

NEOGEN CHEMICALS LIMITED

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the Company will be held on 30th September 2005 at 11.00 a m at the registered office of the Company situated at 115, Vardhaman Industrial Complex, Old Agra Road, Thane (W), Mumbai-400 601 to transact the following business: -

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2005 the Balance Sheet as at 31st March, 2005 and the Reports of the Director's and Auditor's thereon.
2. To declare dividend on its Preference Share Capital for the year ended 31st March, 2005
3. To declare dividend on its Equity Share Capital for the year ended 31st March 2005.
4. To appoint a Director in place of Mr. Jayprakash Akkad who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board
For **NEOGEN CHEMICALS LIMITED**



Date: 8th September, 2005
Place: Thane

DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE TO THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. DIVIDEND AS RECOMMENDED BY THE BOARD AND, IF APPROVED AT THE ANNUAL GENERAL MEETING WILL BE PAID ON OR BEFORE THE 29th OCTOBER, 2005 TO THOSE SHAREHOLDERS (Equity and Preference) WHOSE NAMES APPEAR ON THE REGISTER OF MEMBERS AS ON THE DATE OF THE ANNUAL GENERAL MEETING.

HITESH RESHAMWALA ASSOCIATES

Chartered Accountants

A/8, Vinod Baug, C.D.Barfiwala Road (Juhu Lane),
Andheri (West), Mumbai- 400058.

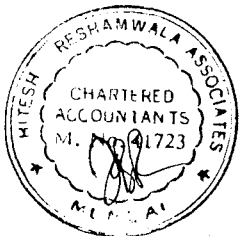
AUDITOR'S REPORT

To,
The Members of **NEOGEN CHEMICALS LIMITED.**

We have audited the attached Balance Sheet of **Neogen Chemicals Limited** as at 31st March 2005 & also the Profit & Loss Account of the company for the year ended on that date annexed thereto.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, during the course of Audit, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in Para 1 above, we report that:
 - a) We have obtain 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 accounts as required by the law have been kept by the company so far as appears from our examination of the books;
 - c) The said Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
 - d) On basis of written representations received from the Directors and taken on record by the Board of Directors as on 31st March 2005, we report that none of the directors are disqualified as on 31st March 2005, from being appointed as a director in terms of section 274(1)(g) of the Companies Act,1956;



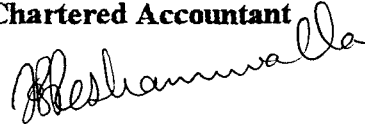
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- e) In our opinion the Balance Sheet and Profit & Loss Account comply with the Accounting standards referred to in sub section (3C) of section 211 of the Companies Act 1956, to the extent these are applicable to the company.

Subject to forgoing, in our opinion and to the best of our information and according to the explanations given to us, the said balance Sheet and Profit & Loss Account read with the notes thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;

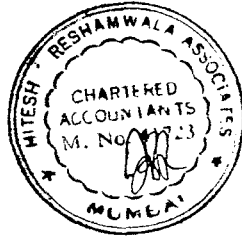
- a) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2005 and
- b) in the case of Profit & Loss Account, of the profit for the year ended on the date.

For **Hitesh Reshamwala Associates**
Chartered Accountant



Shri Hitesh B. Reshamwala
Proprietor

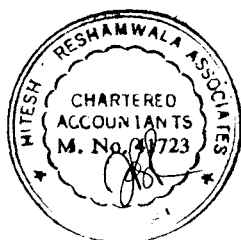
Place: Mumbai
Date: 8th September, 2005



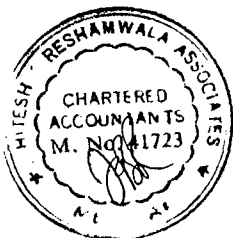
**Annexure to the Auditor's report of even date to the Members of
NEOGEN CHEMICALS LIMITED.**

[Referred in the paragraph (1) of our report of the even date]

- i. (a) The company has maintained proper record showing full particulars including quantitative details and situation of its fixed assets;
- (b) As explained to us physical verification of major portion of fixed assets was conducted by the management during the year. In our opinion, the frequency and the method is reasonable having regard to the size of the company and nature of Assets. As explained to us, no material discrepancies were noticed on such verification;
- (c) No substantial part of the fixed assets has been disposed off during the year and therefore do not affect the going concern assumption;
- ii. (a) In our opinion, physical verification of the inventory, other than that with third parties is conducted at reasonable intervals by the management. There is a process of obtaining confirmation in respect of inventory with the third parties.
- (b) In our *opinion* and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are *reasonable* and adequate relation to the size of the company and the nature of its business.
- (c) In our opinion the company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material in relation to the operation of the company and the same have been properly dealt with in the books of account.
- iii. (a) During the year the Company has not granted any loans to parties listed in the register maintained under section 301 of the Companies Act, 1956;
- (b) The Company has not taken loans from the parties mentioned in the register maintained under section 301 of the Companies Act, 1956.
- (c) Since there is no loan taken or given to the parties mentioned in the register maintained under section 301 of the Companies Act, the question whether the rates of interest and the terms and conditions thereof prima facie prejudicial to the interest of the company regularity repayment & amount repaid does not arise.



- iv. In our opinion and according to the information and explanations provided to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control;
- v. (a) Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that the transaction that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction that need to be entered into a register in pursuance of section 301 of the Act and exceeding during the year by Rupees five lakhs in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us the company has complied with the provision of section 58A and 58AA of the companies Act, 1956, and the Companies (Acceptance of Deposit) Rule, 1975 with regards to the deposit accepted from public.
- vii. The Company does not have formal internal audit system.
- viii. According to the information and explanations given to us the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 are not applicable to the company.
- ix. (a) According to the records and explanations provided to us, the company is generally regular in depositing undisputed dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues wherever applicable with the appropriate authorities. No undisputed amounts payable were outstanding as at 31st March 2005 for a period of more than six months from the date they became payable, except cases reported below.



Name of Statute	Name of Dues	Amount	Period to Which it Related	Due Date	Date of Payment
Payment Of Gratuity Act 1972	Gratuity	1,27,907 2,84,334	2002-03 2003-04		Not Paid
Mum. Pra. M. N. Pa. Adhiniyam 1956	Property Tax	65,044 65,000 56,423	2002-03 2003-04 2004-05		Not Paid
Providend Fund Act	Providend Fund	4,76,112 5,73,832	2003-04 2004-05		Not Paid
Employees State Insurance Act	ESIC	3,572	2004-05		Not Paid

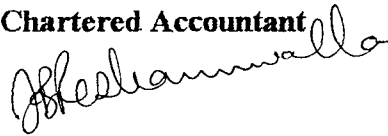
(b) The company has no disputed Income Tax, Sales Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess that have not been paid to the concerned authorities.

- x. The company dose not have any accumulated losses and have not incurred cash losses during the financial year and in the financial year immediately preceding financial year;
- xi. Based on our audit procedures and on the information and explanations given by the management the company has not made any default in repayment of dues to the financial institution or bank. The company has not issued any Debentures.
- xii. Based on our examination and according to the information and Explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not chit /nidhi/ mutual benefit fund /society and clause xiii of the Order is not applicable,



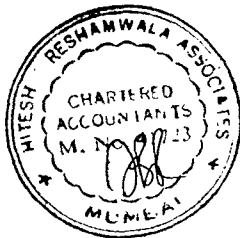
- xiv. The Company is not dealing or trading in shares, securities, debenture and other investment,
- xv. The Company has given guarantee of Rs. 97,50,000 for loans taken by associate concerns as mentioned in the register maintained under section 301 of the Company Act, 1956, from bank or financial institutions. The term and condition on which the guarantee is given or not prima facia prejudicial to the interest of the Company.
- xvi. To the best of knowledge and belief and according to information and explanation given to us the term loan obtained by the Company is applied for the purpose for which it was obtained.
- xvii. According the information and explanations given to us and on over all examination of the balance sheet of the Company, we have not come across any instance where funds raised during the year on short term basis have been used for the long term investment
- xviii. The Company has not made any preferential allotment of shares to parties and Companies ~~in~~ ^{as per} in the register maintained under section 301 of the Company Act 1956 during the year and the question of whether price at which the shares have been issued is prejudicial to the interest of the company does not arise;
- xix. According to the information and explanation given to us and the records examine by us, the Company has not issued any debentures.
- xx. The Company has not raised money by any public issue during the year and hence the question of disclosure and verification of end use of such money does not arise
- xxi. To the best of our knowledge and belief and according to information and explanations given to us No fraud on or by the Company has been notice or reported during the year.

