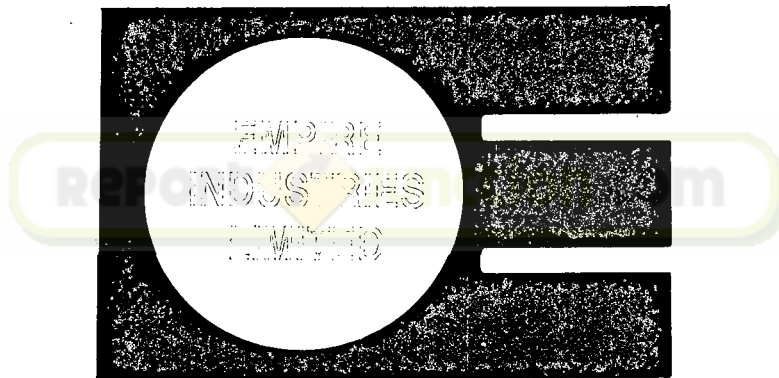


MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



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ATTENDANCE SLIP

EMPIRE INDUSTRIES LIMITED

Registered Office: 414, Senapati Bapat Marg, Mumbai - 400 013.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. It helps us make proper arrangements. Failure to bring this Attendance Slip will create unnecessary inconvenience to you. Joint Shareholders may obtain additional Attendance Slips on request.

NAME OF THE SHAREHOLDER / PROXY	Please write below your Reg. Folio Number.

I hereby record my presence at the 97th ANNUAL GENERAL MEETING of the Company held at Shri Bhaidas Maganlal Sabhagriha Hall, U1 Juhu Development Scheme, Vile Parle (West), Mumbai-400 056 on Thursday the 24th September, 1998 at 3.00 p.m.

*Member's/Proxy's
Signature*

NOTES :

1. Members/Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.
2. Please carry with you this Attendance Slip and hand over the same duly signed at the space provided, at the entrance of the meeting hall.



PROXY FORM

EMPIRE INDUSTRIES LIMITED

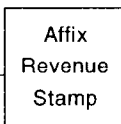
Registered Office: 414, Senapati Bapat Marg, Mumbai-400 013.

	Reg. Folio No./Shares held

I/We _____ of _____
being a Member of EMPIRE INDUSTRIES LIMITED hereby appoint
_____ of _____ or failing him
_____ of _____ as my/our
proxy to vote for me/us and on my/our behalf at the 97th ANNUAL GENERAL MEETING of the Company to be held at Shri Bhaidas Maganlal Sabhagriha Hall, U1 Juhu Development Scheme, Vile Parle (West), Mumbai-400 056 on Thursday, the 24th September, 1998.

As witness my/our hand(s) this _____ day of _____ 1998.

Signed by the said _____



NOTE: The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.



EMPIRE INDUSTRIES LIMITED

DIRECTORS :

S.C. MALHOTRA	<i>Chairman</i>
RANJIT MALHOTRA	<i>Vice-Chairman</i>
N.V. KHOTE	} <i>Directors</i>
R.A. MASKATI	
J.N. GUZDER	
F.A.A. JASDANWALLA	
DILEEP MALHOTRA	

REGISTERED OFFICE :

414, Senapati Bapat Marg,
Mumbai 400 013

PLANTS :

Empire Dyeing

414, Senapati Bapat Marg
Mumbai 400 013

DIRECTOR FINANCE & COMPANY SECRETARY :

S.K. GULATI

Vitrum Glass

L.B. Shastri Marg
Vikhroli, Mumbai 400 083

AUDITORS :

R.A. PATEL & CO.

Garlick Engg.

1. MIDC Industrial Area,
Engineering Zone,
Ambarnath (C. Rly.)
2. Plot No. 5905/4,
GIDC, Ankleshwar 393 002

ADVOCATES & SOLICITORS :

GAGRAT & CO.

