

ANNUAL REPORT

2009 - 2010



NEO CORP INTERNATIONAL LIMITED

Regd. Office & Works : Industrial Area, Sector-1,

Plot No. 62-63-64A, Pithampur - 454 775, Dist. Dhar M.P. (India)

Phone : +91-7292-410400, 410414 **Fax :** +91-7292-410499. **e-mail :** contact@neocorp.co.in

BOARD OF DIRECTORS

| | |
|--------------------------|-------------------|
| MR. K.S. TRIVEDI | Chairman |
| MR. SUNIL TRIVEDI | Managing Director |
| MR. P. SHARMA | Director |
| MR. D. TRIVEDI | Director |
| MR. SHRAWAN KUMAR PATODI | Director |
| MR. LADHARAM PATEL | Director |
| MR. SANJAY TRIVEDI | Director |
| MR. ROLLAND CODERRE | Director |

COMPANY SECRETARY

MS. SWATI GANGRADE

STATUTORY AUDITORS

M/S A.P. GARG & COMPANY
CHARTERED ACCOUNTANTS,
INDORE (M.P.)

BANKERS

STATE BANK OF INDIA
STATE BANK OF BIKANER & JAIPUR
STATE BANK OF TRAVANCORE
PUNJAB NATIONAL BANK

REG. OFFICE & WORKS

INDUSTRIAL AREA, SECTOR 1,
PLOT NO. 62-63-64A, PITHAMPUR
DIST. DHAR (M.P.)-454775

CITY OFFICE

23, ALAPURA, NEAR TIRATHBAI KALACHAND SCHOOL,
INDORE 452007 (M.P.)

BRANCH OFFICE:

Mumbai

220, Mahavir Industrial Estate,
32, Mahavir Industrial Area,
Opp. Mahakali Caves Road,
Andheri(E), Mumbai- 400 093

Ahmedabad

Plot No. 108/2, G.I.D.C. Estate,
Opp Ambica Nagar, Odhav
Ahmedabad

London

26, Viola Avenue,
Feltham,
Middlesex
TW 14 OEW

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING WILL BE HELD ON WEDNESDAY THE 22nd DECEMBER 2010 AT 4.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT INDUSTRIAL AREA, SECTOR 1, PLOT NO. 62-63-64A, PITHAMPUR, DIST. DHAR (M.P.) TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS

- ♦ To consider and adopt the Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date, the report of the Board of Directors and Auditors thereon.
- ♦ To declare dividend on the equity shares.
- ♦ To appoint Director in place of Shri D. Trivedi, who retires by rotation and being eligible offers himself for re-appointment.
- ♦ To appoint Director in place of Shri S. K. Patodi who retires by rotation and being eligible offers himself for reappointment.
- ♦ To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

ITEM NO. 1

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

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, and in terms of schedule XIII of the Companies Act, 1956 as amended up to date the remuneration of Mr. Sunil Kumar Trivedi, Managing Director of the Company be and is here by increased from Rs. 80,000 per month to Rs. 110,000 per month with effect from 1st April, 2010, as set out hereunder:

- a) Salary: Rs. 110,000/- (Rupees One Lacs Ten Thousand only) per month and other terms and conditions will remain same.
- b) Perquisites: As detailed in **the Explanatory Statement**, the annual value of which will be limited to a ceiling of 100% of annual salary.

“RESOLVED FURTHER that where in any financial year the Company has no profits, or its profits are inadequate during the term of office of Mr. Sunil Kumar Trivedi, the remuneration aforesaid shall be minimum remuneration.”

“RESOLVED FURTHER that the Board of Directors be and are hereby authorized to vary, alter, increase or enhance/change from time to time, the terms and conditions of appointment and remuneration of Mr. Sunil Kumar Trivedi subject to the limit laid down under the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if any, being obtained”

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper.”

ITEM NO. 2

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

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311, and other applicable provisions if any, and in terms of schedule XIII of the Companies Act, 1956 as amended up to date the remuneration of Shri Kailash Chandra Trivedi, Whole Time Director of the Company be and is here by increased from Rs. 65,000 per month to Rs. 80,000 per month with effect from 1st April, 2010, as set out hereunder:

- a) Salary: Rs. 80,000/- (Rupees Eighty Thousand only) per month and other terms and conditions will remain same.
- b) Perquisites: As detailed in **the Explanatory Statement**, the annual value of which will be limited to a ceiling of 100% of annual salary.

“RESOLVED FURTHER that where in any financial year the Company has no profits, or its profits are inadequate during the term of office of Shri Kailash Chandra Trivedi, the remuneration aforesaid shall be minimum remuneration.”

“RESOLVED FURTHER that the Board of Directors be and are hereby authorized to vary, alter, increase or enhance/change from time to time, the terms and conditions of appointment and remuneration of Shri Kailash Chandra Trivedi, subject to the limit laid down under the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if any, being obtained”

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper.”

ITEM NO. 3.

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the limits specified in Schedule XIII to the said Act, the company hereby approves re-appointment of **Shri Pradhuman Sharma**, Whole Time Director, for a period of five years from **1st September 2010 to 31st August 2015** on remuneration, terms and conditions as set out in the **Explanatory statement** annexed to notice of this Annual General Meeting and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement without any further reference to the company in General Meeting, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendments or modifications that may hereafter be made thereto by the Central Government or as may be required by any other applicable law and as may be agreed to between the Board of Directors."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

By Order of the Board of Directors

Place: Indore
Date: 15/10/2010
Regd. Office: Industrial Area, Sector 1,
Plot No. 62-63-64A, Pithampur, Dist. Dhar (M.P.)

K.S.TRIVEDI
(CHAIRMAN)

NOTES :

- ❖ A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- ❖ The Register of Members of the Company will remain closed during the period from 17th December 2010 to 22nd December 2010 (both days inclusive) for the purpose of payment of dividend to those members whose name stand on the Register of Members as on 17th December 2010. The Dividend in respect of equity shares held in electronic form will be payable to the beneficial owner of the equity shares as at the end of business hours on 16th December 2010, as per the details furnished by the depositories for this purpose.
- ❖ **The relative Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.**
- ❖ Members are requested to send their queries, if any at least 10 days in advance so that the information can be made available at the meeting and to bring their copies of the Annual Report at the time of attending the Annual General Meeting
- ❖ Members are requested to contact the Registrar and Share Transfer Agent for all matter connected with Company's shares at Ankit Consultancy Private Limited, 2nd Floor, Alankar Point, Geeta Bhavan Chouraha, A.B. Road, Indore 452001 M.P.
- ❖ In all correspondence with the Company, members are requested to quote their Account/Folio numbers and in case their shares are held in dematerialised form, they must quote their client ID and DP ID number.
- ❖ The Company has designated an exclusive email ID contact@neocorp.co.in which would enable the members to post their grievances and monitor its redressed. Any member having any grievance may post the same to the said Email address for its quick redressal.
- ❖ SEBI has notified for compulsory trading of shares of the Company in demat form so members, who have not dematerialised their shares are advised to contact Depository Participant in this regard.
- ❖ **ADDITIONAL INFORMATION FOR RE-APPOINTMENT OF DIRECTORS**
Pursuant to clause 49 (VI)(A) of the Listing Agreement relating to the code of Corporate Governance, the particulars of aforesaid Directors are given below:-
 1. Shri Pradhuman Sharma is DTE, M.A (Economics) & MBA (Finance) gold medalist and having working experience of over 15 years in various fields of the industry. He is also a visiting faculty of the DAVV for the past 8 years. His shareholding in Neo Corp International Ltd. is 200 shares.
 2. Shri Shrawan Kumar Patodi is B. Com. M.A., LL.B. and D.H.B. He has experience of 7 years as Export Executive. He has experience of over two decades in the various fields.
 3. Shri D. Trivedi, B.A., B.Com. LL.B has had working experience in the areas of export, import, share broking and business experience of almost 20 years in timber. His shareholding in Neo Corp International Ltd. is 100 shares.

By Order of the Board of Directors

Place: Indore
Date: 15/10/2010
Regd. Office: Industrial Area, Sector 1,
Plot No. 62-63-64A, Pithampur, Dist. Dhar (M. P.)

K.S.TRIVEDI
(CHAIRMAN)

EXPLANATORY STATEMENT

{Pursuant to Section 173(2) of the Companies Act, 1956}

ITEM NO. 1

Board of Directors of the Company decided to increase the remuneration of Shri Sunil Kumar Trivedi in their meeting held on 1st April, 2010 with retrospective effect from 1st April, 2010, subject to the approval of shareholders.

Shri Sunil Kumar Trivedi is founder of the Company and associated since incorporation. Shri Sunil Kumar Trivedi is a matured Business Personality. He is a graduate in chemical engineering from B.I.T.S., Pilani and holds a Postgraduate degree in business management. He has a rich experience in various business activities and more particularly thorough practical experience in all the facets of the plastic Industry. He carries a vision of growth of the Company and has made invaluable contributions to the success and performance of the Company over the years. Moreover, he is instrumental in moving the company into export and has developed a strong export distribution network.

Looking to his total devotion and resultant progress made by the Company under his dynamic leadership skills in spite of various difficulties faced by the Company in time to time, Board of Directors feels that his continuation must be awarded properly therefore board decided to increase his remuneration from Rs. 80000/- to Rs. 110000 per month.

Accordingly, it is proposed to increase his remuneration with effect from 1st April, 2010.

The proposed remuneration will be in the limit prescribed for the managerial person in Schedule XIII of the Companies Act, 1956 amended up to date.

Except Shri Sunil Kumar Trivedi and Shri Kailash Chandra Trivedi, no other Director is concerned or interested in the proposed resolution.

The contents of resolution along with explanatory statement and details contains therein shall be deemed to be abstract of the terms and conditions of change in remuneration of Shri Sunil Kumar Trivedi under section 302 of the Companies Act, 1956 and memorandum of interest in that behalf.

Brief terms and conditions of his remuneration are as under:

Perquisites shall be restricted to an amount equal to annual salary as detailed in categories 'A', 'B; and 'C' :

Category 'A'

1. **Housing:** House rent allowance @ 40% of the salary.

2. **Medical Reimbursement:** Medical expenses incurred by him and his family shall be reimbursed to him subject to maximum of Rs. 15000/- per annum.

3. **Earned Leave**

On full pay and allowances as per the rule of the company but not exceeding one month's leave of every eleven month of service. Encashment of leave will not be included in the computation of the ceiling of perquisites.

4. **Club Fees:** Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees

5. **Personal Accident Insurance:** Personal accident insurance as per the rules of the company.

Explanation: For the purpose of Category 'A' above 'Family' means the spouse, dependent children and dependent parents of the Managing Director.

Category 'B'

1. **Provident Fund etc.:** Company's contribution to provident fund at the rate of 12% of the salary or at the rate as may be prescribed in Provident Fund Act and Rules from time to time.

2. **Gratuity:** Not exceeding half month's salary for every completed year of service.

Category 'C'

Provision of car for use on Company's business and telephone at residence:

These will not be considered as perquisites. However, personal long distance calls and use of the car for private purpose shall be billed by the Company to the Managing Director.

ITEM NO. 2.

Board of Directors of the Company decided to increase the remuneration of Shri Kailash Chandra Trivedi in their meeting held on 1st April, 2010 with retrospective effect from 1st April, 2010, subject to the approval of shareholders.

Shri Kailash Chandra Trivedi is founder of the Company and associated since incorporation. He has done his graduation in arts and has more than 50 years of experience in industry. He is the chairman of the Company. He has a vast experience of over four decades in the promotion and administration of various companies. He is mainly involved in the strategic and corporate decision making process. He has had experience in businesses involving diversified activities such as steel, plastic, timber, real estate, finance etc. He holds directorship in M/s. Vishwakarma Creations Pvt. Ltd., M/s. Olympian Investors & Traders Pvt. Ltd. and M/s. Neo Flex Ltd.

In view of the recommendation of the remuneration committee and looking into the complexity, working hours involved, the Board decided in its meeting held on 31st March 2010 to increase the remuneration from Rs. 65000/- per month to Rs. 80000/- per month, payable to him subject to approval of the shareholders as contained in the resolution no. 2.

Brief terms and conditions of his remuneration are as under:

Perquisites shall be restricted to an amount equal to annual salary as detailed in categories 'A', 'B; and 'C' :

Category 'A'

1. **Housing:** House rent allowance @ 40% of the salary.

2. **Medical Reimbursement:** Medical expenses incurred by him and his family shall be reimbursed to him subject to maximum of Rs. 15000/- per annum.

3. **Earned Leave:** On full pay and allowances as per the rule of the company but not exceeding one month's leave of every eleven month of service. Encashment of leave will not be included in the computation of the ceiling of perquisites.

4. **Club Fees:** Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.

5. **Personal Accident Insurance:** Personal accident insurance as per the rules of the company.

Explanation: For the purpose of Category 'A' above 'Family' means the spouse, dependent children and dependent parents of the Managing Director.

Category 'B'

1. **Provident Fund etc.:** Company's contribution to provident fund at the rate of 12% of the salary or at the rate as may be prescribed in Provident Fund Act and Rules from time to time.
2. **Gratuity:** Not exceeding half month's salary for every completed year of service.

Category 'C'

Provision of car for use on Company's business and telephone at residence:

These will not be considered as perquisites. However, personal long distance calls and use of the car for private purpose shall be billed by the Company to the Managing Director.

The proposed remuneration will be in the limit prescribed for the managerial person in Schedule XIII of the Companies Act, 1956 amended up to date.

The Whole Time Director will not be entitled to sitting fee for attending meetings of the Board of Directors or Committee thereof.

The contents of resolution along with explanatory statement and details contains therein shall be deemed to be abstract of the terms and conditions of change in remuneration of Mr. Kailash Chandra Trivedi under section 302 of the Companies Act, 1956 and memorandum of interest in that behalf.

Except Shri Sunil Kumar Trivedi and Shri Kailash Chandra Trivedi, no other Director is concerned or interested in the proposed resolution.

ITEM NO.3

Mr. P. Sharma was appointed by the Board of Directors of the Company as Whole Time Director for a period of 5 years w.e.f. 1st September, 2005 to 31st August, 2010. Mr. Pradhuman Sharma is DTE, M.A (Economics) & MBA (Finance) gold medalist and having working experience of over 15 years in various fields of the industry. He is also a visiting faculty of the DAVV for the past 8 years. To avail his experience to the benefit of the company on the recommendation of the remuneration committee, the Board re-appointed him as the Whole Time Director of the Company w.e.f. 1st September 2010.

Brief terms and conditions of his remuneration as under

Perquisites shall be restricted to an amount equal to annual salary as detailed in categories 'A', 'B; and 'C':

Category 'A'

1. **Housing:** House rent allowance @ 40% of the salary.
2. **Medical Reimbursement:** Medical expenses incurred by him and his family shall be reimbursed to him subject to maximum of Rs. 15000/- per annum.
3. **Earned Leave:** On full pay and allowances as per the rule of the company but not exceeding one month's leave of every eleven month of service. Encashment of leave will not be included in the computation of the ceiling of perquisites.
4. **Club Fees:** Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
5. **Personal Accident Insurance:** Personal accident insurance as per the rules of the company.

Explanation: For the purpose of Category 'A' above 'Family' means the spouse, dependent children and dependent parents of the Managing Director.

Category 'B'

1. **Provident Fund etc.:** Company's contribution to provident fund at the rate of 12% of the salary or at the rate as may be prescribed in Provident Fund Act and Rules from time to time.
2. **Gratuity:** Not exceeding half month's salary for every completed year of service.

Category 'C'

Provision of car for use on Company's business and telephone at residence:

These will not be considered as perquisites. However, personal long distance calls and use of the car for private purpose shall be billed by the Company to the Managing Director.

The proposed remuneration will be in the limit prescribed for the managerial person in Schedule XIII of the Companies Act, 1956 amended up to date.

