

EXCEL INDUSTRIES LIMITED
Annual Report 1999-2000



*Excel's four strategic business units - **Agriculture, Chemicals, Environment & Biotechnology, and Life Sciences** are interwoven and interdependant. Together they address every need of every farmer in India, and the world.*

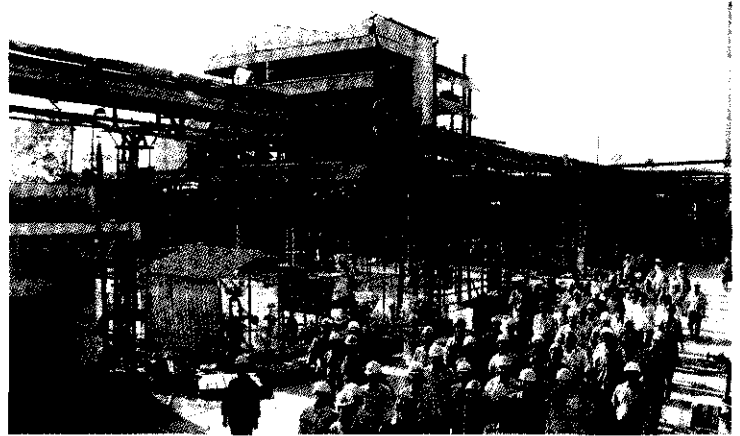
Renovating Endosulfan Plant

Excel - Bhavnagar, took up a challenging assignment of modernising and renovating the Endosulfan Plant.

This was aimed to improve Quality, Efficiency, Safety and Productivity; and also to ensure optimal balance of the production process. Endosulfan is a key product of Excel for both Domestic and Export business.

With inspirational leadership and committed team-work, the task was accomplished, the results of which are impressive and valuable.

Annual shutdown work in progress - Round the clock. ►



Orissa Cyclone

On 24th October, 1999 a devastating cyclone disturbed all life and productive systems in Orissa. Around 30 volunteers from Excel, trained in medical treatment and relief operations, camped at the severely affected areas of Jagatsinghpur and Kendrapada and worked relentlessly for disinfection, sanitation, water purification, providing shelter, food, medical assistance and fulfilling other needs in 143 villages.



Glycel New Pack Launch

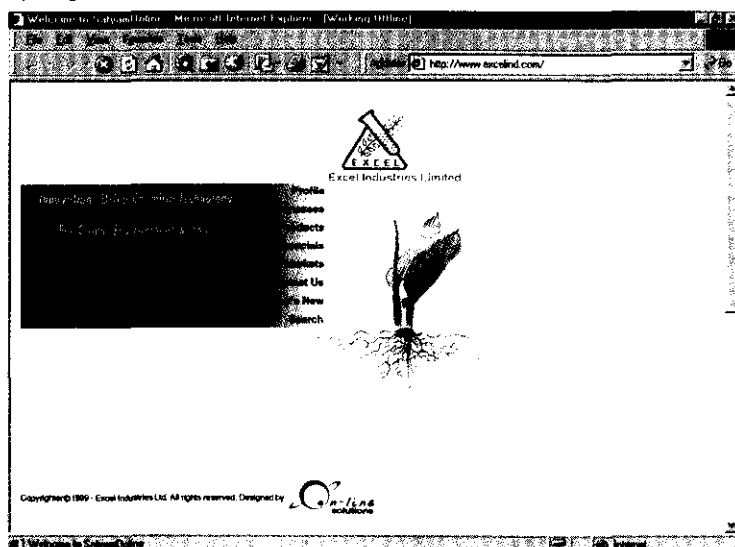
A common problem faced by Excel's leading brand Glycel, was tampering and adulteration. Excel has successfully solved this problem by introducing a new pack that is absolutely pilferproof and at the same time very attractive too.

The company used this occasion to extensively promote the brand in its main markets through Dealer Display Contests, alongwith some focussed and innovative methods of Brand Building. The launch was kicked off in Maharashtra, and then moved to Tamil Nadu, Karnataka and other states like Gujarat, West Bengal, Assam, as the season unfolded.



Spreading a wider net

Excel launched a comprehensive website - www.excelind.com which enables visitors to have a complete idea of Excel as a company, its Philosophy, Vision, Business and its Products. This will help customers and all interacting groups to know and reach Excel effectively.



