

ANNUAL REPORT

2010 - 2011



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
MR. SUNIL TRIVEDI
MR. SANJAY TRIVEDI
MR. P. SHARMA
MR. SHRAWAN KUMAR PATODI
MR. LADHARAM PATEL
MR. D. TRIVEDI
MR. ROLLAND CODERRE

Chairman cum Whole-time Director
Managing Director
Executive Director
Whole-time Director
Independent Director
Independent Director
Independent Director
Independent 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 TRAVANCORE
STATE BANK OF BIKANER & JAIPUR
PUNJAB NATIONAL BANK
IDBI BANK LIMITED

REG. OFFICE & WORKS

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

CORPORATE 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

Delhi

LGF-74, World Trade Centre,
Babar Road, Cannaught Place,
New Delhi-110001

Patna

Rock n Roll, 6 MIG Colony,
More Kankar Bag
Patna-800020

Kolkata

Malancha Apartment
Block C, Flat No.G/Ground,
251, Pulin Avenue,
Kolkata-700081

Ahmedabad

Plot No. 108/2, G.I.D.C. Estate,
Opp Ambica Nagar, Odhav
Ahmedabad-382415

London

26, Viola Avenue,
Feltham, Middlesex
TW 14 OEW

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NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING WILL BE HELD ON FRIDAY THE 30th SEPTEMBER, 2011 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 2011 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 Mr. Kailash Chandra Trivedi, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Director in place of Mr. Sunil Kumar Trivedi who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

ITEM NO. 1

RE-APPOINTMENT OF MANAGING DIRECTOR OF THE COMPANY

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

"RESOLVED THAT pursuant to Section 198, 269, 309 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, Mr. Sunil Trivedi be and is hereby re-appointed as Managing Director of the Company from 1st June, 2011 to 31st May, 2016;

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."

By Order of the Board of Directors

**Place: Indore
Date: 02.09.2011
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 25th September, 2011 to 30th September, 2011 (both days inclusive) for the purpose of payment of dividend to those members whose name stand on the Register of Members as on 25th September, 2011. 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 24th September, 2011, 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, Plot No.60, Electronics Complex, Pardeshipura, Indore,(M.P.)-452010.
- ❖ 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:-

- (i) **Mr. Kailash Chandra Trivedi**, aged 73 years, has done his graduation in arts and has more than 50 years of experience in industry. He has also served the Gujarati Samaj Trust for 40 years at different honorary posts and the last being as the President of the Trust. During this tenure, the trust built several educational institutions.
- (ii) **Mr. Sunil Trivedi**, aged 48 years, has done his engineering and post graduation in management with specialization in finance. He has been instrumental in moving the Company into export and has developed a strong export distribution network.

By Order of the Board of Directors

Place: Indore
Date: 02.09.2011
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

The Board has informed that tenure of appointment of Mr. Sunil Trivedi, Managing Director of the company is expiring on 31st May, 2011. The Board discussed the matter at length and decided to re- appoint him for further period of five years from 1st June, 2011 to 31st May, 2016. subject to the approval of shareholders.

Mr. Sunil Kumar Trivedi is founder of the Company and associated since incorporation. Mr. 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 appoint him on remuneration of ₹ 110000 per month.

Accordingly, it is proposed to re-appoint Mr. Sunil Kumar Trivedi with effect from 1st June, 2011.

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

Except Mr. Sunil Kumar Trivedi and Mr. 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 Mr. 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' and 'B':

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 ₹ 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.

By Order of the Board of Directors

Place: Indore
Date: 02.09.2011
Regd. Office: Plot No. 62-63-64A, Industrial Area, Sector 1,
Pithampur, Dist. Dhar (M.P.)

K. S. TRIVEDI
(CHAIRMAN)

DIRECTORS' REPORT

To
The Members of
M/s Neo Corp International Limited

Dear Shareholders

Your Directors are delighted to present the 26th Annual Report of your Company along with the audited accounts for the year ended on 31st March 2011.

PERFORMANCE HIGHLIGHTS

The financial results for the year ended on 31.03.2011 are as under:

(₹. In Lacs)

Particulars	2010 - 11	2009 - 10
Gross Income	25322.23	17016.55
Profit before Interest, Depreciation and Tax	3286.14	2083.47
Less :		
1) Interest	1368.85	641.30
2) Depreciation	252.26	263.72
3) Provision for Tax		
- Current Tax	134.19	228.32
- Deferred Tax	114.06	26.90
4) Prior Period adjustments	(1.82)	(1.47)
Profit after Tax	1418.60	921.75
Add : Balance brought forward	2720.17	1874.04
	4138.77	2795.79
<u>APPROPRIATION</u>		
Transfer to General Reserve	25.00	25.00
Proposed dividend and tax on prop. dividend	82.03	50.62
Balance carried to Balance Sheet	4031.74	2720.17
	4138.77	2795.79

FINANCIAL PERFORMANCE

During the year under review, your Company has recorded a turnover of ₹ 22859.35 Lacs as against ₹ 17562.27 Lacs in the previous year. The Net profit (after tax and extra ordinary items) for the financial year ended 31st March 2011 increased to ₹ 1418.61 Lacs from ₹ 921.75 Lacs in the previous year representing an increase of 53.80% profit after tax.

DIVIDEND

Your directors are pleased to recommend a dividend of ₹ 0.50/- per equity share at the rate of 5% for the financial year ended on 31st March 2011 on 14022198 fully paid equity shares of ₹ 10/- each.

The directors recommend that after making provision for taxation and proposed dividend the amount of ₹ 25.00 Lacs be transferred to General Reserve. With this the company's reserve and surplus stands at ₹ 8005.42 Lacs.

BUSINESS OVERVIEW

Indian economy has been witnessing a phenomenal growth since the last decade. The Indian economy, characterized by strong macro-economic fundamentals, has grabbed the world's attention as one of the fastest growing economies with future promise. The country is still holding its ground in the midst of the current global financial crisis.

The technical textiles industry has immense potential in the developing countries. India is now emerging as a powerhouse of both production as well

as end-use consumption of technical textiles. The demand for technical textiles will be boosted by the changing economic scenario. Considering its highly skilled and scientific/technical manpower and abundant availability of raw materials, India can emerge as a key player in the technical textiles industry.

Further, Indian Textile Industry contributes about 14% of the total industrial production of India. Furthermore, its contribution to the gross domestic product of India is around 3% and the numbers are steadily increasing.

India Textile Industry involves around 35 million workers directly and accounts for 21% of the total employment generated in the economy, the second largest provider of employment after agriculture. Thus, Technical textiles holds significant potential in India and the government has already taken steps to promote this industry.

INCREASE IN THE SHARE CAPITAL

The Company has increased its Authorised Share Capital from ₹ 18,00,00,000 (Eighteen crores) to ₹ 70,00,00,000 (Seventy crores) divided into 69000000 equity shares of ₹ 10/- each and 1000000 Cumulative Compulsorily Convertible Preference Shares (CCCPs) of ₹ 10/- each in the Extraordinary General Meeting held on 11th April, 2011.

ACQUISITION

The Company has acquired shares of M/s Neoflex Infracon Ltd. on 28th May, 2011, which became the Subsidiary of the Company by virtue of acquisition of shares. Neoflex Infracon Ltd. is engaged in the infrastructure development business. NCIL has acquired UK based company Polybase (H.K.) Limited on 18th July, 2011 by virtue of 100% holding of shares.

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

The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies approved in accordance with Accounting Standards. The Ministry of Corporate Affairs, Government of India vide its circular No. 5/12/2007-CL-III dated 8th February, 2011 has granted exemption under 212(8) of the Companies Act, 1956 from attaching Balance Sheet, Profit and Loss account and other documents of the subsidiary companies to the balance sheet of the Company, provided certain conditions are fulfilled.

Accordingly, the Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The company will furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

COMPANY'S GDR ISSUE

NCIL had issued GDRs to overseas investors.

A blanket approval in shareholders' meeting held on 11.04.2011 has been taken for the issue of US \$100 million GDR.

In first tranche it is proposed to issue US \$25 million GDR. In the Board meeting held on 5th August, 2011 24,000,000 equity shares of ₹ 10 each representing 1,200,000 Global Depository Receipts (GDRs) for US \$ 23.1 million were subscribed and allotted. Each GDR is representing 20 underlying Equity Shares.

The Company intends to use all or substantially all of the proceeds from the issue of the GDRs towards expansion of the present business activities of the Company, augmenting long term working capital and any other use, as may be permitted under applicable law or regulations, from time to time. Pending the use of the net proceeds from the offering for the purposes described above, the Company intends to place the net proceeds, to the extent permitted by applicable laws or regulations, in short term money market instruments and mutual funds.

CHANGE IN CAPITAL STRUCTURE PURSUANT TO PREFERENTIAL ISSUE

The Company made a preferential allotment of 35,00,000 equity shares of ₹10/- each at a premium of ₹ 50/- per share to the promoter and other strategic investors. The Company has also allotted 2,92,898 equity shares of ₹ 10/- each at a premium of ₹ 58/- per share on conversion of 292898 Cumulative Compulsory Convertible Preference Shares ('CCCPs') to the persons excluding promoters of the Company and 15,75,000 equity shares of ₹ 10/-each at a premium of ₹ 43/- per share pursuant to conversion of warrants to promoters and person other than promoters. The proceeds of the preferential allotment have been used to fund the ongoing expansion and modernization program of the Company and the working capital requirements of the Company.

