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17th
Annual Report
2004-2005

**FUTURISTIC OFFSHORE SERVICES
& CHEMICAL LIMITED**



FUTURISTIC OFFSHORE SERVICES & CHEMICAL LIMITED

(Formerly known as Ganesh Anhydride Limited)

SEVENTEENTH ANNUAL REPORT 2004-2005

ANNUAL GENERAL MEETING

On Thursday, 29th September, 2005
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.

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BOARD OF DIRECTORS

Shri Shankarmal G. Pilani	Chairman
Shri Rishi R. Pilani	Director (Technical)
Shri Kirtikumar H. Desai	Director
Shri Ravi R. Pilani	Director

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 Seventeenth Annual General Meeting of **FURURISTIC OFFSHORE SERVICES & CHEMICAL LIMITED** will be held on Thursday, 29th September, 2005, at 11.00 A.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 of the Company as at 31st March, 2005 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. Ravi R. Pilani, who retires by rotation as per Article 134 of the Articles of Association and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors to hold the office of the company from the conclusion of the **Seventeenth** Annual General Meeting till the conclusion of the next Annual General Meeting.

By Order of the Board

Shankarmal G. Pilani
Director

Place : Mumbai

Date : June 30, 2005.

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 Transfer of the Company will remain closed from Monday, 19th September 2005 to Thursday, 29th September, 2005 (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. 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).

8. 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.
9. 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.
10. DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTH COMING ANNUAL GENERAL MEETING ARE AS UNDER :-

1. Name of Director	: Shri Ravi R. Pilani
Date of Birth	: 5 th December, 1983.
Date of First Appointment	: 20 th December, 2003.
Qualifications	: B. Com.
Expertise in specific functional	: Shri Ravi R. Pilani has expertise is marketing.
Areas and experience Directorships held in other Companies (excluding Private Companies)	: Nil.
Committee position held in other Companies	: Nil.

By Order of the Board

Shankarmal G. Pilani
Director

Place : Mumbai

Date : June 30, 2005.

DIRECTORS' REPORT

Your Directors present the 17th Annual Report of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS

PARTICULARS	(Rs. In Lacs)	
	2004-2005	2003-2004
Gross Revenue from Operations	42.16	863.34
Other Income	1.02	13.48
Profit/(Loss) Before Interest, Depreciation And Taxation & Exceptional items	(259.98)	(493.65)
Less: Depreciation	297.89	298.02
Profit/(Loss) Before Interest Taxation & Exceptional items	(557.87)	(791.67)
Less: Interest	378.78	342.07
Profit/(Loss) Before Exceptional items & Taxation	(936.65)	(1133.74)
Less Exceptional items	339.37	478.08
Profit/(Loss) Before Taxation	(1276.02)	(1611.82)
Less: Provision For Taxation	NIL	Nil
Add: Income Tax Demand for earlier years	NIL	178.20
Profit/(Loss) For The Year	(1276.02)	(1790.02)
Balance Of Profit/(Loss) For Earlier Years	(2819.19)	(1028.17)
Less: Deferred Tax Liability	NIL	Nil
Profit/(Loss) Available For Appropriation	(4094.21)	(2818.19)
Less :Debenture Redemption Reserve	NIL	NIL
Balance Carried Forward To Balance Sheet for next year	(4094.21)	(2818.19)

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 31.3.2005	Year ended 31.03.2004
Chemical	42.16	703.48
Offshore	NIL	159.86

The operations for the year under review has resulted in loss of Rs.1276.02 Lacs as against loss of Rs.1790.02 Lacs in previous year.

The loss for the year are mainly due to -

- (i) Lesser production in the chemical division on account of increase in the prices of raw materials,

unavailability of working capital, import of finished goods in large quantity.

- (ii) Provision for Bad and Doubtful debts is of Rs. 121.43 lacs.
- (iii) In addition, the accounts bear the charges for certain exceptional items such as the following :
- (a) Loss on Material to the tune of Rs. 251.37 lacs due to deterioration in the quality of Material due to shut down of plant.
- (b) Deferred revenue expenditure of earlier year is Rs. 88.00 lacs.

EXPORTS

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

FIXED DEPOSIT

The company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and/or acceptance of Deposit Rules.

