



ANNUAL REPORT 2009-10

EMPIRE INDUSTRIES LIMITED

DIRECTORS:

S.C. MALHOTRA	<i>Chairman</i>
RANJIT MALHOTRA	<i>Vice-Chairman</i>
DILEEP MALHOTRA	<i>Jt. Managing Director</i>

R.A. MASKATI	}	<i>Directors</i>
K.C. KHANNA		
RAJBIR SINGH		
C.P. SHAH		
B.C. GANDHI		

REGISTERED OFFICE :

414, Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013

Tel : 6655 5453
Fax : 2493 9143 / 2493 7203
E-mail : email@empiresecretarial.com

PLANT :

Vitrum Glass

L.B. Shastri Marg,
Vikhroli, Mumbai - 400 083

DIRECTOR FINANCE & COMPANY SECRETARY:

S.K. GULATI

AUDITORS:

D.P. GHEVARIA & CO.

ADVOCATES & SOLICITORS:

DSK LEGAL

BANKERS:

INDIAN BANK
ALLAHABAD BANK
BANK OF INDIA
BANK OF BARODA
CENTRAL BANK OF INDIA

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NOTICE

The ONE HUNDRED AND NINTH ANNUAL GENERAL MEETING of the Members of EMPIRE INDUSTRIES LIMITED will be held on Friday, August 27, 2010 at 4:00 P.M. at Hall of Culture, Ground Floor, Nehru Centre, Worli, Mumbai – 400 018 to transact the following business:

AGENDA

- To adopt the Directors' Report and the Audited Balance Sheet as at March 31, 2010, and the Profit & Loss Account for the year ended on that date.
- To declare a Dividend for the year ended March 31, 2010.
- To appoint a Director in place of Mr. Rajbir Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Dileep Malhotra, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint Auditors and fix their remuneration, and to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Messrs D. P. Ghevaria & 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 applicable Taxes plus reimbursement of travelling and actual out-of-pocket expenses."
- Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- In terms of Article 152 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Rajbir Singh, Mr. Dileep Malhotra, Directors, retire by rotation at the ensuing Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments.
- The Company has already notified closure of Register of Members and Transfer Books thereof from Saturday, the 17th July 2010 to Saturday, the 24th July, 2010 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares.
- The Dividend on Equity shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after August 27, 2010:

To those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company and its Registrars on or before July 16, 2010.

In respect of shares held in electronic form to those 'deemed members' whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on July 16, 2010.
- Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Bigshare Services Pvt. Ltd., under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants:

By Order Of The Board
For **EMPIRE INDUSTRIES LIMITED**

S. K. GULATI
Director Finance &
Company Secretary

Registered Office:

414, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.
Place : Mumbai
Date : June 30, 2010.

NOTES:

- 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.

- (i) Name of the Sole/First joint holder and the Folio Number.
- (ii) Particulars of Bank Account, viz.
 - (a) Name of Bank
 - (b) Name of Branch
 - (c) Complete address of the Bank with PIN Code Number.
 - (d) Account Type, whether Savings Account (SA) or Current Account (CA)
 - (e) Bank Account Number.
 - (f) MICR Number.

Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrant as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.

To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Transfer Agents, M/s. Bigshare Services Private limited.

9. Shareholders who have not yet dematerialised their shares and wish to dematerialise the same are requested to apply for dematerialization through your Depository Participants.
10. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Bigshare Services Pvt. Ltd., for consolidation into a single folio.

11. Consequent upon the amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the years remaining unpaid or unclaimed for a period of seven years from the date they first become due for payment, shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

No dividend has been declared for the years ended 31.03.1991 to 31.03.2003.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.03.2004 onwards are requested to claim the amount forthwith from the Company.

12. The Securities and Exchange Board of India (SEBI) vide Circular Ref. No.MRD/DOP/Cir-05/2007 dated April 27, 2007 made PAN mandatory for all securities market transaction. Thereafter, vide Circular No.MRD/DoP/Cir-05/2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares. SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases:
 - (a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s);
 - (b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of the shares;
 - (c) Transposition of shares - when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

By Order Of The Board
For **EMPIRE INDUSTRIES LIMITED**

S. K. GULATI
*Director Finance &
Company Secretary*

Registered Office:

414, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.
Place : Mumbai
Date : June 30, 2010.

