



ANNUAL REPORT 1998-99

EMPIRE INDUSTRIES LIMITED

DIRECTORS :

S.C. MALHOTRA *Chairman*

RANJIT MALHOTRA *Vice-Chairman*

N.V. KHOTE
R.A. MASKATI
J.N. GUZDER
F.A.A. JASDANWALLA
DILEEP MALHOTRA

} *Directors*

DIRECTOR FINANCE & COMPANY SECRETARY :

S.K. GULATI

AUDITORS :

R.A. PATEL & CO.

ADVOCATES & SOLICITORS :

GAGRAT & CO.

R. PUNWANI

BANKERS :

INDIAN BANK

ALLAHABAD BANK

BANK OF INDIA

BANK OF BARODA

CENTRAL BANK OF INDIA

REGISTERED OFFICE :

414, Senapati Bapat Marg,
Mumbai 400 013

PLANTS :

Empire Dyeing

414, Senapati Bapat Marg
Mumbai 400 013

Vitrum Glass

L.B. Shastri Marg
Vikhroli, Mumbai 400 083

Garlick Engg.

MIDC Industrial Area,
Engineering Zone,
Ambernath (C. Rly.)



NOTICE

The NINETY-EIGHTH ANNUAL GENERAL MEETING of the Members of EMPIRE INDUSTRIES LIMITED will be held on Wednesday, the 22nd September, 1999 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, 1999 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. J.N. Guzder, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R.A. Maskati, 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. Dileep Malhotra as Joint Managing Director of the Company, for a period of five years with effect from 1st October 1999 on the following remuneration and terms and conditions set out in the draft agreement submitted to this Meeting and for identification initialled by Mr. R.A. Maskati a Director of the Company."

- (A) **Salary :** Rs 55,000/- per month in the scale of Rs.55,000 - 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 :** Joint Managing Director 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. Dileep 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

ANNUAL REPORT 1998-99

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 Dileep 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 Joint Managing Director will not be paid any sitting fees for attending the meetings of the Board of Directors or any Committee thereof.
- (F) The Joint Managing Director 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 Joint Managing Director 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 Joint Managing Director 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 Joint Managing Director.

"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 Dileep 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 : 29th July, 1999.

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 29th July, 1999.

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 Patej & 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 (1B) of the Act.

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

Item No. 5:

In view of the substantial increase in the administrative and managerial work due to increase in the competition and efforts to expand the agency business of the Company, the Board of Directors at its Meeting held on 29th July, 1999 have appointed Mr. Dileep Malhotra as Joint Managing Director of the Company subject to the approval of the Members of the Company for a period of 5 years with effect from 1st October 1999 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. Dileep Malhotra 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. Dileep Malhotra is interested in the proposed Resolution as it concerns his own remuneration. Mr. S C Malhotra and Mr. Ranjit Malhotra, Directors of the Company, may also be regarded as interested in the Resolution as relatives of Mr. Dileep 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: 29th July, 1999.



EMPIRE INDUSTRIES LIMITED

ANNUAL REPORT 1998-99

DIRECTORS' REPORT

The Directors hereby present their Annual Report and the Audited Accounts of the Company for the Year ended 31st March, 1999.

FINANCIAL RESULTS

	Year ended 31.03.99 Rupees	Year ended 31.03.98 Rupees
Income :		
Sales & Commission	59,58,21,879	54,01,51,632
Other Income	1,70,16,936	1,97,28,648
	61,28,38,815	55,98,80,280
Less : Operating Expenses	60,24,46,118	55,00,61,749
Profit before tax	1,03,92,697	98,18,531
Less : Provision for taxation	55,00,000	38,00,000
Amount available for appropriation	48,92,697	60,18,531
Appropriated as under :		
General Reserve	48,92,697	60,18,531

DIVIDEND

With a view to conserve resources, your Directors recommend to withhold the Dividend for the year under review.

OPERATION

Vitrum Glass :

In recognition of the world class quality systems being followed by the division, ISO 9002 Certificate has been awarded to it in October 1998. The Division has 4 automatic Glass Bottle Forming Machines manufacturing around one Million Amber Glass Bottles every day. The Division is updating the said 4 Forming Machines and also installing imported Automatic Inspection Machines on all the 4 lines, with estimated cost of approx. Rs.4 Crore for which ICICI Ltd. has already sanctioned a loan of Rs.4 Crore. In spite of stiff competition, the Division has performed well during the year under review and is expected to do well in the current year also.