For **Hitesh Reshamwala Associates**
Chartered Accountant



Shri Hitesh B. Reshamwala
Proprietor
Membership No.41723

Place: Mumbai
Date: 8th September, 2005



DIRECTORS' REPORT

To
The Members of
NEOGEN CHEMICALS LTD.

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2005

FINANCIAL RESULTS

	(Rupees in lacs)	
	2004-2005	2003-2004
Sales and Other Income	1,722.86	1,775.48
Profit before depreciation	164.49	139.04
Depreciation	23.28	21.98
Profit Before Tax	141.21	117.06
Provision For Taxation	45.00	34.50
Deferred Tax Liability	0.73	0.76
Profit After Tax	95.47	73.64
Short Provision of Prior Years	-	8.16
Balance Brought Forward	109.63	79.64
Transfer to General Reserve	10.00	10.00
Preference Shares Redemption Reserve	8.54	10.00
Proposed Dividend on Equity Shares (Prorata)	15.00	11.97
Dividend on Preference Shares	14.42	9.00
Corporate Dividend Tax	6.15	2.69
Balance Carried to Balance Sheet	<u>150.99</u>	<u>109.63</u>

OPERATIONS

The sales for the year under review remained nearly flat but the demand for several new high technology products introduced by the company has picked up replacing the old commodity kind of products and full benefit of the same will be reflected next year when total sales will pick up of new products and the company is hopeful of buoyant growth.

The total sales excluding Sales Tax and Central Excise Duty during the year has increased by 0.66%, but due to excellent value addition the profit before tax has gone up by 20.63% as compared to the previous year.

DIVIDEND

Your Directors have declared dividend on Preference Shares @ 14% and 18 % and considering the increase in distributable profits and the need to conserve resources your Directors are pleased to maintain dividend on Equity Shares @ 20 %.

FIXED DEPOSITS

At the end of the year Fixed Deposit accepted by the Company from friends and relatives of directors and shareholders and Corporate bodies aggregated to Rs.113.29 lacs. At the close of the year there were no fixed deposits due for payment, which remained either claimed or unpaid. There were no claimed deposits outstanding as at the close of the year and the company had complied with all the requirements of the Companies (Acceptance of Deposits) Rules, 1975.

CAPITAL AND FINANCE

The working capital facility of Rs. 420 lacs enjoyed by the company is adequate for the year under review considering the business. However, in the light of thrust on Exports necessary steps are being taken to restructure the working capital facility enjoyed by the company.

OUTLOOK FOR THE FUTURE

The change in Company's products mix due to restructuring & in-house R&D, the performance of the Company is improving year-by-year and the same trend is expected in this year also as few more high technology products which are in pipe-line in R&D are also expected to result into commercial production in the current year, i.e., 2005-06, and we are hoping to reach atleast 50% of the total sales in the export market in the current year, i.e., 2005-06, which is expected to result into higher profit than previous year.

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

Information pursuant to Section 271 (i) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Director) Rules, 1988 is given in the annexure to the Report.

During the year under review, the relation between staff and workers were peaceful and cordial throughout the year. The Company has no employees covered u/s 217(2A) of the Companies Act, 1956.

AUDITORS REPORT

The remarks by the auditors are self-explanatory and do not need any further explanation.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, We, the Board of Director's of Neogen Chemicals Ltd, state and hereby confirm :-

a. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure, 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 a true and fair view of the state of affairs of the Company at the end of the financial year.

c. That the directors have taken proper and sufficient care for 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.

SECRETARIAL COMPLIANCE CERTIFICATE

A copy of Secretarial Compliance Certificate pursuant to provisions of proviso to section 383A(1) from a Secretary in whole-time practice has been obtained and attached to this report.

AUDITORS

M/s. Hitesh Reshamwala Associates, Chartered Accountants, Auditors of the company retire at the ensuring Annual General Meeting. They are however eligible for re-appointment. A certificate to the effect that their re-appointment, if made, will be in accordance with the limit specified in sub-section (1-B) of Section 224 of the Companies Act, 1956 has been furnished.

ACKNOWLEDGEMENT

Your Directors are happy to place on record their appreciation of the whole-hearted co-operation and hard work of all the staff and workers which are reflected in the excellent performance of the company in the year under review.

The Directors would also like to place on record a deep sense of gratitude to the Company's Bankers State Bank of India for their co-operation and assistance rendered to the company.

By Order of the Board
NEOGEN CHEMICALS LTD.



H.T. KANANI
Managing Director

Place : THANE

Dated : 8TH SEPTEMBER 2005

ANNEXURE TO DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

1.1 Energy Conservation Measures implemented during the year.

We have carried out substantial re-structuring of our product mix. The products which are introduced, they are based on more complicated reactions and thereby there is more need of energy input and hence though the quantity produced was 95.50% of previous year, the consumption of number of electricity units has gone up by 16.76% and the cost of electricity gone up by 15.85%.

In the matter of Fuel Oil , the company has substituted light diesel oil with furnace oil and though consumption has gone up by 5.08% the cost has gone down by 15.54 %.

In spite of the electricity & fuel consumption have gone up, the total energy cost has reduced from Rs. 71.54 lacs during previous year to Rs. 66.09 lacs during current year and thereby managed to reduce energy cost by 7.62% and ultimately generating more profit during the year.

1.2 Further Energy Conservation Measures planned.

We are planning to set up a standby D.G.set which will considerably reduce intermittent stoppage of production by continuous availability of electricity and thereby reduce the starting/ closing operations per batch. This in turn will reduce energy consumption per unit of production.

2. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER PRESCRIBED FORM-A

2.1 Electricity

	<u>2004-2005</u>	<u>2003-2004</u>
a. Units consumed (in '000 KWH)	5,54,473	4,74,866
b. Total amount (Rs.)	20,90,430	18,04,388
c. Average rate / unit (Rs.)	3.77	3.80

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For NEOGEN CHEMICALS LTD.

M. K. Manoj

2.2 Light Diesel Oil /Furnace Oil

	<u>2004-2005</u>	<u>2003-2004</u>
a. Quantity consumed (in Kilo/Litres)	2,82,309	2,68,673
b. Total amount (Rs.)	45,19,213	53,50,582
c. Average rate / unit (Rs.)	16.42	19.91

3. CONSUMPTION PER UNIT OF PRODUCTION

	<u>Electricity</u>				<u>Light Diesel Oil</u>			
	<u>2004-2005</u>		<u>2003-2004</u>		<u>2004-2005</u>		<u>2003-2004</u>	
	<u>Kwh/Mt</u>	<u>Rs/Mt</u>	<u>Kwh/Mt</u>	<u>Rs/Mt</u>	<u>Lt/Mt</u>	<u>Rs/Mt</u>	<u>Lt/MT</u>	<u>Rs/Mt</u>
a. For Inorganic Chemicals	175	660	180	684	72	1182	75	1493
b. For Organic Chemicals	1109	4181	1201	4564	582	9556	733	14594

4. TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. The Company had carried out R&D efforts in developing speciality chemicals and it has resulted in introducing the new products in markets.
2. By carrying out R&D efforts for the new speciality chemicals developed will generate good business during the current year.

3. Future plan of the action

The Company wants to set up a separate R & D centre which will help to develop new Speciality chemicals of international quality standards to strengthen the base of the Company. The company also is working on the new avenues in Bio-tech operations.

4. Expenditure on R & D for the year 2004-2005

	<u>31.03.2005</u>	<u>31.03.2004</u>
a. Capital	Nil	Nil
b. Recurring	Rs.7,87,151/-	Rs.7,18,029/-
Total	Rs.7,87,151/-	Rs.7,18,029/-
Total R&D Expenditure as a percentage of total turnover	0.47%	0.43%

5. Technology Absorption, adaption and innovation

a) Efforts in brief, made towards technology absorption, adaption and innovation

- i) The Company has policy of developing in-house R&D and hence no efforts are required for absorption of external technology.
- ii) The Company has continued to improve the processes by in-house R&D efforts.

b) Benefits derived as a result of the above efforts

The Company has derived several advantages from these activities such as :-

- i) The addition of new product and hence widened market base.
- ii) Increase in production capacity.
- iii) Improvement in quality.
- iv) Increase in productivity.
- v) Reduction in energy requirements per unit of production.

c) Technology imported during the last 5 years.