DIRECTORS' REPORT

The Directors hereby present their Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS:

Particulars	Year ended 31.03.2010 Rupees	Year ended 31.03.2009 Rupees
Income:		
Sales & Commission	1,49,25,11,947	1,30,93,19,126
Other Income	43,48,04,178	44,60,23,664
	1,92,73,16,125	1,75,53,42,790
Less: Operating Expenses	1,55,73,20,383	1,50,27,76,784
Profit Before Tax	36,99,95,742	25,25,66,006
Less: Provision for Current Taxation	11,10,00,000	6,13,00,000
Provision for Fringe Benefit Tax	—	88,25,000
Provision for Deferred Tax	-14,00,000	1,00,97,000
Taxation for earlier years	20,69,128	—
Amount available for appropriation	25,83,26,614	17,23,44,006
Appropriated as under:		
Dividend proposed	11,99,99,960	5,99,99,980
Tax on Proposed Dividend	1,99,30,490	1,01,96,997
General Reserve	11,83,96,164	10,21,47,029
Total amount appropriated	25,83,26,614	17,23,44,006
Earning per share – Basic & Diluted (Face value of Rs. 10 each)	43.05	28.72

DIVIDEND:

The Directors are pleased to recommend, for your consideration, payment of Dividend @ 200% (Rs.20/- per Equity Share of the face value of Rs.10/- Tax Free) for the financial year 2009-10, (Previous Year 100%). The total amount of the Dividend outgo will be Rs.11,99,99,960/-

as against Rs. 5,99,99,980/- for the previous financial year. The tax on distributed profits, payable by the Company would amount to Rs.1,99,30,490/- as against Rs.1,01,96,997/- for the previous financial year.

OPERATIONS:

Vitrum Glass:

The Division manufactures Amber Glass Bottles of international quality for the Pharmaceutical Industry. Over 11.50 lac bottles are manufactured every day on four fully automatic production lines. During the year under review the Division achieved 12% higher turnover at Rs.76.60 crore. Exports of bottles during the year under review were 12% of the total production. Our Company has been granted Export House status by the Ministry of Commerce & Industry for a period of five years, which is valid up to 31.03.2014. The performance of the Eight Section Triple Gob Machine which was installed in March, 2009 on line No.1 is excellent. This machine has given 45% increased production on line No.1. The Division is expected to do well in the current year.

EMPIRE MACHINE TOOLS – MFTM

(Metal Forming, Testing & Metrology):

The Division is engaged in agency business covering sales and service support of hi-tech machines in Metal Forming, Metrology, Assembly and Testing Lines, Welding, Melting, Heat Treatment and Process consultancy in the Engineering Industry. Investments in all the major three sectors of Automobiles, Power Generation and Aerospace did not come up to expectations due to recessionary trends, but there are definite upward market movements now towards investment in all these sectors. The Division is expected to improve its performance during the year.

EMPIRE MACHINE TOOLS - MCAT

(Metal Cutting & Allied Technologies):

Order inflow in the Division is affected mainly due to recessionary trends and also due to the global economic meltdown. Market is on the upswing now. Competition is severe. The Division has done well in terms of shipments on orders received and is now focusing mainly on Power Generation and Aerospace where there are greater opportunities. The Division has enough pending orders and expects to do well in the current year.

Empire Industrial Equipment:

The Division has done well during the year under review in spite of the general slowdown in business. Government Projects in Oil & Gas sector continued without any major setback, and the division had the expected share of the business. The overall Business outlook has improved compared to last year. Private sector Oil & Gas sector and Steel Sector have started making new investments. The Division had a good share of orders coming from the Refinery sector. In the current year, this Division expects business to grow at a good pace, gaining greater share from Oil & Gas, Steel, Ports & Shipyard sectors. The Division's Business in the Refinery sector should continue to be good. On the Construction, Mining and power Plant Equipment sectors, this Division expects to penetrate and slowly grow. Scope for Business in these sectors looks good. Overall the division expects business to grow at a good rate in the current year as well.

Empire Vending (GRABBIT)

During the year of recession GRABBIT also went through a downfall and hence the revenues were affected. By the end of the financial year GRABBIT has improved its performance and shall grow in terms of revenue and profitability in the current year.

Empire Foods

There is ever increasing demand for quality seafood and other imported frozen foods in India. The Division has identified this need and started to import various kinds of chilled and frozen seafood and other frozen food products from all over the world and Market them Pan-India. The Division has introduced in India an extremely popular fish from Vietnam called "Basa". Basa has close to one Billion Dollars global business and is heavily consumed in food industry in USA, EU, Middle East, Australia, Japan, Egypt and rest of the world except it was not available in India. In a very limited time, this fish has gained extreme popularity in leading Five-star / Four star chain of hotels, Hi-end restaurants, Air caterers and leading banquet halls throughout the country. The Division has created its own registered brands of Basa popularly known as "Royal Basa", "Basa King" and "Basa Supreme". The Division has got its distributors in Mumbai, Delhi, Calcutta, Chennai, Bangalore, Goa, Jaipur, Udaipur, Lucknow, Indore, Hyderabad, Chandigarh and rest of the country. This year the Division has identified more products like Salmon and many other popular and niche frozen foods products to trade in India. The Division has established a cold chain for frozen food products spread throughout the country for institutional products.

