

# **FGP LIMITED**

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## **41<sup>ST</sup> ANNUAL REPORT**

### **2002-2003**

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*Directors*

**M. A. Bakre**  
**Dr. K. K. Sharma**  
**A. S. Jatkar**  
**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 Bank Ltd.**

*Registrars & Transfer Agents*

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

## NOTICE

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Notice is hereby given that the Forty First Annual General Meeting of the members of FGP Limited will be held at Sasmira, Sasmira Marg, Worli, Mumbai 400 025 on Monday, September 29, 2003 at 11.00 a.m. to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2003 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. P. F. Simms who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. M. A. Bakre who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to the Board to delist the Company's Equity Shares from the Stock Exchange, Hyderabad without giving an exit option to the shareholders of the region where the aforesaid Stock Exchange is situated and on the terms and conditions as may be stipulated and mutually agreed to in the best interests of the Company, after taking into account various factors such as, but not limited to the incidence, impact or burden of the cost of listing fees payable to the Stock Exchange and the volume of trading on the relevant Stock Exchange."

**NOTES :**

1. The relative explanatory statement under Section 173 of the Companies Act, 1956 in respect of the business at item No. 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 Tuesday, 23rd September, 2003 to Monday, 29th September, 2003 (both days inclusive).
5. Members are requested to note that pursuant to the provisions of Section 205A of the Companies Act, 1956 the amount of 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 not yet encashed their dividend warrants for the financial year ended 31st March 1996 onwards are requested to make claim with the Company as no claim shall lie against the 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, 3rd floor, Cardinal Gracious Road, Opp. Hindustan Lever Research Centre, Chakala, Andheri (East), Mumbai 400 099.

**Registered Office :**

9, Wallace Street,  
Fort, Mumbai 400 001.

Date : August 01, 2003

Under the Authority of the Board of Directors

**K.C.Shete**  
Manager

**ANNEXURE TO NOTICE****Explanatory Statement under Section 173(2)  
of the Companies Act, 1956****ITEM NO. 5:**

Presently the company's Equity Shares are listed on the Stock Exchanges at Mumbai and Hyderabad.

With the wide and extensive networking of the BSE, the investors have access to online dealings in the Company's Equity Shares across the country. Moreover, the Company's Equity Shares are one of the scrips which Securities and Exchange Board of India (hereinafter referred to as "SEBI") has specified for settlement only in demat form by all investors.

The trading of the Company's Equity Shares on the Stock Exchange at Hyderabad (hereinafter referred to as "the said Stock Exchange") is negligible. The annual recurring listing fees paid to the said Stock Exchange, do not now offer commensurate benefits to the Company's/ its investors. In the changed scenario of the nationwide trading terminals set up by the BSE, the continued listing on the said Stock Exchange is not considered necessary. It would further contribute to reduction in administrative costs/efforts of the Company. Therefore, the Board of Directors, at its meeting held on August 01, 2003 has decided to apply for the voluntary delisting of the Company's Equity Shares from the said Stock Exchange.

The proposed voluntary delisting of the Company's Equity Shares from the said Stock Exchange will not adversely affect the interest of any investors including that of the Members located in the region where the said Stock Exchange is situated. Pursuant to the SEBI (Delisting of Securities) Guidelines 2003, it is now proposed to seek the Members' approval by way of a Special Resolution for the voluntary delisting of the Company's Equity Shares from the said Stock Exchange as set out in the Resolution in terms of the said guidelines. As the Company's Equity Shares shall continue to remain listed on the BSE, no Exit Option is required to be offered to the shareholders, of the region where the said Stock Exchange is situated.

The proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by the Members.

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

Under the Authority of the Board of Directors

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

Date : August 01, 2003

**K.C.Shete**  
Manager

## DIRECTORS' REPORT

The Directors have pleasure in presenting the Forty-first Annual Report together with the Statement of Accounts for the year ended March 31, 2003.