Corporate Governance Award at Ahmedabad

An Award for 'Corporate Governance' was presented to Excel Industries Limited on 8th February, 2000, by His Excellency, The Governor of Gujarat, Shri Sundar Singhji Bhandari at a function organised at Ahmedabad. Shri Ashwinbhai Shroff received the Award on behalf of the company.



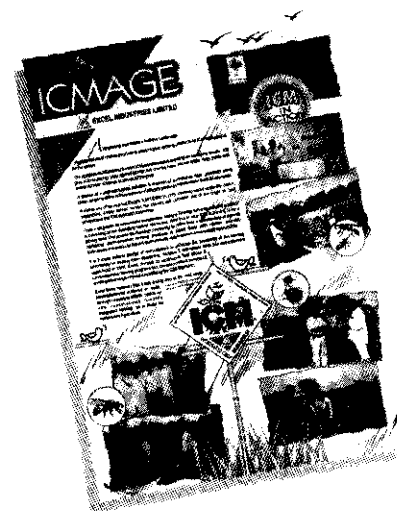
New Celrich Plants

Excel commissioned two more plants, one each at Ahmedabad and Calcutta, to treat and convert Municipal Solid Waste. The Ahmedabad plant, set up by the Company and inaugurated by the Honourable Minister for Environment & Forests, Gujarat, Shri Kanjibhai Patel, on 23rd January, 2000, has a capacity to treat 500 MT of garbage per day.



The Calcutta plant, set up by M/s Eastern Organic Fertilizers Pvt. Ltd., under technology license from Excel was inaugurated by the Honourable Chief Minister, West Bengal Shri Jyoti Basu, on 15th April, 2000, has a capacity to treat 700 MT of garbage per day.

ICMAGE



Excel introduced "ICMAGE" an effective communication tool to inform, update and educate our farmer customers about the cost-effective environment friendly approach of ICM.- Integrated Crop Management Systems - pioneered by Excel, to help farmers achieve better crop yields at lower costs.

EXCEL INDUSTRIES LIMITED



CONTENTS

Board of Directors	1
Notice.	2-8
Directors' Report	9-18
Ten-Year Highlights.	19
Summarised Balance Sheet.	20
Summarised Profit & Loss Account.	21
Sources and Utilisation of Funds	22
Auditors' Report	23-25
Balance Sheet	26
Profit & Loss Account	27
Schedules to Balance Sheet 'A' to 'N'	28-34
Schedules to Profit & Loss Account 'O' to 'S'	35-36
Schedule 'T': Notes on Accounts forming part of the Balance Sheet and the Profit & Loss Account	37-45
Cash Flow Statement	46
Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies	47

WEST COAST OXYGEN LIMITED:

Directors' Report	48
Auditors' Report	49-50
Balance Sheet	51
Profit & Loss Account	52
Schedules to Balance Sheet 'A' to 'I'	53-54
Schedule forming part of the Balance Sheet and the Profit & Loss Account 'J'	55-56

KAMALJYOT INVESTMENTS LIMITED:

Directors' Report	57-58
Auditors' Report	59-60
Balance Sheet	61
Profit & Loss Account	62
Schedules to Balance Sheet 'A' to 'E'	63-65
Schedule forming part of the Accounts 'F'	65-66

EXCEL INDUSTRIES (AUSTRALIA) PTY LIMITED:

Directors' Report	67
Auditors' Report	68
Directors' Declaration.	69
Balance Sheet	70
Profit & Loss Account	71
Statement of Cash Flows	72
Notes to the Statement of Cash Flows	73
Notes to the Accounts	74-76

Annual General Meeting on Wednesday 13-9-2000 at 3.30 p.m.
At Patkar Hall, S.N.D.T. Women's University,
Mumbai 400 020.

A REQUEST

We are sure you will have read with interest the accounts for the year ended 31st March, 2000. You may desire to have some clarification or additional information on the said accounts at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us at least ten days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.



