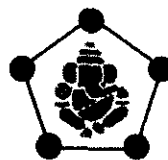


GANESH ANHYDRIDE LIMITED

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**11TH ANNUAL REPORT
1998-99**



GANESH ANHYDRIDE LIMITED

ELEVENTH ANNUAL REPORT 1998-99

ANNUAL GENERAL MEETING

On Wednesday, September 29, 1999, at Vishal Hall, Andheri-Kurla Road, Andheri (East), Mumbai - 400 069 at 12.00 p.m.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.

Shareholders are requested to kindly bring their copies to the Meeting

CONTENTS

Notice	1-2
Director's Report	3-4
Annexure to the Director's Report	5
Auditor's Report	6
Annexure to the Auditor's Report	6-7
Balance Sheet	8
Profit & Loss Account	9
Schedules '1' to '12' forming part of the Balance Sheet	10-12
Schedules '13' to '21' forming part of the Profit & Loss Account	13-14
Schedule '22' Significant Accounting Policies	14-15
Schedule '23' Notes to and forming part of Accounts	15-17
Schedule '24' Balance Sheet Abstract and Company's General Business Profile	18
Cashflow Statement annexed to the Balance Sheet	19

BOARD OF DIRECTORS

SHRI SHANKARMAL PILANI	<i>Chairman</i>
SHRI RAMESH PILANI	<i>Managing Director</i>
SHRI RAMAKANT PILANI	<i>Director</i>
SHRI R. D. PUNJABI	<i>Director</i>
SHRI D. K. CONTRACTOR	<i>Director</i>
SHRI B. A. BHATT	<i>Director (Nominee-ICICI)</i>
SHRI RAMCHANDRA RAO	<i>Director (NRI)</i>
SHRI AJAY M. KHATLAWALA	<i>Director</i>
SHRI SHIVPRAKASH MAKHARIA	<i>Director</i>
SHRI RAMESH S. GOENKA	<i>Director (Resigned w.e.f. 24th Nov. 1998)</i>

COMPANY SECRETARY

MRS. SANJEEVLATA SAMDANI	<i>(Resigned w.e.f. 30th April 1999)</i>
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BANKERS

State Bank of India
Canara Bank

AUDITORS

M/s. Pravin Reshamiya & Associates
Chartered Accountants
Mumbai.

SOLICITORS

M/s. Little & Co.
Mumbai

REGISTERED, ADMN. OFFICE & SHARE DEPT.

Ganesh House
Off. Andheri-Kurla Road,
Marol Naka, Andheri (East),
Mumbai - 400 059.

WORKS

D-61/62. M.I.D.C., Tarapur (Maharashtra)

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of **GANESH ANHYDRIDE LIMITED** will be held on Wednesday, September 29, 1999, at 12.00 P.M. at Vishal Hall, Andheri-Kurla Road, Andheri(East), Mumbai - 400 069 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ramakant S. Pilani who retires by rotation under Article 134 of the Articles of Association and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ajay M. Khatlawala who retires by rotation under Article 134 of the Articles of Association and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Eleventh Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS**Item No. 5**

To consider, and if thought fit, to pass, with or without modifications, the following Resolution as an **Ordinary Resolution**:-

"RESOLVED THAT in accordance with the provisions of section 198, 269, 309, 310, 311 and 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such approvals as may be necessary, the Company hereby approves the re-appointment of Shri Ramesh S. Pilani as the Managing Director of the Company for a period of 5 years w.e.f 01/09/99 on a remuneration of Rs 50,000/- per month and perquisites shall be restricted to an amount of Rs. 4,50,000/- per annum in addition thereof, upon the terms and conditions as set out in the draft agreement now placed before this meeting and initialed by the Chairman for the purpose of identification with liberty to the Board of Directors of the Company from time to time, to alter and vary the said terms and conditions in such manner as may be agreed to between the Board of Directors and Shri Ramesh S. Pilani in the best interest of the Company within the limitations in that behalf as contained in Schedule XIII of the Companies Act, 1956 or otherwise as may be permissible at law.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary to give effect to the resolution."

