

37th ANNUAL REPORT 1998-99

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FGP LIMITED

Directors

M. A. Bakre
A. D. Joshi
M. M. Sabharwal
K. K. Sharma
P. F. Simms

Manager

K. V. Gopalakrishnan

Registered Office

9, Wallace Street,
Fort, Mumbai 400 001.

Solicitors & Advocates

Crawford Bayley & Co.

Auditors

A. F. Ferguson & Co.

Bankers

ANZ Grindlays Bank
State Bank of India

Works

L. B. Shastri Marg,
Thane - 400 602.

Registrars & Transfer Agents

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

FGP

NOTICE

FGP LIMITED

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the members of FGP Limited will be held at Sunville, Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Wednesday, September 29, 1999 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. M. M. Sabharwal, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. A. D. Joshi, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration and in this connection to pass with or without modifications, the following resolution as an Ordinary Resolution, provided that in the event of the provisions of Section 224A of the Companies Act, 1956, becoming applicable to the Company on the date of holding of this meeting the same will be proposed as a Special Resolution :

"RESOLVED THAT Messers A. F. Ferguson & Company, 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 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."

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

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other permissions, approvals and sanctions, as may be necessary consent of the Company be and is hereby accorded to the Board of Directors to sell and transfer or otherwise dispose of the whole or substantially the whole of the properties of the Company at Thane and all the rights and benefits attached thereto, at such price and on such terms and conditions as the Board of Directors of the Company may consider to be in the best interest of the Company."

"RESOLVED FURTHER THAT the consent of the Company be and is hereby also accorded to the Board of Directors mortgaging and/or charging on such terms and conditions and at such time or times and in such form and manner as it may think fit, the whole of the above properties of the Company at Thane in favour of the lenders to the Company to secure the term loan and other financial assistance given / to be given to the Company together with interest thereon."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise and execute any and all agreements and documents, necessary for creating mortgages and / or charges as aforesaid and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board of Directors to be in the best interest of the Company."

Mumbai
23rd August, 1999

Registered Office
9 Wallace Street
Fort, Mumbai - 400 001.

By order of the Board

A. D. JOSHI
Director

NOTES :

1. The relative explanatory statement in respect of Business at item Nos. 4 and 5 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY

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 Wednesday, 22nd September, 1999 to Wednesday, 29th September, 1999 (both days inclusive)
5. Members are requested to notify promptly any change in their addresses to the Company's Registrars and Share Transfer Agents.

ANNEXURE TO THE NOTICE

Explanatory statement as required under Section 173 of the Companies Act, 1956.

Item No. 4:

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 of the Company, is held, whether singly or in any combination by Financial Institutions, Nationalised Banks, Insurance Companies and other Bodies specified in that section, the appointment of Auditors is to be made by a Special Resolution. The total shareholding of the aforesaid categories of Members as on the date of this Notice is just below 25% of the subscribed share capital of the Company. However, if by, or on the date of the Annual General Meeting, the shareholding of the aforesaid categories of Members goes up further and is 25% or more of the subscribed share capital of the Company, the Resolution for the appointment of Auditors shall be moved as a Special Resolution.

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

Mumbai
23rd August, 1999

Registered Office :
9, Wallace Street,
Fort, Mumbai - 400 001.

Item No. 5 :

The Company has issued a closure notice dated 6th August, 1999 for the activities at Thane premises of the Company. It is therefore, proposed to sell and/or dispose of the properties of the Company at Thane. An Asset Sale Committee has been formed to facilitate the sale of the said premises. Pending sale or transfer of the said properties, the Company may create mortgage or charge on the above properties in favour of the lenders to the Company of the term loan or other financial assistance, if any.

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors shall not without the consent of the Company in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Mortgaging of properties may also amount to transfer of properties. Hence, the Resolution under Item No. 5 is placed before the Members for their approval. The Directors commend the Resolution for acceptance.

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

By order of the Board

A. D. JOSHI
Director

DIRECTORS' REPORT

To,
The Members
FGP Limited

The Directors have pleasure in presenting the Thirty-seventh Annual Report together with the Statement of Accounts for the Year ended 31st March, 1999.

Financial results

	(Rs. in Lakhs)	
	For the year ended 31.3.99	For the year ended 31.3.98
Gross Profit / (Loss)	(2347.08)	(1347.78)
Less : Provision for depreciation	371.04	458.19
(Loss) before tax	(2718.12)	(1805.97)
Balance brought forward from previous year	-	1020.53
Profit/(Loss) available for appropriation	-	(785.44)

Dividend

In the absence of profits, and non availability of reserves arising out of accumulated profits, the Directors regret their inability to recommend dividend.

Operations

Continuation of recessionary trend in the glass fibre industry witnessed due to slow down in the industrial growth particularly sectors like chemical, building construction and automobiles kept the domestic consumption of fibreglass products at the same level as that of the

previous year. Prices in the international market showed a declining trend resulting in pressure on the domestic prices. Competition in this industry has further increased with the entry of another global player during the year.