BOARD OF DIRECTORS

K. C. SHROFF, *Chairman* (w. e. f. 30.7.1999)
G. NARAYANA, *Executive Vice-Chairman* (w. e. f. 31.7.1999)
A. C. SHROFF, *Managing Director*
DIPESH K SHROFF, *Joint Managing Director* (w. e. f. 16.6.2000)
A. D. MANGO
P V S MANYAM
R. C. KHANNA
KISHORE MARIWALA
M. K. VADGAMA
ATUL G. SHROFF

SECRETARY

V. K. PARMAR

BANKERS

Bank of India
Syndicate Bank
State Bank of India
Citibank N.A.
ABN Amro Bank N.V.

AUDITORS

S. V. GHATALIA & ASSOCIATES
Chartered Accountants

REGISTERED OFFICE

184-87, Swami Vivekanand Road,
Jogeshwari (W), Mumbai 400 102.

FACTORIES

Jogeshwari (W), Mumbai
Amboli Hill, Andheri (W), Mumbai
Ruvapari Road, Bhavnagar
M.I.D.C. Area, Roha
M.I.D.C. Area, Lote Parashuram
Silvassa, Union Territory of Dadra and Nagar Haveli
Dhaba Kotla Road, Vijayawada
Baherampura, Ahmedabad



EXCEL INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the THIRTY-NINTH ANNUAL GENERAL MEETING of the Members of EXCEL INDUSTRIES LIMITED will be held at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai-400 020 on Wednesday, the 13th September, 2000 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2000, the Balance Sheet as at that date, and the Reports of the directors and the auditors thereon.
2. To appoint a director in place of Mr. Kishore Mariwala who retires by rotation and is eligible for re-election.
3. To appoint a director in place of Mr. Atul G. Shroff who retires by rotation and is eligible for re-election.
4. To appoint a director in place of Mr. M. K. Vadgama who retires by rotation and is eligible for re-election.
5. To appoint auditors and to fix their remuneration and in this connection to consider and, if thought fit, to pass, with or without modification, as a special resolution, the following:

"RESOLVED THAT pursuant to the provisions of Section 224-A and other applicable provisions, if any, of the Companies Act, 1956, Messrs S.V. Ghatalia & Associates, Chartered Accountants, the retiring Auditors of the Company, be and they are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 6,00,000/- plus service tax, reimbursement of actual travelling and other out-of-pocket expenses in connection with the work of audit to be carried out by them."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, as an ordinary resolution, the following:

"RESOLVED THAT the Board of Directors of the Company be and they are hereby authorised to appoint, in consultation with the Company's Auditors, any person or persons qualified for appointment as Auditor or Auditors of the Company under Section 226 of the Companies Act, 1956, to audit the accounts of the Company's Branch Offices at Delhi, Calcutta, Hyderabad and Ahmedabad for the financial year 2000-2001, and to fix their remuneration."

7. To consider and, if thought fit, to pass with or without modification, as an ordinary resolution, the following:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, consent of the Company be and it is hereby accorded to the appointment of Mr. G. Narayana to the office of Executive Vice-Chairman of the Company for a term of five years with effect from 31st July, 1999, on the terms and conditions including remuneration as set out in the draft Agreement between the Company and Mr. G. Narayana, placed before the meeting and duly initialled by the Chairman for the purpose of identification."

8. To consider and, if thought fit, to pass with or without modification, as an ordinary resolution, the following:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, consent of the Company be and it is hereby accorded to the reappointment of Mr. A. C. Shroff to the office of Managing Director of the Company for a term of five years with effect from 1st February, 2000, on the terms and conditions including remuneration as set out in the draft Agreement between the Company and Mr. A. C. Shroff, placed before the meeting and duly initialled by the Chairman for the purpose of identification."



9. To consider and, if thought fit, to pass with or without modification, as an ordinary resolution, the following:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, consent of the Company be and it is hereby accorded to the appointment of Mr. Dipesh K. Shroff to the office of Joint Managing Director of the Company for a term of five years with effect from 16th June, 2000, on the terms and conditions including remuneration as set out in the draft Agreement between the Company and Mr. Dipesh K. Shroff, placed before the meeting and duly initialled by the Chairman for the purpose of identification."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An Explanatory Statement relating to the Special Business under Item Nos. 6 to 9 as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 31st August, 2000 to Wednesday, the 13th September, 2000 (both days inclusive).
4. Members are requested to notify immediately any change in their addresses to the Company, quoting Folio No. and giving complete address in block capitals with pin code of the postal district.