Item No. 6

To consider, and if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution** :-

"RESOLVED THAT subject to the provisions of section 77A and all other applicable provisions of the Companies (Amendment) Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of shares and/or other Securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market/or from the lots smaller than market lots of the Securities or Securities having such underlying voting rights as may

hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities") of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time, provided that the aggregate of the Securities so bought back shall not exceed such percentage of the respective Securities of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit and proper."

Item No. 7

To consider, and if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution** :-

"RESOLVED THAT pursuant to section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications thereto or any re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below:

The following Article shall be inserted as Article 3A of the Article of Association and shall be read as follows:-

3A. Power to buy back

In the event it is permitted by the law and subject to such other approvals/permissions or sanctions as may be required, the Company shall have power to acquire, purchase, sell, dispose of, provide finance for the purchase of any of its own fully/partly paid shares, whether or not there is any consequent reduction of capital, if and to the extent permitted by Law, the Company shall also have the power to re-issue the equity shares so bought back.

NOTES :-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. THE INSTRUMENTS OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
3. The Register of Members and the Register of Share Transfers of the Company will remain closed from Monday, September 20, 1999 to Wednesday, September 29, 1999 (both days inclusive).
4. Members are requested to bring their copy of the Annual report along with them to the meeting.
5. Members desiring any information on the accounts are requested to send their queries to the Company's Registered / Administrative Office atleast 7 days before the Annual General Meeting so that information can be made available at the Meeting.
6. Members are requested to bring their attendance slip duly signed so as to avoid inconvenience.
7. Explanatory statement as required under section 173 (2) of the Companies Act, 1956 in respect of item 5 to 7 above is annexed hereto.

GANESH ANHYDRIDE LIMITED

8. Notice to change of address and mandates must reach the Company's Share Department at Ganesh House, Off-Andheri-Kurla Road, Marol Naka, Makwana Lane, Andheri East, Mumbai-400 059, by the September 20, 1999 otherwise it will not be possible for the Company to act upon such notices and mandates received after that date.
9. Shareholders holding shares in identical order of names in more than one Folio are requested to write to the company enclosing their share certificate to enable the Company to consolidate their holding into one Folio.
10. Members are requested to please furnish their **Shareholding Details** Containing: Folio No., Name of Share Holder, Certificate No., Distinctive No., Total No. of Share(s) etc. together with their Specimen Signature, for reconciliation with Company's record to ensure full safety and prompt services to them by our newly installed share accounting package.
11. All documents referred to in the Notice are open for inspection at the Administrative Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

By Order Of The Board

Mumbai
August 20, 1999

SHANKARMAL PILANI
Chairman

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

As the tenure of appointment of Shri Ramesh Pilani as the Managing Director expired on August 31, 1999 it is necessary to get approval of members in pursuance of the Schedule XIII read with sections 198, 269, 309, 310, 311, 314 and other relevant provisions of the Companies Act, 1956 for further re-appointment. Shri Ramesh Pilani is a B.Tech. (Chem.) from Birla Institute of Technology and Science with Distinction and having practical experience in the manufacture of Aromatic Chemicals and promoting and managing various Companies in Ganesh Group and has proved his ability to manage the Company efficiently and effectively. The draft agreement proposed to be executed with Shri Ramesh Pilani inter alia provides for payment to him of salary and perquisites as mentioned hereunder.

1. **Salary:-** Rs.50,000/- per month or Rs.6,00,000/- per annum including dearness and all other allowances with effect from September 1, 1999.
2. **Perquisites:-** Perquisites shall be restricted to an amount of Rs.4,50,000/- per annum.
 - a) **Medical Reimbursement:-** Reimbursement of the expenses incurred by the Managing Director for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
 - b) **Leave Travel Concession:-** Leave Travel Concession for Managing Director and his family once in a year incurred in accordance with the rules of the Company.
 - c) **Personal Accident Insurance:-** Personal Accident Insurance of an amount, the annual premium of which should not exceed Rs.4,000/-.