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:

- a. that in preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating

to material departures if any,

- b. 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
- c. 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
- d. 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

- process
- 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 mulch 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

- ♦ Provide end to end solution to the ultimate customer with all possible assistance including training.
- ♦ To focus and add products in the core competence area to increase value addition.
- ♦ Cost effective development and reduce energy consumption.
- ♦ Differentiating ourselves on technical excellence across all faculties.

Expenditure on R & D: ₹ 60.97 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 ₹ 8730.27 Lacs during the year.

The details of foreign exchange outgo are as follows:

Material import : ₹ 772.67 lacs

Stores & spares	: ₹ 0.00 lacs
Capital goods	: ₹ 865.47 lacs
Expenditure in foreign currency	: ₹ 3.03 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

Mr. Kailash Chandra Trivedi and Mr. Sunil Kumar Trivedi retire by rotation and being eligible offer themselves for re-appointment.

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.

By Order of the Board of Directors

Place: Indore
Date: 02.09.2011
Regd. Office: Plot No. 62-63-64A, Industrial Area, Sector 1,
Pithampur, Dist. Dhar (M.P.)

K. S. TRIVEDI
(CHAIRMAN)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW

Worldwide, Technical Textiles are the fastest growing segment of Textile sector. In the developed countries, the share of such textile products has now reached 60% of all textiles. The key demand drivers are the growth in GDP and the growth in infrastructure and overall quality of living.

The company is all geared to get an opportunity to enter into larger market in the value added market of FIBC (Flexible Intermediate Bulk Container) and other technical textiles. 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.

SYNOPSIS ON GROWTH OF NCIL

Neo Corp International Limited was incorporated in Year 15th February 1985. NCIL, since its inception in 1985, is dedicated in making tailor designed products under Packtech. NCIL reached the status of a fore-runner internationally as a reliable supplier of Packtech products. With its current growth initiative, NCIL has entered into other technical textile segments like Geotech and Agrotech.

NCIL is a listed Public Limited Company with an equity base of ₹38.02 Crores. It is listed on the Bombay Stock Exchange, Madhya Pradesh Stock exchange. It approached public for subscription in 1992 and went through Rights issue in 1996. NCIL acquired two U.K. based company, Euro Plast Limited in 2008-09 and acquired shares of Sacos Indigo Limited in 2009-10 and made it as its subsidiary company. NCIL also enjoys a Star Export House status & Polybase (H.K.) Limited in 2010-11 recognized by the Government of India continuously from 1994 in view of the Company's excellent Export performance.

COMPANY'S OUTLOOK

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.

As a strategy, we always wanted to be one-stop shop for all woven packaging needs of our customers. To this end, we have developed ourselves as a multi-product, multi-location and multi-market company serving to the needs of our customers. Going forward, we propose to add value added products in our product portfolio. We also propose to further invest in forward and backward integration.

STRENGTH & OPPORTUNITIES

- ◆ Growing Domestic Market.
- ◆ In house Research & Development and product development centre.
- ◆ Developing new FIBC models which provide innovation in bag design and utility.
- ◆ Improvements in infrastructure and regulations.
- ◆ ISO quality standards, systems and environments.
- ◆ Increased requirement of Industrial Packaging in India.
- ◆ World wide ever increasing high demand.

WEAKNESS & THREATS

- ◆ Rupee appreciation in last few months.
- ◆ Pricing pressure, as the market is price sensitive.
- ◆ Enhanced competition from other countries.

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 efficiency 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 PERFORMANCES WITH RESPECT TO OPERATIONAL PERFORMANCE

The same has been disclosed in the Directors' Report.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS FRONT

Your Company is people driven and its employees are its most important assets. They work together for the Company in achieving profitable growth, year on year. The Company's employees across India in factories and in regional offices are in constant touch and interact through various communication channels to align goals, organizational priorities and working in a synchronized manner towards achieving them. Your Company maintains harmonious relationship with its employees who have been enthusiastic and committed partners in working towards the well being of the Company.

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.

CAUTIONARY STATEMENT

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards incorporated in the listing agreement with Stock Exchanges and such statements may be "forward looking" 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 economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders.

COMPANY'S PHILOSOPHY ON CORPORATE OF GOVERNANCE

Neo Corp International Limited believes in continuous good Corporate Governance and always strives to follow the highest standards of ethics, transparency and integrity to improve performance at all levels. The Company manages its affairs with the diligence, responsibility and accountability. It has set itself the objective of expanding its capacities and becoming globally competitive in its business also in line with the Core Values determined by the management.

Our Corporate Governance philosophy is based on the following principles:

1. To build up an environment of trust and confidence amongst the stakeholders.
2. Transparency in decision-making.
3. Accountability which follows from transparency because responsibilities could be fixed easily for actions taken or not taken,
4. The accountability for safeguarding the interests of the stakeholders and the investors in the organization.
5. Management is the trustee of the shareholders' capital and not the owner, and
6. To adhere to prudent Corporate practices.

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

1. BOARD OF DIRECTORS:

a) Composition of the Board

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board at NCIL represents an optimum mix of professionalism, knowledge and experience, 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 2010-11, the Board of Directors of the Company met 15 times on the following dates:

01/04/2010	03/05/2010	15/05/2010
31/05/2010	05/06/2010	14/07/2010
09/08/2010	14/08/2010	22/08/2010
31/08/2010	15/10/2010	15/11/2010
28/01/2011	12/02/2011	15/03/2011

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

The last Annual General meeting was held on 22nd December, 2010.

Name of Directors and Designations	Attendance		No. of Directorships/ Committee Membership held in other Public Companies	
	Board	Last AGM	Director-ships / Chairman-ship	Committee Member-ship
Mr. K. S. Trivedi* (Chairman cum Whole time Director)	15	Absent	2	--
Mr. Sunil K. Trivedi* (Managing Director)	15	Absent	2	--
Mr. P. Sharma (Whole-time Director)	12	Present	--	--
Mr. Shrawan Kumar Patodi (Non Executive Independent Director)	8	Present	1	--
Mr. Ladharam Patel (Non Executive Independent Director)	6	Present	--	--
Mr. D.Trivedi (Non Executive Independent Director)	3	Present	--	--
Mr. Sanjay Trivedi (Executive Director)	--	Absent	--	--
Mr. Rolland Coderre (Non Executive Independent Director)	--	Absent	--	--

* Mr. Kailash Chandra Trivedi, Chairman cum Whole Time Director, Mr. Sunil Trivedi, Managing Director and Mr. Sanjay Trivedi, Director, are father and son consecutively 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 Mr. 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.

2. COMMITTEE OF THE BOARD

A. AUDIT COMMITTEE

I. Composition :

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

Mr. Shrawan Kumar Patodi	Chairman
Mr. L. Patel	Member
Mr. 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. To make recommendations to the Board on any matter relating to financial management of the Company including Statutory & Internal Audit Reports.
2. Oversight of company's financial reporting process and disclosures of financial information to insure that financial statements are true and fair,
3. Reviewing with management the quarterly/annual financial statements before submission to the Board,
4. Recommending the appointment, re-appointment of statutory auditors and fixation of their remuneration.
5. 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 2010-11 the Audit Committee met 5 times on 13.05.10, 12.08.10, 12.10.10, 13.11.10 and 10.02.11. The attendance of members at the meetings was as follows:

Name of Member	No of Meetings Attended
Mr. Shrawan Kumar Patodi	5
Mr. D. Trivedi	1
Mr. L. Patel	4

B. REMUNERATION COMMITTEE:

I. Composition :

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

Mr. Shrawan Kumar Patodi	Chairman
Mr. L. Patel	Member
Mr. D. Trivedi	Member

Company Secretary acts as the Secretary to the Committee.

I. Terms of Reference:

Review the performance of the Managing, Whole-time and Executive Directors and Recommend to the Board remuneration including salary and perquisites compensation payable to Managing and Executive Director.

II. Meetings and attendance:

During the year 2010-11 there were only Two meeting of the Remuneration Committee held on 01.04.10 & 31.08.10. The attendance of members at the meetings were as follows:

Name of Member	No of Meetings Attended
Mr. Shrawan Kumar Patodi	2
Mr. D. Trivedi	1
Mr. L. Patel	2

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 2010-11 are as under:

(Amount in ₹)

Name	Designation	Salary, Bonus Allowances	Gratuity, Provident Fund & Others	Total
Mr. Sunil Trivedi	Managing Director	1825286	298630	2123916
Mr. K.S. Trivedi	Whole Time Director	1325376	143039	1468415
Mr.P.Sharma	Whole Time Director	678463	170102	848565

Remuneration to Non-Executive Directors

The non-executive directors of the company are paid ₹ 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 2010-11.

During the financial year 2010-11 the following sitting fees were paid to Non-Executive Directors.

