

NEHA INTERNATIONAL LIMITED

BOARD OF DIRECTORS

Chairman & Managing Director

Shri G. Vinod Reddy

Directors

Dr. G. Pramod

Shri Anil G. Nair

Shri P. Sarath Kumar

Vice President (Finance)

P. Srihari

Company Secretary

C. N. Bhavani Prasad

Auditors

M/s. Tukaram & Co.,

Chartered Accountants

209, Venkatarama Towers, Basheerbagh, Hyderabad - 500 029

Bankers

Union Bank of India, Canara Bank

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

Works

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

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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the shareholders of the Company will be held on Thursday, the 31st Day of December, 2009 at 11:00 A.M at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad-500 063 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider & adopt the Balance sheet as at 30th June 2009, Profit & Loss account for the period ended as on that date and the Auditors report and the Directors Report there on.
2. To appoint a Director in Place of Mr. Anil G Nair, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to pass the following resolution as an **Ordinary Resolution**.

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

By order of the Board

For **NEHA INTERNATIONAL LIMITED**

Sd/-

G.Vinod Reddy

Chairman & Managing Director

Place: Hyderabad

Date: 04.12.2009

Notes:

1. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item's No:2 above, are annexed
2. A member entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be member of the Company. Proxies, in order to be effective, must be received at the Company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited Companies, societies, etc., must be supported by appropriate resolution/authority, as applicable.
3. Members are requested to bring their copies of Annual report to the Annual General Meeting.
4. The register of Members and Share transfer books of the Company will be closed from 28th December 2009 to 31st December 2009 (both days inclusive)
5. Members holding shares in physical form are requested to inform any change in address immediately to the company's Registrar and Transfer agents, M/s XL Softech Systems Limited, #3, Sagar Society, Road No:2, Banjara Hills, Hyderabad-500 034. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant and not to the Company or the Company's Registrar and Share Transfer Agents
6. Members who hold the shares in dematerialized form are requested to write their Client ID and DPID on the Attendance slip for easy identification of attendance at the meeting
7. The statutory registers maintained under Sections 301 and 307 of the Companies Act, 1956 will be available at the venue for inspection by the members.

**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. Anil G Nair, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. Anil G Nair is a Practicing Chartered accountant with an experience of more than 2 decades. He is associated with the Company since inception and well experienced in Financial and Administrative matters.

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

None of the Directors other than Mr. Anil G Nair is interested in this resolution

Your Directors recommend this resolution for your approval

Place: Hyderabad

Date: 04.12.2009

By order of the Board
For **NEHA INTERNATIONAL LIMITED**
Sd/-
G. Vinod Reddy
Chairman & Managing Director

DIRECTORS' REPORT

Dear Members,

The Directors take great pleasure in presenting their report on the business and operations of the company along with the Sixteenth Annual Report to the Members with the audited financial statements for the period ended 30th June, 2009.

Financial Results: Consolidated		(Rupees in lakhs)	
Particulars	2008-09 (15 months)	2007-08 (9 Months)	
1 Net Sales & Income	5874.48	2165.84	
2 Increase/(Decrease) in stock	1.43	1.45	
3 Total Expenditure	4607.79	1636.80	
4 Interest	251.44	30.17	
5 Profit before depreciation & Exceptional Items	1016.68	500.32	
6 Depreciation	549.55	43.75	
7 Less: Write off / prior period items	0.00	21.67	
8 Less: Minority interest	(50.72)	42.27	
9 Less: Provision for tax (Net)	2.75	0.59	
10 Profit/Loss carried to Balance Sheet	515.10	392.04	

Financial Results: Standalone		(Rupees in lakhs)	
Particulars	2008-09	2007-08	
1 Net Sales & Income	1917.80	1432.22	
2 Increase/(Decrease) in stock	1.43	1.45	
3 Total Expenditure	1746.71	1289.46	
4 Interest	7.61	2.15	
5 Profit before depreciation & Exceptional Items	164.91	142.06	
6 Depreciation	63.77	24.24	
7 Less: Write off / prior period items	0.00	2.52	
8 Add: Extra Ordinary Income:	0.00	0.00	
9 Less: Provision for tax (Net)	2.75	0.59	
10 Profit/Loss carried to Balance Sheet	98.39	114.71	

RESULTS OF OPERATIONS

The standalone revenues increased to Rs.1917.80 Lakhs for a period of Fifteen months ended 30.06.2009. The Company achieved a standalone operational profit of Rs.98.39 Lakhs. The Directors did not recommend any dividend for the period ended 30th June 2009.

The company recorded a revenue of Rs.5874.48 lakhs in consolidated financials for the period ended 30th June 2009, compared to Rs.2165.84 in the previous 9 months period ended 31.03.2008

FINANCIAL YEAR

Your company closed its accounts as on 30th June 2009 for a period of fifteen months.

LISTINGS

The securities of your company are listed at Mumbai and Madras Stock Exchanges. Listing Fees has been paid for both the exchanges and depositories up to 31.03.2010.

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, Mr. 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., Sri G. Pramod, Promoter Director, Sri Anil G Nair, Independent Director and Sri P. Sarath Kumar, Independent Director. Sri Anil G Nair is the Chairman of the Audit Committee.

SUBSIDIARY COMPANIES

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

The company has applied to Government of India for exempting the company from attaching the financial statements of subsidiaries for the period ended 30th June, 2009 with the annual report of your company. The Government of India vide their letter No.47/270/2009-CL-III Dt. 10.11.2009 accorded approval for the same.

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the period ended 30th June, 2009 in accordance with Accounting Standards forms part of this annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

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

- a. That the preparation of the accounts for the period ended 30th June, 2009, 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, 2009 on a going concern basis.

CORPORATE GOVERNANCE

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

AUDITORS

The Auditors of the Company M/s. Tukaram & Co., Chartered Accountants, Hyderabad are retiring at the conclusion of this Annual General Meeting. The company has received a certificate from the Auditors to the effect that their reappointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956. Your Directors recommend their reappointment.

FIXED DEPOSITS

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

CASH FLOW STATEMENT

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

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**.

EMPLOYEES STOCK OPTION SCHEME

The members of the Company at their Annual General Meeting held on 10th October, 2007 has 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. Since the options are granted after the Balance Sheet period, the required disclosures as per SEBI ESOP Guidelines will be included in the next Annual Report.

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

The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, requiring disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange are given in Annexure I, which forms part of this report.

AUDITORS REPORT

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Sd/-

G. Vinod Reddy

Chairman & Managing Director

Place: Hyderabad

Date: 04.12.2009

ANNEXURE I

ANNEXURE TO THE DIRECTORS' REPORT

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

Form A

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

A	Power and Fuel Consumption	Current Period 01.04.2008 to 30.06.2009	Previous Period 01.07.2007 to 31.03.2008
I	Electricity:		
	a) Purchased Units	201671	105155
	Total Amount (Rs)	526469	261427
	Rate/ Unit (Rs)	2.61	2.49
	b) Own Generation:		
	Through Diesel Generator (Units)	17822	9899
	Cost/Unit (Rs.)	15.39	14.03
B	Consumption per Unit of Production		
	Electricity (No. of Units)	NA	NA
C	Foreign Exchange Earnings and Outgo		
	i) Foreign Exchange Earned (Rs)(FOB value of Exports) (Gross Freight & Import Duty)	1726.75	1251.59
	ii) Foreign Exchange used (Rs.):		
	1. Raw Materials (Merchandise flower purchase)	776.89	508.81
	2. Machinery	0	184.36
	iii) Foreign Travel (Others)	14.89	1.41
	iii) Commission/handling charges	718.43	437.67

Form B

Form for disclosure of particulars with respect to absorption

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

Foreign Exchange Earnings and outgo:

1.	Earnings: (Gross Freight Import Duty)	: 1726.75 lakhs	1251.59 lakhs
2.	Outgo: Commission/ Handling/others	718.43 lakhs	437.67 lakhs
	Raw Materials (Merchandise flower purchase)	776.89 lakhs	508.81 lakhs
	Machinery (Merchandise machinery purchase)	NIL	184.36 lakhs

ANNEXURE - II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Forming Part of Directors' Report)

INDUSTRY STRUCTURE, DEVELOPMENTS & OUTLOOK

Traditionally Europe, North America and Far East were major consumers and suppliers of floriculture products. But lately, while the demand continues to stay in the western world, cheaper imports are becoming a major source of supply. This is because of the high costs in setting up a floriculture farm in the western world involving expensive glass green houses, heating and lighting equipment, less-labour oriented technology and catering to environmental regulations. In addition there are the prohibitive costs of revenue expenditure high cost of labour and gas. All of which are not required in tropical countries with higher altitudes, where the climates are naturally conducive to grow year around warm days, cool nights, longer hours of sunshine etc.

Trends: There is therefore a trend for production base shifting to third world countries in South America, Africa and Asia (Ecuador and Colombia in South America for North American markets; Kenya and Ethiopia in Africa for European markets; India, Thailand, Korea in Asia for Far East Asian and European markets). Cross-continent trade is limited because of the prohibitively high freight costs involved in air freighting these products. Over time the western growers will stick to breeding newer varieties, growing novelties, maintaining efficient auction centers and marketing/distribution activities.