- d) **Club Fees:-** Fees of Club subjected to a maximum of two clubs. This will not include admission and life membership fee.
- e) **Contribution to provident fund, superannuation fund or annuity fund:-** Will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income-tax Act.
- f) **Gratuity:-** Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed a half month's salary for each completed year of service.
- g) **Car:-** Provision of Car for use on Companies business. Personal use of Car for private purpose shall be billed by the Company to the Managing Director.
- h) **Telephone:-** Provision of telephone at residence. Personal long distance calls on telephone shall be billed by the Company to the Managing Director.
- i) **Leave:-** Leave on full pay and allowance at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of eight months. Leave encashment for a maximum of eight months. Accumulated leave to be permitted at the end of the term.

Shri Ramesh Pilani is the son of the Chairman Shri Shankarmal Pilani and brother of Shri Ramakant Pilani, another Director of the Company and accordingly Shri Shankarmal Pilani and Shri Ramakant Pilani, Director, should be deemed to be interested in the resolution. The Resolution however, is in the large interest of the Company and as such is recommended for your approval.

ITEM NO. 6 & 7

Consequent to the passing of the Companies (Amendment) Act, 1999 and the introduction of the section 77A relating to the buy back of Securities which require the special resolution to be passed in the shareholders meeting authorising the Board of Directors to take necessary steps in this regard as and when the Board deem fit and proper. Your Directors feel that it would be desirable to have an enabling power to invest the funds for the purchase of its own shares as and when in the interest of the Company, and its shareholders. Hence, the Board recommends the resolution for your approval.

Therefore, it is proposed to add a new Article 3A in the existing Articles of Association to enable the Company to purchase its own shares. In accordance with the law as may be then prevailing under section 31 of the Companies Act, 1956. Any addition in the Articles of Association of the Company can be done with the approval of the shareholders.

The Board recommends this resolution for the approval of the members. None of the Directors of the Company are, in any way, concerned or interested in this Resolution.

By Order Of The Board

Mumbai
August 20, 1999

SHANKARMAL PILANI
Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,
The Members

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of your Company together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs. in lacs)

	1998-99	1997-98
Sales	5154.55	4557.21
Other Income	196.10	72.19
Profit before interest, Depreciation & Tax (PBIDT)	1203.42	1086.56
Interest	371.92	502.25
Depreciation	240.58	239.22
Provision for Tax	16.00	26.00
Profit after tax	545.92	319.09
Profit available for appropriation	1153.14	702.46
Proposed Dividend	Nil	86.58
Income Tax on Dividend	Nil	8.65
Profit carried to Balance Sheet	1153.14	607.22

SUMMARISED ACCOUNTS

(Rs. in lacs)

BALANCE SHEET	1998-99	1997-98	1996-97	1995-96
Resources				
Shareholders Fund	2909.72	2363.79	2139.95	1906.61
Borrowings - Secured & Unsecured	2442.80	3276.69	3359.96	3267.26
TOTAL RESOURCES	5352.52	5640.48	5499.91	5173.87
Utilisation of Resources				
Fixed Assets including C.W.I.P.*	4908.55	4832.87	4785.60	4330.51
Depreciation	1422.17	1181.59	942.37	720.32
Investment	17.15	44.65	34.65	34.65
Net Current Assets	1835.18	1924.28	1595.29	1491.63
Miscellaneous	13.81	20.27	26.74	37.40
Expenditure (to the extent not w/off				
TOTAL UTILISATION	5352.52	5640.48	5499.91	5173.87