As approved by the Members at the Extra-Ordinary General Meeting held on 31st July, 1998, the Company has transferred its Fibre Glass Reinforcements Business including Undertaking at Thimmapur on a going concern basis with effect from 16th December, 1998 for a consideration of Rs. 58.80 crores (excluding consideration for Net Current Assets). The consideration has been utilised to repay secured / unsecured borrowings and the compensation for Voluntary Separation Plan. The closure notice in respect of Thane unit has been issued on 6th August, 1999.

In order to meet the administrative expenses, the Company has obtained sanction for Line of Credit of Rs. 50 crores from ICICI Ltd. of which Rs. 30 crores have been availed of by leveraging its immovable properties as part of the security package.

Research & Development

During the operations, efforts on indigenisation of some imported chemicals had resulted in cost reduction. Application development on a few more Fibreglass Reinforcement Plastics (FRP) components for railways had received favourable response.

Auditors' Report

The Directors are of the view that the notes to the accounts referred to by the Auditors in their report are adequate and self-explanatory.

Y2K Compliance

The present computerised system (both hardware and software) of the Company meets the requirement of Y2K compliance.

Listing

The equity shares of the Company are listed on Mumbai and Hyderabad stock exchanges. The Company has paid the annual listing fees to them for the year 1999-2000.

Directors

Mr. M. M. Sabharwal and Mr. A. D. Joshi would retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Shri. H. V. Goenka resigned as Director of the Company with effect from 30th June, 1999. The Board placed on record its appreciation for the valuable advice and guidance given by him during his tenure as a Director with the Company.

Particulars of employees

The statement relating to the particulars of

employees of the Company, in terms of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this report.

Particulars under section 217 (1) (e) of the Companies Act, 1956

Particulars under section 217 (1) (e) of the Companies Act, 1956 are given in the statement annexed hereto and forms part of this report.

Auditors

M/s. A. F. Ferguson & Co., Chartered Accountants, the Auditors of the Company would retire at the ensuing Annual General Meeting and are eligible for reappointment.

You are requested to appoint Auditors and to fix their remuneration.

Acknowledgements

The Board wishes to place on record its appreciation and support received from employees. The Board also thanks the Company's customers both in India and abroad, as also its business associates, bankers, financial institutions, dealers and suppliers, for their support.

For and on behalf of the Board

Mumbai
23rd August, 1999

A. D. JOSHI **M. A. BAKRE**
Director Director

INFORMATION AS PER SECTION 217(1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999

I) CONSERVATION OF ENERGY

a) Energy Conservation measures taken :

The Company continued with its efforts, for the savings in the areas of fuel oil consumption. Especially in glass smelter, the operation temperature had been brought down to optimum level and the fuel oil and LPG consumption was also brought down.

Waste heat energy from furnace fuel gas is effectively utilised to convert the energy into steam and the same being used in vapour absorption chilling plant for use in air conditioning of the plant.

b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy.
NIL.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The adoption of energy conservation measures indicated above have resulted in reducing the power and fuel consumption per kg of production and its awareness among employees.

d) Total energy consumption per unit of production as per Form - A of the Annexure of the Rules.

**A) POWER AND FUEL CONSUMPTION
GLASS FIBRE PRODUCTS**

1 ELECTRICITY

a) Purchased

Units

Total Amount

Rate/unit

b) Own generation

Through own generator units

Units

Units per litre of diesel oil

Cost/unit

2 Coal

(Specify quality and area of use)

3 Furnace oil and LSHS

Quantity

Total Cost

Average Rate

4 Gas

Quantity

Total Cost

Average Rate

	1998-99	1997-98
(⁰⁰⁰ KWH)	3552.34	4000.74
(Rs. in Lakhs)	137.11	155.39
(Rs.)	3.86	3.88
(⁰⁰⁰ KWH)	3383.61	6382.22
(KWH)	2.56	3.04
(Rs.)	3.60	2.95
	NIL	NIL
(MTs)	2386.07	3117.08
(Rs. in Lakhs)	175.77	217.43
(Rs. per M.T.)	7366.50	6975.51
(M.T.)	746.79	1197.42
(Rs. in Lakhs)	93.72	170.98
(Rs. per kg)	12.55	14.28

B CONSUMPTION PER UNIT OF PRODUCTION (M.T.)

	Electricity KWH		LSHS and Furnace Oil (kgs)		LP Gas (kgs)	
Glass Fibre Products	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98
	1784	1827	613	549	192	211

II TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form - B of the Annexure to the Rules.