The Company has not imported any technology.

III FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with regard to Foreign Exchange earnings and outgo appear in Schedule 18 under Note 13 forming part of the account.

By Order of the Board
NEOGEN CHEMICALS LTD.



H. T. KANANI
Managing Director

Place : Thane

Dated : 8th September 2005

NEOGEN CHEMICALS LIMITED

BALANCE SHEET AS AT 31ST MARCH , 2005

<u>SOURCES OF FUNDS</u>	<u>SCHEDULES</u>	<u>31.03.2005</u>	<u>30.03.2004</u>
		Rs	Rs
<u>SHAREHOLDERS' FUNDS :</u>			
SHARE CAPITAL	1	17,970,000	16,370,000
RESERVES & SURPLUS	2	25,678,213	19,687,773
		<u>43,648,213</u>	<u>36,057,773</u>
<u>LOAN FUNDS :</u>			
SECURED LOANS	3	37,967,020	37,453,201
UNSECURED LOANS	4	11,328,806	10,949,977
		<u>49,295,826</u>	<u>48,403,178</u>
DEFERRED TAX LIABILITY		6,463,415	6,390,157
		<u>6,463,415</u>	<u>6,390,157</u>
TOTAL		<u>99,407,454</u>	<u>90,851,108</u>
<u>APPLICATION OF FUNDS :</u>			
<u>FIXED ASSETS</u>			
GROSS BLOCK	5	49,006,734	48,262,957
LESS : DEPRECIATION		13,932,229	11,604,197
NET BLOCK		<u>35,074,505</u>	<u>36,658,760</u>
<u>CURRENT ASSETS , LOANS & ADVANCES</u>			
CURRENT ASSETS	6	96,027,157	60,749,051
LOANS & ADVANCES	7	20,529,557	15,829,869
		116,556,714	76,578,920
<u>LESS :</u>			
CURRENT LIABILITIES & PROVISIONS	8	52,279,782	22,460,756
NET CURRENT ASSETS		<u>64,276,932</u>	<u>54,118,164</u>
MISCELLANEOUS EXPENDITURE	9	56,017	74,184
TOTAL		<u>99,407,454</u>	<u>90,851,108</u>

NOTES ON ACCOUNTS 18

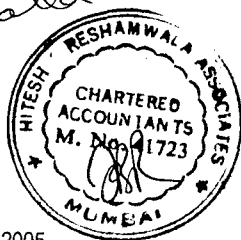
SCHEDULE 1 TO 9 & SCHEDULE 18 REFERRED TO HEREIN FORM AN INTEGRAL PART OF THE BALANCE SHEET.

AS PER OUR REPORT OF EVEN DATE

FOR HITESH RESHAMWALA ASSOCIATES
CHARTERED ACCOUNTANTS

H. B. RESHAMWALA
PROPRIETOR

PLACE : THANE
DATED : 8TH SEPTEMBER 2005



FOR NEOGEN CHEMICALS LTD

H.T.KANANI
MANAGING DIRECTOR

B.H.KANANI
JT MANAGING DIRECTOR

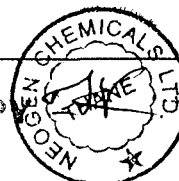
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FOR NEOGEN CHEMICALS LTD.

FOR NEOGEN CHEMICALS LTD.

(Signature)
Director

(Signature)
Director



NEOGEN CHEMICALS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	<u>SCHEDULE</u>	<u>31.03.2005</u> Rs	<u>30.03.2004</u> Rs
<u>INCOME</u>			
SALES	10	166,402,809	166,425,405
OTHER INCOME	11	5,883,003	11,123,062
INCREASE/ (DECREASE) IN STOCKS	12	(8,854,451)	10,625,753
		163,431,361	188,174,221
<u>EXPENDITURE</u>			
COST OF GOODS SOLD	13	77,319,246	102,071,126
EMPLOYEE'S REMUNERATION	14	8,683,010	8,233,375
MANUFACTURING EXPENSES	15	34,903,501	34,996,901
ADMINISTRATIVE EXPENSES	16	19,139,089	20,452,469
INTEREST & FINANCE CHARGES	17	6,919,689	8,498,260
DEPRECIATION		2,328,032	2,198,070
DEFERRED REVENUE EXPENSES WRITTEN OFF		18,167	18,167
PRELIMINARY EXPENSES WRITTEN OFF		-	-
		149,310,733	176,468,369
PROFIT BEFORE TAX		14,120,628	11,705,852
PROVISION FOR TAXATION		4,500,000	3,450,000
SHORT PROVISION OF PRIOR YEARS		-	815,827
DEFERRED TAX LIABILITY FOR THE YEAR		73,258	75,526
		9,547,370	7,364,499
PROFIT AFTER TAX		9,547,370	7,364,499
BALANCE BROUGHT FORWARD		10,962,773	7,963,576
		20,510,143	15,328,075
<u>APPROPRIATION</u>			
DIVIDEND ON PREFERENCE SHARES		1,441,800	900,000
PROPOSED DIVIDEND ON EQUITY SHARES (PRORATA)		1,500,000	1,196,667
DIVIDEND DISTRIBUTION TAX		615,130	268,635
PREFERENCE SHARES REDEMPTION RESERVE		854,000	1,000,000
TRANSFER TO GENERAL RESERVE		1,000,000	1,000,000
BALANCE CARRIED TO BALANCE SHEET		15,099,213	10,962,773
		20,510,143	15,328,075

NOTES ON ACCOUNTS

18

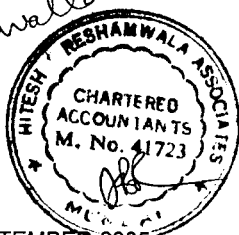
SCHEDULES 10 TO 18 REFERRED TO HEREIN FORM AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

AS PER OUR REPORT OF EVEN DATE

FOR HITESH RESHAMWALA ASSOCIATES

CHARTERED ACCOUNTANTS

H.B. RESHAMWALA
PROPRIETOR



PLACE : THANE

DATED : 8TH SEPTEMBER 2005

FOR NEOGEN CHEMICALS LTD

[Signature]
H.T.KANANI
MANAGING DIRECTOR

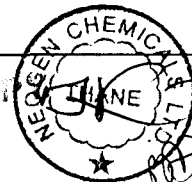
[Signature]
B.H. KANANI
JT MANAGING DIRECTOR

NEOGEN CHEMICALS LTD.

FOR NEOGEN CHEMICALS LTD.

[Signature]
Director

[Signature]
Director



NEOGEN CHEMICALS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - 1: SHARE CAPITAL

	<u>31.03.2005</u>	<u>30.03.2004</u>
	Rs.	Rs.
<u>AUTHORISED :</u>		
10,00,000 EQUITY SHARES OF RS 10/- EACH (PREVIOUS YEAR 10,00,000 EQUITY SHARES OF RS 10/- EACH.)	10,000,000	10,000,000
500,000 18% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS 10/- EACH (PREVIOUS YEAR 5,00,000 PREFERENCE SHARES OF RS 10/- EACH.)	5,000,000	5,000,000
500,000 14% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS 10/- EACH (PREVIOUS YEAR 5,00,000 PREFERENCE SHARES OF RS.10/- EACH)	5,000,000	5,000,000
	<u>20,000,000</u>	<u>20,000,000</u>

ISSUED , SUBSCRIBED & PAID-UP :

8,70,000 EQUITY SHARES OF RS .10/- EACH FULLY PAID UP (PREVIOUS YEAR 7,50,000/- EQUITY SHARES OF RS. 10/- EACH)	8,700,000	7,500,000
5,00,000 18% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS. 10/- EACH FULLY PAID UP. (REFER NOTE - 03) (PREVIOUS YEAR 5,00,000 18% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS. 10/- EACH)	5,000,000	5,000,000
4,27,000 14% REDEEMABLE CUMULATIVE PREFERENCE SHARE OF RS. 10/- EACH (PREVIOUS YEAR 3,87,000 14% REDEEMABLE CUMULATIVE PREFERENCE SHARE OF RS. 10/- EACH)	4,270,000	3,870,000
	<u>17,970,000</u>	<u>16,370,000</u>

