



EXPO GAS CONTAINERS LIMITED

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21st ANNUAL REPORT
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BOARD OF DIRECTORS :

Shri. Shaukatali S. Mewawala	- Chairman & Managing Director
Shri. Indrakumar Paharia	- Director - Marketing (upto 31st December 2003)
Shri. Bhagwan N. Bharadwaj	- Non-executive Director
Shri. Divyabhash C. Anjaria	- Non-executive Director (upto 31st July 2003)
Shri. Mahesh H. Bhuta	- Non-executive Director
Shri. Ali Mohammed Kalyan	- Non-executive Director (w.e.f. 31.12.2003)

STATUTORY AUDITORS :

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

BANKERS :

Union Bank of India
Khand Bazar, Mumbai.

REGISTERED OFFICE :

Expo House,
150, Sheriff Devji Street,
Mumbai - 400 003
Tel No: - 23432106/07/08
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: - 28590942,28503748
Fax: - 56924438

NOTICE

Notice is hereby given that the Twenty-first Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 30th June 2004 at 9.00 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 30th September 2003 and Profit & Loss Account for the year ended on that date and the Reports of Board of Directors & Auditors thereon.
2. To appoint a Director in place of Shri. Bhagwan N. Bharadwaj, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and for that purpose, to pass with or without modification, the following resolution as a Special Resolution: -

"RESOLVED THAT the Company's Auditors, M/s Ketan N. Shah & Co., who retires, but being eligible, offers themselves for re-appointment, be and are hereby re-appointed as Auditors of the Company from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be agreed upon between the Board of Directors and M/s Ketan N. Shah & Co."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -

"RESOLVED THAT Shri. Alimohammed Kalyan, who was appointed as an Additional Director of the Company in accordance with Article 112 of Articles of Association of the Company and under Section 260 of the Companies Act, 1956, and who holds Office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, from a Member proposing his candidature for the office of a Director under the provisions of Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- and who is eligible for appointment to the Office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution: -

"RESOLVED THAT pursuant to the provisions of Section 100 to 105 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") and Article 12 of the Articles of Association of the Company and subject to confirmation of the honorable High Court of Judicature at Mumbai or any other appropriate authority as required under the Act, the issued, subscribed and paid up equity share capital of the Company be reduced from Rs. 7,78,64,000 (Rupees Seven Crores seventy eight lacs sixty four thousand only) divided into 77,86,400 Equity Shares of Rs. 10/- each to Rs. 1,55,72,800 (One Crore fifty five lacs seventy two thousand eight hundred only) divided into 77,86,400 Equity Shares of Rs. 2/- each fully paid up and the said reduction of Issued, Subscribed and Paid up Share Capital be adjusted against the debit balance in the Profit & Loss Account.

RESOLVED FURTHER THAT Mr. S. S. Mewawala, Chairman & Managing Director and / or Mr. B. N. Bharadwaj, Director of the Company be and are hereby severally authorized to take all necessary steps for: -

1. Obtaining approval from the Appropriate Authorities.
2. Filing of application / petition with the High Court and / or any other regulatory authorities for getting their approval.
3. For the above purpose to engage advocates, declare and file all pleadings, reports and sign and issue public advertisement and notices.
4. To make any alterations / changes in the application / petition / Memorandum and Articles of Association of the Company as may be expedient or necessary which does not materially change the substance of the reduction.
5. To do all acts and things as may be considered necessary and expedient in relation thereto".

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution: -

“RESOLVED THAT pursuant to the provisions of Section 78, 100 and other applicable provisions, if any, of the Companies Act, 1956, Article 167 of the Articles of Association of the Company and subject to the confirmation of the Hon'ble High Court of Judicature at Mumbai, the balance standing in the share premium account and revaluation reserves of the Company be utilized for adjustment of the balance of Miscellaneous Expenditure (to the extent not written off or adjusted) as at 30th September 2003 and debit balance in Profit & Loss Account.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee or any person which the Board may nominate / constitute to exercise its powers, including the power conferred under this resolution) be and is hereby authorized to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulties that may arise with regard to utilization / adjustment of the share premium account and revaluation reserves and debit balance in Profit & Loss Account including passing of such accounting entries and / or making such other adjustment in the books of account as considered necessary to give effect to the above resolution or to carry out such modification / directions as may be ordered by the hon'ble High Court of Judicature at Mumbai to implement the aforesaid resolution”.

