



**FUTURISTIC OFFSHORE SERVICES
& CHEMICAL LIMITED**

**16th Annual Report
2003 - 2004**



FUTURISTIC OFFSHORE SERVICES & CHEMICAL LIMITED

(Formerly known as Ganesh Anhydride Limited)

SIXTEENTH ANNUAL REPORT 2003-2004

ANNUAL GENERAL MEETING

On Wednesday, 29th September, 2004
at 11.00 a.m. 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 copy to the Meeting.

CONTENTS Page No.

Notice	2-3
Directors' Report	4-5
Annexure to Directors' Report	6
Management Discussion & Analysis	7-8
Corporate Governance Report	9-11
Auditors' Report	12
Annexure to Auditors' Report	12-13
Balance Sheet	14
Profit & Loss Account	15
Schedule '1' to '14'	16
forming part of the Balance Sheet	
Schedules '15' to '24'	19
forming part of the Profit & Loss Account	
Schedule '24'	20
Significant Accounting Policies	
Schedule '25'	21
Notes to and forming part of Accounts	
Schedule '26'	
Balance Sheet Abstract and Company's General Business Profile	26
Cashflow Statement annexed to the Balance Sheet	27

BOARD OF DIRECTORS

Shri Shankarmal G. Pilani
Shri Ranju R. Pilani

Shri Rishi R. Pilani
Shri Kirtikumar H. Desai
Shri Ajay M. Khattlawala
Shri Santosh R. Tulsian
Shri Loonchand J. Tawari
Shri Ravi R. Pilani

Chairman (w.e.f. 31st January, 2004)
Director (Finance & Marketing)
(Upto 31st January, 2004)
Director (Technical)
Director
Director (up to 8th May, 2003)
Director (up to 10th April, 2003)
Director (up to 31st January, 2004)
Director (w.e.f. 20th December, 2003)

BANKERS

State Bank of India
Canara Bank
Uco Bank

AUDITORS

M/s. Samdani and Associates
Chartered Accountants
Mumbai

SOLICITORS

M/s. Little & Co.
Mumbai

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE & SHARE DEPARTMENT

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

WORKS

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

Futuristic Offshore Services & Chemical Limited**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of **FUTURISTIC OFFSHORE SERVICES & CHEMICAL LIMITED** will be held on Wednesday, 29th September, 2004, at 11.00 A.M at Vishal Hall, Andheri Kurla Road, Andheri (East), Mumbai 400 059 to transact the following business.

ORDINARY BUSINESS.

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2004 and the Profit and Loss Account for the year ended as on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri Rishi R. Pilani, who retires by rotation under Article 134 of the Articles of Association and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of the **Sixteenth** Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS.

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

"RESOLVED THAT Shri Ravi R. Pilani, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Companies Act, 1956 from a member, signifying his intention to propose Shri Ravi R. Pilani as a candidate for the office of director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED THAT Shri Shankarmal G. Pilani, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Companies Act, 1956 from a member, signifying his intention to propose Shri Shankarmal G. Pilani as a candidate for the office of director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of Directors by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special 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 modification(s) or re-enactment thereof for the time being in force) and subject to approval of the Central Government and such other approvals as may be necessary, the Company hereby approves the

re-appointment of Shri Shankarmal G. Pilani, as Managing Director of the Company for a period of 3 years w.e.f. 1st April, 2004 without remuneration, upon the terms and conditions as set out in the draft agreement 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 Shankarmal G. 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 do all acts, deeds, things and execute all such documents, instruments and writings as may be considered necessary, expedient or desirable including power to sub-delegate in order to give effect to the above resolution or otherwise as may be considered by the Board to be in the best interest of the Company as it may deem fit."

By Order of the Board
Shankarmal G. Pilani
Director

Place : Mumbai

Date : July 31, 2004.

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. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Register of Share Transfers of the Company will remain closed from Monday, September 20, 2004 to Wednesday, September 29, 2004 (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 Administrative Office at least 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 items nos. 4, 5 & 6 is annexed hereto.
8. Notice of 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, in respect of shares held in physical form and to their Depository Participants in respect of shares held in electronic form (Demat Account).
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 and updation WITH COMPANY'S RECORD TO ENSURE FULL SAFETY AND PROMPT SERVICES TO THEM.

11. DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE FORTH COMING ANNUAL GENERAL MEETING.

1. Name of Director : Shri Rishi R. Pilani
Date of Birth : 29th April, 1978.
Date of First Appointment : 31st January, 2002.
Qualifications : B. Tech (Chem).
Expertise in specific functional Areas and experience : Shri Rishi R. Pilani looks after Factory operations.
Directorships held in other : Nil

Companies (excluding Private Companies) :
Committee position held in : Nil.
Companies

2. Name of Director : Shri Ravi R. Pilani
Date of Birth : 5th December, 1983.
Date of First Appointment : 20th December, 2003.
Qualifications : B.M.S.
Expertise in specific functional Areas and experience : Shri Ravi R. Pilani has expertise in marketing.

Directorships held in other : Nil
Companies (excluding Private Companies) :
Committee position held in : Nil.
Companies

3. Name of Director : Shri Shankarmal G. Pilani
Date of Birth : 28th October, 1928.
Date of First Appointment : 3rd May, 1988.
Qualifications : B. Com.

Expertise in specific functional Areas and experience : Shri Shankarmal G. Pilani is associated with the Group since 1974 and looks after the Finance and administration functions of the Company.

Directorships held in other : Nil
Companies (excluding Private Companies)
Committee position held in : Nil.
Companies

By Order Of The Board

Place : Mumbai
Date : July 31, 2004.

Shankarmal G. Pilani
Director

ANNEXURE TO THE NOTICE

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

Item No. 4.

Shri Ravi R. Pilani was appointed as an Additional Director of the Company by the Board of Directors, pursuant to section 260 of the Companies Act, 1956, at their meeting held on 20th December, 2003. He holds office only upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 signifying his intention to propose Shri. Ravi R. Pilani as a candidate for the office of Director of the Company. Shri Ravi R. Pilani, has indepth knowledge in the field of marketing of the Company's product. The Board recommends his appointment.

Except Shri Shankarmal G. Pilani and Shri Rishi R. Pilani no other Director is interested or concerned in the resolution.

Item No. 5.

Shri Shankarmal G. Pilani was appointed as an Additional Director of the Company by the Board of Directors, pursuant to section 260 of the Companies Act, 1956, at their meeting held on 31st January, 2004. He holds office only upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 signifying his intention to propose Shri. Shankarmal G. Pilani as a candidate for the office of Director of the Company.

Shri Shankarmal G. Pilani, aged 76 yrs is a Commerce Graduate and is associated with the Group since 1974. He has in dept knowledge of the Industry and looks after the Finance and administration functions of the Company. The Board recommends his appointment.

Except Shri Rishi R. Pilani and Shri Ravi R. Pilani no other Director is interested or concerned in the resolution.

Item No. 6.

The Board of Directors at their meeting held on 31st July, 2004 have approved the re-appointment of Shri Shankarmal G. Pilani as Managing Director of the Company for a period of 3 years w.e.f 1st April, 2004 without remuneration subject to the approval of the members and the Central Government, if necessary.

Information of the Appointee

Shri Shankarmal G. Pilani, aged 76 yrs is a Commerce Graduate and is associated with the Group since 1974. He has in dept knowledge of the Industry and looks after the Finance and administration functions of the Company.

Memorandum of Interest of Directors

Except Shri Rishi R. Pilani and Shri Ravi R. Pilani, being related to Shri Shankarmal G. Pilani, no other Director is concerned or interested in the resolution.

The Board recommends the resolution for your approval. The explanatory statement read with the proposed resolution may be treated as an abstract of terms of the re-appointment and memorandum of interest u/s. 302 of the Companies Act, 1956.

By Order of the Board

Shankarmal G. Pilani
Director

Place : Mumbai
Date: July 31, 2004.

Futuristic Offshore Services & Chemical Limited**DIRECTORS' REPORT**

Your Directors present the 16th Annual Report of the Company for the year ended 31st March, 2004.

Financial Results

(Rs. In Lacs)

PARTICULARS	2003-2004	2002-2003
Gross Revenue from Operations	863.34	4913.29
Other Income	13.48	16.07
Profit/(Loss) Before Interest, Depreciation, Taxation & Exceptional items	(493.65)	(361.70)
Less: Depreciation	298.02	301.44
Profit/(Loss) Before Interest, Taxation & Exceptional items	(791.67)	(663.14)
Less: Interest	342.07	399.46
Profit/(Loss) Before Exceptional items & Taxation	(1133.74)	(1062.60)
Less Exceptional items	478.08	232.42
Profit/(Loss) Before Taxation	(1611.82)	(1295.02)
Less: Provision For Taxation	Nil	Nil
Add: Income Tax Demand for earlier years	178.20	Nil
Profit/(Loss) For The Year	(1790.02)	(1295.02)
Balance Of Profit/(Loss) For Earlier Years	(1028.17)	266.85
Less: Deferred Tax Liability	Nil	Nil
Profit/(Loss) Available For Appropriation	(2818.19)	(1028.17)
Less :Debenture Redemption Reserve	NIL	NIL
Balance Carried Forward To Balance Sheet for next year	(2818.19)	(1028.17)

Dividend

Your Directors do not recommend any dividend due to loss in the year under review.