Market Size: The Global floriculture business, more so the EU markets provide a significant opportunity for African floriculture industry. During the year 2007, the EU countries have imported a total US\$ 13.60 billion worth of floriculture products of which about US\$ 2.27 billion has come from outside of EU. Newer areas of demand are also emerging in fast developing countries in Eastern Europe and Asia. This huge market space highlights the growth opportunities in the sector that companies like Neha can potentially address.

COMPANY OVERVIEW

With the Indian floriculture business not delivering the expected results because of high freight cost, duties in Europe on its flowers, and not so conducive climates, the Company could not expand on its capacities in India. On the other hand, Ethiopia with its ideal climatic conditions, abundant and low cost labour, low freight cost, no duties into Europe, exemption of local taxes and duties etc., has seen substantial growth in its floriculture activity.

Witnessing the growth in the global floriculture industry and growing influence of African countries, the Company acquired M/s Globeagro Holdings; Mauritius which has holds a substantial stake in three Ethiopian Floriculture Companies. These farms have a total acreage of more than 80 hectares, with about 25 hectares of cultivation under green houses, besides having a world-class plant propagation unit. They are located at more than 8,000 feet altitude, with about 1,000 dynamic employees. We grow cut flower roses to international quality standards using world-class production methods.

With a view to marketing the flowers in the prime markets of Europe and Far-East in competition with the best in the world. Significant investments have been made in green houses, irrigation and fertigation systems, post harvest equipment, cold chain, disease and pest management and post harvest management.

The farms grow the best T-Hybrid roses which are sold at a premium through leading auctions of the world based in Netherlands Vba and Flora Holland. Until recently, Vba was owned only by European growers. The ownership has now opened to importer growers. One of the farms acquired has become one of the first international owners of the Vba. As co-owner, it has unrestricted access to the auction, paying lower commissions and is entitled for a share in the profits of Vba.

Neha International is the largest supplier of roses from Ethiopia to Japan. Besides its own production, the company purchases from other growers and exports to Japan using its quality controls to maintain or exceed the high expectations of the

customers in Japan. Given the very positive feedback from our customers in Far East, we expect this trading activity to increase substantially in the coming years.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Growing world market and potential. Due to unviable growing conditions, production of flowers in developed nations is stagnating and declining. These countries, predominantly in Europe, are focusing on developing technology, creating newer varieties and trading. The traditional and monopolistic Dutch Auctions are now finding themselves open to overseas growers. As time passes, it is expected that the developed world will hold on to the markets while shifting production to low cost countries in Africa, S. America, and Asia.

Unstable situation on the borders of Ethiopia and Institutions of Democracy in Ethiopia, being very young, will take time to settle down. This may be treated as a Threat.

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:

- i) Safeguarding Assets and their Usage
- ii) Maintenance of Proper Accounting Records and
- iii) 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. 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 Rs.3,000.00 Lakhs and Reserves & Surplus of Rs:4064.80 Lakhs

MINORITY INTERES

Minority interest as at 30th June, 2009 is Rs.516.63 Lakhs

LOAN FUNDS

The subsidiaries of the company M/s Alliance Flowers PLC and M/s Holetta Roses PLC have the loans from the Bank at Ethiopia. Unsecured loans outstanding as at 30th June, 2009 was Rs.68.64 lakhs.

GOODWILL

The company, acquired 100% stake in M/s Globeagro Holdings, Mauritius, which holds 99% of M/s Alliance Flowers PLC and

50% stake each in M/s Holettà Roses PLC and M/s Oromia Wonders PLC. The total purchase consideration of Rs.4144.63 Lakhs after adjusting for assets taken over and liabilities assumed was accounted as goodwill in the last fiscal. The goodwill created on account of this acquisition was Rs.3507.21 Lakhs.

FIXEDASSETS

The company has incurred a capital expenditure of Rs.227.71 Lakhs during the period. The major items of capital expenditure are plant materials.

CURRENTASSETS,LOANSANDADVANCESAND CURRENT LIABILITIESAND PROVISIONS.

The company has Rs.126.04 Lakhs of inventories of Fertilizers, Pesticides, chemicals, and packing materials as at 30th June,2009. Its debtors as on 30th June, 2009 are Rs 900.86 Lakhs. These debtors are considered good and realizable.

Cash balance represents balance in cash with the company to meet its various cash expenditure. The bank balance in India include both rupee and foreign currency accounts. The Bank balances in overseas current accounts are maintained to meet the expenditure of the overseas subsidiaries. The cash and Bank balances, as at 30th June,2009 was Rs.26.13 Lakhs.

Loans and Advances as at 30th June, 2009 was Rs.765.99 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, 2009 were Rs.782.51 Lakhs. This includes Rs.151.46 lakhs payable towards the investment amount payable for acquisition of M/s Globeagro holdings.

RESULTS OF OPERATIONS

During the period ended 30th June,2009 the company recorded a turnover of Rs.5874.48 lakhs. The company earned the Profit after tax of Rs.500.10 Lakhs during this period.

RESULTS OF OPERATIONS

During the period ended 31st March, 2008 the company recorded a turnover of Rs.2165.84 lakhs. The net turnover of Rs.733.62 lakhs of the overseas subsidiaries for the post acquisition period was taken in the net sales in consolidation of accounts. The company earned the Profit after tax of Rs.454.05 Lakhs during this period.

Financial Results: Consolidated		(Rupees in lakhs)	
Particulars	2008-09 (15 Months)	2007-08 (9 Months)	
1	Net Sales & Income	5874.48	2165.84
2	Increase/(Decrease) in stock	1.43	1.45
3	Total Expenditure	4607.79	1636.80
4	Interest	251.44	30.17
5	Profit before depreciation & Extraordinary Item	1016.68	500.32
6	Depreciation	549.55	43.75
7	Less:Write off / Prior Period Items	0.00	21.67
8	Less:Extra Ordinary Income:	(50.72)	42.27
9	Less:Provision for Tax	2.75	0.59
10	Profit/(Loss) Carried to Balance Sheet	515.10	392.04

Financial Results: Standalone		(Rupees in lakhs)	
Particulars		2008-09	2007-08
1	Net Sales & Income	1917.80	1432.22
2	Increase/(Decrease) in stock	1.43	1.45
3	Total Expenditure	1746.71	1289.46
4	Interest	7.61	2.15
5	Profit before depreciation & Extraordinary Item	164.91	142.06
6	Depreciation	63.77	24.24
7	Less: Write off / prior period items	2.52	0.32
8	Add: Extra Ordinary Income:	0.00	2.52
9	Less: Provision for tax	2.75	0.59
10	Profit/(Loss) carried to Balance Sheet	98.39	114.71

REVENUE BASED ON GEOGRAPHY
Geographical Revenues: Consolidated (in Rupees)

Geographical Segment	Current Period	Previous Period
Netherlands	344657793	64051407
India	15252411	11183454
Japan	163075645	98067669
Greece	1573289	1975979
Canada	3448073	365600
Ethiopia	56454550	35259601
USA	Nil	4006423
Total	584461761	214910133

Segment wise Revenues:
(In Rs)

Revenue	Cut Flowers	Machinery Service	Outsourcing	Total
Current period	188793900	---	---	188793900
Previous period	117261826	20280129	4006423	141548378

Geographical Revenues: Stand alone
(in Rupees)

Geographical Segment	Revenue	
	Current Period	Previous Period
Netherlands	5444481	5,669,124
India	15252411	11,183,454
Japan	163075645	98,067,669
Greece	1573289	1,975,979
Canada	3448074	365,600
Ethiopia(Machinery)	0	20,280,129
USA	0	4,006,423
Total	188793900	141,548,378

REPORT ON CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

(a) Composition of the Board

The Company's Board consists of four directors as at 30.06.2009.

Sl.No	Name of the Director	No.of shares Held	Executive/Non- Promoter/Independent/ Executive Director Nominee Director
1	Sri G.Vinod Reddy	5145636	Chairman & Managing Director Promoter Director
2	Dr. G.Pramod	2604	Non-Executive Promoter Director
3	Sri Anil G Nair	Nil	Non-Executive Independent
4	Sri P.Sarath Kumar	Nil	Non-Executive Independent

(b) Attendance of each Director at Board Meetings and the last Annual General Meeting (AGM), Other Directorships held.

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	Boards	Committees	Attendance at the last AGM
1	G.Vinod Reddy	Chairman & Managing Director	9	9	-	-	-	Yes
2	G. Pramod	Non executive Director	9	7	-	-	-	Yes
3	Anil G. Nair	Independent Director	9	7	1	-	-	Yes
4	P.Sarath Kumar	Independent Director	9	8	-	-	-	Yes

Note: Date of last Annual General Meeting (AGM) 27th September, 2008.

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

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

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

Nine Board Meetings were held during the period 2008-09 (1st April 2008 to 30th June, 2009). 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	:	24th April, 2008
2nd Board Meeting	:	12th May, 2008
3rd Board Meeting	:	31st July, 2008
4th Board meeting	:	27th August, 2008
5th Board Meeting	:	30th October, 2008
6th Board Meeting	:	11th December, 2008
7th Board Meeting	:	30th January, 2009
8th Board Meeting	:	30th March, 2009
9th Board Meeting	:	29th April 2009

3. AUDIT COMMITTEE

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

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

BRIEF DESCRIPTION OF TERMS OF REFERENCE

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

The Audit Committee met 5 times during the year under review on 24th April, 2008, 31st July 2008, 30th October, 2008, 30th January 2009 and 29th April 2009. All the members of the committee have attended all the five meetings.

