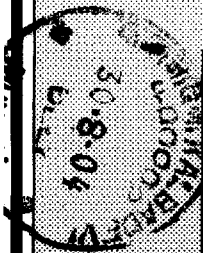


FGP LIMITED

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**42ND ANNUAL REPORT
2003-2004**



Directors

**M. A. Bakre
Mahesh S. Gupta
T. M. Elavia
Farid Kazani
P. F. Simms**

Manager

K. C. Shete

Registered Office

**9, Wallace Street,
Fort, Mumbai 400 001.**

Solicitors & Advocates

**Crawford Bayley & Co.
Desai & Chinoy.**

Auditors

A. F. Ferguson & Co.

Bankers

**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.**

Index

| Sr. No. | Description | Page No. |
|--------------------|------------------------------------|---------------------|
| 1 | Notice | 1 |
| 2 | Directors' Report | 5 |
| 3 | Management Discussion and Analysis | 7 |
| 4 | Report on Corporate Governance | 8 |
| 5 | Auditors' Report | 15 |
| 6 | Financial Statements | 19 |
| 7 | Cash Flow Statement | 32 |
| 8 | Balance Sheet Abstract | 34 |

NOTICE

Notice is hereby given that the Forty-second Annual General Meeting of the members of FGP Limited will be held at Sasmira, Sasmira Marg, Worli, Mumbai 400 030 on Thursday, September 23, 2004 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, 2004 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. T. M. Elavia who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To appoint a Director in place of Mr. Farid Kazani, who was appointed as a Director with effect from October 30, 2003 in the casual vacancy caused by the resignation of Dr. K. K. Sharma as a Director of the Company and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 262 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 appoint a Director in place of Mr. Mahesh S. Gupta, who was appointed as an Additional Director of the Company with effect from May 1, 2004 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.

6. 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, 309, 387 and other applicable provisions read with Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force, the Company in general meeting hereby approves the reappointment of Mr. Kishore C. Shete as a Manager of the Company from January 28, 2004 to January 31, 2006 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.

FURTHER RESOLVED 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 in 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.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized 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. 4 to 6 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 Thursday, September 16, 2004 to Thursday, September 23, 2004 (both days inclusive).
5. 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.
6. 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 of transfer of such dividend to unpaid dividend account 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 March 31, 1997 are requested to make claim with the Company as no claim shall thereafter lie against the fund or the Company.

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

Date : June 28, 2004

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. 4 :

Mr. Farid Kazani was appointed as a Director with effect from October 30, 2003 in the casual vacancy caused by the resignation of Dr. K. K. Sharma as a Director of the Company. By virtue of Section 262 of the Companies Act, 1956, Mr. Farid Kazani will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the Company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment.

None of the Directors of the company except Mr. Farid Kazani is concerned or interested in the resolution for his appointment as Director of the Company.

ITEM NO. 5 :

Mr. Mahesh S. Gupta was appointed as an Additional Director of the Company by the Board of Directors effective from May 01, 2004. By virtue of Section 260 of the Companies Act, 1956, Mr. Mahesh S. Gupta will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the Company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment.

None of the Directors of the company except Mr. Mahesh S. Gupta is concerned or interested in the resolution for his appointment as Director of the Company.

ITEM NO. 6 :

Mr. Kishore C. Shete was re-appointed by the Board of Directors as a Manager of the Company from January 28, 2004 to January 31, 2006. The principal terms and conditions of his appointment are as follows :

- a. Basic Salary of Rs. 22,000/- per month from January 28, 2004 to March 31, 2004 and Rs. 25,000/- per month from April 1, 2004 to January 31, 2006.
- 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 prescribed in Schedule XIII of the Companies Act, 1956 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 Salary for each completed year of service.
- (iii) Earned privilege Leave at the rate of one month's leave per year 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 appointment of Manager and payment of remuneration to him.

