

FGP LIMITED

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**43RD ANNUAL REPORT
2004-2005**

Directors

M. A. Bakre
T. M. Elavia
Vimal Kejriwal
P. F. Simms
R. Jhunjhunwala
(Alternate Director to 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.

Registrars & Transfer Agents

Sharepro Services (India) Pvt. Ltd.
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099.

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NOTICE

Notice is hereby given that the Forty third Annual General Meeting of the members of FGP Limited will be held at Sasmira, Sasmira Marg, Worli, Mumbai 400 030 on Wednesday, September 21, 2005 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, 2005 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 reappointment.
3. To appoint Auditors and to fix their remuneration.

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

Date : June 28, 2005

NOTES

1. 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.

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.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 14, 2005 to Wednesday, September 21, 2005 (both days inclusive).
3. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd. Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099.

Under the Authority of the Board of Directors

K. C. Shete
Manager

DIRECTORS' REPORT

The Directors have pleasure in presenting the Forty third Annual Report together with the Statement of Accounts for the year ended March 31, 2005 :

FINANCIAL RESULTS :

(Rs. in lakhs)

	2004-2005	2003-2004
Gross Profit/(Loss)	360.34	253.97
Less : Depreciation	7.88	21.16
Profit/ (Loss) before Tax	352.46	232.81
Less: Provision for taxation	25.00	35.00
Taxation adjustment in respect of earlier year	0.10	0.73
Profit/(Loss) after Tax	327.36	197.08
Add : Balance brought forward from previous year	(1894.22)	(2091.30)
Profit/(Loss) carried to Balance sheet	(1566.86)	(1894.22)

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. 10.14 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 disposal of development rights of its Thane land. The company realised Rs. 359.44 lakhs towards the sale proceeds during the year.

DEPOSITS :

The balance amount of fixed deposits of Rs. 50,000/- was outstanding as on March 31, 2005. Out of the above, the unclaimed Fixed Deposit of Rs. 23,000/- was transferred to Investor Education and Protection Fund after the end of the financial year.

LISTING :

The Equity Shares of the Company are listed at the Stock Exchange, Mumbai. The company has paid the Annual Listing Fees to the Stock Exchange, Mumbai for the year 2005-2006.

DIRECTORS :

Mr. P. F. Simms would retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr. Rabindranath Jhunhunwala was appointed as an Alternate Director to Mr. P.F. Simms on October 28, 2004.

Mr. Mahesh Gupta resigned as Director of the Company with effect from May 3, 2005 and Mr. Farid Kazani resigned as Director of the Company with effect from June 28, 2005. 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. Vimal Kejriwal was appointed as a Director on June 28, 2005 in the casual vacancy caused by the resignation of Mr. Mahesh Gupta as a Director of the Company.

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, 2005 and of the Profit made for the said financial year, i.e. April 1, 2004 to March 31, 2005;
- (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.

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 expenditure.

Foreign Exchange Earnings	: Rs. NIL
Foreign Exchange Outgo	: Rs. NIL

SUBSIDIARY COMPANY :

RPG Itochu Finance Limited became a subsidiary of the Company with effect from 27.11.2004.

The consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India. The consolidated profit before tax for the year 2004-05 was Rs. 351.26 lakhs and the profit after tax was Rs. 326.16 lakhs. Since RPG Itochu Finance Limited became a subsidiary on 27.11.2004, the comparative figures of the previous year are not given.

On an application made by the Company under Section 212(8) of the Companies Act, 1956, the Central Government vide its letter dated June 3, 2005 exempted the Company from attaching a copy of the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report of the Subsidiary Company and other documents required to be attached under Section 212(1) of the Act to the Balance Sheet of the Company. Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiary Company is contained in the Report. The Annual Accounts of the subsidiary company are open for inspection by any member/ investor and

the Company will make available these documents/ details upon request by any Member of the Company or to any investor of its subsidiary company who may be interested in obtaining the same. Further, the annual accounts of the subsidiary company will also be kept for inspection by any investor at the Company's Head Office and that of the subsidiary company concerned.

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.

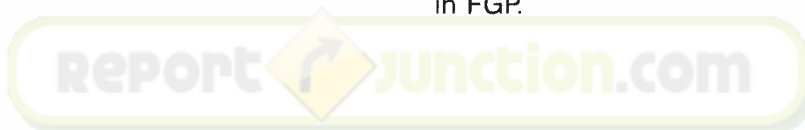
AUDITORS' REPORT

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.