SCHEDULE - 2: RESERVES & SURPLUS

PREFERENCE SHARE REDEMPTION RESERVE

BALANCE AS PER LAST BALANCE SHEET	5,000,000	4,000,000
TRANSFERRED FROM PROFIT & LOSS ACCOUNT	854,000	1,000,000
	<u>5,854,000</u>	<u>5,000,000</u>

GENERAL RESERVE

BALANCE AS PER LAST BALANCE SHEET	3,725,000	2,725,000
TRANSFERRED FROM PROFIT & LOSS ACCOUNT	1,000,000	1,000,000
	<u>4,725,000</u>	<u>3,725,000</u>

Less : DEFERRED TAX ADJUSTMENT ON INITIAL ADJUSTMENT

	-	-
	<u>4,725,000</u>	<u>3,725,000</u>
BALANCE IN PROFIT & LOSS ACCOUNT	15,099,213	10,962,773
	<u>25,678,213</u>	<u>19,687,773</u>



NEOGEN CHEMICALS LIMITED

SCHEDULE - 3 : SECURED LOANS

31.03.2005
Rs.

30.03.2004
Rs.

FROM STATE BANK OF INDIA

CASH CREDITS

20,513,666

25,812,341

(SECURED BY HYPOTHECATION OF ENTIRE CURRENT ASSETS OF THE COMPANY AND PERSONAL GUARANTEES OF TWO DIRECTORS AND COLLATERALLY SECURED BY EXTENSION OF HYPOTHECATION CHARGE OVER MACHINERIES AND EQUIPMENTS AND EQUITABLE MORTGAGE OF RESIDENTIAL FLAT AND COMMERCIAL PREMISES OF A DIRECTOR.)

TERM LOAN

-

3,500,000

(SECURED BY EQUITABLE MORTGAGE OF LAND AND FACTORY BUILDING SITUATED AT NAVI MUMBAI AND HYPOTHECATION OF EXISTING MACHINERY AND PERSONAL GUARANTEES OF TWO DIRECTORS AND COLLATERALLY SECURED BY EQUITABLE MORTGAGE OF RESIDENTIAL FLAT AND COMMERCIAL PREMISES OF A DIRECTOR) (DUE WITHIN ONE YEAR RS. NIL, PREVIOUS YEAR RS. 35,00,000/-)

EXPORT BILLS DISCOUNTING

453,354

4,545,060

(SECURED BY HYPOTHECATION OF DOCUMENTARY EXPORT BILLS (DA/DP) AND PERSONAL GUARANTEES OF TWO DIRECTORS AND POST SHIPMENT CREDIT GUARANTEE OF ECGC AND COLLATERALLY SECURED BY EXTENSION OF HYPOTHECATION CHARGE OVER MACHINERIES AND EQUIPMENTS AND EQUITABLE MORTGAGE OF RESIDENTIAL FLAT AND COMMERCIAL PREMISES OF A DIRECTOR.)

EXPORT PACKING CREDIT

17,000,000

3,595,800

(SECURED BY HYPOTHECATION OF ENTIRE CURRENT ASSETS OF THE COMPANY AND PERSONAL GUARANTEES OF TWO DIRECTORS AND INDIVIDUAL PACKING CREDIT GUARANTEE FROM ECGC AND COLLATERALLY SECURED BY EXTENSION OF HYPOTHECATION CHARGE OVER MACHINERIES AND EQUIPMENTS AND EQUITABLE MORTGAGE OF RESIDENTIAL FLAT AND COMMERCIAL PREMISES OF A DIRECTOR.)

37,967,020

37,453,201

SCHEDULE - 4 : UNSECURED LOANS

FIXED DEPOSITS

FROM DIRECTORS

-

-

FROM SHARE HOLDERS

275,000

275,000

FROM FRIENDS & RELATIVES

4,090,000

6,950,000

FROM INTER CORPORATE

6,963,806

3,724,977

(INCLUDING LOANS FROM BANK ON PERSONAL GUARANTEE

11,328,806

10,949,977

FROM DIRECTORS)

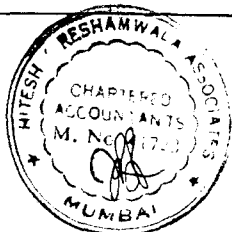


NEOGEN CHEMICALS LIMITED

(Amount in Rs.)

SCHEDULE:- 5 FIXED ASSETS

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	COST AS AT 01.04.2004	ADDITIONS During the year	DEDUCTIONS During the year	COST AS AT 31.03.2005	AS AT 01.04.2004	FOR THE YEAR	Deductions During the year	AS AT 31.03.2005	AS AT 31.03.2005	AS AT 31.03.2004
LAND	1,567,000	-	-	1,567,000	-			-	1,567,000	1,567,000
FACTORY BUILDINGS	9,219,753	-	-	9,219,753	1,741,708	307,096		2,048,804	7,170,950	7,478,046
PLANT & MACHINERIES	35,261,133	495,202	-	35,756,335	9,101,538	1,874,084		10,975,623	24,780,712	26,159,595
FURNITURE & FIXTURES	85,259	33,280	-	118,539	42,643	7,477		50,120	68,419	42,616
QUALITY CONTROL INSTRUMENTS	1,360,663	52,380	-	1,413,042	409,825	66,500		476,325	936,717	950,837
OFFICE EQUIPMENTS	769,149	162,915	-	932,065	308,484	72,874		381,358	550,707	460,666
	<u>48,262,957</u>	<u>743,777</u>	<u>-</u>	<u>49,006,734</u>	<u>11,604,197</u>	<u>2,328,032</u>	<u>-</u>	<u>13,932,229</u>	<u>35,074,505</u>	<u>36,658,760</u>
PREVIOUS YEAR	<u>44,921,630</u>	<u>5,200,253</u>	<u>1,858,926</u>	<u>48,262,957</u>	<u>10,060,417</u>	<u>2,198,070</u>	<u>654,290</u>	<u>11,604,197</u>	<u>36,658,760</u>	<u>34,861,213</u>



NEOGEN CHEMICALS LIMITED

31.03.2005

30.03.2004

Rs.

Rs.

SCHEDULE - 6 : CURRENT ASSETS

INVENTORIES

(AS PER INVENTORY TAKEN , VALUED & CERTIFIED BY A DIRECTOR)

RAW MATERIALS	15,455,144	5,309,974
WORK - IN - PROCESS	17,095,565	19,653,160
FINISHED GOODS	2,527,191	8,824,047
FUEL , STORES & PACKING MATERIALS	2,328,810	1,682,017
	<u>37,406,710</u>	<u>35,469,198</u>

SUNDRY DEBTORS

(UNSECURED AND CONSIDERED GOOD)

DEBTORS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS	1,758,765	2,285,539
OTHERS	49,780,013	19,278,868
	<u>51,538,778</u>	<u>21,564,407</u>

CASH AND BANK BALANCES

CASH ON HAND	674,771	649,864
<u>BANK BALANCES WITH SCHEDULED BANKS</u>		
IN CURRENT ACCOUNT	23,904	
IN DEPOSIT ACCOUNTS	6,382,994	3,065,582
(INCLUDES RS.62,78,994/- PREVIOUS YEAR RS.30,15,582/-) UNDER BANK'S LIEN)		
	<u>7,081,669</u>	<u>3,715,446</u>
	<u>96,027,157</u>	<u>60,749,051</u>

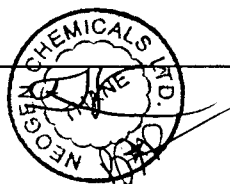
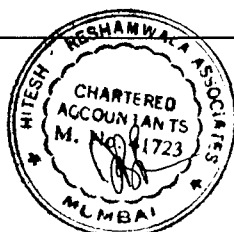
SCHEDULE - 7: LOANS & ADVANCES

ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED.	19,063,928	14,779,818
OTHER DEPOSITS	1,465,629	1,050,051
	<u>20,529,557</u>	<u>15,829,869</u>



