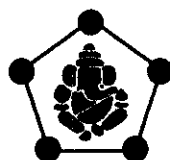


**GANESH
ANHYDRIDE
LIMITED**

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**12TH
ANNUAL REPORT
1999-2000**



GANESH ANHYDRIDE LIMITED

TWELFTH ANNUAL REPORT 1999-2000

ANNUAL GENERAL MEETING

On Friday, September 29, 2000 at 12.00 noon at
Vishal Hall, Andheri-Kurla Road, Andheri (East),
Mumbai - 400 069

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

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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</i>
SHRI RAMCHANDRA RAO	<i>Director (NRI)</i>
SHRI AJAY M. KHATLAWALA	<i>Director</i>
SHRI SHIVPRAKASH MAKHARIA	<i>Director</i>

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

G-61/62, M.I.D.C. Industrial Area,
Tarapur, Boisor, Dist. Thane - 401 506

12th Annual Report 1999-2000**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of **GANESH ANHYDRIDE LIMITED** will be held on Friday, September 29, 2000 at 12.00 noon 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 March 31, 2000 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 Shankarmal 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 R.D.Punjabi 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 Twelfth 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 Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approval as may be necessary, if any required.'

The Company hereby accords its approval to the revision in the terms of appointment of Shri Ramesh Pilani as Managing Director of the Company as contained in the agreement dated August 28, 2000 and approved by the Board of Directors, a copy where of is placed before the meeting with authority to the Board of Directors to alter or amend the terms & conditions of the said agreement provided that there shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 including any modifications, amendment or re-enactment thereof.'

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

By Order of The Board

Mumbai
August 28, 2000

SHANKARMAL PILANI
Chairman

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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. The Instrument 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.
2. The Register of Members and the Register of Share Transfer of the Company will remain close from Friday, September 22, 2000 to Friday, September 29, 2000 (both days inclusive).
3. Members are requested to bring their copy of the Annual Report along with them to the meeting.
4. Members desiring any information on the accounts are requested to send their queries to the Company's Registered Office atleast 7 days before the Annual General Meeting so that information can be made available at the Meeting.
5. Members are requested to bring their attendance slip duly signed so as to avoid inconvenience.
6. Explanatory statement as required under Section 173 (2) of the Companies Act, 1956 in respect of item 5 above is annexed hereto.
7. Notice to change of address and mandates must reach the Company's Share Department at Ganesh House, Off Andheri-Kurla Road, Marol Naka, Andheri (East), Mumbai-400 059, by the September 22, 2000 otherwise it will not be possible for the Company to act upon such notices and mandates received after that date.
8. In case of Dematerialised Shares, the notice to change of address and mandates etc. should be directly sent to the concerned Depository's.
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 holdings into one Folio.
10. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 11 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

GANESH ANHYDRIDE LIMITED**ANNEXURE TO THE NOTICE**

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

ITEM NO. 5

The Shareholders at the Eleventh Annual General Meeting held on September 1, 1999 approved the reappointment of Shri Ramesh Pilani as Managing Director on the terms contained in the agreement dated September 1, 1999 and authorised the Board to alter, vary or enhance the remuneration payable to Managing Director.

The Board at its meeting held on August 28, 2000 revised the remuneration of the Managing Director with effect from April 1, 2000 subject to the ratification by the shareholders in the next General Meeting and authorised execution of supplemental agreement incorporating the revised remuneration. At the meeting held on August 28, 2000, Board approved the revision of agreement with Shri Ramesh Pilani. Shareholders approval is sought for the modified terms of his appointment as indicated below:

1. Salary: Rs. 1,00,000/- per month or Rs. 12,00,000/- per annum including dearness and all other allowances with effect from April 1, 2000.
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:** 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 services.
- g) **Car:** Provision of Car for use for the Company's business. Personal use of Car 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. Signed, sealed and executed by the parties hereto on the day and date first hereinabove written.

Shri Ramesh Pilani is the son of the Chairman Shri Shankarman Pilani and brother of Shri Ramakant Pilani another Director of the Company and accordingly Shri Shankarmal Pilani and Shri Ramakant Pilani, 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.

By Order of The Board

Mumbai
August 28, 2000

SHANKARMAL PILANI
Chairman

12th Annual Report 1999-2000**DIRECTORS' REPORT TO THE SHAREHOLDERS**

To,
The Members

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company with the Audited Statement Accounts for the year ended March 31, 2000.