By order of the Board
For Expo Gas Containers Limited

Place: Mumbai.
Dated: May 14, 2004

(S. S. Mewawala)
Chairman & Managing Director

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 24th June 2004 to 30th June 2004 (Both days inclusive).
3. Members desirous of obtaining of any information / clarification(s) concerning the accounts and operation of the Company are requested to forward the same atleast 10 days before the date of the meeting to the Company at the Registered Office of the Company so that the same may be attended appropriately.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956 as amended, dividend remaining unclaimed/ unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (hereinafter referred to as "Fund"). Accordingly, the balance lying in the unpaid dividend accounts of the Company in respect of dividend declared on 30th March 1998 for the Company's financial year 1996/1997 will be transferred to the said Fund in the month of June 2005 in accordance with the provisions of Section 205 (C) of the Companies Act, 1956. Once the unclaimed / unpaid dividend is transferred to the Fund, no claim in this regard, shall lie against the Fund or the Company.
5. Members are requested
 - (i) To bring their copy of Annual Report, Notice 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.

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- (iii) Members holding 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 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.

6. Information required to be furnished under the Listing Agreement.

As required under the Listing Agreement with the Stock Exchanges, the particulars of Director(s) who is/ are proposed to be appointed / re-appointed, is given below:-

Name of Director	: - Shri. Bhagwan N. Bharadwaj
Date of Birth	: - 20.12.1933
Date of Appointment	: - 28.6.1991
Qualification	: - B. E.
Expertise in specific functional area.	: - Qualified Engineer with over 30 years of experience.
Directorship held in other Public Companies	: - NIL
Chairmanship / Membership of Committee across Public Companies.	: - Expo Gas Containers Limited

1. CHAIRMANSHIP

- (i) Audit Committee
- (ii) Remuneration Committee
- (iii) Shareholders' Grievance Committee

2. MEMBERSHIP

NIL

By order of the Board
For **Expo Gas Containers Limited**

Place: Mumbai.
Dated: May 14, 2004

(S. S. Mewawala)
Chairman & Managing Director

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO: - 3

Section 224A of the Companies Act, 1956 provides that in the case of a Company in which not less than 25 % of the subscribed Share capital of the Company is held whether singly or in any combination, by

- a) a Public Financial Institution or a Government Company or Central Government or any State Government, or
- b) any Financial Institution established by any Provincial or State Act in which a state government holds not less than 51 % of the subscribed capital, or
- c) a nationalised Banks or an insurance Company carrying on general insurance business, the appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution.

The total Share Capital, held by public financial institutions are over 25 % of the subscribed share capital of the Company. It is therefore necessary that the re-appointment of Auditors should be made by a Special Resolution.

As required by this Section, the Auditors of the Company have already forwarded a certificate to the Company that their re-appointment, if made would be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

The Directors recommends the resolution for approval of the shareholders.

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

ITEM NO: - 4

In accordance with Article 112 of the Articles of Association and Section 260 of the Companies Act, 1956, Shri. Alimohammed Kalyan was appointed as an Additional Director of the Company with effect from 31st December 2003. Since Shri. Alimohammed Kalyan was appointed as an additional Director he holds office till the ensuing Annual General Meeting and is eligible for re-appointment.

Shri. Alimohammed Kalyan is a businessman having experience of more than 40 years in Business Management.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing along with a deposit of Rs. 500/- from a shareholder, proposing his candidature for the Office of Director of the Company.

The proposed resolution under Item No. 4 is for the aforesaid purpose and is commended to the Shareholders for their approval.