R. PUNWANI

BANKERS :

INDIAN BANK

ALLAHABAD BANK

BANK OF INDIA

BANK OF BARODA

CENTRAL BANK OF INDIA



NOTICE

The NINETY-SEVENTH ANNUAL GENERAL MEETING of the Members of EMPIRE INDUSTRIES LIMITED will be held on Thursday, the 24th September, 1998 at 3.00 p.m. at Shri Bhaidas Maganlal Sabhagriha Hall, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 to transact the following business :

1. To adopt the Directors' Report and the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. F.A.A. Jasdanwalla, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Dileep Malhotra, who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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 224A and other applicable provisions, if any of the Companies Act, 1956 Messrs R.A. Patel & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors plus reimbursement of travelling and actual out-of-pocket expenses."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to provisions of Sections 198, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act 1956 read with Schedule XIII (as amended from time to time) to the said Act, approval of the Members of the Company be and is hereby accorded to the appointment of Mr. Ranjit Malhotra as Vice-Chairman & Joint Managing Director of the Company, (with the designation of Vice-Chairman) for a period of five years with effect from 1st October 1998 on the following remuneration and terms and conditions set out in the draft agreement submitted to this Meeting and for identification initialled by Mr. J N Guzder a Director of the Company."

(A) **Salary :** Rs 60,000/- per month in the scale of Rs.60,000 – Rs.1,00,000/-. The Annual

increments which will be effective 1st April each year will be decided by the Board of Directors.

- (B) **Perquisites :** Vice-Chairman shall be entitled to the perquisites as classified into three categories "A", "B" and "C" as follows :

Category 'A'

- (i) *Residential Accommodation*

Fully furnished residential accommodation, if no accommodation is provided by the Company a suitable House Rent Allowance for a full furnished residential accommodation or what the Board of Directors may determine will be paid to him.

- (ii) The expenditure incurred by the Company on providing gas, electricity and water at the residential accommodation shall be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of Mr. Ranjit Malhotra.

- (iii) *Medical Reimbursement :* Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

- (iv) *Leave Travel Concession :* For self and family once in a year incurred in accordance with the rules specified by the Company.

- (v) *Club Fees :* Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.

- (vi) *Personal Accident Insurance :* Premium not to exceed Rs 4,000 p.a

Explanation : For the purpose of Category 'A' Family means the spouse, the dependent children and dependent parents.

Category 'B'

- (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per rules of the Company. These will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

- (ii) Gratuity payable shall not exceed half month's salary for each completed year of service. This will not be included in the computation of the ceiling on perquisites.

EMPIRE INDUSTRIES LIMITED

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Category 'C'

Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr Ranjit Malhotra.

- (C) **Commission :** 1% of the net profits of the Company for each financial year or part thereof as laid down under Section 309(5) of the Companies Act, 1956.
- (D) **Leave :** Leave on full pay and allowance as per rules of the Company. Leave accumulated and not availed of may be encashed as per rules of the Company.
- (E) The Vice-Chairman will not be paid any sitting fees for attending the meetings of the Board of Directors or any Committee thereof.
- (F) The Vice-Chairman shall be entitled to the reimbursement of all expenses including traveling and entertainment expenses actually and properly incurred by him in the course of business of the Company.
- (G) In case the Vice-Chairman suffers permanent total disablement due to sickness or accident or shall die during the course of his employment hereunder, the Company shall pay full salary for the then current calendar month and for six calendar months thereafter, to him or his heirs as the case may be .
- (H) In case of premature death during the currency of this agreement, his nominee as disclosed by him in the Superannuation Scheme, will be paid 50% of the Salary for the balance period of the full term of this agreement. This amount will be inclusive of superannuation benefits which should accrue as per the Superannuation Scheme.
- (I) Subject to the provisions of Section 201 of the Companies Act, 1956 the Company agrees to indemnify the Vice-Chairman for any costs, losses, penalty, fine, expenses which he may incur or become liable to by reasons of any contract entered into or act or thing done by him in any way in the discharge of his duties as a Vice-Chairman.