NEOGEN CHEMICALS LIMITED

SCHEDULE - 8: <u>CURRENT LIABILITIES & PROVISIONS</u>	<u>31.03.2005</u>	<u>30.03.2004</u>
	Rs.	Rs.
<u>CURRENT LIABILITIES</u>		
SUNDRY CREDITORS FOR GOODS	31,224,571	8,827,477
SUNDRY CREDITORS FOR EXPENSES	8,371,503	6,870,473
OTHER LIABILITIES	6,958,983	2,598,619
	<u>46,555,057</u>	<u>18,296,569</u>
<u>PROVISION</u>		
PROPOSED DIVIDEND - EQUITY SHARE	1,500,000	1,196,667
PROPOSED DIVIDEND - PREFERENCE SHARE	1,441,800	900,000
DIVIDEND DISTRIBUTION TAX	615,130	268,635
PROVISION FOR TAX (NET OF ADVANCE TAX)	2,167,795	1,798,885
	<u>52,279,782</u>	<u>22,460,756</u>
 <u>SCHEDULE - 9: <u>MISCELLANEOUS EXPENDITURE</u></u>		
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
DEFERRED REVENUE EXPENDITURE	56,017	74,184
	<u>56,017</u>	<u>74,184</u>
 <u>SCHEDULE - 10: <u>SALES</u></u>		
SALES - EXPORTS	37,233,035	47,857,880
SALES - DEEMED EXPORTS	11,225,000	17,698,175
SALES - LOCAL	98,517,991	80,435,252
SALES - CONVERSION	105,450	119,700
ADD :- CENTRAL EXCISE DUTY	13,789,518	15,105,096
:- SALES TAX	5,531,815	5,209,302
	<u>166,402,809</u>	<u>166,425,405</u>
 <u>SCHEDULE - 11: <u>OTHER INCOME</u></u>		
MISCELLANEOUS INCOME	74,907	3,865
EXPORT BENEFITS	5,589,319	10,933,742
INTEREST INCOME	218,777	185,455
	<u>5,883,003</u>	<u>11,123,062</u>
 <u>SCHEDULE - 12: <u>INCREASE/ (DECREASE) IN STOCKS</u></u>		
CLOSING STOCK- FINISHED GOODS	2,527,191	8,824,047
WORK - IN PROCESS	17,095,565	19,653,160
	<u>19,622,756</u>	<u>28,477,207</u>
LESS : OPENING STOCK - FINISHED GOODS	8,824,047	10,669,847
WORK - IN PROCESS	19,653,160	7,181,606
	<u>28,477,207</u>	<u>17,851,453</u>
	<u>(8,854,451)</u>	<u>10,625,754</u>



NEOGEN CHEMICALS LIMITED

SCHEDULE - 13 : COST OF GOODS SOLD

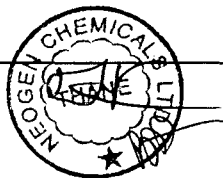
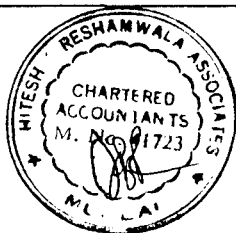
	<u>31.03.2005</u>	<u>30.03.2004</u>
<u>RAW MATERIALS CONSUMED</u>	Rs.	Rs.
OPENING STOCK	5,309,974	12,668,788
PURCHASES DURING THE YEAR	73,721,929	85,659,841
	<u>79,031,903</u>	<u>98,328,629</u>
LESS : CLOSING STOCK	15,455,144	5,309,974
COST OF MATERIAL CONSUMED	<u>63,576,759</u>	<u>93,018,655</u>
OPENING STOCK		
COST OF GOODS FOR RESALE	13,742,487	9,052,471
	<u>77,319,246</u>	<u>102,071,126</u>

SCHEDULE - 14 : EMPLOYEES REMUNERATION AND BENEFITS

SALARY, WAGES & ALLOWANCES	7,721,142	7,343,005
CONTRIBUTION TO P.F. & E.S.I.C	618,880	569,911
STAFF WELFARE EXPENSES	342,988	320,459
	<u>8,683,010</u>	<u>8,233,375</u>

SCHEDULE - 15 : MANUFACTURING EXPENSES

CENTRAL EXCISE DUTY	13,789,518	15,105,096
CONVERSION CHARGES	4,661,635	5,964,808
CONSUMABLE STORES	409,825	1,315,775
FUEL CHARGES	4,519,213	5,350,582
PACKING MATERIALS	3,780,899	2,519,857
POWER EXPENSES	2,090,430	1,804,388
RESEARCH & DEVELOPMENT	787,151	718,029
REPAIRS & MAINTENANCE	3,978,590	1,343,736
TESTING CHARGES	363,649	456,535
WATER CHARGES	522,591	418,095
	<u>34,903,501</u>	<u>34,996,901</u>



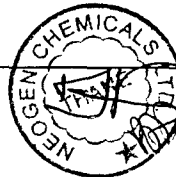
NEOGEN CHEMICALS LIMITED

SCHEDULE - 16 : ADMINISTRATIVE EXPENSES

	31.03.2005	30.03.2004
	Rs.	Rs.
ADVERTISING EXPENSES	296,641	326,894
AUDITORS REMUNERATION	108,000	108,000
BANK CHARGES	1,050,680	1,175,691
CASH DISCOUNT	674,789	864,216
BAD DEBTS	118,891	28,789
COMMISSION ON SALES	1,508,065	4,223,478
CLEARING CHARGES	607,872	379,978
DIRECTOR'S REMUNERATION	922,556	842,950
DIRECTOR'S SITTING FEES	15,000	15,000
DONATIONS	5,000	15,750
ECGC CHARGES	279,047	170,640
FILLING FEES	8,000	3,500
HIRE CHARGES FOR VEHICLE	315,810	272,848
INSURANCE	817,102	912,775
LOCAL CONVEYANCE	148,381	157,882
LOSS ON SALE OF ASSETS	-	279,636
MEMBERSHIPS & SUBSCRIPTIONS	60,850	76,549
OTHER EXPENSES	1,058,409	835,513
PROPERTY TAX	56,423	65,000
PROFESSIONAL FEES	463,989	760,586
PRINTING & STATIONERY	274,461	320,114
POSTAGE & TELEGRAM	83,183	40,838
RENT CHARGES	470,586	402,866
RECRUITMENT EXPENSES	76,726	155,661
SEA & AIR FREIGHT EXPENSES	2,721,002	1,204,155
SALES TAX PAID	5,728,007	5,543,937
TELEPHONE EXPENSES	663,554	554,750
TRANSPORT CHARGES	561,118	628,483
TRAVELLING EXPENSES	44,948	85,993
	19,139,089	20,452,469

SCHEDULE - 17 : INTEREST AND FINANCE CHARGES

INTEREST	-	LOANS FOR FIXED PERIOD	1,592,846	2,625,289
	-	OTHERS	5,326,843	5,872,972
			6,919,689	8,498,261



NEOGEN CHEMICALS LIMITED

SCHEDULE 18: Notes On Accounts Forming Part Of Accounts

1. Significant Accounting Policies

I) Basis of Accounting :-

Financial statements are prepared under historical cost convention on accrual basis in accordance with the requirement of the Companies Act, 1956.

II) Revenue Recognition :-

- Sales are recognised on the basis of despatch from factory.
- Sales includes Excise Duty & Sales Tax.
- Sales rejections are accounted on actual receipt of rejected goods.
- Price differences are accounted on actual settlement with the parties
- Bonus and Cess tax payments are accounted on cash basis.
- Excise Duties are accounted at the time of Clearance of Goods.
- Insurance claims are accounted on cash basis.
- Export Benefits / Incentives on account of entitlement to Import duty free raw materials in future under the Advance Licence Scheme assigned to Company as a manufacturer and as a supporting manufacturer are estimated and accounted in the year of export on accrual basis.

III) Fixed Assets & Depreciation :-

Fixed assets are stated at cost of acquisition or construction or at revalued amounts wherever such assets have been revalued less accumulated depreciation.

The depreciation has been calculated on the Straight Line Method at the rates given in Schedule XIV to the Companies Act, 1956.

