

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, Khairatabad Branch, Hyderabad

IndusInd Bank, Secunderabad Branch, Hyderabad

ICICI Bank, Begumpet Branch, Hyderabad

Regd. Office

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

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

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NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the shareholders of the Company will be held on **Thursday, the 30th day of December, 2010 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 2010, 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. P Sarath Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to pass the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT M/s MATHESH & RAMANA, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Tukaram & Co., the retiring auditors from the conclusion of this annual general meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors.”

By order of the Board

For **NEHA INTERNATIONAL LIMITED**

Sd/-

G.Vinod Reddy

Chairman & Managing Director

Place: Hyderabad

Date: 04.12.2010

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 81 (IA) and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) (including any amendments thereto or re-enactment thereof) and the provisions of the Foreign Exchange Management Act, 2000 (the “FEMA”), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended, and subject to any required approval, consent, permission and/or sanction of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/Secretariat for Industrial Assistance) and the Securities and Exchange Board of India (the “SEBI”) Regulations and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (the “GOI”), the Reserve Bank of India (the “RBI”), SEBI and/or any other competent authorities and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges on which the Company's shares are listed and subject to necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), with or without a green shoe option, either in India or as a part of international offering(s) in one or more foreign markets, such number of Equity Shares, Global Depository Receipts (“GDRs”), Foreign Currency Convertible Bonds (“FCCB's”), and/or any other financial instruments convertible into Equity Shares (including warrants, or otherwise, in registered or bearer form) and/or any security convertible into Equity Shares with or without voting rights / with special rights and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or



subscribe to Equity Shares including the issue and allotment of equity shares pursuant to a green shoe option, if any (all of which are hereinafter collectively referred to as "Securities") or any combination of Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible person, including Qualified Institutional Buyers, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Venture Capital Funds (foreign or Indian) Foreign Institutional Investors, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents and/or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the "Investors") whether or not such Investors are members of the Company as may be decided by the Board in their discretion and permitted under applicable laws and regulations, of an aggregate amount not exceeding **US\$ 20 million** or equivalent thereof in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities by offering the Securities in one or more countries through public issue(s) of prospectus, private placement(s), or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board, at its absolute discretion may deem fit and appropriate."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Act (including any amendments thereto or re-enactment thereof), the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI (ICDR) Regulations") and the provisions of the FEMA, Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the Board may at their absolute discretion issue, offer and allot equity shares, fully convertible debentures, partly convertible debentures or any securities which are convertible into or exchangeable with equity shares (collectively referred to as "Securities") of an aggregate amount not exceeding **US \$ 20 million** or equivalent thereof in one or more foreign currency and / or Indian Rupees inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI (ICDR) Regulations) pursuant to a qualified institutional placement, as provided under Chapter VIII- of the SEBI (ICDR) Regulations and such securities shall be fully paid up and the allotment of such Securities shall be completed within 12 (twelve) months from the date of the shareholders resolution approving the proposed issue or such other time as may be allowed by the SEBI (ICDR) Regulations from time to time, at such price being not less than the price determined in accordance with the pricing formula of the aforementioned SEBI (ICDR) Regulations."

"RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions:

- (a) the Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- (b) the relevant date for the determination of applicable price for the issue of the Securities shall be as per the Regulations prescribed by SEBI, RBI, Govt through its various departments, or any other regulator and the pricing of any equity shares issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable rules and regulations; and such price shall be subject to appropriate adjustments in the applicable rules/guidelines/statutory provisions."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and subject to approval, consents, permissions, if any of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that inter-alia provide for the tradability and free transferability thereof in accordance with the prevailing practices in the international capital markets including but not limited to the terms and conditions for issue of additional Securities and the Board subject to applicable laws, regulations and guidelines be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose of such Securities that are not subscribed."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval for the

preliminary as well as final offer document(s), determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, premium amount on issue/conversion of the Securities, if any, rate of interest, execution of various transaction documents, in respect of any Securities as may be required either on pari-passu basis or otherwise, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board or Management Committee or any other Committee thereof be and is hereby authorized to engage / appoint the Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Stabilizing Agent, Trustees, Bankers, Advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. with such agencies and to seek the listing of such Securities on one or more National and/or International Stock exchange(s).”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to finalise the mode and the terms of issue and allotment of such number of Equity Shares/ Securities as may be required to be issued and allotted upon conversion, redemption or cancellation of any Securities referred to in paragraph(s) above as may be necessary in accordance with the terms of issue/offering in respect of such securities and all such equity shares shall rank pari passu with the existing equity shares of the Company in all respects except provided otherwise under the terms of issue/offering and in the offer document and/or offer letter and / or offering circular and/or offering circular and/or listing particular.”

“RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the proceeds thereof, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

“RESOLVED FURTHER THAT the Board is be and are hereby severally authorised to form a committee or delegate all or any of its powers to any Director(s) or committee of Directors/Company Secretary/other persons authorized by the Board to give effect to the aforesaid resolutions and is authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of equity shares including but not limited to :

- (a) Approving the offer document and filing the same with the any other authority or persons as may be required;
- (b) Approving the issue price, the number of Securities to be allotted, the basis of allocation and allotment of Securities;
- (c) To affix the Common Seal of the Company on any agreement(s)/ documents as may be required to be executed in connection with the above, in the presence of any Director of the Company and any one of the above Authorised Persons, who shall sign the same in token thereof;
- (d) Arranging the delivery and execution of all contracts, agreements and all other documents, deeds, and instruments as may be required or desirable in connection with the issue of equity shares by the Company;
- (e) Opening such banks accounts in Indian or foreign currency(ies) and de-mat accounts as may be required for the transaction;
- (f) To do all such acts, deeds, matters and things and execute all such other documents and pay all such fees, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transactions;
- (g) To make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard;



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- (h) Making applications for listing of the equity shares of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s); and

To authorize or delegate all or any of the powers herein above conferred to any or more persons, if need be.”

Item No: 5 (a) RE-APPOINTMENT OF SRI G VINOD REDDY, CHAIRMAN & MANAGING DIRECTOR

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, Mr. G Vinod Reddy Chairman and Managing Director be and is hereby re-appointed for a period of 3 years with effect from 15th May 2010 at a remuneration and on such terms and conditions as detailed below:

(a) Basic & DA	Rs.	150000	Per month
(b) House Rent Allowance (HRA)	Rs.	60000	Per month
(c) Conveyance	Rs.	10000	Per month
(d) Other allowances	Rs.	17500	Per month
(e) Leave travel allowance	Rs.	75000	Per annum
(f) Medical allowance	Rs.	75000	Per annum

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be, for the time being, in force. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration in excess of that entitled under Section II of Part II of Schedule XIII to the Companies Act, 1956, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for this effect.

Place: Hyderabad
Date: 04.12.2010

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

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 **29th December 2010 to 30th December 2010** (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.

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

Item No:4

The resolution contained in the business of the Notice relates to a proposal by the Company to create, offer, issue and allot Equity shares, GDR's, ADR's, Convertible Bonds/Debentures and such other securities as stated in the resolution (the "Securities") at such price as may be deemed appropriate by the Board as its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers, either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board in one or more tranche or tranches. The Company intends to make issue of an aggregate amount of not exceeding **US\$ 20 million** or equivalent thereof in Indian Currency or any other foreign currency.

The objects of this issue are to meet the fund requirement of company's expansion plans and its subsidiaries, including investment in subsidiaries, providing loans and or guarantees to subsidiaries, acquisitions of Companies, businesses and projects and for other general corporate purposes.

The detailed terms and conditions for the offer will be determined by the Board in consultation with the Advisors, Lead managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

As the pricing of the Offering cannot be decided except at a later stage, it is not possible to state the price or the exact



number of Equity shares to be issued. For reasons aforesaid as enabling resolution is therefore proposed for consideration of the shareholders to give adequate flexibility and discretion to the Board to finalise the terms of the issue.

The Equity shares allotted or arising out of conversion of any securities would be listed. The issue/allotment/conversion shall be subject to the availability of regulatory approvals if any. The conversion of other specified securities held by foreign investors into shares would be subject to the applicable foreign investment cap.

Section 81 (IA) of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further issue of shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in the said section, unless the shareholders decide otherwise in general meeting by way of special resolution. As the aforesaid resolution provides for or may result in Issue of Equity Shares to persons other than the existing shareholders of the Company, consent of the shareholders is being sought pursuant to provisions of Sec:81 (IA) and all other applicable provisions, if any of the Companies Act, 1956 and the SEBI (ICDR) Regulations.

The special Resolution as set out above, if passed, will have the effect of allowing the Board to issue and allot Securities to investors, who may not be existing shareholders of the Company in the manner as set out in the resolution.

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

Item No:5

The term of appointment of Mr G.Vinod Reddy as Chairman and Managing Director of the Company expired on 17-05-2010 and therefore, the Board of Directors in its meeting held on 15.05.2010, reappointed Mr G.Vinod Reddy as Chairman and Managing Director for a period of three years as per the terms and conditions and remuneration mentioned in the notice at resolution No.5

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Mr G.Vinod Reddy as Chairman and Managing Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.5 is submitted to the meeting for ratification by the members of the Company by passing an Special Resolution.

Mr G.Vinod Reddy, aged 49 years is the promoter and has been the Managing Director of the Company since its inception. He is a post- graduate in Political Science and was a Member of India Revenue Services during 1988 to 1994.

During his tenure as Managing Director, Neha International Ltd has grown in manifold. Some of the achievements are turning around the company into a profitable business, venturing into floriculture business in Ethiopia by acquisition of farms etc. Mr Vinod Reddy has end to end experience in building agri business from inception to world class enterprises.

The Board of Directors recommends the above resolution at item no.5 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Mr G.Vinod Reddy and G. Pramod to the extent of his appointment as director are concerned or interested in this resolution.

Information in accordance with Schedule XIII of Companies Act, 1956

I. GENERAL INFORMATION :

1. Nature of Industry : **Floriculture & Other Agriculture Products**
2. Date or expected date of commencement of commercial production : **Not Applicable - Already in operation**
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : **Not Applicable**
4. Export performance and net foreign exchange collaborations : **Rs. 157.70 Million**

5. Foreign Investment or collaborators, if any Investments (In subsidiaries)	(Amount in Rs.)
Globeagro Holdings, Mauritius	: 48,23,95,304
Dream Flowers Plc, Ethiopia	: 2,28,95,000
Neha Agriservices Pte.Ltd	: 330
Neha Agricorp Pte. Ltd.	: 330
Total	: 50,52,90,964

II. INFORMATION ABOUT THE APPOINTEE :

1. **Background details:** Sri G.Vinod Reddy, aged 49 years is the promoter and has been the Managing Director of the Company since its inception. He is a post- graduate in Political Science and was a Member of India Revenue Services during 1988 to 1994
2. **Past remuneration :**

Year	Total remuneration (in Rs.)
2009-10	14,25,403 (2.50 Lakhs per month w.e.f 15.05.2010)
2008-09	15,00,000 (1 Lakh per month - 15 months)
2007-08	7,00,000 (1 Lakh per month -Part of the year)
2006-07	NIL
2005-06	NIL

3. **Recognition or awards : Not Applicable**

4. **Job profile and his suitability :**

G.Vinod Reddy is the Chairman & Managing Director of Neha International Limited. He is a post- graduate in Political Science and was a Member of India Revenue Services during 1988 to 1994. He is the strategy maker for the company and overall supervises the operations and growth path of the company.

**5. Remuneration proposed:**

As set out in the resolutions for the item No.5.The remuneration to Sri G.Vinod Reddy, Chairman & Managing Director has the approval of the remuneration Committee.

6. Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t.the country of his origin)

Taking into consideration of the size of the Company, the growth achieved by the company for the last two years, proposed expansion plans, profile of Sri G.Vinod Reddy and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in the industry.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel,if any

He is holding 21,89,335 Equity Shares of the Company and is related to Sri. G. Pramod, Non-executive director of the Company.

III. OTHER INFORMATION:**1. Reasons of Inadequate profits.**

Neha International Ltd.,is in the business of growing and exporting of Cut- Flowers.The major revenue of the company is being generated by its international subsidiaries.As a standalone basis, the company's profits are lower. However, the company is generating good profit on a consolidated basis.For calculating the remuneration to the appointee,standalone profits are considered.

2. Steps taken or proposed to be taken for improvement

The Company is expected to get good returns from its investment in its subsidiaries by way of dividend.

3. Expected increase in productivity and profit in measurable terms:

The company is venturing into corporate farming in African countries and expected to report manifold increase in top-line and bottom line revenues.

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

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

Your Directors recommend this resolution for your approval

Brief write up on the appointee:

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

Place: Hyderabad

Date: 04.12.2010

For and on behalf of the Board

For **NEHA INTERNATIONAL LIMITED**

Sd/-

G.Vinod Reddy

Chairman & Managing Director

DIRECTORS' REPORT

Dear Members,

The Directors take great pleasure in presenting their report on the business and operations of the company along with the Seventeenth Annual Report to the Members with the audited financial statements for the period ended 30th June, 2010.

Financial Results: Consolidated		(Rupees in lakhs)	
Particulars	2009-10 (12 months)	2008-09 (15 Months)	
1 Net Sales & Income	5604.25	5874.48	
2 Increase/(Decrease) in stock	(6.99)	1.43	
3 Total Expenditure	3904.89	4607.79	
4 Interest	267.22	251.44	
5 Profit before depreciation & Exceptional Items	1425.14	1016.68	
6 Depreciation	391.71	549.55	
7 Less: Write off / prior period items	0.00	0.00	
8 Less: Minority interest	(200.48)	(50.72)	
9 Less: Provision for tax (Net)	4.31	2.75	
10 Profit/Loss carried to Balance Sheet	1229.60	515.10	

Financial Results: Standalone		(Rupees in lakhs)	
Particulars	2009-10 (12 Months)	2008-09 (15 Months)	
1 Net Sales & Income	2407.13	1917.80	
2 Increase/(Decrease) in stock	6.99	1.43	
3 Total Expenditure	2197.26	1746.71	
4 Interest	22.89	7.61	
5 Profit before depreciation & Exceptional Items	179.99	164.91	
6 Depreciation	38.48	63.77	
7 Less: Write off / prior period items	0.00	0.00	
8 Add: Extra Ordinary Income:	0.00	0.00	
9 Less: Provision for tax (Net)	4.31	2.75	
10 Profit/Loss carried to Balance Sheet	137.20	98.39	

RESULTS OF OPERATIONS

The standalone revenues increased to Rs.2407.13 Lakhs for the year ended 30.06.2010. The Company achieved a standalone operational profit of Rs.137.20 Lakhs. The Directors did not recommend any dividend for the period ended 30th June 2010., keeping in mind the fund requirements for the expansions under taken by the company.

The company recorded a revenue of Rs.5604.25 lakhs in consolidated financials for the year ended 30th June 2010, compared to Rs.5874.48 lakhs in the previous period ended 30.06.2009

FINANCIAL YEAR

Your company closed its accounts as on 30th June 2010 for a period of twelve months.

LISTING

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 31.03.2011. The Company got the trading platform recently in National Stock Exchange Limited through Madras Stock Exchange Ltd.

PREFERENTIAL ALLOTMENT

The Company during September 2009 has made a preferential issue of 20 lakh convertible warrants to Promoter group company, out of which 7,00,000 warrants have been converted to Equity shares

Subsequently in February 2010 company has made a preferential issue of 75 lakh convertible warrants to Promoter group company and others, out of which 1,00,000 warrants have been converted to Equity shares

DIRECTORS

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

AUDITORS

M/s Tukaram & Co., the present Statutory auditors who retires at the conclusion of this annual general meeting have expressed their inability to continue as auditors of the company on account of work pressure and other pre occupations. In view of the same the board has decided to appoint M/s MATHESH & RAMANA, the Chartered Accountants as the new statutory auditors of the company.

SUBSIDIARY COMPANIES

The company has four subsidiary companies M/s Globeagro Holdings, Mauritius, M/s Dream Flowers PLC, Ethiopia, M/s Neha Agricorp Pte Ltd and M/s Neha Agri Services Pte Ltd, Singapore, and five step down subsidiaries: M/s Alliance Flowers PLC, Ethiopia, M/s Oromia Wonders PLC, Ethiopia, M/s Holetta Roses PLC, Ethiopia M/s Nint Agri PLC, Ethiopia and Neha Agri Tanzania Ltd, Tanzania. A statement pursuant to Section 212 of the Companies act, 1956, containing details of subsidiary companies is annexed.

The Government of India vide their letter No.47/658/2010-CL-III Dt.22.07.2010 accorded approval exempting the company from attaching the financial statements of subsidiaries for the period ended 30th June, 2010 with the annual report of your company.

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 and also at the Company's website www.nehainternational.com.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the period ended 30th June, 2010 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, 2010, 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, 2010 on a going concern basis.

CORPORATE GOVERNANCE

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

FIXED DEPOSITS

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

CASH FLOW STATEMENT

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

PERSONNEL

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

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.

Each option entitles the holder thereof to apply for and be allotted an ordinary share of the company of the nominal value of Rs 10 with a premium of Rs 10 each, upon payment of Rs 20 per share during the exercise period. Relevant disclosures are made in Annexure-A. A certificate from statutory auditors has been obtained from the Statutory Auditors regarding compliance with the ESOP Guidelines.

ANNEXURE A
TO THE DIRECTORS REPORT FOR THE YEAR ENDED 30th JUNE, 2010

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999,

(a)	Year of options	2007	
(b)	Options granted	7,00,000	
(c)	The Pricing Formula	The exercise price for shares to be issued on exercise of options shall be, not less than the face value of the equity shares or such other price as may be calculated in accordance with the applicable statutory rules, regulations, guidelines and laws, on the date of grant.	
(d)	Options vested	500000 Options	
(e)	Options Exercised	185000	
(f)	The Total number of shares arising as a result of exercise of Options.	185000	
(g)	Options Lapsed	Nil	
(h)	Variation of terms of Options	Not applicable	
(i)	Money realized by exercise of Options (in Rs)	Rs 37,00,000	
(j)	Total number of Options in force as on 30.06.10	700000 (However 185000 options were converted into equity shares on 29th October 2010)	
k)	Employee-wise details of Options granted to:		
	(i) Senior Managerial personnel	Four (4)	
		Ravindra Goyal	125000 Options
		Bhausahab Kondaji Navle	100000 Options
		Srihari P	100000 Options
		Shaji Mathews	100000 Options
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year.	Not Applicable	
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Not applicable	
(l)	Diluted Earnings Per Shares (EPS) pursuant to issue of shares on exercise of option calculated in accordance with According Standard (AS) 20 'Earnings per Share'	Rs.0.57	



(m)	** Where the company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of the difference on profits and on EPS of the Company shall also be disclosed.	<table border="1"> <tr><td>Variables</td><td></td><td></td><td></td></tr> <tr><td>Stock Price</td><td></td><td></td><td></td></tr> <tr><td>Volatility</td><td></td><td></td><td></td></tr> <tr><td>Risk free Rate</td><td colspan="3">Explained separately below the table</td></tr> <tr><td>Exercise Price</td><td></td><td></td><td></td></tr> <tr><td>Time to Maturity</td><td></td><td></td><td></td></tr> <tr><td>Dividend yield</td><td></td><td></td><td></td></tr> <tr><td>Option Fair Value</td><td></td><td></td><td></td></tr> <tr><td>Weighted Avg. Option Fair Value</td><td></td><td></td><td></td></tr> </table>	Variables				Stock Price				Volatility				Risk free Rate	Explained separately below the table			Exercise Price				Time to Maturity				Dividend yield				Option Fair Value				Weighted Avg. Option Fair Value			
Variables																																						
Stock Price																																						
Volatility																																						
Risk free Rate	Explained separately below the table																																					
Exercise Price																																						
Time to Maturity																																						
Dividend yield																																						
Option Fair Value																																						
Weighted Avg. Option Fair Value																																						
(n)	Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	As per the table given below																																				
(o)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information.	As per Black Scholes model - Explained separately below the table																																				
(i)	risk-free interest rate,	The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to expected life of the options based on the Zero-coupon yield curve for Govt securities.																																				
(ii)	expected life,	<p>Time to maturity/Expected life of the options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life of the option is the maximum period after which the options cannot be exercised.</p> <p>In case of grant made on August 7, 2009, the earliest date of exercise is August 7, 2010 i.e one year from the date of grant and the options can be exercised during the next five years, i.e till August 7, 2015. Hence the minimum option life is one year and the maximum option life is six years. The average life is the arithmetic average of the two extremes-the minimum life and the maximum life, i.e-$(1+6)/2 = 3.5$ years. Time to maturity has been estimated on the similar basis for the remaining vesting tranches.</p>																																				
(iii)	expected volatility,	As per the table given below																																				
(iv)	expected dividends , and	Nil																																				
(v)	the price of the underlying share in market at the time of option grant.	Rs. 21.00 (as on Aug 07,2009)																																				

** Point no: I

	Grant date 07-Aug 2009				
	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
	7-Aug-10	7-Aug-11	7-Aug-12	7-Aug-13	7-Aug-14
Variables	40%	15%	15%	15%	15%
Stock price	21.00	21.00	21.00	21.00	21.00
Volatility	68.57%	68.57%	68.57%	68.57%	68.57%
Risk free rate	6.56%	6.88%	7.06%	7.16%	7.21%
Exercise price	20.00	20.00	20.00	20.00	20.00
Time to Maturity	3.50	4.50	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Option fair value	11.56	12.91	14.01	14.92	15.69
Weighted Avg.option Fair Value	13.25				

	Grant date 07-Aug 2009				
	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
	7-Aug-10	7-Aug-11	7-Aug-12	7-Aug-13	7-Aug-14
Variables	30%	20%	20%	15%	15%
Stock price	21.00	21.00	21.00	21.00	21.00
Volatility	68.57%	68.57%	68.57%	68.57%	68.57%
Risk free rate	6.56%	6.88%	7.06%	7.16%	7.21%
Exercise price	20.00	20.00	20.00	20.00	20.00
Time to Maturity	3.50	4.50	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Option fair value	11.56	12.91	14.01	14.92	15.69
Weighted Avg.option Fair Value	13.44				

	Grant date 07-Aug 2009				
	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
	7-Aug-10	7-Aug-11	7-Aug-12	7-Aug-13	7-Aug-14
Variables	20%	20%	20%	20%	20%
Stock price	21.00	21.00	21.00	21.00	21.00
Volatility	68.57%	68.57%	68.57%	68.57%	68.57%
Risk free rate	6.56%	6.88%	7.06%	7.16%	7.21%
Exercise price	20.00	20.00	20.00	20.00	20.00
Time to Maturity	3.50	4.50	5.50	6.50	7.50
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Option fair value	11.56	12.91	14.01	14.92	15.69
Weighted Avg.option Fair Value	13.82				



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**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

- I. As regards qualification in Para 4 (a) 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 as in previous years.

