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# FGP LIMITED



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## 44<sup>TH</sup> ANNUAL REPORT 2005 - 2006



*Directors*

**M. A. Bakre**  
**T.M.Elavia**  
**Vimal Kejriwal**  
**H.N.Singh Rajpoot**  
**P.F.Simms**  
**R.Jhunhunwala**  
(Alternate Director to P.F.Simms)

*Manager*

**Kishore 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 Fourth Annual General Meeting of the members of FGP Limited will be held at Sasmira Hall , Sasmira Marg, Worli, Mumbai 400 030 on Thursday, September 28, 2006 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, 2006 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. A. Bakre 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. H.N.Singh Rajpoot, who was appointed as an Additional Director of the Company with effect from October 27, 2005, 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, 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 Shete as Manager of the Company from February 1, 2006 to March 31, 2008 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 Agreement dated March 14, 2006 entered into between the Company and Mr. Kishore Shete which Agreement be and it is hereby specifically approved.

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized 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."

"FURTHER RESOLVED 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 & 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 22, 2006 to Thursday, September 28, 2006 (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 (India) Private Limited, Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.

### Registered Office:

9, Wallace Street,  
Fort, Mumbai 400 001.

Dated: June 29 , 2006

Under the Authority of the Board of Directors

**Kishore Shete**  
Manager



**ANNEXURE TO NOTICE****Explanatory Statement under Section 173(2) of the Companies Act, 1956****ITEM NO.4 :**

Mr. H.N.Singh Rajpoot was appointed as an Additional Director of the Company by the Board of Directors effective from October 27, 2005. By virtue of Section 260 of the Companies Act, 1956 Mr. H.N.Singh Rajpoot 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 along with 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. H.N.Singh Rajpoot is concerned or interested in the resolution for his appointment as Director of the Company.

**ITEM NO.5:**

Mr. Kishore Shete was re-appointed by the Board of Directors as Manager of the Company from February 1, 2006 to March 31, 2008. The principal terms and conditions of the Agreement dated March 14, 2006 entered into between the Company and Mr. Shete for his appointment as Manager are as follows:

**a. Basic Salary and Special allowance:**

	01.02.2006 to 31.03.2007 (Rs. Per Month)	01.04.2007 to 31.03.2008 (Rs. Per Month)
Basic Salary	27,875	31,080
Special Allowance	22,300	24,865

**Registered Office:**

9, Wallace Street,  
Fort, Mumbai 400 001.

Dated: June 29, 2006

**b. 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 or as may be approved by the Board from time to time.
- (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.
- (vii) Employees Deposit Linked Insurance.
- (viii) 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.
- (ix) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
- (x) 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.

c. The remuneration, as determined aforesaid, from time to time, be paid and the perquisites provided to Mr. Shete, as minimum remuneration, in the event of loss or inadequacy of profit in any year, and the same shall be subject to such limits, as may be prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956, from time to time.

A copy of the Agreement dated March 14, 2006 with Mr. Shete is open for inspection by the members at the Registered Office of the Company on any working day.

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

Under the Authority of the Board of Directors

**Kishore Shete**  
Manager



**DIRECTORS' REPORT**

The Directors have pleasure in presenting the Forty fourth Annual Report together with the Statement of Accounts for the year ended March 31, 2006 :

**FINANCIAL RESULTS:**

(Rs. in lakhs)

	2005-2006	2004- 2005
Gross Profit / (Loss)	3.55	360.34
Less : Depreciation	1.08	7.88
Profit / (loss) before Tax	2.47	352.46
Less: Provision for taxation	-	25.00
Fringe Benefit Tax	0.22	-
Taxation adjustment in respect of earlier year	17.00	0.10
Profit / (Loss) after Tax	19.25	327.36
Add : Balance brought forward from previous year	(1,566.86)	1,894.22
Profit / (loss) carried to Balance sheet	(1,547.61)	(1,566.86)

**DIVIDEND :**

The Directors do not recommend dividend for the year under report.

**OPERATIONS :**

During the year under review, the Company earned income of Rs. 9.05 Lakhs from business centre activity. 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.

