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EXPO GAS CONTAINERS LIMITED

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26th ANNUAL REPORT
2008-2009

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Board of Directors

Shri. Shaukatali S. Mewawala	-	Chairman & Managing Director
Shri. Bhagwan N. Bhardwaj	-	Non-executive Director
Shri. Sayed Abbas Ali	-	Non-executive Director
Shri. Vazirali G. Lokhandwalla	-	Non-executive Director

Statutory Auditors

M/s Ketan N. Shah & Co.,
Chartered Accountants
R-36, Guru Ashish Building,
Zaveri Bazar, Mumbai-400 002

Bankers

ABN - AMRO Bank N.V.
Sakhar Bhavan, Nariman Point,
Mumbai - 400021.

Registered Office

Expo House,
150, Sheriff Devji Street,
Mumbai - 400 003
Tel No: -40339600
Fax No: - 23401635
E-Mail: - egcl@expogas.com

Works

A/10, MIDC, Murbad,
Dist.. Thane - 421401.

Registrars and Share Transfer Agents

Adroit Corporate Services Private Limited.
19, Jaferbhoy Industrial Estate
1ST Floor, Makwana Road,
Marol Naka, Andheri (East),
Mumbai - 400 059.
Tel No: - 28594442,28594428
Fax: - 28503748

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NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 30th September 2009 at 11.00 a.m. at the Registered Office of the Company at Expo House, 150, Sheriff Devji Street, Mumbai-400 003 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bhagwan N. Bhardwaj who retires by rotation and being eligible, offers inself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass, with or without modification(s), the following resolutions as an ordinary resolution.**

"**RESOLVED THAT** the Authorized Share Capital of the Company consisting of 80,00,000 (Eighty Lakhs) Equity shares of Rs. 10/- (Ten) each aggregating to Rs. 8,00,00,000/- (Eight Crores only) be reclassified into 2,00,00,000 (Two Crores) Equity shares of Rs. 4/- (Four) each aggregating to Rs. 8,00,00,000 (Eight Crores only) in accordance with the Articles of Association of the Company."

"**RESOLVED FURTHER THAT** Clause V of the Memorandum of Association of the Company be altered accordingly."

By Order of the Board
For Expo Gas Containers Limited

Place : Mumbai
Dated : 29.08.2009

(S. S. Mewawala)
Managing Director

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Book will remain closed from Tuesday the 22nd September 2009 to Wednesday the 30th September 2009 (Both days inclusive) for the purpose of Annual General Meeting and Reduction of the Capital.

3. The Explanatory statement pursuant to sections 173 (2) of the Companies Act 1956 in respect of Item No: 4 of the Notice is annexed.

4. Members are requested

   (i) To bring their copy of Annual Report and Attendance Slip duly filled up and signed at the meeting.

   (ii) To quote their folio / identification number in all correspondence with the Company or its Registrar and Share Transfer Agents.

   (iii) Members holding the shares in physical form are requested to notify immediately for change of their address to the Company or its Registrar and Share Transfer Agents

   AND

   In the case their shares are held in dematerialized Form, then information should be passed on directly to their respective Depository Participants and not to the Company or its Share Transfer Agents.

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 3 :

The Board had passed a special resolution for Reduction of paid up capital of the Company at its Extra ordinary General Meeting held on 11.06.2009. The Company thereafter applied to Hon'ble High Court, Mumbai pursuant to Section 78 & 100 to 104 of the Companies Act, 1956. The Company got the approval from the Hon'ble High Court Mumbai for the said reduction. The said reduction was effected to right size the balance sheet of the Company. Due to past losses, the capital of the Company was not adequately represented by the available assets. Hence it was thought fit to write off the losses by reduction of the paid up capital of the Company.

To be in line with the paid up capital it is now decided to reclassify the existing Authorized capital of the Company so that the Company also gets sufficient gap to issue further shares also.

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None of the Directors are concerned or interested in the above resolution.

By Order of the Board
For Expo Gas Containers Limited

Place : Mumbai
Dated : 29/08/2009

(S. S. Mewawala)
Managing Director

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DIRECTORS' REPORT

To,
The Members

Your Directors present herewith Twenty Sixth Annual Report together with audited statement of accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

Particulars	As on 31.03.2009	As on 31.03.2008
Profit / (Loss) before Depreciation and Interest	74,17,392	1,32,32,732
Less: - Interest	3,55,413	4,13,418
Less: - Depreciation	46,13,245	85,85,892
Net Profit / (Loss) before Extraordinary Items	**24,48,734**	**42,33,422**
Add: - Extraordinary Items (Net)	5,21,03,218	—
Net Profit / (Loss) before Tax	**5,45,51,952**	**42,33,422**
Less: - Tax		
- Current tax (Including FBT)	16,16,800	1,21,104
- Deferred Tax Liabilities / (Assets)	4,91,81,996	1,05,53,591
Net Profit after Tax	**37,53,156**	**(64,41,273)**
Prior period adjustment	—	—
Profit / (Loss) brought forward	(6,43,57,403)	(5,79,16,130)
Loss Written Back Consequent on Reduction in Capital	4,67,18,400	—
Loss Adjusted Against Share Premium Account	1,41,29,229	—
Balance Carried to Balance Sheet	**2,43,382**	**(6,43,57,403)**

CURRENT YEAR & FUTURE PERCEPTIONS

During the year under review the Company achieved turnover of Rs. 17 Crores which is double annualized turnover of last year ended March 08. Your Company is on a growth path and during the year 09-10 is thinking of consolidating its businesses and preparing on all fronts for better growth. The Company installed new plate bending machine and SAW welding machines for faster and better quality production. The Company is also recruiting more engineers and technical staff to achieve better results in the coming years.