4. COMPENSATION COMMITTEE

The Company constituted a Compensation Committee on 31st July, 2007 comprises majority of Independent Directors. 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

DETAILS OF REMUNERATION TO DIRECTORS

1. Sri G.Vinod Reddy, Chairman and Managing Director is being paid a remuneration of Rs. 1,00,000/- per month as approved by the Shareholders at their General Meeting held on 10th October,2007.
2. The company is not paying any remuneration, fees to non-executive directors except the reimbursement of travel expenditure incurred by them in attending the meetings.

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

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

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

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

The Shareholders/Investors Grievances Committee met 5 times during the year under review on 24th April, 2008, 31st July 2008, 30th October, 2008, 30th January 2009 and 29th April 2009. All the members of the committee have attended all the three meetings

(a) Name and Designation of Compliance Officer:

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

(b) Status of Investor Complaints received during the period 2008-09 (1st April,2008 to 30th June,2009).

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

DETAILS OF COMPLAINTS

Nature of Complaint	Received	Resolved
Non receipt of share certificates	7	7
Change of Address	8	8
Non-receipt of duplicate share certificates	-	-
Non-receipt of Annual Report	2	2
Request for stop transfer	-	-
Demat request pending	-	-
Other complaints	2	2
Total	19	19

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.
27th September 2008	2007-08	Nil	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM
10th October, 2007	2006-07	Eight	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM
30th September, 2006	2005-06	NIL	Sundarayya Vignana Kendram, Baghlingampally, Hyderabad 500044	11.00AM

b) Details of extra ordinary general meetings held during the year:

Date	Venue	Purpose
6th January, 2009	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad - 500063	<ol style="list-style-type: none"> 1) Obtaining shareholders permission for issue of ADR's/GDR's/FCCB's under Sec:81 (1A) of the Companies Act, 1956 upto USD 25 Million 2) Obtaining Shareholders' permission for acquiring and holding of equity shares of the company by foreign institutional investors (FII's) under portfolio investment scheme upto an aggregate limit of 49% of the paid-up equity share capital of the company 3) Obtaining shareholder's consent for acquiring and holding of equity shares of the company by Non-Resident Indians (NRI's)/ Persons of Indian Origin (PIO's) under portfolio investment scheme upto an aggregate limit of 24% of the paid-up equity share capital of the company.

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

During the period ended 30th June 2009 the company sought approval from its shareholders on 31st July, 2008 for passing special resolutions through process of postal ballot in accordance with Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The declared results of the postal ballot were announced through newspapers. The details of the same are given below:

Particulars	Whether Ordinary/Special	Person who conducted the Postal Ballot exercise	Total Votes Cast	Total Votes favouring the resolution	Total Votes cast against the resolution
1. Sale, lease or otherwise dispose of the whole or substantially the whole of the Undertaking of the Company	Ordinary	S. Sarveswar Reddy, FCS Practicing Company Secretary	8922249	8913689 (99.90%)	8560 (0.10%)

7. DISCLOSURES

- (a) 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.
- (b) 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	Publish in English and Regional News papers.
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 necessarily informing their superiors. The Company has not denied any personal access to the audit committee of the company and it has a policy to provide protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.

10. CODE OF CONDUCT

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

11. CEO/CFO CERTIFICATION

CEO/CFO certification by Mr.G.Vinod Reddy, Chairman & Managing Director & Mr.P.Srihari, Vice President (Finance), as stipulated by clause 49 of the Listing Agreement was placed before the Board of Directors at its meeting held on 04.12.2009

12. GENERAL SHAREHOLDER INFORMATION

- a) The Company's Annual General Meeting will be held on 31st December, 2009 at 11.00 AM at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, **Hyderabad-500 063**

- b) Financial Calendar for the period ended 30th June, 2009* the results were announced on

Results	Announced on
1st Quarter Results as on 30-06-2008	31.07.2008
2nd Quarter Results as on 30-09-2008	30.10.2008
3rd Quarter Results as on 31-12-2008	30.01.2009
4th Quarter Results as on 31-03-09	29.04.2009

*The company closed its books of account for a period of 15 months.

- c) The Shares of the Company are listed on 1) Bombay Stock Exchange Limited (BSE) (**Code: 519560**) 2) Madras Stock Exchange Limited (MSE) (Applied for voluntary de-listing from this exchange) The company has paid listing fees/ issuer fee for the year 2009-10 to BSE, MSE, NSDL & CDSL.
- d) Stock Code: **BSE: 519560**
- 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, 2009 are furnished hereunder.

Month	Share Price		Volume
	High (Rs.)	Low (Rs.)	
April, 2008	81.45	49.50	315079
May, 2008	85.00	69.95	263203
June, 2008	76.40	61.60	261984
July, 2008	72.75	54.50	841518
August, 2008	72.00	63.20	720307
September, 2008	73.50	51.60	553544
October, 2008	64.90	25.20	220750
November, 2008	38.80	22.70	86155
December, 2008	28.95	14.35	502538
January 2009	18.60	9.70	507330
February 2009	14.99	9.80	524871
March 2009	19.50	11.00	933665
April 2009	19.80	14.40	153359
May 2009	16.90	13.35	105778
June 2009	20.50	15.00	177872

* Source: www.bseindia.com

f) Share Transfer System

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

g) Registrar & Share Transfer Agents

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

h) Distribution of Shareholding

(i) Equity Share Holding Break Up (% of Total Equity) as on 30.06.2009

No. of Equity Shares Held	No. of Share Holders	% of Shares Held	No. of Shares Held	% of Share Holding
Up to 5,000	4688	92.23	300386	2.18
5001-10,000	144	2.83	119363	0.87
10,001-20000	75	1.48	119270	0.87
20001-30000	28	0.55	70248	0.51
30001-40000	26	0.51	94538	0.69
40001-50000	19	0.37	90405	0.66
50001-100000	38	0.75	290447	2.11
100001 and above	65	1.28	12678661	92.12
TOTAL	5083	100.00	13763318	100.00

(ii) Share Holding Pattern as at 30th June 2009

Category	No. of Share held	Percentage of Share holding
A. Promoter's Holding (1+2)		
1. Promoters :	5145636	37.39
2. Persons acting in Concert	10687	0.078
Sub Total (1+2)	5156323	37.46
B. Non-Promoters Holding (3+4)		
3. Institutional Investors	-	-
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Insurance Companies	-	-
c. Central / State Govt. Institutions / Non Government Institutions	-	-
d. FIs	13500	0.10
Sub Total (3)	13500	0.10
4. Others		
a. Private Corporate Bodies	1395908	10.14
b. Indian Public	2090569	15.19
c. NRIs / Foreign Company	4943857	35.92
d. Any Other (Please Specify) Trusts/Clearing Members	163161	1.19
Sub Total (4)	8593495	62.44
GRAND TOTAL (A+B)	13763318	100.00

i) Dematerialization of Shares

The equity shares of the company are admitted for dematerialization by both the depositories namely 1) National Securities Depository Limited (NSDL), 2) Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Numbers (ISIN) allotted to the Company's scrip is INE874D01022. As on 30th June, 2009, 1,23,82,745 shares, being 89.97% of the subscribed capital are dematerialized with NSDL & CDSL.

Address of Registrars for Dematerialization & Physical Transfer of Shares

Ms. 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

k) Plant Location

Gut No.44 & 45, Kondivade Village, Maval Tq., Pune Dist. Maharashtra

l) Address for correspondence

Neha International limited,

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

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

CEO Declaration

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

Sd/-

G. Vinod Reddy

Chairman & Managing Director

Place: **Hyderabad**

Date : **04.12.2009**

AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of M/s Neha International Limited

We have examined the compliance of conditions of Corporate Governance by M/s Neha International Limited for the period ended 30th June, 2009 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 **Tukaram & Co.,**
Chartered Accountants

Sd/-

J Poorna Chandar
Partner

Place: Hyderabad

Date: 04.12.09

ANNEXURE III

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE PERIOD FROM 1ST APRIL 2008 TO 30TH JUNE 2009

Sl. No.	Particulars	Globeagro Holdings	Holetta Roses PLC	Alliance Flowers PLC	Oromia Wonders PLC
1.	The Financial year of the Sub - subsidiary companies ended on	30.06.09	30.06.09	30.06.09	30.06.09
2.	Date from which they became Subsidiary companies	07.02.08	07.02.08	07.02.08	07.02.08
3.	Country of incorporation	Mauritius	Ethiopia	Ethiopia	Ethiopia
4.	a.Number of shares held by Neha International Ltd and/or its nominees In the subsidiaries as on 30.06.09	9505735	17500	12870	130000
	b.Extent of interest of Neha International Ltd (holding company) in the Subsidiaries as on 30.06.2009	100%	50%	99%	50%
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.	(434275)	(12364128)	47658373	6811059
	a.For the financial year ended 30.06.09	NIL	NIL	NIL	NIL
	b.For the previous financial years of the Subsidiary since it became a subsidiary	NIL	9723846	1642975	5946733
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 30.06.09	NA	NA	NA	NA
	For the previous financial years of the Subsidiary since it became a subsidiary (31.03.2008)				