By Order of the Board of Directors

G. NARAYANA
Executive Vice-Chairman

Registered Office:

184-87, Swami Vivekanand Road,
Jogeshwari (W),
Mumbai-400 102.

Mumbai, 28th July, 2000.



EXCEL INDUSTRIES LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

The Company has Branch Offices at Delhi, Calcutta, Hyderabad and Ahmedabad. It may be necessary to appoint Auditors other than the Company's Auditors to audit the accounts of the said Branches.

Under Section 228 of the Companies Act, 1956, the appointment of Auditors other than the Company's Auditors to audit the accounts of the said Branches can only be made by the Board if it is authorised by the Company in General Meeting to do so. The Resolution at Item No.6 of the Notice seeks to confer on the Directors, power to appoint such Auditors in consultation with the Company's Auditors and to fix the remuneration of such Auditors.

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

Item No. 7

Mr. G. Narayana, Director and Corporate Advisor of the Company has, for over a decade, made valuable contributions in the growth of the Company and the executive management.

In view of his valuable contributions, the Board of Directors of the Company at its meeting held on 30th July, 1999 have appointed Mr. G. Narayana as Executive Vice-Chairman of the Company for a period of five years with effect from 31st July, 1999 on the terms and conditions including remuneration as set out in the draft Agreement, subject to the necessary approvals.

As required under Section 302 of the Companies Act, 1956, an Abstract of the terms and conditions of appointment of Mr. G. Narayana as Executive Vice-Chairman of the Company and the Memorandum of Interest of the Directors in the said appointment was circulated to all the members within the prescribed time.

The draft Agreement between the Company and Mr. G. Narayana, contains inter alia, the following terms and conditions:

1. SALARY

Rs. 50,000/- per month in the scale of Rs. 50,000 – Rs. 1,00,000.

The Annual increments will be effective from 1st January each year and will be decided by the Board each year and will be merit based and take into account the Company's performance.

2. PERQUISITES

In addition to the above, Mr. G. Narayana shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family, club fees, medical insurance etc.; in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. G. Narayana; such perquisites will be an amount equal to the annual salary or Rs. 10,00,000 per annum, whichever is less.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per Rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.



3. COMMISSION

Such remuneration by way of commission, in addition to above salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act. The Commission payable to Mr. G. Narayana will nevertheless be limited to and range from 6 months to 24 months of his annual salary. In this regard, a suitable performance based incentive scheme would be worked out and the specific amount payable will be decided by the Board of Directors. The specific amount payable to Mr. G. Narayana will be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the Members.

4. MINIMUM REMUNERATION

If in any financial year the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the ceilings set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

5. Leave : On full pay and allowance, as per the Rules of the Company but not exceeding one month's leave for every 11 months of service.
6. Mr. G. Narayana shall also be entitled to reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by him in performance of duties on behalf of the Company.
7. Mr. G. Narayana shall not so long as he functions as Executive Vice-Chairman, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.
8. The appointment may be terminated by either party giving to the other party ninety days' notice in writing.
9. In the event of any dispute or difference arising at any time between Mr. G. Narayana and the Company in respect of the Agreement or the construction thereof, the same will be submitted to and be decided by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

The draft Agreement referred to in the resolution under item No.7 of the Notice will be open for inspection by the members at the Registered Office of the Company on any working day between 2.00 p.m. and 4.00 p.m.

Mr. G. Narayana is concerned or interested in this resolution. None of the other Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 8

The term of office of Mr. A. C. Shroff as Managing Director of the Company expired on 31st January, 2000.

The Board of Directors of the Company at its meeting held on 24th December, 1999 have reappointed Mr. A. C. Shroff as Managing Director of the Company for a period of five years with effect from 1st February, 2000 on the terms and conditions including remuneration as set out in the draft Agreement, subject to the necessary approvals.

As required under Section 302 of the Companies Act, 1956, an Abstract of the terms and conditions of reappointment of Mr. A. C. Shroff as Managing Director of the Company and the Memorandum of Interest of the Directors in the said reappointment was circulated to all the members within the prescribed time.

The draft Agreement between the Company and Mr. A. C. Shroff, contains inter alia, the following terms and conditions:

1. SALARY

Rs. 50,000/- per month in the scale of Rs. 50,000 — Rs. 75,000.

The Annual increments will be effective from 1st February each year and will be decided by the Board and will be merit based and take into account the Company's performance.