



Excel Industries Limited
Annual Report 2001-02



"If the chemistry is right, everything else follows"

The cover is a depiction of Excel's significant growing presence in global markets, drawing success from its strong base in chemistry

Glimpses of Excellence

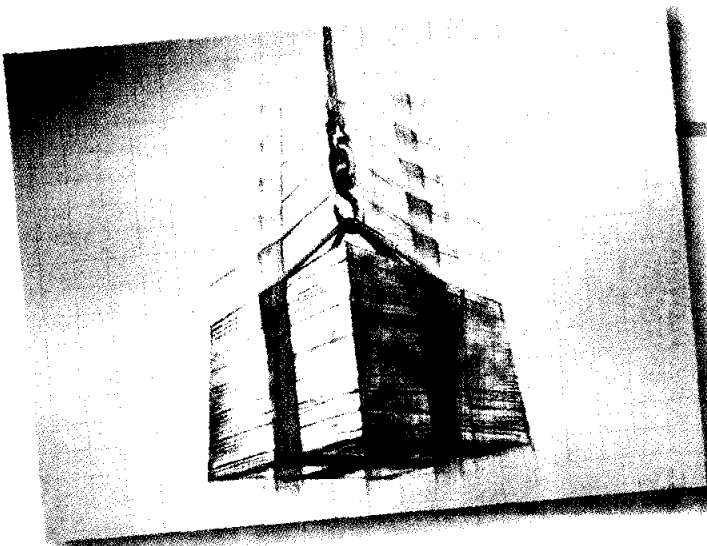
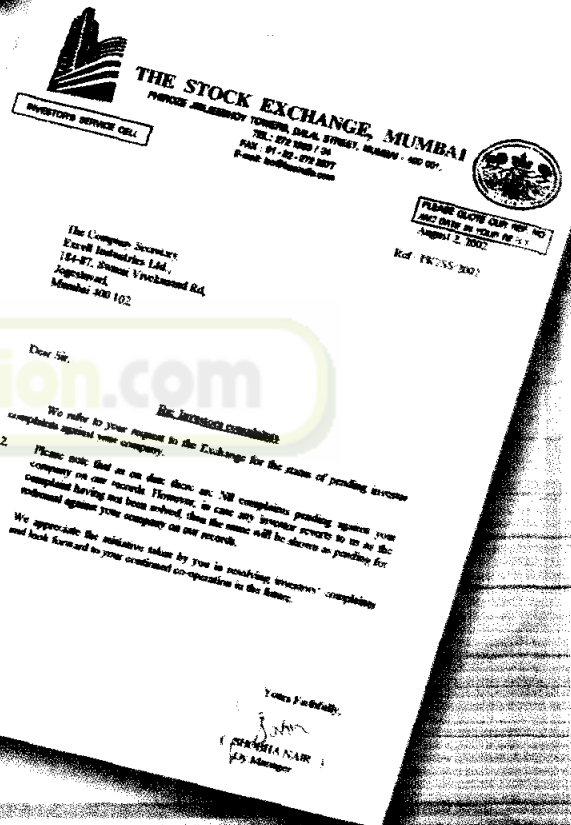


2001-02



Nufarm and Excel have had 20 years of an excellent business relationship. Excel and Nufarm are looking forward to a proposed strategic alliance that will mutually strengthen each other's business.

Excel has given utmost importance and attention to the matters related to shareholders. The Stock Exchange, Mumbai has informed the company that as on August 2, 2002, there were no complaints pending and added "We appreciate the initiative taken by you in resolving investors' complaints and look forward to your continued co-operation in the future."



Excel has always contributed to India's national efforts to increase exports.

This year, a landmark was crossed, of exceeding Rs.100 crores of exports.

Equally important, new innovative products based on in-house R & D efforts were launched, to serve new product markets & prestigious global companies as customers.

Glimpses of Excellence



2001-02



The new manufacturing site of the Company is taking shape at Gajod, near Bhuj, Kutch District. This is in line with the Central Govt. Policy to encourage industries in Kutch. A Bhoomi Poojan was performed with the Blessings and Message of Shri K. C. Shroff (Kaka), the Chairman Emeritus and his wife Smt. Chandabehn Shroff.

The Chemicals Division has recorded good growth & diversification, through the introduction of new products and entry into new market segments, using the core strength of chemistry.