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

Date : June 28, 2004

Under the Authority of the Board of Directors

K.C.Shete
Manager

DIRECTORS' REPORT

The Directors have pleasure in presenting the Forty-second Annual Report together with the Statement of Accounts for the year ended March 31, 2004 :

FINANCIAL RESULTS :

(Rs. in lakhs)

| | 2003-2004 | 2002-2003 |
|--|------------------|------------------|
| Gross Profit/(Loss) | 253.97 | 175.80 |
| Less : Depreciation | 21.16 | 28.61 |
| Profit/ (Loss) before Tax | 232.81 | 147.19 |
| Less: Provision for taxation | 35.00 | 30.00 |
| Taxation adjustment in respect of earlier year | 0.73 | 0.00 |
| Profit/(Loss) after Tax | 197.08 | 117.19 |
| Add : Balance brought forward from previous year | (2091.30) | (2208.49) |
| Profit/(Loss) carried to Balance sheet | <u>(1894.22)</u> | <u>(2091.30)</u> |

DIVIDEND :

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

OPERATIONS :

During the year under review, the Company earned income of Rs. 34.39 Lakhs from business centre activity towards service charges. For various reasons, the business centre activity has not picked up in India which has affected the operations of the Company. But the Company would continue to strive for better occupancy rate in the current year.

The Company has completed the final phase of the disposal of development rights of its Thane land. The company realised Rs. 790.08 Lakhs towards the sale proceeds during the year.

DEPOSITS :

During the year, the Company transferred the unclaimed fixed deposit of Rs. 5,000/- to the Investor Education and Protection Fund. The balance amount of fixed deposits of Rs. 50,000/- was outstanding as on March 31, 2004.

LISTING :

The Equity Shares of the Company were delisted from the Hyderabad Stock Exchange with effect from January 05, 2004. The Equity Shares of the Company continue to be listed at the Stock Exchange, Mumbai. The company has paid the Annual Listing Fees to the Stock Exchange, Mumbai for the year 2004-2005.

DIRECTORS :

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

Dr. K. K. Sharma resigned as a Director of the Company with effect from September 26, 2003 and Mr. A. S. Jatkar resigned as a Director of the Company with effect from April 30, 2004. The Board places on record its appreciation of the valuable advice and guidance given by them during the tenure of their Directorship with the Company.

Mr. Farid Kazani was appointed as a Director on October 30, 2003 in the casual vacancy caused by the resignation of Dr. K. K. Sharma as a Director of the Company. By virtue of Section 262 of the Companies Act, 1956, Mr. Farid Kazani will hold office upto the date of the ensuing Annual General Meeting and is eligible for appointment.

Mr. Mahesh S. Gupta was appointed as an Additional Director with effect from May 01, 2004. By virtue of Section 260 of the Companies Act, 1956, he would hold office upto the date of the ensuing Annual General Meeting and is eligible for appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) 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 for the financial year ended March 31, 2004 and of the Profit made for the said financial year, i.e. April 1, 2003 to March 31, 2004;
- (iii) proper and sufficient care for the maintenance of adequate accounting records have been taken 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.
- (iv) the Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE :

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

Mumbai.

Date : June 28, 2004

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

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.

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 and shareholders for their continued support and for the faith they have reposed in FGP.

For and on behalf of the Board of Directors

Mahesh S. Gupta
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 Exchange, titled "Corporate Governance", which is required to be part of this Annual report to the Shareholders.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The main activity of the Company after discontinuing business of Glass Fibres (including Glass Wool) is business centre activity. Considering the positive trends in the economy, it was expected that requirement for office space by the Corporate Sector will be promising in future which will give boost to the Company's activity. Even though, world wide, this activity is widely used by the business enterprises, the concept has not picked up same way in India. The reasons behind this are two folds. One of them is, corporates prefer to have their own business place and other is the increase in the office space availability throughout the city. Because of these phenomena, as compared to year 2002-03, the current year has shown operating income of Rs. 34.39 Lakhs as compared to Rs.62.77 Lakhs reported last year.

During the year under review, the Company has completed the final leg of sale of development rights pertaining to its Thane property for Rs.790.08 Lakhs.

OPPORTUNITIES AND THREATS:

Your Company's Business Centre is strategically located in Fort area of Mumbai. As there is a limitation for expansion of the office space by corporates in that area, there is an opportunity for your Company to offer its business Centre facility.

On the other hand, there is a preference by various corporates to shift their base to suburbs where there is greater scope to have a larger area keeping in mind their growth prospects and the springing up of major large and modern commercial complexes in the suburbs of Mumbai city.

OUTLOOK:

Looking at the above mentioned facts, the future prospects for the business centre activity are moderate.

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 the 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 Exchange 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 Discussion and Analysis to meet the Listing Agreement requirements.