"RESOLVED FURTHER THAT in the event of loss or absence or inadequacy of profits in any financial year of the Company subject to the provisions of the Companies Act, 1956 the salary and perquisites payable and allowed to Mr Ranjit Malhotra shall be as specified above."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary, alter, increase, expand, enhance, enlarge or widen the scope of the remuneration and perquisites, including the monetary value thereof specified in Schedule XIII to the Companies Act, 1956, as amended from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

By Order of the Board

For **EMPIRE INDUSTRIES LIMITED**

S.K. GULATI

*Director Finance &
Company Secretary*

Registered Office:

414, Senapati Bapat Marg
Mumbai 400 013.

Mumbai,

Date : 30th July, 1998.

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.
2. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Item No 4 and 5 as set out above are annexed hereto.

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business mentioned under Item No. 4 and 5 of the accompanying Notice dated 30th July, 1998.

Item No. 4:

Section 224-A of the Companies Act, 1956, provides of the appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors of a Company by a Special Resolution, if the Company is one in which not less than 25 per cent of its subscribed share capital is held singly or in combination by the public financial institutions, government companies, Central or State Governments, financial or other institutions in which the State Government holds not less than 51 per cent of



the subscribed Share Capital, nationalised banks or insurance companies carrying on general insurance business.

Since the combined share holding of LIC, UTI, ICICI, nationalised banks and insurance companies exceeds 25 percent of the subscribed share capital of the Company, the re-appointment of Messrs R.A Patel & Co., as Auditors of the Company is required to be made by a Special Resolution. As required Under Section 224 of the Act, certificate has been received to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (IB) of the Act.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

Item No. 5:

Due to liberalization policies and increase in the competition, the administrative and managerial work in the company has increased substantially and hence, the Board of Directors at its Meeting held on 30 July, 1998 have appointed Mr. Ranjit Malhotra as Vice-Chairman & Joint Managing Director of the Company (with the designation of Vice-Chairman) subject to the approval of the Members of the Company for a period of 5 years with effect from 1st October 1998 on such remuneration and the terms and conditions as set out in the resolution.

The draft Agreement to be entered into by the Company with Mr. Ranjit Molthora is available for inspection by the Members of the Company between 10.00 a.m. and 1.00 p.m. on all working days up to and including the day of the meeting.

Mr. Ranjit Malhotra is interested in the proposed Resolution as it concerns his own remuneration. Mr. S C Malhotra and Mr. Dileep Malhotra, Directors of the Company, may also be regarded as interested in the Resolution as relatives of Mr. Ranjit Malhotra.

The Explanatory Statement and the Resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board

For **EMPIRE INDUSTRIES LIMITED**

S.K. GULATI

*Director Finance &
Company Secretary*

Registered Office:

414, Senapati Bapat Marg
Mumbai 400 013.

Mumbai,
Date: 30th July, 1998.

EMPIRE INDUSTRIES LIMITED

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DIRECTORS' REPORT

The Directors hereby present their Annual Report and the Audited Accounts of the Company for the Year ended 31st March, 1998.

FINANCIAL RESULTS

	Year ended 31.03.98 Rupees	Year ended 31.03.97 Rupees
Income :		
Sales & Commission	54,01,51,632	58,33,38,420
Warehousing	40,56,947	31,59,880
Other Income	1,56,71,701	1,73,10,963
	55,98,80,280	60,38,09,263
Less : Operating Expenses	55,00,61,749	58,06,71,616
Profit before tax	98,18,531	2,31,37,647
Less : Provision for taxation	38,00,000	1,06,00,000
Amount available for appropriation	60,18,531	1,25,37,647
Appropriated as under :		
General Reserve	60,18,531	1,25,37,647

DIVIDEND

Considering the overall net financial results of the Company in the year, your Directors are constrained to recommend that Dividend be withheld for the year under review to strengthen the company's liquidity position.