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 Directors 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 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% equity shares of the Company.

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.

Futuristic Offshore Services & Chemical Limited**DIRECTORS:**

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

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 Statutory Auditors M/s. Samdani & Associates, Chartered Accounts, Mumbai retire at the conclusion of the ensuing Annual General Meeting. The company has received a letter from M/s. Samdani & Associates, Chartered Accounts, Mumbai, expressing their not being re-appointed due to pre-occupation & other commitment.

The Company has also received a letter from Mr. Sourabh Mahesh Agrawal, Chartered Accountants, Mumbai, to the effect that their appointment as statutory auditors of the Company for the financial year 2005-06, if made would be within the limits under section 224(1B) of the Companies Act, 1956. Therefore the members are requested to appoint Mr. Sourabh Mahesh Agrawal, Chartered Accountants, Mumbai as statutory auditor of the Company for the financial year 2005-06 on such terms & conditions as agreed upon by and between the Board and the said Auditors.

COST AUDITORS

Pursuant to the directives of the Central Government and in compliance with the provisions 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, 2005 is annexed hereto.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956 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 Annual Accounts has been prepared on a going concern basis.

REGISTRATION TO BIFR

The Company net worth has been fully eroded, as a result the company has approached to the Board of Industrial Financial Restructuring (BIFR) for protection provided under the sick Industrial Company (Special Provisions) Act, 1985. BIFR has received & registered our reference as 289/2004.

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
DIRECTOR

Place : Mumbai
Date : 30/06/2005

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 31.03.2005.

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: -

	<u>2004-2005</u>	<u>2003-2004</u>
I. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
(a) Purchased Unit (KWH)	-	1,592,316
Total Amount (Rs.)	2,266,488	8,617,687
Rate/Unit	-	5.41
(b) OWN GENERATION		
(i) Through Diesel Generator unit	942,786	260,706
(ii) Through Steam Turbine	-	-
2. COAL	-	-
3. FURNACE OIL Qty.(M.T.)	60,965	597,825
Total amount (Rs.)	844,500	9,359,603
Average rate	13,852	15,656
4. OTHERS/INTERNAL GENERATION		
(a) L.D.O		
Qty.(M.T.)	-	-
Total amount (Rs.)	-	-
Rate Per M.T.	-	-
(b) L.S.H.S		
Qty.(M.T.)	-	-
Total amount (Rs.)	-	-
Rate Per M.T.	-	-
II. CONSUMPTION PER M.T.OF PRODUCTION		
Electricity	-	1183/KWH
Furnace Oil (MT)	4.255/MT	0.444/MT
Diesel/LDO/LSHS (MT)	8.667/MT	0.0001/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 Nil). Foreign exchange earnings during the year is Nil. (Previous Year 8.96 lacs).

For and on behalf of the Board

SHANKARMAL G. PILANI
CHAIRMAN CUM MG. DIRECTOR

MUMBAI
JUNE 30, 2005.

Futuristic Offshore Services & Chemical Limited**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, Tetra Hydrophthalic Anhydride, Tetrahydro 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 HYDROPHTHLIMIDE	To manufacture Fungicide - Captan.

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, THF, Speciality dispersants, Succinates in , 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.
- 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.

Segment-wise or product-wise performance**Review of operations**

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

Division	Year ended 31.3.2005	Year ended 31.3.2004	(Rs. In Lacs) % +/-
Chemical	42.16	703.49	(94.00)
Off shore	NIL	159.86	(100.00)

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 Directors' Report.

Outlook

The Chemical Division is expected to perform better due to improvement in the economy. Various options are being pursued to bring back the operations of the company to profitable levels.

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 2004-05 over the preceding year in line with reduced operation's higher prices of raw materials in the Chemical Division at not profitable margin.

The working for the year has resulted in net loss of Rs. 1276.02 Lacs as against net loss of Rs. 1790.02 Lacs in the previous year. The Chemical Division incurred loss before tax and interest for the current year of Rs. (557.66) Lacs. The Offshore Division has made a loss before tax and interest of Rs. (1.23) Lacs. The total loss before tax amounts to Rs. (1276.02) Lacs, after charging interest of Rs. 378.78 Lacs, exceptional items Rs. 339.37 Lacs, and unallocable income net off unallocable expenditure of Rs. 1.02 Lacs.