ACKNOWLEDGEMENTS

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

Hyderabad
Date: 04.12.2010

For and on behalf of the Board

Sd/-

G.Vinod Reddy

Chairman & Managing Director

ANNEXURE I

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) 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	Previous Period
		01.07.2009 to	01.04.2008 to
		30.06.2010	30.06.2009
I	Electricity:		
a)	Purchased Units	47788	201671
	Total Amount (Rs)	131417	526469
	Rate/ Unit (Rs)	2.75	2.61
b)	Own Generation:		
	Through Diesel Generator (Units)	6712	17822
	Cost/Unit (Rs.)	15.42	15.39
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)	1564.20	1726.75
ii)	Foreign Exchange used (Rs.):		
	1. Raw Materials (Merchandise flower purchase)	389.15	776.89
	2. Machinery	211.05	0
	lii Foreign Travel (Others)	11.66	14.89
	iii) Commission/handling charges	793.43	718.43

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:

	Current Year	Previous Year
1. Earnings: (Gross - Freight - Import Duty)	: 1564.20 lakhs	1726.75 lakhs
2. Outgo: Commission/ Handling/others	793.43 lakhs	718.43 lakhs
Raw Materials (Merchandise flower purchase)	389.15 lakhs	776.89 lakhs
Machinery (Merchandise machinery purchase)	211.05 lakhs	NIL



ANNEXURE - II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Forming Part of Directors' Report)

COMPANY OVERVIEW

Background A premium grower of cut roses, NEHA brings in 17 years of rich experience in the field of floriculture. The company's innovative, eco-friendly farming practices helped harness the excellent climatic and fertile land opportunities in Eastern Africa. Neha is credited for being one of the top four growers in highland cultivation. Roses are cultivated at altitudes of 8500 feet from the Sea level. Neha International group floriculture companies produce some of the best possible hybrid roses and sell them at auction houses like FloraHolland in Netherlands.

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

Floriculture Markets - Our products are exported to countries like the UK and Netherlands in Europe, Japan in Asia, the Middle Eastern markets like Saudi Arabia, Qatar, UAE. Exporting 98% of the produce makes it one of the largest suppliers of roses from Ethiopia to Europe and Japan. Negotiations are in advanced stages for including Russia in the list of exporting countries.

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

AGRIBUSINESS: DEVELOPMENTS & OUTLOOK

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

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

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



Current Project - NINT Agri Plc (a subsidiary of Neha International Limited) has acquired 4,000 hectares of land in Ethiopia for large scale cultivation of food crops. The land has been cleared and is being prepared for sowing. The company expects to take the first crop in March 2010. A rice mill with a capacity of 120 tonnes/ day and a seed processing unit with a capacity of 100 tonnes/ day are in the process of installation. Apart from infrastructure establishment, 6000 sq. m ware house is going to be installed. For the smooth conduct of the company's agri activities, a 12 km approach road is being constructed from "Annoo" village to the agricultural site. A reconstruction activity of a 10.5 Km road is being carried out from 'Billobashe' to the site road.

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

Other Endeavors - In a move to expand its agribusiness operations, Neha International Limited entered into a MoU with Zambia Development Agency (ZDA) to facilitate the acquisition of 100,000 hectares of land for agricultural development in Zambia. This MoU marks the beginning of a new alliance between Neha Agri Zambia Limited, Wholly Owned Subsidiary of Neha International Limited, and ZDA, the economic growth and development arm of the Zambian government. The company would continue to acquire and develop arable lands in other countries of Eastern and Southern Africa as part of its business development strategy.

Corporate Social Responsibility - Unrestrained production and indiscriminate growth without concern for the environment would put the lives of our future generations in jeopardy. Various methods like integrated nutrient management, pest and disease management, usage of bio-fertilizers and bio-pesticides, composting methods would be integrated to not only maintain but also improve soil texture and fertility. Water, being the foremost element in agriculture, would be conserved through effective water management techniques like reduction of outflow, rainwater harvesting and judicious usage.

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

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

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

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

- 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:4293.55 Lakhs and Paid-up capital of the company has increased from Rs 13,76,33,180 to Rs 14,56,33,180 upon conversion of 8 lakh warrants

MINORITY INTEREST

Minority interest as at 30th June, 2010 is Rs.414.58 Lakhs

LOAN FUNDS

The subsidiaries of the company M/s Alliance Flowers PLC and M/s Holetta Roses PLC & **Dream Flowers Plc.**, have the loans from the Bank at Ethiopia. Unsecured loans outstanding as at 30th June, 2010 was Rs.50.50 lakhs.

GOODWILL

The Parent company has further invested \$1,500,000 in M/s Globeagro Holdings during the year for the increase in stake in the existing subsidiaries. It also acquired 50% stake in Ethiopian base Floriculture company M/s Dream Flowers PLC. During the year the company has incorporated two 100% wholly owned subsidiary companies M/s Neha Agricorp PTE Ltd and M/s Neha Agri Services PTE Ltd in Singapore for venturing in to corporate farming in Ethiopian Countries. The company has also acquired M/s NINT Agri PLC through the Singapore based company M/s Neha Agricorp PTE Ltd. M/s NINT Agri PLC is having 10,000 acres of land in hand at Ethiopia. The goodwill due to the above was increased by Rs.300.72 Lakhs.

FIXED ASSETS

The company has sold the farm at pune and the net reduction on gross fixed assets during the year is Rs.951.71 Lakhs during the period.

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

The company has Rs.30.30 Lakhs of inventories of Fertilizers, Pesticides, chemicals, and packing materials as at 30th June, 2010. Its debtors as on 30th June, 2010 are Rs 1155.63 Lakhs. These debtors are considered good and realizable.

Cash balance represents balance in cash with the company to meet its various cash expenditure. The bank balance in India 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, 2010 was Rs.891.28 Lakhs.

Loans and Advances as at 30th June, 2010 was Rs.1075.75 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, 2010 were Rs. 1133.93 Lakhs.

RESULTS OF OPERATIONS

During the period ended 30th June, 2010 the company recorded a turnover of Rs.5604.25 lakhs. The company earned the Profit after tax of Rs. 1229.60 Lakhs during this period.

Financial Results: Consolidated		(Rupees in lakhs)	
Particulars	2009-10	2008-09	
	(12 Months)	(15 Months)	
1 Net Sales & Income	5604.25	5874.48	
2 Increase/(Decrease) in stock	(6.99)	1.43	
3 Total Expenditure	3904.89	4607.79	
4 Interest	267.22	251.44	
5 Profit before depreciation & Exceptional Items	1425.14	1016.68	
6 Depreciation	391.71	549.55	
7 Less: Write off / prior period items	0.00	0.00	
8 Less: Minority interest	(200.48)	(50.72)	
9 Less: Provision for tax (Net)	4.31	2.75	
10 Profit/Loss carried to Balance Sheet	1229.60	515.10	

Financial Results: Standalone		(Rupees in lakhs)	
Particulars	2009-10	2008-09	
	(12 Months)	(15 Months)	
1 Net Sales & Income	2407.13	1917.80	
2 Increase/(Decrease) in stock	6.99	1.43	
3 Total Expenditure	2197.26	1746.71	
4 Interest	22.89	7.61	
5 Profit before depreciation & Exceptional Items	179.99	164.91	
6 Depreciation	38.48	63.77	
7 Less: Write off / prior period items	0.00	0.00	
8 Add: Extra Ordinary Income:	0.00	0.00	
9 Less: Provision for tax (Net)	4.31	2.75	
10 Profit/Loss carried to Balance Sheet	137.20	98.39	



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

Geographical Segment	Current Year	Previous Period
Netherlands	318143956	344657793
India	81301969	15252411
Japan	117751201	163075645
Greece	1236933	1573289
Canada, Swiss, UK & Middle East	3782937	3448073
Ethiopia	34923958	564545500
Total	557140954	584461761

Segment wise Revenues:**(In Rs)**

Revenue	Cut Flowers	Machinery Service	Outsourcing	Total
Current period	21578665	157695091	59723242	238996998
Previous period	20695453	170972961	---	191668414

Geographical Revenues: Stand alone**(in Rupees)**

Geographical Segment	Revenue	
	Current Year	Previous Period
NetherlandsNetherlands	0	5444481
India	81301969	15252411
Japan	117751201	165950159
Greece	1236933	1573289
Swiss, UK & Middle East	3782937	3448074
Ethiopia (Machinery)	34923958	0
Total	238996998	191668414

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.

Sl.No	Name of the Director	No.of shares Held	Executive/Non- Promoter/Independent/ Executive Director Nominee Director
1	Sri G.Vinod Reddy	2189335	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	Commi-tees	Attendance at the last AGM
1	G.Vinod Reddy	Chairman & Managing Director	13	13	-	-	-	Yes
2	G. Pramod	Non executive Director	13	10	-	-	-	Yes
3	Anil G. Nair	Independent Director	13	10	1	-	-	Yes
4	P.Sarath Kumar	Independent Director	13	10	-	-	-	Yes

Note: Date of last Annual General Meeting (AGM) 31st December 2009.

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

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



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

Thirteen Board Meetings were held during the period 2009-10 (1st July 2009 to 30th June,2010). The time gap between any two Board meetings did not exceeded by more than four months.

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

1st Board Meeting	:	6th July 2009
2nd Board Meeting	:	31st July 2009
3rd Board Meeting	:	7th August 2009
4th Board meeting	:	14th September 2009
5th Board Meeting	:	31st October 2009
6th Board Meeting	:	4th December 2009
7th Board Meeting	:	24th December 2009
8th Board Meeting	:	9th January 2010
9th Board Meeting	:	31st January 2010
10th Board Meeting	:	29th March 2010
11th Board Meeting	:	9th April 2010
12th Board Meeting	:	15th May 2010
13th Board Meeting	:	14th June 2010

3. AUDIT COMMITTEE

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

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

BRIEF DESCRIPTION OF TERMS OF REFERENCE

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

The Audit Committee met 4 times during the year under review on 31st July, 2009, 31st October 2009, 31st January, 2010, 15th May 2010..All the members of the committee have attended all the four meetings.

4. REMUNERATION/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

During the year the committee met 2 times i.e., on 7th August 2009 and 15th May 2010

DETAILS OF REMUNERATION TO DIRECTORS:

- I. Shri G.Vinod Reddy, was re-appointed as Chairman and Managing Director of the company for a period of 3 years from w.e.f 15th May, 2010 with the remuneration of Rs 2.5 lacs per month subject to the approval of the members at the ensuing Annual General Meeting. Prior to revision he was drawing a remuneration of Rs. 1,00,000 per month.

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

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

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

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

- (a) Name and Designation of Compliance Officer

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

- (b) Status of Investor Complaints received during the period 2009-10 (1st July, 2009 to 30th June, 2010).