IV) Borrowing Cost :-

Borrowing cost that are directly attributable to the acquisition or construction of Fixed assets are capitalised as part of the cost of the Assets up to the date the asset is put to use. Other borrowing cost are charged to Profit & Loss Account in the year in which they are incurred.

V) Foreign Currency Transactions :-

Foreign Currency transactions are accounted at exchange rates prevailing on the date of transactions or on the date of accounts whichever is earlier. The date of transaction for the purpose is considered as the date on which documents are accepted. Exchange rate differences are appropriately dealt with in the Profit and Loss Account.

VI) Research & Development :-

While capital expenditure is treated on same line as normal capital expenditure, the revenue expenditure is written off in the same year.

VII) Retirement Benefits :-

Contribution to Provident Fund & Employees Pension Scheme, 1995 are deposited with respective authorities and charged to revenue every year. Company has made provision for Encashment of leave liability at the year end, in accordance with the rules of the Company at the current encashable salary rate for the entire unavailed leave balance.

Retirement Benefits are provided for and accounted on the basis of Payment to Group Gratuity Fund of The Life Insurance Corporation of India. This fund is administered through Trustees and company's contribution is charged to revenue every year.

VIII) Modvat Credit:-

Modvat credit available is accounted by recording materials purchased at net of excise duty and Modvat credit availed on capital goods is accounted by reducing the cost of asset. Modvat credit availed of is accounted by way of adjustment against Excise duty payable on despatch of finished goods.

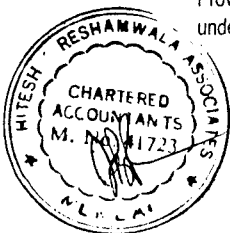
IX) Lease:-

Lease rentals are expensed with reference to lease term.

X) Taxes on income :-

Current tax

Provision for Income Tax is determined with reference to book profits of the company without considering disallowances if any, under the provisions of income Tax Act, 1961.



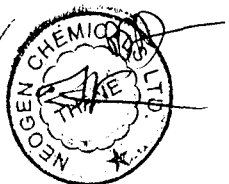
For NEOGEN CHEMICALS LTD.

[Signature]
Director

CERTIFIED TRUE COPY

For NEOGEN CHEMICALS LTD.

[Signature]
Director



Deferred Tax Provision

Deferred tax is recognised, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

XI) Use of Estimates :-

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

XII) Miscellaneous Expenditure:-

The preliminary expenses, Share Capital Issue Expenditure & Expenses for conversion to Public Limited Company shown under Miscellaneous Expenditure are amortized over 10 years and expenses on fresh capital issue during the year amortized over 5 years.

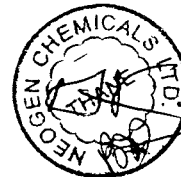
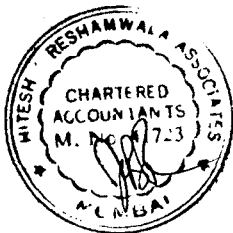
XIII) Valuation of Stock:-

The mode of valuing closing stock is as under :

Raw Material	: At Cost
Work In Progress	: At Cost
Finished Goods	: At lower of Cost or market value
Packing materials, Stores & Fuel	: At Cost

The cost for the purpose of valuation of finished goods and work in progress includes material cost and direct conversion cost and other costs incurred to bring the inventory to its present location and condition.

2. <u>CONTINGENT LIABILITIES</u>	<u>31.03.2005</u>	<u>31.03.2004</u>
a) Estimated amount of contract remaining to be executed on capital account & not provided for	Nil	Nil
b) Guarantees given on behalf of Associate Concerns to Bank for facilities granted to them and on behalf of Employees and Directors of the Company for loans availed by them.	12,096,000	10,625,000
c) Contingent liability for Bills discounted/cheques purchased	Nil	Nil
d) Contingent liability for Letters of Credit issued by the Bank and Bank Guarantee for Excise, Customs etc.	1,478,479	9,154,510
3. The 18% Cumulative Redeemable Preference Shares of Rs.10 each are redeemable at par on or before 01.04.2005		
4 Company has set up an approved gratuity fund under Group Gratuity Scheme of The Life Insurance Corporation of India to fund its accruing gratuity liability. Past service liability has been deferred over five years. Gratuity liability for the year works out to Rs.4,67,155/- and same is provided in the books.		



	<u>31.03.2005</u>	<u>31.03.2004</u>
5 Directors' Remuneration :		
Salaries & Allowances	922,556	842,950
Contribution to Provident Fund & other Funds	70,296	63,480
	<hr/>	<hr/>
	992,852	906,430
Perquisites		
Value of Rent free furnished Accommodation	-	-
	<hr/>	<hr/>
	992,852	906,430
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6 Auditors' Remuneration:		
Audit Fees	86,400	86,400
Tax Audit Fees	21,600	21,600
	<hr/>	<hr/>
	108,000	108,000
	<hr/>	<hr/>

7 Sundry Debtors Includes:

a) Amount due from concerns in which Directors are interested	1,013,442	5,474
b) Dues which are old and overdue for which company has taken legal steps in Court for recovery, no provision has been considered necessary as in the opinion of the management they are good and recoverable	818,039	818,039

8

A Sundry Creditors include Rs. 6,883/- being amounts payable to Small Scale Industrial Undertakings:

B There are no Parties being Small Scale Industrial Undertaking to whom amount exceeding Rs. 1.00 Lac, is overdue.

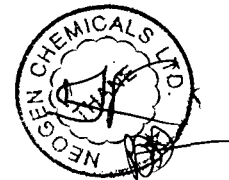
C There were no amount overdue to Small Scale Industrial suppliers on account of principal and/ or interest as at the close of the year, other than above.

D The above disclosure is based on the information / documents available with the Company.

9 Disclosure as required by Accounting Standard 19 (AS-19) "Leases" issued by the Institute of chartered Accountants of India are given below.

The Company has taken office and godown premises under lease and license arrangements on a short term basis and are renewable on a mutually agreeable terms.

<u>Rent paid under the agreement</u>	<u>31.03.2005</u>	<u>31.03.2004</u>
Residential Premises	-	-
Office Premises	300,000	300,000
Godown	89,136	89,136



10 Deferred Tax

The break up of deferred tax liability as on 31st March, 2005 is as under.:

Deferred Tax Working

	31.03.2005	Current Year Change	31.03.2004
Deferred tax Liabilities (A)			
I			
Difference Between Book Value & WDV as per Income Tax of Net Assets	21,638,926	(1,159,560)	20,479,366
II			
Preliminary Expenses	-	-	-
Total (A)	21,638,926	(1,159,560)	20,479,366
Deferred Tax Assets (B)			
I			
Provision for Doubtful Debts	-	-	-
II			
Other miscellaneous Items			
Leave Encashment	624,201	(188,966)	435,235
Diallowance U/s 43 B	3,351,501	(1,119,654)	2,231,847
Total (B)	3,975,702	(1,308,619)	2,667,083
Net Deferred Tax Liability	6,463,415	(73,258)	6,390,157

11 Previous year figures have been regrouped and rearranged wherever considered necessary

12	Earnings per Share	31.03.2005	30.03.2004
a)	Net Profit after Tax (Including prior period items)	9,547,370	7,364,499
b)	Weighted average number of Equity Share of Rs. 10 each outstanding during the year. (No's of shares)	750,329	597,978
c)	Earnings per Share - Prorata Basis	12.72	12.31

13 Additional information pursuant to the provision of paragraph 3 & 4 of part II of Schedule VI of the Companies Act.

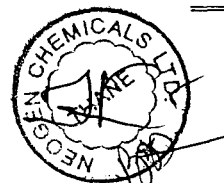
A) LICENCED & INSTALLED CAPACITY, & PRODUCTION

		Licensed Capacity Per Year	Installed Capacity Per Year	Production In Kgs
Organic Chemicals	Current Year	N.A	1,200,000	431,277
	Previous Year	N.A	1,200,000	305,193
Inorganic Chemicals	Current Year	N.A	1,200,000	433,701
	Previous Year	N.A	1,200,000	600,557

(As certified by a Director on which Auditors have placed reliance, this being a technical matter)

