

# **FGP LIMITED**

**46<sup>TH</sup> ANNUAL REPORT  
2007 - 2008**

*Directors*

**M. A. Bakre**  
**T. M. Elavia**  
**Vimal Kejriwal**  
**H. N. Singh Rajpoot**  
**P. F. Simms**  
**R. Jhunhunwala**  
*(Alternate Director to P.F.Simms)*  
**Ajit Singh Chouhan**  
*(Additional Director w.e.f. 30.07.2008)*

*Manager*

**Kishore Shete**

*Registered Office*

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

*Solicitors & Advocates*

**Crawford Bayley & Co.**  
**D'Lima & Associates**

*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.**

## Index

| Sr.<br>No. | Description   | Page<br>No. |
|------------|---|-------------|
| 1          | Notice  | 1           |
| 2          | Directors' Report   | 3           |
| 3          | Management Discussion and Analysis                              | 6           |
| 4          | Report on Corporate Governance                                  | 7           |
| 5          | Auditors' Report  | 15          |
| 6          | Financial Statements  | 20          |
| 7          | Cash Flow Statement   | 34          |
| 8          | Balance Sheet Abstract  | 36          |
| 9          | Consolidated Financial Statements<br>including Auditors' Report | 37          |
| 10         | Consolidated Cash Flow Statement                                | 50          |
| 11         | Summary Financials of Subsidiary                                | 52          |

**NOTICE**

Notice is hereby given that the Forty Sixth Annual General Meeting of the members of FGP Limited will be held in the auditorium of TEXTILES COMMITTEE complex, P.Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400 025 on Tuesday, September 30, 2008 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, 2008 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 a Director in place of Mr. M. A. Bakre who retires by rotation and is eligible for reappointment.
4. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s J. R. Sumondy & Co., Chartered Accountants, Mumbai be and are hereby appointed Auditors of the Company in place of M/s A. F. Ferguson & Co., Chartered Accountants to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors in consultation with the said Auditors plus out of pocket expenses, if any."

**SPECIAL BUSINESS:**

5. To appoint a Director in place of Mr. Ajit Singh Chouhan, who was appointed as an Additional Director of the Company with effect from July 30, 2008, 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 Shete as Manager of the Company for a period of two years with effect from April 1, 2008 to March 31, 2010 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 February 28, 2008 entered into between the Company and Mr. Kishore Shete which Agreement 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 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, 5 and 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 Tuesday, September 23, 2008 to Tuesday, September 30, 2008 (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, 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.

Dated: July 30, 2008

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 :**

M/s. A. F. Ferguson & Co., Chartered Accountants, the Auditors of the Company have informed the Company that they do not wish to seek reappointment as statutory Auditors of the Company for the financial year 2008-2009 at the ensuing Annual General Meeting of the company. The Company has received a special notice from a member of the company proposing the appointment of M/s J. R. Sumondy & Co., Chartered Accountants, Mumbai as Auditors of the company. M/s. J. R. Sumondy & Co. have confirmed that their appointment if made will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

The Board recommends the appointment of M/s J. R. Sumondy & Co. as Auditors of the company.

**Item No. 5 :**

Mr. Ajit Singh Chouhan was appointed as an Additional Director of the Company by the Board of Directors effective from July 30, 2008. By virtue of Section 260 of the Companies Act, 1956, Mr. Ajit Singh Chouhan 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. Ajit Singh Chouhan is concerned or interested in the resolution for his appointment as Director of the Company.

**Item No. 6 :**

Mr. Kishore Shete was re-appointed by the Board of Directors as Manager of the Company for a period of two years with effect from April 1, 2008 to March 31, 2010. The principal terms and conditions of the Agreement dated February 28, 2008 entered into between the Company and Mr. Kishore Shete for his appointment as Manager are as follows :

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

|                   | 01.04.2008 to 31.03.2010<br>(Rs. Per Month) |
|-------------------|---|
| Basic Salary      | 31,080                                      |
| Special Allowance | 24,865                                      |

**Registered Office:**

9, Wallace Street,  
Fort, Mumbai 400 001.

Dated: July 30, 2008

**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 of Mr. Kishore Shete.
- (vii) Employees Deposit Link Insurance

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

- c. The remuneration, as determined aforesaid, from time to time, be paid and the perquisites provided to Mr. Kishore 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.
- d. The Manager shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on minimum 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 the balance Earned Privilege Leave on retirement.

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

The Agreement dated February 28, 2008 for appointment of Mr. Kishore Shete as Manager is open for inspection by the members at the Registered Office of the Company on working days between 11.00 a.m and 1.00 p. m.

None of the Directors of the Company is interested in the said resolution.