Empire Machine Tools

a) MFTM (Metal Forming, Testing & Metrology) Division

This Division is engaged in agency business related to sophisticated metal forming machinery –including Flame Cutting, Die Casting and Heat Treatment equipments – besides, material testing and metrology equipments. The

Division achieved a moderate order booking of Rs.44 Crore during 1998-99 due to the uncertain political situation in the country and the financial crunch experienced by customers. However, the current financial year looks brighter due to focused attention on market segments with high investment plans i.e. major automobile companies, aerospace, atomic energy and defence related Industries. One of the major activities during the year has been sourcing of products needed by these specific market segments i.e. sheet metal press lines, forging press lines and special furnaces, which will form the core business and contribute greatly to the growth of this Division.

b) MCAT (Metal Cutting & Allied Technologies) Division

Though the recessionary trend is continuing in the Indian economy especially in Automobiles and Steel, the Division has booked orders worth approx. Rs.24 Crore during the year 1998-99. The Division is concentrating on high tech areas where there will be less competition and improve its performance during the current year.

Empire Chemicals

Recessionary market conditions existed throughout the year 1998-99. The imports especially dwindled on account of higher Foreign Exchange costs and duty barriers. Import of chemical inputs have been restricted to critical items such as high tech speciality products. Our target industries such as paints and plastics have reported very modest growth in value and an insignificant change in volumes. In order to respond to a poor market situation, radical measures have been taken. The Division has been reconstituted to focus on Pharmaceuticals, Industrial Chemicals and Pigments respectively. Dedicated efforts in each area are already showing results. In current year, we expect to register excellent growth in the old established as well as new areas. Almost all of our earnings are in Foreign Exchange.

Empire Instrumentation

The market conditions for the capital items purchased by the chemical and utility industries did not improve during the year under review. However the Division has performed better as compared to previous years and expects further improvement in the current year.

Y2K ISSUE

The Company has undertaken a comprehensive approach to Y2K issue, covering all areas at all locations. All major processes have been verified as Y2K compliant and the



Board does not anticipate any adverse effect on the Company's operations.

SUBSIDIARY COMPANY

The Accounts of Empire Securities & Capital Limited for the year ended 31st March, 1999, 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, 1999, 180 depositors had not claimed their matured deposits amounting to Rs.12,32,000/-. Since then 65 depositors have claimed/renewed their deposits amounting to Rs.5,81,500/-. As of date, all deposit claims have been met, except unclaimed deposits amounting to Rs.6,50,500/-. 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. J.N. GUZDER and Mr.R.A. MASKATI, 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: 29th July, 1999

S.C. MALHOTRA
Chairman

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ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956:

VITRUM GLASS**A) CONSERVATION OF ENERGY**

- a) Energy Conservation Measures taken :
- 1) Energy conservation has been achieved by replacing an obsolete and inefficient compressor with a new efficient compressor.
 - 2) Lehr insulations have been further improved to conserve energy.
- b) Additional Investments and proposals being implemented :
- 1) 90° electronic push-outs introduced on one line to improve productivity. Proposal is under consideration for introducing the same on other lines.
 - 2) Automatic bottle inspection (cold end) is being introduced on all four lines to improve the quality of bottles further.
- c) Impact of measures (a) and (b) above :
- The above measures are expected to help in further reduction of energy consumption and improvement in productivity.
- d) Total energy consumption & energy consumption per unit of production.

FORM - A

	Current Year	Previous Year
I. Power & fuel consumption		
1. Electricity		
Purchased Units	1,35,73,140	1,37,66,792
Total Cost (Rs. in lacs)	363.19	392.65
Rate per Unit (Rs.)	2.68	2.85
2. Furnace oil/LSHS		
Quantity (Tons)	5,224	5,317
Total cost (Rs. in lacs)	324.09	379.08
Average Rate (Rs.)	6,204	7,130
3. L.P Gas		
Quantity (M.T.)	493	479
Total Cost (Rs. in lacs)	45.45	54.42
Rate per Ton (Rs.)	9,219	11,361
II Consumption per Unit/Ton of Production		
Electricity	351	338
Furnace oil/LSHS	0.135	0.135
L.P. Gas	0.013	0.012



(B) TECHNOLOGY ABSORPTION :

FORM - B

Research and Development (R&D)

- 1) Specific areas in which R&D carried out by the Company:
 - (a) Upgradation of technology associated with productivity.
 - (b) Indigenisation of I.S. Machine parts.
 - (c) Lehr No.2 Inverter drive system installed to minimise breakdown.
- 2) Benefits derived as a result of the above R & D :
 - (a) Appreciable improvement in productivity and performance.
 - (b) Improvement in quality of products.
 - (c) Saving in foreign exchange.
- 3) Further plan of action
To continue technology upgradation to improve productivity and quality of products.

Technology absorption, adaptation and innovation.

- 1) Efforts in brief :
A continuous interaction and exchange of information with the Industry is being maintained with a view to absorbing, adapting and innovating new methods that may be possible.
- 2) Benefits derived :
The main benefits derived are in respect of quality improvement, cost reduction and import substitution.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used & earned:-

Foreign Exchange used	Rs. 714.60 Lacs
Foreign Exchange earned	Rs. 1,193.77 Lacs

On Behalf of the
Board of Directors

S. C. MALHOTRA
Chairman

Mumbai,
29th July, 1999.