## FINANCIAL RESULTS :

	(Rs. in lakhs)	
	2002-2003	2001-2002
Gross Profit/(Loss)	175.80	338.12
Less : Provision for Depreciation	28.61	22.44
Profit/ (Loss) before Tax	147.19	315.68
Less: Provision for taxation	30.00	0.00
Taxation adjustment in respect of earlier year	0.00	1.24
Profit/(Loss) after Tax	117.19	314.44
Add : Balance brought forward from previous year	(2208.49)	(2522.93)
Profit/(Loss) carried to Balance sheet	<u>(2091.30)</u>	<u>(2208.49)</u>

## DIVIDEND :

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

## OPERATIONS :

During the year under review, the Company managed to get better occupancy for its business centre and earned Rs.62.77 lakhs as compared to last year's income of Rs. 36.17 lakhs towards service charges. It is expected that the occupancy rate for the current year would also be more or less on the same level and Company would definitely strive to get the optimum occupancy for the current year.

The Company was successful in completing the second phase of the disposal of development rights of its Thane land. The Company realised Rs. 444.54 lakhs towards the sale proceeds during the year.

## DEPOSITS :

The Company has repaid deposits amounting to Rs. 7,000/- during the year and after transferring Rs. 1,45,000/- to the Investors' Education and Protection Fund the balance amount of Rs. 55,000/- was outstanding as on 31st March, 2003.

## LISTING :

The Equity Shares of the Company are listed at Mumbai and Hyderabad Stock Exchanges. The company has paid the Annual Listing Fees to them for the year 2003- 2004.

## DIRECTORS :

Mr. P. F. Simms and Mr. M. A. Bakre would retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT:

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 31st March, 2003 and of the Profit and Loss Account for the said financial year, i.e. April 1, 2002 to March 31, 2003;
- 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 required.

Foreign Exchange Earnings : Rs. NIL

Foreign Exchange Outgo : Rs. NIL

### **DELISTING OF SHARES :**

The equity shares of the Company are, at present listed on the Stock Exchanges at Mumbai and Hyderabad. The shares of the Company are compulsorily traded in dematerialized form.

The attention of the members is drawn to item no. 5 of the Notice of the Annual General Meeting and the Explanatory Statement attached thereto, whereby the Company proposes to delist its Equity Shares from the Stock Exchange, Hyderabad. With the wide and extensive networking of centers of the

BSE, the investors have access to online dealings in the Company's shares across the country. The trading volumes of the Company's equity shares on the Hyderabad Stock Exchange are negligible.

The Board of Directors has, therefore decided to apply for the voluntary delisting under SEBI (Delisting of Securities), Guidelines, 2003, of the Company's equity shares from the Stock Exchange, Hyderabad. Since the equity shares are continued to be listed on the Stock Exchange, Mumbai no exit option is required to be offered to the shareholders of the region where the Stock Exchange, Hyderabad is situated. The delisting of the Company's equity shares from the Stock Exchange, Hyderabad will not adversely affect the interest of any investors including that of the members of the Company located in the region of Hyderabad.

### **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 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 : August 01, 2003

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

**T.M.Elavia**  
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 belongs to Service Industry 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. Considering the positive trends in the economy, it is expected that requirement for office space by the Corporate Sector will be promising in future. As compared to year 2001-02, the current year has shown some improvement in its business operations, reporting income of Rs. 62.77 Lakhs as compared to Rs. 36.17 Lakhs reported last year.

**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 sector 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 preference of corporate sector to move into suburbs with larger office space.

**OUTLOOK :**

Looking at the positive indications of economic recovery, outlook for your Company is encouraging.

**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 making temporary investments 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. Your Company continues with the policy of outsourcing for all routine jobs to reduce the fixed costs.

**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.



## REPORT ON CORPORATE GOVERNANCE :

(Pursuant to clause 49 of the Listing Agreements)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is to protect the long-term interest of the shareholders while

respecting interest of other stakeholders and society at large.

