

# 40<sup>th</sup> ANNUAL REPORT 2001-2002



**FGP LIMITED**

**Directors**

M. A. Bakre  
Dr. K. K. Sharma  
A. S. Jatkari  
T. M. Elavia  
P. F. Simms

**Manager**

K.C. Shete

**Registered Office**

9, Wallace Street  
Fort, Mumbai 400 001.

**Solicitors & Advocates**

Crawford Bayley & Co.

**Auditors**

A.F.Ferguson & Co.

**Banks**

ICICI Bank Ltd.  
Standard Chartered Grindlays Bank Ltd.

**Registrars & Transfer Agents**

Sharepro Services  
Satam Estate, 3<sup>rd</sup> Floor  
Cardinal Gracious Road  
Opp. Hindustan Lever Research Centre  
Chakala, Andheri (East), Mumbai 400 099.

## NOTICE

Notice is hereby given that the Fortieth Annual General Meeting of the members of FGP Limited will be held at Sasmira, Sasmira Marg, Worli, Mumbai 400 025 on Monday, September 30, 2002 at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2002 and the Profit and Loss Account for the financial year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. T.M. Elavia who retires by rotation and being eligible, has offered himself for re-appointment.
3. 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 M/s. 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 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."

4. To appoint a director in place of Mr. Anand S. Jatkar, who was appointed as an Additional Director of the Company with

effect from July 31, 2002 by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.

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 Sections 198, 269, and 387 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, including any Statutory modification or re-enactment thereof, for the time being in force, the Company hereby approves the re-appointment of Mr. Kishore C. Shete as Manager of the Company for a period of two years with effect from January 28, 2002 on the terms and conditions and remuneration (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) as set out in the explanatory statement which statement be and it is hereby specifically approved.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary any of the terms of remuneration in consultation with the Manager provided such variation is in accordance with the provisions and subject to compliance of conditions in Section II of part II of Schedule XIII of the Companies Act, 1956 and/ or the provisions of law as may be applicable thereto from time to time.

AND RESOLVED further that the Board of Directors be and is hereby authorised to take all such steps as may be necessary or desirable to give effect to this resolution".

**NOTES:**

1. The relative explanatory statement under Section 173 of the Companies Act, 1956 in respect of the business at item Nos.3, 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.
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 Friday, September 20, 2002 to Monday, September 30, 2002 (both days inclusive).
5. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed/unpaid for a period of seven years from the date they became due for payment shall be credited to the Investor Education and Protection Fund setup by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the said fund or the Company in respect of individual amounts once credited to the said fund.
6. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services, Satam Estate, 3<sup>rd</sup> Floor, Cardinal Gracious Road, Opp. Hindustan Lever Research Centre, Chakala, Andheri (East), Mumbai 400 099.

Under the Authority of the Board of Directors

**Registered Office:**

9, Wallace Street,  
Fort, Mumbai 400 001

Dated : 31st July, 2002

**K. C. Shete**  
Manager

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**ANNEXURE TO NOTICE****Explanatory Statement under Section 173 of the Companies Act, 1956****ITEM NO. 3:**

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 close to 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.

**ITEM NO. 4:**

Mr. Anand. S. Jatkar was appointed as Additional Director of the Company by the Board of Directors on July 31, 2002. By virtue of Section 260 of the Companies Act, 1956, and Article 89 of the Articles of Association of the Company, Mr. Anand S. Jatkar will hold office only upto the date of this Annual General Meeting. Under Section 257 of the Companies Act, 1956 notice has been received alongwith the requisite deposit from a member proposing his candidature for the office of Director, and accordingly Mr. Anand S. Jatkar has offered himself for appointment.

The Board commends your approval to the said appointment.

None of the Directors of the company except Mr. Anand S. Jatkar is concerned or interested in the said appointment.