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	Nil	Nil
Change of Address	12	12
Non-receipt of duplicate share certificates	Nil	Nil
Non-receipt of Annual Report	Nil	Nil
Request for stop transfer	2	2
De-mat request pending	Nil	Nil
Other complaints	Nil	Nil
Total	14	14

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

- (c) Number of pending share transfers

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



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6. GENERAL BODY MEETINGS

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

Date of the meeting	AGM held relating to accounting year ended	Special Resolutions Passed	Venue of the Meeting	Time of Meeting.
31st December, 2009	2008-09	Nil	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM
27th September, 2008	2007-08	Nil	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM
10th October, 2006	2006-07	Eight	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	11.00AM

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

Date	Venue	Purpose
3rd September 2009	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	1) Shareholders' permission for raising of funds through issue of ADR's/GDR's/FCCB's/QIP upto USD 7.5 million under Sec:81 (1A) of the Companies Act, 1956 2) Obtaining Shareholders' consent for issue of 20,00,000 Convertible share warrants to M/s MV R Projects Pvt Ltd a Promoter group company 3) Obtaining shareholder's consent for investment in subsidiary by purchase of 6500 fully paid up equity shares of face value of Ethiopian Birr of 1000/- each being 50% fully paid up equity share capital of M/s Dream flowers Plc., Ethiopia.
3rd February 2010	Bhaskara Auditorium, BM Birla Science Centre, Adarshnagar, Hyderabad 500063	1) Shareholders permission for raising of funds by Issue of convertible share warrants to Promoter group company and others. 2) Shareholders permission for incorporation of a subsidiary company outside India

(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, 2010 the company sought approval from its shareholders on 31st October 2009 and 4th December 2009 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:

31st October 2009

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. Alteration of the other Objects clause of the Memorandum of association of the Company and authorizing the Board to take-up the same pursuant to Section 149(2A) of the Act	Special	S. Sarveswar Reddy, FCS Practicing Company Secretary	3104438	3104318 (99.99%)	120 (0.004%)

4th December 2009

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. Incorporation of a subsidiary company outside India and to subscribe/invest upto \$ 2 million in tranches in the capital of the aforesaid subsidiary	Special	S. Sarveswar Reddy, FCS Practicing Company Secretary	1090782	1090502 99.97	280 0.03
2. Incorporation of a subsidiary company in India and to subscribe/invest upto Rs 25 crores in the capital of the aforesaid Subsidiary	Special	S. Sarveswar Reddy, FCS Practicing Company Secretary	1090782	1090562 99.98	220 0.02
3 To consider providing Investment/loans/ guarantees	Special	S. Sarveswar Reddy, FCS Practicing Company Secretary	1090782	1090542 99.98	240 0.02

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 or relatives etc. that may have potential conflict with the interest of the company at large. The related party transactions are duly disclosed in the Notes to Accounts to the Balance Sheet.
- There were no cases of non-compliance by the Company, penalties, strictures imposed on Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

**8. MEANS OF COMMUNICATION**

Quarterly and Half yearly Report/Result	Published in English and Regional News papers apart from furnishing to the Stock Exchanges for displaying on their websites for the benefit of the investors at large
Website where quarterly results are displayed	The Results are displayed in company's website: 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 04.12.2010

12. GENERAL SHAREHOLDER INFORMATION

a) The Company's Annual General Meeting will be held on 30th December 2010 at 11.00 AM at Bhaskara Auditorium, B.M.Birla Science Centre, Adarshnagar, Hyderabad-500 063

(b) Financial Calendar for the year 2010 -2011

Results as on	To be announced on / before
1st Quarter Results as on 30-09-2010	14.11.2010
2nd Quarter Results as on 31-12-2010	14.02.2011
3rd Quarter Results as on 31-03-2011	15.05.2011
4th Quarter results as on 30.06.2011	14.08.2011

c) The Shares of the Company are listed on 1) Bombay Stock Exchange Limited (BSE) (Code: 519560) 2) Madras Stock Exchange Limited (MSE) The company has paid listing fees/ issuer fee for the year 2010-11 to BSE, MSE, NSDL & CDSL. The Shares of the company are also being traded in National Stock Exchange Limited w.e.f 09.08.2010

d) Stock Code: **BSE:519560**

Scrip Code NSE NEHAINT EQ

e) **Stock Data**

Average Monthly High and Low stock prices of Neha International limited at the Bombay Stock Exchange Limited (BSE) for the year ended 30th June, 2010 are furnished hereunder.

Month	Share Price		Volume
	High (Rs.)	Low (Rs.)	
July, 2009	20.55	14.60	326067
August, 2009	23.00	19.05	393828
September, 2009	29.50	19.50	510212
October, 2009	35.35	22.50	392157
November, 2009	31.10	25.20	150875
December, 2009	62.15	26.30	4431460
January, 2010	114.90	60.60	4788533
February, 2010	126.80	100.05	2225387
March, 2010	165.95	125.80	2261127
April, 2010	201.00	149.00	3064991
May, 2010	187.90	128.15	1086851
June, 2010	156.75	116.00	896284

* 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 30.06.2010

No. of Equity Shares Held	No. of Share Holders	% of Shares Held	No. of Shares Held	% of Share Holding
Upto 5,000	5244	87.40	4192920	2.88
5001-10,000	269	4.48	2297380	1.58
10,001-20000	142	2.37	2201010	1.51
20001-30000	78	1.30	2025470	1.39
30001-40000	42	0.70	1528910	1.05
40001-50000	34	0.57	1621760	1.11
50001-100000	82	1.37	5994100	4.12
100001 and above	109	1.82	125771630	86.36
TOTAL	6000	100.00	145633180	100.00

(ii) Share Holding Pattern as at 30th June 2010



Category		No. of Share held	Percentage of Share holding
A.	Promoter's Holding (1+2)		
1.	Promoters:	2891939	19.86
2.	Persons acting in Concert	8083	0.06
	Sub Total (1+2)	2900022	19.91
B.	Non-Promoters Holding (3+4)		
3.	Institutional Investors		
a.	Mutual Funds and UTI	0	0.00
b.	Banks, Financial Institutions, Insurance Companies	0	0.00
c.	Central / State Govt. Institutions / Non Government Institutions	0	0.00
d.	FII's	0	0.00
	Sub Total (3)	0	0
4.	Others		
a.	Private Corporate Bodies	2511139	17.24
b.	Indian Public	4239309	29.11
c.	NRI's / Foreign Company	4518564	31.03
d.	Any Other (Please Specify) Trusts/Clearing Members	394284	2.71
	Sub Total (4)	11663296	80.09
	GRAND TOTAL (A+B)	14563318	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, 2010, 1,31,89,742 shares, being 90.57% of the subscribed and paid-up 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, out of which 185000 options have been exercised by the eligible employees at the meeting held on 29th October 2010. Consequently, the share capital of the Company has increased from Rs. 14,56,33,180 to Rs. 14,74,83,180.

k) Address for correspondence

Neha International limited,

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

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

CEO Declaration

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

Place: **Hyderabad**

Date : **04.12.2010**

Sd/-

G. Vinod Reddy

Chairman & Managing Director



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AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

We have examined the compliance of conditions of Corporate Governance by M/s Neha International Limited for the period ended 30th June, 2010 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
Firm Regn No.004436S

Sd/-

J Poorna Chandar
Partner
M No: M.No.221627

Place: Hyderabad
Date: 04.12.10

ANNEXURE III

**Statement pursuant to Section 212 of the Companies Act, 1956,
relating to Company's interest in Subsidiary Companies
for the Year from 1st July 2009 to 30th June 2010**

	Globeagro Holdings	Alliance Flowers	Oromia Wonders	Holetta Roses	Dream Flowers	Neha Agri corp Pte Ltd	NINT Agri Ethiopia	Nehaagri Tanzania	Neha Agri services
1 The Financial year of the Sub sidiary companies ended on	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010
2 Date from which they became Subsidiary companies	07.02.2008	07.02.2008	07.02.2008	07.02.2008	07.09.2009	17.02.2010	03.06.2010	14.05.2010	17.02.2010
3 Country of incorporation	Mauritius	Ethiopia	Ethiopia	Ethiopia	Ethiopia	Singapore	Ethiopia	Tanzania	Singapore
Number of shares held by Neha International Ltd and/or its nominees in the subsidiaries as on 30.06.2010	11005735	12999	130000	34999	6500	10	9999	99	10
b Extent of interest of Neha International Ltd (holding company) in the Subsidiaries as on 30.06.2010	100%	99.99%	50%	99.99%	50%	100%	99.99%	99.99%	100%
5 The net aggregate amount of the Profits/(losses) of the subsidiaries So far as it concerns the members of Neha International Ltd and is not Dealt with in the accounts of Neha International Ltd.	(598445)	126069341	627088	(10805956)	(5069518)	(540918)	Nil	(138120)	(303674)
a For the financial year ended 30.06.10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b For the previous financial years of the Subsidiary since it became a subsidiary	Nil	1642975	5946733	9723846	Nil	Nil	Nil	Nil	Nil
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 30.06.10 For the previous financial years of the Subsidiary since it became a subsidiary- Ary (30.06.2009)	NA	NA	NA	NA	NA	NA	NA	NA	NA

FINANCIAL INFORMATION OF THE SUBSIDIARIES FOR THE PERIOD ENDED 30TH JUNE 2010

	Globeagro Holdings	Alliance Flowers	Oromia Wonders	Holetta Roses	Dream Flowers	Neha Agri corp Pte Ltd	NINT Agri Ethiopia	Nehaagri Tanzania	Neha Agri services
Paid-up Share Capital	511568574	35163512	62341041	69898101	45110000	325	25223204	279	325
Reserves and Surplus	76059008	157073492	20328398	-66373879	-61079044	-679039	0	-138120	-301250
Total Assets	766156252	251943809	85959919	137586607	64471337	101244960	88070196	340	27564
Total Liabilities (Excluding Capital and Reserves)	178528670	59706805	3290480	134062385	80440381	101923674	62846992	138181	328489
Investments (Excluding Investment in subsidiaries)	173517	0	0	173517	0	0	0	0	0
Total Income	341290320	252574572	41697248	40760386	17384513	0	0	0	0
Profit before tax	99513081	121733374	1247285	-26702979	-10296125	-679039	0	-138120	-301250
Provision for taxation	0	0	0	0	0	0	0	0	0
Profit after tax	99513081	121733374	1247285	-26702979	-10296125	-679039	0	-138120	-301250
Proposed Dividend (including tax thereon)	0	0	0	0	0	0	0	0	0

Note: \$ converted into Indian Rupees at the Exchange Rate | US \$ = Rs.46.482
Ethiopian Birr converted into Indian Rupees at | Birr = Rs.3.470

AUDITORS' REPORT

To
The Members,
Neha International Limited

We have audited the attached Balance Sheet of **NEHA INTERNATIONAL LIMITED** as at 30th June, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto.

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

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



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- (g) 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, 2010
 - ii) in the case of the Profit and Loss Account, of profit of the Company for the year ended on the date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **TUKARAM & CO.,**
Chartered Accountants
Firm.Reg.No. 004436S

Place : Hyderabad

Dated : 04.12.2010

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 Year, but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and nature of its business. We have been informed that no material discrepancies were noticed on such physical verification. Substantial part of fixed assets has been disposed during the Year, however there is no affect on its going concern.
2. The stock of inventory has been physically verified by the management during the Year at reasonable intervals. In our opinion, the procedure of the physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper stock records of inventory. The discrepancies noticed on verification between physical stock and the book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under the register maintained under section 301 of the Companies Act, 1956.
(b) The Company has taken interest free loan from one party covered under the register maintained under section 301 of the Companies Act, 1956. The amount involved during the Year was Rs.200.80 lakhs and the Year-end balance of loans from such parties was Rs.0.50 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 Year.
6. As informed, the Company has not accepted any deposits from the public during the Year.
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 Year can be considered as an adequate system commensurate with the size and nature of business.**
8. As informed the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the activities of the Company.