The attention of the Members is invited to the observations made in para 4 of the Auditors' Report dated 28 June 2005 attached to the Balance Sheet and Profit & Loss Account. In this regard, the Directors draw attention to Note 11 in Schedule 11 and accordingly the Directors do not *consider it necessary to make a provision.*

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

Mumbai.

Date : June 28, 2005

T.M.Elavia
Director

Vimal Kejriwal
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. Because of these phenomena, as compared to year 2003-04, the current year has shown some operating income of Rs. 10.14 lakhs as compared to Rs. 34.39 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. 359.44 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. However, some of them would like to keep a suitable establishment in the Fort area, which would be an opportunity to the Company.

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.

Identified as having been approved by
the Board of Directors of FGP Limited

K. C. Shete
Manager

Mumbai - Date : 28th June, 2005

REPORT ON CORPORATE GOVERNANCE :

(Pursuant to clause 49 of the Listing Agreement)

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	4	2
Mr. T. M. Elavia	★★I & N.E.D.	5	Yes	12	4	4
Mr. P. F. Simms	★★I & N.E.D.	Nil	No	Nil	N.A.	N.A.
Mr. Rabindranath Jhunhunwala \$	★★I & N.E.D.	1	N.A.	3	Nil	N.A.
Mr. Mahesh S. Gupta #	★★I & N.E.D.	4	Yes	8	4	1
Mr. Farid Kazani @	★★I & N.E.D.	5	Yes	4	Nil	N.A.
Mr. A.S. Jatkar @	★★I & N.E.D.	1	N.A.	N.A.	N.A.	N.A.
Mr. Vimal Kejriwal ●	★★I & N.E.D.	N.A.	N.A.	Nil	N.A.	N.A.

\$ Mr. Rabindranath Jhunhunwala was appointed as an Alternate Director to Mr. P. F. Simms on 28.10.2004.

Mr. Mahesh Gupta was appointed as Additional Director w.e.f. 01.05.2004 and was appointed as Director in the last Annual General Meeting held on 23.09.2004 and resigned on 03.05.2005.

@ Mr. A. S. Jatkar and Mr. Farid Kazani resigned as Directors on 30.04.2004 and 28.06.2005 respectively.

● Mr. Vimal Kejriwal was appointed as a Director in casual vacancy caused by the

resignation of Mr. Mahesh Gupta with effect from 28.06.2005.

★★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 2004-2005. The dates on which the said meetings were held are as follows

29.04.2004, 28.06.2004, 30.07.2004, 28.10.2004 and 27.01.2005.

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

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

Name : **Mr. P. F. Simms**

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

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 2004-2005. The dates on which the meetings were held are as follows:

28.06.2004, 30.07.2004, 28.10.2004, 27.01.2005

Composition and category of Members is as follows:

Name of Director	Category	No. of Meetings Attended
Mr. T. M. Elavia	Chairman	4
Mr. Farid Kazani #	Member	4
Mr. Mahesh Gupta #	Member	4
Mr. A. S. Jatkar #	Member	N.A.
Mr. Vimal Kejriwal \$	Member	N.A.
Mr. Rabindranath Jhunjhunwala \$	Member	N.A.

Mr. A.S.Jatkar, Mr. Mahesh Gupta and Mr. Farid Kazani resigned on 30.04.2004, 03.05.2005 and 28.06.2005 respectively.

\$ Mr. Vimal Kejriwal and Mr. Rabindranath Jhunjhunwala were appointed as Members of the Committee on 28.06.2005

4. REMUNERATION COMMITTEE

The Remuneration Committee comprised solely of Independent & Non-Executive Directors viz: Mr. T. M. Elavia, Mr. Rabindranath Jhunjhunwala and Mr. Vimal Kejriwal. Mr. T. M. Elavia is the Chairman of the Committee. Mr. A.S.Jatkar, Mr. Mahesh Gupta and Mr. Farid Kazani ceased to be members of the Committee on their resignation as Directors on 30.04.2004, 03.05.2005 and 28.06.2005 respectively. No meeting of the Committee was held during the year.

Since no Director is drawing any remuneration, details of the remuneration paid to the Directors are not given. However, following sitting fees are paid to the Directors for attending meetings of the Board of Directors.

Name of Director	Sitting fees
Mr. M. A. Bakre	10,000
Mr. T. M. Elavia	10,000
Mr. P. F. Simms	Nil
Mr. Rabindra Jhunjhunwala	2,000
Mr. Mahesh Gupta	8,000
Mr. Farid Kazani	10,000
Mr. A. S. Jatkar	2,000
Total	42,000