**ITEM NO. 5:**

Mr. Kishore C. Shete was re-appointed as Manager of the Company for a period of two years with effect from January 28, 2002. The principal terms and conditions of his appointment are as follows:

- a. Basic Salary of Rs. 22,000/- per month.
- b. Special Allowance of Rs. 20,000/- per month.
- c. Perquisites : In addition to the above salary and special allowance the Manager shall be entitled to the following perquisites.
  - (i) House Rent Allowance at the rate of 60% of the basic salary.
  - (ii) Reimbursement of Medical Expenses incurred for self and family subject to a maximum of one month's basic salary per annum and Hospitalisation benefit as per the Company's scheme.
  - (iii) Leave Travel Concession once in a year in accordance with the rules of the Company.
  - (iv) Personal Accident Group Insurance policy in accordance with the rules of the Company.
  - (v) Company's car and allowance for driver as per the rules of the Company.
  - (vi) Telephone at the residence.

The remuneration will be subject to deduction of tax as per prevailing Income tax Act, 1961 and rules made thereunder.

Where in any financial year during the currency of the tenure of the Manager, the Company has made no profits or its profits are inadequate, the Company shall pay to the Manager, the above Salary and perquisites not exceeding the ceiling limits as may be prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 from time to time subject to compliance of conditions as may be prescribed from time to time as Minimum Remuneration.

- d. The Manager shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified herein above:

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- ii) Gratuity payable at the rate not exceeding half a month's basic Salary for each completed year of service.
- iii) Earned privilege Leave at the rate of one month per annum of service. The Manager shall be entitled to encash Earned Privilege Leave on retirement subject to a maximum of 90 days.

The Board commends the approval by the members of the re-appointment of Manager and payment of remuneration to him.

Under the Authority of the Board of Directors

**Registered Office :**  
9, Wallace Street,  
Fort,  
Mumbai 400 001

Dated: 31<sup>st</sup> July, 2002

**K. C. Shete**  
Manager

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## DIRECTORS' REPORT

The Directors have pleasure in presenting the Fortieth Annual Report together with the Statement of Accounts for the financial year ended March 31, 2002.

### FINANCIAL RESULTS :

	(Rs. in lakhs)	
	2001-2002	2000-2001
Gross Profit/(Loss)	338.12	(5.51)
Less : Provision for		
Depreciation	22.44	10.53
Profit/(loss) before Tax	315.68	(16.04)
Less: Taxation adjustment	1.24	0.00
in respect of earlier year		
Profit/(Loss) after Tax	314.44	(16.04)
Add : Balance brought		
forward from previous year	(2522.93)	(2506.89)
Profit/(loss) carried to	(2208.49)	(2522.93)
Balance sheet		

### DIVIDEND :

In the absence of distributable profit, the Directors regret their inability to recommend dividend.

### OPERATIONS :

During the year under review, the downturn in industrial and economic activity adversely affected the Business Centre revenue. The Company could not get the full occupancy for its Business Centre and could earn Rs. 36.17 Lacs towards service charges. Looking at the signs of economic revival, it is expected that the occupancy rate will be better than last year and in any case, the Company will strive to get optimum occupancy during the current year.

As per the disposal plan for Thane land/development rights, Company has been successful in meeting the schedule and completed the first phase realising Rs.403.65 lacs. The second phase is expected to be concluded in the current year.

### DEPOSITS :

The Company has repaid deposits amounting to Rs. 30,000/- during the year and the balance amount of Rs. 2,07,000/- was outstanding as on 31st March, 2002.

### LISTING:

The Equity Shares of the Company are listed at Mumbai and Hyderabad Stock Exchanges. The company has paid the Annual Listing Fees to the said Stock Exchanges for the year 2002-2003.

### DIRECTORS :

Mr. T. M. Elavia would retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. A. S. Jatkar was appointed Additional Director of the Company by the Board of Directors with effect from July 31, 2002. By virtue of Section 260 of the Companies Act, 1956 he would hold office only upto the date of the ensuing Annual General Meeting and is eligible for appointment.