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9. (a) The Company is regular in depositing undisputed statutory dues including tax deducted at source, employees Provident Fund and other statutory dues with appropriate authorities with slight delays. However there is no amount outstanding for a period of more than 6 months.
(b) According to the information and explanation given to us, there are no dues of sales tax, income tax and other taxes and duties that have not been deposited on account of any dispute.
10. The Company does not have accumulated losses exceeding fifty percent of its net worth at the end of the Year and has neither incurred any cash losses during the Year covered by our audit nor in the immediately preceding Financial Year.
11. As per the information and explanation provided to us the Company has not defaulted in repayment of dues to Banks.
12. As per information and explanation provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other Investment.
13. The Company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society.
14. The Company is not dealing or trading in shares, Securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others, from Banks or Financial Institutions of the Company.
16. To the best of our knowledge and belief and according to the information and explanation given to us, term loans availed by the company during the year were prima facie applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The company has made preferential allotment of 7 Lakh shares by conversion of Share Warrants at a price of Rs.22 which was determined according to SEBI Guidelines for issue of Shares on Preferential Basis, during the Year to one Party being a promoter group company which is 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 Year. 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
Firm.Reg.No. 004436S

Place : Hyderabad
Dated : 04.12.2010

J. POORNA CHANDAR
Partner
M. No. 221627

BALANCE SHEET AS AT 30TH JUNE 2010

PARTICULARS	SCHEDULE	As at 30.06.2010 in Rs.	As at 30.06.2009 in Rs.
Sources of Funds			
Share Holders Funds :			
Share Capital	I	145633180	137633180
Reserves and Surplus	II	368900590	348302075
Share Application Money		121275000	0
Deferred Tax Liability		394580	0
Loan Funds :			
Secured Loans	III	27636	228964
Unsecured Loans	IV	5050000	6864412
Total		641280986	493028631
Application of Funds :			
Intangible assets			
Gross Amount		4623016	4623016
Less: Amortisation		1984794	1060191
Net Amount		2638222	3562825
Fixed Assets			
Gross Block	V	5318780	139110029
Less: Depreciation		2808193	79040979
Net Block		2510587	60069050
Investments	VI	505290964	414462725
Current Assets, Loans and Advances			
Inventories	VII	0	755653
Sundry Debtors	VIII	85683120	21500150
Cash and Bank Balances	IX	79854836	912464
Loans and Advances	X	29425604	13591399
Total current Assets		194963560	36759666
Less: Current Liabilities & Provisions	XI	64527206	28557416
Net current Assets		130436354	8202250
Miscellaneous Expenditure (to the extent not written off or adjusted)	XII	404859	710675
Profit and Loss Account		0	6021106
Total		641280986	493028631
Notes to Accounts	XXI		

As per our Report of even Date

For **Tukaram & Co.**
Chartered Accountants
Firm Reg. No. 004436S

J. Poorna Chandar
Partner
M.No.221627
Place : Hyderabad
Date : 04.12.2010

G.Pramod
Director

P.Srihari
Vice President(Finance)

For **Neha International Limited**

G.Vinod Reddy
Managing Director

C.N.Bhavani Prasad
Company Secretary



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PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 2010

PARTICULARS	SCHEDULE	For the Year ended 30.06.2010 (12 Months)	For the period ended 30.06.2009 (15 months)
Income from Operations			
Sales	XIII	238996998	191668414
Other Income	XIV	1715920	112004
Increase / (Decrease) in Finished Goods	XV	(699361)	143101
Total (A)		240013557	191923519
Raw material consumed and Manufacturing costs	XVI	123508800	84246571
Administrative Overheads	XVII	9706692	10724979
Personnel costs	XVIII	4985643	5912375
Selling Expenses	XIX	81524699	73787346
Total (B)		219725834	174671271
Earnings Before Interest and Depreciation(A-B)		20287723	17252248
Less : Financial Expenses	XX	2288969	761168
Earnings Before Depreciation		17998754	16491080
Less : Depreciation	V	3847850	6376723
Profit/(Loss) before Prior Period Adjustments		14150904	10114357
Less: Provision for			
: Fringe Benefit tax		0	64475
: Deferred tax liability		394580	0
: Minimum Alternative tax		2312393	1150000
: MAT tax credit		(2275690)	(939839)
Net Profit after tax for the period		13719621	9839721
Loss Brought forward from previous year		(6021106)	(15860827)
Net Profit / (Loss) carried to Balance Sheet		7698515	(6021106)

Basic Earnings per share (Face value - Rs.10/- each)	0.94	0.71
--	-------------	-------------

As per our Report of even Date

For **Tukaram & Co.**

Chartered Accountants

Firm Reg. No. 004436S

For **Neha International Limited**

G.Pramod
Director

G.Vinod Reddy
Managing Director

J. Poorna Chandar

Partner

M.No.221627

P.Srihari
Vice President(Finance)

C.N.Bhavani Prasad
Company Secretary

Place : Hyderabad

Date : 04.12.2010

	As at 30.06.2010 in Rs.	As at 30.06.2009 in Rs.
SCHEDULE I - SHARE CAPITAL		
Authorised Capital		
30000000 Equity shares of Rs.10- each	300000000	300000000
Issued , subscribed & Paid up		
14563318 Equity shares of Rs.10/- each	145633180	137633180
(Previous Year 13763318 Shares of Rs.10/- each)		
Share Application Money	-	-
Share warrant application money	121275000	-
	<u>121275000</u>	<u>0</u>
SCHEDULE II - RESERVES & SURPLUS		
Share Premium account	342782075	329882075
Capital Reserve	18420000	18420000
Balance in Profit & Loss A/c	7698515	0
Total	<u>368900590</u>	<u>348302075</u>
SCHEDULE III - SECURED LOANS		
Hire Purchase Loan	27636	228964
Total	<u>27636</u>	<u>228964</u>
SCHEDULE IV - UNSECURED LOANS		
From Directors	50000	-
From Others	-	-
Inter corporate deposits	5000000	6864412
Total	<u>5050000</u>	<u>6864412</u>
SCHEDULE VI - INVESTMENTS		
Investment in Globeagro Holdings	482395304	414462725
Investment in Dream Flowers PLC	22895000	0
Investment in Neha Agricorp PTE Ltd	330	0
Investment in Neha Agri Services PTE Ltd	330	0
Total	<u>505290964</u>	<u>414462725</u>
SCHEDULE VII - INVENTORIES		
Fertilizers	0	15310
Chemicals & Pesticides	0	20410
Packing Materials	0	20572
Finished Goods	0	699361
Total	<u>0</u>	<u>755653</u>
SCHEDULE VIII - SUNDRY DEBTORS		
Morethan six months	11380263	14652540
Others	74302857	6847610
Total	<u>85683120</u>	<u>21500150</u>

STATEMENT OF FIXED ASSETS AND DEPRECIATION FOR THE PERIOD ENDED 30.06.2010
SCHEDULE V

Description	Gross Block			Depreciation / amortisation			Net Block			
	As at 01.07.2009	Additions during the Year	Deletions / Sale of Assets	As at 30.06.2010	Up to 01.07.2009	For the Year	On Deletion	Up to 30.06.2010	As at 30.06.2010	As at 30.06.2009
Land & Site Development	15757407		15757407	0	0	0	0	0	0	15757407
Buildings	11216649		11216649	0	2374549	137124	2511673	0	0	8842100
Green Houses	40075385	801107	40876492	0	22903506	1427686	24331192	0	0	17171879
Plant Materials	51688245	340000	52028245	0	40742496	1529414	42271910	0	0	10945749
Furniture & Fixtures	1680376		0	1680376	1020891	106368	0	1127259	553117	659485
Office Equipment	2056337	30500	0	2086837	729755	98424	0	828179	1258658	1326582
Computers	682116	157590	0	839706	649047	15888	0	664935	174771	33069
Vehicles	2891922		2180061	711861	2300255	67627	2180062	187820	524041	591667
D.G.Set	269900		269900	0	170584	9615	180199	0	0	99316
Plant & Machinery	12791692	166817	12958509	0	8149896	455704	8605600	0	0	4641796
Total:	139110029	1496014	135287263	5318780	79040979	3847850	80080636	2808193	2510587	60069050
Previous Years Figures:	135568046	3541983		139110029	72664256	6376723		79040979	60069050	62903790

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2010

	As at 30.06.2010 in Rs.	As at 30.06.2009 in Rs.
SCHEDULE IX - CASH AND BANK BALANCES		
Balance in Bank with current account	79413971	424896
Cash balance	440865	487568
Total	79854836	912464
SCHEDULE X - LOANS AND ADVANCES		
Advance for capital Goods	459350	8663710
Advance to suppliers	1699921	3421
Advance for expenses	1648000	1648000
Advances - Staff	606000	726000
Deposits	1127204	1107204
Prepaid expenses	16771	5826
TDS Receivable & Income tax paid	156582	491645
Minimum Alternative Tax (MAT) Credit	3536876	939839
Interest Accrued but not due on FDR	361733	0
other Receivables	19813167	5754
Total	29425604	13591399
SCHEDULE XI - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES (A) :		
Creditors for capital goods	1170351	1170351
Creditors for expenses	697593	983733
Sundry Creditors	54305759	5855671
Advance from Customers	2954410	2954410
Investment amount payable	2019831	15146132
Total (A)	61147944	26110297
PROVISIONS (B) :		
Provision for Gratuity	797721	982644
Provision for FBT & Minimum Alternative tax	2462393	1214475
Provision for Bonus	119148	250000
Total (A+B)	64527206	28557416
SCHEDULE XII - MISC. EXPENDITURE NOT WRITTEN OFF		
Opening Balance	710675	1092944
Additions during the year	-	0
Written off during the year	305816	382269
Closing Balance	404859	710675



	For the Year ended 30.06.2010 in Rs. (12 Months)	For the period ending 30.06.2009 in Rs. (15 Months)
SCHEDULE XIII- SALES		
Export sales	0	5444481
Local sales	81301969	15250972
Mechandising sales	157695029	170972961
Total	238996998	191668414
SCHEDULE XIV- OTHER INCOME		
Scrap sales	27421	61096
Other Income & Prior Period Income	1243739	37714
Freight Subsidy	49740	
Interest received on Deposits (TDS deducted - Rs.3,698/-) (Previous year - Rs.1,686/-)	395020	13194
Total	1715920	112004
SCHEDULE XV - INCREASE / DECREASE IN STOCK		
Opening stock of Finished Goods	699361	556260
Closing stock of Finished Goods	0	699361
Increase/(Decrease) in stock	(699361)	143101
SCHEDULE XVI - MATERIAL CONSUMED AND MANUFACTURING COSTS:		
Raw Material consumed		
Cost of Merchandising Flower Purchase & Machinery	118386792	77689431
Fertilisers	568093	1346343
Chemicals & Pesticides	470467	1273498
Wages and Bonus	3760912	2820656
Carriage inwards	2157	3032
Genset Maintenance	103494	271884
Farm Maintenance	85468	257581
Other Manufacturing expenses	0	191761
Power charges	131417	392385
Total	123508800	84246571
SCHEDULE XVII - ADMINISTRATIVE EXPENSES		
Audit fees	165450	165300
Computer Maintenance	0	3370
General Expenses	781932	137064
Insurance	38386	71862
Listing Fees & Annual registration fees	379576	127036
Share Transfer Expenses	79891	106086
Postage & Telegramme	71282	147219

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30th JUNE 2010

	For the Year ended 30.06.2010 in Rs. (12 Months)	For the period ending 30.06.2009 in Rs. (15 Months)
Printing and Stationery	21484	253567
Professional charges	544450	1109295
Rent, rates and taxes	1565737	1674031
Repairs and maintenance	193081	301351
MD'S Remuneration	1425403	1500000
Security expenses	87468	192616
Office maintenance	280714	500590
Telephone expenses	455135	505625
Travelling & Conveyance	1988919	2198493
Transportation charges	190738	324531
Loss on sale of Assets	206627	0
Deferred Revenue exp Written off	924603	1024674
Misc expenses Written off	305816	382269
	9706692	10724979
SCHEDULE XVIII - PERSONNEL EXPENSES		
Salaries and other allowances	4479877	5459455
Contribution to Provident and other Funds	430719	426031
Staff Welfare	75047	26889
Total	4985643	5912375
SCHEDULE XIX - SELLING EXPENSES		
Handling charges	667317	252564
Packing Material consumed	154922	874964
Merchandising sales expenses	79342808	71589955
Carriage outwards - Exports	1275165	868092
Carriage outwards - Local	43992	103824
Business Promotion	25295	0
Export charges & Market developmen expenses	0	16750
Local selling expenses	15200	81197
Total	81524699	73787346
SCHEDULE XX - FINANCIAL EXPENSES		
Interest on Hire Purchase	17072	51993
Interest on Term Loan	1260950	0
Interest - ICD's & Others	466300	487792
Bank charges	544647	221383
Total	2288969	761168



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE XXI

Significant Accounting Policies and notes to accounts forming part of the accounts for the year ended 30th June 2010.