FINANCIAL RESULTS

(Rs. in lacs)

	1999-2000	1998-1999
Gross Revenue from Operations	4627.08	5154.55
Other Income	56.45	196.10
Profit Before Interest, Depreciation, and Taxation (PBITD)	654.75	1203.42
Less: Depreciation	242.77	240.58
Profit Before Interest and Taxation	411.98	962.84
Less: Interest	260.70	371.92
Profit Before Taxation	151.28	590.92
Less: Provision for Tax	15.00	45.00
Profit for the year	136.28	545.92
Balance of Profit for earlier years	1153.14	607.22
Profit available for appropriation	1289.42	1153.14
Less: Debenture Redemption Reserve	85.00	Nil
Balance Carried Forward to B/S	1204.42	1153.14

OVERVIEW

During the year under review the gross income from operations reduced to Rs. 4627.08 lacs recording decrease of 10.23%. This is the effect of reduction in average realisation of product. The gross profit i.e. PBITD, PBT and PAT stands at Rs. 654.75 lacs, Rs. 151.28 lacs and Rs. 136.28 lacs as against at Rs. 1203.42 lacs, Rs. 590.92 lacs and Rs. 545.92 lacs in the previous year respectively. The gross profit has substantially decreased on account of persistent increase in Company's key raw material prices viz. Benzene etc. through out the financial year consequent to increase in crude oil prices in international petro-chemical market.

The economic scenario in general was far from encouraging for Chemical Industry. The industry in general suffered primarily because of demand recession and excess capacity. Under the circumstances the performance of your company is far from satisfactory level.

Y2K PREPAREDNESS

The changeover to 2000 caused no problems in any systems or other areas of your Company's operations.

FUTURE OUTLOOK

The liberalisation policy of Government is not conducive to your Company. The future growth would be possible only by reducing cost per unit of the output and by innovating high value added downstream product through captive consumption of Maleic Anhydride. Your Company has already lined up downstream product such as Di-Octyl Sodium Sulfo Succinate (DOSS), Di-Butyl Maleate (DBM) and Di-Octyl Maleate (DOM). With this downstream products, your Company is expected to perform better in future.

INDUSTRIAL RELATIONS

Industrial relations during the year were satisfactory. The Directors wish to place on record their appreciation of the contribution made by employees at all levels in the growth and prosperity of the Company.

FIXED DEPOSITS

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

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 the 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, whole time 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.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

DIRECTORS

Pursuant to the Articles of Association of the Company, Shri R. D. Punjabi and Shri Shankarmal Pilani, Directors of the Company retires by rotation and being eligible, have offered themselves for re-appointment.

DEPOSITORY SYSTEM

Investors can now avail of trading in your Company's shares in dematerialised form. In accordance with the Press Note issued by the Securities Exchange Board of India, trading in your Company's shares in electronic form was made compulsory for all types of categories of investors w.e.f. August 28, 2000.

The Company has also entered into an agreement with Central Depository Securities Limited (CDSL) for trading of its equity shares in dematerialised (Electronic) mode.

All the requests for dematerialisation of equity shares of the Company should be sent through Depository Participants of NSDL or CDSL to the Company.

LISTING

This is to inform you that the shares of your Company are listed at Mumbai, Delhi & Ahmedabad Stock Exchanges and permitted by National Stock Exchange (NSE).

AUDITORS

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

ACKNOWLEDGE

The Directors thanks the Shareholders, Financial Institutions, Bankers and Employees for their support and look forward to the continued co-operation.

For and on behalf of the Board

Mumbai
August 28, 2000

SHANKARMAL PILANI
Chairman

GANESH ANHYDRIDE LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2000.

A. CONSERVATION OF ENERGY

Energy conservation continues to be a major area of emphasis and is closely monitored in every manufacturing unit of the Company. The rigorous implementation of energy conservation in a planned programme has produced good result.

The total energy consumption and the energy consumption per unit of production are as follows:

	1999-2000	1998-1999
I. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
(a) Purchased Unit (KWH)	5,895,058	6,257,948
Total Amount (Rs.)	26,083,462	26,427,317
Rate/Unit (Rs.)	4.42	4.22
(b) Own Generation		
(i) Through Diesel Generator units	822,931	892,898
(ii) Through Steam-Turbine	-	-
2. COAL	-	-
3. FURNACE OIL		
Qty. (M.T.)	1,504,943	3,203.123
Total Amount (Rs.)	11,942,754	20,147,542
Average rate (Rs. per M.T.)	7,936	6,290
4. OTHERS/INTERNAL GENERATION		
(a) L.D.O.		
Qty. (M.T.)	72,929	67,602
Total Amount (Rs.)	629,955	768,656
Rate per M.T.	8,638	11,370
(b) L.S.H.S		
Qty. (M.T.)	1,479,094	628,640
Total Amount (Rs.)	13,892,277	3,799,444
Rate per M.T.	9,392	6,044
II. CONSUMPTION PER M.T. OF PRODUCTION		
Electricity	456/KWH	516/KWH
Coal	-	-
Furnace Oil	0.116/MT	0.264/MT
Diesel/LDO/LSHS	0.125/MT	0.065/MT

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The Company is continuously carrying out Research and Development Activities and have developed various grades of Plasticizers used in the different industries to meet the specific demands of customers.

C. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

Total Foreign Exchange outgoings for import of raw materials and other is Rs. 13.46 lacs (Previous year Rs. 31.98 lacs).

Foreign Exchange earnings during the year is Rs. 991.73 lacs (Previous year Rs. 1,579.32 lacs).

For and on behalf of the Board

Mumbai
August 28, 2000

SHANKARMAL PILANI
Chairman