The Whole Time Director will not be entitled to sitting fee for attending meetings of the Board of Directors or Committee thereof.

The contents of resolution along with explanatory statement and details contains therein shall be deemed to be abstract of the terms and conditions of change in remuneration of Mr. Pradhuman Sharma under section 302 of the Companies Act, 1956 and memorandum of interest in that behalf.

Your Directors recommend the resolution for your approval.

None of the directors except Shri Pradhuman Sharma is interested in the resolution

By Order of the Board of Directors

Place : Indore

Date: 15/10/2010

Regd. Office : Industrial Area, Sector 1,

Plot No. 62-63-64A, Pithampur, Dist. Dhar (M. P.)

K.S.TRIVEDI
(CHAIRMAN)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW

The company embarked on a vigorous growth phase with more concentration in the manufacture of high quality environment friendly technical textiles falling under Packtech, Geotech, Agrotech & Oekotech segments.

The company's growth graph with respect to the financials showed a steep upward trend on account of diversification into the value added Packtech products likes FIBC's for packaging of food products; leno bags and additions of Agrotech products.

As the barriers of the trade have come down, strong market like India has become cynosure of the industries worldwide. To encash these opportunities, NCIL has endeavored to reinvent itself with planned capital investment and management culture. NCIL is renewing its customer relationship by providing value added solution. Efforts are made to embrace information technology in the quest of efficient and faster processes throughout the demand and supply chain. We are also balancing the growth aspiration with social concerns for sustainable growth and environment friendliness.

OUTLOOK, OPPORTUNITIES AND THREATS

The technical textile business is one of the most promising and faster growing areas for global and Indian textile industry. With consistent modernization and expansion with machinery of latest technology, it is expected that the Company will be able to improve efficiency and successfully face global competition and will be one of the leading players in the domestic as well as international markets.

This sector also has special attention from the government. Technical textile projects are entitled for 10% capital subsidy in addition to 5% interest subsidy.

The prices of main raw materials i.e., PP or HDPE are quite volatile. Both, the imported and domestic, sources of raw materials are prone to this. Since market is price sensitive, the woven sack industry has to manage its conversion cost accordingly.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company is fully committed to ensuring an effective internal control environment. The Company has a sound system of internal control in place, which assures the Board of Directors and the management that there is a structured system to closely monitor and evaluate the efficacy and adequacy of business planning, compliance with operating systems and accounting procedures and policies, ensuring legal and regulatory compliances, protecting company's assets and prevention and detection of fraud and error. The company has adequate qualified and experienced executives to monitor the internal control systems. The Company uses Enterprise Resource Planning (ERP) supported by in-built controls that ensures reliable and timely financial reporting.

DISCUSSION ON FINANCIAL PERFORMACE WITH RESPECT TO OPERATIONAL PERFORMANCE

The same has been disclosed in the Directors' Report.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

The industrial relations remained good across all locations. Human resource continued to be recognized as the most valued asset. The company is adequately manned with professionals in the field of Engineering, Finance and Administration etc. In order to meet the challenge of growth and new product line, the company has organized in-house training of its staff and workmen to improve soft skills, technical knowledge, work culture and efficient manufacturing practices.

The Company has formed work committee in order to increase workers participation in the management. This initiative has paid dividends and the Company has experienced improvement in efficiencies, overall workmen satisfaction and stability.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include raw material availability and prices, cyclical demand and pricing in the company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the company conducts business and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance consists of laws, policies, procedures, and, most importantly, practices, that ensure the well being of the assets of the company. The Company, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders.

1. COMPANY'S PHILOSOPHY ON CORPORATE OF GOVERNANCE

Neo Corp has always been guided by a strong conviction of adhering to transparency, accountability and integrity. It is about best practices of business to be imbibed in to the culture of the organization and complying with value systems, ethical business practices, laws and regulations to achieve the main objectives of the company.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges, the details are set out below:

2. BOARD OF DIRECTORS:

a) Composition of the Board

In compliances with Corporate Governance norms, the Board comprises of 8 Directors with a Chairman cum Whole Time Director, a Managing Director, a Whole Time Director, an Executive Director and 4 Non-executive Independent Directors. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49 of the Listing Agreement), across all the Companies in which he is a Director

b) Number of Board meetings, attendance of Director at Board Meeting and at the Annual General Meeting, outside directorship and Board Committee membership:

During the financial year 2009-10, the Board of Directors of the Company met 11 times following dates:

| | | | | | |
|------------|------------|------------|------------|------------|------------|
| 30/04/2009 | 18/05/2009 | 30/06/2009 | 14/07/2009 | 30/07/2009 | 23/10/2009 |
| 31/10/2009 | 29/01/2010 | 31/01/2010 | 17/02/2010 | 05/03/2010 | |

The interval between any two successive meetings did not exceed four calendar months.

The last Annual General meeting was held on 29/09/2009.

| Name of Director | Category | Attendance | | No. of Directorships/ Committee Positions held in other Public Companies | |
|--------------------------|------------------------------------|------------|----------|--|----------------------|
| | | Board | Last AGM | Director-ships/ Chairmanship | Committee Membership |
| Mr. K. S. Trivedi* | Promoter Executive Director | 11 | Present | 3 | -- |
| Mr. Sunil K. Trivedi* | Promoter Executive Director | 11 | Present | 2 | -- |
| Mr. P. Sharma | Executive Director | 7 | Present | -- | -- |
| Mr. Shrawan Kumar Patodi | Non Executive Independent Director | 8 | Present | -- | -- |
| Mr. Ladharam Patel | Non Executive Independent Director | 3 | Present | -- | -- |
| Mr. D.Trivedi | Non Executive Independent Director | 3 | Absent | -- | -- |
| Mr. Sanjay Trivedi* | Non Executive Promoter Director | -- | -- | -- | -- |
| Mr. Rolland Coderre | Non Executive Independent Director | -- | -- | -- | -- |

* Mr. Kailash Chandra Trivedi, Chairman cum Whole Time Director is father of Mr. Sunil Trivedi, Managing Director, and Mr. Sanjay Trivedi, Director and are related to each other within the meaning of Section 6 of the Companies Act, 1956.

c) Code of Conduct

The Board of Directors have adopted a code of conduct for the Board members and senior management of the company. The said code has been circulated to the Directors and members of the Senior Management. The code has also been posted on the Company's website. The declaration by Shri Sunil Kumar Trivedi, Managing Director of the company, regarding compliance by the Board members and Senior Management personnel with the said code of conduct is attached to this report.

3. COMMITTEE OF THE BOARD

A. Audit Committee

I. Composition :

The Audit Committee comprises 3 director all of them being Non-executive Independent Directors. The members of the Committee including its Chairman are as follows:

| | |
|---------------------------|----------|
| Shri Shrawan Kumar Patodi | Chairman |
| Shri L. Patel | Member |
| Shri D. Trivedi | Member |

Company Secretary acts as the Secretary to the Committee.

II. Term of Reference:

The powers role and terms of reference of the audit committee covers the area as mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The terms of reference of the Audit Committee, broadly are as under:

1. Oversight of company's financial reporting process and disclosures of financial information to insure that financial statements are true and fair,
2. Reviewing with management the quarterly/annual financial statements before submission to the Board,
3. Recommending the appointment, re-appointment of statutory auditors and fixation of their remuneration.
4. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

Apart from the above, the Committee also reviews Management discussion and analysis, statement of related party transactions and the management letters and the response thereto by the management.

III. Meetings and attendance:

During the year 2009-10 the Audit Committee met 5 times on 28/04/2009, 27/06/2009, 28/07/2009, 27/10/2009 and 28/01/2010. The attendance of members at the meetings was as follows:

| Name of Member | No. of Meeting Attended |
|---------------------------|-------------------------|
| Shri Shrawan Kumar Patodi | 5 |
| Shri D. Trivedi | 1 |
| Shri L. Patel | 4 |

B. REMUNERATION COMMITTEE:

I. Composition :

The Remuneration Committee comprises 3 director all of them being Non-executive Independent Directors. The members of the Committee including its Chairman are as follows:

| | |
|---------------------------|----------|
| Shri Shrawan Kumar Patodi | Chairman |
| Shri L. Patel | Member |
| Shri D. Trivedi | Member |

Company Secretary acts as the Secretary to the Committee.

II. Terms of Reference:

To appraise the performance of Managing and Executive Director and

To determine and recommend to the Board, compensation payable to Managing and Executive Director.

III. Meetings and attendance:

During the year 2009-10 there were only one meeting of the Remuneration Committee held on 20th August 2009. The attendance of members at the meetings were as follows

| Name of Member | No. Of Meeting Attended |
|---------------------------|-------------------------|
| Shri Shrawan Kumar Patodi | 1 |
| Shri D. Trivedi | 0 |
| Shri L. Patel | 1 |

DETAILS OF REMUNERATION TO DIRECTORS

Remuneration to Executive Directors

- ♦ The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole Time Director, based on performance and defined criteria.
- ♦ The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.
- ♦ The particulars of remuneration of Executive Directors during the financial year 2009-10 are as under:

(Rupees)

| Name | Designation | Salary, Bonus Allowances | Gratuity, Provident Fund & Others | Total |
|-------------------|---------------------|--------------------------|-----------------------------------|---------|
| Mr. Sunil Trivedi | Managing Director | 1456000 | 115200 | 1571200 |
| Mr. K.S. Trivedi | Whole Time Director | 1183000 | – | 1183000 |
| Mr.P.Sharma | Whole Time Director | 546000 | 43200 | 589200 |

Remuneration to Non-Executive Directors

The non-executive directors of the company are paid Rs.500/- for every board meeting attended by them, which is in accordance with the approval by the Board of Directors pursuant to the Articles of Association of the Company. No commission was paid or payable to the Non-Executive Directors during the financial year 2009-10.

During the financial year 2009-10 the following sitting fees were paid to Non-Executive Directors.

| Name of Director | Amount (Rs.) |
|--------------------------|--------------|
| Mr. Ladharam Patel | Rs. 30500/- |
| Mr. D. Trivedi | Rs. 4000/- |
| Mr. Shrawan Kumar Patodi | Rs 35500/- |

C. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

I. Composition :

The shareholders' grievance committee comprises 3 director all of them being Non-executive Independent Directors. The members of the Committee including its Chairman are as follows:

| | |
|---------------------------|----------|
| Shri Shrawan Kumar Patodi | Chairman |
| Shri L. Patel | Member |
| Shri D. Trivedi | Member |

Company Secretary acts as the Secretary to the Committee.

II. Terms of Reference:

To look into redressal of investors' complaints and requests such as transfer of shares, non-receipt of dividend, annual report, etc., dematerialisation of shares, complaint letters received from Stock Exchanges, SEBI etc. The Board of Directors have delegated the power of approving transfer/transmission of shares to the Committee.

During the financial year 36 number of investor complaints received. All the complaints were resolved to the satisfaction of the shareholders.

Number of share transfers/ transmission/issue of Duplicate share certificate pending as on 31st March 2010 was NIL.

Ms. Swati Gangrade, Company Secretary, is the Compliance Officer of the Company.

The Securities and Exchange Board of India vide notification dated 20th February 2002 has amended the SEBI (Insider Trading) Regulations 1992. As required by the Regulations, the Company has adopted a code of conduct for prevention of insider trading. All the officers of the company including Directors as well as designated employees have affirmed their compliances with the code

4. DETAILS OF GENERAL BODY MEETING:

I. The last three Annual General Meetings of the Company were held as under:

| Year | Location | Date | Time | No. of Special Resolutions Passed |
|---------|---|------------|---------|-----------------------------------|
| 2006-07 | Industrial Area, Plot No.62-63, Sector-1, Pithampur | 29/09/2007 | 3.00 PM | NIL |
| 2007-08 | Industrial Area, Plot No.62-63, Sector-1, Pithampur | 30/09/2008 | 3.00 PM | NIL |
| 2008-09 | Industrial Area, Plot No.62-63, Sector-1, Pithampur | 30/09/2009 | 3.00 PM | NIL |

- II. No special resolution was passed through postal ballot during the year ended on 31.3.2010 and no such resolution is proposed to be passed by postal ballot at the ensuing annual general meeting as well.

5. MANAGEMENT

A. The Management discussion and analysis report

The Management Discussion and Analysis report has been attached to the Directors Report and forms part of the Annual Report

B. Disclosure by Management to the Board

All details relating to the financial and commercial transactions where directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters

6. DISCLOSURES

A. There were material transactions of the Company with its promoters, directors, and management or their relatives and those are not having any conflict with the interest of the Company at large.

B. The particulars of transactions between the Company and its related parties in accordance with the Accounting Standard 18 are set out in annual report. These transactions are in the ordinary course of business and are not likely to have any conflict with the interest of the Company.

C. There has been no non-compliance by the company or penalty or strictures imposed on the company by the stock exchange or SEBI or any statutory authority, on any matter related to capital markets during last three years.

D. During the year under review Company has not issued any type of securities. No GDR/ADR issued by the Company.

7. MEANS OF COMMUNICATION:

The quarterly and yearly financial results of the Company are published in the prominent daily newspapers having circulation in the region where the registered office of the company is situated. The quarterly/yearly financial results are also regularly sent to the stock exchanges.

All the data related to the financial results, press releases and other general information about the company is available on the company's website www.neocorp.co.in.

8. GENERAL SHAREHOLDERS INFORMATION:

A. AGM: Date, Time and Venue : 22nd December 2010, Wednesday 4.00 pm Industrial Area, Plot No.62-63-64-A, Sector-1, Pithampur, Dist. Dhar.

B. Registered Office and Plant Location: Industrial Area, Plot No.62-63-64-A, Sector-1, Pithampur, Dist. Dhar.

C. Date of Book Closure:

| | |
|-----------------------|--------------------|
| Commencement | 17th December 2010 |
| Ending | 22nd December 2010 |
| (Both days inclusive) | |

D. Listing on Stock Exchanges:

1. The Bombay Stock Exchange Limited Stock code: 523820
2. The M.P. Stock Exchange Limited Stock code: N80

E. ISIN Number of NSDL & CDSL: INE851C01014

F. Registrar and Transfer Agents: M/s Ankit Consultancy Pvt Ltd,
2nd Floor, Alankar Point, Geeta Bhawan Chouraha, Indore (M.P.)
Phone No. (0731) 2491298,
Fax No. : 4065798. E-mail : ankitind@sancharnet.in

G. Share Transfer System: All the transfer received are processed by the Registrar and transfer Agent

H. Distribution Schedule and Share Holding pattern as on 31.03.2010 : Please see Annexure 'A'

I. Market Rate: Please see Annexure 'B'

J. Dividend Payment:

Dividend, if any, declared in the forthcoming Annual general Meeting will be paid within 30 days from the date of declaration.

K. Unclaimed Dividend

Under the Companies Act, 1956 dividends that are unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Members, who have not encashed the dividend warrant, are requested to make their claim to Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to IEPF or the Company in respect thereof and the Members would lose their right to claim such dividend.

L. Shares held in Physical and Dematerialization form

As on 31st March 2010, 86.30% of shares were held in dematerializes form and rest 13.70% in physical form.

M. Secretarial Audit for Reconciliation of Capital.

As stipulated by SEBI a qualified practicing Company Secretary carries out secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the listed stock exchanges. The audit confirms that the total listed and paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL/CDSL) and total number of shares in physical form.

N. Auditor Certificate on Corporate Governance

The Company has obtained the certificate from the Auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the Listing Agreement with the stock exchanges. This report is annexed to the Director's Report for the year 2009-2010.

