



ANNUAL REPORT 2010-11

EMPIRE INDUSTRIES LIMITED

DIRECTORS :

S.C. MALHOTRA *Chairman*
RANJIT MALHOTRA *Vice-Chairman*
DILEEP MALHOTRA *Jt. Managing Director*

R.A. MASKATI
K.C. KHANNA
RAJBIR SINGH
C.P. SHAH
B.C. GANDHI

} *Directors*

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

REGISTERED OFFICE :

414, Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013
Tel. : +91 22 6655 5453
Fax : +91 22 2493 9143
E-mail : email@empiresecretarial.com
Website : www.empiremumbai.com

PLANT :

Vitrum Glass

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

REGISTRARS & TRANSFER AGENTS

M/s. Bigshare Services Pvt. Ltd.,

E-2 Ansa Industrial Estate,
Sakivihar Road,
Saki Naka, Andheri (E)
Mumbai - 400 072.
Tel. : +91 22 2847 0652/4043 0200
Fax : +91 22 2847 5207
E-mail : info@bigshareonline.com
Website : www.bigshareonline.com

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NOTICE

The ONE HUNDRED AND TENTH ANNUAL GENERAL MEETING of the Members of EMPIRE INDUSTRIES LIMITED will be held on Friday, August 26, 2011 at 4:00 P.M. at Hall of Culture, Ground Floor, Nehru Centre, Worli, Mumbai - 400 018 to transact the following business:

AGENDA

1. To adopt the Directors' Report and the Audited Balance Sheet as at March 31, 2011, and the Profit & Loss Account for the year ended on that date.
2. To declare a Dividend for the year ended March 31, 2011.
3. To appoint a Director in place of Mr. Rasheed A. Maskati, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kanti Chand Khanna, who retires by rotation, and being eligible, offers himself for re-appointment.
5. 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."

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 28, 2011.

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. 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.
3. In terms of Article 152 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Rasheed A. Maskati, Mr. Kanti Chand Khanna, 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.
4. The Company has already notified closure of Register of Members and Transfer Books thereof from Saturday, the 16th July 2011 to Saturday, the 23rd July, 2011 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares.
5. 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 26, 2011:

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 15, 2011.

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 15, 2011.

6. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
7. 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.
8. 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:

- (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.

The Company has declared dividend in subsequent years as shown below:

S. No.	Year	Description	Date of payment	Date of Transfer to IEPF
1.	2003-04	Dividend @ 10%	05/10/2004	04/10/2011
2.	2004-05	Dividend @ 20%	02/09/2005	01/09/2012
3.	2005-06	Dividend @ 40%	01/09/2006	31/08/2013
4.	2006-07	Dividend @ 60%	06/09/2007	05/09/2014
5.	2007-08	Dividend @ 80%	04/09/2008	03/09/2015
6.	2008-09	Dividend @ 100%	02/09/2009	01/09/2016
7.	2009-10	Dividend @ 200%	01/09/2010	31/08/2017

Those who have not encashed their dividend warrants with respect to above dividends are requested to claim the amount 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.

13. The Ministry of Corporate affairs has taken a “Green Initiative in the Corporate governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent through e-mail to its members. To support this green initiative of Government in full measure, members who have not registered their e-mail addresses are requested to register their e-mail addresses,

in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Bigshare Services Private Limited.

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 28, 2011.

DIRECTORS' REPORT

The Directors hereby present their Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS:

Particulars	Year ended 31.03.2011 Rupees	Year ended 31.03.2010 Rupees
Income:		
Sales & Commission	172,94,54,231	149,25,11,947
Other Income	48,15,55,296	43,48,04,178
	221,10,09,527	192,73,16,125
Less: Operating Expenses	180,93,95,617	155,73,20,383
Profit Before Tax	40,16,13,910	36,99,95,742
Less: Provision for Current Taxation	12,35,00,000	11,10,00,000
Provision for Deferred Tax	-65,00,000	-14,00,000
Taxation for earlier years	-7,16,777	20,69,128
Amount available for appropriation	28,53,30,687	25,83,26,614
Appropriated as under:		
Dividend proposed	13,19,99,956	11,99,99,960
Tax on Proposed Dividend	2,14,13,693	1,99,30,490
General Reserve	13,19,17,038	11,83,96,164
Total amount appropriated	28,53,30,687	25,83,26,614
Earning per share – Basic & Diluted (Face value of ₹ 10 each)	47.55	43.05

DIVIDEND:

The Directors are pleased to recommend, for your consideration, payment of Dividend @ 220% (₹ 22 per Equity Share of the face value of ₹ 10 Tax Free) for the financial year 2010-11, (Previous Year 200%). The total amount of the Dividend outgo will be ₹ 13,19,99,956 as against ₹ 11,99,99,960 for the previous financial year. The tax on distributed profits, payable by the Company would amount to ₹ 2,14,13,693 as against ₹ 1,99,30,490 for the previous financial year.

