

EXCEL INDUSTRIES LIMITED

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50th Annual General Meeting

*on Friday 22-07-2011 at 3.00 p.m.
at Rama Watumull Auditorium,
Kishinchand Chellaram College,
Dinshaw Wacha Road,
Churchgate, Mumbai-400 020.*

A REQUEST

We are sure you will read with interest the Annual Report for the year 2010-11. 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
G. NARAYANA

BOARD OF DIRECTORS

A. C. SHROFF, *Chairman & Managing Director*
U. A. SHROFF, *Executive Vice Chairperson*
S. R. POTDAR, *Executive Director*
A. G. SHROFF
R. N. BHOGALE
H. N. MOTIWALLA
P. S. JHAVERI
D. K. SHROFF
M. B. PAREKH
N. B. SATHE

COMPANY SECRETARY

S. K. SINGHVI

AUDITORS

S. R. BATLIBOI & CO.
Chartered Accountants

BANKERS

Bank of India
State Bank of India
Axis Bank Limited

REGISTRARS & TRANSFER AGENTS

Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
Bhandup (W), Mumbai 400 078.
Tel : 2596 3838, Fax : 2594 6969

REGISTERED OFFICE

184-87, Swami Vivekanand Road,
Jogeshwari (West), Mumbai 400 102.
Tel : 6646 4200

FACTORIES

M.I.D.C. Area, Roha, Maharashtra.
M.I.D.C. Area, Lote Parashuram, Maharashtra.
Baherampura, Ahmedabad, Gujarat.

EXCEL INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 50TH ANNUAL GENERAL MEETING of the Members of EXCEL INDUSTRIES LIMITED will be held at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai-400 020 on Friday, the 22nd July, 2011 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the financial year ended 31st March, 2011, the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares of the Company for the year ended 31st March, 2011.
3. To appoint a director in place of Mr. R. N. Bhogale who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. D. K. Shroff who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the resolutions passed by the Remuneration Committee of the Directors of the Company and by the Board of Directors at their meetings held on 20th May, 2011 consent and approval of the Members of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Mr. S. R. Potdar as Executive Director of the Company for a period of three years with effect from 3rd September, 2011 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. S. R. Potdar, placed before this meeting and duly initialled by the Chairman & Managing Director of the Company for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of appointment in such manner as may be agreed to between the Board and Mr. S. R. Potdar, but so as not to exceed the remuneration set out in the draft agreement.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE, ONLY ON A POLL, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. An Explanatory Statement relating to the Special Business under Item No. 6 as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors appointed/re-appointed is appearing in the Corporate Governance Report forming part of this Annual Report.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 16th July, 2011 to Friday, the 22nd July, 2011 (both days inclusive).
5. Members are requested to notify immediately any change in their addresses to their Depository Participants (DPs) in respect of their electronic share accounts quoting Client ID No. and to the Company in respect of their physical shares, quoting Folio No.
6. Payment of dividend as recommended by the Directors, if declared at the Meeting, will be made on or after 26th July, 2011 to the Members whose names stand on the Company's Register of Members on Friday, the 22nd July, 2011 and to the Beneficiary Holders under Demat Category as per the Beneficiary List on the close of business hours on Friday, the 15th July, 2011 provided by National Securities and Depository Limited and Central Depository Services (India) Limited.

7. Payment of dividend will be made through Electronic Clearing Service (ECS) at the RBI Centres by crediting the dividend amount to the bank account of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under the RBI Centres who have not furnished requisite information and who wish to avail of ECS facility to receive dividend from the Company may furnish the information to Link Intime India Private Limited, the Registrars and Transfer Agents. Members holding shares in electronic form may furnish the information to their Depository Participants in order to receive dividend through ECS mechanism.
8. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven years are to be transferred to the Investor Education and Protection Fund.