Name of Director	Amount (₹)
Mr. Ladharam Patel	16000
Mr. D. Trivedi	4000
Mr. Shrawan Kumar Patodi	19000

C. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :

I. Composition :

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

Mr. Shrawan Kumar Patodi	Chairman
Mr. L. Patel	Member
Mr. D. Trivedi	Member

Company Secretary acts as the Secretary to the Committee.

II. Terms of Reference:

The investors Grievance Committee focuses on shareholders grievances and strengthening of investor's relation, specifically looking into redressal of grievances pertaining to:

1. Transfer of shares
2. Dematerialisation / Rematerialisation of shares
3. Replacement of lost / stolen / mutilated share certificates
4. Non-receipt of dividend / notices / annual report, etc.
5. Complaint letters received from Stock Exchanges, RoC, SEBI etc.

During the financial year 29 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 2011 was NIL.

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

3 DETAILS OF GENERAL BODY MEETING:

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

Financial Year	Location	Date	Time	No. of Special resolutions passed
2009-10	Industrial Area, Plot no 62,-63-64A, Sector 1, Pithampur	22.12.2010	4.00 PM	2
2008-09	Industrial Area, Plot no 62-63, Sector 1, Pithampur	30.09.2009	3.00 PM	Nil
2007-08	Industrial Area, Plot no 62-63, Sector 1, Pithampur	30.09.2008	3.00 PM	Nil

- II. During the year ended on 31.03.2011, a special resolution was passed through postal ballot for shifting of Registered Office of the Company from the State of Madhya Pradesh to the State of Maharashtra on 25.03.2011. No such resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.
- III. 2 Extra-ordinary General Meeting were held during the year. Special Resolution passed were as under:

Date	Matter
05.07.2010	Preferential allotment of 3500000 equity shares of ₹ 10 each at a premium of ₹ 50 and Increase in Borrowing power of the Company under section 293(1)(d) of the Companies, Act, 1956
23.09.2010	Appointment of M/s A.P. Garg, Statutory Auditors in place of M/s M. Mehta & Co., Chartered Accountants

4. 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.

5. 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 issued 35,00,000 Equity Shares of ₹ 10/- each at a premium of ₹ 50/- to promoters and non-promoters on preferential basis. The Company also allotted 2,92,898 equity shares of ₹ 10/- at a premium of ₹ 58/- per share

on conversion of 292898 Cumulative Compulsory Convertible Preference Shares ('CCCPs') to the persons excluding promoters of the Company and 15,75,000 equity shares of ₹ 10/- each at a premium of ₹ 43/- per share pursuant to conversion of warrants to promoters and person other than promoters.

E. During the year 12 lacs GDRs representing 2.4 crores equity shares of ₹ 10/- each were issued by the Company.

6. 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.

Company's Corporate Website: 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.

7. GENERAL SHAREHOLDERS INFORMATION:

A.	AGM: Date, Time and Venue	30th September 2011, Friday, 4.00 pm Industrial Area, Plot No. 62-63-64A, Sector 1, Pithampur, Dist Dhar.
B.	Registered Office and Plant Location	Industrial Area, Plot No. 62-63-64A, Sector 1, Pithampur, Dist Dhar.
C.	Date of Book Closure	Commencement - 25 th September, 2011 Ending - 30 th September, 2011 (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, Plot no.60, Electronics Complex, Pardeshipura, Indore-452010 Phone No. (0731) 3198601, Fax No. : 0731-4065798 E-mail : ankit_4321@yahoo.com
G.	Share Transfer System	All the transfer received are processed by the Registrar and transfer Agent
H.	Share Holding pattern as on 31.03.2011	Please see Annexure 'A'
I.	Market Rate	Please see Annexure "B"

K. Dividend Payment:

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

L. Shares held in Physical and Dematerialization form:

As on 31st March 2011, 92.85% of shares were held in dematerialised form and rest 7.15% in physical form.

M. Reconciliation of Share Capital Audit.

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 2010-2011.

O. Address for Correspondence

Registered Office: Company Secretary Neo Corp International Limited Industrial Area, Sector 1, Plot no 62-63-64A, Pithampur, Dist Dhar (MP) Tel: 07292 – 410400,410414 Fax:07292-410499 Email: neocorpho@hotmail.com	Registrar & Share Transfer Agents: M/s.Ankit Consultancy P Ltd. Plot no.60, Electronic Complex, Pardeshipura, indore-452010 Phone No. (0731) 3198601, Fax No. : 0731-4065798 E-mail : ankit_4321@yahoo.com
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DISTRIBUTION SCHEDULE AS ON 31ST MARCH, 2011

(Annexure A)

Share holding of Nominal Value ₹	Shares Holders		Shares Amount	
	Number	% to total	₹	% of total Amount
Upto - 5000	7332	90.84	11954990	8.52
5001 - 10000	318	3.94	2639300	1.88
10001 - 20000	159	1.97	2504600	1.79
20001 - 30000	47	0.58	1256200	0.90
30001 - 40000	24	0.30	871700	0.62
40001 - 50000	31	0.38	1472840	1.05
50001 - 100000	65	0.81	4956030	3.53
100001 and above	96	1.19	114566320	81.70
TOTAL	8072	100.00	140221980	100.00

SHAREHOLDING PATTERN AS AT 31ST MARCH 2011
[SHAREHOLDING PATTERN]

	Category	No. Of Share held	Percentage of Shareholding
A	Promoters Holding		
1.	Promoters		
	Indian Promoters:	4633982	33.05
	Foreign Promoters:	--	--
	Sub-Total (A)	4633982	33.05
B	Non-Promoters Holding		
2.	Institutional Investors		
	a. Mutual Funds and UTI	5600	0.04
	b. Banks, Financial Institutions, Insurance Companies [Central/State Govt. Institutions, Non- Government Institutions]	200	0
	c. FIs	500	0
	Sub-Total (B)	6300	0.04
C	Others		
	Private Corporate Bodies	2284228	16.29
	Indian Public	6776546	48.32
	NRIs/OCBs	320419	2.29
	Any other [clearing member]	723	0.01
	Sub-Total (C)	9381916	66.91
	Grand Total [A+B+C]	14022198	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, 2010 to 31st March, 2011 are given below:

Bombay Stock Exchange		
Months	Months High Price ₹	Months Low Price ₹
April, 2010	63.50	44.50
May, 2010	61.00	45.10
June, 2010	55.90	48.00
July, 2010	57.00	50.00
Aug, 2010	63.60	50.25
Sept, 2010	67.20	53.50
Oct, 2010	59.00	52.15
Nov, 2010	69.40	50.40
Dec, 2010	62.80	50.50
Jan, 2011	62.90	50.50
Feb, 2011	57.25	47.00
Mar, 2011	55.00	48.25

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 2011.

Place: Indore
Date: 2nd September, 2011

SUNIL TRIVEDI
Managing Director

CEO CERTIFICATION

I Sunil Kumar Trivedi, Managing Director, to the best of my knowledge and belief 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 31/03/2011 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: 2nd September, 2011

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, 2011, 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: 2nd September, 2011

For, A. P. GARG & Co.
Chartered Accountants
FR No. 002143C

(Anup Garg)
Partner
M. No 071283

AUDITORS' REPORT

TO
THE MEMBERS OF
M/s. NEO CORP INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of **M/s. NEO CORP INTERNATIONAL LTD**, as at **31st March 2011**, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors of Company is disqualified as on 31st March, 2011 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 2011;
 - (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: 2nd September, 2011

For, A. P. GARG & Co.
Chartered Accountants
FR No. 002143C

(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, 2011 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. we have been informed that the fixed assets of the company are physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
c. There was a major fire accident in the factory premises of the unit named M/s. Techtexil (A 100% EOU Division of the Company) during last year on 27th & 28th February, 2010. The total loss of assets has been valued to ₹ 5205.16 Lacs consist of two division of the Company. The said assets were covered by insurance policies with Insurance Companies. The claim is yet to be finalised, however interim payment of ₹ 1500.00 lacs is being received. Apart from this issue, the Company has not disposed off any substantial part of fixed assets during the year and in our opinion the going concern status of the Company is not affected.
d. The company has received capital subsidy of ₹ 124.51, Lacs during the year under TUFF Scheme. According to the guidelines of AS -12 of ICAI the Company require either to deduct the said amount from the cost of assets capitalised or if it is credited to Capital Reserve than yearly treatment is required by credit the proportionate amount to profit & loss account. But same has not been made results into under statement of Profit to that extend, but due to non availability of cost of said relevant assets we are unable to quantify the same.
- 2) a. As explained to us, 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.
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.
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 ₹ 1.78 Lacs and the maximum outstanding balance during the year was ₹ 18.41 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 principal amounts are repayable on demand and there is no repayment schedule.
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, fixed assets and sale of goods and services and we have not observed any continuing failure to correct the major weakness in such internal controls.
- 5) a. In our opinion and according to the information and explanations given to us, 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) In our opinion, the Company's internal Audit System is commensurate with the size and nature of business.
- 8) According to information and explanation given to us, 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 books and records as produced and examined by us in accordance with the generally accepted auditing practice in India and also based on management representation, undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, VAT/Sales Tax, Wealth Tax, Customs duty, Excise duty, Service Tax, cess and other material statutory dues have generally been regularly deposited by the Company with appropriate authorities in India 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 2011 for a period of more than six months from the date they became payable except

₹ 251.53 Lacs Income Tax payable for the year 2009-10 and interest there on.