OPERATIONS:

Vitrum Glass:

The Division manufactures Amber Glass Bottles of international quality for the Pharmaceutical Industry. Over 11.80 lac bottles are manufactured every day on four fully automatic production lines. During the year under review

demand for pharma bottles was good and the Division achieved 9.16% higher turnover at ₹ 8361.14 lac. Over 20% of the bottles produced were exported. Because of the excellent performance of new eight Section Triple Gob Machine installed in March 2009 on line No.1, the Division is planning to install 2nd eight Section Triple Gob brand new machine on line No.4 in place of old Double Gob Machine in the month of July 2011. The Division is doing well.

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. Last year, there has been some recovery from the previous year in terms of inflow of orders. But shipments were below expectations with a lower backlog carried forward from previous year and profits were therefore affected. With the renewal of investment trend in Automobile sector, we expect better results this year both in terms of incoming orders and shipments and therefore profitability. With the market opting more for turnkey solutions with local manufacturing and local labour, the division is getting ready to turn this trend into an opportunity area. Progress has been made in sourcing of some new products and suppliers from Korea by roping in successful vendors of Hyundai who are eager to go international. The Division expects to do good business in the current year.

EMPIRE MACHINE TOOLS - MCAT

(Metal Cutting & Allied Technologies):

Order inflow in the MCAT Division has been affected due to recessionary conditions in the areas in which MCAT operates. Competition has been severe and Suppliers have tended to slash prices in order to remain in the market. However an improvement of investment is now witnessed in the Power Generation and Aerospace Sector. The division looks forward to a better year ahead.

Empire Industrial Equipment:

This year has been good for overall business of the Division. Refinery and Petrochemicals Sector Orders continue to spearhead the Division's activity. Steel Plant Sector Orders slowed down because of delay in SAIL's overall investment decisions. Ports & Shipyard Sector gave us our normal quota of business. Looking at the year ahead, the investment climate continues to be

good in our traditional markets mentioned above. We expect Steel Plant Orders to pick up. We have made good progress in the Power Plant Sector, with some tie ups made with Equipment and Engineering, Procuring & Commissioning (EPC) Companies. We should be able to break into this market during the year. Construction and Mining Sector will also see some breakthrough in Orders. Overall, we expect to grow significantly in the current year.

Empire Vending (GRABBIT)

Grabbit Services have been well accepted with our customers. The Corporates have accepted this innovative idea of providing Snacks and Cold Drinks to their employees 24X7 from Vending Services. This division is operational in five Cities i.e. Mumbai, Delhi, Bangalore, Hyderabad and Pune. The division has increased the Shelf and Sales revenue by introducing new products of snacks like Britannia Biscuits, Horlicks Biscuits, Garden Wafers, ITC-Food Products like Bingo and Sunfeast. New range of imported Chocolates from Mars, Snickers, Galaxy, Ferrero Rocher, Cadbury's has also been added to the Vending Machines. Coin Vending Machines have been accepted well as a new concept for providing coins to customers in nationalised banks. New machines have been installed in PNB & OBC in Delhi and Punjab. Grabbit vending has been appointed by RBI as recognized vending machine operators and service providers. Grabbit vending concept has also been introduced in educational institutes like Vidyalankar, NIIT, Jamia Millia and CSC. The division is expected to improve its performance in the current year.

Empire Foods

The division has done very well during the year under review. The sales grew by more than double during the year and revenues increased accordingly. The division has signed long term contracts for supply of frozen foods with major chain of Five Star/Four Star Hotels/Caterers/Air Caterers across the country. The customer list has increased and it has established itself as a major reliable supplier of frozen foods in food industry. To give better services and to reduce dependency on distributors, the division has started to expand and put up its own offices in all regions of the country. The division is now operating its own office in North (New Delhi) and in South (Chennai) and soon looking to expand further. The division is working on adding more products and is expected to do well during the current year.