O. Address for Correspondence

Registered Office:

Company Secretary
Neo Corp International Limited
Industrial Area, Sector 1,
Plot no 62-63-64A, Pithampur, Dist. Dhar (M.P.)
Tel: 07292 410400,410414. Fax:07292-410499
Email: neocorpho@hotmail.com

Registrar & Share Transfer Agents:

M/s.Ankit Consultancy P. Ltd.
2nd Floor, Alankar Point,
Geeta Bhawan Chouraha,
Indore (M. P.)
Phone No. (0731) 2491298. Fax No.: 4065798
E-mail: ankitind@sancharnet.in

DISTRIBUTION SCHEDULE AS ON 31st MARCH 2010

(Annexure A)

| Share holding of Nominal Value Rs. | Shares Holders | | Shares Amount | |
|---------------------------------------|----------------|---------------|-----------------|-------------------|
| | Number | % to total | Rs. | % of total Amount |
| Upto - 5000 | 7538 | 91.16 | 12335970 | 14.25 |
| 5001 - 10000 | 333 | 4.03 | 2744930 | 3.17 |
| 10001 - 20000 | 142 | 1.72 | 2257330 | 2.61 |
| 20001 - 30000 | 48 | 0.58 | 1257830 | 1.45 |
| 30001 - 40000 | 18 | 0.22 | 642410 | 0.74 |
| 40001 - 50000 | 32 | 0.39 | 1532820 | 1.77 |
| 50001 - 100000 | 59 | 0.71 | 4329610 | 5.00 |
| 100001 and above | 99 | 1.20 | 61442100 | 71.00 |
| TOTAL | 8269 | 100.00 | 86543000 | 100 |

SHAREHOLDING PATTERN AS AT 31st MARCH 2010

| | Category | No. Of Share held | Percentage of Shareholding |
|-----------|---|-------------------|----------------------------|
| A | Promoters Holding | | |
| 1. | Promoters Indian Promoters: Foreign Promoters: | 3122982 | 36.09 |
| | Total | 3122982 | 36.09 |
| B. | Non-Promoters Holding | | |
| 1. | Institutional Investors | | |
| 2. | Mutual Funds and UTI | 5600 | 0.06 |
| 3. | Banks, Financial Institutions, Insurance Companies [Central/ State Govt. Institutions, Non- Government Institutions] | 200 | 0.002 |
| 4. | FIs | 320782 | 3.71 |
| | Sub-Total | 326582 | 3.77 |
| 5. | Others Private Corporate Bodies | 1289355 | 14.90 |
| 6. | Indian Public | 3880274 | 44.84 |
| 7. | NRIs/OCBs | 27121 | 0.31 |
| 8. | Any other [clearing member] | 7986 | 0.09 |
| | Sub-Total | 5204736 | 60.14 |
| | Grand Total | 8654300 | 100.00 |

MARKET PRICE DATA**(Annexure B)**

The monthly High & Low Share prices of the company traded at the Stock Exchange, Mumbai from 1st April 2009 to 31st March, 2010 are given below:

| Mumbai Stock Exchange | | |
|------------------------------|------------------------------|-----------------------------|
| Months | Months High Price Rs. | Months Low Price Rs. |
| April'2009 | 21.50 | 12.35 |
| May'2009 | 24.70 | 16.00 |
| June'2009 | 28.80 | 21.50 |
| July'2009 | 45.65 | 27.50 |
| Aug.'2009 | 54.80 | 41.80 |
| Sep.'2009 | 64.20 | 53.10 |
| Oct.'2009 | 56.00 | 46.00 |
| Nov.'2009 | 54.50 | 44.00 |
| Dec.'2009 | 67.50 | 45.00 |
| Jan.'2010 | 75.00 | 64.50 |
| Feb.'2010 | 76.00 | 68.95 |
| Mar.'2010 | 70.20 | 44.00 |

Declaration on Compliance of the Company's Code of Conduct

To
The Members of
M/s.Neo Corp International Limited.

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the senior management personnel of the Company pursuant to Clause 49 of the Listing agreement with Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2010.

Place: Indore
Date: 15/10/2010

SUNIL TRIVEDI
MANAGING DIRECTOR

CEO CERTIFICATION

I hereby certify to the Board of Directors of M/s **NEO CORP INTERNATIONAL LIMITED** that:

- a. I have reviewed financial statements and the cash flow statement for the year ended on 31/03/2010 and that to the best of my knowledge and belief.
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the auditors:
 - i. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Indore
Date: 15/10/2010

For Neo Corp International Ltd.

Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Neo Corp International Limited

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate governance by Neo Corp International limited ('the Company'), for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an 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 on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Indore
Date: 15/10/2010

For **A.P. GARG & CO.**
CHARTERED ACCOUNTANTS

(Anup Garg)
Sr. Partner
Membership no. 071283

DIRECTORS' REPORT

To
The Members,

We have pleasure in presenting to you the 25th Annual Report along with the audited accounts for the year ended on 31st March 2010.

PERFORMANCE HIGHLIGHTS

Financial Results

The financial results for the year ended on 31.3.2010 are as under:

| | (RS. IN LACS) | |
|---|-----------------|-----------------|
| | <u>2009-10</u> | <u>2008-09</u> |
| Gross Income | <u>17016.55</u> | <u>13404.90</u> |
| Profit before Interest Depreciation and Tax | 2083.47 | 1478.45 |
| Less : | | |
| 1) Interest | 641.30 | 295.53 |
| 2) Depreciation | 263.72 | 205.45 |
| 3) Provision for Tax | | |
| - Current Tax | 228.32 | 229.29 |
| - Fringe Benefit Tax | - | 5.38 |
| - Deferred Tax | 26.90 | 102.80 |
| 4) Prior Period adjustments | <u>(1.47)</u> | <u>0.51</u> |
| Profit after Tax | 921.76 | 639.49 |
| Add : Balance brought forward | <u>1874.04</u> | <u>1310.18</u> |
| | 2795.80 | 1949.67 |
| APPROPRIATION | | |
| Transfer to General Reserve | 25.00 | 25.00 |
| Proposed dividend and tax on prop.dividend | 50.63 | 50.63 |
| Balance carried to Balance Sheet | <u>2720.17</u> | <u>1874.04</u> |
| | 2795.80 | 1949.67 |

During the year under review, your Company has recorded a turnover of Rs. 175.62 Crores as against Rs. 127.82 Crores in the previous year. The Net profit (after tax and extra ordinary items) for the financial year ended 31st March 2010 increased to Rs. 9.22 Crores from Rs. 6.39 Crores in the previous year representing an increase of 44.28% profit after tax..

DIVIDEND

Your directors are pleased to recommend a dividend at the rate of 5% for the year ended on 31st March 2010 on 86,54,300 fully paid equity shares of Rs. 10/- each.

The directors recommend that after making provision for taxation and proposed dividend the amount of Rs. 0.25 cr be transferred to General Reserve. With this the company's reserve and surplus stands at Rs. 42.62 cr.

BUSINESS OVERVIEW

According to a study of ICRA on Management Consulting Services, the consumption of technical textiles will enhance by 11% a year on average to 624 billion Indian Rupees on a value basis during the next three years. During the fiscal year 2007/08 the turnover for technical textile amounted to just Rs. 370 billion.

Technical textiles are mainly used for packaging, apparel, home textiles and automotive manufacturing. The sectors sports equipments, industrial end-use, construction material as well as medical and sanitary consumables are also promising a large potential growth. The study forecasts a consumption rate between 8 and 15% per year on a value basis depending on the application area.

Year 2009-10 was a good year as the slow down in economy had bottomed out and signs of recovery were seen.

It was only in December 09-January 2010 the heat of slow down was felt due to the coupled effect of slow economy and extended severe winters in Europe.

Technical Textile Industry is poised for good growth in India. In fact the GDP growth of a country is directly proportional to the growth in Consumption of technical textile.

The Company is committed to take advantage of these growth opportunities and therefore has planned a systematic continuous investment strategy.

ACQUISITION

Acquisition of M/s Sacos Indigo Pvt. Ltd.

During the year 2009-10, the Company acquired shares of M/s. Sacos Indigo Pvt. Ltd., engaged in the same line of business, which become the Subsidiary of the Company by virtue of acquisition of shares on 31st December 2010.

The acquisition shall add thin gauge fabric and laminated consumer packaging products, to the wide product basket of the Company.

SUBSIDIARY COMPANY:

Information and Documents Pursuant to the provisions of the Section 212 of the Companies Act 1956 relating to Europlast Limited and Sacos Indigo Private limited, Subsidiary Companies are annexed forming Part of this Report.

CONSOLIDATION OF ACCOUNTS

In accordance with the requirement of Accounting Standards prescribed by the Institute of the Chartered Accountants of India, the consolidated account of your Company is annexed to this report.

FIRE AT FACTORY

On midnight of 27/28 February, 2010, the Company's new division M/s Techtexile was entirely gutted in fire. Incidentally there was no loss of human life. The Board extends its tribute to the exceptional services and help rendered by the fire, police and local administration and staff. With their support the Company was able to contain the damage only upto the new division. The old division is safe and running.

Due to the commendable team work of our staff the Company was able to restart the assembly section (packtech) within Eight weeks in as leased premises. Orders in hand were executed from contract manufacturing though with a slight delay. The Board also wish to place on record the support and faith extended by the customers.

The lost assets were covered adequately by two leading Insurance Companies. The Company has lodged the claim of Rs. 52.05 Crores. The survey is at the advance stage and an interim relief of Rs. 7.5 Crores is received from one of the Insurance companies and the company is expecting to receive Rs. 7.5 Crores from the other insurance company.

The Board also wishes to place on record the timely help and support extended by the Bankers.

The rebuilding of lost assets is in advance stage.

CORPORATE GOVERNANCE

A detailed report on the status of implementation of the corporate governance guidelines has been furnished as an annexure to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sec 217(2AA) of Companies Act, 1956, the directors state that:

- ♦ that in preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures if any,
- ♦ that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period
- ♦ that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- ♦ that the directors have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION & FOREIGN EXCHANGE EARNING AND OUTGO

A. CONSERVATION OF ENERGY

The rules relating to the disclosure of particulars with respect to the conservation of energy is not applicable to the company. However the company continued its conscious efforts to minimize energy consumption and more and more innovations and improvements were introduced to further reduce the energy consumption.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

RESEARCH AND DEVELOPMENT (R&D):

The Company has set up a separate R&D department with a mandate to take care of Continuous enhancement in

- efficiency
- product range
- protection of intellectual property rights

Due to sustained efforts of R&D department the Company was able to develop new design of vermibed and much films.

Filing of patents for several products developed in past years is in advance stage.

Specific areas in which R & D carried out by the company

The company continued its efforts towards the extension of the product range, lowering costs, process improvements & upgradation, installation of energy efficient equipments.

Benefits derived

- ♦ Quality improvement
- ♦ Development of in-house skills to manufacture high value added products
- ♦ Higher customer satisfaction
- ♦ Cost reduction
- ♦ Product range extension to reach newer markets

Future Plan of action

- ♦ To upgrade the existing technology
- ♦ To achieve higher customer satisfaction
- ♦ To reduce energy consumption
- ♦ To file patents for product already developed.

Expenditure on R & D: Rs.4.26 Lacs

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The company also continued to use the latest technologies for improving the productivity and quality of the products manufactured. The company is employing indigenous technology for its operations.

FOREIGN EXCHANGE EARNING AND OUTGO

The company has earned foreign exchange of Rs. 4996.79 Lacs during the year.

The details of foreign exchange outgo are as follows:

| | |
|---------------------------------|-------------------|
| Material import | : Rs.512.32 lacs |
| Stores & spares | : Rs. 4.66 lacs |
| Capital goods | : Rs. 695.06 lacs |
| Expenditure in foreign currency | : Rs. 3.53 lacs |

PARTICULARS OF EMPLOYEES

The information required under Sec 217(2A) of the Companies Act 1956 is not given as there was no employee in receipt of remuneration during the year, exceeding the limits prescribed by the Companies (Particulars of Employees) Rules, 1975 as revised.

DEPOSITS

The company has not accepted any deposit from the public attracting the provisions of Sec 58A of the Companies Act 1956.

DIRECTORS

Shri Shrawan Kumar Patodi and Shri Dashrath Bhai Trivedi retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s. A.P. Garg & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the effect that their appointment if made, would be within the prescribed limits under Sec 224(1B) of the Companies Act 1956.

AUDITORS' REPORT

Report of the auditors and their observations and notes to the accounts of the company for the year under review are attached herewith which are self-explanatory and do not require further explanation.

ACKNOWLEDGEMENT

Your Directors provide their gratitude to the various Government Agencies, Banks and financial institutions, investors, Company's business associates, customers, suppliers and other service providers for their continued support.

Your Directors place on record their sincere appreciation of the contributions made by the employees of the Company and its subsidiaries at all level through their hard work, dedication and support in ensuring an excellent all around operational performance.

Your Directors expresses its appreciation of the understanding and support extended by the shareholders of the Company for the confidence reposed on the management of the Company.

Date: 15th October 2010
Place: Indore

For and on behalf of the Board of Directors

(K.S.TRIVEDI)
CHAIRMAN

AUDITORS' REPORT TO THE MEMBERS OF NEO CORP INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of **M/s. NEO CORP INTERNATIONAL LTD**, as at **31st March 2010**, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared free of material misstatement. 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Sub-section (4A) of Section 227(4A) of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 the 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 it appears from our examination of the books;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report, are in agreement with the books of account;
 - (d) In our opinion the Balance Sheet, Profit & Loss account and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956;
 - (e) On the basis of the written representations received from all the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors of Company is disqualified as on 31st March, 2010 from being appointed as a director, in term of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March 2010;
 - (ii) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place: Indore
Date: 15th October, 2010

For, A. P. GARG & Co.
Chartered Accountants

(Anup Garg)
Partner
M. No 071283

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of Auditor's Report of even date on the accounts for the year ended on 31st March, 2010 of Neo Corp International Limited.

- 1) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b. These fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. According to the information given to us and to the best of our knowledge, no material discrepancies were noticed on such physical verification.
c. It is reported that there was major fire accident in the factory premises of the newly established unit named M/s Techtexil (A 100% EOU Division of the Company) on 27th & 28th February, 2010 in which super structure of factory Building and plant and machinery is destroyed along with raw material, WIP, finished goods and other movable assets. The total loss of assets has been valued to ` 5205.16 Lacs consist of both the division of the company. This amount to substantial part of fixed assets of the said division but being same is covered by insurance policy taken from M/s. United India Insurance Company Ltd. and M/s.The Oriental Insurance Company Ltd.. The claim is under process of finalisation with them and interim payment of ` 750.00 lacs is being received.
According to the information and explanations given to us, the company management has already taken stapes of revamping of the unit, therefore it will not affect the going concern assumption for the Company.
- 2) a. The inventories (except stocks in transit and stock lying with third parties, confirmation for which has been obtained) have been physically verified by the management at reasonable intervals during the year.
b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c. The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of were not material and these have been properly dealt with in the books of account.
- 3) a. In our opinion and according to the information and explanations given to us, the company has taken loans from two parties during the year covered in the register maintained under Sec 301 of the Companies Act and the outstanding year end balance of such parties was ` 0.92 lacs and the maximum outstanding balance during the year was ` 33.92 lacs.
b. The company has not granted any loan to the parties covered u/s 301 of the Companies Act 1956 hence clause (e) (f) 2(g) of the aforesaid order does not apply.
c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loan are not prima-facie prejudicial to the interest of the company.
d. The company is regular in repaying the principal amount as stipulated.
e. In our opinion and according to the information and explanations given to us, there is no overdue amount of loan taken from Companies, Firms or other parties listed in the register maintained under Sec. 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regards to purchase of inventory and fixed assets and with regards to sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control in respect of these areas.
- 5) a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lacs have been entered into during the financial year, at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposit during the year from the public within the meaning of the provision of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rule made there under.
- 7) The Company has an Internal Audit System which in our opinion is commensurate with the size and nature of the business.
- 8) The cost records under section 209(1)(d) of the Companies Act 1956 are not required to be maintained by the company.
- 9) a. According to the information and explanation given to us and on the basis of our examination of books of accounts, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise duty, cess and other statutory dues with appropriate authorities with some slight delay in

few cases. According to information and explanations given to us, there are no undisputed arrears of statutory dues which have remained outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.