A new Pharma-Intermediate plant was inaugurated at Roha.



In its endeavour to provide plant protection products and services to the Tea Industry, Team Excel held its Annual Tea Meet in Calcutta. The doyens of the Tea Industry were updated on the latest developments in Excel, new products launched and products under development for the Tea segment; especially with Nufarm Limited, Australia joining hands with Excel, in this effort.

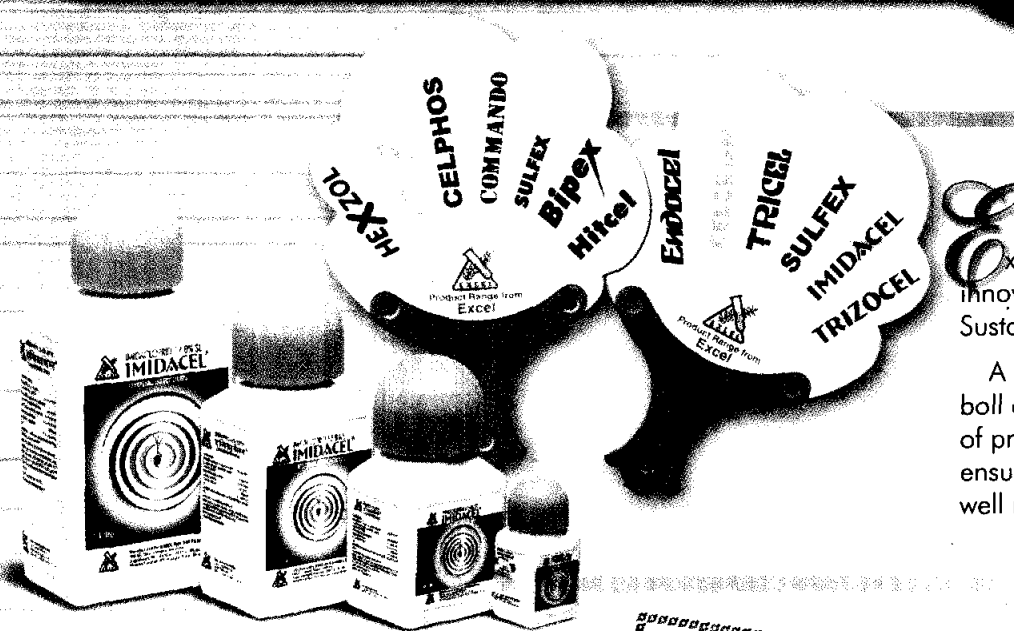
Mr. Ashwin Shroff, Managing Director, received a honorary fellowship of the Indian Institute of Chemical Engineers, (IICChE), at a function held in Chennai, in December 2001, at the hands of the IICChE, President Dr. G. D. Yadav, for his long standing contribution to the Indian Chemical Industry.



Glimpses of Excellence



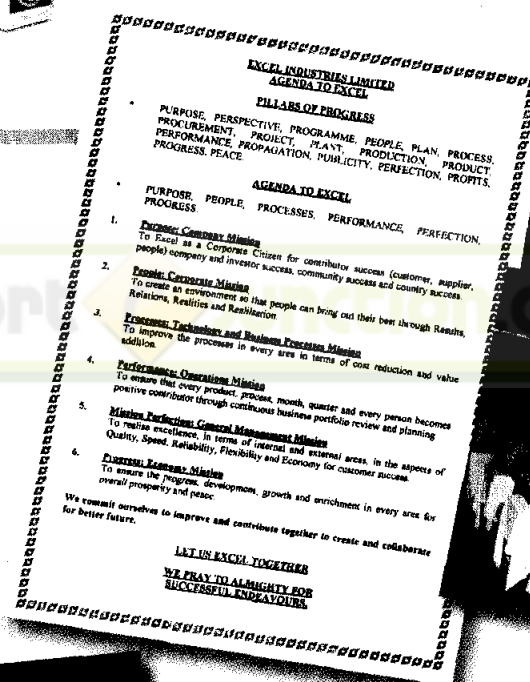
2001-02



Excel reaches its customers through innovative ways to Launch, Promote and Sustain its products.

A Hand Fan in the shape of a cotton boll depicts at a glance the widening range of products from Excel. This utility gift ensures a longevity of message and was well received by the rural customers.