None of the Directors of the Company, except Shri. Alimohammed Kalyan is, in any way, regarded as concerned or interested in the said resolution.

ITEM NO: - 5

During the year under review, the Company has incurred a substantial losses mainly attributable to uncontrolled rise in Steel Price which forms the basic raw materials required by the Company and almost all the projects that has been undertaken during the past two years including current year are going in losses. The Board of Directors felt that the paid-up capital of the Company to the extent of Rs. 6,22,91,200/- (Rupees Six Crores twenty two lacs ninety one thousand two hundred) is un-represented by available assets. Since, it may take a few years for the Company to wipe off the losses and make profits in the future, it is thought expedient to reduce the paid-up share capital from Rs. 7,78,64,000/- (Rupees Seven Crores seventy-eight lacs sixty four thousand) to Rs. 1,55,72,800/- (Rupees One Crores fifty five lakhs seventy two thousand eight hundred) by reducing the nominal amount of each equity share to Rs. 2/- fully paid up and utilize the amount so reduced in adjusting the debit balance in the Profit & Loss Account.

Pursuant to Section 100 of the Companies Act, 1956, this resolution is being proposed. On passing of the resolution, the Company would approach the Mumbai High Court for its confirmation. The reduction of Share

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Capital requires alteration of Clause V and Article 3 of Articles of Association of the Company, which is taken care of the resolution.

No Director is interested or concerned in the Resolution.

ITEM NO: - 6

In view of the substantial losses incurred and inability of the Company to meet with its interest and debts obligation and in further pursuance of its operating initiatives, it is considered necessary that the Company also undertake a scheme for financial restructuring so as to operate with a leaner Balance Sheet base. With the change in the business structure it is felt that it would be more prudent to adjust at one time, Miscellaneous Expenditure to the extent not written off and debit balance in Profit & Loss Account not exceeding the amount available in the share premium and revaluation reserves in the books of account to enable a leaner balance sheet and better financial ratios.

In accordance with the provisions of Section 78 and 80 read with Section 100 of the Companies Act, 1956 (hereinafter referred to as "the Act") the Board of Directors of the Company at their meeting held on 30th April 2004 have resolved that the balance in the Share Premium and also Revaluation Reserves subject to approval of the High Court should be applied / utilized for writing off the Miscellaneous Expenditure and debit balance in Profit & Loss Account.

The financial restructuring is expected to enhance shareholder value through improvement in future profitability and consequent increase in earning per share. The restructuring will also help the Company to reflect its better operational efficiency in the future years and reflect the true shareholder value. Further, there would be positive impact on various key financial ratios.

The restructuring will also not cause any prejudice to the Creditors of the Company. For the sake of clarity, it is specified that the reduction of capital does not involve either diminution of any liability in respect of unpaid capital or the payment to any shareholders of any paid up capital. The Creditors of the Company are in no way affected by the proposed restructuring of the share capital as there is no reduction in the amount payable to any of the Creditors, nor any compromise or arrangement as contemplated with the Creditors. Further, the proposed adjustment would not in any way adversely affect the ordinary operation of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

Article 167 of the Articles of Association of the Company provides for the reduction in share capital of the Company and the utilization of the share premium account in accordance with the provisions of the Act.

The resolution at Item No: - 6 is subject to confirmation of the hon'ble High Court of Judicature at Mumbai and / or approval of such other regulatory authorities as may be required according to the laws in force.

The Board recommends passing of the resolution in the Interest of the Company. None of the Directors may be deemed to be concerned or interested in passing of the said resolution except as shareholders in general.

By order of the Board
For Expo Gas Containers Limited

(S. S. Mewawala)
Chairman & Managing Director

Place: Mumbai.
Dated: May 14, 2004

DIRECTORS' REPORT

To,
The Members

Your Directors presents herewith their Twenty-first Annual Report together with audited statement of accounts for the year ended 30th September 2003.