- 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
Custom Act, 1962	Custom Duty	3.20	1997-1998	High Court of M. P. Bench, Indore	--

- 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) According to the information and explanations given to us, the company has given guarantee for loans taken by its subsidiaries from bank or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- 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 and on the basis of examination of records, no fraud by or on the Company has been noticed or reported during the year.

Place: Indore
Date: 02nd September, 2011

For A. P. GARG & Co.
Chartered Accountants
FR No. 002143C

(Anup Garg)
Partner
M. No 071283

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE No.	AS AT 31/03/2011	AS AT 31/03/2010
SOURCES OF FUNDS:			
1 SHARE HOLDER'S FUND			
Share capital	`01'	140221980	158087564
Reserve and Surplus	`02'	800541703	426219632
2 LOAN FUNDS			
Secured Loan	`03'	991147758	722842051
Unsecured Loan	`04'	130321124	23890542
TOTAL		2062232564	1331039788
APPLICATION OF FUNDS:			
1 FIXED ASSETS	`05'		
a] Gross Block		694549884	741743747
b] Less: Loss due to Fire		-	258475916
Adjusted Block		694549884	483267831
Less : Depreciation		211671511	187465416
Net Block		482878372	295802415
Add : Capital Work in Progress		231247622	101339755
		714125995	397142169
2 INVESTMENT	`06'	185777200	81110300
3 [i] CURRENT ASSETS, LOANS & ADVANCES			
a] Inventories	`07'	573996998	295625966
b] Sundry Debtors	`08'	647168775	495791733
c] Cash & Bank Balance	`09'	42580781	57541932
d] Other Current Assets	`10'	501020575	602570810
e] Loans & Advances	`11'	80244910	57764913
		1845012038	1509295354
[ii] CURRENT LIABILITIES & PROVISIONS	`12'	645895606	631134492
NET CURRENT ASSETS (i - ii)		1199116432	878160862
4 DEFFERED TAX LIABILITY		(37091570)	(25686008)
5 MISCELLANEOUS EXPENSES	`13'	304507	312465
TOTAL		2062232564	1331039788
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	`21'		

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

For A .P. GARG & CO.
 CHARTERED ACCOUNTNATS
 FR No.002143C

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 : 2nd September 2011

SWATI GANGRADE
 (Company Secretary)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE No.	AS AT 31/03/2011	AS AT 31/03/2010
INCOME			
Sales	`14'	2285934609	1756226757
Increase / (Decrease) in Stock	`15'	208984327	(59370078)
Other Income	`16'	37303836	4798545
TOTAL		253222772	1701655224
EXPENDITURE			
Raw Material Consumed	`17'	1944946925	1319610040
Excise Duty on Closing Stock		5141341	4690374
Manufacturing Expenses	`18'	167553680	100526484
Administrative & Selling Expenses	`19'	85928254	68442675
Interest and Financial Charges	`20'	136885090	64129793
Depreciation	`05'	25225628	26372358
Preliminary Expenses W/off		39058	39058
TOTAL		2365719975	1583810782
PROFIT / (LOSS) BEFORE EXTRA- ORDINARY ITEMS		166502797	117844443
Less : Prior Period Adjustments(Net)		(182491)	(140178)
Less : Income Tax for Previous year		-	287216
PROFIT / (LOSS) BEFORE TAX		166685288	117697405
Less: Current Tax	13419104		
Defferred Tax / (Reversal)	11405563	24824667	25522605
PROFIT / (LOSS) AFTER TAX		141860621	92174800
Add : Balance Brought Forward from the Previous Year		272016587	187404336
AMOUNT AVAILABLE FOR APPROPRIATIONS		413877209	279579136
Less :-			
Profit transfer to General reserve		2500000	2500000
Proposed Dividend		7011099	
Tax on Prposed Dividend		8202635	5062549
BALANCE CARRIED TO BALANCE SHEET		403174574	272016587
Earning per share(Face value ₹ 10/-) Basic		12.04	10.65
Earning per share(Face value ₹ 10/-) diluted		12.04	10.30

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS**

`21'

"AS PER OUR REPORT OF EVEN DATE"**"FOR AND ON BEHALF OF THE BOARD"**For A .P. GARG & CO.
CHARTERED ACCOUNTNATS
FR No.002143CK. 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 : 2nd September 2011SWATI GANGRADE
(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(A) CASH FLOW FROM OPERATING ACTIVITIES

	As at 31st March 2011	As at 31st March 2010
Net Profit before Tax and Extraordinary items	1665.03	1178.44
a Adjusted for:		
Depreciation	252.26	263.72
Preliminary Expenses Written Off	0.39	0.39
Interest & Financial Charges(Net)	1368.85	641.30
(Profit)/ Loss on shares	(0.66)	(7.13)
(Profit)/ Loss on sale of Fixed Assets	4.37	9.97
Dividend Income	0.00	0.00
Interest Income	(59.47)	(37.71)
Operating Profit before working Capital Changes	3230.77	2048.99
Adjustments for :		
(Increase)/ Decrease in Inventories	(2783.71)	157.76
(Increase)/ Decrease in Trade & other Receivables	(498.27)	(3237.44)
Increase / (Decrease) in Trade & Other Liabilities	(72.31)	755.03
Cash Generated from Operation (Before Extraordinary Items and Prior Period Adjustment)	(123.52)	(275.67)
Prior Period Adjustment	(1.82)	2.74
Extra Ordinary Items	0.00	(2.87)
Cash Generated from Operation	(125.34)	(275.80)
Less :- Income Tax Paid	174.06	374.00
NET CASH FROM OPERATING ACTIVITIES	48.72	98.20

(B) CASH FLOW FROM INVESTING ACTIVITY

Purchase of Fixed Assets	(3389.19)	(2548.57)
Preliminary Expenses	0.00	0.00
Sale of Fixed Assets	22.71	93.90
Purchase of Long Term Investments	(1275.00)	(2.28)
Share application Money		(228.25)
Deposits and Advances	(224.80)	398.63
Proceeds from sale of Long Term Investments	0.08	8.05
Dividend Income	0.00	0.00
Interest Received	59.47	37.71
NET CASH FROM INVESTING ACTIVITIES	(4806.73)	(2240.83)

(C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Long Term Borrowings	1824.12	1485.23
Proceeds from Short Term Borrowings	1923.24	1207.77
Proceeds from Share Application Money	0.00	507.38
Proceeds from share premium a/c	2282.13	0.00
Repayment of Share Application Money	(8.90)	(50.00)
Interest & Financial Charges Paid(Net)	(1368.85)	(641.30)
Dividend Paid	(43.27)	(43.27)
NET CASH INFLOW IN FINANCING ACTIVITIES	4608.47	2465.81

Net Increase/decrease in Cash & Cash Equivalents [A+B+C]	(149.54)	323.19
Add :- Cash and Cash Equivalents as at 1st April 2010 [Opening Balance]	575.34	252.14
Cash and Cash Equivalents as at 31st March 2011 [Closing Balance]	425.81	575.34
	425.81	575.42
	(0.00)	0.00

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

For **A .P. GARG & CO.**
CHARTERED ACCOUNTNATS
FR No.002143C

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 : 2nd September 2011

SWATI GANGRADE
(Company Secretary)

**SCHEDULE 01 TO 21 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET FOR THE YEAR
ENDED ON 31ST MARCH 2011**

	AS AT 31/03/2011	AS AT 31/03/2010
		SCHEDULE-01
<u>SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
17000000 Equity shares of ₹10/- each	170000000	170000000
1000000 Cum.Compulsorily convertible pref.shares of ₹10 each	10000000	10000000
	180000000	180000000
<u>ISSUED, SUBSCRIBED & PAID UP</u>		
14022198 Equity shares of ₹ 10/- each fully paid up (Including 300000 equity shares of ₹ 10 each issued as bonus shares during the year 1992-93 by capitalising general reserve)	140221980	86543000
<u>SHARE APPLICATION MONEY</u>		
Application money pending allotment	-	71544564
TOTAL	140221980	158087564
		SCHEDULE-02
<u>RESERVE AND SURPLUS</u>		
<u>General Reserve</u>		
Balance as per last Balance Sheet	88869768	
Add:Trf. from Profit & Loss a/c	2500000	91369768
		88869768
<u>Profit & Loss Account</u>	403174574	272016587
<u>Share Premium Account</u>	280066584	51853500
<u>Capital Reserve</u>		
Balance as per Last Balance sheet	13479777	
Addition During year	12451000	25930777
		13479777
TOTAL	800541703	426219632
		SCHEDULE-03
<u>SECURED LOAN</u>		
<u>Term Loan</u>		
(Secured by first pari passu charge on fixed assets and second pari passu charge on current assets)	419439495	343457888
<u>Working Capital Loan</u>		
(Secured by first pari passu charge by way of hypothecation of stocks of raw material, finished goods, spare parts, work-in -Prog, book debts & second pari passu charge on all fixed assets)	571708263	379384163
TOTAL	991147758	722842051
		SCHEDULE-04
<u>UNSECURED LOAN</u>		
From Directors	175285	91999
From Bodies Corporate	120763917	14726932
Hire Purchase against Hypothecation of Vehicles	9381922	9071611
TOTAL	130321124	23890542