OPERATION

Vitrum Glass :

The Glass Industry in the country as a whole had a difficult environment throughout the year. However, in spite of stiff competition and poor market conditions this Division performed fairly well. We are in the process of installing Electronic Pushers on the bottle forming machines as a further step to modernisation and improvement in productivity. The Division is in the final stages of implementing ISO 9002 standards and hopes to receive the Certificate shortly.

Empire Instrumentation

There has been a general slowdown in capital equipment purchases by the chemical and utility industries during the year 1997-98. This unfavorable trend adversely affected our Instrumentation Division and sales targets could not be achieved. We are, however, hopeful that this Division will improve its performance during the current financial year

*Empire Machine Tools*a) *MFTM Division*

This Division, engaged in agency business related to sophisticated metal forming, material testing and metrology equipments, achieved a moderate order booking of Rs 61 crores during the financial year under review. Capital spending was restrained due to the uncertain political situation in the country and a financial crunch experienced by our customers. However, the current financial year looks brighter as enquiry generation and order conversion are gradually improving with greater stability in the market.

b) *MCAT Division*

The Financial Year 1997-98 was not a favourable year for this division which is mainly engaged in the business of marketing Machine Tools with applications of cutting of metal by turning, milling, boring, grinding etc.

Due to the present recessionary trends in the Indian economy, the activities of our clients, which include Automobile and Auto Ancillary Industries, Tool Rooms and Job Shop Steel Mills etc. are reduced greatly. Further, because of the change in the Government Policies such as imposing of additional 4% customs duty as also the fall in rupee value against certain foreign currencies, the import of foreign machines have become more expensive for Indian users. However this division is concentrating on high-tech areas where competition is less and thereby a brighter future can be anticipated.

Empire Chemicals

The Sales growth of this Division was affected due to the discriminatory import duty on Titanium Dioxide – one of the major items this division is dealing in – primarily to protect the local government owned units. The unfavourable exchange rate and the artificially low prices offered by the local producers contributed to the slowing down of business of this division. However, in view of the estimated gap between the supply and demand, we can foresee revival in import demand for this product.

Garlick Engineering

While the Lock-out position continued during the financial year, a few more workers resigned under the Voluntary Retirement Scheme reducing their strength to 70. Ultimately the management decided to close down the Ambarnath factory of this division and accordingly as per statutory requirements, 60-days Notice of Closure dated 24-02-98 was given to the remaining workers and concerned government authorities. The closure became effective with effect from 26th April 1998.



Empire Metals

This division has performed better during the year, and despite unfavourable market conditions, looks forward to a better year ahead. Overall, we have succeeded in enhancing turn-over and pro-rata revenue during the year under review.

SUBSIDIARY COMPANY

The Accounts of Empire Securities & Capital Limited for the year ended 31st March, 1998, together with the relevant statements under Section 212 of the Companies Act, 1956 as required are annexed to this Report.

FIXED DEPOSITS

As on March 31, 1998, 245 depositors had not claimed their matured deposits amounting to Rs.17,45,000/-. Since then 116 depositors have claimed/renewed their deposits amounting to Rs. 10,30,000/-. As of date, all deposit claims have been met, except unclaimed deposits amounting to Rs. 7,15,000/-. The Company has complied with the provisions of Section 58 A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees is given in the Annexure forming part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, relating to the foregoing matters is given in the Annexure forming part of this report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. F.A.A Jasdanwalla and Mr.Dileep Malhotra, retire by rotation at this Annual General Meeting and being eligible, offer themselves, for re-appointment.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude for the abundant assistance and co-operation received by the Company from its workers, staff and officers and the Financial Institutions, consortium of Commercial Banks, and other Government Bodies during the year under review.

AUDITORS

Messrs. R. A Patel & Co., Chartered Accountants, retire at this Annual General Meeting and being eligible, offer themselves, for re-appointment.

On behalf of the Board of Directors

Mumbai,
Date: 30th July, 1998

S.C. MALHOTRA
Chairman