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ANNUAL REPORT 2000-2001

EMPIRE INDUSTRIES LIMITED

DIRECTORS :

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

REGISTERED OFFICE :

414, Senapati Bapat Marg,
Mumbai 400 013
Tel : 4964203 / 4938411
Fax : 4939143 / 4937203
E-mail : frank@giabm01.vsnl.net.in

PLANT :

Vitrum Glass
L.B. Shastri Marg
Vikhroli, Mumbai 400 083

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



NOTICE

The ONE HUNDREDTH ANNUAL GENERAL MEETING of the Members of EMPIRE INDUSTRIES LIMITED will be held on Thursday, September 20, 2001 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 March 31, 2001 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of MR. DILEEP MALHOTRA, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of MR. J.N. GUZDER, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration, and to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT 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 service tax plus reimbursement of travelling and actual out-of-pocket expenses."

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 : July 27, 2001

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.



EMPIRE INDUSTRIES LIMITED

ANNUAL REPORT 2000-2001

DIRECTORS' REPORT

The Directors hereby present their Annual Report and the Audited Accounts of the Company for the Year ended 31st March, 2001.

FINANCIAL RESULTS

	Year ended 31.03.2001 Rupees	Year ended 31.03.2000 Rupees
Income:		
Sales & Commission	59,73,68,600	58,57,03,916
Other Income	1,53,91,403	1,44,36,729
	61,27,60,003	60,01,40,645
Less: Operating Expenses	60,77,50,011	59,43,18,800
Profit before tax	50,09,992	58,21,845
Less: Provision for taxation	6,00,000	10,00,000
	44,09,992	48,21,845
Add: Excess Tax provision of previous years written back	20,13,562	—
Amount available for appropriation	64,23,554	48,21,845
Appropriated as under:		
General Reserve	64,23,554	48,21,845

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.

OPERATIONS

Vitrum Glass :

The Division manufactures over one million Amber Glass Bottles every day for the pharmaceutical industry. Having installed Automatic Inspection Machines on all four lines, Vitrum is now manufacturing world class containers and has increased its exports substantially. The Division exported Pharma Bottles worth Rs.4.96 crores (including third party exports) during the year under review.

At home, inspite of stiff competition, the Division has performed well during the year under review and is expected to repeat the performance during the current year.

*Empire Machine Tools*a) *MFTM (Metal Forming, Testing & Metrology) Division*

This Division is engaged in agency business covering a wide range of products which are broadly classified under Metal Forming machines and Metrology & Material Testing equipments. These are all top of the line products from Europe, USA and Japan, involving hi-tech sales and service support. The Division achieved a moderate indenting business of Rs.49 Crores during the financial year under review, in a market faced with problems of cash flow and severe competition. In the current financial year, major business is expected from Government organisations.

b) *MCAT (Metal Cutting & Allied Technologies) Division*

Industrial growth for Capital goods is non-existent in today's economic conditions. Private companies are hesitating to invest looking at the general political and industrial environment which has not been good for three years. There has been some investment in the Defence and Railway sectors, although we are yet to realise any major business. Many projects have been delayed. Generally, margins have been squeezed due to heavy competition resulting from a slow demand.

Empire Chemicals

Due to liberalisation, the competition in the products marketed by the Division has increased substantially which has affected the Division's business adversely. However, the Division expects to improve its performance in the current year.

Empire Instrumentation

The general market conditions for the capital items purchased in the country has been poor. One area of our concentration has been Service to Clients where we have achieved considerable improvement in both Annual Maintenance Contracts as well as other Technical Services provided by the division. This area is being concentrated upon and we expect better results in future.

Empire Industrial Equipment :

This Division completed its first year of operations. This was a start up year, identifying New Markets, New Principals and establishing the Company's name in the infrastructure related markets was the primary Task. This has been reasonably achieved. Since most orders are from Government Customers, or to vendors to the Government, the process of identifying products, getting our company and the products accepted, and quoting against tenders itself has been a task. But this foundation is required to ensure proper building up of the business. Actual business results in terms of orders and revenues have been negligible in this year. However, the Division expects a better performance in the coming years.



The Empire Institute of Learning :

The Company entered into an Agreement with the Cambrian College of Applied Arts & Technology of Canada on December 5, 2000 to conduct their technical educational programmes w.e.f. August 2001. The Company has also signed a Joint Collaboration Agreement with Mountain State University of USA on May 26, 2001 to conduct their degree programmes in technical subjects w.e.f. August 2001. Besides these programmes, the Division on its own conducts Diploma Courses in E-Commerce, E-Media etc. So far over 400 students have been registered for all the courses mentioned above and we expect over 550 students to join these courses by December 2001. The Company has also signed a Memorandum of Understanding with two Australian Universities to conduct their courses in our Campus, probably w.e.f. August 2002. The Division expects a substantial increase in the registration of students during the current year.

Capital Expenditure :

Capital expenditure incurred during the year amounted to Rs.7.86 Crores as against Rs.5.85 Crores in the previous year. The expenditure has been incurred mainly on providing infrastructure for conducting various courses in The Empire Institute of Learning at Lower Parel, Mumbai.