Under the Authority of the Board of Directors

**Kishore Shete**  
Manager



**DIRECTORS' REPORT**

The Directors have pleasure in presenting the Forty Sixth Annual Report together with the Statement of Accounts for the year ended March 31, 2008:

**FINANCIAL RESULTS:**

|   | (Rs. in lakhs) |            |
|---|----------------|------------|
|   | 2007-2008      | 2006-2007  |
| Gross Profit / (Loss)   | (633.18)       | 20.63      |
| Less : Depreciation   | 1.07           | 1.07       |
| Profit / (Loss) before Tax                                    | (634.25)       | 19.56      |
| Less: Fringe Benefit Tax                                      | 0.19           | 0.25       |
| Add / (Less) : Taxation adjustment in respect of earlier year | 0.17           | -          |
| Profit / (Loss) after Tax                                     | (634.61)       | 19.31      |
| Add : Balance brought forward from previous year              | (1,528.30)     | (1,547.61) |
| Profit / (Loss) carried to Balance sheet                      | (2162.91)      | (1,528.30) |

**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.18.66 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.

**DEPOSITS:**

The unclaimed Fixed Deposit of Rs. 6,000/- which was outstanding at the end of the previous year was transferred to Investor Education and Protection Fund during the year under report.

**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 2008-2009.

**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.

Mr. Ajit Singh Chouhan was appointed as an Additional Director of the Company with effect from July 30, 2008. He would hold office of Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment.

Brief resume of the above Directors, nature of their experience in specific functional areas and names of the companies in which they hold directorship and membership / chairmanship of committees of the Board, as stipulated under clause 49 of the Listing Agreement with the stock Exchange are given in the section on Corporate Governance in the Annual Report.

**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, 2008 and of the loss made for the said financial year, i.e. April 1, 2007 to March 31, 2008;
- (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:**

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 2007-08 was Rs. (540.05) Lakhs compared to Rs. 20.28 Lakhs in the previous year and the profit/(Loss) after tax was Rs.(540.34) Lakhs compared to Rs.20.09 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 May 27, 2008 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 have informed the Company that they do not wish to seek reappointment as statutory Auditors of the Company for the financial year 2008-2009 at the ensuing Annual General Meeting of the company. The Company has received a special notice from a member of the company proposing the appointment of

M/s J. R. Sumondy & Co., Chartered Accountants, Mumbai as Auditors of the company. M/s. J. R. Sumondy & Co. have confirmed that their appointment if made will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

The Board recommends the appointment of M/s J. R. Sumondy & Co. as Auditors of the company.

With regard to the remarks of the Auditors in Annexure to their report, the Board is of the view that the Company has formal internal audit systems which 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

Mumbai  
Date: July 30, 2008

**H.N.Singh Rajpoot**  
Director

**Vimal Kejriwal**  
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. Positive trends are continuing in the economy and as expected the requirement of office space by the Corporate is promising which is further to increase in future and in turn will give boost to the Company's activity. Worldwide, this activity is widely used by the business enterprises, the concept is not picking up in the same way in India. The business centre activity continue to be the same, with slight increase in the revenue.

**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 corporate 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. Moreover, the office space is available at much reasonable rates in the suburbs. 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. Spiraling property prices and better infrastructure in suburbs has forced corporate 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:**

In view of the provisioning in the accounts, profitability of the company has been affected. The 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: July 30, 2008

**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 seven members.

Composition and category of Directors are 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<br>[ other than FGP Limited ] |          |
|-------------------------------|--------------------------------|----------------------------|--|---|----------|
|                               |                                |                            |  | Member  | Chairman |
| Mr. M. A. Bakre               | 6                              | No                         | 2  | 1   | 2        |
| Mr. T. M. Elavia              | 6                              | No                         | 5  | 3   | 4        |
| Mr. P. F. Simms               | Nil                            | No                         | Nil  | Nil   | Nil      |
| Mr. Rabindranath Jhunjhunwala | Nil                            | No                         | Nil  | Nil   | Nil      |
| Mr. Vimal Kejriwal            | 5                              | Yes                        | 1  | 1   | Nil      |
| Mr. H.N. Singh Rajpoot        | 5                              | Yes                        | 9  | 3   | Nil      |
| Mr. Ajit Singh Chouhan*       | N.A.                           | N.A.                       | N.A.   | N.A.  | N.A.     |

\*Appointed as Additional Director w.e.f. July 30, 2008.

All the above directors are Independent and Non Executive.

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

**Board Meetings**

Six Board Meetings were held during the year 2007-2008. The dates on which the said meetings were held are as follows:

April 30, 2007 / June 28, 2007 / July 31, 2007 / September 19, 2007 / October 30, 2007 and January 31, 2008.

The company has a process to provide the information to the Board as required under Annexure IA to clause 49 of the Listing Agreement.

All the directors have made necessary disclosures about the committee positions, they occupy in other companies.

The company has not entered into any materially significant transactions during the year under report with promoters, directors, senior management personnel etc. other than transactions if any, entered into in the normal course of company's business.