**FINANCIAL INFORMATION OF THE SUBSIDIARIES
FOR THE PERIOD ENDED 30TH JUNE , 2009 (In Rs.)**

Particulars	Globe agro Holdings	Holetta roses PLC	Alliance Flowers PLC	OromiaWonders PLC
Paid-up Share Capital	462395072	87422984	43979721	71591413
Reserves and Surplus	23592340	(49617209)	44914415	23896330
Total Assets	791419984	146950546	192595517	106919212
Total Liabilities (Excluding Capital and Reserves)	305432572	109361771	103701381	11431469
Investments (Excluding Investment in subsidiaries)	NIL	217000	NIL	NIL
Total Income	NIL	107952683	276804387	88600222
Profit before tax	(434275)	(24728256)	48139770	13622118
Provision for taxation	NIL	NIL	NIL	NIL
Profit after tax	(434275)	(24728256)	48139770	13622118
Proposed Dividend (including tax thereon)	NIL	NIL	NIL	NIL

Notes:

\$ Converted to Indian Rupees at the Exchange Rate, 1 USD = INR 48.6438
Ethiopia Birr converted to US dollars at the exchange rate, 1 Birr = 0.08922

AUDITORS' REPORT

To
The Members,
Neha International Limited

We have audited the attached Balance Sheet of **NEHA INTERNATIONAL LIMITED** as at 30th June, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the period 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 4(e) to 4(f) below** comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) **Non - 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 Period profit was not ascertained.**
 - (f) **The Managements is of the view that the carrying values of fixed assets are not higher than their recoverable amount. In the absence of adequate documentation in respect thereof, we are unable to comment on impairment loss, if any, as required by the Accounting Standard (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. (Note No.B (2) of schedule - 'XXI').**
 - (g) 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.

- (h) **Balances of debtors, creditors, loans & advances and other receivables & payables being subject to confirmation and reconciliation resulting in the balances as per books of accounts not verified by us. The consequent necessary adjustments, either of a revenue nature or otherwise if any, upon which we are unable to comment at this stage, will be made in the period they are finally settled with the parties.**
- (i) 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 in bold and italic given above:**
- i) in the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2009.
 - ii) in the case of the Profit and Loss Account, of profit of the Company for the Period ended on the date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the Period ended on that date.

For **TUKARAM & CO.,**
Chartered Accountants

Place : Hyderabad

Dated : 04.12.2009

Sd/-
J. POORNA CHANDAR
Partner
M. No. 221627

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 Period, 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 not been disposed of during the period, which will affect its status as going concern.
2. The stock of inventory has been physically verified during the Period by the management 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 Period was Rs.34.45 lakhs and the Period-end balance of loans from such parties was Rs.64.44 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

As no stipulation has been made for repayment of loan, we are unable to make a comment about regular repayment and overdue amount of loan.

4. In our opinion, on the basis of selective check carried out during the course of audit, **the company needs to strengthen the internal control procedures to commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods.** However, in our opinion, there is no continuing failure to correct major weakness in internal control.
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 Period.
6. As informed, the Company has not accepted any deposits from the public during the Period.
7. The Company does not have a formal Internal Audit System but the Company's Internal Control Procedures together with the internal checks conducted by the management staff during the Period 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 employees provident fund; income tax and other statutory dues with appropriate authorities with slight delays. However there is no amount outstanding as at the last day of the financial period for a period of more than 6 months from the date they became payable.**

(b) According to the information and explanation given to us, there are no dues, which have not been deposited on account of any disputes :

10. The Company does not have accumulated losses exceeding fifty percent of its net worth at the end of the Period and has neither incurred any cash losses during the Period covered by our audit nor in the immediately preceding Financial Year.
11. The Company had a one-time settlement (OTS) with all the Banks for closure of all dues. Consequently, all the defaults in repayment of dues to Banks are regularized by the company.
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. There were no fresh term loan disbursement during the Period covered by audit, Hence no comment on the usage of funds is made.
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. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the Period to Parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. There were no debentures issued by the Company.
20. There were no public issues during the Period. Hence, no comment on end use of funds raised.
21. 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 **TUKARAM & CO.,**
Chartered Accountants

J. POORNA CHANDAR
Partner
M. No. 221627

Place : Hyderabad
Dated : 04.12.2009

BALANCE SHEET AS AT 30TH JUNE 2009

PARTICULARS	SCHEDULE	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
Sources of Funds			
Share Holders Funds :			
Share Capital	I	137633180	137633180
Reserves and Surplus	II	348302075	331164656
Share Application Money		-	19290000
Loan Funds :			
Secured Loans	III	228964	449971
Unsecured Loans	IV	6864412	7300000
Total		<u><u>493028631</u></u>	<u><u>495837807</u></u>
Application of Funds :			
Intangible assets			
Gross Amount		4623016	4063152
Less: Amortisation		1060191	35517
Net Amount		3562825	4027635
Fixed Assets			
	V		
Gross Block		139110029	135568046
Less: Depreciation		79040979	72664256
Net Block		60069050	62903790
Investments			
	VI	414462725	413262365
Current Assets, Loans and Advances			
Inventories	VII	755653	748500
Sundry Debtors	VIII	21500150	33103847
Cash and Bank Balances	IX	912464	10908772
Loans and Advances	X	13591399	3616307
Total current Assets		36759666	48377426
Less: Current Liabilities & Provisions	XI	28557416	49687180
Net current Assets		8202250	(1309754)
Miscellaneous Expenditure (to the extent not written off or adjusted)	XII	710675	1092944
Profit and Loss Account		6021106	15860827
otal		<u><u>493028631</u></u>	<u><u>495837807</u></u>
Notes to Accounts	XXI		

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants

For **Neha International Limited**

G.Pramod
Director

G.Vinod Reddy
Managing Director

J. Poorna Chandar
Partner

P.Srihari
Vice President(Finance)

C.N.Bhavani Prasad
Company Secretary

Place : Hyderabad
Date : 04.12.2009

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 2009

PARTICULARS	SCHEDULE	For the period ended 30.06.2009 (For 15 Months)	For the period ended 31.03.2008 (For 9 Months)
Income from Operations			
Sales	XIII	188793900	141548378
Other Income	XIV	2986518	1674007
Increase / (Decrease) in Finished Goods	XV	143101	144950
Total (A)		191923519	143367335
Raw material consumed and Manufacturing costs	XVI	84246571	73714363
Administrative Overheads	XVII	10724979	7489584
Personnel costs	XVIII	5912375	2232524
Selling Expenses	XIX	73787346	45509652
Total (B)		174671271	128946123
Earnings Before Interest and Depreciation(A-B)		17252248	14421212
Less : Financial Expenses	XX	761168	215858
Earnings Before Depreciation		16491080	14205354
Less : Depreciation	V	6376723	2423577
Profit/(Loss) before Prior Period Adjustments		10114357	11781777
Less: Prior Period items		-	251920
Net Profit before tax		10114357	11529857
Less: Provision for : Fringe Benefit tax		64475	58809
: Minimum Alternative tax		1150000	-
: MAT tax credit		(939839)	-
Net Profit after tax for the period		9839721	11471048
Loss Brought forward from previous year		(15860827)	(27331875)
Net Loss carried to Balance sheet		(6021106)	(15860827)
Basic / Diluted Earning per share (Face value - Rs.10/- each)		0.71	0.83

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants

J. Poorna Chandar
Partner

Place : Hyderabad
Date : 04.12.2009

G.Pramod
Director

P.Srihari
Vice President(Finance)

For **Neha International Limited**

G.Vinod Reddy
Managing Director

C.N.Bhavani Prasad
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th JUNE 2009

	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
SCHEDULE I - SHARE CAPITAL		
Authorised Capital		
30000000 Equity shares of Rs.10/- each	300000000	300000000
Issued , subscribed & Paid up		
13763318 Equity shares of Rs.10/- each (Previous Year 13763318 Shares of Rs.10/- each)	137633180	137633180
Share Application Money	-	1440000
Share warrant application money	-	17850000
-		19290000
SCHEDULE II - RESERVES & SURPLUS		
Share Premium account	329882075	330594656
Capital Reserve	17850000	-
FMO Grant	570000	570000
Total	348302075	331164656
SCHEDULE III - SECURED LOANS		
Hire Purchase Loan	228964	449971
Total	228964	449971
SCHEDULE IV - UNSECURED LOANS		
From Directors	-	100000
From Others	-	200000
Inter corporate deposits	6864412	7000000
Total	6864412	7300000
SCHEDULE VI - INVESTMENTS		
Investment in Globeagro Holdings	414462725	413262365
Total	414462725	413262365
SCHEDULE VII - INVENTORIES		
Fertilizers	15310	31905
Chemicals & Pesticides	20410	39529
Packing Materials	20572	120806
Finished Goods	699361	556260
Total	755653	748500
SCHEDULE VIII - SUNDRY DEBTORS		
More than six months	14652540	3665570
Others	6847610	29438277
Total	21500150	33103847
SCHEDULE IX - CASH AND BANK BALANCES		
Balance in Bank with current account	424896	10649332
Cash balance	487568	259440
Total	912464	10908772