- b. According to the information and explanation given to us, the statutory dues disputed on account of matters pending before appropriate authorities are reported as under:

| Name of Statute | Nature of the Disputed Dues | Amt (in Lacs) | Period to which Amt relates | Forum where pending | Remarks |
|-------------------------|--|---------------|-----------------------------|--|-----------------------|
| Central Excise Act 1944 | CENVAT Credit on Inputs | 1.86 | 1995-1996 | Asst. Commissioner of Central excise, Pithampur | Provided in the Books |
| Central Excise Act 1944 | CENVAT Credit on Thread | 0.22 | 1996-1997 | Asst. Commissioner of Central excise, Pithampur | Provided in the Books |
| Customs Act 1962 | Customs Duty on Capital Goods Imported Under EPCG Scheme | 18.11 | 1996-1997 | High Court of M.P. Bench Indore | Provided in the Books |
| Central Excise Act 1944 | Excise Duty | 1.27 | 2000-2001 | Additional Commissioner of Central Excise & Customs (Appeal), Indore | -- |
| Central Excise Act 1944 | Excise duty on removal of goods | 38.76 | 2002-2003 | Customs, Excise & Service Tax Appellate Tribunal, New Delhi | -- |
| Central Excise Act 1944 | Admissibility of service tax credit | 0.11 | 2005-2006 | Customs, Excise & Service Tax Appellate Tribunal, New Delhi | -- |
| Central Excise Act 1944 | Admissibility of service tax credit | 4.86 | 2006-2007 | Customs, Excise & Service Tax Appellate Tribunal, New Delhi | -- |
| Central Excise Act 1944 | Duty free input under annexure 45 | 53.77 | 2006-2007 | Customs, Excise & Service Tax Appellate Tribunal, New Delhi | -- |
| Income Tax Act, 1961 | Income Tax | 21.16 | 2001-2002 | ITAT, Indore | Provided in the Books |
| Income Tax Act, 1961 | Income Tax | 6.64 | 2003-2004 | ITAT, Indore | Provided in the Books |
| Income Tax Act, 1961 | Income Tax | 2.87 | 2005-2006 | CIT (A), Indore | Provided in the Books |

- 10) The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and the preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of its dues to the financial institutions and banks.
- 12) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- 14) In our opinion the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause (xiv) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- 15) In our opinion and according to the information and explanations given to us, where the company has not given guarantee for loans taken by its subsidiaries from bank or financial institutions.
- 16) Based on the information and explanations given to us by the management, the term loans availed by the company during the year were applied for the purposes 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 for the year under report, we are of the opinion that no funds raised on short term basis have been used for long term investment.
- 18) The company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Sec. 301 of the Companies Act, 1956.
- 19) The company has not issued any debentures during the year.
- 20) The company has not raised any money by way of public issue during the year.
- 21) According to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the course of our audit.

Place: Indore
Date: 15th October, 2010

For, A. P. GARG & Co.
Chartered Accountants

(Anup Garg)
Partner
M. No. 071283

BALANCE SHEET AS AT 31ST MARCH, 2010

| | SCHEDULE | AS AT 31/03/2010 | AS AT 31/03/2009 |
|--|-----------------------------|-----------------------|---------------------|
| SOURCES OF FUNDS: | | | |
| 1 SHARE HOLDER'S FUND | | | |
| Share capital | `01' | 158087564 | 112350064 |
| Reserve and Surplus | `02' | 426219632 | 339107380 |
| 2 LOAN FUNDS | | | |
| Secured Loan | `03' | 722842051 | 459812593 |
| Unsecured Loan | `04' | 23890542 | 17619556 |
| | TOTAL | 1331039788 | 928889593 |
| APPLICATION OF FUNDS: | | | |
| 1 FIXED ASSETS | | | |
| a) Gross Block (Before Loss) | | 741743747 | 430565825 |
| b) Less: Loss due to Fire | | 258475916 | |
| Adjusted Block | | 483267831 | 430565825 |
| Less : Depreciation | | 187465416 | 179220957 |
| Net Block | | 295802414 | 251344868 |
| Add : Capital Work in Progress | | 101339755 | 170459309 |
| | | 397142169 | 421804177 |
| 2 INVESTMENT | | | |
| | `06' | 81110300 | 58148900 |
| 3 [i] CURRENT ASSETS, LOANS & ADVANCES | | | |
| a) Inventories | `07' | 295625966 | 311402461 |
| b) Sundry Debtors | `08' | 495791733 | 510614977 |
| c) Cash & Bank Balance | `09' | 57541932 | 25214249 |
| d) Other Current Assets | `10' | 602570810 | 21242992 |
| e) Loans & Advances | `11' | 57764913 | 99395439 |
| | | 1509295354 | 967870118 |
| [ii] CURRENT LIABILITIES & PROVISIONS | | | |
| | `12' | 631134492 | 496423159 |
| NET CURRENT ASSETS (i - ii) | | | |
| | | 878160862 | 471446959 |
| 4 DEFFERED TAX LIABILITY | | | |
| | | (25686008) | (22995812) |
| 5 MISCELLANEOUS EXPENSES | | | |
| | `13' | 312465 | 485370 |
| | TOTAL | 1331039788 | 928889593 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | | | |
| "AS PER OUR REPORT OF EVEN DATE" | | | |
| "FOR AND ON BEHALF OF THE BOARD" | | | |
| FOR: A.P. GARG & CO. | K. S. TRIVEDI | SUNIL TRIVEDI | P. SHARMA |
| CHARTERED ACCOUNTANTS | (Chairman) | (Mg. Director) | (Director) |
| | SHARWAN KUMAR PATODI | LADHARAM PATEL | |
| | (Director) | (Director) | |
| (ANUP GARG) | | | |
| PARTNER | | | |
| M. No 071283 | | | |
| Place : Indore | SWATI GANGRADE | | |
| Date : 15/10/2010 | Company Secretary | | |

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

| | SCHEDULE | AS AT 31/03/2010 | AS AT 31.03.2009 |
|--|----------|---------------------|---------------------|
| <u>INCOME</u> | | | |
| Sales | `14' | 1756226757 | 1278184574 |
| Increase / (Decrease) in Stock | `15' | (59370078) | 55321969 |
| Other Income | `16' | 4798545 | 6983508 |
| TOTAL | | 1701655224 | 1340490051 |
| <u>EXPENDITURE</u> | | | |
| Raw Material Consumed | `17' | 1319610040 | 1023865759 |
| Excise Duty on Closing Stock | | 4690374 | 1756493 |
| Manufacturing Expenses | `18' | 100526484 | 106912171 |
| Administrative & Selling Expenses | `19' | 68442675 | 60071532 |
| Interest and Financial Charges | `20' | 64129793 | 29553308 |
| Depreciation | `05' | 26372358 | 20545310 |
| Preliminary Expenses W/off | | 39058 | 39058 |
| TOTAL | | 1583810781 | 1242743631 |
| PROFIT / (LOSS) BEFORE EXTRA- ORDINARY ITEMS | | 117844443 | 97746420 |
| Less : Prior Period Adjustments(Net) | | (140178) | 51584 |
| Less : Income Tax for Previous year | | 287216 | - |
| PROFIT / (LOSS) BEFORE TAX | | 117697405 | 97694836 |
| Less: Current Tax | 22832409 | | 22928675 |
| Fringe Benefit Tax | - | | 538155 |
| Defferred Tax | 2690196 | 25522605 | 10279537 |
| PROFIT / (LOSS) AFTER TAX | | 92174800 | 63948469 |
| Add : Balance Brought Forward from the Previous Year | | 187404336 | 131018415 |
| AMOUNT AVAILABLE FOR APPROPRIATIONS | | 279579136 | 194966884 |
| Less :- | | | |
| Profit transfer to General reserve | | 2500000 | 2500000 |
| Proposed Dividend | 4327150 | | |
| Tax on Prposed Dividend | 735399 | 5062549 | 5062549 |
| BALANCE CARRIED TO BALANCE SHEET | | 272016587 | 187404335 |
| Earning per Share (Face value Rs. 10/-) - Basic | | 10.65 | 7.39 |
| Earning per Share (Face value Rs. 10/-) - Diluted | | 10.30 | - |

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS**

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

**FOR: A.P. GARG & CO.
CHARTERED ACCOUNTANTS**

**K. S. TRIVEDI
(Chairman)**

**SUNIL TRIVEDI
(Mg. Director)**

**P. SHARMA
(Director)**

**(ANUP GARG)
PARTNER
M. No 071283**

**SHARWAN KUMAR PATODI
(Director)**

**LADHARAM PATEL
(Director)**

Place : Indore
Date : 15/10/2010

**SWATI GANGRADE
Company Secretary**

NEO CORP INTERNATIONAL LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010****(Rs. In Lacs)**

| | As at 31st March 2010 | As at 31st March 2009 |
|---|--------------------------|--------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax and Extraordinary items | 1178.44 | 977.46 |
| a Adjusted for: | | |
| Depreciation | 263.72 | 205.45 |
| Preliminary Expenses Written Off | 0.39 | 0.39 |
| Interest & Financial Charges(Net) | 641.30 | 295.53 |
| (Profit)/ Loss on shares | (7.13) | 9.09 |
| (Profit)/ Loss on sale of Fixed Assets | 9.97 | 1.96 |
| Dividend Income | 0.00 | (0.22) |
| Interest Income | (37.71) | (15.43) |
| Operating Profit before working Capital Changes | 2048.99 | 1474.24 |
| Adjustments for : | | |
| (Increase)/ Decrease in Inventories | 157.76 | (841.67) |
| (Increase)/ Decrease in Trade & other Receivables | (3237.44) | (1034.15) |
| Increase / (Decrease) in Trade & Other Liabilities | 755.03 | 2308.89 |
| Cash Generated from Operation (Before Extraordinary Items and Prior Period Adjustment) | (275.67) | 1907.31 |
| Prior Period Adjustment | 2.74 | (0.52) |
| Extra Ordinary Items | (2.87) | 0.00 |
| Cash Generated from Operation | (275.80) | 1906.79 |
| Less :- Income Tax Paid | 374.08 | 41.69 |
| NET CASH FROM OPERATING ACTIVITIES | 98.28 | 1948.48 |
| (B) CASH FLOW FROM INVESTING ACTIVITY | | |
| Purchase of Fixed Assets | (2548.57) | (2358.16) |
| Preliminary Expenses | 0.00 | (1.34) |
| Sale of Fixed Assets | 93.90 | 6.48 |
| Purchase of Long Term Investments | (2.28) | (580.48) |
| Share application Money | (228.25) | 0.00 |
| Deposits and Advances | 398.63 | (835.59) |
| Proceeds from sale of Long Term Investments | 8.05 | (9.09) |
| Dividend Income | 0.00 | 0.22 |
| Interest Received | 37.71 | 15.43 |
| NET CASH FROM INVESTING ACTIVITIES | (2240.83) | (3762.52) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings | 1485.23 | 1490.85 |
| Proceeds from Short Term Borrowings | 1207.77 | 542.35 |
| Proceeds from Share Application Money | 507.38 | 69.87 |
| Repayment of Share Application Money | (50.00) | 0.00 |
| Interest & Financial Charges Paid(Net) | (641.30) | (295.53) |
| Dividend Paid | (43.27) | (43.27) |
| NET CASH INFLOW IN FINANCING ACTIVITIES | 2465.81 | 1764.27 |
| Net Increase/decrease in Cash & Cash Equivalents [A+B+C] | 323.27 | (49.77) |
| Add :- Cash and Cash Equivalents as at 1st April 2009 [Opening Balance] | 252.14 | 301.90 |
| Cash and Cash Equivalents as at 31st March 2010 [Closing Balance] | 575.42 | 252.14 |

**FOR: A.P. GARG & CO.
CHARTERED ACCOUNTANTS**

"FOR AND ON BEHALF OF THE BOARD"

**K. S. TRIVEDI
(Chairman)**

**SUNIL TRIVEDI
(Mg. Director)**

**P. SHARMA
(Director)**

**(ANUP GARG)
PARTNER
M. No 071283**

**SHARWAN KUMAR PATODI
(Director)**

**LADHARAM PATEL
(Director)**

Place : Indore

**SWATI GANGRADE
Company Secretary**

Date : 15/10/2010

SCHEDULE 01 TO 21 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED ON 31ST MARCH 2010

| | AS AT 31/03/2010 | AS AT 31/03/2009 |
|---|---------------------|---------------------|
| SCHEDULE-01 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 17000000 Equity shares of Rs.10/- each | 170000000 | 170000000 |
| 1000000 Cum.Compulsorily convertible pref.shares of Rs.10 each | 10000000 | 10000000 |
| | 180000000 | 180000000 |
| ISSUED, SUBSCRIBED & PAID UP | | |
| 8654300 Equity shares of Rs.10/- each fully paid up (Including 300000 equity shares of Rs.10 each issued as bonus shares during the year 1992-93 by capitalising general reserve) | 86543000 | 86543000 |
| SHARE APPLICATION MONEY | | |
| Application money pending allotment (CCCPS & Convertible warrants) | 71544564 | 25807064 |
| TOTAL | 158087564 | 112350064 |
| SCHEDULE-02 | | |
| RESERVES & SURPLUS | | |
| General Reserve | | |
| Balance as per last Balance Sheet | 86369768 | 83869768 |
| Add:Trf from Profit & Loss a/c | 2500000 | 2500000 |
| | 88869768 | 86369768 |
| Profit & Loss Account | 272016587 | 187404335 |
| Share Premium Account (Balance as per Last Balance sheet) | 51853500 | 51853500 |
| Capital Reserve (Balance as per Last Balance sheet) | 13479777 | 13479777 |
| TOTAL | 426219632 | 339107380 |
| SCHEDULE-03 | | |
| SECURED LOAN | | |
| Term Loan (Secured by first pari passu charge on fixed assets and second pari passu charge on current assets) | | |
| | 343457888 | 201205680 |
| Working capital loan (Secured by first pari passu charge by way of hypothecation of stocks of raw mat., finished goods, spare parts, work-in-prog., book debts & second pari passu charge on all fixed assets) | | |
| | 379384163 | 258606913 |
| TOTAL | 722842051 | 459812593 |
| SCHEDULE-04 | | |
| UNSECURED LOAN | | |
| From Directors | 91999 | 212492 |
| From Bodies Corporate | 14726932 | 11330669 |
| Hire Purchase against Hypothecation of Vehicles | 9071611 | 6076395 |
| TOTAL | 23890542 | 17619556 |

NEO CORP INTERNATIONAL LTD.