	AS AT 31/03/2011	AS AT 31/03/2010
<u>INVESTMENTS AT COST(LONG TERM)</u>		<u>SCHEDULE-06</u>
<u>UNQUOTED</u>		
Gujarat Mercantile Credit Co-operative Society Ltd (10 (Previous Year 10) equity shares of ₹100 each fully paid)	1000	1000
<u>QUOTED</u>		
State Bank of Bikaner & Jaipur (Nil (Previous Year 1850 equity shares) of ₹ 10 each fully paid up)	-	8100
<u>SUBSIDIARY COMPANIES</u>		
M/s. Europlast Ltd. (100000(Previous Year 100000) equity shares of 1 GBP each fully paid up)	58048000	58048000
M/s. SACOS Indigo Pvt. Ltd. (12,75,000 (Previous Year 2282) equity shares of ₹100 each fully paid up)	127728200	228200
M/s. SACOS Indigo Pvt. Ltd. (Share Application Money for pending allotment)	-	22825000
TOTAL	185777200	81110300
<u>INVENTORY</u>		<u>SCHEDULE-07</u>
Finished Goods	317723453	135647707
Work in Process	96683495	64774914
Raw Materials	150660963	89455636
Stores & Spares	4214935	4091385
Packing Material	4714152	1656324
TOTAL	573996998	295625966
<u>SUNDRY DEBTORS</u>		<u>SCHEDULE-08</u>
Unsecured & Considered good Debts outstanding for more than six months Other debts	25734191 621434584	61671687 434120046
TOTAL	647168775	495791733
<u>CASH & BANK BALANCE</u>		<u>SCHEDULE-09</u>
Cash In Hand	1236900	1989940
Balance with Scheduled bank	459631	14935143
Deposit with Banks	40884250	40616849
TOTAL	42580781	57541932
<u>OTHER CURRENT ASSETS</u>		<u>SCHEDULE-10</u>
Sundry Receivable	142859968	82054387
Insurance Claim Receivable	358160607	520516424
TOTAL	501020575	602570810
<u>LOANS AND ADVANCES</u>		<u>SCHEDULE-11</u>
<u>LOANS</u>		
Unsecured and considered good	8005060	3609874
<u>ADVANCES</u>		
Advance recoverable in cash or kind or for value to be received	60772991	48624065
<u>DEPOSITS</u>	11466859	5530975
TOTAL	80244910	57764913

NEO CORP INTERNATIONAL LTD.

		AS AT 31/03/2011	AS AT 31/03/2010
CURRENT LIABILITIES & PROVISIONS			SCHEDULE-12
CURRENT LIABILITIES			
Sundry Creditors		494403638	503212747
Other Liability		100952680	91938400
Advance from Customers		<u>3422815</u>	<u>3213774</u>
	TOTAL(A)	598779132	598364921
PROVISIONS			
		<u>47116473</u>	<u>32769572</u>
	TOTAL (B)	47116473	32769572
		<u>645895606</u>	<u>631134492</u>
	TOTAL (A+B)	645895606	631134492
MISSLANIOUS EXPENDITURE			SCHEDULE-13
Pre operative Expenses			
Opening Balance		-	133847
Less : Write Off During Year		-	133847
	TOTAL(A)	-	-
Preliminary Expenses - I			
Opening Balance		312465	351523
Less : Write Off During Year		<u>39058</u>	<u>39058</u>
	TOTAL(B)	273407	312465
Preliminary Expenses - II			
Opening Balance		-	-
Add: Incurred During Year		<u>31100</u>	-
		31100	-
Less : Write Off During Year		-	-
	TOTAL(C)	31100	-
	TOTAL (A+B+C)	304507	312465
SALES			SCHEDULE-14
Domestic Sales	1484695664		
Export Sales	<u>902453813</u>		
	2387149478		
Less : Excise Duty	<u>138969412</u>	2248180066	1707655150
Export Incentive		36985401	48571607
Commission in Polymer Division		<u>769142</u>	<u>0</u>
	TOTAL	2285934609	1756226757
INCREASE / DECREASE IN STOCK			SCHEDULE-15
CLOSING STOCK			
Finished Goods	312723453		135647707
Work in process	<u>96683495</u>	<u>409406948</u>	<u>64774914</u>
		409406948	200422621
Less:			
OPENING STOCK			
Finished Goods	135647707		190326108
Work in process	<u>64774914</u>	<u>200422621</u>	<u>69466591</u>
			259792699
	TOTAL	208984327	(59370078)
OTHER INCOME			SCHEDULE-16
Processing Charges		2997000	-
Interest Received		5947166	3770838
Lease Rent		-	264000
Miscellaneous Accounts written off		5805584	24138
Profit on Sales of Shares		65777	712899
Data Processing Charges		-	24000
Exchange Difference (NET)		17488309	-
Miscellaneous Income		<u>5000000</u>	<u>2670</u>
	TOTAL	37303836	4798545
RAW MATERIAL CONSUMED			SCHEDULE-17
Opening Stocks		89455636	48377762
Add: Purchases during year		<u>2006152252</u>	<u>1360687913</u>
		2095607887	1409065675
Less: Closing Stock		<u>150660963</u>	<u>89455636</u>
	TOTAL	1944946925	1319610040

	AS AT 31/03/2011	AS AT 31/03/2010
MANUFACTURING EXPENSES		SCHEDULE-18
Power, Fuel & Water Expenses	41295232	28074722
Wages, Salary, Allowance & other benefits	67789854	53048859
Freight Charges	264672	198342
Loading and Unloading expenses	1119807	663594
Job Work Expenses	25283407	35500288
Stores and spares consumed	21281754	14946880
Security Services	261026	-
Repairs & Maintenance	2419594	2508516
Lease Rent (MPAKVN)	262246	811190
Factory Rent	2369000	230000
Insurance Expenses	1898830	787209
Entry Tax	805733	67473
Other Manufacturing exp	2502524	705985
	167553680	137543058
Less : Conversion expenses claim from Insurance Company on WIP and Finished Goods Stock destroyed in fire	-	37016574
TOTAL	167553680	100526484
ADMINISTRATIVE AND SELLING EXPENSES		SCHEDULE-19
(A) ADMINISTRATIVE EXPENSES		
Salary, Wages and Other Benefits Expenses	6013155	4591703
Staff Insurance Expenses	2676	16248
Auditor's Remuneration	250000	200000
Managerial Remuneration	3507714	2964130
Office Rent	1779801	402200
Stationery & Printing Expenses	1325884	1180219
Postage & Telegram Expenses	798683	137368
Legal & Professional Charges	5874882	6634685
Electricity Expenses	324528	267608
Telephone Expenses	1767169	1514742
Travelling Expenses	1120303	361416
Conveyance Expenses	1013323	819118
Repair & Maintenance Expenses	4888788	-
Office Expenses	439441	-
Donation Expenses	2247973	2509932
Loss due to trading in USD	47534	71797
Professional Tax	2500	2500
Loss on Sale of Fixed Assets	437379	996671
Other Expenses	1051035	4693154
Total (A)	32892768	27363491
(B) SELLING AND DISTRIBUTION EXPENSES		
Packing Expenses	3978902	2974526
Business Promotion Expenses	1878665	1596696
Advertisement Expenses	73396	21500
Freight Outward Expenses	40808299	23448181
Port Handling Charges	3646111	2272885
Travelling Expenses	733459	1297761
Insurance Expenses	325929	177378
Postage and Telegram	1160600	1440387
Exchange Difference (NET)	-	7029449
Other Selling Expenses	430126	820420
Total (B)	53035486	41079183
TOTAL (A)+(B)	85928254	68442675
INTEREST & FINANCE CHARGES		SCHEDULE-20
Interest on Term Loan	24040590	16219396
Interest on Working Capital Loan	102234849	54629026
Hire Purchase Charges	1405266	795122
Interest on Unsecured Loan	13977213	2086466
Bank Commission & charges	8651220	7403163
Other Interest	3789642	176496
	154098780	81309670
Less : TUFF Subsidy Received	17213690	17179877
TOTAL	136885090	64129793