The details of dividend declared/paid for the financial year 2003-2004 onwards are given below:

Date of Declaration	Dividend for the year	Dividend ₹ Per Share	Due date of the proposed transfer to the Investor Education & Protection Fund
30.07.2004	2003-04	1.00	04.09.2011
29.07.2005	2004-05	0.50	03.09.2012
26.07.2007	2006-07	0.50	31.08.2014
04.09.2008	2007-08	1.00	10.10.2015
24.08.2009	2008-09	0.50	29.09.2016
19.07.2010	2009-10	2.00	24.08.2017

Members who have not encashed the dividend warrants for the year 2003-2004 and/or any subsequent year(s) are requested to write to the Company for revalidation of dividend warrants before such unclaimed dividend is transferred to the Investor Education and Protection Fund.

9. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued Circulars stating that service of notice/document including Annual Report can be sent by e-mail to its members.

To support this green initiative of the Government, members who have not registered their e-mail addresses so far 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 the Registrar of the Company i.e. M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400 078.

REQUEST TO THE MEMBERS

1. Members are requested to bring their copy of the Annual Report to the Meeting.
2. Members who have multiple folios in identical names in the same order are requested to send all the Share Certificates to the Company Secretary or to the Registrar and Transfer Agents, M/s. Link Intime India Private Limited for consolidation of such folios into one to facilitate better services.

For and on behalf of the Board of Directors

A. C. SHROFF
Chairman & Managing Director

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

Mumbai, 20th May, 2011.

EXCEL INDUSTRIES LIMITED

ANNEXURE TO THE NOTICE

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

Item No. 6.

Mr. S. R. Potdar was reappointed as Executive Director of the Company for a period of three years with effect from 3rd September, 2008. The term of his office expires on 2nd September, 2011. The Board of Directors in its meeting held on 20th May, 2011, on the recommendation of the Remuneration Committee has proposed to reappoint him as the Executive Director of the Company for a further period of three years with effect from 3rd September, 2011 on the terms and conditions including remuneration as set out in the draft Agreement to be executed subject to approval of the members.

The draft Agreement between the Company and Mr. S. R. Potdar contains, *inter alia*, the following terms and conditions:

I. SALARY

₹ 1,70,000 per month in the scale of ₹ 1,70,000 – 20,000 – 2,10,000.

The annual increments will be effective from 3rd September each year and will be decided by the Board.

II. PERQUISITES

- (a) 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, special allowance, etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. S. R. Potdar, such perquisites for each year not to exceed his annual salary.

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

Provision of the Company's car and telephone at residence for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

- (b) Company's contribution to Provident Fund, Superannuation or Annuity Fund, Gratuity and Leave Encashment at the end of his tenure, as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

III. COMMISSION

A sum calculated with reference to the net profits of the Company in a particular financial year, as may be decided by the Board of Directors, not exceeding 24 months of his salary, within the overall ceilings stipulated as per the provisions of the Companies Act, 1956.

IV. MINIMUM REMUNERATION

If, in any financial year, the Company has no profits or its profits are inadequate, then in such an event, subject to the approval of the Central Government as may be required, the remuneration by way of salary and perquisites as specified in paragraphs I and II above will be paid as minimum remuneration.

V. OTHER TERMS

- (a) 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.
- (b) Reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by him in performance of duties.
- (c) The appointment may be terminated by either party giving to the other party ninety days' notice in writing.
- (d) In the event of any dispute or difference arising at any time between Mr. S. R. Potdar and the Company in respect of the terms of his appointment 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.

EXCEL INDUSTRIES LIMITED

THE REQUIRED DISCLOSURE AS PER SCHEDULE XIII, PART II, SECTION II, CLAUSE 1(B) IS AS STATED BELOW:

I. General Information

(1)	Nature of Industry	:	Manufacture of industrial chemicals, speciality chemicals, pesticides, intermediates, soil enricher, biotech products and Organic Waste Converter.
(2)	Date or expected date of commencement of commercial production	:	In production since 1960
(3)	In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	:	N.A.
(4)	Financial performance based on given indicators	:	2010-11 (₹ lacs)
			1. Sales Turnover
			(a) Domestic 19188.82
			(b) Export 6223.09
			2. Profit Before Tax 2035.25
			3. Profit After Tax 1430.90
			4. Gross Block 21251.31
			5. Net Block 9799.58
			6. Paid-up Capital 545.28
			7. Reserves & Surplus 10536.63
			8. Net worth 11081.91
			9. EPS 12.30
			10. Return on Net worth 12.91%
(5)	Export performance and net foreign exchange collaborations	:	Exports 6223.09 Net Foreign Exchange Earnings (0.66)
(6)	Foreign investments or collaborators, if any.	:	The Company holds 4,68,000 Equity Shares of Hong Kong \$1 each fully paid-up in Wexsam Limited, Hong Kong.

II. Information about the appointee

(1)	Background details	:	<p>Mr. S. R. Potdar was re-appointed as Executive Director of the Company for a period of three years with effect from 3rd September, 2008 and his term of office as the Executive Director expires on 2nd September, 2011.</p> <p>Mr. S. R. Potdar (58 Years) holds a degree in Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology and a Post Graduate Diploma in Industrial Engineering from NITIE, Mumbai. He joined the Company in 1974 and has been associated with various functions like Process Development, Project Engineering, Materials Management and has been a member of the senior management team of the Company. He was the President in charge of the Chemicals Business Division of the Company prior to being appointed as the Executive Director. He has been responsible for Business Development, Organization Development and Corporate Management. He has made valuable contributions to the business and organization during his long professional association with the Company.</p>
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(2)	Past Remuneration	:	₹ 1,50,000/- p.m. as salary and equivalent amount of perquisites.
(3)	Job Profile and his suitability	:	Mr. S. R. Potdar is a qualified professional and his qualifications are very relevant to the business of the Company. He has acquired relevant experience and expertise during his long tenure with the Company to contribute in the areas of Organization Development, Business Development and Corporate Management.
(4)	Remuneration proposed	:	As stated above in the Explanatory Statement.
(5)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (In case of expatriates, the relevant details would be w.e.f. the country of his origin).	:	The proposed remuneration compares favorably with that being offered to similarly experienced persons from industry and the professionals with an entrepreneurial background. The remuneration being proposed is considered to be appropriate, having regard to factors such as past experience, position held, present contribution to the Company, age and merits of the appointee.
(6)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	:	The appointee has the pecuniary relationship with the Company only to the extent of the amount of remuneration being proposed to be paid to him.

III. Other Information

(1)	Reasons of loss or Inadequate profits	:	Not Applicable
(2)	Steps taken or proposed to be taken for improvement	:	Not Applicable
(3)	Expected increase in productivity and profits in measurable terms.	:	Not Applicable

IV. Disclosures:

- (1) Apart from him, Mr. A. C. Shroff, Chairman and Managing Director and Mrs. Usha A. Shroff, Executive Vice Chairperson, draw the remuneration from the Company.
- (2) The required disclosures have been given in the Directors' Report under the heading "Corporate Governance", attached to this Annual Report, under the sub head 'Remuneration of Directors'.

The draft Agreement referred to in the resolution under Item No. 6 of the Notice will remain 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. up to the date of Annual General Meeting.

The Board commends the resolution for acceptance by the members.

Mr. Potdar 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.

For and on behalf of the Board of Directors

A. C. SHROFF
Chairman & Managing Director

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

Mumbai, 20th May, 2011.

EXCEL INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the 50th Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

The salient features of the Company's working are:

	2010-11	2009-10	(₹ in Lacs)
Gross Profit for the year was	3009.45	2132.57	
Less: Depreciation/Amortisation	974.20	992.96	
Leaving a net profit before Tax	2035.25		1139.61
Provision for Taxation:			
Current Tax	(703.00)	(126.00)	
In respect of earlier year	16.07	(136.27)	
Minimum Alternate Tax (Entitlement)	—	178.75	
Deferred Tax	98.65	(449.03)	532.55
	1446.97		607.06
Add thereto/(reduce therefrom):			
Adjustment in respect of earlier years (net)	(105.25)		189.53
	1341.72		796.59
Add thereto:			
Balance brought forward from the previous year	1365.05		1122.80
Leaving a balance available for Appropriation	2706.77		1919.39
Appropriations:			
Proposed Dividend	408.96		218.11
Tax on Dividend	66.34		36.23
Transfer to General Reserve	1100.00		300.00
	1575.30		554.34
Carried forward to next year	1131.47		1365.05