* Capital Work-in-progress

PROFIT & LOSS A/C

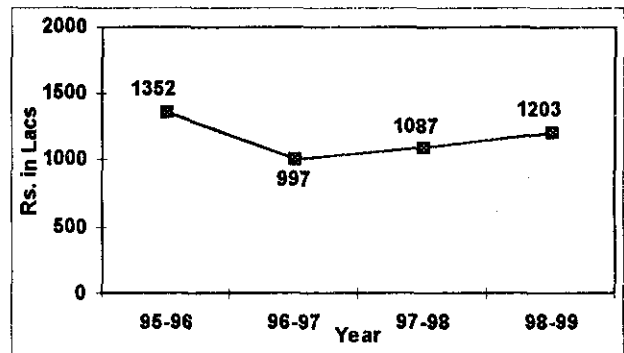
Earnings

Sales	5154.55	4557.21	3543.70	4065.83
Other Income	196.10	72.19	185.47	124.52
TOTAL REVENUE	5350.65	4629.40	3729.17	4190.35
Expenditures				
Raw Material, stores & spares and other Exp.	4296.75	3611.30	2739.53	2954.68
(Increase)/Decrease in stock of finished goods & W.I.P.	(149.52)	(68.46)	(7.08)	(116.65)
Interest	371.92	502.25	374.99	514.54
Depreciation	240.58	239.22	222.04	176.72
TOTAL EXPENDITURE	4759.73	4284.31	3329.48	3529.29
Profit Before Tax	590.92	345.09	399.69	661.06

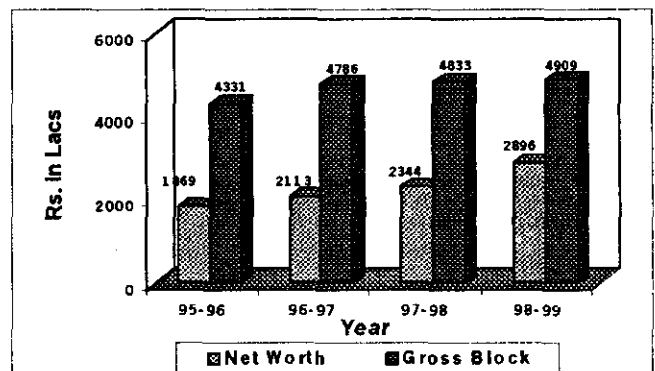
OVERVIEW

The year under review has gone with the growth in gross income of about 16% inspite of impact of general slowdown in economy and unstable political situations. The gross income have been increased from Rs.4629.40 lacs to Rs.5350.64 lacs and whereas PBIDT stands at Rs. 1203.42 lacs as compared to Rs. 1086.56 lacs in the previous year.

PBIDT



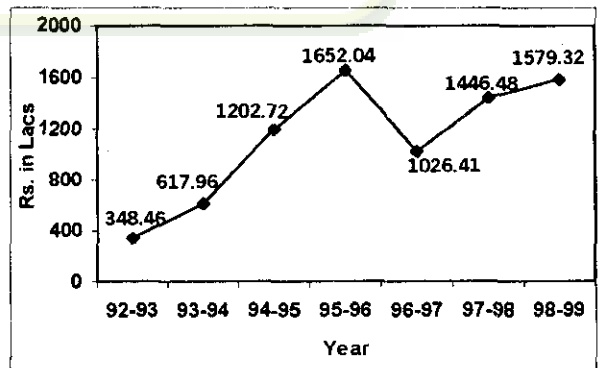
Net Worth Vs. Gross Block



EXPORTS

During the year under review the export turnover increased to Rs. 1579.32 lacs which represents an increase of 9.19% over the previous year of Rs. 1446.48 lacs.

Exports



GANESH ANHYDRIDE LIMITED**FUTURE OUTLOOK**

As a result of research & development effort your Company has been able to develop various downstream products of Maleic Anhydride. Maleic Anhydride is a cyclical commodity product. Therefore to reduce the dependence on Maleic Anhydride, your Company intends to introduce more of its downstream product viz. Di-Ethyl Maleate (DEM) & Di-Butyl Maleate (DBM). The technology for these products has been developed in-house.