EMPIRE SEZ

The Company has received formal approval from the Ministry of Commerce & Industry (MOCI) for setting up

EMPIRE SEZ exclusively for Information Technology (I.T.) and I.T. enabled Services and Hardware at Ambarnath. The main features of this SEZ shall include Open Areas, Semi covered Areas, Main Circulation Areas and Built to Suit structure. It will have (a) Processing area to include units for IT/ITES Software & Hardware (b) Non-Processing area with an Information Bureau/Help Desk, Business Centre, Food Courts, Bank/Shopping Centre/Gymnasium, Entertainment Centre & several Electronics Indexes and connections to major regional and national Libraries. The MOCI gave final approval or "granted letter of approval" under SEZ for IT/ITES in Ambarnath on 31/12/2009. Our SEZ has been Notified by the MOCI on 2nd July, 2010. We are now in the process of finding and appointing a Co-Developer for implementing this project at the earliest.

CAPITAL EXPENDITURE:

The major Capital Expenditure is on account of Vehicles (₹ 178 Lac), Office Equipments (₹ 123 Lac) and renovation of Building (₹ 88 lac).

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, 2011 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, 2011, 121 depositors had not claimed their matured deposits amounting to ₹ 24,78,000. Since then 34 depositors have claimed/renewed their deposits amounting to ₹ 9,81,000. As of date, all deposit claims have been met, except unclaimed deposits amounting to ₹ 14,97,000. The Company has complied with the provisions of Section 58A 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. Rasheed A. Maskati and Mr. Kanti Chand Khanna,

retire by rotation at this Annual General Meeting and being eligible, offer 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 28, 2011

S. C. MALHOTRA
Chairman

ANNEXURE TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with Bombay Stock Exchange, the report containing the details of Corporate Governance systems and processes in the Company is as under:

1. Company's philosophy on Corporate Governance:

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations. Accordingly, Empire is committed to maintaining accountability, transparency, empowerment, motivation, respect for law and fair business practices with Government, Customers, Suppliers, Employees and other stakeholders. This has resulted in Company achieving sustained growth.

2. Board of Directors:

As at 31st March, 2011 the composition and the category of the Directors is as under:

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. R. A. Maskati** has been one of the senior most Director of the Company since July 4, 1972. He is a prominent figure in Business and has been connected with business for over 50 years.

He is a Director of Rane Private Limited, Kosmochem Private Limited, Maskati Investment Private Limited, D C Omrigar Private Limited and B H P Maritime Private Limited.

He is also the Chairman of the Audit Committee and the Remuneration Committee of the Company.

Mr. Maskati holds 200 shares of the Company in his name as on March 31, 2011.

- (b) **Mr. K.C. Khanna** is a Director of the Company since June 28, 2007. He is a BA FCA (Eng & Wales), FCA. He has served with a leading multinational – HOECHST, as well as other top business houses viz. MAFATLAL'S, BIRLA'S, Rallis (India) Ltd., Al Futtaim's (Dubai), and 20th Century Finance Corporation Limited in senior positions. He has varied industrial, financial and real estate experience including 16 years overseas in UK, Germany, USA and Dubai. He is an Advisor to international banks, multinational companies, the Times media group, finance companies, a State Government, Swedish groups, etc.

He is also a member of the Audit Committee and the Remuneration Committee of the Company.

Mr. Khanna holds 15 shares of the Company in his name as on March 31, 2011.

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

Six (6) Board Meetings were held on the following dates during the financial year.

- | | |
|----------------|----------------|
| (1) 29.04.2010 | (4) 15.10.2010 |
| (2) 30.06.2010 | (5) 29.10.2010 |
| (3) 30.07.2010 | (6) 25.01.2011 |

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	6	Present	—	—	—
Ranjit Malhotra	6	Present	—	—	—
Dileep Malhotra	6	Present	—	—	—
R.A. Maskati	5	Present	—	—	2
K.C. Khanna	6	Present	—	2	—
Rajbir Singh	6	Present	—	—	—
Chandrakant P. Shah	6	Present	—	2	1
Bipinchandra Chimanlal Gandhi	5	Present	—	—	—

Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

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	4
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.