The Company is committed to good corporate governance and transparency in its dealings and lays emphasis on integrity and regulatory compliance.

### 2. BOARD OF DIRECTORS

The present strength of Board of Directors of your Company is five Directors.

Composition and category of Directors is as follows:

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including private companies in India	No. of Committees in which Chairman/Member (other than FGP Limited)	
					Member	Chairman
Mr. M. A. Bakre	**I & N.E.D.	5	No	2	3	2
Dr. K. K. Sharma	**I & N.E.D.	4	Yes	6	3	2
Mr. T. M. Elavia	**I & N.E.D.	4	Yes	10	4	Nil
Mr. P. F. Simms	**I & N.E.D.	Nil	No	Nil	Nil	Nil
Mr. A. S. Jatkar#	**I & N.E.D.	4	Yes	9	1	Nil
Mr. M.G. Ramkrishna#	**I & N.E.D.	1	N.A.	N. A.	N. A.	N. A.

# Mr. M. G. Ramkrishna resigned on July 18, 2002. Mr. A. S. Jatkar was appointed as Additional Director on July 31, 2002 and was subsequently appointed as a Director of the Company on 30 th September, 2002.

\*\* I & N.E.D. - Independent & Non-Executive Director.

No. of Board Meetings held and the dates on which held :

Five Board Meetings were held during the year 2002- 2003. The dates on which the

said meetings were held are as follows :

29.04.2002, 31.07.2002, 30.10.2002, 27.11.2002 and 30.01.2003.

Information required under clause 49 VI A of the Listing Agreement:

The particulars of Directors who are proposed to be appointed/re-appointed at this Annual General Meeting, are given below, as required pursuant to clause 49 of the Listing Agreement:

## 1) Name : Mr. P. F. Simms

- Qualifications :  
Lib (Law Degree)
- Expertise :  
Wide experience in legal field. He is a CEO of CitiLegal Consultants Limited and holding directorship on the London based companies.
- Other Directorships :  
Nil
- Other Memberships of Committees :  
Nil

In 1966 at the age of 33, joined Board of Duncan Brothers & Co., and successfully negotiated with Lord Verulam of Enfield, U.K. and E.H. Michaelsen, President Phelps Dodge, U.S., takeover of Asian Cables Limited and subsequently, shifted to Mumbai as Director in-charge of Mumbai Operations with seats on the Boards of Asian Cables Limited, N.S. Duncan, S.S. Duncan and Murphy India Limited. He was the Chairman of RPG Cables Limited (formerly Asian Cables Limited) for 22 years from 1972-1994.

## 2) Name : Mr. M. A. Bakre

- Qualifications :  
Honours Degree in B. A. Politics and Economics. Awarded the James Taylor Prize for Economics, the P. A. Wadia Scholarship for Political Science, M. A. with Economics from Cambridge University and Diploma with Distinction for proficiency in French from Geneva University.

- Expertise :

At the age of 21 joined London Office of Calcutta's 100 year old Managing Agency House of Duncan Brothers Company Ltd. During 1955-56, he spent one year in Tea in Dooars, West Bengal and 10 years with Anglo-India, World's largest Jute Mills Company. He was the Head of the Company since 1963.

In 1959, helped in establishing India's first wool Combing plant in Calcutta in collaboration with Holdens of Bradford and Dublin.

For 8 years from 1973-1981, he was a Director of Maharashtra State Finance Corporation at Mumbai.

- Other Directorships :  
- Ceat Ltd.  
- Gareware Wall Ropes Ltd.
- Other Memberships of Committees :  
- Ceat Ltd.  
- Gareware Wall Ropes Ltd.

### 3. AUDIT COMMITTEE

The Audit Committee comprised solely of Independent & Non-Executive Directors. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956.

Four meetings of the Committee were held during the year, 2002-2003. The dates on which the meetings were held are as follows:

29.04.2002, 31.07.2002, 30.10.2002  
and 30.01.2003.