In the in-house conference of 'Creating and Collaborating for a Better Future', sixty senior executives of Excel deliberated on changes, challenges and opportunities in order to create a Company Agenda and a Personal Agenda. The main focus areas were an improved future, attention to purpose, people, processes, performance, perfection and progress.



A unique experiment was carried out by the Bhavnagar Unit of Excel to provide a common platform to High School, College and University Students and to bring out their hidden talents and EXPRESS themselves during a week long competition in various fields. This programme was not only welcomed by the students, their parents and their teachers but also by the opinion leaders and intellectuals of the city including press and media people. Our Joint Managing Director, Shri Dipesh K. Shroff, was here giving away the trophy to the winner.



Glimpses of Excellence



2001-02



Excel West Zone, tied up with 'Children's Toy Foundation Trust', that promotes sharing of toys through a moving Toy Library, especially for under-privileged children in urban areas.

During the Khariff season 2001, an experiment to use this new innovative route to educate the farmer customer on Integrated Pest Management (IPM) on the Tur (Red Gram) crop, in 62 villages in Maharashtra was carried out. During the day, puppet shows were held in schools and at night the van visited the neighbouring villages to educate the 'parent farmer' on IPM and the correct usage of crop protection products for Tur.

The Reconstruction work in Earthquake affected areas in Kutch has progressed well through the contribution of voluntary organisations led by ABHIYAN. Vivekanand Research And Training Institute and Shrujan Trust have facilitated the building of 20,000 houses in 200 villages.

Resources and funds from within India and international agencies flowed in, in ample measure to mitigate the tragedy.

VRTI and Shrujan, important members of Abhiyan, provided immediate relief and help in reconstructing houses and the shattered lives of the population.



Facilitating social development work is our passion. At Bhavnagar, Excel initiated efforts to establish a network of more than fifty non-government organisations working in Bhavnagar district, namely Bhavnagar District Non-Government Organisations Network.



EXCEL INDUSTRIES LIMITED

CONTENTS

Board of Directors	2
Notice	3-9
Directors' Report	10-18
Management Discussion and Analysis	19-21
Corporate Governance Report	22-30
Ten-Year Highlights	31
Summarised Balance Sheet	32
Summarised Profit & Loss Account	32
Auditors' Report	33-35
Balance Sheet	36
Profit & Loss Account	37
Schedules 'A' to 'S' forming part of Accounts	38-46
Schedule 'T': Notes on Accounts	47-59
Cash Flow Statement	60
Auditors' Report on Consolidated Financial Statements	61
Consolidated Balance Sheet	62
Consolidated Profit & Loss Account	63
Schedules 'A' to 'S' forming part of Consolidated Accounts	64-71
Schedule 'T': Notes on Consolidated Accounts	72-80
Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies	81
WEST COAST OXYGEN LIMITED:	
Directors' Report	82
Auditors' Report	83-84
Balance Sheet	85
Profit & Loss Account	86
Schedules forming part of Accounts	87-90
KAMALJYOT INVESTMENTS LIMITED:	
Directors' Report	91-92
Compliance Certificate	93-95
Auditors' Report	96-97
Balance Sheet	98
Profit & Loss Account	99
Schedules forming part of Accounts	100-103
EXCEL INDUSTRIES (AUSTRALIA) PTY LIMITED:	
Directors' Report	104-105
Auditors' Report	106
Directors' Declaration	106
Statement of Financial Performance	107
Statement of Financial Position	107
Statement of Cash Flows	108
Notes to the Financial Statements	109-113
EXCEL INDUSTRIES (EUROPE) N. V.:	
Report of the Board of Directors	114-115
Statutory Auditors' Report	116-117
Annual Accounts	118-126

Annual General Meeting on Monday 28-10-2002 at 10.30 a.m.
At Patkar Hall, S.N.D.T. Women's University,
Mumbai-400 020.

A REQUEST

We are sure you will read with interest the Annual Report for the year 2001-02. You may desire to have some clarification or additional information 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.