The loss in Chemical Division is mainly on account of unfavourable domestic and international markets, curtailment of production, reduced yield resulting with 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. The Company has formed Audit Committee which is constituted by three Directors. All the significant audit observations and flow up actions would be reported to the Audit committee.

Financial Condition**Share Capital**

Issued subscribed and paid up capital as at 31st March, 2005 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, 2005 Reserves and Surplus amounted to Rs. 1100 lacs (Rs. 1100 lacs in the previous year)

LOAN FUNDS

The loan funds stood at Rs. 4406.95 lacs as at March 31, 2005 (Rs. 3955.12 lacs in the previous year.)

Deferred tax liability provision outstanding as at March 31, 2005 is Rs. 415 Lacs (previous year Rs. 415 lacs)

FIXED ASSETS

Net Fixed Assets including capital work in progress as at March 31, 2005 are Rs. 2877.82 lacs (Rs. 3149.66 lacs as at March 31, 2004)

Investments

Total amount of investment as at March 31, 2005 declined to Rs. 0.36 Lacs to (Rs. 0.36 lacs as at March 31, 2004.

Working Capital

Net Current Assets declined to Rs. 484.86 lacs as at March 31, 2005 from Rs. 20.51 lacs as at March 31, 2004.

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 Management believes in boundless vision and border less opportunities that 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.

The management would be making all efforts for the creation of shareholder value, it being its one of the 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.

ENHANCING SHAREHOLDER VALUE

The management would be making all efforts 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 forwarded 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.

Futuristic Offshore Services & Chemical Limited**CORPORATE GOVERNANCE REPORT**

The Report on Corporate Governance forms part of the Directors' Report. This section in compliance with the mandatory listing agreement requirement gives an insight into the process and functioning of the Company.

1. Company's Philosophy on Code of Governance

The Company is committed to respect the laws of the land and rights of the shareholders, to achieve the desired result to the highest level of customer satisfaction, ensuring technical and other achievements to lead the Company towards high growth path. It strives to get respect from all concerned, adopt internal and external measures to increase the level of transparency and accountability. The company has configured organization and actions to achieve improved corporate performance.

2. Board of Directors

The Board of Directors manages the Company. The Board of Directors has optimum composition of Executive and Non-Executive Directors, of diverse professional experience and expertise in the related field and Industry. The constitution of the Board during the year was from following Directors:

Name of Director	Category	No. Board Meeting Attended	No. of Directorship of other Companies	No. of Member ship in other Committee
1. Shri Shankarmal G. Pilani Director (w.e.f. 31.01.2004)	Promoter Executive	6	Nil	Nil
2. Shri Ravi R. Pilani (upto 31.01.2004)	Whole time Director	1	Nil	-
3. Shri Rishi R. Pilani	Whole time Director	1	6	-
4. Shri Kirti H. Desai	Non Executive	6	1	-

During the year under review, Seven meetings of the Board of Directors were held on 30.04.2004, 30.06.2004, 31.7.2004, 28.09.2004, 29.10.2004, and 31.01.2005.

3. Audit Committee

The composition, powers and functions of the Committee meets the requirements of Listing Agreement. The Committee meetings were held on 30.06.2004, 31.7.2004, 29.10.2004 and 31.01.2005.

The constitution of the Audit Committee comprising of a Chartered Accountant, as Chairman and other professionals experienced in finance and related field is as under: -

Name of Director	Category	Position	Meeting Attended
1. Shri Kirti H. Desai,	Non Executive Independent	Chairman	4
2. Shri Shankarmal G. Pilani	Promotor Executive	Member	4
3. Shri Ravi R. Pilani	Executive	Member	Nil
4. Shri Rishi R. Pilani	Executive	Member	Nil

The composition of the Committee meets the stipulations for corporate governance. The functions of the Committee covers the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 such as the following:

- Review the Company's financial reporting process and the disclosure of its financial information.
- Review the Quarterly and Annual Financial statements with primary focus on Accounting policies and practices, compliance with accounting standards and legal requirements.
- Review the adequacy of internal control systems and audit function
- Recommend the appointment and removal of statutory auditors, fixation of audit fee and approve payment for other services.