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. The company is following the practice of writing off Deferred Revenue Expenses over a period of five years and the same accounting treatment is consistently followed for the current year also. Any new deferred revenue expenditure incurred will be written off in the year of such expenditure as per Accounting Standard 28
8. Gratuity: Provision for Gratuity has been provided for employees who have completed requisite period of service.
9. Leave Encashment: Leave encashment is being 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 accruing as per the Lease agreement and are charged to Profit and Loss account.
12. Deferred Tax: Deferred tax charge reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.
13. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognized in the profit and loss account except for the net exchange gain or loss on account of imported Fixed assets, which is

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

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

B. NOTESTOACCOUNTS

- The Company has prepared its financial statements for a period of Twelve months i.e. from 1st July 2009 to 30th June 2010. Whereas previous period's financials were prepared for the period of 15 months i.e. from 1st April 2008 to 30th June 2009. Consequently the figures for the current period are not comparable with previous period's figures to that extent.
- 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)	13719621	9839720
Weighted average number of Equity Shares		
Outstanding during the year (B)	14563318	13763318
Face Value of Equity Shares (Rs)	10/-	10/-
Basic Earning per share (Rs.)- (A/B)	0.94	0.71
Diluted Earning per Share (Rs.) (A/B)	0.57	0.71

4. SEGMENT REPORTING AS I7

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

Geographical Segment: Geographical Segment of the company are Netherlands, India, Japan, Greece Canada, Switzerland, Oman, United Kingdom 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	Agri Products	Total
Current Year	144349798	34923958	59723242	238996998
Previous Year	191668414	---	---	191668414

Segment wise Revenues Operation wise:

(In Rs)

Revenue	Farm	Merchandising	Tradings Sales	Total
Current Year	21578665	157695091	59723242	238996998
Previous Year	20695453	170972961	---	191668414



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GEOGRAPHICAL REVENUES

(in Rs)

Geographical Segment	REVENUE	
	Current Period	Previous Period
Netherlands	0	5444481
India (Cut Flowers)	81301969	15252411
Japan	117751201	165950159
Greece	1236933	1573289
Canada, Swiss, UK & Oman	3782937	3448074
Ethiopia (Machinery)	34923958	0
USA	0	0
Total	238996998	191668414

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

A. Related Party and their Relationship

I (A) Subsidiaries (Direct Holding)

- M/s Globe agro Holdings, Mauritius
- M/s Dream Flowers PLC, Ethiopia
- M/s Neha Agricorp PTE Ltd, Singapore
- M/s Neha Agriservices PTE Ltd, Singapore

(B) Step Subsidiaries (Indirect Holding)

- a. M/s Alliance Flowers PLC, Ethiopia
- b. M/s Holettà Roses PLC, Ethiopia
- c. M/s Oromia Wonders PLC, Ethiopia.
- d. M//s NINT Agri PLC, Ethiopia.
- e. M/s Neha Agri Tanzania Ltd, Tanzania

B. Transactions with Related Parties (Amount in Lakhs)

Particulars	Alliance Flowers	Neha Agricorp PTE Ltd
Purchase of Goods	389.15	
Payments against material	495.82	
Sale of Goods		373.46

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	200.80	0.50

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.12,19,582/- (Previous Year- Rs.12,11,340/-)

- 7) The Company has recognized MAT Credit of Rs.22,75,690/- in the books in accordance with 115JAA of the Income tax act, as there is a reasonable certainty of future taxable profits against which MAT credit can be realized.
The company has recognized deferred tax liability of Rs. 394,580 in the books in accordance with AS-22 "Accounting for taxes on income"
- 8) Contingent Liabilities not provided for: Nil
- 9) Confirmation of balances has not been received from some of the Creditors, Debtors and for Loans & Advances, which are subject to reconciliation. Provision for doubtful debts, if any, in respect of the above and the consequential adjustment, if any, whether of revenue nature or otherwise, will be dealt accordingly.

10) MANAGERIAL REMUNERATION

Particulars	30.06.2010 (12 Months)	30.06.2009 (15 Months)
Salaries and Allowances	14,25,403	15,00,000
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
Total	14,25,403	15,00,000

11) Auditors Remuneration:

Audit Fees	Rs. 130,000	Rs. 130,000
Tax Audit	Rs. 20,000	Rs. 20,000

Exclusive of service tax

- 13) No amounts are due to SSI units beyond the prescribed limit as on 30th June 2010.
- 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. The employees of the company has exercised 185,000 options as on date. The company has allotted 185000 equity shares of Rs. 10/- each at a premium of Rs. 10/- each. Fair Value calculation has been given in the Directors Report
- 14) The Parent company has further invested \$1,500,000 in M/s Globeagro Holdings during the year for the increase in stake in the existing subsidiaries. It also acquired 50% stake in Ethiopian base Floriculture company M/s Dream Flowers PLC with Management control. During the year the company has incorporated two 100% wholly owned subsidiary companies M/s Neha Agricornp PTE Ltd and M/s Neha Agri Services PTE Ltd in Singapore. The company has also acquired M/s NINT Agri PLC through the Singapore based company M/s Neha Agricornp PTE Ltd. M/s NINT Agri PLC is having 10,000 acres of land in hand at Ethiopia.
- 15) During the year the company has disposed off its un-viable floriculture unit and other related assets located at pune for a total consideration of Rs 550 lakhs pursuant to the consent give by the shareholders at their meeting held on 10TH October 2007. The amount realized on sale of farm has been utilized for investment in Ethiopian floriculture operation. Although the company has disposed off its unit in Pune, the company continue to undertake merchandising trade of



cut flowers, machinery and other products. In view of the continuation of the business, the financial statements for the year are prepared on the basis of going concern concept.

- 16) Neha international Limited was incorporated in the year 1993 and since then the company was into the business of floriculture. During the year, the company has expanded its business activity by venturing into corporate farming by acquiring an Ethiopian based company called NINT Agri Plc, which holds 4000 hectares of arable land in Ethiopia. The company has acquired world class infrastructure development equipments and is in the advance stage of developing the land for cultivation.
- 17) Additional information pursuant to part II of schedule VI of the Companies Act, 1956.

QUANTITATIVE AND OTHER DETAILS

		2010 (12 months)	2009 (15 months)
1	Licensed Capacity Cut Flowers (Roses)	10000000	10000000
2	Installed Capacity	6000000	7500000
3	Production - Stems (Net of wastage)	3467955	7157246

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

Opening Stock	2010		2009	
	Quantity	Value(Rs)	Quantity	Value(Rs)
A Fertilizers	0.344 MT	15310	0.89 MT	62.367
B Chemicals & Pesticides *	---	20410	---	20688
C Packing Materials	---	20572	---	24880
D Finished Goods			278130 stems	411310
Closing Stock:				
A Fertilizers	---	---	0.344 MT	15310
B Chemicals & Pesticides	---	---	---	20410
C Packing Materials	---	---	---	20572
D Finished Goods	---	---	349689 stems	699361
Sales:				
A Export Sales			223612 stems	5444481
B Local Sales	3817644 Stems	21578665	6862075 stems	15250972
Consumption of Raw Materials:				
A Fertilizers	16.03 MT	568093	36.68 MT	1346343
B Chemicals & Pesticides(*)	---	470467	----	1273498
C Packing Materials(*)	---	154922	----	874964
Value of Imported and indigenous Raw material and chemicals etc..and percentage of total consumption				
	%	Value	%	Value
Indigenous: - %	100%	1294169	100%	2619841
Imported: - %	100%	NIL	100%	NIL

(*)(*)Note: Quantitative details of Chemicals & Pesticides: Fertilizers, 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.

The company sold the Floriculture farm in pune and the same has been handed over on 31st March 2010.

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

	2009-10	2008-09
Deferred Tax Liability on Fixed Assets	Rs.	Rs.
- Opening Balance	--	-
- During the Year	3,94,580/-	--
Deferred Tax Asset	3,94,580/-	--

Deferred tax Debited to Profit and Loss Account for the current year is **Rs.3,94,580/-**

- | 19) CIF Value of Imports (In Rs.) | For the Period | Previous period |
|---|----------------|-----------------|
| a) Capital Equipment's | Nil | Nil |
| b) Purchase of Flowers for trading | 389.15 Lakhs | 776.89 Lakhs |
| Purchase of Machinery for trading | 211.05 Lakhs | Nil |
| c) Expenditure in Foreign Currency: | | |
| Commission, Handling & Freight | 793.43 Lakhs | 724.58 Lakhs |
| Foreign Travel | 11.66 Lakhs | 14.89 Lakhs |
| d) Earning in Foreign Currency:
(FOB Value of Exports) | 1564.20 Lakhs | 1010.85 Lakhs |
| e) Raw Materials | Nil | Nil |
- 20) During the year, the company was sanctioned Rs.500 lakhs Letter of credit limits from M/s Indusind Bank. This limit is secured by pledge of the Company's shares in addition to cash margin. The company had utilized part of this limit as on 30.06.2010.
- 21) Previous year's figures have been regrouped, rearranged and reclassified, wherever necessary to match with the current year's figures.
- 22) 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
Firm Regn No.004436S

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

J. Poorna Chandar
Partner
M.No.221627

G. Pramod
Director

G. Vinod Reddy
Managing Director

Place: Hyderabad
Date: 04.12.2010

P. Srihari
Vice President (Finance)

C.N. Bhavani Prasad
Company Secretary



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CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2010 (Rs. in lacs)

PARTICULARS	For the Year ended 30.06.2010 (12 Months)	Period ended 30.06. 2009 (15 Months)
Cash Flow from Operating Activities:		
Net Profit before Exceptional Item	141.51	101.14
Adjustment for:		
Interest Expenses	22.89	5.40
Depreciation	38.48	63.77
Miscellaneous Expenditure Written off	3.06	3.82
Loss on sale of Assets	-	0.00
Provision for MAT (Net)	(0.37)	(2.10)
Operating Profit before working Capital Changes	205.57	172.03
Adjustment for:		
Debtors and other receivables	(641.83)	116.04
Increase/Decrease in Loans & Advance	(158.35)	(99.75)
Increase /Decrease in Inventories	7.56	(0.07)
Increase/Decrease in Creditors and other payables	359.70	(211.94)
Net Cash from operating Activities(A)	(227.36)	(23.69)
Cash Flow from Investing Activities:		
Purchase of Fixed Assets (Net)	537.11	(35.42)
Additions/ Written off of in Intangible asset (Net)	9.25	4.65
Investments in subsidiary	(908.28)	(12.00)
Expenditure for Enhancement of Authorised share capital	0	(7.13)
Net Cash used in investing activities:(B)	(361.92)	(49.90)
Cash Flow from Financing Activities:		
Proceeds from secured loan	(2.01)	(2.21)
Proceeds from unsecured loan	(18.14)	(4.36)
Issue of Equity Shares/Share application money	1,421.74	(14.40)
Interest paid	(22.89)	(5.40)
Net Cash used in Financing Activities	1,378.70	(26.37)
Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)	789.42	(99.96)
Cash and Cash equivalent at the beginning of the year	9.13	109.09
Cash and Cash equivalent at the end of the year	798.55	9.13

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants
Firm Reg. No. 004436S

For **Neha International Limited**

G.Pramod
Director

G.Vinod Reddy
Managing Director

J. Poorna Chandar
Partner
M.No.221627
Place:Hyderabad
Date :04.12.2010

P.Srihari
Vice President(Finance)