Operations

The gross revenue divisions wise are as follows:-

Rs. in Lacs

Division	Year ended 31.3.2004	Year ended 31.03.2003
Chemical	703.48	2975.86
Offshore	159.86	1937.43

The operations for the year under review Company has resulted in loss of Rs.1790.02 Lacs as against loss of Rs.1295.02 Lacs in previous year.

The loss for the year is mainly due to -

- Non Operation of Factory & due to the high prices of Raw Materials in Chemical Division
- Termination of contract by ONGC.

Exports

Exports for the current year are Rs. 8.96 Lacs as against Rs.313.07 Lacs of previous year.

INDUSTRIAL RELATIONS

The Industrial relations remained cordial throughout the year. The Directors wish to place on record their appreciation of the valuable services and support given by the workers, staff and officers at all levels.

FIXED DEPOSIT

The Company as not accepted any deposit within the meaning of Section 58A of the Company's Act, 1956 and/or Companies (Acceptance of Deposits Rules, 1975)

The Company does not have any deposit claimed but not paid and/or unclaimed for which information is required to be given in this Report.

PERSONNEL AND OTHER INFORMATION

For the particulars of employees as required to be disclosed in the Director's Report in accordance with the Provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 as amended from time to time, the Directors state that the company does not have any employee.

- (i) Who was in receipt of remuneration exceeding Rs.24,00,000/- p.a in the aggregate.

Or

- (ii) 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 more than Rs. 2,00,000/-

Or

- (iii) 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, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto.

DIRECTORS:

Shri Rishi R.Pilani, Director of the Company retires by rotation in accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association and being eligible offers himself for re-appointment.

Shri Ajay M. Khatlawala, Shri Loonchand J. Tawari and Shri Rishi R. Pilani, Directors of the Company have resigned from the Board of Directors of the Company w.e.f 8th May, 2003 and 31st January, 2004 respectively. The Board express their deep appreciation for the valuable contribution made by them during their tenure.

REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreements, a report on Corporate Governance is appended along with a certificate of compliance from the Auditors of the Company, with Management Discussion and Analysis Statement.

AUDITORS

The Members are requested to appoint the auditors for the current year on such remuneration as agreed upon by the board of directors and the Auditors.

M/s. Samdani & Associates, Chartered Accountants Mumbai, the existing Auditors retire and are eligible for re-appointment. They have furnished the certificate of their eligibility under section 224 (1B) of the Company's Act, 1956, for the appointment.

The observations made in the Auditors Report are self-explanatory and therefore do not call for any further comments.

COST AUDITORS

Pursuant to the directives of the Central Government under the provision of Section 233B of the Companies Act, 1956 qualified Cost Auditors have been appointed to conduct the cost audit relating to the Chemical manufactured by the Company.

CASH FLOW STATEMENT

In conformity with the provision of Clause 32 of the Listing, Agreement(s) the cash flow statement for the year ended 31st March, 2004 is annexed hereto.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956 based on the representations received from the Operations Management, your Directors state that:

- (i) While preparing Annual Accounts, the applicable accounting standards have been followed and there are no material departures.
- (ii) The Company has selected such accounting policies and applied them consistently and made judgments that are reasonable and prudent so as to give true and fair view of the affairs of the Company at the end of the financial year and of the profit and loss for the period ended on that date;
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Company has prepared the accounts on a going concern basis.

APPRECIATION

The Board places 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.

On Behalf of the Board of Directors

SHANKARMAL G. PILANI
CHAIRMAN

Place : Mumbai
Date : 30/06/2004

Futuristic Offshore Services & Chemical 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 31st March, 2004.