STATEMENT OF FIXED ASSETS AND DEPRECIATION FOR THE PERIOD ENDED 30.06.2009
SCHEDULE V

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1st April 2008	Additions during the period	Deletions during the period	As at 30th June 2009	As at 1st April 2008	Charge for the period	on deletions for the period	As at 30th June 2009	As at 31st March 2008
Land & Site Development	15757407	-	-	15757407	-	-	-	15757407	15757407
Buildings	11216649	-	-	11216649	2146010	228539	-	8842100	9070639
Green Houses	40075385	-	-	40075385	20524031	2379475	-	17171879	19551354
Plant Materials	48324245	3364000	-	51688245	38197730	2544766	-	10945749	10126515
Furniture & Fixtures	1680376	-	-	1680376	887931	132960	-	659485	792445
Office Equipment	2001137	55200	-	2056337	608472	121283	-	1326582	1392665
Computers	631116	51000	-	682116	537496	111551	-	33069	93620
Vehicles	2891922	-	-	2891922	2215719	84536	-	591667	676203
D.G Set	259400	10500	-	269900	154705	15879	-	99316	104695
Plant and Machinery	12730409	61283	-	12791692	7392162	757734	-	4641796	5338247
Total	135568046	3541983	-	139110029	72664256	6376723	-	60069050	62903790
31st March 2008	114327290	21240756	-	13568046	70240679	2423577	-	62903790	44086611

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2009

	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
SCHEDULE X - LOANS AND ADVANCES		
Advance for capital Goods	8663710	1352475
Advance to suppliers	3421	503421
Advance for expenses	1648000	590000
Advances - Staff	726000	200000
Deposits	1107204	956697
Prepaid expenses	5826	10315
TDS Receivable & Income tax paid	491645	3399
Minimum Alternative Tax (MAT) Credit	939839	-
Other current assets	5754	-
Total	13591399	3616307
SCHEDULE XI - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES (A) :		
Creditors for capital goods	1170351	1170351
Creditors for expenses	983733	2863635
Sundry Creditors	5855671	20969879
Advance from Customers	2954410	91119
Interest accrues but not due	-	39156
Investment amount payable	15146132	23520878
Total (A)	26110297	48655018
PROVISIONS (B) :		
Provision for Gratuity	982644	779147
Provision for FBT & Minimum Alternative tax	1214475	73015
Provision for Bonus	250000	180000
	2447119	1032162
Total (A+B)	28557416	49687180
SCHEDULE XII - MISC. EXPENDITURE NOT WRITTEN OFF		
Opening Balance	1092944	521259
Additions during the year	-	877500
Written off during the year	382269	305815
Closing Balance	710675	1092944

	For the period ending 30.06.2009 in Rs.	For the period ending 31.03.2008 in Rs.
SCHEDULE XIII- SALES		
Export sales	5444481	6034724
Local sales	15250972	15189877
Mechandising sales	168098447	120323777
Total	188793900	141548378
SCHEDULE XIV- OTHER INCOME		
Exchange Flactuation	2874514	1421420
Scrap sales	61096	8600
Discount & Other Income	37714	225574
Interest received on Deposits (TDS deducted - Rs. 1,686 /-)	13194	18413
(Previous year - Rs.3,399/-)		
Total	2986518	1674007
SCHEDULE XV - INCREASE / DECREASE IN STOCK		
Opening stock of Finished Goods	556260	411310
Closing stock of Finished Goods	699361	556260
Increase/(Decrease) in stock	143101	144950
SCHEDULE XVI - MATERIAL CONSUMED AND MANUFACTURING COSTS:		
Raw Materail consumed		
Cost of Merchandising Purchase : Flowers & Machinery	77689431	69358150
Fertilisers	1346343	904361
Chemicals & Pestisides	1273498	775000
Wages and Bonus	2820656	1773675
Carriage inwards	3032	6518
Genset Maintenance	271884	138853
Farm Maintenance	257581	136696
Other Manufacturing expenses	191761	203975
Power charges	392385	417135
Total	84246571	73714363
SCHEDULE XVII - ADMINISTRATIVE EXPENSES		
Audit fees	165300	33708
Computer Maintenance	3370	12160
Consultancy fees	-	2778404
General Expenses	137064	400705
Insurance	71862	31056
Listing Fees & Annual registration fees	127036	358546
Share Transfer Expenses	106086	62636
Postage & Telegrams	147219	55268

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30th JUNE 2009

	For the period ending 30.06.2009 in Rs.	For the period ending 31.03.2008 in Rs.
Printing and Stationery	253567	64428
Professional charges	1109295	120730
Rent,rates and taxes	1674031	889455
Repairs and maintenance	301351	281341
MD'S Remuneration	1500000	700000
Security expenses	192616	112647
TMA Maintenance	-	170252
Office maintenance	500590	53221
Telephone expenses	505625	248051
Travelling & Conveyance	2198493	517952
Transportation charges	324531	257692
Deferred Revenue exp Written off	1024674	35517
Misc expenses Written off	382269	305815
	10724979	7489584
SCHEDULE XVIII - PERSONNEL EXPENSES		
Salaries and other allowances	5459455	1971683
Contribution to Provident and other Funds	426031	234235
Staff Welfare	26889	26606
Total	5912375	2232524
SCHEDULE XIX - SELLING EXPENSES		
Handling charges	252564	1412250
Packing Material consumed	874964	318374
Merchandising sales expenses	71589955	42354777
Carriage outwards - Exports	868092	1199506
Carriage outwards - Local	103824	51428
Export charges & Market developmen expenses	16750	44129
Local selling expenses	81197	129188
Total	73787346	45509652
SCHEDULE XX - FINANCIAL EXPENSES		
Interest on Hire Purchase	51993	29371
Interest - ICD's & Others	487792	53269
Bank charges	221383	133218
Total	761168	215858

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE XXI

Significant Accounting Policies and notes to accounts forming part of the accounts for the period ended 30th June 2009.

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. The cost of the plant materials including re plantation expenses are capitalized and are being written off over a period of five years.
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.
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. 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.
13. **Contingent Liability:** There are no contingent liabilities for the period.

B. NOTES TO ACCOUNTS

1. The Company has prepared its financial statements for a period of Fifteen months i.e. from 1st April 2008 to 30th June 2009. Whereas previous period's financials were prepared for the period of 9 months i.e. from 1st July 2007 to 31st March 2008. Consequently the figures for the current period are not comparable with previous period's figures to that extent.

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

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

The numerator and denominator used to calculate Earning per Share:

	Period Ended 30.06.2009	Period Ended 31.03.2008
Profit attributed to the Equity Shareholders (Rs) (A)	9839720	11471049
Weighted average number of Equity Shares		
Outstanding during the year (B)	13763318	6718002
Face Value of Equity Shares (Rs)	10/-	10/-
Basic Earning per share (Rs.)- (A/B)	0.71	1.71
Diluted Earning per Share (Rs.) (A/B)	0.71	1.71

4. **SEGMENT REPORTING AS I7**

Business Segment: Though the Company is engaged in the business of dealing only in cut flowers during the current period, segment reporting is given below for the purpose of previous period's comparison. Since the company is into merchandising / trading in flowers in addition to farming 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 Rs.)

Revenue	Cut Flowers	Machinery	Outsourcing service	Total
Current period	188793900	---	---	188793900
Previous period	117261826	20280129	4006423	141548378

Segment wise Revenues Operation wise:

(In Rs)

Revenue	Farm	Merchandising/Trading	Outsourcing service	Total
Current period	20695453	168098447	---	188793900
Previous period	17218178	120323777	4006423	141548378

GEOGRAPHICAL REVENUES

(in Rs)

Geographical Segment	REVENUE	
	Current Period	Previous Period
Netherlands	5444481	5669124
India	15252411	11183454
Japan	163075645	98067669
Greece	1573289	1975979
Canada, Swiss, UK & Oman	3448074	365600
Ethiopia	0	20280129
USA	0	4006423
Total	188793900	141548378

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)
Globeagro Holdings, Mauritius
- (B) Subsidiaries (Indirect Holding)
a. M/s Alliance Flowers PLC
b. M/s Holetta Roses PLC
c. M/s Oromia Wonders PLC.

B. Transactions with Related Parties

Particulars	Alliance Flowers	Holetta Roses	Oromia Wonders
Purchase of Goods	Rs.77689431	Nil	Nil
Payments against material	Rs.79759969	Nil	Nil

Name of the Company or Party	Relationship	Nature of Transaction	Amount Rs. in lacs	Outstanding amounts carried in the Balance Sheet (Rs. in lacs)
Mr. Vinod Reddy G	Managing Director	Obtained/re paid Unsecured Loan	169.35	Nil

- 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 Rs.1211349/- (Previous Year- Rs.805200/-)
- 7) The Company has recognized MAT Credit of Rs.9,39,839/- 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.
- 8) The company has not recognized deferred tax asset in the books in accordance with AS-22 "Accounting for taxes on income" as there is no reasonable certainty of future taxable profits against which deferred asset can be realized.
- 9) Prior Period adjustments is net off Prior period Expense of Rs. Nil /-(PY Rs. 251920/-) and Prior period Income of Rs Nil (PY Rs. Nil/-).
- 10) Contingent Liabilities not provided for:
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) Rs.Nil (Previous year Rs.Nil)
- 11) Confirmation of balances has not been received from 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.