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EMPIRE INDUSTRIES LIMITED

ANNUAL REPORT 1998-99

STATEMENT OF INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

NAME OF THE EMPLOYEE	AGE	DESIGNATION/ NATURE OF DUTIES	REMUNE- RATION RECEIVED RUPEES	QUALIFI- CATION	DATE OF JOINING	TOTAL EXPE- RIENCE YEARS	LAST EMPLOYMENT HELD BEFORE JOINING THE COMPANY AND THE PERIOD
MR. BHATTACHARJEE P.K.	58	DIRECTOR ** CORPORATE	776787	B.TECH.(HONS.) (MECH.ENGG.)	07.08.1969	37	CONSULTANT, IBOCN PVT. LTD., MUMBAI (3 YEARS).
MR. BOLAR PRABHAKAR *	61	ACCOUNTANT	331043	F.Y. ARTS	26.11.1964	41	EXPORT ASSISTANT, SADHANA TEXTILE MILLS, MUMBAI (1 YEAR).
MR. GAURIE G.S.	55	DIRECTOR ** EMPIRE INSTRUMENTATION	870920	B. TECH.	22.01.1996	32	GUJARAT INST. LTD. (12 YEARS)
MR. GULATI S. K.	60	DIRECTOR ** FINANCE & COMPANY SECRETARY	832194	B.COM. (HONS.) A.C.S. F.C.A.	02.06.1975	37	ADMINISTRATIVE MANAGER, MACHINE DIVISION, CROMPTON GREAVES LTD., MUMBAI (9 YEARS)
MR. HALAWALE GANGARAM K *	58	MAZDUR	179562	-	14.12.1970	28	FIRST EMPLOYMENT
MR. JANAB ALI *	50	CHIPPER	186076	-	18.05.1976	22	FIRST EMPLOYMENT
MR. KOPARKAR M.N. *	51	MANAGER ACCOUNTS	496882	B. COM.	10.05.1973	31	CLERK, BHARAT BILLEE LTD., THANE (6 YEARS)
MR. MALHOTRA RANJIT *	41	VICE CHAIRMAN	620700	M.B.A. (U.S.A.)	01.10.1998	6	MANAGING DIRECTOR, EMPIRE INTERNATIONAL P. LTD., MUMBAI (6 YEARS)
MR. MALHOTRA S.C.	65	CHAIRMAN & MANAGING DIRECTOR	1121996	INTERMEDIATE ARTS & CERT. OF N.D.A.	01.11.1965	49	CHIEF EXECUTIVE, KOHINOOR MILLS, DIVN. OF KILICK IND. LTD., MUMBAI (6 YEARS)
MR. MATHUR H.B.	63	DIRECTOR ** EMPIRE DYEING	679040	B.Sc.	17.10.1981	41	GEN.MGR. PODAR SILK & SYNTHETICS LTD., MUMBAI (2 YEARS)
MR. NIKALJI VILAS R *	51	ASST. STORES OFFICER	114433	S.S.C.	26.10.1966	32	FIRST EMPLOYMENT
MR. NARAYAN S.G. *	52	SR. VICE PRESIDENT (REGIONAL OPN.) BANGALORE/MADRAS/HYD.	1140269	B.E. (MECH)	20.03.1972	29	SALES & SERVICE ENGINEER MARSHALL & SONS, MADRAS (1 YEAR)
MR. PATIL J.D. *	49	WELDER	191559	-	23.08.1976	22	FIRST EMPLOYMENT
MR. RAMCHANDRAN R.K.	62	DIRECTOR ** EMPIRE METALS	858988	B.Sc., A.M.I.T.E., A.M.I.W.M. (LONDON), M.I.S.I., A.M.I.I.F.	20.05.1996	33	VIKRAM ISPAT (A UNIT OF GRASIM INDS. LTD.) SR. VICE PRESIDENT (MKTG) (2 YEARS)
MR. RAO P.N.	47	DIRECTOR ** (M.C.A.T.)	752200	B.E. (MECH)	01.01.1980	27	ASST. SALES ENGINEER VOLTAS LTD., LUCKNOW (2 YEARS)
DR. SALDANHA A.K.	55	DIRECTOR ** EMPIRE CHEMICALS	1032601	B.Sc.(HONS), DBM, Grad I.M. (LONDON), PhD. D.B.A. (USA), F.Inst M (LONDON), F.C.I.M. (LONDON).	01.07.1996	35	SM GROUP OF COMPANIES CORPORATE MANAGEMENT ADVISOR (2 YEARS)
MR. SATHE SUBHASH C. *	47	OPERATOR	103641	9th STANDARD	12.08.1973	25	FIRST EMPLOYMENT
MR. SAM M.N. *	49	SR. EXECUTIVE	112211	DIPLOMA IN MECHANICAL ENGG.	18.06.1977	27	ELECTRO SHIPPING CO. PVT. LTD., MUMBAI (3 YEARS)