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 program has produced good result. The total energy consumption and the energy consumption per unit of production are as follows:-

	2003-2004	2002-2003
I. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
(a) Purchased Unit (KWH)	1,592,316	4,464,337
Total Amount (Rs.)	8,617,687	18,119,687
Rate/Unit	5.41	4.06
(b) OWN GENERATION		
(i) Through Diesel Generator unit	260,706	1,333,535
(ii) Through Steam Turbine	-	-
2. COAL	-	-
3. FURNACE OIL		
Qty.(M.T.)	597.825	1,160.716
Total amount (Rs.)	9,359,603	21,970,720
Average rate	15,656	18,929
4. OTHERS/INTERNAL GENERATION		
L.D.O		
Qty.(M.T.)	-	10.000
Total amount (Rs.)	-	1,16,400
Rate Per M.T.	-	11,640
II. CONSUMPTION PER M.T.OF PRODUCTION		
Electricity	1183 / KWH	584/KWH
Furnace Oil (MT)	0.444 / MT	0.152/MT
Diesel/LDO/LSHS (MT)	0.001 / MT	0.005/MT

B. TECHNOLOGY ABSORPTION, ADAPTION 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 out goings for import of raw materials and others is Rs. Nil (Previous year 708.42 lacs). Foreign exchange earnings during the year is Rs.8.16 lacs (Previous year 2006.52 lacs).

For and on behalf of the Board

MUMBAI
JUNE 30, 2004.

SHANKARMAL G. PILANI
CHAIRMAN CUM MG. DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Certificate of Compliance from Auditor as stipulated under Clause 49 of the Listing Agreement of the Stock Exchange of India

To,
The Members of
Futuristic Offshore Services & Chemical Limited

We have examined the compliance of condition of Corporate Governance by M/s. Futuristic Offshore Services & Chemical Limited, for the year ended on 31.03.2004 as stipulated in Clause 49 of the Listing Agreement of the said Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we report as under.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. We state that no investor grievance is pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company

For **SAMDANI & ASSOCIATES**
Chartered Accountants

Mumbai
June 30, 2004

DILIP SAMDANI
Proprietor

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

Business of the Company

The business of the company is manufacturing and marketing of specialised chemical Maleic Anhydride, and down stream products such as Fumaric Acid, Maleate (DOM/DBM), Phthalimide (THPA/THPI).

Maleic anhydride is a versatile monomer and chemical intermediate with many uses. The largest end use, accounting for almost half of total consumption, is unsaturated polyester resins. Other uses include lube oil additives, alkyd resins, Fumaric and maleic acids, copolymers and agricultural chemicals.

Main segments

Products	Applications
MALEIC ANHYDRIDE	For Manufacture of Polyester Resins, Alkyd resins, Agrochemical eg. Malathion(Insecticide), Maleic Hydrazide (Herbicide/Growth Inhibitor), Fumaric Acid, Dye Intermediates, Pharmaceuticals, Surface Coatings Agents, Plasticisers and Speciality Lubricant Additives. It is also used as copolymer in wide range of chemical synthesis.
FUMARIC ACID	Food and Beverage Industries as Acidulant and Flavoring Agent, For upgrading Natural Drying of Oils; To improve Drying Characteristics in Food; Substitute For Tartaric Acid; For manufacture of Plasticizers; Rosin Esters and Adducts, Alkyd Resin Coatings In Organic synthesis as well as in Printing Inks Modifier for Polyester Resins, Alkyd Resins as well as Phenolic Resins;
TETRA HYDROPHTHALIC ANHYDRIDE	For Curing Epoxy Resins, To manufacture of Unsaturated Polyesters it impart Air Drying Properties, Intermediate to manufacture other organic compounds.
TETRA HYDROPHTHALIMIDE	To manufacture Fungicide - Captan.

Segment-wise or product-wise performance

Review of operations

Segment wise revenue break up for the last two years is as follows:

Division	(Rs. In Lacs)		
	Year ended 31.3.2004	Year ended 31.3.2003	% +/-
Chemical	703.49	2975.82	(76.36)
Offshore	159.86	1937.43	(91.75)

The sales of the company were at unremunerative level with margins under pressure on account of high prices of the raw material and other difficulties faced by the company as mentioned in the Director's Report.

Outlook

The Chemical Division is expected to perform better due to improvement in the economy. With the firming up of selling price of the Company's products, revival in the international market implementation of cost control measures, aggressive marketing strategies, the Company expect better performance in the current year. Various options are being pursued to bring back the operations of the company to profitable levels.

Opportunities and Threats

Some developments are taking place developing other uses for Maleic anhydride. It is used as a starting material for synthesis of 1, 4-butanediol, in production of inodisuccinate, a biodegradable chelating agent, and polyaspartic acid, a biodegradable dispersing agent.

Total worldwide consumption is expected to grow at a rate of approximately 5% annually despite recession in most of the economies.