DIRECTOR'S RESPONSIBILITY STATEMENT :

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Board of Directors confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures except Accounting Standard AS-15 in respect of provision of Gratuity & Leave Encashments which have been accounted on cash basis as referred in Note No.3 & 4 of Schedule N.
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

SUBSIDIARY COMPANY

The Accounts of Empire Securities & Capital Limited for the year ended 31st March, 2001, 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, 2001, 169 depositors had not claimed their matured deposits amounting to Rs.10,43,000/-. Since then 48 depositors have claimed/renewed their deposits amounting to Rs.4,30,500/-. As of date, all deposit claims have been met, except unclaimed deposits amounting to Rs.6,12,500/-. 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. DILEEP MALHOTRA & MR. J. N. GUZDER, 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: July 27, 2001

S C MALHOTRA
Chairman

EMPIRE INDUSTRIES LIMITED**ANNUAL REPORT 2000-2001****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) One energy efficient compressor has been added for supplying compressed air to Shrink Wrap Machines.
 - 2) Annealing Lehrs have been partially converted to natural gas firing from electricity.
- b) Additional investments and proposal being implemented :
Certain modifications are being done to the existing compressors which will result in considerable saving of electrical energy.
- c) Impact of measures (a) and (b) above
The above measures have helped in conserving energy.
- d) Total energy consumption & energy consumption per unit of production.

FORM - A

	Current Year	Previous Year
I. Power & Fuel consumption		
1) Electricity		
Purchased Units	1,24,65,240	1,69,12,480
Total cost (Rs.in lacs)	487.17	429.58
Rate/Unit (Rs)	3.91	2.54
2) Natural Gas		
Quantity Purchased units	71,70,225	16,35,728
Total cost (Rs.in lacs)	564.03	128.72
Rate/Unit (Rs)	7.87	7.87
II. Consumption per Unit/Ton of Production		
Electricity	313	440
Natural Gas	180	43

(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 resulting in improvement in productivity.
 - (b) Indigenisation of I.S. Machine parts.
- 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) Effort in brief :
A continuous interaction and exchange of information in 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 and earned :

Foreign Exchange used	Rs. 533.74 lacs	Foreign Exchange earned	Rs. 904.83 Lacs
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On Behalf of the Board of Directors

Mumbai,
Date : July 27, 2001

S.C.MALHOTRA
CHAIRMAN



STATEMENT OF INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

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 COMPANY AND THE PERIOD
MR. BHATTACHARJEE P.K	60	DIRECTOR ** CORPORATE	1554720	B.TECH.(HONS.) (MECH.ENG.)	07.08.1969	39	CONSULTANT, IBCON PVT. LTD., MUMBAI (3 YEARS).
MR. CASTELLINO F. *	58	GENERAL MANAGER - SYSTEMS	472372	B.E. (MECH.)	01.07.1986	37	FACTORY EXECUTIVE STEELAGE INDUSTRIES LTD., MUMBAI (2 YEARS).
MR. GAURIE G.S.	57	DIRECTOR ** EMPIRE - INSTRUMENTATION	1609690	B. TECH.	22.01.1996	34	GUJARAT INST. LTD. (12 YEARS)
MR. GULATI S. K.	62	DIRECTOR ** FINANCE & COMPANY SECRETARY	1525810	B.COM. (HONS.) A.C.S. F.C.A.	02.05.1975	39	ADMINISTRATIVE MANAGER, MACHINE DIVISION, CROMPTON GREAVES LTD., MUMBAI (9 YEARS)
MR. MATHUR H.B.	65	DIRECTOR ** EMPIRE DYEING	1330322	B.Sc.	17.10.1981	43	GEN.MGR. PODAR SILK & SYNTHETICS LTD., MUMBAI (2 YEARS)
MR. NARASIMHAN N.S.L.	52	DIRECTOR ** EMPIRE INDUSTRIAL EQUIPMENT DIVISION	1234464	B.E., MS (MKTG.), M.F.M.	10.01.2000	27	CHIEF EXECUTIVE, HEATLY AND GRESHAM (I) LTD., DELHI (10 YEARS)
MR. RAO P.N.	49	DIRECTOR ** (MCAT)	1559414	B.E. (MECH)	01.01.1980	29	ASST. SALES ENGINEER VOLTAS LTD., LUCKNOW (2 YEARS)
MR. SEN K.K.	52	DIRECTOR ** (MFTM)	1651046	B.TECH.(HONS)	21.06.1971	30	FIRST EMPLOYMENT
MR. SINGH RAJINDAR	74	DIRECTOR ** VITRUM GLASS	1592461	B.Sc. (ENGG.) M.I.E. (INDIA) A.F. Inst. Pet (Lon) Memb.	16.04.1974	55	SR. EXECUTIVE, BURMAH SHELL MUMBAI (25 YEARS)

* Employed for part of the year.