12) MANAGERIAL REMUNERATION

Particulars	30.06.2009 (15 Months)	31.03.2008 (9 Months)
Salaries and Allowances	15,00,000	7,00,000
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
Total	15,00,000	7,00,000

- 13) No amounts are due to SSI units beyond the prescribed limit as on 30th June 2009.
- 14) 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. Since the options are granted after the Balance Sheet period, the required disclosures as per SEBI ESOP Guidelines will be included in the next Annual Report.
- 15) The Parent company has transferred Rs.12, 00,360/- from deferred charges account to Investment account. This amount was incurred in the year 2007-08 towards Acquisition of M/s Globe agro holdings and adjusted in deferred charges. This adjustment is made in order to comply with Accounting standard. due to which the Goodwill amount has gone up.
- 16) During the year Customs, Excise & Service Tax Appellate Tribunal has issued judgment in favour of the company for erstwhile pending cases and accordingly no liability exists on the part of the company for payment of Customs duty on the DTA Sale. Moreover, the Development Commissioner, Seepz Special Economic Zone, Ministry of Commerce & Industry, Mumbai, vide their Order No. SEEPZ/SEZ/28/38/EOU/200-01/295 dt.06.01.2009 has issued Final Debonding Order for the Company. Hence there is no liability/obligation exist on the part of the Company for non-fulfillment of Export Obligation or payment of Duty on DTA Sales.
- 17) Additional information pursuant to part II of schedule VI of the Companies Act, 1956.

QUANTITATIVE AND OTHER DETAILS

		2009 (15 months)	2008 (9 months)
1	Licensed Capacity Cut Flowers (Roses)	10000000	10000000
2	Installed Capacity	7500000	4500000
3	Production - Stems (Net of wastage)	7157246	3718999

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

	Opening Stock	2009		2008	
		Quantity	Value(Rs)	Quantity	Value(Rs)
A	Fertilizers	0.89 MT	31905	2.29 MT	62.367
B	Chemicals & Pesticides *	---	39528	----	20688
C	Packing Materials	---	120806	----	24880
D	Finished Goods	278130 stems	556260	205655 stems	411310
Closing Stock:					
A	Fertilizers	0.344 MT	15310	0.89 MT	31905
B	Chemicals & Pesticides	---	20410	----	39528
C	Packing Materials	---	20572	----	120806
D	Finished Goods	349689 stems	699361	278130 stems	556260

Sales:					
A	Export Sales	223612 stems	5444481	264764 Stems	6034724
B	Local Sales	6862075 stems	15250972	3381760 Stems	11183454
Consumption of Raw Materials:					
A	Fertilizers	36.68 MT	1346343	36.181MTS	904361
B	Chemicals & Pesticides(*)	----	1273498	----	775000
C	Packing Materials(*)	----	874964	----	318374
Value of Imported and indigenous Raw material and chemicals etc..and percentage of total consumption					
		%	Value	%	Value
	Indigenous:- %	100%	2619841	100%	1679361
	Imported: - %	100%	NIL	100%	NIL

(*)Note: Quantitative details of Chemicals & Pesticides: Chemicals & Pesticides, packing materials comprises of large number of items and are of different units. It is very difficult to compile the data. Hence not quantified.

18)	CIF Value of Imports (In Rs.)	For the Period	Previous period
	a) Capital Equipment's	Nil	Nil
	b) Purchase of Flowers for trading	776.89 Lakhs	508.81 Lakhs
	Purchase of Machinery for trading	NIL	184.77 Lakhs
	c) Expenditure in Foreign Currency:		
	Commission, Handling & Freight	724.58 Lakhs	435.54 Lakhs
	Foreign Travel	14.89 Lakhs	1.41 Lakhs
	d) Earning in Foreign Currency:		
	(FOB Value of Exports)	1010.85 Lakhs	828.04 Lakhs
	e) Raw Materials	Nil	Nil
19)	# Auditors Remuneration:		
	Audit Fees	Rs. 130,000	Rs. 25,000
	Tax Audit	Rs. 20,000	Rs. 5,000
	# Exclusive of Service Tax		

20) Previous year's figures have been regrouped, rearranged and reclassified, wherever necessary to match with the current year's figures

21) Paise have been rounded off to the nearest rupee.

Signatures to Schedule I to XXI

As per our report of even date

For **Tukaram & Co.,**
Chartered Accountants

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

J. Poorna Chandar
Partner

G. Pramod
Director

G. Vinod Reddy
Managing Director

Place: Hyderabad
Date: 04.12.2009

P. Srihari
Vice President (Finance)

C.N. Bhavani Prasad
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2009

PARTICULARS	Period ended 30.06.2009 (Rs. in lacs)	Period ended 31.03. 2008 (Rs. in lacs)
Cash Flow from Operating Activities:		
Net Profit before Exceptional Item	101.14	115.30
Adjustment for:		
Interest Expenses	5.40	0.83
Depreciation	63.77	24.24
Miscellaneous Expenditure Written off	3.82	3.06
Provision for MAT (Net)	(2.10)	-
Operating Profit before working Capital Changes	172.03	143.42
Adjustment for:		
Debtors and other receivables	116.04	(255.90)
Increase/Decrease in Loans & Advance	(99.75)	7.39
Increase /Decrease in Inventories	(0.07)	(2.29)
Increase/Decrease in Creditors and other payables	(211.94)	437.50
Net Cash from operating Activities(A)	(23.69)	330.11
Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(35.42)	(212.41)
Additions in Intangible asset	4.65	(40.28)
Investments in subsidiary	(12.00)	(4132.62)
Expenditure for Enhancement of Authorised share capital	(7.13)	-
Net Cash used in investing activities:(B)	(49.90)	(4385.31)
Cash Flow from Financing Activities:		
Proceeds from secured loan	(2.21)	4.50
Proceeds from unsecured loan	(4.36)	(11.44)
Issue of Equity Shares/Share application money	(14.40)	4133.35
Miscellaneous expenses	0.00	(8.78)
Interest paid	(5.40)	(0.83)
Net Cash used in Financing Activities	(26.37)	4116.81
Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)	(99.96)	61.61
Cash and Cash equivalent at the beginning of the year	109.09	47.48
Cash and Cash equivalent at the end of the year	9.13	109.09

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants

J. Poorna Chandar
Partner

Place : Hyderabad
Date : 04.12.2009

G.Pramod
Director

P.Srihari
Vice President(Finance)

For **Neha International Limited**

G.Vinod Reddy
Managing Director

C.N.Bhavani Prasad
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I REGISTRATION DETAILS			
Registration No.	015987	State Code	01
Balance Sheet Date	30th June, 2009		
II CAPITAL RAISED DURING THE YEAR			Rs. in 000's
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS			Rs. in 000's
Total Liabilities	493028.63	Total Assets	493028.63
Sources of Funds			
Paid up Capital	137633.18	Reserves & Surplus	348302.07
Secured Loans	228.96	Unsecured Loans	6864.41
Application of Funds			
Net Fixed Assets	60069.05	Investments	414462.72
Net Current Assets	8202.25	Misc. Expenditure	710.68
Accumulated Losses	6021.10		
IV PERFORMANCE OF COMPANY			Rs. In 000's
Turnover	191923.52	Total Expenditure	181809.16
Loss/Profit before Tax & after extra ordinary item	10114.36	Profit/Loss after Tax & Extra ordinary item	9839.72
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, 2009 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the period 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 Rs. 79.42 Crores as at June, 2009 total revenues of Rs. 47.34 Crores and net cash inflows amounting to Rs. 4.17 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.
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) **Non - 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.**
 - (b) **The Managements is of the view that the carrying values of fixed assets are not higher than their recoverable amount. In the absence of adequate documentation in respect thereof, we are unable to comment on impairment loss, if any, as required by the Accounting Standard (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. (Note No.3.3 of schedule - 'XXI').**
 - (c) **Balances of debtors, creditors, loans & advances and other receivables & payables being subject to confirmation and reconciliation resulting in the balances as per books of accounts not verified by us. The consequent necessary adjustments, either of a revenue nature or otherwise if any, upon which we are unable to comment at this stage, will be made in the year they are finally settled with the parties.**
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, 2009.
 - ii) In the case of the consolidated Profit and Loss Account, of profit of the Group for the Period ended on the date ;and
 - iii) In the case of the consolidated Cash Flow Statement, consolidated of the cash flows for the Period ended on that date.