Mr. M. M. Sabharwal resigned as Director of the Company with effect from October 09, 2001 and Mr. M. G. Ramkrishna resigned as Director of the Company with effect from July 18, 2002. The Board places on record its appreciation of the valuable advice and guidance given by them during their tenure as Directors of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As specifically required under the Companies Act, 1956, your Directors state :

- i that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii that such accounting policies have been selected which have been applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at the end of the financial year ended 31<sup>st</sup> March, 2002 and of the Profit and Loss Account for the said financial year, i.e. April 1, 2001 to March 31, 2002;
- iii that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken;
- iv that the Annual Accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE :**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion & Analysis and on Corporate Governance alongwith a certificate from the Auditors form part of this Annual Report.

**PARTICULARS OF EMPLOYEES:**

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 :**

During the year, the Company had strict control on wasteful electrical consumption. Lights and power were switched off whenever not necessary.

Foreign Exchange Earnings : Rs. NIL

Foreign Exchange Outgo : Rs. NIL

**AUDITORS:**

M/s. A. F. Ferguson & Co., Chartered Accountants, the Auditors of the company would retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

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

The Board is of the view that though the Company does not have a formal internal audit system, the internal control systems are commensurate with the size and nature of its business.

**ACKNOWLEDGEMENT:**

The Board wishes to thank the employees, banks and shareholders for their continued support and for the faith they have reposed in FGP.

For and on behalf of the Board of Directors.

Mumbai.  
Date: 31st July, 2002

**T.M.Elavia**  
Director

**Dr. K.K.Sharma**  
Director



## **MANAGEMENT DISCUSSION AND ANALYSIS:**

This Report is in compliance with Para V of Clause 49 of the Listing Agreement with the Stock Exchanges, titled "Corporate Governance", which is required to be part of this Annual report to the Shareholders.

## **INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Your Company is now focussed on the activity of catering to the requirement of business/office space with proper business environment and infrastructure. The requirement for more business space heavily depends on the expansion and growth of the industry in general. Year 2001-02 was a major setback to all industrial and economical activities due to September 11 and December 13 events. Your company was not an exception to these events. The occupancy rate was not upto its optimum capacity due to the events beyond company's control.

## **OPPORTUNITIES AND THREATS:**

Your Company's Business Centre is strategically located in Fort area of Mumbai. Compared to business and financial activities in this area, there is very little scope for corporates to expand

their office area. This limitation on further expansion for the corporate world is an opportunity for your Company to offer its business centre facility. The major threat to grow and achieve the target of optimum occupancy is only the competition from smaller centres that could be set up in such localities.

## **OUTLOOK:**

Considering the overall cautious approach of the Corporate World towards economic recovery, it is expected that your Company is positioning itself to take advantage of the emerging situations.

## **RISKS AND CONCERNS:**

There are no risks or concerns other than those, which are peculiar to your Company's business activity.

## **INTERNAL CONTROL SYSTEMS AND ADEQUACY:**

The Company has established a well-defined internal control system to monitor the occupancy rate and operating cost, which are very critical factors from your Company's performance point of view. Any kind of adverse factors are immediately reported to Board for their analysis and necessary action.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

Company has taken necessary measures to control the operating cost and judiciously utilise its funds by temporarily investing in mutual funds/ fixed deposits with banks whenever a possibility of excess funds arises.

**HUMAN RESOURCES:**

Your Company recognises the value of human resource, which plays a vital role in overall performance of the company. To reduce the fixed costs, barring important functions, for all routine jobs, your company has gone for outsourcing to cater to its requirement.

**CAUTIONARY STATEMENT :**

As stated in the beginning, this Report to the Shareholders is, in compliance with the Corporate Governance Standard incorporated in the Listing Agreement with the Stock Exchanges and as such cannot be construed as holding out for any forecasts, projections, expectations, invitations, offers etc. within the meaning of applicable securities, laws and regulations. This Report basically seeks to furnish information, as laid down within the different headings provided under the sub-head Management Discussions and Analysis to meet the Listing Agreement requirements.