S.No	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		Balance as on 1.4.10	Additions during the year	Deduction during the year	Transfer during the year	Balance as on 31.3.11	Provided upto 1.4.10	Provided during the year	Written back	Provided upto 31.3.11	Balance as on 31.3.11	Balance as on 31.3.10	
1	Land & site development	28759123	361085	0	0	29120208	0	0	0	0	29120208	28759123	
2	Plant & Machinery(WDV)	169712963	0	0	0	169712963	118204304	7907512	0	126111817	43601147	51508659	
3	Plant & Machinery(SLM)	138129434	142729287	0	0	280858722	8501977	9889774	0	18391751	262466971	129627457	
4	Building	65861721	46523836	0	0	112385557	9691362	2336013	0	12027376	100358181	56170359	
5	Elect.Installation(fy)	4929586	9087408	0	0	14016994	2122916	391177	0	2514093	11502901	2806670	
6	Elect.Installation(Off)	15964	0	0	0	15964	14393	1129	0	15521	443	1571	
7	Off.Equipment	1146737	2332979	0	0	3479716	262021	109368	0	371390	3108327	884716	
8	Vehicles	14734219	6048213	2270706	0	18511726	3332934	1585855	1019534	3899255	14612471	11401285	
9	Fire Extinguisher	158251	0	0	0	158251	108847	7517	0	116364	41888	49405	
10	Fur.& Fixt	5181839	4064631	0	0	9246470	1189618	363689	0	1553307	7693163	3992221	
11	Weighing scales	262176	116130	0	0	378306	97611	15315	0	112927	265379	164565	
12	Computer	12133402	2289189	0	0	14422591	5092088	2247958	0	7340046	7082545	7041314	
	Total(A)	441025416	213552759	2270706	0	652307469	148618072	24855308	1019534	172453846	479853622	292407344	
13	Capital WIP(B)	167560862	276947913	213261153	0	231247622	0	0	0	0	231247622	167560862	
	Total(A + B)	608586278	490500672	215531859	0	883555091	148618072	24855308	1019534	172453846	711101245	459968206	

S.No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as on 1.4.10	Additions during the year	Deduction during the year	Balance as on 31.3.11	Provided upto 1.4.10	Provided during the year	Written back	Provided upto 31.3.11	Balance as on 31.3.11	Balance as on 31.3.10
1	Land & Site Development	130931	0	0	130931	0	0	0	0	130931	130931
2	Plant & Machinery from 1.4.86 to date	23107512	0	0	23107512	22215665	0	0	22215665	891847	891847
	Plant & Machinery upto 31.3.85 (Straight Line Method)	8125634	0	0	8125634	7719352	0	0	7719352	406282	406282
3	Building	4870366	0	0	4870366	3500408	162670	0	3663078	1207288	1369958
4	Elect. Installation(fy)	752521	0	0	752521	714895	0	0	714895	37626	37626
5	Elect. Installation(Off)	42092	0	0	42092	40572	0	0	40572	1519	1519
6	Off.Equipment	1255109	0	0	1255109	968864	59618	0	1028484	226628	286245
7	Vehicles	93447	0	0	93447	90831	665	0	91496	1951	2616
8	Fire Extinguisher	19298	0	0	19298	16212	917	0	17128	2169	3086
9	Furniture & Fixture	2258107	0	0	2258107	2102253	142988	0	2245194	12916	155854
10	Weighing Scales	73943	0	0	73943	40511	3512	0	44023	29919	33432
11	Computer	1513455	0	0	1513455	1437782	0	0	1437782	75673	75673
	Total	42242415	0	0	42242415	38847345	370320	0	39217665	3024750	3395070

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 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.

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, 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 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 of investment.

K. Borrowing Costs

Borrowing cost that is attributable to the acquisition or construction of qualifying/eligible assets is 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 ₹ 1,93,06,672/- (Pre. Year ₹ 2,30,01,310/-).
- B. Contingent liabilities not provided for in respect of:

(Figure in Lacs)

Particulars	31.03.2011	31.03.2010
Letters of Credit opened	NIL	NIL
Bank Guarantee issued by banks (Issued for subsidiary M/s. Sacos Indigo Pvt. Ltd.)	₹ 3840.00	₹ 20.00
Income tax demands to the extent disputed in appeals	NIL	NIL
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.	₹ 101.97	₹ 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 depreciation on 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	2010-11	2009-10
Remuneration	2727844	2100000
House Rent Allowance	1091135	840000
Contribution to P.F. & Gratuity	289082	731692
Other Perquisites	332835	281244
TOTAL	4440896	3952936

- F. Export incentive receivables have been adjusted on the basis of duty free license scheme against advance license/DEPB/DDBK/duty refund/DFRC.
- G. Being the Company has a 100% Export Division namely M/s. Techtexile 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 and Polymer 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 ₹ 51,41,341/- as on 31.3.2011 (₹ 46,90,374/- as on 31.3.2010).
- J. The company has received capital subsidy of ₹ 124.52, Lacs during the year under TUFF Scheme. According to the accounting policy followed by the Company, the said amount is credited to Capital Reserve Account. But being all the eligible assets are not capitalised and some of them are laying in the Capital Work in progress therefore this year the compliance of proportionate appropriation to Profit & Loss account is not possible for the Company. However same will be done next year onward.
- K. 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 2010-11. However, yearly lease rentals are charged directly to the profit & loss account with reference to the term of lease.

- L. The company in the years 2009-10 had collected ₹199.17 Lacs as application money for cumulative compulsory convertible preference share (CCPS) and same has been converted and allotted equity shares to the applicant at the face value of ₹10/- and with premium of ₹ 58 per shares during the year.
- M. The company had collected ₹ 507.37 Lacs towards application money for convertible warrants in the year 2009-10. During the year the company has allotted the shares to Equity warrant holder at face value of ₹ 10 each with premium of ₹ 23 each warrants.
- i) M/s Neo Corp International Limited (the holding company) has entered into takeover agreement on 29.03.2008 with M/s 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 2009-10 after receiving permission from Reserve Bank of India. During year company has paid ₹65686 GBP (₹ 44,66,000/-) to M/s. Fukam International Ltd., Hong Kong. and now the balance amount of 543651 GBP (₹3,88,91,500/-) payable is reflected in other liability. However the M/s. Fukam International Ltd., Hong Kong has transferred the shares in favour of Neo Corp Internation Limited.
- ii) The company during the year has given corporate guarantee for its domestic subsidiary M/s Sacos Indigo Pvt. Ltd for the loan of ₹ 3840.00 Lacs availed from SBI Overseas Branch Mumbai.
- N. There was a major fire accident in the factory premises of the unit named M/s. Techtexile (A 100% EOU Division of the Company) during last year on 27th & 28th February, 2010. The total loss of assets has been valued to ₹ 5205.16 Lacs consist of both the division of the Company. The said assets were covered by insurance policies with Insurance Companies. The claim is yet to be finalised, however interim payment of ₹1500.00 Lacs is being received. The processing of the claim is at an advance stage with the Insurance companies and the company is hopeful for finalisation at the earliest.
- O. The company has given various advances to the extent of ₹ 598.03 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 31.3.2011.
- 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 ₹ 23,40,876/- 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 2011	31.03.11	31.03.11	31.03.10	31.03.10
1.Current Service cost	698868/-	865110/-	942732/-	297035/-
2.Interest Cost	323965/-	66004/-	202559/-	56633/-
3.Employee contribution	--	--	--	--
4.Actuarial (Gains)/Losses	(2093389/-)	382189/-	91253/-	8910/-
5.Past Service Cost	--	--	456759/-	--
6.Settlement cost	--	--	--	--
7.Expenses recognized in the profit & loss account	(1070556/-)	1313303/-	1693303/-	362578/-
Net Assets/(Liability) recognized in the Balance sheet as at 31st March 2011	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1.Present value of Defined Benefit Obligation	2855399/-	2091770/-	3713752/-	809362/-
2.Fair Value of Plan assets	--	--	--	--
3.Funded Status (Surplus/Deficit)	2855399/-	(2091770/-)	(3713752/-)	(809362/-)
4.Net asset/(Liability) as at 31 st March 2010.	(2855399/-)	(2091770/-)	(3713752/-)	(809362/-)

Particulars	Non Funded		Non Funded	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Change in Obligation during the year ended on 31st March 2011				
1.Present value of Defined Benefit Obligation at the beginning of the year	4049566/-	825048/-	2531986/-	707916/-
2.Current Service Cost	698868/-	865110/-	942732/-	297035/-
3.Interest Cost	323965/-	66004/-	202559/-	56633/-
4.Settlement Cost	--	--	--	--
5.Past services cost	--	--	456759/-	--
6.Employee contributions	--	--	--	--
7.Actuarial (gains)/Losses	(2093389/-)	382189/-	91253/-	8910/-
8.Benefit Payments	(123611/-)	(46581/-)	(511537/-)	(261132/-)
9.Present value of Defined Benefit of Obligation at the end of the year	2855399/-	2091770/-	3713752/-	809362/-
Change in assets during the year ended on 31st March 2011 (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 2010-11)

- 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%

R. The groups operating business are organised and managed separately according to the nature of the product and services provided, with each segment representing a strategic business unit that offers different products and serves different market. The analysis of geographical segment is based on the areas in which major operating division of the group operate.