Place : Hyderabad

Dated : 04.12.2009

For **TUKARAM & CO.,**
Chartered Accountants

J. POORNA CHANDAR
Partner
M.No. 221627

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2009

PARTICULARS	SCHEDULE	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
Sources of Funds			
Share Holders Funds :			
Share Capital	I	137633180	137633180
Reserves and Surplus	II	406480833	340751136
Share Application Money		-	19290000
Loan Funds :			
Secured Loans	III	180565184	176945568
Unsecured Loans	IV	6864412	7300000
Total		731543609	681919884
Application of Funds :			
Goodwill		350721716	306033926
Other Intangible assets			
Gross Amount		4623016	4063152
Less: Amortisation		1060191	35517
Net Amount		3562825	4027635
Fixed Assets	V		
Gross Block		504356632	463751892
Less: Depreciation		185505589	130643963
Net Block		318851043	333107929
Capital Work in Progress		5491598	6026269
Investments	VI	217000	204998
Current Assets, Loans and Advances			
Inventories	VII	12604445	16599150
Sundry Debtors	VIII	90086791	50971000
Cash and Bank Balances	IX	2612729	13760454
Loans and Advances	X	76599479	53978784
Total current Assets		181903444	135309388
Less: Current Liabilities & Provisions	XI	78250939	99655907
: Minority interest		51663753	4227298
Net current Assets		51988752	31426183
Miscellaneous Expenditure (to the extent not written off or adjusted)	XII	710675	1092944
Total		731543609	681919884
Notes to Accounts	XXI		

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants

For **Neha International Limited**

G.Pramod
Director

G.Vinod Reddy
Managing Director

J. Poorna Chandar
Partner

P.Srihari
Vice President(Finance)

C.N.Bhavani Prasad
Company Secretary

Place : Hyderabad
Date : 04.12.2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 2009

PARTICULARS	SCHEDULE	For the period ended 30.06.2009 (For 15 Months)	For the Period ended 31.03.2009 (For 9 Months)
Income from Operations			
Sales	XIII	584461761	214910133
Other Income	XIV	2986518	1674007
Increase / (Decrease) in Finished Goods	XV	143101	144950
Total		587591380	216729090
Raw material consumed and Manufacturing costs			
Administrative Overheads	XVI	98426180	96215684
Personnel costs	XVII	28524153	8921236
Selling Expenses	XVIII	20910292	2568615
Selling Expenses	XIX	312918028	55974733
Total		460778653	163680268
Earnings Before Interest and Depreciation		126812727	53048822
Financial Expenses	XX	25143847	3017417
Earnings Before Depreciation		101668880	50031405
Depreciation	V	54955167	4375399
Earnings after Depreciation		46713713	45656006
Less: Prior Period items		0	2167427
Net Profit before tax		46713713	43488578
Less: Provision for : Fringe Benefit tax		64475	58809
: Minimum Alternative tax		1150000	-
: Deferred MAT tax credit		(939839)	-
Net Profit after tax for the period		46439077	43429769
Less: Minority Interest		(5071674)	4227298
Net profit after Minority interest		51510751	39202471
Profit /(Loss) Brought forward from previous year		11870596	(27331875)
Net Profit carried to Balance sheet		63381347	11870596
Basic / Diluted Earning per share (Face value - Rs.10/- each)		3.37	3.29

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants

J. Poorna Chandar
Partner

Place : Hyderabad
Date : 04.12.2009

G.Pramod
Director

P.Srihari
Vice President(Finance)

For **Neha International Limited**

G.Vinod Reddy
Managing Director

C.N.Bhavani Prasad
Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
SCHEDULE I - SHARE CAPITAL		
Authorised Capital		
30000000 Equity shares of Rs.10- each	300000000	300000000
Issued , subscribed & Paid up		
13763318 Equity shares of Rs.10/- each	137633180	137633180
Share Application Money	-	1440000
Share warrant application money	-	17850000
Total	19290000	19290000
SCHEDULE II - RESERVES & SURPLUS		
Share Premium account	329882075	330594656
FMO Grant	570000	570000
Capital Reserve	17850000	-
Foreign exchange reserve	(5202589)	(2284117)
Profit & Loss account	63381347	11870597
Total	406480833	340751136
SCHEDULE III - SECURED LOANS		
Hire Purchase Loan	228964	449971
Loan from Bank	180336220	176495597
Total	180565184	176945568
SCHEDULE IV - UNSECURED LOANS		
From Directors	-	100000
From Others	-	200000
Inter corporate deposits	6864412	7000000
Total	6864412	7300000
SCHEDULE VI - INVESTMENTS		
Investment by subsidiaries	217000	204998
Total	217000	204998
SCHEDULE VII - INVENTORIES		
Fertilizers	11864102	15882555
Chemicals & Pesticides	20410	39529
Packing Materials	20572	120806
Finished Goods	699361	556260
Total	12604445	16599150
SCHEDULE VIII - SUNDRY DEBTORS		
Morethan six months	52932446	3665570
Others	37154346	47305430
Total	90086791	50971000

STATEMENT OF FIXED ASSETS AND DEPRECIATION FOR THE PERIOD ENDED 30.06.2009
SCHEDULE V

Description	Gross Block			Depreciation / amortisation				Net Block		
	As at 1st April, 2008	Additions during the period	Exchange Fluctuation	As at 30th June 2009	As at 1st April, 2008	Charge for the period	Exchange Fluctuation	As at 30th June 2009	As at 30th June 2009	As at 31st March 2008
Land & Site	15,757,407	-	-	15,757,407	-	-	-	-	15,757,407	15,757,407
Development	39,748,971	2,802,291	1,469,232	44,020,494	3,024,702	891,523	3,840	3,920,065	40,100,429	36,724,269
Buildings	147,469,800	6,521,535	5,819,209	159,810,544	30,938,902	9,652,689	87,518	40,679,109	119,131,435	116,530,898
Green Houses	172,285,032	12,537,783	6,598,661	191,421,476	78,195,953	37,889,572	(196,085)	115,889,440	75,532,036	94,089,079
Plant Materials	1,680,376	-	-	1,680,376	887,931	132,960	-	1,020,891	659,485	792,445
Furniture & Fixtures	2,975,428	155,578	49,833	3,180,839	799,350	255,920	1,510	1,056,780	2,124,059	2,176,078
Office Equipment	631,116	51,000	-	682,116	537,496	111,551	-	649,047	33,069	93,620
Computers	11,783,213	-	520,545	12,303,758	4,033,180	1,288,648	19,947	5,341,775	6,961,983	7,750,033
Vehicles	259,400	10,500	-	269,900	154,705	15,879	-	170,584	99,316	104,695
D.G Set	71,161,149	693,078	3,375,495	75,229,722	12,071,744	4,716,425	(10,271)	16,777,898	58,451,824	59,089,405
Plant and Machinery	463,751,892	22,771,765	17,832,975	504,356,632	130,643,963	54,955,167	(93,541)	185,505,589	318,851,043	333,107,929
Total	114,327,290	21,240,756	328,183,846	463,751,892	70,240,679	56,027,885	4,375,399	130,643,963	333,107,929	44,086,611

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
SCHEDULE IX - CASH AND BANK BALANCES		
Balance in Bank with current account	2121255	12878274
Cash balance	491474	882180
Total	2612729	13760454
SCHEDULE X - LOANS AND ADVANCES		
Advance for capital Goods	8663710	1352475
Advance to suppliers	3421	7743898
Advance for expenses	1648000	590000
Advances - Staff	11947348	200000
Deposits	2866501	997697
Prepaid expenses	2688822	774467
TDS Receivable	8347527	3399
Minimum Alternative Tax (MAT) Credit	939839	-
Other Loans and Advances	39494311	42316848
Total	76599479	53978784
SCHEDULE XI - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES (A) :		
Creditors for capital goods	1170351	7035691
Creditors for expenses	20574047	23606293
Sundry Creditors	35631288	37727929
Advance from Customers	3282002	1325348
Interest accrues but not due	-	39156
Other current liabilities	-	5368450
Investment amount payable	15146132	23520878
Total (A)	75803820	98623745
PROVISIONS (B) :		
Provision for Gratuity	982644	779147
Provision for FBT & Minimum Alternative tax	1214475	73015
Provision for Bonus	250000	180000
Total (A+B)	78250939	99655907
SCHEDULE XII - MISC. EXPENDITURE NOT WRITTEN OFF		
Opening Balance	1092944	521259
Additions during the year	-	877500
Written off during the year	382269	305815
Closing Balance	710675	1092944

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
SCHEDULE XIII- SALES		
Export sales	401112342	64566416
Local sales	15250972	30019940
Mechandising sales	168098447	120323777
Total	584461761	214910133
SCHEDULE XIV- OTHER INCOME		
Exchange Flactuation	2874514	1421420
Scrap sales	61096	8600
Discount & Reimbursement expenses	37714	225574
Interest received (TDS deducted - Rs.1,686/-)	13194	18413
(Previous year - Rs. 3399/-)		
Total	2986518	1674007
SCHEDULE XV - INCREASE / DECREASE IN STOCK		
Opening stock of Finished Goods	556260	411310
Closing stock of Finished Goods	699361	556260
Increase/(Decrease) in stock	143101	144950
SCHEDULE XVI - MATERIAL CONSUMED AND MANUFACTURING COSTS:		
Raw Materail consumed		
Cost of Merchandising Flower Purchase & Machinery	37741301	79288802
Fertilisers	24701219	904361
Chemicals & Pesticides	1273498	5510138
Wages and Bonus	18392071	5499946
Carriage inwards	3032	6518
Genset Maintenance	271884	138853
Farm Maintenance	8105343	649844
Other Manufacturing expenses	191761	2927241
Power charges	7746071	1289981
Total	98426180	96215684
SCHEDULE XVII - ADMINISTRATIVE EXPENSES		
Audit fees	609494	33708
Computer Maintenance	3370	12160
Consultancy fees	-	2778404
General Expenses	3886536	798906
Insurance	2747801	262442
Listing Fees & Annual registration fees	301319	358546