| | AS AT 31/03/2010 | AS AT 31/03/2009 |
|--|---------------------|---------------------------|
| <u>INVESTMENTS AT COST(LONG TERM)</u> | | <u>SCHEDULE-06</u> |
| <u>UNQUOTED</u> | | |
| Gujarat Mercantile Credit Co-operative Society Ltd (10 equity shares of Rs.100 each fully paid) | 1000 | 1000 |
| <u>QUOTED</u> | | |
| State Bank of Bikaner & Jaipur (Equity shares of Rs.10 each fully paid up) | 8100 | 99900 |
| <u>SUBSIDIARY CO.</u> | | |
| Europlast Ltd. (100000 equity shares of 1 GBP each fully paid up) | 58048000 | 58048000 |
| SACOS Indigo Pvt. Ltd. (2282 equity shares of Rs.100 each fully paid up) | 228200 | - |
| SACOS Indigo Pvt. Ltd. (Share Application Money Pending Allotment)) | 22825000 | - |
| TOTAL | 81110300 | 58148900 |
| <u>INVENTORY</u> | | <u>SCHEDULE-07</u> |
| Finished Goods | 135647707 | 190326108 |
| Work in Process | 64774914 | 69466591 |
| Raw Materials | 89455636 | 48377762 |
| Stores & Spares | 4091385 | 3232000 |
| Packing Material | 1656324 | - |
| TOTAL | 295625966 | 311402461 |
| <u>SUNDRY DEBTORS</u> | | <u>SCHEDULE-08</u> |
| Unsecured & Considered good | | |
| Debts outstanding for more than six months | 61671687 | 70886715 |
| Others debts | 434120046 | 439728262 |
| TOTAL | 495791733 | 510614977 |
| <u>CASH & BANK BALANCE</u> | | <u>SCHEDULE-09</u> |
| Cash In Hand | 1989940 | 1046767 |
| Balance with Scheduled bank | 14935143 | 3983703 |
| Deposit with Banks | 40616849 | 20183779 |
| TOTAL | 57541932 | 25214249 |
| <u>OTHER CURRENT ASSETS</u> | | <u>SCHEDULE-10</u> |
| Sundry Receivable | 82054387 | 21242992 |
| Insurance Claim Receivable | 520516424 | - |
| TOTAL | 602570810 | 21242992 |
| <u>LOANS AND ADVANCES</u> | | <u>SCHEDULE-11</u> |
| <u>LOANS</u> | | |
| Unsecured and considered good | 3609874 | 5200000 |
| <u>ADVANCES</u> | | |
| Advance recoverable in cash or kind or for value to be received | 48624065 | 89383495 |
| <u>DEPOSITS</u> | 5530975 | 4811944 |
| TOTAL | 57764913 | 99395439 |

NEO CORP INTERNATIONAL LTD.

| | AS AT 31/03/2010 | AS AT 31/03/2009 |
|---|-----------------------------|-----------------------------|
| CURRENT LIABILITIES & PROVISIONS | | SCHEDULE-12 |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 503212747 | 343485089 |
| Other Liability | 91938400 | 119878352 |
| Advance from Customers | 3213774 | 885144 |
| TOTAL(A) | 598364920 | 464248585 |
| PROVISIONS | | |
| | 32769572 | 32174574 |
| TOTAL (B) | 32769572 | 32174574 |
| TOTAL (A+B) | 631134492 | 496423159 |
| MISCELLANEOUS EXPENDITURE | | SCHEDULE-13 |
| Pre- operative Expenses | | |
| OP. Balance | 133847 | - |
| Add: Incurred During Year | - | 133847 |
| | 133847 | 133847 |
| Less : Write Off During Year | 133847 | - |
| TOTAL(A) | - | 133847 |
| Preliminary Expenses | | |
| OP. Balance | 351523 | 390581 |
| Add: Incurred During Year | - | - |
| | 351523 | 390581 |
| Less : Write Off During Year | 39058 | 39058 |
| TOTAL(B) | 312465 | 351523 |
| TOTAL (A+B) | 312465 | 485370 |
| SALES | | SCHEDULE-14 |
| Domestic Sales | 1293644095 | |
| Export Sales | 517072532 | |
| | 1810716627 | |
| Less : Excise Duty | 103061477 | 1707655150 |
| Export Incentive | | 48571607 |
| | | 85716111 |
| TOTAL | 1756226757 | 1278184574 |
| INCREASE / DECREASE IN STOCK | | SCHEDULE-15 |
| CLOSING STOCK | | |
| Finished Goods | 135647707 | 190326108 |
| Work in process | 64774914 | 69466591 |
| | 200422621 | 200422621 |
| | 200422621 | 259792699 |
| Less: | | |
| OPENING STOCK | | |
| Finished Goods | 190326108 | 171801639 |
| Work in process | 69466591 | 32669091 |
| | 259792699 | 259792699 |
| TOTAL | (59370078) | 55321969 |
| OTHER INCOME | | SCHEDULE-16 |
| Processing Income | - | 88900 |
| Interest Received | 3770838 | 1543201 |
| Lease Rent | 264000 | 249000 |
| Dividend Received | - | 22200 |
| Miscellaneous Accounts written off | 24138 | 97717 |
| Data Processing Charges | 24000 | 24000 |
| Exchange Difference (NET) | - | 4958490 |
| Profit on Sales of Shares | 712899 | - |
| Miscellaneous Income | 2670 | - |
| TOTAL | 4798545 | 6983508 |
| RAW MATERIAL CONSUMED | | SCHEDULE-17 |
| Opening Stocks | 48377762 | 20882436 |
| Add: Purchases during year | 1597564920 | |
| Less : Loss of Stock due to Fire | 236877007 | 1360687913 |
| | | 1409065675 |
| Less: Closing Stock | 89455636 | 1072243521 |
| TOTAL | 1319610040 | 1023865759 |

| | AS AT 31/03/2010 | AS AT 31/03/2009 |
|--|-----------------------------|-----------------------------|
| <u>MANUFACTURING EXPENSES</u> | | <u>SCHEDULE-18</u> |
| Power, Fuel & Water Expenses | 28074722 | 19632889 |
| Labour, Salary, Allow. & Other benefits | 53048859 | 36901203 |
| Freight Charges | 198342 | 27694 |
| Loading and Unloading Expenses | 663594 | 165828 |
| Job Work Expenses | 35500288 | 35885063 |
| Stores and Spares consumed | 14946880 | 11731046 |
| Repairs & Maintenance | 2508516 | 1022940 |
| Factory Rent | 230000 | - |
| Lease Rent | 811190 | 107191 |
| Insurance Expenses | 787209 | 827424 |
| Entry Tax paid on Assesment | 67473 | 72402 |
| Other Manufacturing exp | 705985 | 538491 |
| | <u>137543058</u> | <u>106912171</u> |
| Less : Conversion expenses claim from Insurance Company on WIP and Finished Goods Stock destroyed in fire | 37016574 | - |
| TOTAL | <u>100526484</u> | <u>106912171</u> |
| <u>ADMINISTRATIVE, SELLING & OTHER EXPENSES</u> | | <u>SCHEDULE-19</u> |
| <u>(A) ADMINISTRATIVE EXPENSES</u> | | |
| Salary, Wages and Other Benefits | 4591703 | 4259587 |
| Staff Insurance Expenses | 16248 | 19027 |
| Auditor's Remuneration | 200000 | 90000 |
| Managerial Remuneration | 2964130 | 2980363 |
| Office Rent Paid | 402200 | 93111 |
| Stationery & Printing Expenses | 1180219 | 762832 |
| Postage & Telegram Expenses | 137368 | 145484 |
| Legal & Professional Charges | 6634685 | 5937927 |
| Electricity Expenses | 267608 | 183706 |
| Telephone Expenses | 1514742 | 1358799 |
| Travelling Expenses | 361416 | 386246 |
| Conveyance Expenses | 819118 | 529263 |
| Donation Paid | 2509932 | 23000 |
| Loss due to trading in USD | 71797 | 18302 |
| Professional Tax | 2500 | 2500 |
| Legal Compansation Paid | - | 100000 |
| Loss on Sale of Shares | - | 908999 |
| Loss on Sale of Fixed Assets | 996671 | 195929 |
| Other Expenses | 4693154 | 3738163 |
| Total (A) | <u>27363491</u> | <u>21733237</u> |
| <u>(B) SELLING AND DISTRIBUTION EXPENSES</u> | | |
| Packing Expenses | 2974526 | 2521862 |
| Opening Balance | - | |
| Add : Purchase | 4630850 | |
| | <u>4630850</u> | |
| Less Closing Balance | <u>1656324</u> | |
| Business Promotion Expenses | 1596696 | 1299782 |
| Advertisement Expenses | 21500 | 97000 |
| Freight Outward Expenses | 23448181 | 28583971 |
| Port Handelling Charges | 2272885 | 1911010 |
| Travelling Expenses | 1297761 | 485435 |
| Insurance Expenses | 177378 | 192035 |
| Postage and Telegram | 1440387 | 1669389 |
| Exchange Difference (NET) | 7029449 | - |
| Other Selling Expenses | 820420 | 1577810 |
| Total (B) | <u>41079184</u> | <u>38338294</u> |
| TOTAL (A)+(B) | <u>68442675</u> | <u>60071531</u> |
| <u>INTEREST & FINANCE CHARGES</u> | | <u>SCHEDULE-20</u> |
| Interest on Term Loan | 16219396 | 6300088 |
| Interest on Working Capital Loan | 54629026 | 25619088 |
| Hire Purchase Charges | 795122 | 772022 |
| Bank Commission & charges | 7403163 | 1368510 |
| Interest on Unsecured Loan | 2086466 | 1959911 |
| Other Interest | 176496 | - |
| | <u>81309670</u> | <u>36019619</u> |
| Less : TUFF Subsidy Received | 17179877 | 6466311 |
| TOTAL | <u>64129793</u> | <u>29553308</u> |

FIXED ASSETS

SCHEDULE '5'(a)

| S.No | Particulars | Gross Block | | | | Depreciation | | | | Net Block | | | |
|------|-------------------------|----------------------|---------------------------|---------------------------|--------------------------|------------------|-----------------------|----------------------|--------------------------|--------------|-----------------------|-----------------------|-----------------------|
| | | Balance as on 1.4.09 | Additions during the year | Deduction during the year | Transfer during the year | Loss due to Fire | Balance as on 31.3.10 | Provided upto 1.4.09 | Provided during the year | Written back | Provided upto 31.3.10 | Balance as on 31.3.10 | Balance as on 31.3.09 |
| 1 | Land & site development | 10298599 | 18460524 | 0 | 0 | 0 | 28759123 | 0 | 0 | 0 | 0 | 28759123 | 10298599 |
| 2 | Plant & Machinery(WDV) | 191393890 | 162998 | 3477361 | 0 | 18366564 | 169712963 | 122475669 | 10424054 | 14695419 | 118204304 | 51508660 | 68918222 |
| 3 | Plant & Machinery(SLM) | 112499326 | 225806241 | 8022000 | 0 | 192154133 | 138129434 | 2582829 | 8024873 | 2105724 | 8501977 | 129627457 | 109916497 |
| 4 | Building | 39801604 | 71117052 | 0 | 0 | 45056935 | 65861721 | 8004844 | 2560598 | 874080 | 9691362 | 56170359 | 31796760 |
| 5 | Elect.Installation(fy) | 4118857 | 3018923 | 0 | 0 | 2208194 | 4929586 | 1822447 | 358724 | 58256 | 2122916 | 2806670 | 2296410 |
| 6 | Elect.Installation(Off) | 15964 | 0 | 0 | 0 | 0 | 15964 | 13264 | 1129 | 0 | 14393 | 1571 | 2700 |
| 7 | Off.Equipment | 872602 | 274135 | 0 | 0 | 0 | 1146737 | 207548 | 54474 | 0 | 262021 | 884716 | 665054 |
| 8 | Vehicles | 13861115 | 2172680 | 1299576 | 0 | 0 | 14734219 | 2479643 | 1247083 | 393792 | 3332934 | 11401285 | 11381472 |
| 9 | Fire Extinguisher | 158251 | 551340 | 0 | 0 | 551340 | 158251 | 101330 | 8019 | 502 | 108847 | 49405 | 56922 |
| 10 | Fur.& Fixt | 4781501 | 400338 | 0 | 0 | 0 | 5181839 | 881496 | 308122 | 0 | 1189618 | 3992221 | 3900005 |
| 11 | Weighing scales | 191176 | 209750 | 0 | 0 | 138750 | 262176 | 85999 | 11739 | 126 | 97611 | 164565 | 105177 |
| 12 | Computer | 10330527 | 1802875 | 0 | 0 | 0 | 12133402 | 3308940 | 1783148 | 0 | 5092088 | 7041314 | 7021587 |
| | Total(i) | 388323413 | 323976856 | 12798937 | - | 258475916 | 441025415 | 141964008 | 24781962 | 18127899 | 148618071 | 292407344 | 246359404 |
| 13 | Capital WIP(ii) | 170459309 | 254857304 | 323976858 | - | - | 101339755 | - | - | - | - | 101339755 | 170459309 |
| | Total(i + ii) (a) | 558782721 | 578834160 | 336775795 | - | - | 542365170 | 141964008 | 24781962 | 18127899 | 148618071 | 393747099 | 416818713 |

FIXED ASSETS

SCHEDULE '5'(b)

| S.No | Particulars | Gross Block | | | | | | Depreciation | | | | Net Block | |
|-------|---|----------------------|---------------------------|---------------------------|--------------------------|------------------|-----------------------|----------------------|--------------------------|-----------------|-----------------------|-----------------------|-----------------------|
| | | Balance as on 1.4.09 | Additions during the year | Deduction during the year | Transfer during the year | Loss due to Fire | Balance as on 31.3.10 | Provided upto 1.4.09 | Provided during the year | Written back | Provided upto 31.3.10 | Balance as on 31.3.10 | Balance as on 31.3.09 |
| 1 | Land & Site Develop. | 130931 | - | - | - | - | 130931 | - | - | - | - | 130931 | 130931 |
| 2(i) | Plant & Machinery from 1.4.86 to date | 23107512 | - | - | - | - | 23107512 | 20995588 | 1220077 | - | 22215665 | 891847 | 2111924 |
| 2(ii) | Plant & Machinery upto 31.3.85 (Straight Line Method) | 8125634 | - | - | - | - | 8125634 | 7719352 | - | - | 7719352 | 406282 | 406282 |
| 3 | Building | 4870366 | - | - | - | - | 4870366 | 3337738 | 162670 | - | 3500408 | 1369958 | 1532628 |
| 4 | Elect.Installation(fy) | 752521 | - | - | - | - | 752521 | 714895 | - | - | 714895 | 37626 | 37626 |
| 5 | Elect.Installation(Off) | 42092 | - | - | - | - | 42092 | 40572 | - | - | 40572 | 1519 | 1519 |
| 6 | Off.Equipment | 1255109 | - | - | - | - | 1255109 | 909246 | 59618 | - | 968864 | 286245 | 345863 |
| 7 | Vehicles | 93447 | - | - | - | - | 93447 | 90166 | 665 | - | 90831 | 2616 | 3281 |
| 8 | Fire Extinguisher | 19298 | - | - | - | - | 19298 | 15295 | 917 | - | 16212 | 3086 | 4003 |
| 9 | Furniture & Fixture | 2258107 | - | - | - | - | 2258107 | 1959315 | 142938 | - | 2102253 | 155854 | 298792 |
| 10 | Weighing Scales | 73943 | - | - | - | - | 73943 | 36999 | 3512 | - | 40511 | 33431 | 36944 |
| 11 | Computer | 1513455 | - | - | - | - | 1513455 | 1437782 | - | - | 1437782 | 75673 | 75673 |
| | Total(i) | 42242415 | - | - | - | - | 42242415 | 37256949 | 1590397 | - | 38847345 | 3395070 | 4985467 |
| | Total(i)(b) | 430565825 | 323976856 | 12798937 | - | 258475916 | 483267831 | 179220957 | 26372358 | 18127899 | 187465416 | 295802414 | 251344871 |
| | Capital WIP(ii) | 170459309 | 254857304 | 323976858 | - | - | 101339755 | - | - | - | - | 101339755 | 170459309 |
| | Total(a+b) | 601025134 | 578834160 | 336775795 | - | 258475916 | 584607585 | 179220957 | 26372358 | 18127899 | 187465416 | 397142169 | 421804180 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**• SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation**

The financial statements have been prepared under historical cost convention on accrual basis to comply in all material respects with the notified Accounting Standards referred by the Companies (Accounting standards) Rule 2006 (as amended) and the relevant provision of the Companies Act, 1956. The accounting policies have been consistently applied by the company unless otherwise stated.

B. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

C. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies, if any. The cost comprises of purchase price/cost of construction, freight, duties (net of CENVAT), taxes and any directly attributable expenses of bringing the assets to working condition for its intended use. Financial costs relating to acquisition of fixed assets which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. Expenditure for additions, modifications, improvements and renewals are capitalized and expenditure for maintenance and repairs are charged to the Profit & Loss Account. When assets are sold, destroyed or discarded, the respective cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is charged to the Profit & Loss Account.

D. Revenue Recognition

Revenue from sale of goods (other than export sales) is recognised on dispatch which coincides with transfer of significant risks & rewards to customer and is inclusive of excise duty and net of trade discounts, sales returns and commercial tax where applicable. Revenue from export sales is recognised on the date of the bill of lading or air way bill.

Government grants/subsidies are accounted for only when there is a certainty of receipt.

Interest and other income are recognized on accrual basis but the dividend is recognized in the year of receipt.

E. Depreciation

Depreciation is provided on the straight Line Method basis, at the rate and in the manner prescribed in schedule XIV of the Companies Act, 1956 except on the plant and machinery acquired during the period 31st March 1995 to 31st March 2008 is provided on written down value method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956. The Assets purchased and put to use during the year has been charged depreciation on pro-rata basis on prescribed rate.

F. Inventories

Items of Inventory are valued at lower of cost or net realizable value. Cost of Inventory comprises all cost of purchase, cost of conversion, and other cost incurred except freight charges for bringing the inventory to their present condition and location.

Inventories are valued as under:-

- i] Raw Materials, Stores & Spares & Consumable are valued at Cost.
- ii] Process Stocks are valued at direct raw material cost plus average cost of processing for various operation performed up to estimated stage of process.
- iii] Finished Goods are valued at cost or market value whichever is lower.

G. Preliminary / Public Issue Expenses

Preliminary/public issue/ right issue expenses are written off to the extent of 1/10th of the total expenses every year on pro rata basis.

H. Capital Work in Progress

Assets under erection & installation and advances given for capital expenditure are shown as "Capital work in progress".

I. Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term Investments. Long term investments are carried at cost less provision made to recognise a decline, other than temporary, in value of such investment. Current investments are carried at lower of cost and fair value determined on individual investment basis. Cost of acquisition is inclusive of expenditure incidental to acquisition.

J. Foreign Currency

Foreign Currency transactions are recorded at the exchange rate prevailing at the time of the transaction. The current assets and current liabilities other than the transactions covered are translated at the rate prevailing on the Balance Sheet date and the resultant gain/loss is recognised in the financial statements. The transactions covered are recorded at the rate at which the forward contract was entered into.

Investment in subsidiary company is expressed in Indian Rupees at the rate of exchange prevailing at the date investment.

K. Borrowing Costs

Borrowing cost that is attributable to the acquisition or construction of qualifying/eligible assets are capitalized as part of the cost of such assets. A qualifying/eligible asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost is recognized as an expense in the period in which they are incurred.

L. Employee benefits

a) Defined Contribution Plans

Contribution paid/payable to defined contribution plans comprising of provident fund, pension fund, superannuation fund etc, in accordance with the applicable laws and regulations are recognized as expenses during the period in which the employees perform the services that the payments cover.

The Company makes monthly contributions and has no further obligation under plans beyond its contributions.

b) Defined Benefit Plan

The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the Balance Sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustment and the effect of charges in the actuarial assumptions and are recognised immediately in the Profit and Loss account as an income or expense.

c) Other Long Terms employee benefits

Employee benefits including compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date based on actuarial valuation method of Projected Unit Credit carried out at each Balance Sheet date. Actuarial Gains and Losses are recognized immediately in the Profit and Loss account as an income or expense.

d) Short term employee benefits

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as per the Group's schemes based on the expected obligation on an undiscounted basis.

M. Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (Consolidation of shares).

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

N. Taxation

Tax expenses comprises of current tax & deferred tax. Current tax is determined as per the provisions of the Income tax Act in respect of Taxable Income for the year. Deferred Tax Liability is computed as per Accounting Standard [AS-22]. Deferred Tax Assets and Deferred Tax Liability are recognized for all timing differences subject to consideration of prudence, applying the tax rates that have been substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT

credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountant of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

O. Impairment of Assets

All the fixed assets including intangible assets are assessed for any indication of impairment at the end financial year. On such indication, the impairment (being the excess of carrying value over the asset) is charged to the Profit and Loss account in the respective financial year. Recoverable amount is higher of the net selling price of an asset and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

P. Provisions, Contingent Liabilities and Contingent Assets

The company recognises a provision when there is present obligation as a result of a past event that probably requires an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. A disclosure for a contingent liability 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 and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

NOTES ON ACCOUNTS :-

A. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.2,30,01,310/- (Pre. Year Rs.19,50,00,000/-).

B. Contingent liabilities not provided for in respect of: (Rs. In lacs)

| Particulars | 31.03.2010 | 31.03.2009 |
|---|------------|------------|
| Letters of Credit opened | NIL | 3.68 |
| Bank Guarantee issued by banks | 20.00 | Nil |
| Income tax demands to the extent disputed in appeals | NIL | 0.37 |
| Excise & Customs due under various show cause notices issued by the authorities is disputed by the company. The company is hopeful of getting the matter settled in its favour. | 98.77 | 98.77 |
| Sales tax demands under appeal | Nil | Nil |
| Commercial tax demands in appeals | Nil | Nil |

C. Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 except the plant & machinery on which depreciation provided as follows:

| Period | Method |
|--|---------------------------|
| Acquired up to 30 th March 1995 | Straight Line Method |
| 31 st March 1995 to 31 st March 2008 | Written Down Value Method |
| 1 st April 2008 onward | Straight Line Method |

D. In the opinion of the management and to the best of their knowledge and belief the value of realization of current assets, Loans and advances in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

E. Managerial Remuneration paid to the Directors is as per Schedule XIII of the Companies Act 1956.

| Particulars | 2009-10 | 2008-09 |
|---------------------------------|----------------|----------------|
| Remuneration | 2100000 | 2100000 |
| House Rent Allowance | 840000 | 840000 |
| Contribution to P.F. & Gratuity | 731692 | 258255 |
| Other Perquisites | 281244 | 234975 |
| TOTAL | 3952936 | 3433230 |

F. Export incentive receivables have been adjusted on the basis of duty free license scheme against advance license/DEPB/DEPB/duty refund/DFRC.

G. Being the Company has a 100% Export Division namely Techtextiles on which company has exemption of tax under section 10B of the Income Tax Act, 1961 hence not liable to pay tax on this income of this division. The

provision of tax liability on DTA Division is under normal provision of the I.T. Act with compared to the MAT tax liability. The higher of these two figures is provided in the Books of Accounts.

- H. As per the information provided by the management, that none of the suppliers of the company are registered under the Micro, Small & Medium Enterprises Development Act 2006. Also company has not received any claims in respect of interest from any undertaking.
- I. The valuation of closing stock of finished goods includes excise duty payable of 46,90,374/- as on 31.3.10 (17,56,493/- as on 31.3.09).
- J. In respect to the Accounting Standard AS-19 pertaining to "Lease", issued by the ICAI which is mandatory with effect from 1.4.01 and as applicable to all the leased assets for which the lease commences on or after 1.4.01, the company did not have any operating lease during the year 2009-10. However, yearly lease rentals are charged directly to the profit & loss account with reference to the term of lease.
- K. The company in the previous years had collected ` 199.17 Lacs as application money for cumulative compulsory convertible preference share (CCPS). The company has received approval from BSE for allotment of CCPS on 14th May 2009 and has gone ahead with allotment on 18th May 2009. The company had also collected ` 58.90 Lacs towards convertible warrants but the allotment of the same could not be done due to non eligibility in regulation 72 of ICDR, 2009. That the company has refunded ` 50.00 Lacs during the current year and refunded the balance amount of ` 8.90 Lacs on 31st May 2010.
- L. The company had collected 507.37 Lacs towards application money for convertible warrants. Company has received the approval for allotment of warrants on 03rd March 2010, and under gone with the allotment procedure which has been completed after fulfilling all requirements and allotted the warrants on 05th June 2010.
- M
- i) M/s Neo Corp International Limited (the holding company) has entered into takeover agreement on 29.03.2008 with Europlast Limited, a U.K. based company for purchase of their entire shareholding on deferred payment basis for a consideration of 800,000 GBP (Rs.5,80,48,000/-) and paid 1,90,663 GBP (Rs.1,46,90,500/-) during the year after receiving permission from Reserve Bank of India. The balance amount of 6,09,337 GBP (Rs. 4,33,57,500) is payable to Fukam International Ltd., Hong Kong and reflected in sundry creditor. Another supplementary agreement has been executed on 29.03.2010 and extended further time of 18 months for payment considering the major fire accident taken place in the holding company. But no shares of the Europlast Limited have been transferred in favour of the holding company. The management claimed status of subsidiary on the basis of tri-party agreement entered with said Europlast Ltd, U.K. and Fukam International Ltd., Hong Kong that they have full control on the Board of directors of Europlast Ltd. Therefore by virtue of Section 4(1)(a) of the Companies Act 1956 it became subsidiary company of Neo Corp International Limited.
- ii) The company has made another acquisition during the year in the Pithampur based company i.e. M/s. Sacos Indigo (P) Ltd and it became subsidiary of NCIL by virtue of said investment in equity shares. The Company has implemented a project of BOPP coated bags, tuber bags etc which has commenced production in August 2010 and they have already received sanction of Rs. 38.40 Crore credit facilities from State Bank of India Mumbai for the said project. The company has not given any guarantee for said loan during the year.
- N. A massive fire accident took place on 27th & 28th February, 2010 at its 100% EOU Division (namely "Techtextil") factory premises located at Plot No. 64-A, Sector-1, Industrial Area Pithampur (Distt. Dhar) by which super structure of factory Building and plant and machinery along with raw material, WIP, finished goods and other movable assets is destroyed. The company reported total loss of Rs. 5205.16 Lacs on account of fixed assets and stocks. The loss assets were adequately covered by insurance policies of United India Insurance Company Ltd. and The Oriental Insurance Company Ltd. The Company has received an interim claim amount of Rs. 750.00 Lacs and hopeful to settle the final claim very soon. As the management has already started the process of revamping, therefore it will not affect the going concern assumption for the Company.
- O. The company has given various advances to the extent of Rs.486.24 Lacs towards supply of various material, services and expenses which are pending for final adjustment and have been considered as good and recoverable.
- P. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as on 31.3.2010.
- Q. (a) The company has adopted revised accounting standard 15 "Employees Benefits" issued by the Institute of Chartered Accountants of India with effect from 1.4.2007 and consequently the transitional excess provisions of Nil of gratuity as per the actuary report has been directly added to general reserves.
- (i) **Provident Fund** Defined Contribution Plan
All employees are entitled to Provident Fund benefits. Amount debited to Profit and Loss account is 16,44,714/- during the year.
- (ii) **Gratuity and Leave encashment** Defined Benefit Plans Provision made as per actuarial valuation
- (b) Other disclosures as per the Revised AS-15 are as under:

| Particulars | Non Funded | | Non Funded | |
|---|-----------------|-------------------------|-----------------|-------------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Expenses recognized in the statement of Profit and loss account for the year ended on 31st March 2010 | 31.03.10 | 31.03.10 | 31.03.09 | 31.03.09 |
| 1.Current Service cost | 942732 | 297035 | 750777 | 305810 |
| 2.Interest Cost | 202559 | 56633 | 156622 | 68862 |
| 3.Employee contribution | -- | -- | -- | -- |
| 4.Actuarial (Gains)/Losses | 91253 | 8910 | 336870 | (247704) |
| 5.Past Service Cost | 456759 | -- | -- | -- |
| 6.Settlement cost | -- | -- | -- | -- |
| 7.Expenses recognized in the profit & loss account | 1693303 | 362578 | 1244269 | 126968 |
| Net Assets/(Liability) recognized in the Balance sheet as at 31st March 2010 | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| 1.Present value of Defined Benefit Obligation | 3713752 | 809362 | 2531986 | 707916 |
| 2.Fair Value of Plan assets | -- | -- | -- | -- |
| 3.Funded Status (Surplus/Deficit) | (3713752) | (809362) | (2531986) | (707916) |
| 4.Net asset/(L iability) as at 31 st March 2010. | (3713752) | (809362) | (2531986) | (707916) |
| Change in Obligation during the year ended on 31st March 2010 | | | | |
| 1.Present value of Defined Benefit Obligation at the beginning of the year | 2531986 | 707916 | 2237458 | 983749 |
| 2.Current Service Cost | 942732 | 297035 | 750777 | 305810 |
| 3.Interest Cost | 202559 | 56633 | 156622 | 68862 |
| 4.Settlement Cost | -- | -- | -- | -- |
| 5.Past services cost | 456759 | -- | -- | -- |
| 6.Employee contributions | -- | -- | -- | -- |
| 7.Actuarial (gains)/Losses | 91253 | 8910 | 336870 | (247704) |
| 8.Benefit Payments | (511537) | (261132) | (949741) | (402801) |
| 9.Present value of Defined Benefit of Obligation at the end of the year | 3713752 | 809362 | 2531986 | 707916 |
| Change in assets during the year ended on 31st March 2010 (not separately invested) | | | | |
| 1.Plan assets at the beginning of the year | -- | -- | -- | -- |
| 2.Assets acquired on amalgamation in previous year | -- | -- | -- | -- |
| 3.Settlements | -- | -- | -- | -- |
| 4.Expected return on plan assets | -- | -- | -- | -- |
| 5.Contribution by employer | -- | -- | -- | -- |
| 6.Actual Benefit paid | -- | -- | -- | -- |
| 7.Actuarial gains/(Losses) | -- | -- | -- | -- |
| 8.Plan assets at the end of the year | -- | -- | -- | -- |
| 9.Actual Return on plan assets | -- | -- | -- | -- |

Actuarial assumptions: (for year 2009-10)

- | | |
|--------------------|-----------------------------------|
| i. Discount rate | 8% |
| ii. Mortality | As per LIC(1994-96) duly modified |
| iii. Turnover rate | Up to 30 Years - 3% |
| | Up to 44 Years - 2% |
| | Above 44 Years - 1% |

- Q. a) The company is in the business of manufacture of technical textiles and as such there are no separate reportable business segment, as per Accounting Standard AS 17.
- b) In respect of geographical segments the details are as under:

| Gross Sales | Year ended 31.03.2010 | Year ended 31.03.2009 |
|--------------------|----------------------------------|----------------------------------|
| Domestic: | 1,21,66,86,526/- | 64,17,43,562/- |
| Overseas: | 55,65,30,463/- | 63,64,41,012/- |

- R. Earnings per share:

| | Particulars | Year ended 31.03.2010 | Year ended 31.03.2009 |
|----|--|----------------------------------|----------------------------------|
| A. | Profit / (Loss) attributable to Equity Shareholders (` In lacs) | 921.75 | 639.48 |
| B. | Weighted average number of equity shares (Basic) | 8654300 | 8654300 |
| C. | Weighted average number of equity shares (Diluted) | 8947198 | N.A. |
| D. | Nominal value of Equity share | 10.00 | 10.00 |
| E. | Earnings per share (Basic) | 10.65 | 7.39 |
| F. | Earning per share (Diluted) | 8.76 | N.A. |

- S. Related Party Disclosures :

The Management has identified the following Companies and individuals as related parties of the Company for the year ended 31st March 2010 for the purposes of reporting as per AS-18 (Related Party Transaction)

| I. Related party relationships | |
|---|---|
| Subsidiary Companies | M/s Euro Plast Limited, U.K. M/s Sacos Indigo Private Limited |
| Associate Company | M/s.Panam Packers Pvt. Ltd. M/s Synergy Education Intl. (P) Ltd. M/s Vishwkarma Creations (P) td. M/s Olympian Investors and Traders Pvt. Ltd. |
| Key Management Personnel: | Mr.Sunil Trivedi Mr.Kailash Chandra Trivedi Mr.Pradhuman Sharma Mr. Shrawan Kumar Patodi Mr. Ladharam Patel Mr. Dashrath Bhai Trivedi Mr. Sanjay Trivedi Mr. Rolland Coderre |
| Relatives of Key Management Personnel: | Mrs.Nandita Trivedi Mr.Utkarsh Trivedi Mrs. Rupal Trivedi |

| II. Transactions with related parties | | | |
|---|--|----------------------------------|----------------------------------|
| | | Year ended 31.03.2010 | Year ended 31.03.2009 |
| Key Management Personnel: | | | |
| Remuneration: | | 3952936 | 3433230 |
| Interest on unsecured loan: | | 82785 | 136668 |
| Rent | | 327000 | 33945 |
| Relatives of key management personnel: | | | |
| Remuneration | | 315000 | 48500 |
| Other related parties: | | | |
| Purchase of materials | | 33947 | -- |
| Sale of goods | | -- | -- |
| Other services availed | | 907345 | 2232695 |
| Other services rendered | | 429150 | 774201 |
| Amount due to related parties: | | | |
| Included in unsecured loan: | | 91999 | 212492 |
| Included in other current liabilities | | -- | 871163 |
| Included in Creditors | | 70025 | 175551 |
| Amount due from related parties: | | | |
| Included in Debtors | | -- | -- |

- T. In terms of Accounting Standard 22 issued by the ICAI, the deferred tax asset of 26,90,196/- for the year has been recognised and charged to Profit & Loss account. The break-up of deferred assets and liabilities are as under: (Previous Year : 1,02,79,537/-)

| Particulars | Deferred Tax Liab./Asset as At 31.03.10 | Deferred Tax Liab./Asset as At 31.03.09 |
|---------------------------------|---|---|
| DEFERRED TAX LIABILITIES | 25686008/- | 22995812/- |

- U. The company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than Indian rupees. The counter party to such forward contract is a bank. Details of Forward Contracts outstanding at the year end:

| CURRENCY | EXPOSURE TO BUY/SELL | As at the year end Rs in Lacs | Foreign Currency |
|----------|----------------------|-------------------------------|------------------|
| GBP | Sell | NIL | NIL |
| US \$ | Sell | 169.59 | 367911/- |
| Euro | Sell | 2.17 | 150000/- |

Net exchange difference in respect of forward contract is recognized in the current year.