- a) The company is in the business of manufacture of technical textiles and during year company has set up new division in name of M/s. Neo Corp International Ltd (Polymer Division.) in which company has received the C & F agency of Indian Oil Corporation Ltd. There are no other separate reportable business segment, as per Accounting Standard AS-17.
- b) The company has also started another division in the name of Geotech Worldwide in the SEZ Area Pithampur. The company has received allotment of land from MPAKVN for ₹ 2.41 Crore and paid ₹ 24.30 lacs as advance money the other formalities are in progress.
- c) In respect of Business Segments the details are as under ;

Gross Sales	Year ended 31.03.2011	Year ended 31.03.2010
Manufacturing and Trading Segment :	2,24,81,80,066/-	--
C & F Segment	7,69,142/-	--

- d) In respect of Geographical Segments the details are as under ;

Gross Sales	Year ended 31.03.2011	Year ended 31.03.2010
Domestic:	1,48,46,95,664/-	1,21,66,86,526/-
Overseas:	90,24,53,813/-	55,65,30,463/-

S. Earnings per share:

	Particulars	Year ended 31.03.2011	Year ended 31.03.2010
A.	Profit / (Loss) attributable to Equity Shareholders (₹ In lacs)	₹ 1418.60	₹ 921.75
B.	Weighted average number of equity shares (Basic)	11780415	8654300
C.	Weighted average number of equity shares (Diluted)	11780415	8947198
D.	Nominal value of Equity share	₹ 10.00	₹ 10.00
E.	Earnings per share (Basic)	₹ 12.04	₹ 10.65
F.	Earning per share (Diluted)	₹ 12.04	₹ 10.30

T. Related Party Disclosures :

The Management has identified the following Companies and individuals as related parties of the Company for the year ended 31st March 2011 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) Ltd. 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 31.03.2011		Year ended 31.03.2010
Key Management Personnel:				
Remuneration:	₹	5943780/-	₹	3952936/-
Interest on unsecured loan:	₹	36984/-	₹	82785/-
Rent	₹	1382800/-	₹	327000/-
Relatives of key management personnel:				
Remuneration	₹	1502884/-	₹	315000/-
Other related parties:				
Purchase of materials	₹	8198739/-	₹	33947/-
Sale of goods	₹	--	₹	--
Other services availed	₹	71280/-	₹	907345/-
Other services rendered	₹	--	₹	429150/-
Amount due to related parties:				
Included in unsecured loan:	₹	178983/-	₹	91999/-
Included in other current liabilities	₹	2206881/-	₹	--
Included in Creditors	₹	8338615/-	₹	70025/-
Amount due from related parties:	₹	--	₹	--
Included in Debtors	₹	--	₹	--

V. In terms of Accounting Standard 22 issued by the ICAI, the deferred tax asset of ₹ 1,14,05,563/- 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 : ₹ 26,90,196/-)

Particulars	Deferred Tax Liab./Asset as At 31.03.11	Deferred Tax Liab./Asset as At 31.03.10
DEFERRED TAX LIABILITIES	3,70,91,570/-	2,56,86,008/-

- V. 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	
		₹ in Lacs	Foreign Currency
GBP	Sell	720.99	975000/-
US \$	Sell	210.42	455000/-
Euro	Sell	337.85	531626/-

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 31.03.11	As at 31.03.11	As at 31.03.10	As at 31.03.10
	GBP 72,570.55	₹ 52.02 Lacs	GBP 150637.93	₹ 113.87 Lacs
	EURO 192515.35	₹121.94 Lacs	EURO 50381.80	₹ 34.02 Lacs
	USD 71217.15	₹ 31.75 Lacs	--	--

W. QUANTITATIVE INFORMATION

	2010-11		2009-10	
	QTY (KG)	VALUE (₹)	QTY (KG)	VALUE (₹)
i)PACKTECH				
a)LICENSED CAPACITY	-	-	-	-
Not applicable as licence is not required				
b)INSTALLED CAPACITY	21000000	-	15300000	
c)Opening Stock	696942	92250552	1957709	181684930
d)Production	20085218	-	14627652	-
e)Purchases	123597	12796905	113611	9984754
f)Sales/Transfer	19350487	2095109700	16002029	1734728603
g)Closing stock	1555271	166057081	696942	92250552
ii)AGROTECH				
a)LICENSED CAPACITY	-	-	-	-
Not applicable as licence is not required				
b)INSTALLED CAPACITY	2000000	-	1612000	-
c)Opening Stock	212780	23291292	113558	8559568
d)Production	1930414	-	735865	-
e)Purchases	-	-	297795	35227844
f)Sales/Transfer	1448374	152176922	934439	65668830
g)Closing stock	694819	89971329	212780	23291292
iii) GEOTECH				
a)LICENSED CAPACITY	-	-	-	-
Not applicable as licence is not required				
b)INSTALLED CAPACITY	600000		1500000	
c)Opening Stock	123724	20104221	944	81610
d)Production	137054	-	1054240	-
e)Purchases	-	-	-	-
f)Sales/Transfer	-	-	931460	59381843
g)Closing stock	260778	38790879	123724	20104221
iv)RP GRANUALS/ MASTER BATCH				
a)LICENSED CAPACITY	-	-	-	-
Not applicable as licence is not required				

b) INSTALLED CAPACITY	1500000		1500000	
c) Opening Stock	84436	1023420	107359	3269180
d) Production	-	-	131249	-
e) Purchases	65365	1714859	-	-
f) Sales/Transfer	50727	450153	154172	3498766
g) Closing stock	99074	5743717	84436	1023420
iv) RAW MATERIAL CONSUMED				
Granuals /Fabric/Tape/Film	22920525	1933104396	19310748	1313033015
Others	-	9999440	-	6577025
v) SEMIFINISHED GOODS/WASTE				
a) Opening Stock	696686	63753133	922642	66197402
b) Production	987944	-	455744	-
c) Purchase	17730	-	-	-
d) Sales/Transfer	784840	17600991	681700	11871812
e) Closing stock	917520	90939778	696686	63753133
vi) SALES				
a) Granuals	235465	19827701	16425	801450
b) Others		-	-	78066
	%	VALUE (₹)	%	VALUE (₹)
vii) RAW MATERIAL & STORES , SPARES CONSUMED				
A) Raw Material				
Imported	5.29%	104195420	8.59%	113397886
Indigenous	94.71%	1865354414	91.41%	1206212154
B) Stores & Spares				
Imported	-	-	3.12%	466573
Indigenous	100%	21442922	96.88%	14480307
viii) CIF VALUE OF IMPORTS DURING THE YEAR				
Raw Material	-	77266748	-	51232325
Stores	-	-	-	466372
Capital Goods	-	86547348	-	69506521
ix) EXPENDITURE IN FOREIGN CURRENCY	-	303266	-	363441
x) FOB VALUE OF EXPORTS	-	873026604	-	499679543

X. Debit and Credit balances are subject to confirmation.

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

Z. 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 ACCOUNTNATS
FR No.002143C

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 : 2nd September 2011

SWATI GANGRADE
(Company Secretary)

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary Company	Europlast Limited	Sacos Indigo Private Limited
2. Financial year of the Company ended on	31.03.20 11	31.03.20 11
3. Shares held in the Subsidiary Company on the above date:		
i) Number of Shares	1,00,000 equity shares of ₹ 10/- each	1276979 equity shares of ₹ 100/- each
ii) Percentage 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	8695158	4025482
b) For the previous Financial years since it became the Holding Company's Subsidiary	8294032	(44778)
ii) Dealt with in the Holding Company's Accounts		
a) For the Financial year of the subsidiary	Nil	Nil
b) For the previous Financial years since it became the Holding Company's Subsidiary	Nil	Nil
Additional Information u/s 212 (5)	Not applicable	Not applicable

Place: Indore

Date: 2nd September, 2011

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
M/s. Neo Corp International Limited

- 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, 2011 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.
- 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 a reasonable basis for our opinion.
- In respect of the financial statements of subsidiary namely M/s Sacos Indigo Private Limited, we did not carry out the audit. These financial statements 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)	₹ 53,89,43,070/-	₹ 28,09,28,799/-

- 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 2011, 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)	₹ 17,55,15,346/-	₹ 60,88,46,167/-

- 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.
- 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:
 - in the case of the consolidated balance sheet of the state of affairs of the company & its subsidiary as at March 31, 2011
 - in the case of the consolidated profit and loss Account, of the profit for the year ended on that date.

For M/s. A. P. Garg & Co.
Chartered Accountants
FR No. 002143C

Place: Indore

Date : 02nd September 2011

(Anup Garg)
PARTNER
M. No. 071283

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE No.	AS AT 31/03/2011	AS AT 31/03/2010
SOURCES OF FUNDS:			
1 SHARE HOLDER'S FUND			
Share capital	`01'	155221980	158087564
Reserve and Surplus	`02'	830369791	438802445
2 LOAN FUNDS			
Secured Loan	`03'	1298059365	747005346
Unsecured Loan	`04'	157708903	23890542
TOTAL		2441360039	1367785896
APPLICATION OF FUNDS:			
1 FIXED ASSETS	`05'		
a] Gross Block		785718679	766566401
b] Less: Loss due to Fire		-	258475916
Adjusted Block		785718679	508090485
Less : Depreciation		214703395	189426031
Net Block		571015283	318664454
Add : Capital Work in Progress		252401980	101456907
		823417264	420121361
2 Goodwill on Consolidation		31610667	31610667
3 INVESTMENT	`06'	1000	9100
4 [i] CURRENT ASSETS, LOANS & ADVANCES			
a] Inventories	`07'	692553296	308276006
b] Sundry Debtors	`08'	874166554	570125639
c] Cash & Bank Balance	`09'	117498225	61451417
d] Other Current Assets	`10'	507090265	602570810
e] Loans & Advances	`11'	259126977	75200153
		2450435316	1617624026
[ii] CURRENT LIABILITIES & PROVISIONS	`12'	827886852	677064423
NET CURRENT ASSETS (i - ii)		1622548463	940559603
5 DEFFERED TAX LIABILITY		(40879909)	(25799913)
6 MISCELLANEOUS EXPENSES	`13'	4662554	1285078
TOTAL		2441360039	1367785896
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	`21'		