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	As at 30.06.2009 in Rs.	As at 31.03.2008 in Rs.
Share Transfer Expenses	106086	62636
Postage & Telegramme	147219	55268
Printing and Stationery	692266	70624
Professional charges	1336657	120730
Rent,rates and taxes	3718827	972343
Repairs and maintenance	3126268	498201
MD'S Remuneration	1500000	700000
Security expenses	192616	112647
TMA Maintenance	-	170252
Office maintenance	1661449	208789
Telephone expenses	1446451	357741
Travelling & Conveyance	5316321	744965
Transportation charges	324531	261542
Deferred Revenue exp Written off	1024674	35517
Misc expenses Written off	382269	305815
Total	28524153	8921236
SCHEDULE XVIII - PERSONNEL EXPENSES		
Salaries and other allowances	20457372	2307774
Contribution to Provident and other Funds	426031	234235
Staff Welfare	26889	26606
Total	20910292	2568615
SCHEDULE XIX - SELLING EXPENSES		
Handling charges	252564	1412250
Import Duty	-	-
Packing Material consumed	15092514	318374
Merchandising sales expenses	129644970	52819858
Carriage outwards - Exports	167033820	1199506
Carriage outwards - Local	103824	51428
Export charges & Market development	709139	44129
Local selling expenses	81197	129188
Total	312918028	55974733
SCHEDULE XX - FINANCIAL EXPENSES		
Interest on term loans/ soft loans	24382679	2790643
Interest on Hire Purchase	51993	29371
Interest - Others	487792	53269
Bank charges	221383	144134
Total	25143847	3017417

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2009

PARTICULARS	For the period ended 30.06.2009 (For 15 Months)	For the Period ended 31.03.2009 (For 9 Months)
Cash Flow from Operating Activities:		
Net Profit before Exceptional Item	466.49	453.45
Adjustment for:		
Interest Expenses	251.44	30.17
Depreciation	549.55	43.75
Miscellaneous Expenditure Written off	3.82	3.06
Provision for MAT (Net)	(2.10)	-
Operating Profit before working Capital Changes	1269.20	530.44
Adjustment for:		
Debtors and other receivables	(391.16)	(509.71)
Increase/Decrease in Loans & Advance	(226.21)	(539.79)
Increase /Decrease in Inventories	39.95	(165.99)
Increase/Decrease in Creditors and other payables	260.32	1038.83
Net Cash from operating Activities(A)	952.10	353.78
Cash Flow from Investing Activities:		
Sale of Fixed Assets	-	-
Additions in Fixed Assets & Goodwill etc	(826.98)	(6495.43)
Additions in Intangible asset	4.65	(40.28)
Investments	(0.12)	(2.05)
Expenditure for Enhancement of Authorised share capital	(7.13)	-
Net Cash used in investing activities:(B)	(829.58)	(6537.76)
Cash Flow from Financing Activities:		
Repayment of Long Term Borrowings	-	-
Net Proceeds from secured loan	36.20	1769.46
Proceeds from unsecured loan	(4.36)	73.00
Issue of Equity Shares/Share application money/Reserves	(14.40)	4523.29
Miscellaneous expenses	0.00	(13.99)
Interest paid	(251.44)	(30.17)
Net Cash used in Financing Activites	(234.00)	6321.58
Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)	(111.48)	137.61
Cash and Cash equivalent at the beginning of the year	137.61	-
Cash and Cash equivalent at the end of the year	26.13	137.61

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants

For **Neha International Limited**

J. Poorna Chandar
Partner

G.Pramod
Director

G.Vinod Reddy
Managing Director

Place : Hyderabad
Date : 04.12.2009

P.Srihari
Vice President(Finance)

C.N.Bhavani Prasad
Company Secretary

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30th JUNE, 2009

I. Background :

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

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

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

Subsidiaries	Country of incorporation and other particulars	Percentage of holding the immediate parent	Year of consolidation
M/s. Globeagro Holdings	A subsidiary of Neha International Ltd Incorporated under the laws of Mauritius	100%	2008-09
M/s Holetta Roses Plc	A. subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	50%	2008-09
M/s Alliance Flowers Plc	A. subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99%	2008-09
M/s Oromia Wonders Plc	A. subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	50%	2008-09

2. Significant Accounting Policies :

2.1 Basis of Preparation

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 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, 2009.
- (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.

2.10 Taxation

Provision for Fringe Benefit Tax (FBT) 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 Parent Company has prepared its financial statements for a period of Fifteen months i.e. from 1st April, 2008 to 30th June, 2009. Whereas previous period's financials were prepared for the period of 9 months i.e. from 1st July, 2007 to 31st March, 2008. Consequently the figures for the current period are not comparable with previous period's figures to that extent.

3.2 The Parent company has transferred Rs. 12,00,360/- from deferred charges account to Investment account. This amount was incurred in the year 2007-08 towards Acquisition of M/s Globe agro holdings and adjusted in deferred charges. This adjustment is made in order to comply with Accounting standard. due to which the Goodwill amount has gone up.

The company has recognized Rs. 434.87 Lakhs as goodwill to the extent of Minority interest as on the date of acquisition of Globeagro Holdings. However this Minority interest belongs to the subsidiary companies of Globeagro Holdings.

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

Particulars	30.06.2009	31.03.2008
Salaries and Allowances	1500000	700000
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
Total	1500000	700000

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, 2009.

Parties with substantial interests	NIL
Subsidiaries wherein control exists	<ul style="list-style-type: none"> • Globeagro Holdings, Mauritius • Holetta Roses PLC, Ethiopia • Alliance Flowers PLC, Ethiopia • Oromia Wonder PLC, Ethiopia
Key Managerial Personnel including relatives	<ul style="list-style-type: none"> • Mr.Vinod Reddy G
Companies in which Directors are interested	<ul style="list-style-type: none"> • Nil
Non-Executive Directors	<ul style="list-style-type: none"> • Mr.Pramod G • Mr.Anil G.Nair • Mr.Sarath Kumar P

B. Transactions with Related Parties

Particulars	Alliance Flowers	Holetta Roses	Oromia Wonders
Purchase of Goods	Rs.77689431	Nil	Nil
Payments against material	Rs.79759969	Nil	Nil

Holding or subsidiary	Name of the Company or Party	Relationship	Nature of Transaction	Amount Rs. in lacs	Outstanding amounts carried in the Balance Sheet (Rs. in lacs)
Neha International Ltd- Holding co	Mr.Vinod Reddy G.	Managing Director	Obtained/re paid Unsecured Loan	169.35	Nil

3.6 EMPLOYMENT STOCK OPTION PLAN

The members of the Company at their Annual General Meeting held on 10th October, 2007 have 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. Since the options are granted after the Balance Sheet period, the required disclosures as per SEBI ESOP guidelines will be included in the next Annual Report.

3.7 SEGMENTAL REPORTING AS-17

Business Segment: Though the Company is engaged in the business of dealing only in cut flowers during the current period, segment reporting is given below for the purpose of previous period's comparison. Since the company is into merchandising / trading in flowers in addition to farming 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 Rs.)

Revenue	Cut Flowers	Machinery	Outsourcing Service	Total
Current period	584461762	0	0	584461762
Previous Period	190623581	20280129	4006423	214910133

Segment wise Revenues Operation wise: (In Rs)

Revenue	Farm Production	Merchandising/Trading	Outsourcing Service	Total
Current period	416363225	168098447	----	584461762
Previous period	90579933	120323777	4006423	214910133

Geographical Revenues: (in Rs)

Geographical Segment	REVENUE	
	Current Period	Previous period
Netherlands	344657793	64051407
India	15252411	11183454
Japan	163075645	98067669
Greece	1573289	1975979
Canada, Swiss, UK & Oman	3448073	365600
Ethiopia	56454550	35259601
USA	Nil	4006423
Total	584461761	214910133

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 Rs.9,39,839/- 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 not recognized deferred tax asset in the books in accordance with AS-22 "Accounting for taxes on income" as there is no reasonable certainty of future taxable profits against which deferred asset can be realized.

- 3.10** During the year Customs, Excise & Service Tax Appellate Tribunal has issued judgment in favour of the company for erstwhile pending cases and accordingly no liability exists on the part of the company for payment of Customs duty on the DTA Sale. Moreover, the Development Commissioner, Seepz Special Economic Zone, Ministry of Commerce & Industry, Mumbai, vide their Order No.SEEPZ/SEZ/28/38/EOU/200-01/295 dt.06.01.2009 has issued Final Debonding Order for the Company. Hence there is no liability/obligation exist on the part of the Company for non-fulfillment of Export Obligation or payment of Duty on DTA Sales.
- 3.11** Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the parent company's financial statements.
- 3.12** Paise have been rounded off to the nearest rupee

For **Tukaram & Co.**
Chartered Accountants

J. Poorna Chandar
Partner

Place : Hyderabad
Date : 04.12.2009

G.Pramod
Director

P.Srihari
Vice President(Finance)

For **Neha International Limited**

G.Vinod Reddy
Managing Director

C.N.Bhavani Prasad
Company Secretary



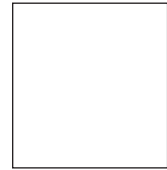
NEHA INTERNATIONAL LIMITED

Regd. Office: 501, Manbhumi 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, 2009 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 of2009



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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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 Sixteenth Annual General Meeting to be held on 31st December, 2009 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.

