The company has cultivated 750 acres of Maize and Niger oil seed during the monsoon season of 2013. There are plans to cultivate vegetables in the dry season by installing irrigation facilities.

Neha's agriculture business is a Hub-and-Spoke model - cultivate at a place (Hub) and market the produce in the host country and the neighboring markets (Spokes).

Local farming communities would be engaged in an out grower model by providing the seeds and technical know-how with access to the processing facilities and markets with efficient supply chain processes. While maize is being cultivated in the first phase, lentils and oil seeds will be grown in the following phases as part of crop rotation and soil quality improvements to increase the soil organic content.

The company holds its floriculture assets in Ethiopia through its Wholly Owned Subsidiary (WOS) in Mauritius and its agriculture assets in different countries of Africa through its WOS in Singapore.

Neha's Human Resources comprise of eminent Agronomists, Agriculture scientists, Chartered accountants and Managers with years of experience in Africa.

Trading: Neha started trading in agricultural commodities in the year 2008. While the trading activity increased steadily over the years, its exports have increased at a faster pace in the recent past. This is due to Neha's strong supplier network supplying quality product and satisfied buyers giving not only repeated orders but asking for increasing volumes. Neha has also, over the years, developed a good network of logistic providers.

Neha's current trade primarily comprises of export of Maize - there is of course a small portion of trade in other



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commodities and imports. Going forward, Neha is planning to export rice to Africa and import timber and cashew from Africa. Further, there are plans to procure and store maize during the harvesting season to take advantage of lower prices.

CORPORATE SOCIAL RESPONSIBILITY

Unrestrained production and indiscriminate growth without concern for the environment would put the lives of our future generation in jeopardy. At Neha, agriculture is practiced while nurturing the environment. Various methods like integrated nutrition management, pest and disease management, usage of bi-fertilizers and bio-pesticides, composting methods would be integrated to not only maintain but also improve soil texture. Water, being the foremost elements 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.