**DEPOSITS :**

The balance amount of fixed deposits of Rs.11, 000/- was outstanding as on March 31, 2006.

**LISTING :**

The Equity Shares of the Company are listed at the Bombay Stock Exchange Ltd. The company has paid the Annual Listing Fees to the Stock Exchange, for the year 2006-2007.

**DIRECTORS :**

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

Mr. H. N. Singh Rajpoot was appointed as an Additional Director of the Company with effect from October 27, 2005. He would hold office of Director upto the date of the ensuing Annual General Meeting of the Company 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, 2006 and of the Profit for the said financial year, i.e. April 1, 2005 to March 31, 2006;

- (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 along with a certificate from the Auditors form part of this Annual Report. With reference to the auditors' observations, the Company had laid before the Board the procedure about the risk assessment and minimisation. The implementation of the policy of risk assessment is being monitored by the Board.

#### **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 of the Company and its subsidiary RPG Itochu Finance Limited 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 / (loss) before tax for the year 2005-06 was Rs.(31.62) Lakhs compared to Rs.351.26 Lakhs in the previous year and the profit / (loss) after tax was Rs.(14.84) Lakhs compared to Rs. 326.16 Lakhs in the previous year.

On an application made by the Company under Section 212(8) of the Companies Act, 1956, the Central Government vide its letter dated 14<sup>th</sup> June, 2006 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 Registered 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 :**

Attention of the Members is invited to the observations made in para 4 of the Auditors' Report dated 29th June, 2006, attached to the Balance Sheet and Profit & Loss Account. The investment / loans of Rs. 824.96 Lakhs in aggregate made in its subsidiary and intercorporate deposits of Rs. 27.86 lakhs to a company are of strategic and long term in nature. The Directors are confident of the future business prospects of the subsidiary and also to recover ICDs and do not believe that any provision for the same or interest accrued thereon is considered necessary.

**ACKNOWLEDGEMENT :**

The Board wishes to thank the 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 29, 2006

T.M.Elavia  
Director

H.N.Singh Rajpoot  
Director



**MANAGEMENT DISCUSSION AND ANALYSIS :**

This Report is in compliance with Para IV 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 :**

The main activity of the Company 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 in the same way in India. As compared to year 2004 -05, the current year has shown operating income of Rs.9.05 Lakhs as compared to Rs.10.14 Lakhs reported last year. The Company expects increase in the occupancy rate during the current year.

**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. Spiralling property prices and better infrastructure in suburbs has forced corporates to shift their base to suburbs. This is a potential risk for long term growth of the Company.

**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 utilize its funds by making temporary investments whenever funds are available.

**HUMAN RESOURCES :**

Your Company recognizes 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 Discussions and Analysis to meet the Listing Agreement requirements.

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

**Kishore Shete**  
Manager

Mumbai - Date: 29th June, 2006



**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 the Board of Directors of the company consists of six members. Composition and category of Directors is as follows:

Name of Director	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies excluding private companies in India	No. of Committees in which Chairman or Member	
				[ other than FGP Limited ]	
				Member	Chairman
Mr. M. A. Bakre	5	No	2	3	2
Mr. T. M. Elavia	5	Yes	3	1	-
Mr. P. F. Simms	Nil	No	Nil	N.A.	N.A.
Mr. Rabindranath Jhunjunwala	3	No	Nil	N.A.	N.A.
Mr. Vimal Kejriwal \$	4	No	1	1	Nil
Mr. H. N. Singh Rajpoot \$	1	No	9	5	3
Mr. Mahesh Gupta #	1	No	N.A. *	N.A. *	N.A. *
Mr. Farid Kazani #	1	No	N.A. *	N.A. *	N.A. *

All the above directors are Independent and Non Executive.

None of the directors of the company hold any equity shares in the company.

\$ 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.

\$ Mr. H. N. Singh Rajpoot was appointed as an Additional Director on 27.10.2005.

# Mr. Mahesh Gupta and Mr. Farid Kazani resigned as Directors on 03.05.2005 and 28.06.2005 respectively.

N.A. \* - Not mentioned since resigned before 29.06.2006.