B) SALES**a. MANUFACTURING**

	Current Year		Previous Year	
	Quantity In Kgs	Value In Rs	Quantity In Kgs	Value In Rs.
Organic Chemicals	417,027	91,647,210	323,995	79,952,300
Inorganic Chemicals	434,905	53,356,362	629,647	75,342,009
		<u>145,003,571</u>		<u>155,294,309</u>



b. TRADING

Organic Chemicals	2,554	598,593	34,262	5,405,809
Inorganic Chemicals	224,501	20,695,195	56,722	5,513,895
Packing Materials(Nos.)	-	-	-	91,692
		<u>21,293,788</u>		<u>11,011,396</u>
Conversion Sale		105,450		119,700
TOTAL SALES		<u>166,402,809</u>		<u>166,425,405</u>

C) STOCKS	Quantity In Kgs	Value In Rs	Quantity In Kgs	Value In Rs
a) Opening Stock :				
Organic Chemicals	28,154	7,956,170	46,956	8,872,823
Inorganic Chemicals	8,951	867,877	38,041	1,797,024
b) Closing Stock :				
Organic Chemicals	42,404	1,672,315	28,154	7,956,170
Inorganic Chemicals	7,747	854,876	8,951	867,877

D) (1) Consumption of Raw materials (Manufacturing)

	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
Hydrobromic Acid	456,759	15,529,806	604,700	33,671,911
Lithium Carbonate	112,744	15,333,184	172,345	135,283,085
N-Propanol	38,136	1,906,800	74,867	49,287,607
Liquid Bromine	132,239	9,521,208	169,512	72,038,846
Other	603,259	21,285,761		33,440,422
		<u>63,576,759</u>		<u>93,018,655</u>

E) (2) Cost of goods for trading

	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
Lithium Carbonate	14,481	1,810,125	28,262	3,998,795
N-Propanol	-	-	-	-
Liquid Bromine	12,285	1,134,315	603	44,336
Other	199,679	10,798,047	-	5,009,340
		<u>13,742,487</u>		<u>9,052,471</u>

F) Value of Imports by the Company

On CIF basis in respect of :-

I) Raw Materials	33,618,215	30,417,092
II) Capital Goods	Nil	Nil

G) Expenditure in Foreign Currency

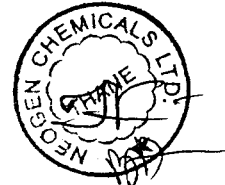
Travelling, advertisement, and Newspapers & periodicals, Commissions	242,722	1,497,518
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H) Break-up of imported & indigenous

	Current Year		Previous Year	
	% of Total Consumption	Value in Rs	% of Total Consumption	Value in Rs
1) Imported	67.77	43,087,333	44.60	41,484,676
2) Indigenous	32.23	20,489,426	55.40	51,533,979
	<u>100.00</u>	<u>63,576,759</u>	<u>100.00</u>	<u>93,018,655</u>

No components and spare parts have been consumed. Components and spare parts referred to in para 4-D (c) of part II Schedule VI to the Companies Act, 1956 are assumed to be those incorporated in goods produced and not those used for maintenance of plant and machinery.

I) Remittance in Foreign Currency for Dividend	:	Nil	Nil
Earnings in Foreign Currency on F.O.B. Basis	:	34,388,469	46,295,265



14 Additional Information as required under part IV of schedule VI to Companies Act,1956. Balance Sheet Abstract and General Business Profile - Registration Details

Registration No. : 50919 State Code : 11

Balance Sheet Date 31/03/2005

Capital Raised During the Year : (Amount in rupees)

Public Issue	:	Nil
Rights Issue	:	1,200,000
Bonus Issue	:	Nil
Private Placement	:	400,000
(Preference Shares)		

Position of Mobilisation and Deployment of Funds

Total Liabilities	:	151,687,236
Total Assets	:	151,687,236

Sources of Funds

Paid-up Capital	:	8,700,000
Preference Share Capital	:	9,270,000
Reserves and Surplus	:	25,678,213
Deferred Tax Adjustment	:	6,463,415
Secured Loan	:	37,967,020
Unsecured Loan	:	11,328,806

Application of Funds

Net Fixed Assets	:	35,074,505
Investments	:	Nil
Net Current Assets	:	64,276,932
Miscellaneous Expenditure	:	56,017
Accumulated Losses	:	Nil

Performance of the Company

Turnover (including Other income)	:	172,285,812
Total Expenditure	:	158,165,184
Profit before Tax	:	14,120,628
Profit after Tax (Including Prior Period Items)	:	9,547,370
Earning per Share in rupees	:	12.72
Dividend Rate %	:	20%

Generic Names of Principal Products of the Company

Product Description	Item Code No. (ITC Code) :
Organic Chemicals	29.03 00
Inorganic Chemicals	28.27 00

Signature to Schedule 1 to 18

As per our Report of even date

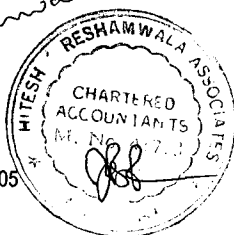
FOR HITESH RESHAMWALA ASSOCIATES

CHARTERED ACCOUNTANTS

H.B. Reshamwala
Proprietor

Place: Thane

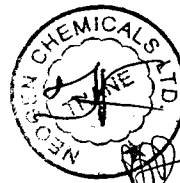
Date 8TH SEPTEMBER 2005



FOR NEOGEN CHEMICALS LTD.

H.T. KANANI
Managing Director

B.H. KANANI
Joint Managing Director



FORM
(See Rule 3)
COMPLIANCE CERTIFICATE

To
The Members
NEOGEN CHEMICALS LIMITED

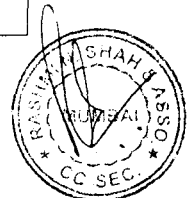
I have examined the registers, records, books and papers of Neogen Chemicals Limited as required to be maintained under the Companies Act, 1956 and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2005. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

SR. NO.	REQUIREMENT	COMPLIANCE
1.	The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded;	As per Annexure "A"
2.	The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made thereunder;	As per Annexure "B"
3	The company being limited company has the minimum prescribed paid up capital and its maximum number of members during the said financial year excluding its present and past employees and the company during the year under scrutiny: (i) has not invited public to subscribe for its shares or debentures, and (ii) as not invited or accepted any deposits from persons other than its members, directors or their relatives;	The Company is a closely held Public Limited Company and hence the 4 prime conditions to be a private limited company are not applicable. The Paid up Share capital of the Company is Rs.1,79,70,000 divided into 8,70,000 Equity shares of Rs.10/- each and 5,00,000 18% Redeemable Preference Shares of Rs.10/- each and 4,27,000 14% Redeemable Preference Shares of 10/- each.
4.	The Board of Directors duly met 8 times & on *dates in respect of which meetings proper notices were given and proceedings were properly recorded and signed including the	The Board of Directors have duly met for times during the year under review on the following *dates: 1. 01/04/2004 2. 27/04/2004

CERTIFIED TRUE COPY
For NEOGEN CHEMICALS LTD.

(Signature)

Director



	circular resolutions passed in the Minutes Book maintained for the purpose;	3. 16/07/2004 4. 04/09/2004 5. 30/09/2004 6. 05/11/2004 7. 18/12/2004 8. 07/01/2005 9. 07/03/2005 10. 31/03/2005
5.	The Company closed its Register of Member and/or Debenture holders from (dates) to (dates) and necessary compliance of Section 154 of the Act has been made.	The Company has not closed its Register of Members under section 154 of the Act during the financial year.
6.	Date of annual general meeting for the financial year ended on 31 st March, 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;	The Annual General Meeting of the Company was convened on 30/09/2004 and held at the registered office of the Company situated at 115 Vardhaman Industrial Complex, Old Agra Road, Thane-400 601 after giving due notice to the members of the Company and the resolutions passed thereat are duly recorded in the Annual General Meeting Minutes Book maintained for the purpose.
7	Number of Extra Ordinary General Meeting held during the financial year after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes book maintained for the purpose	There was no Extra Ordinary General Meeting of the Company held during the year.
8	The company advanced loan to its directors and/or persons or firms or companies referred in the section 295 of the Act after complying with the provisions of the Act;	The Company has not advanced loans to directors or persons or firms or companies referred to under section 295 of the Act.
9	The company has duly complied with the provision of section 297 of the Act in respect of contracts specified in that section;	The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10	The company has made necessary entries in the register maintained under section 301 of the Act;	The Company has made the required entries in the Register maintained under section 301 of the Act.
11	The company has obtained necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act wherever application.	The Company has appointed Ms. Pallika Kanani relative of Director as Business Development Officer and the Company has complied with the necessary formalities in this regard.
12	The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates;	The Company has not issued any duplicate share certificates during the financial year.