FINANCIAL RESULTS

(Amount in Rupees)

Particulars	As on 30.9.2003	As on 30.9.2002
Profit / (Loss) before Depreciation and Interest	(7,33,04,350)	2,75,54,732
Less: - Interest	1,19,64,149	2,74,17,409
Less: - Depreciation	73,07,858	72,97,719
Net Profit / (Loss) before Tax	(9,25,76,357)	(71,60,396)
Less: - Tax		
- Current	-	-
- Deferred Tax Liabilities / (Assets)	21,27,807	(17,76,928)
Net Profit after Tax	(9,47,04,163)	(53,83,468)
Prior period adjustment	1,21,55,036	21,78,818
Excess / (short) provision for tax of earlier year written back	10,39,007	37,94,552
Investment Allowance Reserves utilized	-	16,70,000
Profit brought forward	1,61,97,998	1,39,38,096
Balance Carried to Balance Sheet	(6,53,12,122)	1,61,97,998

CURRENT YEAR & FUTURE PERCEPTIONS

During the year under review, the turnover of the Company is Rs. 21,02,00,822/- as compared to Rs. 26,04,61,672/- in the previous year depicting a fall of 19% over the previous year. The Gross Loss before Interest & Depreciation is Rs. 7,33,04,350/-. Depreciation stood at Rs. 73,07,858/-.

This has been mainly attributable to the closing down of Company's cylinder business, which contributed to more than 50 % of the total income of the Company over the years. The Management of the Company has been constrained to take such decision due to manufacturing and operating costs being higher than the others in the Industry. The prices quoted by cylinder suppliers to oil Companies in tender are so low that it was falling below break even point or manufacturing cost.

The performance and profitability of the Company has been affected due to uncontrolled rise in steel price, which forms the basic raw materials and to a certain extent hampered due to volatile market condition and liquidity crisis being faced by the Company, required for ongoing projects and existing orders in hand.

The Company is looking for certain possible avenues for export of Cylinders in Gulf Countries and also diversifying its activities into procurement of site projects from Public Sector Undertakings including turnkey projects.

DIVIDEND

In view of loss during the year under review, your Directors do not recommend any dividend for the financial year ended 30th September 2003.

21st Annual Report 2002-2003**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. Bhagwandas N. Bharadwaj, Director of the Company retires by rotation at the Twenty-first Annual General Meeting and being eligible, offers himself for re-appointment.

Shri. Divyabhash Anjaria and Mr. I. K. Paharia, Directors of the Company, resigned from the Directorship with effect from 31st July 2003 and 31st December 2003 respectively. The Board wishes to place on record their appreciation of the services rendered by Shri. Divyabhash Anjaria and Mr. I. K. Paharia during his tenure as a Director of the Company.

Shri. Alimohammed Kalyan has been appointed as an Additional Director of the Company with effect from 31st December 2003 and holds office upto the date of ensuing Annual General Meeting. The Company has received a notice from a Member signifying his intention to propose the candidature of Mr. Ali Mohammed Kalyan for the Directorship of the Company. Your Directors recommends his appointment for the said post.

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.

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 30.9.2003	Previous Year 30.9.2002
1) Electricity		
Purchase Unit (KWH)	3.31	11.56
Total Amount (Rupees in lacs)	25.78	56.98
Rate per Unit (Rupees)	7.79	4.93
2) Coal	N.A.	N.A.
3) Furnace Oil	N.A.	N.A.
4) Internal Generation	N.A.	N.A.

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 endeavour 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	10.06
iii) Foreign Exchange earned	221.36

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 2002-2003" has been annexed in this Annual Report.

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

The Directors state that: -

- 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;
- The selected accounting policies were applied consistently and the judgements 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 30th September, 2003 and of the loss for the year ended on that date;
- 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;
- The annual accounts have been prepared on a going concern basis.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company has successfully launched VRS Scheme at Murbad Factory, which resulted in reduction of almost 55 % of the human resources, which will lead to substantial reduction in terms of employee cost and better operational control.

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: - May 14, 2004

(S. S. Mewawala)
Chairman & Managing Director