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, 2010		
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	641280.99	Total Assets	641280.99
Sources of Funds			
Paid up Capital	266908.18	Reserves & Surplus	369295.17
Secured Loans	27.64	Unsecured Loans	5050.00
Application of Funds			
Net Fixed Assets	2510.59	Investments	505290.96
Net Current Assets	130436.36	Misc. Expenditure	3043.08
Accumulated Losses	NIL		
IV PERFORMANCE OF COMPANY			Rs. In 000's
Turnover	240013.56	Total Expenditure	225862.66
Loss/Profit before Tax & after extra ordinary item	14150.90	Profit/Loss after Tax & Extra ordinary item	137.20
V GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY			
Product Description			
CUT FLOWERS		060 -31000	



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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors,

Neha International Limited

We have audited the attached Consolidated Balance Sheet of NEHA INTERNATIONAL LIMITED (the company) and its Foreign Subsidiaries (collectively referred as Group) as at 30th June, 2010 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

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

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of its foreign subsidiaries, whose financial statements reflect total assets of Rs. 93.19 Crores as at June, 2010, total revenues of Rs. 35.87 Crores and net cash inflows amounting to Rs. (3.81) Crores for the period ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.
3. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. In so far as it relates to the results of operations and the financial position of the Neha International Limited included in these consolidated financial statements we are of the opinion that :
 - (a) **The Company has not made a Provision of Gratuity and other retirement benefits as per the actuarial valuation referred in the Accounting Standard 15 "Accounting for Retirement Benefits in the financial Statement of Employers". The effect on current year profit was not ascertained.**
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanation given to us, We are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India subject to our qualification given in Para 4 above.
 - i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30th June, 2010.
 - ii) In the case of the consolidated Profit and Loss Account, of profit of the Group for the Year ended on the date ; and
 - iii) In the case of the consolidated Cash Flow Statement, consolidated of the cash flows for the Year ended on that date

Place : Hyderabad

Dated : 04.12.2010

For **TUKARAM & CO.,**
Chartered Accountant
Firm.Reg.No. 004436S

J. POORNA CHANDAR
Partner
M.No. 221627

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2010

PARTICULARS	SCHEDULE	As at 30.06.2010 in Rs.	As at 30.06.2009 in Rs.
Sources of Funds			
Share Holders Funds :			
Share Capital	I	145633180	137633180
Reserves and Surplus	II	429355132	406480833
Share Application Money		121275000	0
Deferred Tax Liability		394580	0
Loan Funds :			
Secured Loans	III	166651975	180565184
Unsecured Loans	IV	5050000	6864412
Total		868359867	731543609
Application of Funds :			
Goodwill		380793958	350721716
Other Intangible assets			
Gross Amount		4623016	4623016
Less: Amortisation		1984794	1060191
Net Amount		2638222	3562825
Fixed Assets	V		
Gross Block		409179637	504356632
Less: Depreciation		141833490	185505589
Net Block		267346147	318851043
Capital Work in Progress		56558021	5491598
Investments	VI	173516	217000
Current Assets, Loans and Advances			
Inventories	VII	3030332	12604445
Sundry Debtors	VIII	115563353	90086791
Cash and Bank Balances	IX	89128298	2612729
Loans and Advances	X	107574946	76599479
Total current Assets		315296929	181903444
Less: Current Liabilities & Provisions	XI	113393347	78250939
Minority interest		41458438	51663753
Net current Assets		160445144	51988752
Miscellaneous Expenditure (to the extent not written off or adjusted)	XII	404859	710675
Total		868359867	731543609
Notes to Accounts	XXI		

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants
Firm Reg. No. 004436S

For **Neha International Limited**

G.Pramod
Director

G.Vinod Reddy
Managing Director

J. Poorna Chandar
Partner
M.No.221627
Place : Hyderabad
Date : 04.12.2010

P.Srihari
Vice President(Finance)

C.N.Bhavani Prasad
Company Secretary



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CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2010

PARTICULARS	SCHEDULE	For the Year ended 30.06.2010 (For 12 Months)	For the Period ended 30.06.2009 (For 15 Months)
Income from Operations			
Sales	XIII	557140953	587336275
Other Income	XIV	3284398	112004
Increase / (Decrease) in Finished Goods	XV	(699361)	143101
Total		559725990	587591380
Raw material consumed and Manufacturing costs			
Administrative Overheads	XVII	159914555	98426180
Personnel costs	XVIII	20820109	28524153
Selling Expenses	XVIII	8163653	20910292
Selling Expenses	XIX	201590976	312918028
Total		390489293	460778653
Earnings Before Interest and Depreciation			
Financial Expenses	XX	169236697	126812727
Earnings Before Depreciation		26722317	25143847
Depreciation	V	142514380	101668880
Earnings after Depreciation		39171445	54955167
Less: Provision for : Fringe Benefit tax		103342935	46713713
: Deferred tax liability		0	64475
: Minimum Alternative tax		394580	0
: Deferred MAT tax credit		2312393	1150000
Net Profit after tax for the period		(2275690)	(939839)
Less: Minority Interest		102911652	46439077
Net profit after Minority interest		(20047767)	(5071674)
Profit /(Loss) Brought forward from previous year		122959419	51510751
Net Profit carried to Balance sheet		63381347	11870596
Basic Earnings per share (Face value - Rs.10/- each)		8.44	3.37

As per our Report of even Date

For **Tukaram & Co.**
Chartered Accountants
Firm Reg. No. 004436S**J. Poorna Chandar**
Partner
M.No.221627
Place : Hyderabad
Date : 04.12.2010**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 30.06.2010 in Rs.	As at 30.06.2009 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	145633180	137633180
Share Application Money	-	-
Share warrant application money	121275000	-
	121275000	-
SCHEDULE II - RESERVES & SURPLUS		
Share Premium account	342782075	329882075
Capital Reserve	18420000	18420000
Foreign exchange reserve	(35463368)	(5202589)
Profit & Loss account	186340766	63381347
Less: Cost of control during the year	82724341	103616425
Total	429355132	406480833
SCHEDULE III - SECURED LOANS		
Hire Purchase Loan	27636	228964
Loan from Bank	166624339	180336220
Total	166651975	180565184
SCHEDULE IV - UNSECURED LOANS		
From Directors	50000	-
From Others	0	-
Inter corporate deposits	5000000	6864412
Total	5050000	6864412
SCHEDULE VI - INVESTMENTS		
Investment by subsidiaries	173516	217000
Total	173516	217000
SCHEDULE VII - INVENTORIES		
Fertilizers	3030332	11864102
Chemicals & Pesticides	0	20410
Packing Materials	0	20572
Finished Goods	0	699361
Total	3030332	12604445

STATEMENT OF FIXED ASSETS AND DEPRECIATION FOR THE PERIOD ENDED 30.06.2010
SCHEDULE V

Description	Gross Block				Depreciation / Amortisation				Net Block				
	As at 1st July, 2009	on Acquisition	Additions during the year	Deletions during the year	Exchange Fluctuation	As at 30th June 2010	As at 1st July, 2009	on Acquisition	Charge for the Year	Deletions for the Year	Exchange Fluctuation	As at 30th June 2010	As at 30th June 2009
Land & Site Development	15,757,407	-	-	15,757,407	-	-	-	-	-	-	-	-	15,757,407
Buildings	44,020,494	-	-	11,216,649	(6,573,269)	26,230,576	3,920,065	-	594,618	2,511,673	(339,629)	1,663,381	40,100,429
Green Houses	159,810,544	42,368,530	3,880,051	40,876,492	(29,641,411)	135,541,222	40,679,109	4,997,806	7,911,435	24,331,192	(4,589,376)	24,667,783	119,131,435
Plant Materials	191,421,476	32,008,867	2,342,148	52,028,245	(32,230,555)	141,513,691	115,889,440	15,739,905	25,649,912	42,271,910	(18,534,680)	96,472,667	75,532,036
Furniture & Fixtures	1,680,376	-	-	-	-	1,680,376	1,020,891	-	106,368	-	-	1,127,259	659,485
Office Equipment	3,180,839	310,512	650,806	-	(305,050)	3,837,107	1,056,780	104,591	220,745	-	(86,330)	1,295,786	2,124,059
Computers	682,116	-	157,590	-	-	839,706	649,047	-	15,888	-	-	664,935	33,069
Vehicles	12,303,758	3,708,612	124,638	2,180,061	(2,370,920)	11,586,027	5,341,775	969,268	1,101,080	2,180,062	(794,816)	4,437,246	6,961,983
D.G Set	269,900	-	-	269,900	-	-	170,584	-	9,615	180,199	-	-	99,316
Plant and Machinery	75,229,722	15,499,884	26,400,721	12,958,509	(16,220,866)	87,950,932	16,777,898	1,937,150	3,561,784	8,605,600	(2,166,799)	11,504,433	58,451,824
Total	504,356,632	93,896,405	33,555,954	135,287,263	(87,342,091)	409,179,637	185,505,589	23,748,720	39,171,446	80,080,636	(26,511,630)	141,833,490	318,851,043
	463,751,892		22,771,765		17,832,975	504,356,632	130,643,963	-	54,955,167		(93,541)	185,505,589	333,107,929

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 30.06.2010 in Rs.	As at 30.06.2009 in Rs.
SCHEDULE VIII - SUNDRY DEBTORS		
More than six months	0	52932446
Others	115563353	37154345
Total	115563353	90086791
SCHEDULE IX - CASH AND BANK BALANCES		
SBalance in Bank with current account	86687382	2121255
Cash balance	2440916	491474
Total	89128298	2612729
SCHEDULE X - LOANS AND ADVANCES		
Advance for capital Goods	459350	8663710
Advance to suppliers	1699921	3421
Advance for expenses	11806958	1648000
Advances - Staff	606000	11947348
Deposits	6032902	2866501
Prepaid expenses	13185660	2688822
TDS Receivable	156582	8347527
Minimum Alternative Tax (MAT) Credit	3536876	939839
Interest accrued but not due	361733	0
Other Loans and Advances	69728964	39494311
Total	107574946	76599479
SCHEDULE XI - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES (A) :		
Creditors for capital goods	3359110	1170351
Creditors for expenses	6047124	20574047
Sundry Creditors	88010324	35631288
Advance from Customers	2954410	3282002
Other current liabilities	232712	-
Investment amount payable	9410405	15146132
Total (A)	110014085	75803820
PROVISIONS (B) :		
Provision for Gratuity	797721	982644
Provision for FBT & Minimum Alternative tax	2462393	1214475
Provision for Bonus	119148	250000
	3379262	2447119
Total (A+B)	113393347	78250939
SCHEDULE XII - MISC. EXPENDITURE NOT WRITTEN OFF		
Opening Balance	710675	1092944
Additions during the year	0	-
Written off during the year	305816	382269
Closing Balance	404859	710675



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SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT
(Rs. in lacs)