SETTLEMENT OF DUES

After the problems with Indian Oil Corporation, the business of the Company had slowed considerably and the Company was unable to service the debts. Due to the above reason

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the Company came under heavy pressure from Union Bank of India and IDBI for making the payment at the earliest. To overcome the said situation your Company had entered into one time settlement with Union Bank of India and IDBI. As the matter regarding Indian Oil Corporation was not resolved until June, 2008, the Company was unable to clear the OTS payments. Despite adverse circumstances, the Company ultimately made payment during the year under review. Rs. 2.65 Crores were paid to Indian Oil Corporation, Rs. 6 Crores to IDBI and Rs. 1.75 Crores to UBI aggregating to Rs. 10.40 Crores from Internal accruals and the Company had to borrow Rs. 6 Crores.

DIVIDEND

In view of inadequate profits your Directors do not recommend any dividend for the year ended 31st March 2009.

DEPOSITS

The Company has not accepted any deposit or unsecured loans from the public within the meaning of Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of deposit) Rules, 1974.

DIRECTORS

Shri. Vazirali G. Lokhandwalla was appointed as an additional director w. e. f. 11.07.2008. Except this there are no other changes in the Directors of the Company.

AUDITORS

M/s. Ketan N. Shah, Chartered Accountants, Mumbai, Auditors of the Company retires at the ensuing Annual General Meeting of the Company and being eligible offers themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that the proposed appointment if made will be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956.

As regards the appointment of Internal Auditors, the Company is in the process of appointing a suitable person. The other reservations of Auditors are self-explanatory in the notes referred to by them.

REDUCTION OF CAPITAL

During the year the Company has passed a Special Resolution at the Extra Ordinary General Meeting held on 11th June 2009 for Reduction of Paid- up Share Capital of the Company from Rs. 7,78,64,000 divided into 77,86,400 Equity Shares of Rs. 10/- each fully paid up to Rs. 3,11,45,600/- divided into 77,86,400 equity shares of Rs. 4/- each fully paid up by canceling the capital to the extent of Rs.6/- per Equity share thereby the amount of the Share Capital gets reduced to Rs. 4,67,18,400/-. The Company had applied to Hon'ble

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High Court., Mumbai for its approval for the Reduction of the paid up capital of the Company as required under Section 100 of the Companies Act, 1956 after obtaining the No Objection Certificate of Mumbai Stock Exchange where the shares of the Company are listed. The Company has already received the approval from the Hon'ble High Court, Mumbai. The Company has started complying with the other formalities in this regard.

PREFERENTIAL ISSUE OF CONVERTIBLE WARRANTS

The Company had passed a special resolution under Section 81 (1A) of the Companies Act, 1956 for the preferential issue of 45,00,000 Convertible Warrants at Rs. 14.70/- inclusive of premium at its annual general meeting held on 12.09.2008. The Company could not implement the same. Thereafter the Company again came out with the Preferential Issue of 45,00,000 Convertible Warrants of Rs. 10/- each for cash aggregating to Rs. 4,50,00,000/- convertible at the option of the holder into one Equity share of Rs. 10/- each (or such adjusted numbers for any bonus, stock splits or consolidation, reduction or other reorganization of the capital structure of the company) by passing special resolution at its Extra ordinary General Meeting held on 2nd March 2009. The necessary in-principle approval was obtained from the Mumbai Stock Exchange and the Company has allotted 45,00,000 Convertible Warrants of Rs. 10/- each for cash at par at its Board Meeting held on 31.03.2009.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings/ outgo is given hereto and forms a part of this report

FORM – A

Form for disclosure of particulars with respect to Conservation of Energy.

Power and Fuel Consumption		Current year 31.03.2009	Previous Period 31.03.2008
1)	**Electricity**		
	Purchase Unit (KWH)	2.42	2.86
	Total Amount (Rupees in lacs)	15.05	24.88
	Rate per Unit (Rupees)	6.23	8.70
2)	Coal	N.A	N.A
3)	Furnace Oil	N.A.	N.A.
4)	Internal Generation	N.A.	N.A.

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TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Energy conservation is not only a national priority but also a key value driver for your Company. Employees are also encouraged to give suggestion that will result in energy saving.

As prescribed under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is not applicable, as there is no technology absorption, adaptation and innovation made by your Company. However, it has been the endeavor of the Company to continuously upgrade & standardize its products.

FOREIGN EXCHANGE EARNING AND OUTGO

	Rs. in Lacs
i) CIF Value of Imports	NIL
ii) Expenditure in foreign currency	0.93
iii) Foreign Exchange earned	NIL

PARTICULARS OF EMPLOYEES

No employee was in employment of the Company throughout the Financial Year or part of the Financial Year on a remuneration, which in aggregate, exceeded the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section titled **"Report on Corporate Governance"** for the year ended 31.03.2009 has been annexed in this Annual Report.

DIRECTORS' RESPONSIBILTY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT 1956

The Directors state that: -

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation by way of notes to accounts relating to material departures;

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b) The selected accounting policies were applied consistently and the judgments and estimates made by them are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit for the year ended on that date;

c) The proper and sufficient care has been taken 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;

d) The annual accounts have been prepared on a going concern basis.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial Relations continued to be harmonious throughout the year under review.

ACKNOWLEDGEMENT

Your Directors express their gratitude for the continued support of the financial institutions, Bankers, Government Authorities and Shareholders. Your Directors also place on record their deep sense of appreciation for the commitment exhibited by the Company's employees.

For and on behalf of the Board
For Expo Gas Containers Limited

Place: - Mumbai
Dated: - 29.08.2009

(S. S. Mewawala)
Chairman & Managing Director

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