The company will strive to catch the opportunities as it has inherent key Strength areas such as:

- State-of-the-Art Manufacturing facilities. Fully computer monitored plant, with technical know-how from Scientific Design Co. Inc., U.S.A. The plant is specifically designed to ensure strict quality standards of the end product range.
- Largest plant in India to produce Maleic Anhydride from basic raw materials.
- Convenient location of the plant of the Company at Tarapur, Maharashtra.
- The company is awarded ISO 9002.
- Strong R&D base and foresight in the introduction of newer technologies sustain and to meet their global vision in the years ahead. The group is committed to the manufacturing of quality products using internationally accepted norms.

Futuristic Offshore Services & Chemical Limited

The markets for products of the Company are well established with a good distribution network for domestic as well as export market.

The management expects the slowdown in the economy and other difficulties faced by the Company to continue for sometime. Maintaining the operations of the company in this scenario will be extremely challenging. The Company is looking at different options to resume operation of factory to full capacity.

Risks and concerns

The pricing uncertainties of the raw material of the Company for its Chemical Division would continue to affect the profitability of the Company. The uncertain monsoon may halt the economic recovery and the growth of the economy.

Financial performance with respect to operational performance

There was a steep increase in the loss for financial year 2003-04 over the preceding year in line with reduced operation's and higher prices of raw materials in the Chemical Division forced reduced production level.

The working for the year has resulted in net loss of Rs.1790.02 Lacs as against net loss of Rs.1295.02 Lacs in the previous year. The Chemical Division incurred loss before tax and interest for the current year of Rs. (814.54) Lacs. The Offshore Division has made a profit before tax and interest of Rs. 6.39 Lacs. The total loss before tax amounts to Rs. (1790.02) Lacs, after charging interest of Rs. 342.06 Lacs, exceptional items Rs. 478.08 Lacs, Income tax demand for earlier years of Rs.178.20 and unallocable Income net off unallocable expenditure of Rs.13.48 Lacs.

The loss in Chemical Division is mainly on account of unfavourable domestic and international markets, curtailment of production, reduced yield and higher cost of production.

The Company's Ordinary share capital stands at Rs. 1731.58 Lacs and there are no outstanding instruments which are convertible into equity at a later date.

The working capital requirement of the Company are catered to by a consortium of three bankers

The Company has stopped accepting any Deposits.

Internal Control System

The Company has established a system of internal control to ensure proper control over the transactions.

The internal audit is conducted in all its key areas of business. The internal audit including the Stock takings, carried out by an outside firm of Chartered Accountants, is oriented towards review of controls and operations improvements.

Financial Condition

Share Capital

Issued subscribed and paid up capital as at 31st March, 2004 was Rs.1731.58 lacs (Rs.1731.58 lacs in the previous year.)

Reserves and Surplus

In view of uncertainty of availment of tax benefit on accumulated business losses and unabsorbed depreciations, Company has not recognised deferred tax liabilities/assets. As at March 31, 2004 Reserves and Surplus amounted to Rs.1100 lacs (Rs1100 lacs in the previous year)

LOAN FUNDS

The loan funds stood at Rs. 3955 lacs as at March 31, 2004 (Rs. 3875 lacs in the previous year.)

Deferred tax liability provision outstanding as at March 31, 2004 is Rs.415 Lacs (previous year Rs.415 lacs)

FIXED ASSETS

Net Fixed Assets including capital work in progress as at March 31, 2004 are Rs. 3149.66 lacs (Rs.3447.68 lacs as at March 31,2003)

Investments

Total amount of investment as at March 31,2004 declined to Rs.0.36 Lacs to (Rs. 0.36 lacs as at March 31,2003.

Working Capital

Net Current Assets declined to Rs.20.51 lacs as at March 31,2004 from Rs. 1303.49 lacs as at March 31,2003 during the year

Human Resources / Industrial Relations

The Company has proper mixture of Human Resources from different backgrounds with personnel both local and across the country. It has around 105 employees.

The industrial relations have been very cordial all throughout. The company intends to review HR policies to yield enhanced productivity of its employees.

Summary

The business segments in which the Company operates offer opportunities for growth. At the same time, the business, particularly of Chemicals Division has been very competitive with every passing day. The Company would make all out efforts based on advantages like early entry, quality, capacity, brand equity, diversified locations, distribution network etc. to stay put in the competition and also to further its leading position in the business.

ENHANCING SHAREHOLDER VALUE

The management would be making all effects for the creation of shareholder value, it being one of its prime objectives. It would focus on measures of cost control, improving the company's position in strategic markets and strengthening its products to improve the return to shareholders.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the Country and other factors such as litigation and industrial relations.