	For the Year ended 30.06.2010 (12 Months)	For the period ended 30.06.2009 (15 Months)
SCHEDULE XIII- SALES		
Export sales	334803261	403986856
Local sales	107314956	15250972
Mechandising sales	115022736	168098447
Total	557140953	587336275
SCHEDULE XIV- OTHER INCOME		
Scrap sales	27421	61096
Other Income	2861957	37714
Interest received (TDS deducted - Rs.3,698/-) (Previous year - Rs. 1686/-)	395020	13194
Total	3284398	112004
SCHEDULE XV - INCREASE / DECREASE IN STOCK		
Opening stock of Finished Goods	699361	556260
Closing stock of Finished Goods	0	699361
Increase/(Decrease) in stock	(699361)	143101
SCHEDULE XVI - MATERIAL CONSUMED AND MANUFACTURING COSTS:		
Raw Material consumed		
Cost of Merchandising Purchase : Flowers & Machinery	91151075	37741301
Fertilisers	32822557	24701219
Chemicals & Pesticides	470467	1273498
Wages and Bonus	25554778	18392071
Carriage inwards	2157	3032
Genset Maintenance	4504631	271884
Farm Maintenance	3197021	8105343
Other Manufacturing expenses	1737158	191761
Power charges	474711	7746071
Total	159914555	98426180
SCHEDULE XVII - ADMINISTRATIVE EXPENSES		
Audit fees	837735	609494
Computer Maintenance	0	3370
General Expenses	2056378	3886536
Insurance	1852469	2747801
Listing Fees & Annual registration fees	379576	301319
Share Transfer Expenses	79891	106086

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT
(Rs. in lacs)

	For the Year ended 30.06.2010 (12 Months)	For the period ended 30.06.2009 (15 Months)
Postage & Telegramme	71282	147219
Printing and Stationery	458396	692266
Professional charges	1480780	1336657
Rent,rates and taxes	3632647	3718827
Repairs and maintenance	193081	3126268
MD'S Remuneration	1425403	1500000
Security expenses	87468	192616
Office maintenance	2068657	1661449
Telephone expenses	1251478	1446451
Travelling & Conveyance	3289937	5316321
Transportation charges	217885	324531
Loss on sale of Assets	206627	0
Deferred Revenue exp Written off	924603	1024674
Misc expenses Written off	305816	382269
Total	20820109	28524154
 SCHEDULE XVIII - PERSONNEL EXPENSES		
Salaries and other allowances	7451589	20457372
Contribution to Provident and other Funds	430719	426031
Staff Welfare	281345	26889
Total	8163653	20910292
 SCHEDULE XIX - SELLING EXPENSES		
Handling charges	667317	252564
Packing Material consumed	7027599	15092514
Merchandising sales expenses	110572104	129644970
Carriage outwards - Exports	82251851	167033820
Carriage outwards - Local	43992	103824
Business Promotion	25295	0
Export charges & Market development	0	709139
Local selling expenses	1002818	81197
Total	201590976	312918028
 SCHEDULE XX - FINANCIAL EXPENSES		
Interest on term loans/ soft loans	25692976	24382679
Interest on Hire Purchase	17072	51993
Interest - Others	466300	487792
Bank charges	545969	221383
Total	26722317	25143847



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CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2010

PARTICULARS	Year ended 30.06.2010 (Rs. in lacs)	Period ended 30.06.2009 (Rs. in lacs)
Cash Flow from Operating Activities:		
Net Profit before Exceptional Item	1033.43	466.49
Adjustment for:		
Interest Expenses	267.22	251.44
Depreciation	391.71	549.55
Miscellaneous Expenditure Written off	3.06	3.82
Provision for MAT (Net)	(4.31)	(2.10)
Operating Profit before working Capital Changes	1691.11	1269.20
Adjustment for:		
Debtors and other receivables	(254.77)	(391.16)
Increase/Decrease in Loans & Advance	(309.75)	(226.21)
Increase /Decrease in Inventories	95.74	39.95
Increase/Decrease in Creditors and other payables	249.37	260.32
Net Cash from operating Activities(A)	1471.70	952.10
Cash Flow from Investing Activities:		
Additions in Fixed Assets & Exchange Fluctuation reserve	(485.52)	(826.98)
Additions in Intangible asset	(1118.72)	4.65
Investments	0.43	(0.12)
Expenditure for Enhancement of Authorised share capital	0.00	(7.13)
Net Cash used in investing activities:(B)	(1603.80)	(829.58)
Cash Flow from Financing Activities:		
Net Proceeds from secured loan	(139.13)	36.20
Proceeds from unsecured loan	(18.14)	(4.36)
Issue of Equity Shares/Share application money/Reserves	1421.75	(14.40)
Miscellaneous expenses	0.00	0.0
Interest paid	(267.22)	(251.44)
Net Cash used in Financing Activities	997.25	(234.00)
Net Decrease/Increase in Cash and cash Equivalents:(A+B+C)	865.15	-111.48
Cash and Cash equivalent at the beginning of the year	26.13	137.61
Cash and Cash equivalent at the end of the year	891.28	26.13

As per our Report of even Date
For **Tukaram & Co.**
Chartered Accountants
Firm Regn No. 004436S

J. Poorna Chandar
Partner
M.No.221627
Place : Hyderabad
Date : 04.12.2010

G.Pramod
Director

P.Srihari
Vice President(Finance)

For **Neha International Limited**

G.Vinod Reddy
Managing Director

C.N.Bhavani Prasad
Company Secretary

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30th JUNE, 2010

I. Background :

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

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

The Parent company has further invested \$1,500,000 in M/s Globeagro Holdings during the year for the increase in stake in the existing subsidiaries. It also acquired 50% stake with management control in Ethiopian base Floriculture company M/s Dream Flowers PLC. During the year the company has incorporated two 100% wholly owned subsidiary companies M/s Neha Agricorp PTE Ltd and M/s Neha Agri Services PTE Ltd in Singapore. The company has also acquired M/s NINT Agri PLC through the Singapore based company M/s Neha Agricorp PTE Ltd. M/s NINT Agri PLC is having 10,000 acres of land in hand at Ethiopia

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%	2009-10
M/s Holetta Roses Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2009-10
M/s Alliance Flowers Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	99.99%	2009-10
M/s Oromia Wonders Plc	A subsidiary of Globeagro Holdings Incorporated under the laws of Ethiopia	50%	2009-10
M/s. Neha Agricorp PTE Ltd	A subsidiary of Neha International Ltd Incorporated under the laws of Singapore	100%	2009-10
M/s NINT Agri Plc	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Ethiopia	99.99%	2009-10
M/s Neha Agri Tanzania Ltd	A subsidiary of Neha Agricorp PTE Ltd Incorporated under the laws of Tanzania	99.99%	2009-10
M/s. Neha Agri services PTE Ltd	A subsidiary of Neha International Ltd Incorporated under the laws of Singapore	100%	2009-10
M/s. Dream Flowers PLC	A subsidiary of Neha International Ltd Incorporated under the laws of Ethiopia	50%	2009-10



2. Significant Accounting Policies :

2.1 Basis of Preparation

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

2.2 Principles of Consolidation

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

- (a) The financial statements of the Parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances/ transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered, and are presented to the extent possible, in the same manner as the company's independent financial statements.
- (b) The excess of cost to the parent company of its investment in the subsidiary over the parents company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill.
- (c) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. period ended 30th June, 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. The company is following the practice of writing off Deferred Revenue Expenses over a period of five years and the same accounting treatment is consistently followed for the current year also. However any new deferred revenue expenditure incurred will be written off in the year of such expenditure as per Accounting Standard 28

2.10 Taxation

Provision for 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 Company has prepared its financial statements for a period of Twelve months i.e. from 1st July 2009 to 30th June 2010. Whereas previous period's financials were prepared for the period of 15 months i.e. from 1st April 2008 to 30th June 2009. Consequently the figures for the current period are not comparable with previous period's figures to that extent.
- 3.2 Neha international Limited was incorporated in the year 1993 and since then the company was into the business of floriculture. During the year, the company has expanded its business activity by venturing into corporate farming by acquiring an Ethiopian based company called NINT Agri Plc, which holds 4000 hectares of arable land in Ethiopia. The company has acquired world class infrastructure development equipments and is in the advance stage of developing the land for cultivation.
- 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	30.06.2010 (12 Months)	30.06.2009 (15 Months)
Salaries and Allowances	14,25,403	15,00,000
Contribution towards Retirement benefits	Nil	Nil
Perquisites	Nil	Nil
Total	14,25,403	15,00,000

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, 2010.

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 ● Neha Agricorp Pte Ltd, Singapore ● NINT Agri PLC, Ethiopia ● Neh Agri Tanzania Ltd ● Neha Agriservices Pte Ltd, Singapore ● Dream Flowers PLC, Ethiopia

Key Managerial Personnel including relatives	•	Mr.Vinod Reddy G
Companies in which Directors are interested	•	Nil
Non-Executive Directors	•	Mr.Pramod G
	•	Mr.Anil G.Nair
	•	Mr.Sarath Kumar P

B. Transactions with Related Parties (Rs. in Lakhs)

Particulars	Alliance Flowers	Neha Agricornp PTE Ltd.
Purchase of Goods	389.15	
Payments against material	494.82	
Sale of Goodfs		373.46

Name of the Company or Party	Relationship	Nature of Transaction	Amount Rs. in lacs Sheet (Rs. in lacs)	Outstanding amounts carried in the Balance
Mr.Vinod Reddy G.	Managing Director	Obtained/re paid Unsecured Loan	200.80	0.50

3.6 EMPLOYMENT STOCK OPTION PLAN

The members of the Company at their Annual General Meeting held on 10th October, 2007 had approved granting of a maximum of 700000 Options to its eligible employees by special resolution. Pursuant to this approval, the Compensation committee at its meeting held on 7th August, 2009 had granted 500000 options to the eligible employees of the company and its overseas subsidiaries and the same shall be exercised within five years from the date of vesting as per NEHA ESOP-2007. The employees of the company has exercised 185,000 options as on date. The company has allotted 185000 equity shares of Rs.10/- each at a premium of Rs.10/- each. Fair Value calculation has been given in the Directors Report

3.7 SEGMENTAL REPORTING AS-17

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

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

Revenue from these segments is as follows:

Segment wise Revenues: (in Rs.)

Revenue	Cut Flowers	Machinery	Trading Sales	Total
Current period	462493753	34923958	59723242	557140953
Previous Period	587336275	0	0	587336275



neha

Segment wise Revenues Operation wise:

(In Rs)

Revenue	Farm Production	Merchandising/Trading	Trading Sales	Total
Current period	339722682	157695029	59723242	557140953
Previous period	416363224	170971522	--	587336275

Geographical Revenues:

(in Rs)

Geographical Segment	REVENUE	
	Current Period	Previous period
Netherlands	318143956	344657793
India	81301969	15252411
Japan	117751201	165950159
Greece	1236933	1573289
Canada, Swiss, UK & Oman	3782937	3448073
Ethiopia	34923958	56454550
Total	557140954	587336275

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.22,75,690/- in the books in accordance with 115JAA of the Income tax act, as there is a reasonable certainty of future taxable profits against which MAT credit can be realized.

The company has recognized deferred tax liability of Rs. 394,580 in the books in accordance with AS-22 "Accounting for taxes on income"

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

3.11 Paise have been rounded off to the nearest rupee

For **Tukaram & Co.**
Chartered Accountants
Firm Regn No. 004436S

G.Pramod
Director

For and on behalf of the Board

G.Vinod Reddy
Managing Director

J. Poorna Chandar
Partner
M.No.221627
Place : Hyderabad
Date : 04.12.2010

P.Srihari
Vice President(Finance)

C.N.Bhavani Prasad
Company Secretary



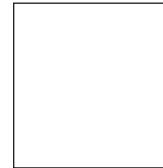
NEHA INTERNATIONAL LIMITED

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

PROXY FORM

I/We of
..... being a member/members of the
above named company hereby appoint..... of
..... as my/our proxy to vote
for me/us on my/our on behalf at the Annual General Meeting of the company to be held on 30th December, 2010 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 of2010



Note:

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



NEHA INTERNATIONAL LIMITED

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Hyderabad 500082, A.P., India
Telephone Nos. (040) 66134759, Fax: (040) 66136435

ATTENDANCE SLIP

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

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

I hereby record my presence at the Seventeenth Annual General Meeting to be held on 30th December, 2010 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.