Foreign Currency exposure at the year end not hedged by derivative instruments:

| FOREIGN CURRENCY | As at 31.03.10 | As at 31.03.10 | As at 31.03.09 | As at 31.03.09 |
|------------------|----------------|----------------|----------------|----------------|
| | NIL | NIL | USD 108035.60 | 54.74 Lacs |
| | GBP 150637.93 | 113.87 Lacs | GBP 80076.30 | 59.14 Lacs |
| | EURO 50381.80 | 34.02 Lacs | NIL | NIL |

V. QUANTITATIVE INFORMATION

| | 2009-10 | | 2008-09 | |
|---|----------|------------|----------|------------|
| | QTY (KG) | VALUE (RS) | QTY (KG) | VALUE (RS) |
| i)PACKTECH | | | | |
| a)LICENSED CAPACITY | - | - | - | - |
| Not applicable as licence is not required | | | | |
| b)INSTALLED CAPACITY | 15300000 | - | 10800000 | - |
| c)Opening Stock | 1957709 | 181684930 | 1545584 | 147369138 |
| d)Production | 14627652 | - | 10657290 | - |
| e)Purchases | 113611 | 9984754 | 9385 | 941455 |
| f)Sales/Transfer | 16002029 | 1734728603 | 10254550 | 866800123 |
| g)Closing stock | 696942 | 92250552 | 1957709 | 181684930 |
| ii)AGROTECH | | | | |
| a)LICENSED CAPACITY | - | - | - | - |
| Not applicable as licence is not required | | | | |
| b)INSTALLED CAPACITY | 1612000 | - | 912000 | - |
| c)Opening Stock | 113558 | 8559568 | 3621 | 316258 |
| d)Production | 735865 | - | 476462 | - |
| e)Purchases | 297795 | 35227844 | 40 | - |
| f)Sales/Transfer | 934439 | 65668830 | 366866 | - |
| g)Closing stock | 212780 | 23291292 | 113558 | 8559568 |
| iii)GEOTECH | | | | |
| a)LICENSED CAPACITY | - | - | - | - |
| Not applicable as licence is not required | | | | |
| b)INSTALLED CAPACITY | 1500000 | | | |
| c)Opening Stock | 944 | 81610 | 39826 | 3866506 |
| d)Production | 1054240 | - | 84393 | - |
| e)Purchases | - | - | - | - |
| f)Sales/Transfer | 931460 | 59381843 | 123275 | - |
| g)Closing stock | 123724 | 20104221 | 944 | 81610 |

| | | | | |
|---|----------|------------|----------|-------------|
| iv)RP GRANUALS/ MASTER BATCH | | | | |
| a)LICENSED CAPACITY | - | - | - | - |
| Not applicable as licence is not required | | | | |
| b)INSTALLED CAPACITY | 1500000 | | 1500000 | - |
| c)Opening Stock | 107359 | 3269180 | 17396 | 1739637 |
| d)Production | 131249 | - | 240281 | - |
| e)Purchases | - | - | - | - |
| f)Sales/Transfer | 154172 | 3498766 | 150318 | 10493190 |
| g)Closing stock | 84436 | 1023420 | 107359 | 3269180 |
| iv)RAW MATERIAL CONSUMED | | | | |
| Granuals /Fabric/Tape/Film | 19310748 | 1313033015 | 11835799 | 946543402 |
| Others | - | 6577025 | - | 4279982 |
| v)SEMI-FINISHED GOODS/WASTE | | | | |
| a)Opening Stock | 922642 | 66197402 | 655616 | 51495449 |
| b)Production | 455744 | - | 544977 | - |
| c)Purchase | - | - | - | - |
| d)Sales/Transfer | 681700 | 11871812 | 277952 | 1420786 |
| e)Closing stock | 696686 | 63753133 | 922642 | 66197402 |
| vi)SALES | | | | |
| a)Granuals | 16425 | 801450 | 613978 | 47864039 |
| b)Others | | 78066 | | - |
| vii) RAW MATERIAL & STORES , SPARES CONSUMED | | | | |
| A) Raw Material | | | | |
| Imported | 8.59% | 113397886 | 20.9% | 94554098.41 |
| Indigenous | 91.41% | 1206212154 | 79.1% | 357981134 |
| B)Stores & Spares | | | | |
| Imported | 3.12% | 466573 | - | - |
| Indigenous | 96.88% | 14480307 | 100.00% | 11731046.49 |
| viii) CIF VALUE OF IMPORTS DURING THE YEAR | | | | |
| Raw Material | - | 51232325 | - | 20560336 |
| Stores | - | 466572 | - | - |
| Capital goods | - | 69506521 | - | 61067071 |
| ix) Expenditure in Foreign Currency | - | 353441 | - | 179808 |
| x) FOB Value of exports | - | 499679543 | - | 550805134 |

W. Debit and Credit balances are subject to confirmation.

X. Figure has been rounded off to the nearest rupees.

Y. Figures of the previous year have been re-grouped/re-arranged/re-classified wherever necessary to the facilitate comparison.

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

FOR: A.P. GARG & CO.
CHARTERED ACCOUNTANTS

K. S. TRIVEDI
(Chairman)

SUNIL TRIVEDI
(Mg. Director)

P. SHARMA
(Director)

(ANUP GARG)
PARTNER
M. No 071283

SHARWAN KUMAR PATODI
(Director)

LADHARAM PATEL
(Director)

Place : Indore
Date : 15/10/2010

SWATI GANGRADE
(Company Secretary)

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| | Europlast Limited | Sacos Indigo Pvt. Limited |
|---|--------------------------|--|
| 1. Name of the Subsidiary Company | | |
| 2. Financial year of the Company ended on | 31.03.2010 | 31.03.2010 |
| 3. Shares held in the Subsidiary Company on the above date: | | |
| i) Number – Equity | 1,00,000 | 2279 |
| ii) Extent of holding | 100% | 100% |
| 4. The net aggregate amount of the Profits/(losses) of the Subsidiary Company as far as it concerns the members of the Holding Company: | | |
| i) Not dealt with in the Holding Company's Accounts: | | |
| a) For the Financial year of the subsidiary | Rs. 8294032 | (44778) |
| b) For the previous Financial years since it became the Holding Company's Subsidiary | Rs.10505710 | Not applicable since became subsidiary w.e.f. 31/12/2009 |
| ii) Dealt with in the Holding Company's Accounts | | |
| a) For the Financial year of the subsidiary | Rs. Nil | |
| b) For the previous Financial years since it became the Holding Company's Subsidiary | Rs. Nil | |
| Additional Information u/s 212 (5) | Not applicable | |

Indore, 15th October 2010

ON BEHALF OF THE BOARD

K.S.TRIVEDI - CHAIRMAN
SUNIL TRIVEDI - MG.DIR
P.SHARMA - DIRECTOR
S. K. PATODI - DIRECTOR
LADHARAM PATEL - DIRECTOR

SWATI GANGRADE
COMPANY SECRETARY

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors of
Neo Corp International Limited

1. We have audited the attached Consolidated Balance Sheet of **M/s. NEO CORP INTERNATIONAL LIMITED** (“the company”) and its subsidiaries **M/s. Euro Plast Limited** and **M/s. Sacos Indigo Private Limited** as at 31st March, 2010 and the consolidated profit and loss account 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.
2. We conducted our audit in accordance with the 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 misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides as reasonable basis for our opinion.
3. In respect of the financial statements of subsidiary namely M/s Sacos Indigo Private Limited, we did not carry out the audit. These financial statement have been audited /reviewed by other auditor whose report have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of the other auditor. The details of the assets and revenue in respect of this subsidiary to the extent to which they are reflected in the consolidated financial statements are given below :

| | | Total Assets | | Total Revenue |
|---|-----------|---------------------|-----------|----------------------|
| • Indian Subsidiary (M/s. Sacos Indigo Private Limited) | Rs | 23974628.00 | Rs | Nil |

4. We further report that financial statements of another subsidiary namely M/s Europlast Limited, we did not carry out the audit. These financial statements have been certified by the management and have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on these certified financial statement. Since these financial statements for the financial year ended 31st March 2010, which were compiled by management of these companies, were not audited, any adjustment to their balances could have consequential effects on the attached consolidated financial statements. The details of the assets and revenue in respect of these subsidiaries to the extent to which they are reflected in the consolidated financial statements are given below :

| | | Total Assets | | Total Revenue |
|--|-----------|---------------------|-----------|----------------------|
| • Foreign Subsidiary (M/s. Europlast Limited) (Subject to point no.3 of notes to the account) | Rs | 108305847.00 | Rs | 475740305.00 |

5. We report that the consolidated financial statement have been prepared by the company's management in accordance with the requirements of the accounting standards(AS)21, consolidated financial statement and Accounting standards(AS) 23 Accounting for investments in Associates in consolidated financial statement prescribed by the Central Government under section 211 (3C) of the companies Act 1956 and other recognized accounting practices and policies on the basis of the separate audited/certified financial statement of the subsidiaries included in the consolidated financial statement.
6. Based on our audit and on consideration of reports of the management of that company, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read together with significant accounting policies in schedule 21 and notes appearing there on, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the consolidated balance sheet of the state of affairs of the company & its subsidiary as at March 31, 2010
 - (ii) in the case of the consolidated profit and loss Account, of the profit for the year ended on that date.

Place: Indore
Date: 15th October 2010

For M/s. A. P. Garg & Co.
Chartered Accountants

(Anup Garg)
PARTNER
M. No. 071283

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

| | AS AT 31/03/2010 | AS AT 31/03/2009 |
|---|---------------------|---------------------|
| SOURCES OF FUNDS: | | |
| 1. SHARE HOLDER'S FUND | | |
| Share capital | 158087564 | 112350064 |
| Reserve and Surplus | 438802445 | 350539875 |
| 2. LOAN FUNDS | | |
| Secured Loan | 747005346 | 510529651 |
| Unsecured Loan | 23890542 | 25078217 |
| TOTAL | 1367785896 | 998497807 |
| APPLICATION OF FUNDS: | | |
| 1. FIXED ASSETS | | |
| a] Gross Block (Before Loss) | 766566401 | 451572643 |
| b] Less: Loss due to Fire | 258475916 | - |
| Adjusted Block | 508090485 | 451572643 |
| Less : Depreciation | 189426031 | 180343241 |
| Net Block | 318664454 | 271229402 |
| Add : Capital Work in Progress | 101456907 | 170459309 |
| | 420121361 | 441688711 |
| 2 Goodwill on Consolidation | 31610667 | 31610667 |
| 3 INVESTMENT | 9100 | 100900 |
| 4 [i] CURRENT ASSETS, LOANS & ADVANCES | | |
| a] Inventories | 308276006 | 319016584 |
| b] Sundry Debtors | 570125639 | 583103595 |
| c] Cash & Bank Balance | 61451417 | 37695572 |
| d] Other Current Assets | 602570810 | 62809219 |
| e] Loans & Advances | 75200153 | 99773389 |
| | 1617624026 | 1102398359 |
| [ii] CURRENT LIABILITIES & PROVISIONS | 677064423 | 554790336 |
| NET CURRENT ASSETS (i - ii) | 940559603 | 547608023 |
| 5 DEFFERED TAX LIABILITY | (25799913) | (22995812) |
| 6 MISLANIOUS EXPENSES | 1285078 | 485370 |
| TOTAL | 1367785896 | 998497807 |

"FOR AND ON BEHALF OF THE BOARD"FOR: A.P. GARG & CO.
CHARTERED ACCOUNTANTSK. S. TRIVEDI
(Chairman)SUNIL TRIVEDI
(Mg. Director)P. SHARMA
(Director)(ANUP GARG)
PARTNER
M. No 071283SHARWAN KUMAR PATODI
(Director)LADHARAM PATEL
(Director)Place : Indore
Date : 15/10/2010SWATI GANGRADE
(Company Secretary)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

| | AS AT 31/03/2010 | AS AT 31/03/2009 |
|--|---------------------|---------------------|
| INCOME | | |
| Sales | 2053459977 | 1579060132 |
| Increase / (Decrease) in Stock | (54334161) | 54492531 |
| Other Income | 4885217 | 6983508 |
| TOTAL | 2004011033 | 1640536171 |
| EXPENDITURE | | |
| Raw Material Consumed | 1578116843 | 1291566712 |
| Excise Duty on Closing Stock | 4690374 | 1756493 |
| Manufacturing Expenses | 118441340 | 106912171 |
| Administrative & Selling Expenses | 79936655 | 73888301 |
| Interest and Financial Charges | 67696738 | 37169662 |
| Depreciation | 26812449 | 20951584 |
| Preliminary Expenses W/off | 39058 | 39058 |
| TOTAL | 1875733457 | 1532283981 |
| PROFIT / (LOSS) BEFORE EXTRA- ORDINARY ITEMS | 128277576 | 108252190 |
| Less : Prior Period Adjustments(Net) | (144276) | 51645 |
| Less : Income Tax for Previous year | 287216 | - |
| PROFIT / (LOSS) BEFORE TAX | 128134636 | 108200545 |
| Less: Current Tax | 25020385 | 22928675 |
| Fringe Benefit Tax | - | 538155 |
| Defferred Tax | 2690196 | 10279537 |
| PROFIT / (LOSS) AFTER TAX | 100424054 | 74454178 |
| Add : Balance Brought Forward from the Previous Year | 197910044 | 131018415 |
| AMOUNT AVAILABLE FOR APPROPRIATIONS | 298334098 | 205472593 |
| Less :- | | |
| Profit transfer to General reserve | 2500000 | 2500000 |
| Proposed Dividend | 4327150 | |
| Tax on Prposed Dividend | 735399 | 5062549 |
| BALANCE CARRIED TO BALANCE SHEET | 290771549 | 197910044 |
| Earning per Share (Face value Rs. 10/-) - Basic | 11.60 | 8.60 |
| Earning per Share (Face value Rs. 10/-) - Diluted | 11.22 | - |

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS****"FOR AND ON BEHALF OF THE BOARD"**FOR: A.P. GARG & CO.
CHARTERED ACCOUNTANTSK. S. TRIVEDI
(Chairman)SUNIL TRIVEDI
(Mg. Director)P. SHARMA
(Director)(ANUP GARG)
PARTNER
M. No 071283SHARWAN KUMAR PATODI
(Director)LADHARAM PATEL
(Director)Place : Indore
Date : 15/10/2010SWATI GANGRADE
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF CONSOLIDATED ACCOUNTS :-

SIGNIFICANT ACCOUNTING POLICIES

1. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates

2. Basis of Consolidation

a. Basis of Preparation

The consolidated financial statements of Neo Corp International Limited, its subsidiaries **M/s. Europlast Ltd** and **M/s. Sacos Indigo Private Limited** are prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1956.

b. Principles of Consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company.