FIXED DEPOSITS

During the year the Company has not accepted any Fixed Deposits under Section 58A of the Companies Act, 1956 from the public.

DIRECTORS

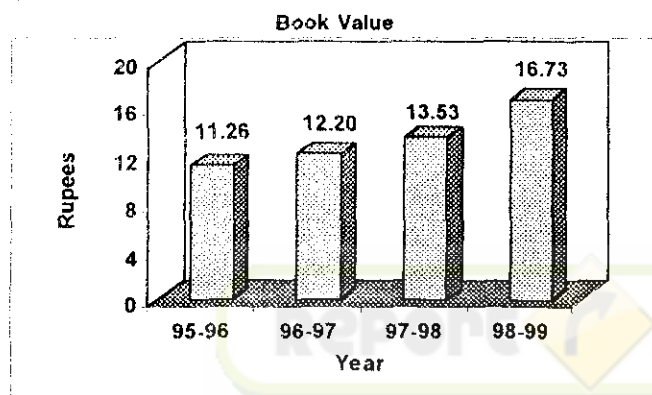
Pursuant to the Articles of Association of the Company, Shri Ramakant S. Pilani and Shri Ajay M. Khatlawala, Directors of the Company retire by rotation and being eligible, have offered themselves for re-appointment. Shri R. S. Goenka resigned from the Office of Directors on November 24, 1998. The Board of Directors records its sincere appreciation to the valuable contribution during his long tenure as Director of the Company.

YEAR 2000 COMPLIANCE

Your company has been working in a systematic manner to address the year 2000 millennium issue. The year 2000 Task Force set up for the purpose has been working to a well designed plan to ensure the year 2000 compliance well before the critical date arrives.

DIVIDEND

Considering the current market situation of the product prices which have dropped, your Directors do not recommend any dividend for the year. This is with a view to preserve the future liquidity in light of current realisation of its product prices. The retained earnings of the Company would go a long way in sustaining the pressure on liquidity due to decrease in product prices.

**PERSONNEL AND OTHER INFORMATION**

The Particulars of employees as required to be disclosed in the Directors Report in accordance with the Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1957 as amended by the Companies (Particular of Employees) (Amendments) Rules, 1988 are shown as below:

The Company does not have any employee:

- who was in receipt of remuneration exceeding Rs. 6,00,000/- per year in the aggregate or
- who if employed for part of the year was in receipt of remuneration for any part of that year at a rate which in the aggregate was not less than Rs. 50,000/- per month or
- who was in receipt of a remuneration higher than that of the Managing Director, wholetime Director or Manager and was holding more than 2% of the equity shares of the Company and hence the statements required under section 217(2A) (a) is not annexed.

EXCHANGE EARNINGS AND OUTGO

Disclosure of particulars as required under section 217(1)(e) of the Companies Act, 1956 is annexed to this report.

INDUSTRIAL RELATION

The Industrial Relation remained cordial throughout the year. The Directors wish to place on record their appreciation of the valuable services rendered by the workmen, staff and officers at all levels

ISO 9002

The Company has successfully obtained Re-certification of ISO 9002 Certificate from Det Norske Veritas Quality for Quality System Standard.

LISTING

This is to inform you that the shares of your Company are listed at Mumbai, Delhi & Ahmedabad.

AUDITORS

You are requested to appoint auditors for the current year and fix their remuneration. M/s. Pravin Reshamiya & Associates, Chartered Accountants, retire and are eligible for re-appointment.

APPRECIATION

Your Board would like to place on record its sincere appreciation for the wholehearted support and contributions made by all its employees across the Company, as well as the various Financial Institutions, Banks, Distributors, Suppliers and other business associates towards the conduct of the efficient operation of your Company.

For and on behalf of the Board

Mumbai
August 20, 1999

SHANKARMAL PILANI
Chairman