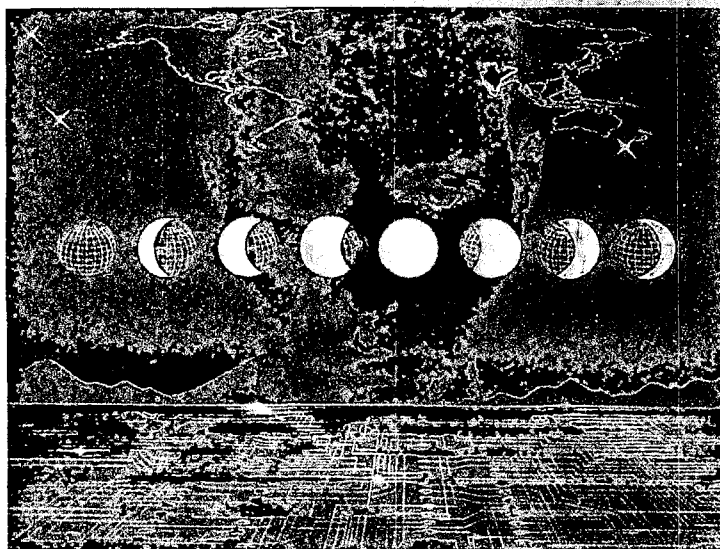


35TH *Annual* REPORT 1996-97

MD	✓			REL	✓
CS	✓			DPY	NA
RO	✓			DIY	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		

FIBRES
THAT TOUCH
EVERY STRAND OF
MODERN LIFE



FGP Limited

Success woven from fibreglass

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In fibreglass, FGP has always been a pioneer. In this era of globalization, FGP endeavours to build not just cross-border competitiveness but also gain a better insight into every customer's individual needs.

HOUSE

Directors

H.V. Goenka
J. Golechha
M.M. Sabharwal
A.D. Joshi
P.F. Simms
P.K. Khaitan - Alternate Director to Mr. P.F. Simms
M.A. Bakre

President

K.V. Gopalakrishnan

Secretary

A. Phani Kumar

Registered Office

9, Wallace Street
Fort, Mumbai - 400 001.

Corporate Office

6-1-79, Lakdi-ka-pul,
Hyderabad - 500 004.

*Solicitors
& Advocates*

Crawford Bayley & Co.

Auditors

A.F. Ferguson & Co.

Bankers

State Bank of India
The IDBI Bank Ltd.
Canara Bank
ANZ Grindlays Bank

Works

- i) L.B. Shastri Marg, Thane - 400 602
- ii) Thimmapur, Palmakul Village,
Mahaboobnagar Dist. A.P. 509 325.

*Registrars
& Transfer Agents*

Sharepro Services,
Satam Estate,
3rd Floor, Cardinal Gracias Road,
Opp. Hindustan Lever Research Centre,
Chakala, Andheri (East), Mumbai - 400 099.

NOTICE

NOTICE is hereby given that the Thirty-fifth Annual General Meeting of the Company will be held at the Indian Merchants' Chamber, Walchand Hirachand Conference Hall, IMC LNM Building, IMC Marg, Churchgate, Mumbai 400 020, on Friday the **19th September, 1997 at 11.00 a.m** to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. H.V. Goenka, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. J. Golechha, who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modification, (as may be permissible) the following resolution as a **Special Resolution** :

"RESOLVED that Messrs. A.F. Ferguson & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be mutually agreed between the

FGP Limited

Board of Directors of the Company and the Auditors, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the Company".

Special Business :

6. To consider and if thought fit, to pass with or without modification, (as may be permissible) the following resolution as an **Ordinary Resolution** :

"RESOLVED that the Authorised Share Capital of the Company be reclassified as Rs. 20,00,00,000 (Rupees Twenty crores) divided into 150,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each and 50,00,000 Preference Shares of Rs. 10/- (Rupees Ten) each and that Clause 5 of the Memorandum of Association of the Company be altered accordingly".

7. To consider and if thought fit, to pass with or without modification, (as may be permissible) the following resolution as a **Special Resolution** :

"RESOLVED that pursuant to Section 31 of the Companies Act, 1956 the Articles of Association of the Company be altered by substituting the following new Article 4 for the present Article 4:

4. The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty crores) divided into 150,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each and 50,00,000 Preference Shares of Rs. 10/- (Rupees Ten) each".