The consolidated financial statements have been prepared on the following basis:-

- i) The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income, and expenses. Inter company balances and transactions and unrealized profit or losses have been fully eliminated.
- ii) The excess of cost to the company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the date on which the investments in the subsidiary companies are made, is recognized as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- iii) Minority interest in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investment

c. Foreign Currency Transactions

Income and expense in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

For the purpose of consolidation, income and expenses are translated average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies, if any. The cost comprises of purchase price/cost of construction, freight, duties (net of CENVAT), taxes and any directly attributable expenses of bringing the assets to working condition for its intended use. Financial costs relating to acquisition of fixed assets which take substantial period of time to get ready for use are included to the extent they are relate to the period till such assets are ready for intended use. Expenditure for additions, modifications, improvements and renewals are capitalized and expenditure for maintenance and repairs are charged to the Profit & Loss Account. When assets are sold, destroy or discarded, the respective cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is charged to the Profit & Loss Account. Where as in case of foreign company, the fixed assets are accounted as per the applicable local laws.

5. Revenue Recognition

Revenue from sale of goods (other than export sales) is recognized on dispatch which coincides with transfer of significant risks & rewards to customer and is inclusive of excise duty and net of trade discounts, sales returns and commercial tax where applicable. Revenue from export sales is recognised on the date of the bill of lading or air way bill.

Government grants/subsidies are accounted for only when there is a certainty of receipt.

Interest and other income are recognized on accrual basis but the dividend is recognized in the year of receipt.

6. Depreciation

Depreciation is provided on the straight Line Method basis, at the rate and in the manner prescribed in schedule XIV of the Companies Act, 1956 except on the plant and machinery acquired during the period 31st March 1995 to 31st March 2008 is provided on written down value method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956. The Assets purchased and put to use during the year has been charged depreciation on pro-rata basis on prescribed rate. *The subsidiary company M/s Sacos Indigo Private Limited has not charged any depreciation on assets for the year.*

In case of foreign company, depreciation is charged on fixed assets at the rates and method permissible as per the applicable local laws to write off the assets over their useful life.

7. Inventories

Items of Inventory are valued at lower of cost or net realizable value. Cost of Inventory comprises all cost of purchase, cost of conversion, and other cost incurred except freight charges for bringing the inventory to their present condition and location.

Inventories are valued as under:-

- i] Raw Materials, Stores & Spares & Consumable are valued at Cost.
- ii] Process Stocks are valued at direct raw material cost plus average cost of processing for various operation performed up to estimated stage of process.
- iii] Finished Goods are valued at cost or market value whichever is lower.

8. Preliminary / Public Issue Expenses

Preliminary/public issue/ right issue expenses are written off to the extent of 1/10th of the total expenses every year on pro rata basis.

9. Capital Work in Progress

Assets under erection & installation and advances given for capital expenditure are shown as "Capital work in progress".

10. Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term Investments. Long term investments are carried at cost less provision made to recognize a decline, other than temporary, in value of such investment. Current investments are carried at lower of cost and fair value determined on individual investment basis. Cost of acquisition is inclusive of expenditure incidental to acquisition.

11. Foreign Currency

Foreign Currency transactions are recorded at the exchange rate prevailing at the time of the transaction. The current assets and current liabilities other than the transactions covered are translated at the rate prevailing on the Balance Sheet date and the resultant gain/loss is recognized in the financial statements. The transactions covered are recorded at the rate at which the forward contract was entered into.

Investment in subsidiary company is expressed in Indian Rupees at the rate of exchange prevailing at the date investment.

12. Borrowing Costs

Borrowing cost that is attributable to the acquisition or construction of qualifying/eligible assets are capitalized as part of the cost of such assets. A qualifying/eligible asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost is recognized as an expense in the period in which they are incurred.

13. Employee benefits

a) Defined Contribution Plans

Contribution paid/payable to defined contribution plans comprising of provident fund, pension fund, superannuation fund etc, in accordance with the applicable laws and regulations are recognized as expenses during the period in which the employees perform the services that the payments cover.

The Company makes monthly contributions and has no further obligation under plans beyond its contributions.

b) Defined Benefit Plan

The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the Balance Sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustment and the effect of charges in the actuarial assumptions and are recognised immediately in the Profit and Loss account as an income or expense.

c) Other Long Terms employee benefits

Employee benefits including compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date based on actuarial valuation method of Projected Unit Credit carried out at each Balance Sheet date. Actuarial Gains and Losses are recognized immediately in the Profit and Loss account as an income or expense.

d) Short term employee benefits

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as per the Group's schemes based on the expected obligation on an undiscounted basis.

14. Taxation

Tax expenses comprises of current tax & deferred tax. Current tax is determined as per the provisions of the Income tax Act in respect of Taxable Income for the year. Deferred Tax Liability is computed as per Accounting Standard [AS-22]. Deferred Tax Assets and Deferred Tax Liability are recognized for all timing differences subject to consideration of prudence, applying the tax rates that have been substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountant of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period. Where as the foreign subsidiary company recognised tax liabilities and assets in accordance with local laws.

15. Impairment of Assets

All the fixed assets including intangible assets are assessed for any indication of impairment at the end financial year. On such indication, the impairment (being the excess of carrying value over the asset) is charged to the Profit and Loss account in the respective financial year. Recoverable amount is higher of the net selling price of an asset and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

16. Provisions, Contingent Liabilities and Contingent Assets

The company recognizes a provision when there is present obligation as a result of a past event that probably requires an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. A disclosure for a contingent liability 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 and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

NOTES ON ACCOUNTS :-

1. Basis of Preparation :

- a. The Consolidated financial statement (CFS) are prepared in accordance with accounting standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for investments in associates in consolidated financial statements" as specified in companies accounting standard rules 2006. The Consolidated financial statement comprises the financial statement of company and its subsidiaries.
- b. The notes and significant policies of the CFS are intended to serve as guide for better understanding of the group's position. In this respect, the company has disclosed such notes and policies which represent the required disclosure.

2. The List of subsidiaries included in the consolidated financial statement are as under :-

1. M/s. Europlast Limited U.K.*
2. M/s. Sacos Indigo Private Limited India

| S. No. | Name of Subsidiary Company | Country of Incorporation | As at 31.03.2010 | | As at 31.03.2009 | |
|--------|-----------------------------------|--------------------------|---|--------------------------------|-----------------------------|--------------------------------|
| | | | Proportion of Ownership (%) | Proportion of Voting Power (%) | Proportion of Ownership (%) | Proportion of Voting Power (%) |
| 1 | M/s. Euro Plast Limited | England | See note no. 3 of the notes on account. | | | |
| 2 | M/s. Sacos Indigo Private Limited | India | 100.00 | 100.00 | N.A. | N.A. |

3. M/s Neo Corp International Limited (the holding company) has entered into takeover agreement on 29.03.2008 with Europlast Limited, a U.K. based company for purchase of their entire shareholding on deferred payment basis for a consideration of 800,000 GBP (5,80,48,000/-) and paid 1,90,663 GBP (1,46,90,500/-) during the year after receiving permission from Reserve Bank of India. The balance amount of 6,09,337 GBP (4,33,57,500) is payable to Fukam International Ltd., Hong Kong and reflected in sundry creditor. Another supplementary agreement has been executed on 29.03.2010 and extended further time of 18 months for payment considering the major fire accident taken place in the holding company. But no shares of the Europlast Limited have been transferred in favour of the holding company. The management claimed status of subsidiary on the basis of tri-party agreement entered with said Europlast Ltd, U.K. And Fukam International Ltd., Hong Kong that they have full control on the Board of directors of Europlast Ltd. Therefore by virtue of Section 4(1)(a) of the Companies Act 1956 it became subsidiary company of Neo Corp International Limited.
4. M/s. Sacos Indigo Private Limited became subsidiary company during the year, therefore in consolidation of accounts the results of previous year (FY 2008-09) are not taken into consideration.
5. Figure of the previous year have been re-grouped/re-arranged/re-classified wherever necessary to the facilitate comparison.

"FOR AND ON BEHALF OF THE BOARD"

FOR: A.P. GARG & CO.
CHARTERED ACCOUNTANTS

K. S. TRIVEDI
(Chairman)

SUNIL TRIVEDI
(Mg. Director)

P. SHARMA
(Director)

(ANUP GARG)
PARTNER
M. No 071283

SHARWAN KUMAR PATODI
(Director)

LADHARAM PATEL
(Director)

Place : Indore
Date : 15/10/2010

SWATI GANGRADE
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No

| | | | |
|---|---|---|---|
| 2 | 7 | 5 | 5 |
|---|---|---|---|

 State Code

| | |
|---|---|
| 1 | 0 |
|---|---|

Balance Sheet Date

| | |
|---|---|
| 3 | 1 |
|---|---|

| | |
|---|---|
| 0 | 3 |
|---|---|

| | |
|---|---|
| 1 | 0 |
|---|---|

2. Capital Raised during the Year (Amount in Rs. Lacs)

Public Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Right Issue

| | | | | | |
|---|---|---|--|--|--|
| N | I | L | | | |
|---|---|---|--|--|--|

Application money pending allotment (CCCPS & Convertible Warrants)

| | | | | | |
|---|---|---|---|---|---|
| 7 | 1 | 5 | . | 4 | 4 |
|---|---|---|---|---|---|

Bonus Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Private Placement

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

3. Position of Mobilisation and Deployment of Fund (Amount in Rs. Lacs)

Total Liabilities

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | 3 | 3 | 1 | 0 | . | 3 | 9 |
|---|---|---|---|---|---|---|---|

 Total Assets

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | 3 | 3 | 1 | 0 | . | 3 | 9 |
|---|---|---|---|---|---|---|---|

Sources of Funds

Paid up Capital

| | | | | | |
|---|---|---|---|---|---|
| 8 | 6 | 5 | . | 4 | 3 |
|---|---|---|---|---|---|

 Reserve & Surplus

| | | | | | | |
|---|---|---|---|---|---|---|
| 4 | 2 | 6 | 2 | . | 1 | 9 |
|---|---|---|---|---|---|---|

Application money pending allotment(CCCPS & Convertible warrants)

| | | | | | |
|---|---|---|---|---|---|
| 7 | 1 | 5 | . | 4 | 4 |
|---|---|---|---|---|---|

Secured Loans

| | | | | | | |
|---|---|---|---|---|---|---|
| 7 | 2 | 2 | 8 | . | 4 | 2 |
|---|---|---|---|---|---|---|

 Unsecured Loans

| | | | | | |
|---|---|---|---|---|---|
| 2 | 3 | 8 | . | 9 | 0 |
|---|---|---|---|---|---|

Deferred Tax Liability

| | | | | | |
|---|---|---|---|---|---|
| 2 | 5 | 6 | . | 8 | 6 |
|---|---|---|---|---|---|

Application of Funds

Net Fixed Assets

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | 9 | 5 | 8 | . | 0 | 2 |
|---|---|---|---|---|---|---|

 Investments

| | | | | | |
|---|---|---|---|---|---|
| 8 | 1 | 1 | . | 1 | 0 |
|---|---|---|---|---|---|

Capital WIP

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 0 | 1 | 3 | . | 3 | 9 |
|---|---|---|---|---|---|---|

 Net Current Assets

| | | | | | | |
|---|---|---|---|---|---|---|
| 8 | 7 | 8 | 1 | . | 6 | 1 |
|---|---|---|---|---|---|---|

Accumulated Losses

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Misc. Expenditure

| | | | |
|---|---|---|---|
| 3 | . | 1 | 2 |
|---|---|---|---|

4. Performance of Company (Amount in Rs. Lacs)

Total Income

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | 7 | 0 | 1 | 6 | . | 5 | 5 |
|---|---|---|---|---|---|---|---|

 Total Expenditure

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | 5 | 8 | 3 | 8 | . | 1 | 1 |
|---|---|---|---|---|---|---|---|

Profit Before Tax

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 1 | 7 | 6 | . | 9 | 7 |
|---|---|---|---|---|---|---|

 Profit After Tax

| | | | | | |
|---|---|---|---|---|---|
| 9 | 2 | 1 | . | 7 | 5 |
|---|---|---|---|---|---|

Earning per Share in Rs.

| | | | | |
|---|---|---|---|---|
| 1 | 0 | . | 6 | 5 |
|---|---|---|---|---|

 Dividend Rate %

| | |
|---|---|
| 5 | % |
|---|---|

5. Generic Names of Three Principal Products/ Services of Company(As per monetary terms)

Item Code No. (ITC Code)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | 9 | 2 | 3 | 2 | 9 | 9 | 0 |
| 3 | 9 | 2 | 6 | 9 | 0 | 9 | 9 |
| 6 | 0 | 0 | 5 | 9 | 0 | 0 | 0 |

Product Description

| |
|-----------|
| FIBC/SACK |
| FABRIC |
| SHADE NET |

ON BEHALF OF THE BOARD

K.S.TRIVEDI - CHAIRMAN
 SUNIL TRIVEDI - MG.DIR
 P.SHARMA - DIRECTOR
 SHRAWAN KUMAR PATODI - DIRECTOR
 LADHARAM PATEL - DIRECTOR

SWATI GANGRADE
 Company Secretary

NEO CORP INTERNATIONAL LIMITED
Regd off: Industrial Area, Sector 1, Plot No.62-63-64A, Pithampur Dist. Dhar (M.P.)

ATTENDANCE SLIP

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the Annual General Meeting of the company held at Industrial Area, Plot no 62-63-64A, Pithampur Dist Dhar (M.P.) at 4.00 pm Wednesday 22nd December 2010.

Signature of the Member/Proxy _____ Folio No./Client ID _____

----- **TEAR OFF** -----

NEO CORP INTERNATIONAL LIMITED
Regd off: Industrial Area, Sector 1, Plot No.62-63-64A, Pithampur Dist. Dhar (M.P.)

PROXY FORM

Folio No/Client ID _____

I/We _____ of _____ being member/shareholder of NEO CORP INTERNATIONAL LIMITED hereby appoint _____ of _____ or failing him _____ of _____

As my proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General meeting of the company to be held on Wednesday 22nd December 2010 and at any adjournment thereof.

As Witness my/our hand/hands this _____ day of _____ 2010.

Signature _____

| |
|-----------------------|
| Re.1 revenue Stamp |
|-----------------------|

Notes: The proxy must be deposited at the registered office of the company 48 hours before the time fixed for holding the meeting. The Proxy need not be a member of the company.

Book Post

To,

If Undelivered please return to :
Neo Corp International Ltd.
Industrial Area, Sector-1, Plot No.62-63-64A,
Pithampur-454 775 Dist.-Dhar (M.P.)