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

For A .P. GARG & CO.
 CHARTERED ACCOUNTNATS
 FR No.002143C

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 : 2nd September 2011

SWATI GANGRADE
 (Company Secretary)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE No.	AS AT 31/03/2011	AS AT 31/03/2010
<u>INCOME</u>			
Sales	`14'	3025030571	2053459977
Increase / (Decrease) in Stock	`15'	255471609	(54334161)
Other Income	`16'	35386177	4885217
TOTAL		3315888357	2004011033
<u>EXPENDITURE</u>			
Raw Material Consumed	`17'	2669726517	1578116843
Excise Duty on Closing Stock		5141341	4690374
Manufacturing Expenses	`18'	173219884	118441340
Administrative & Selling Expenses	`19'	107574448	79936655
Interest and Financial Charges	`20'	147762110	67696738
Depreciation	`05'	27173531	26812449
Preliminary Expenses W/off		39058	39058
TOTAL		3130636888	1875733457
PROFIT / (LOSS) BEFORE EXTRA- ORDINARY ITEMS		185251469	128277576
Less : Prior Period Adjustments(Net)		(182491)	(144276)
Less : Income Tax for Previous year		-	287216
PROFIT / (LOSS) BEFORE TAX		185433960	128134636
Less: Current Tax	11128933		
Deffered Tax / (Reversal)	15079997	26208930	27710581
PROFIT / (LOSS) AFTER TAX		159225030	100424054
Add : Balance Brought Forward from the Previous Year		290771549	197910044
AMOUNT AVAILABLE FOR APPROPRIATIONS		449996579	298334098
Less :-			
Profit transfer to General reserve		2500000	2500000
Proposed Dividend	9802699		
Tax on Prposed Dividend	1191536	10994235	5062549
BALANCE CARRIED TO BALANCE SHEET		436502344	290771549
<u>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</u>			
	`21'		

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

For A .P. GARG & CO.
CHARTERED ACCOUNTNATS
FR No.002143C

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 : 2nd September 2011

SWATI 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 recognized on the date of the bill of lading or air way bill.

Government grants/subsidies, 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.

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 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 of 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 recognizes 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 of 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 recognized 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 31.03.2011		As at 31.03.2010	
			Proportion of Ownership (%)	Proportion of Voting Power (%)	Proportion of Ownership (%)	Proportion of Voting Power (%)
1	M/s. Euro Plast Limited (See Note No. 3)	England	100.00	100.00	100.00	100.00
2	M/s. Sacos Indigo Private Limited	India	100.00	100.00	100.00	100.00

3. M/s. Neo Corp International Limited (the holding company) has entered into takeover agreement on 29.03.2008 with M/s. 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 2008-09 after receiving permission from Reserve Bank of India. Now during year M/s. Neo Corp International Limited paid another 65686 GBP (₹ 44,66,000/-) to M/s. Fukam International Ltd., Hong Kong. The balance amount is still payable to M/s. Fukam International Ltd., Hong Kong, however the M/s. Fukam International Ltd., Hong Kong has transferred the shares in favour of Neo Corp International Limited.
4. Figure 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 A .P. GARG & CO.
CHARTERED ACCOUNTNATS
FR No.002143C

(ANUP GARG)
PARTNER
M.No.071283

Place : Indore

Date : 2nd September 2011

"FOR AND ON BEHALF OF THE BOARD"

K. S. TRIVEDI
(Chairman)

SUNIL TRIVEDI
(Mg. Director)

P. SHARMA
(Director)

SHARWAN KUMAR PATODI
(Director)

LADHARAM PATEL
(Director)

SWATI GANGRADE
(Company Secretary)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

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

 State Code

1	0
---	---

Balance sheet date

3	1	0	3	1	1
---	---	---	---	---	---

II Capital Raised During the Year(Amount in Rs. Lacs)

Public Issue

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

 Right Issue

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

Bonus Issue

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

 Private Placement

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

Govt. Contribution

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

 Preferential allotment

5	3	6	.	7	9
---	---	---	---	---	---

III Position of mobilisation & Deployment of fund(Amount in Rs. Lacs)

Total Liabilities

2	0	6	2	2	.	3	2
---	---	---	---	---	---	---	---

 Total Assets

2	0	6	2	2	.	3	2
---	---	---	---	---	---	---	---

Source of Funds

Paid up capital

1	4	0	2	.	2	1
---	---	---	---	---	---	---

 Reserve & Surplus

8	0	0	5	.	4	1
---	---	---	---	---	---	---

Secured Loans

9	9	1	1	.	4	7
---	---	---	---	---	---	---

 Unsecured Loans

1	3	0	3	.	2	1
---	---	---	---	---	---	---

Deferred Tax Liability

3	7	0	.	9	1
---	---	---	---	---	---

Application of Funds

Net Fixed Assets

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

 Investment

1	8	5	7	.	7	7
---	---	---	---	---	---	---

Capital WIP

2	3	1	2	.	4	7
---	---	---	---	---	---	---

 Net Current Assets

1	1	9	9	1	.	1	6
---	---	---	---	---	---	---	---

Accumulated Losses

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

 Miscellaneous Exp.

3	.	0	4
---	---	---	---

IV Performance of the Company(Rs. In Lacs)

Total Income

2	5	3	2	2	.	2	2
---	---	---	---	---	---	---	---

 Total Expenditure

2	3	6	5	7	.	1	9
---	---	---	---	---	---	---	---

Profit Before Tax

1	6	6	6	.	8	5
---	---	---	---	---	---	---

 Profit After Tax

1	4	1	8	.	6	0
---	---	---	---	---	---	---

Earnings per share -

1	2	.	0	4
---	---	---	---	---

 Dividend rate %

5	%
---	---

V Generic Names of Three Principal Product/ Services Of the Company (as per monetary Terms)

Item code No.(ITC Code)	Product Description								
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>9</td><td>2</td><td>3</td><td>2</td><td>9</td><td>9</td><td>0</td></tr></table>	3	9	2	3	2	9	9	0	FIBC/SACK
3	9	2	3	2	9	9	0		
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>9</td><td>2</td><td>6</td><td>9</td><td>0</td><td>9</td><td>9</td></tr></table>	3	9	2	6	9	0	9	9	FABRICS
3	9	2	6	9	0	9	9		
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>6</td><td>0</td><td>0</td><td>5</td><td>9</td><td>0</td><td>0</td><td>0</td></tr></table>	6	0	0	5	9	0	0	0	SHADE NET
6	0	0	5	9	0	0	0		

ON BEHALF OF THE BOARD

K S TRIVEDI : CHAIRMAN
 SUNIL TRIVEDI : MANAGING DIRECTOR
 P SHARMA : DIRECTOR
 S K PATODI : DIRECTOR
 LADHARAM PATEL : DIRECTOR

SWATI GANGRADE
 COMPANY SECRETARY

NEO CORP INTERNATIONAL LIMITED

Plot No. 62-63-64A, Sector 1, Industrial Area, Pithampur-454775, Distt. Dhar, M.P.

Dear Shareholder,

The Ministry of Corporate Affairs ("MCA"), has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide circular dated April 21, 2011 bearing circular no.17/2011 and circular dated April 29, 2011 bearing circular no.18/2011 issued by the MCA,. In such a case, the company has to obtain email addresses of its members for sending e-notices / documents electronically by giving an advance opportunity to the members to register their email addresses and changes therein, if any, from time to time with the company.

Shareholders holding share in the physical form and wishing to receive the annual report and other documents in the electronic mode, are requested to fill the form below and send the same to our Corporate Office i.e.23, Alapura Near Tirathbai Kalachand Vidyalaya, Indore-452007 or send there consent via e-mail at neocorpinternational@yahoo.com

We are sure that you would welcome the "Green Initiative" taken by the MCA and your company's desire to participate in the same.

Thanking you,

Yours faithfully,

For **Neo Corp International Limited**

Company Secretary

NEO CORP INTERNATIONAL LIMITED

Plot No. 62-63-64A, Sector 1, Industrial Area, Pithampur-454775, Distt. Dhar, M.P.

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

To,
Neo Corp International Limited
23, Alapura Near Tirathbai
Kalachand Vidyalaya,
Indore-452007

Dear Sir,

With Reference to your circular dated _____.I/We shareholder(s) of Neo Corp International Limited, Agree to receive all notices and documents including the annual report, notice for general meetings and other shareholder communication in electronic mode.

I/We request you to kindly register my/our e-mail id in the company's records for sending such communication through e-mail.

Folio No./Client ID No. : _____
Name of the Sole/First Shareholder : _____
Name of the Joint Shareholders : _____
No. of Shares : _____
E-mail ID for receipt of document in Electronic mode : _____

Date:

Place:

Signature: _____
(Sole/First Shareholder)

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 Friday 30th September 2011.

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 Friday, 30th September, 2011 and at any adjournment thereof.

As Witness my/our hand/hands this _____ day of _____ 2011.

Signature _____

₹ 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.)