** The designation Director denotes functional director and not a director on the Board of Directors of the Company.

NOTES :

- 1 NATURE OF EMPLOYMENT NON-CONTRACTUAL.
- 2 REMUNERATION INCLUDES SALARY, BONUS, ALLOWANCE, RETIREMENT BENEFITS, COMPANY'S CONTRIBUTION TO PROVIDENT FUND, DEPOSIT LINKED INSURANCE AND SUPERANNUATION FUND, GROUP INSURANCE PREMIUM, REIMBURSEMENT OF MEDICAL EXPENSES, LEAVE TRAVEL ASSISTANCE AND VALUE OF PERQUISITES COMPUTED IN ACCORDANCE WITH THE PROVISIONS OF THE INCOME TAX ACT, 1961 AND RULES FRAMED THEREUNDER.
- 3 NONE OF THE EMPLOYEES MENTIONED ABOVE IS RELATED TO THE DIRECTORS OF THE COMPANY.

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AUDITOR'S REPORT

We have audited the attached Balance Sheet of "EMPIRE INDUSTRIES LTD." as at 31st March, 2001 and also the annexed Profit & Loss Account of the Company for year ended on that date and report that:

1. In terms of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above:
 - (a) We have obtained all the information and explanations which to the best to our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books of account.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion the Balance Sheet and Profit & Loss Account read with Note No.3 regarding non-provision of retirement gratuity and Note No. 4 regarding non-provision of leave encashment, stated in schedule N, relating to Non applicability of Accounting

Standard AS-15 issued by the Institute of Chartered Accountants of India, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

- (e) On the basis of our review of confirmations received from the companies in which the Directors of the Company are directors and the information and explanations given to us, none of the Directors of the Company is, prima facie, as at 31st March, 2001 disqualified from being appointed as Directors of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the Accounts read along with relevant notes in Schedule N thereon, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view :
 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2001 and
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For **R. A. PATEL & CO.**
Chartered Accountants

Mumbai,
Date : July 27, 2001

V. R. PATEL
Proprietor



ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the year ended on 31st March 2001 of Empire Industries Limited.

- (1) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets as explained to us. Physical verification of the major assets was conducted by the management during the year except for assets lying in their Garlick Engineering Division factory at Ambernath due to lock out and that no serious discrepancies between the records and the physical inventory have been noticed on such verification.
- (2) None of the fixed assets have been revalued during the year.
- (3) We are informed by the management that physical verification has been conducted during the year in respect of finished goods, store, spare parts and raw materials, except for those lying at Garlick Division, due to the reason as stated above.
- (4) In our opinion procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (5) We are informed that there has been no material discrepancies noticed on physical verification of stocks as compared to book records except for stock lying with Garlick Engineering Division.
- (6) In our opinion, the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
- (7) The Company has taken unsecured loans from Directors, companies, firms or other parties listed in the register maintained under section 301 of the Companies Act which are on the same terms and conditions as applicable to others.
- (8) The Company has granted secured or unsecured loan to companies firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (9) As explained to us, in the case of parties to whom the loans or advances in the nature of loans have been given by the Company, certain loans and advances have no stipulations as to repayment of principal or payment of interest. Where stipulations have been made, parties are repaying the principal amounts and interest (where applicable) as stipulated, except in some cases, where, explained to us, the loans considered as rescheduled or minor amounts are written off or the terms (including recovery) are being negotiated and, accordingly on this basis, in our opinion, reasonable steps have been taken for recovery.
- (10) In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of stores raw material including components, plant and machinery equipment and other assets and for sale of goods.
- (11) According to the information and explanations given to us there are transaction of purchase and sale of goods materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000 or more. In our opinion, prima facie the terms and conditions are not prejudicial to the interest of the company.
- (12) The company has a procedure for determination of unserviceable or damaged stores, raw-materials, work-in- process or finished goods. Adequate provision has been made in the accounts for the loss arising on items so determined.

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- (13) In our opinion and according to the information and explanations given to us the company has complied with the provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.
- (14) In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scrap. As explained to us, the company does not have any by products.
- (15) The Company has an internal audit system commensurate with its size and the nature of its business.
- (16) The Central Government has not prescribed under Section 209(1)(d) of the Companies Act, 1956, maintenance of cost records.
- (17) According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
- (18) According to the information and explanations given to us, the company has no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which were outstanding, as at the last day of the financial year concerned, for a period of more than six months from the date they became payable.
- (19) On the basis of material furnished and the explanations given to us, no personal expenses, other than expenses under service contract obligations with the Company's employees and/or accepted business practices, have been charged to revenue account.
- (20) According to the information and explanations given to us, the company is not a sick industrial company within the meaning of clause (o) of sub section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).
- (21) In respect of Company's service activity, carried out by the Machine Tools Division, Instrumentation Division, Chemical Division Industrial Equipment Division and Empire Institute of Learning Division, we have been explained that the nature of activity does not call for receipts, issue and consumption of materials, stores and allocation of materials, stores and man-hours consumed to the relative jobs.
- (22) In the case of trading activity, we are informed that there were no damaged goods traded in by the company.

For **R. A. PATEL & CO.**
Chartered Accountants

Mumbai,
Date : July 27, 2001

V. R. PATEL
Proprietor