13	<p>The Company has:</p> <p>(i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer /transmission or any other purpose in accordance with the provisions of the Act,</p> <p>(ii) deposited the amount of dividend declared including interim dividend in a separate bank account within five days from the date of declaration of such dividend,</p> <p>(iii) paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company.</p> <p>(iv) Transferred the amounts in unpaid dividend account, application money due for refund, matured deposits matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund,</p> <p>(v) Duly complied with the provisions of Section 217 of the Act</p>	<p>Yes the Company delivered the shares certificates on allotment of shares and on lodgment of transfer.</p> <p>Yes the Company has not deposited the amount of dividend declared in a separate bank account within five days from the date of such declaration.</p> <p>Yes, the paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration other than separate dividend account.</p> <p>Not Applicable</p> <p>Yes. A copy of the Board of Director's Report is annexed with the Annual Accounts.</p>
14.	<p>The Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made;</p>	<p>The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors or Alternate Directors to fill casual vacancy during the financial year.</p>
15.	<p>The appointment of Managing Director / Whole-time Director / Manager made in compliance with the provisions of section 269 read with Schedule XIII to the Act and approval of the Central Government has been obtained in respect of appointment not being in terms of Schedule XIII.</p>	<p>The Company has not made any appointments pursuant to the provisions of Section 269 read with Schedule XIII of the Act.</p>



16.	The appointment of sole-selling agents was made in compliance of the provision of the Act	The Company has not appointed any sole-selling agents during the financial year
17	The company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as detailed	The Company was not required to obtain any approvals.
18	The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder;	Yes, the Directors have disclosed their interest in other firms /companies.
19	The company has issued Equity shares during the financial year and complied with the provisions of the Act (details thereof)	The Company has allotted 120000 Equity Shares of Rs.10/- each and 40000 14% Preference Shares of Rs.100/- on 31/3/2005 and has filed the requisite Form No.2 with the ROC.
20.	The company has bought back shares during the financial year ending 31/3/2004 after complying with provisions of the Act;	The Company has not bought back any shares during the financial year.
21	The company has redeemed preference shares/ debentures during the year after complying with the provisions of the Act;	The Company has not redeemed any Preference Share during the year.
22.	The company wherever necessary has kept in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with provisions of the Act;	There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights issue and bonus shares pending registration of transfer of shares.
23.	The company has complied with provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975/the applicable directions issued by the Reserve Bank of India/ any other authority in respect of deposits accepted including unsecured loans taken /raised by the company during the year and the company has filed the copy of Advertisement/Statement in lieu of Advertisement / necessary particulars as required with the Registrar of Companies. The company has also filed return of deposit with the Registrar of Companies/Reserve Bank of India/other authorities;	The Company has invited /accepted deposits including any unsecured loans falling within the purview of Section 58A during the financial year. The Company has filed a Statement in Lieu of Prospectus in due compliance with the provision of the Act and filed the same with ROC on 15/12/2004



24.	The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending is/are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual/extraordinary general meeting.	The amount borrowed by the Company is within the limits prescribed u/s 293(1)(d) of the Act.
25.	The company has made loans and investments or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose;	The Company has provided guarantee to other bodies corporate and consequently entries have been made in the Register kept for the purpose.
26.	The company has altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act;	The Company has not changed its registered office and consequently compliance is not required.
27.	The company has altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny and complied with provisions of the Act;	The Company has not altered its Objects and consequently compliance is not required.
28.	The company has altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act;	The Company has not changed its name and consequently compliance is not required.
29.	The company has altered the provisions of the memorandum with respect to capital of the company during the year under scrutiny and complied with the provisions of the Act;	The Company has altered its memorandum with respect to capital of the Company during the year due compliance is made.
30.	The company has altered its articles of Association after obtaining approval of members in the general meeting and the amendments to the articles of association have been duly registered with the Registrar of Companies;	The Company has not altered its Articles of Association during the year hence no compliance is required.
31.	A list of prosecution initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the company in such cases is attached;	There was/were not prosecution initiated or show cause notice received by the Company during the financial year, for offence under the Act



32.	The company has received as security from its employees during the year under certification and the same has been deposited as per provisions of section 417(1) of the Act;(details thereof)	The company has not received any money as security from its employees during the year
33.	The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.	Company has made delay in depositing both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act .

Place: Mumbai

Date: 8th September, 2005

For Rashmi N Shah & Associates
Company Secretaries

Rashmi N. Shah
Rashmi N Shah

Proprietor

C.P. No. 3712



ANNEXURE 'A'

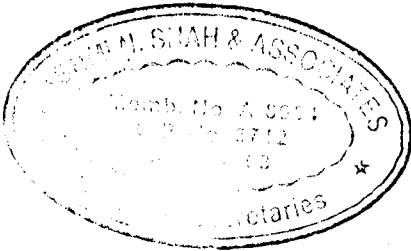
Registers as maintained by NEOGEN CHEMICALS LIMITED

1. Register of Application and Allotment of Equity Shares
2. Register of Application and Allotment of 18% Redeemable Preference Shares.
3. Register of Application and Allotment of 14% Redeemable Preference Shares
4. Register of Members
5. Register of Share Transfers
6. Register of Directors, Managing Director, etc. u/s 303.
7. Register of Director's Shareholding and Debenture holdingu/s307
8. Register of Charges u/s 143.
9. Register of Contracts u/s301.
10. Register of Contracts, Companies and Firms in which Directors are interested u/s 301.

Place: Mumbai

Date: 8th September, 2005

For Rashmi N Shah & Associates
Company Secretaries



Rashmi N. Shah

Rashmi N Shah
Proprietor
C.P. No. 3712

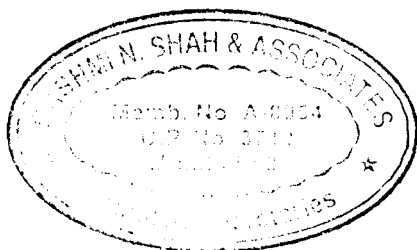
ANNEXURE 'B'

Form and Returns as filed by **NEOGEN CHEMICALS LIMITED** with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2005.

1. The Company has filed Form No.23 relating to variation of rights of Preference Shareholders on 2/4/2004 vide ROC receipt no.7278
2. Return of Deposit pursuant to Rule 10 of the Companies (Acceptance of Deposit) Rules, 1975 for the year ended 31/3/2004 was filed with the Registrar of Companies, Maharashtra, Belapur on 30/6/2004 vide ROC receipt bearing no.
3. The Company has filed Form No.23 along with copies of Resolution and Explanatory Statement passed in the Annual General Meeting on 15/12/2004 (ROC receipt no.17066)
4. Statement in lieu of Advertisement under section 58A of the Companies Act, 1956 filed on 15/12/2004 vide ROC receipt no.17066
5. Annual Accounts for the year ended 31/3/2004 was filed on 15/12/2004 (ROC Recpt. No. 17066) pursuant to the provisions of Section 159 of the Companies Act, 1956
6. Annual Return for the year ended 31/3/2004 was filed on 15/12/2004(ROC Recpt. No.17066) pursuant to the provisions of Section 159 of the Companies Act, 1956.
7. The Company has filed Compliance Certificate issued by a Secretary in Whole time practice u/s 383A of the Companies Act, 1956 on 15/12/2004 (ROC receipt no.17066).
8. The Company has filed Form No.2 relating to Return of Allotments u/s 75(1) of the Companies Act, 1956 for shares issued on 31/3/2005 on 29/4/2005. (ROC receipt no. 20634)

Place: Mumbai

Date: 8th September, 2005



For Rashmi N Shah & Associates
Company Secretaries

Rashmi N. Shah
Rashmi N Shah
Proprietor
C.P. No. 3712