1) Research & Development (R & D)**a) Specific areas in which R & D carried out by the Company :**

- Import substitution of sizing ingredients such as epoxy emulsion and epoxy resin solution for coating glass fibres in order to impart special characteristics such as faster wetout, better fuzz resistance and good chopping / dispersion characteristic etc.
- Development of automated techniques viz., resin transfer moulding process for moulding glass fibre reinforced plastics (FRP components)
- Development of the machines known as RETRAM, stabilisation of its process parameters and tooling expertise.

b) Benefits derived as a result of the above R & D :

- Lower cost of reinforcements
- Lesser dependence of imports
- Faster customer service due to technology absorption

- Higher productivity and consistency in quality
- Broadening of market base by developing new types of reinforcements and new application for glass fibre reinforced plastics

c) Expenditure on R & D

(Rs. in Lakhs)

	Current Year 1998-99	Previous Year 1997-98
1. Capital	0.00	0.34
2. Recurring	44.36	86.55
Total	44.36	86.89
3. Total Turnover	3237.95	4670.31
4. Total R&D expenditure (as percentage of Total Turnover)	1.37	1.86

III. FOREIGN EXCHANGE EARNINGS & OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.

- b) Total foreign exchange earned and used

(Rs. in Lakhs)

	1998-99	1997-98
Foreign exchange earned	92.88	497.92
Foreign exchange used	89.52	261.72

For and on behalf of the Board

Mumbai
23rd August, 1999

A. D. JOSHI **M. A. BAKRE**
Director Director

FGP LIMITED

INFORMATION AS PER SECTION 217 (2-A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDING 31ST MARCH 1999

Sr. No.	Name of the Employee	Age (Yrs)	Date of employment	Qualification	No. of Years of Service	Designation nature of duties	Particulars of last emp. Designation (Period)	Remuneration (Rs.)
A. Employees who were employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 6,00,000/- per annum.								
1	Fernandes D	52	01.07.69	SSC/NCTVJ	30	Jr. Manager (Mech)	Nil	1110183
2	Gopalakrishnan K V	58	01.04.80	B.E. (Mech)	36	President	Orient Carbons Ltd. Superintendent (10 Yrs.)	1019448
3	Joshi H G	45	06.12.82	B. Com. ACA	21	Senior Manager (Finance)	A. F. Ferguson & Co Audit Assistant (5 Yrs)	1188847
4	Katdare S M	35	21.08.84	SSC/NCTVJ/ITES	18	Jr. Manager (Inst)	Chem & Fibres of India Ltd (3 Yrs)	642268
5	Modak S G	47	15.05.70	SSC. GCD, Inter Com	29	Officer (Admin)	NIL	790915
6	Murzelio V P L	44	03.03.80	B. Com	21	Sr. Officer (Accounts)	Sharp & Lannan Associates Audit Semi Senior (2 Yrs.)	608896
7	Niekar P S	47	01.08.72	B.A., LL.B.	27	Officer (Personnel)	Nil	730371
8	Panchal V T	55	06.11.67	Draughtsmanship Mech.	37	Senior manager (Tech. & Serv)	Central Railway Draughtsman (4 Yrs)	1212264
9	Pandit A P	53	01.06.67	SSC, ITI (Elect)	33	Sr. Manager (Maint)	Naval Dockyard Control Fitter (1 Yr)	1222658
10	Parasuraman C	49	18.07.73	B.A. (Spl)	29	Sr. Officer (Acct.)	Handloom House Sr. Assistant (Steno) (3 Yrs)	740427
11	Paripatyadar D	40	03.05.82	Sr. B.Sc.	18	Sr. Manager (Prodn)	Alfa Beta Chemicals P. Ltd. Shift Chemist (1 Yrs)	868095
12	Patel A M	45	01.02.80	B. Com. LL.B.	19	Jr. Manager (Secr & Legal)	Nil	667777
13	Patil J. M.	48	23.03.87	B.A. ML W&R IST LL.B.	23	Senior Manager (P&A)	U. S. Vitamins (I) Ltd. Indl. Relations Manager (3 Yrs)	615007
14	Shete K C	50	25.03.74	LEE (Power)	28	Works Manager	Fabrica Polyyarn Production incharge (3 Yrs)	749986
B. Employees who were employed for a part of the year and were in receipt of remuneration in aggregate of not less than Rs. 50,000/- per month								
1	Jayakumar Y J	59	01.11.68	B. Sc.	37	Senior Manager (Regn. Sales)	The Bombay Co. P. Ltd. Sales Representative (6 Yrs)	154990
2	Kashyap D H	51	01.07.81	M. Tech (Chem)	27	Vice President (Mfg)	U. P. Twiga Fibreglass Ltd. Prodt. Manager (2 yr)	674712
3	Sundar Rao V	52	04.07.94	B.Sc. M.A. (SW) BG.L.	28	General Manager (HR)	Mangalore Chem & Ferts Ltd. Vice President P&A & HRD (3 Yrs)	632326
4	Sundaram S	48	08.08.79	M. Tech (Polymer Tech.)	25	Vice President (Mktg)	Shaw Wallace Ltd. Sr. Executive (R&D) (5 Yrs)	647608

- Notes: 1. Remuneration includes salary, allowances, bonus, house rent allowance/expenditure incurred in providing rent free accommodation, Company's contribution to provident and superannuation funds, gratuity, leave travel facility, medical benefits, group insurance premium, voluntary separation, taxable value of perquisites in accordance with the Company's Rules.
2. The nature of employment in all cases is contractual. Other terms and conditions are as per Company's rules.
3. None of the employees is a relative of any Director of the Company.

For and on behalf of the Board

Mumbai
23rd August, 1999

A. D. JOSHI **M. A. BAKRE**
Director Director