CHAIRMAN EMERITUS

K. C. SHROFF

BOARD OF DIRECTORS

G. NARAYANA, *Executive Chairman*

A. C. SHROFF, *Managing Director*

DIPESH K. SHROFF, *Joint Managing Director*

A. D. MANGO

P V S MANYAM

R. C. KHANNA (*up to 26.11.2001*)

KISHORE MARIWALA (*up to 27.6.2002*)

M. K. VADGAMA

ATUL G. SHROFF

USHA A. SHROFF

RAMCHANDRA N. BHOGALE (*w. e. f. 6.12.2001*)

H. N. MOTIWALLA (*w. e. f. 24.5.2002*)

SECRETARY

PRAVIN D. DESAI

BANKERS

Bank of India

Syndicate Bank

State Bank of India

Citibank N.A.

ABN Amro Bank N.V.

The Saraswat Co-Operative Bank Ltd.

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 FORTY-FIRST 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 Monday, the 28th October, 2002 at 10.30 a.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, 2002, the Balance Sheet as at that date, and the Reports of the directors and the auditors thereon.
2. To declare a dividend.
3. To appoint a director in place of Mr. M. K. Vadgama who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. Atul G. Shroff who retires by rotation and being eligible, offers himself for reappointment.
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. 8,00,000/- plus service tax, and 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 appoint Mr. H. N. Motiwalla as a director of the Company.
7. 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, Kolkata, Hyderabad and Ahmedabad for the financial year 2002-03, and to fix their remuneration."

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

"RESOLVED THAT, in supersession of the earlier resolution passed at the Annual General Meeting held on 25th September, 1996, sanction be and it is hereby accorded to payment of retirement benefits to the retiring Whole-time Directors (including Executive Chairman, Managing Director, Joint Managing Director, Executive Director, etc.) of the Company, which benefits, as set out in the Explanatory Statement hereto, will only be provided to them at the discretion of the Board of Directors in each individual case, subject to the terms and conditions set out in the Explanatory Statement."

9. 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 309(4) and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Managing Director or a Whole-time Director, such sum by way of commission not exceeding in the aggregate 1% per annum of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 1956, for five financial years of the Company commencing from 1st April, 2002, be paid to and



distributed amongst the directors of the Company [excluding the Executive Chairman, Managing Director and Whole-time Director(s)] in the proportion and manner as the Chairman may, from time to time, decide.

RESOLVED FURTHER THAT if at any time during the aforesaid period of five years commencing from 1st April, 2002, the Company does not have an Executive Chairman, Managing Director and Whole-time Director(s), such sum by way of commission not exceeding in the aggregate 3% per annum of the net profits of the Company, computed in the manner laid down in the said Section 198 be paid to and distributed amongst the Non-Executive Directors of the Company for the then residual unexpired part of the aforesaid period of five financial years in the proportion and manner as the Board may, from time to time, decide."

10. To consider and, if thought fit, to pass with or without modification, as a special resolution, the following:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable, the Articles of Association of the Company be amended by inserting the following Articles 7A, 7B and 7C after Article 7 and Articles 8B and 8C after Article 8A:-

7A. Subject to the provisions of the Companies Act, 1956, and all other applicable laws, the Company may issue equity shares with differential rights as to dividend, voting or otherwise.

7B. Subject to and in full compliance of the requirements of Sections 77A, 77AA and 77B of the Companies Act, 1956, or corresponding provisions of any re-enactment thereof and any Rules and Regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company may, at any time and from time to time, purchase or buy back its own shares or other securities fully paid-up on that date.

7C. Where an application is made to the Company by any member for sub-division/split/consolidation of the Share Certificate(s), the Board shall after following such procedure as the Board may deem fit, sub-divide/split any Share Certificate(s) or consolidate such Certificate(s) as may be desired by the member and issue a fresh Share Certificate or Certificates in lieu of the Share Certificate or Certificates surrendered by such member to the Company.

8B. (1) Every holder of share(s) in, or holder of debenture(s) of, the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, or debenture(s) of, the Company, shall vest in the event of his death.

(2) Where the share(s) in, or debenture(s) of, the Company, are held by more than one person jointly, all the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) in, or debenture(s) of, the Company, as the case may be, shall vest in the event of death of all the joint holders.

(3) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, or debenture(s) of, the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, or debenture(s) of, the Company, the nominee shall, on the death of the shareholder or debenture holder concerned or on the death of all the joint holders, as the case may be, become entitled to all the rights in relation to such share(s) or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

(4) Where the nominee is a minor, the holder of the share(s) in, or debenture(s) of, the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, or debenture(s) of, the Company, in the event of his death, during the minority of the nominee.