CAPITAL EXPENDITURE:

The major Capital Expenditure is on account of renovation of building (Rs.121.64 Lacs) and Vehicles (Rs.113.08 Lacs).

DIRECTORS' 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 read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- 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 as at March 31, 2010 and of the profit of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care 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; and
- iv) that the Directors have prepared the Annual Accounts of the Company on a going concern basis.

CORPORATE GOVERNANCE:

A report on Corporate Governance is given in the Annexure forming part of this report.

FIXED DEPOSITS:

As on March 31, 2010, 99 depositors had not claimed their matured deposits amounting to Rs.23,59,500/-. Since then 60 depositors have claimed/renewed their deposits amounting to Rs.16,07,000/-. As of date, all deposit claims have been met, except unclaimed deposits amounting to Rs.7,52,500/-. 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 are 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. Rajbir Singh and Mr. Dileep Malhotra, retire by rotation at this Annual General Meeting and being eligible, offers themselves for re-appointment.

TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO IEPF

Pursuant to the provisions of Section 205C of the Companies Act, 1956 the Fixed Deposits and interest thereon which remained unpaid/unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

ACKNOWLEDGEMENT:

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

AUDITORS:

Messrs D. P. Ghevaria & Co., Chartered Accountants, retire at this Annual General Meeting and being eligible, offer themselves, for reappointment.

On Behalf of the Board of Directors

Place : Mumbai
Date : June 30, 2010

S. C. MALHOTRA
Chairman

ANNEXURE TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

As per the provisions of Clause No.49 of the Listing Agreement, the Company has complied with the requirements as per the Report furnished below:

1. Company's philosophy on Corporate Governance:

Corporate Governance has been an integral part of the way we have been carrying on our business. We believe that good Corporate Governance emerges from the application of best and sound management practices and compliance with the law coupled with the total adherence to the highest norms of business ethics. The Company has adequate checks to ensure protection of all stakeholders' interest. These practices have helped the Company in its sustained growth.

2. Board of Directors:

As at 31st March, 2010 the composition and the category of the Directors is as follows:

Category	Name of Directors
Promoter / Executive Directors	Mr. Satish Chandra Malhotra, <i>Chairman</i> Mr. Ranjit Malhotra, <i>Vice Chairman</i> Mr. Dileep Malhotra, <i>Joint Managing Director</i>
Independent Directors	Mr. Rasheed A Maskati Mr. Kanti Chand Khanna Mr. Rajbir Singh Mr. Chandrakant Poonamchand Shah Mr. Bipinchandra Chimanlal Gandhi

- Disclosure regarding brief profile of Directors seeking re-appointment as required under Clause 49 IV(G) of the Listing agreement entered into with Bombay Stock Exchange Limited is given below:

- a) **Mr. Dileep Malhotra** is a MBA from Le High University, USA. He is the son of Mr. S C Malhotra, Chairman of the Company. Mr. Dileep Malhotra joined Empire in November 28, 1991. He is on the Board of the Company as Whole-time Director designated as Joint Managing Director since October 1, 1999. He has substantially contributed for the development of the Agency business of the Company.

He is a Director of Empire International Private Limited, Empire-Ace Edu-Counselling Private Limited, Renoir Investments Private Limited, Elton Investments Private Limited and Bach Investments Private Limited.

He is the Promoter of the Company and holds 11,40,494 shares of the Company in his name as on March 31, 2010.

- b) **Mr. Rajbir Singh** is a Director of the Company since June 28, 2007. He has wide contacts with the key personnel in financial institutions and banks. He has vast experience in arranging funds for financing projects. He is a successful financial consultant having more than 22 years experience and well known in the field.

He is a Director of R. C. Edwards & Co. Private Limited, Kelly & Henderson Private Limited and Sardar Bahadur Bakshi Dalip Singh & Son Private Limited.

Mr. Singh holds 15 shares of the Company in his name as on March 31, 2010.

- Number of Board Meetings held and the dates on which held:

Five (5) Board Meetings were held on the following dates during the financial year.

- | | |
|----------------|----------------|
| (1) 29.04.2009 | (4) 29.10.2009 |
| (2) 25.06.2009 | (5) 23.01.2010 |
| (3) 30.07.2009 | |

The maximum time gap between any two meetings was not more than three calendar months. None of the Directors of the Company was a member of more than ten Committees nor was the Chairman of more than five Committees considering all companies in which he was a Director.

- Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

Name of the Director	Attendance Particulars		No. of Directorship and Committee Membership / Chairmanship		
	Board Meetings	Last AGM	Other Directorship*	Committee Membership	Committee Chairmanship
S.C. Malhotra	5	Present	—	—	—
Ranjit Malhotra	4	Present	—	—	—
Dileep Malhotra	4	Present	—	—	—
R.A. Maskati	5	Present	—	—	2
K C Khanna	5	Present	—	2	—
Rajbir Singh	5	Present	—	—	—
Chandrakant P Shah	5	Present	—	2	1
Bipinchandra Chimanlal Gandhi	3	Present	—	—	—

*Directorships of Private Limited Companies not included.

3. Audit Committee:

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal Auditors and the Board of Directors and oversees the financial reporting process. The Audit Committee comprises of three Independent/Non-Executive Directors as per details mentioned hereunder:

Sr. No.	Name of the Member	No. of Meetings Attended
1.	Mr. Rasheed A Maskati	5
2.	Mr. Kanti Chand Khanna	5
3.	Mr. Chandrakant Poonamchand Shah	5

Mr. S. K. Gulati, the Director Finance & Company Secretary acts as the Secretary of the Committee.

4. Remuneration Committee:

The Company has formed a Remuneration Committee comprising of 3 independent Non-Executive Directors, viz., Mr. Rasheed A. Maskati, Chairperson; Mr. K. C. Khanna and Mr. C. P. Shah. The Remuneration Committee reviews the remuneration package of Executive Directors and Senior Executives of the Company.

- Details of remuneration to Directors for the year.
The aggregate value of salary and perquisites paid for the financial year 2009-10 to the Executive Directors is as follows:

Mr. S. C. Malhotra	Rs. 51,46,832/-
Mr. Ranjit Malhotra	Rs. 50,94,041/-
Mr. Dileep Malhotra	Rs. 51,54,411/-
Total	Rs.1,53,95,284/-

The above amounts include Company's contribution to Provident Fund and perquisites.

- The Company paid sitting fees to all Non-Executive Directors for attending Meetings of the Board as shown below:

Sr. No.	Name of Directors	Sitting Fees (Rs.)
1.	Mr. R. A. Maskati	60,000/-
2.	Mr. K. C. Khanna	60,000/-
3.	Mr. Rajbir Singh	60,000/-
4.	Mr. C. P. Shah	60,000/-
5.	Mr. B. C. Gandhi	40,000/-

No commission has been paid to any Non-Executive Director for the year ended March 31, 2010.

- Shares held by Non-Executive Directors

Sr. No.	Name of Directors	Shares held
1.	Mr. R. A. Maskati	200
2.	Mr. K. C. Khanna	15
3.	Mr. Rajbir Singh	15
4.	Mr. C. P. Shah	50
5.	Mr. B. C. Gandhi	15

5. Shareholders'/Investors' Grievance Committee:

- The Committee comprises of Mr. C. P. Shah (Chairman), Mr. S. K. Gulati, Director Finance & Company Secretary and Mr. R. G. Vartikar, General Manager Funding & Legal. The role of the Committee is to look into the grievances of the Shareholders/Investors and to resolve the same. The Company has resolved all complaints received from the Shareholders/Investors during the financial year.

- The Board has designated Mr. S. K. Gulati, Director – Finance & Company Secretary as the Compliance Officer.

6. Annual General Meetings:

- Location and time for last 3 Annual General Meetings were as follows:

Year	Location	Date	Time
2006-2007	Hall of Culture, Ground Floor, Nehru Centre, Worli, Mumbai 400018	28.08.2007	4.00 p.m.
2007-2008	Same as above	27.08.2008	4.00 p.m.
2008-2009	Same as above	27.08.2009	4.00 p.m.

- No special resolution was put through Postal Ballot during the last year.

7. Disclosures:

- The Company had no transaction of materially significant nature with its promoter Directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.
- The Company has complied with all requirements of the Listing Agreement with Stock Exchange as well as the Regulations and guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.

8. Means of communication

- The Company's quarterly results in the format prescribed by the Stock Exchange are approved and taken on record by the Board within the time frame, and sent immediately to The Stock Exchange, Mumbai on which the Company's shares are listed. These results are also published in 'Free Press Journal' in English and 'Navshakti' in vernacular.

Management Discussion and Analysis Overall Review

The Company is engaged in the manufacture of Amber Glass Bottles for the Pharmaceutical Industry. It represents a number of foreign