8. To consider and if thought fit, to pass with or without modification, (as may be permissible) the following resolution as a **Special Resolution** :

"RESOLVED that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof), and subject to all necessary permissions, consents and sanctions of Government of India or Reserve Bank of India or Securities and Exchange Board of India or any other competent authority and subject to such modification(s) as may be prescribed by the appropriate authorities, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution) to issue, offer and allot Redeemable Preference Shares, either cumulative and/or non-cumulative for such number, at par or at premium for a sum not exceeding Rs. 5,00,00,000 (Rupees five crores only), on private placement basis or otherwise in one or more tranches and/or in different series to such investors/institutions/firms/bodies corporate/individuals/other persons, whether they are holders of Equity Shares of the

Company as per the terms set out below :

- i) The Preference Shares issued and allotted by the Company in the manner aforesaid to be subject to the provisions of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.
- ii) The Preference Shares to carry such rate of dividend as the Board may decide in its absolute discretion.
- iii) The rate of dividend to vary for each series of Preference Shares to be issued, as may be expedient.
- iv) The Preference Shares to be redeemed at such price, in one or more instalments, on expiry of specified period or periods, as may be agreed by the Board and the Subscribers.

AND RESOLVED FURTHER that for the purpose of giving effect to these Resolutions, the Board be and is hereby authorised to agree and to make such modifications and alterations from time to time, as it deems fit and to take all such steps as it may deem necessary, desirable or expedient and to resolve all questions incidental thereto as the Board, in its absolute discretion shall deem fit, without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive".

9. To consider and if thought fit, to pass with or without modification, (as may be permissible) the following resolution as an **Ordinary Resolution** :

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company, on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of all or any of the financial institutions/banks/any other investing agencies/Trustees for the holders of debentures/bonds/ other instruments which may be issued to and subscribed by all or any of the financial institutions/banks/any other investing agencies or any other person(s) / bodies corporate by private placement or otherwise,

to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 75 crores (Rupees Seventy five crores only) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the agreements/arrangements entered into/to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages / charges / hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purposes of giving effect to this Resolution".

By Order of the Board

Registered Office :

9, Wallace Street,
Mumbai - 400 001

11th June, 1997.

A Phani Kumar
Company Secretary

NOTES :

1. The explanatory statements in respect of items 5,6,7,8 and 9 are hereto annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR WITH SHAREPRO SERVICES, REGISTRARS AND TRANSFER AGENTS' NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
4. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 4TH SEPTEMBER, 1997 TO 19TH SEPTEMBER, 1997 (BOTH DAYS INCLUSIVE).
5. If dividend, as recommended by the Directors, is declared at the meeting, the payment will be made to those shareholders whose names appear on the Company's Register of Members as on 19th September, 1997.
6. Pursuant to Sec. 205A of the Companies Act, 1956, all the unclaimed dividend for the year 1992-93 amounting to Rs. 76220/- have been transferred to General Revenue Account of the Central Government on 15th November, 1996. Shareholders who have not encashed their dividend warrant for the said period are requested to claim the amount through the Registrar of Companies, Hakoba Compound, Dattaram Lad Road, Kalachowkie, Mumbai, Maharashtra.
7. Members are requested to notify promptly any change in their addresses to the Company's Registrars and Transfer Agents.

Annexure To The Notice**EXPLANATORY STATEMENT as required under Section 173(2) of the Companies Act, 1956.****1. Item No. 5**

Section 224A of the Companies Act, 1956 provides that in the case of companies in which not less than 25% of the subscribed share capital is held whether singly or in any combination, by public financial institutions, banks, insurance companies, Government companies, Central Government or State Government etc., the

appointment or re-appointment of an auditor of the Company shall be made by Special Resolution.

In the case of the Company, the holding of banks, insurance companies and public financial institutions collectively exceeds 25% of its subscribed share capital. Hence a Special Resolution is required to be passed to re-appoint M/s. A.F. Ferguson & Co., as the Company's auditors.

None of the Directors is concerned or interested in this Resolution

2. Item Nos. 6 & 7

In order to facilitate the issue of Preference Shares as set out in Resolution No. 8, the Authorised Share Capital of the Company is require to be reclassified. The Authorised Share Capital of the Company is therefore proposed to be reclassified as Rs. 20,00,00,000 (Rupees Twenty crores) divided into 150,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each and 50,00,000 Preference Shares of Rs. 10/- (Rupees Ten) each. Consequently Clause 5 of the Memorandum of Association of the Company and Article 4 of Articles of Association of the Company are required to be altered.

The Directors recommend the Resolution for adoption.

3. Item No. 8

Section 81(1A) of the Companies Act, 1956 provides inter alia that to increase the Subscribed Capital of a Company by allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Ordinary Shares of the Company in proportion to the Capital paid-up on the date unless the members in General Meeting decide otherwise. The Listing Agreements executed by the Company with the Stock Exchanges also had similar condition. The consent of the members is, therefore, sought to authorise the Board of Directors as set out in Resolution No. 8 to issue Preference Shares to such

investors/companies/bodies corporate/individuals/other persons, whether or not such investors are members of the Company, in such form, manner and within such period, upon such conditions as the Board may, in its absolute discretion, deem fit.

The Directors recommend the Resolution for adoption.

4. Item No. 9

To meet the capital expenditure requirements and also the increased working capital needs, the Company proposes to obtain in the coming years financial assistance upto a maximum of Rs. 75.00 Crores from financial institutions / banks / other investing agencies by way of loans (including foreign currency loans) issue of debentures / bonds / other instruments on private placement basis or otherwise as set out in the Resolution. To secure such borrowing, the Company may be required to mortgage/charge/hypothecate the assets and properties of the Company, both present and future as may be required by the lenders / trustees. As the documents to be executed between the Company and the lenders/trustees for the debentures/bonds/other instruments may contain the power to take over the management of the Company in certain events, a resolution is required to be passed under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is concerned or interested in the Resolution.

Registered Office :

9, Wallace Street,
Mumbai - 400 001
11th June, 1997.

By Order of the Board

A Phani Kumar
Company Secretary

DECADE AT A GLANCE

(Rs. in lakhs)

	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
OPERATING RESULTS :										
Sales & other Income	10039	12672	8059	6270	3818	3586	3432	3156	2715	2495
Profit Before Tax	853	2005	167	12	72	193	288	406	358	339
Profit after tax	737	2005	167	12	72	152	170	260	265	200
Dividend	190	350	98	59	59	108	108	108	88	78
Retained Earnings	547	1655	69	-	13	44	62	152	177	122
ASSETS EMPLOYED :										
Fixed Assets (Net)	6593	6884	6792	7150	4021	2475	1050	727	492	504
Total Assets (Net)	9162	9783	9262	9247	4990	4048	2782	2238	1730	1533
REPRESENTED BY :										
Net worth	6319	5791	1669	1619	1665	1653	1544	1432	1249	1072
Loan Funds	2843	3992	7573	7628	3324	2395	1238	806	480	461
Total Funds	9162	9783	9262	9247	4990	4048	2782	2238	1730	1533
Equity Share Capital	1190	1189	490	490	490	490	490	490	490	490
Earning per Share (Rs.)	6.19	16.86	3.40	-	1.47	3.10	3.47	5.31	5.41	4.09
Book Value per Share (Rs.)	53.10	48.70	34.47	33.04	34.00	33.73	31.51	29.23	25.49	21.89

Directors' Report to the Members

To the Members FGP Limited

The Directors have pleasure in presenting their Thirty-fifth Annual Report and Audited Statement of Accounts of the Company for the year ended March 31, 1997.

Financial Results

The financial results for the year and those of the previous year are summarised below :

	(Rs. in lakhs)	
	For the year ended	For the year ended
	31.3.97	31.3.96
Gross Profit	1306.82	2441.02
Less : Provision for depreciation	453.98	435.97
Profit before tax	852.84	2005.05
Less : Provision for tax	116.00	0.00
Net Profit	736.84	2005.05
Transfer from Investment		
Allowance Utilised Reserve	0.00	7.40
Balance brought forward from previous year	693.04	81.69
Profit available for appropriation	1429.88	2094.14
APPROPRIATIONS :		
Proposed Dividend	190.32	350.36
Tax on Dividend	19.03	-
Transfer to General Reserve	200.00	1050.74
Retained in Profit and Loss Account	1020.53	693.04
	1429.88	2094.14

Dividend

Your Directors recommend a dividend of 16% (previous year 40%), on the paid up capital of Rs. 11.90 Crores. Total dividend will absorb Rs. 1.90 Crores as against Rs. 3.50 Crores in the previous year.

Operations

During the year under review, there has been a slackening of demand as well as excess market supply of glassfibre, both in the domestic and the international markets. In spite of

these constraints FGP has still maintained its market leadership.

During the year, production was 9471 MT as against 10170 MT last year and sales was 8721 MT as against 10162 MT last year. The production was affected largely because of the shut-down of the Thane Plant to carry out extensive repairs to extend the life of the furnace. Though the repairs to Thane furnace were substantially completed, the firing of the same is deferred, till date, due to the sluggish demand and over capacity in the domestic market. Exports during the year were to the tune of Rs. 12.61 Crores as against Rs. 12.41 Crores last year.

Although, on present reckoning, the outlook for the current year appears difficult due to increased competition and sluggish demand, thrust given by the current Central Budget to boost industrial growth and economy should fuel increased demand for glassfibre during second half of the year. In addition, continuous introduction of newer applications in the field of FRP should open hitherto untapped markets for glassfibre.

Research & Development

Your Company's efforts in introducing more mechanisation in FRP moulding activity through the propagation of Resin Transfer Technology and design & development of machine, has helped the industry in moving towards automation of the FRP manufacturing. Further, lot of thrust has been given on indigenisation of coatings on glassfibre to meet the growing demands of the customers.

The two major developments which