2. DIVIDEND

Your Directors have recommended a Dividend of 75% amounting to ₹ 3.75 per equity share of ₹ 5/- each, including a special dividend of 25% (₹ 1.25 per equity share) on the occasion of 50th year as compared to a dividend of 40% (₹ 2/- per share) in the previous year.

3. OPERATIONS

During the year under review, the net sales increased from ₹ 222.32 crores to ₹ 254.12 crores, registering a growth of 14% and exports increased from ₹ 54 crores to ₹ 60 crores registering an increase of 11%. During the year under review, the Company had a profit before tax of ₹ 20.35 crores compared to ₹ 11.40 crores in the previous year, and had a profit after tax of ₹ 13.42 crores compared to ₹ 7.97 crores in the previous year.

4. NEW PROJECTS/EXPANSIONS/IMPROVEMENTS

Capacity for producing Pharma intermediates is being enhanced and certain balancing equipments are being installed to expand the capacity of existing products and to manufacture new range of products.

5. OUTLOOK

The Company's chemical products are sold in different market segments like, Agrochemicals, Polymers, Pharma Intermediates, sequesterants, Mining Chemicals and Biocides, etc. While majority of the products enjoy reasonable market share and capacity utilization, some products are experiencing maturation, low growth and attrition in market share and competition and inadequate profitability. The Company is examining ways to add value, improve costs and profitability and, if better replacement products are possible, to phase these out.

With revival of economy in India and elsewhere, the prices of several raw materials have gone up. Along with rise in price of crude oil, both the chemicals and energy products derived out of crude oil have started rising. These will need to be carefully monitored and their impact minimized through techno commercial efforts, and ultimately, wherever feasible, passed on to consumers.

Govt. of India vide its Notification No. 74/2010 dated 7th July, 2010 had levied anti-dumping duty on the product Diethyl Thiophosphoryl Chloride originating in or exported from People's Republic of China. The said notification was challenged by one of the importers in the Gujarat High Court.

The hearing in respect of the said petition took place on 5th May, 2011. We have been advised by our Solicitor that the said petition was allowed and judgement is stayed till 10th July, 2011. In the said petition, one of the pleas of the petitioner was to quash the said notification on the basis of judgement rendered by the Hon'ble Supreme Court in another case.

The Environment & Biotech Division is expected to do better, both in terms of Ahmedabad Plant's performance, as also the OWC Machine sales.

6. ENVIRONMENT, HEALTH AND SAFETY (EHS)

The Company continues to accord top priority to Environment, Health and Safety systems and strives to improve the performance through safety audits, training programmes and safety management systems.

7. QUALITY

The Company continues to maintain industry best standards in managing the quality of its products and services and has received appreciation and awards from its customers.

8. EDUCATION, LEARNING AND HUMAN DEVELOPMENT

The Company has continued the emphasis on development of people with full commitment and has taken steps to provide the opportunities to learn relevant skills and acquire knowledge. The top management of the Company has taken keen interest in the training and development activities.

9. INSURANCE

The Company continues to carry adequate insurance cover for all its assets against foreseeable perils like fire, flood, earthquake, fidelity etc. The Company continues to maintain Consequential Loss (Fire) Policy and the Liability Policy as per the provisions of Public Liability Act.

10. SUBSIDIARY COMPANY

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other statements of the Subsidiary Company are not being attached with the Annual Report of the Company. The Company will make available the Annual Accounts of the Subsidiary Company and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Company will

also be kept open for inspection at the Registered Office of the Company and are also being posted on the Company's website: <http://www.excelind.co.in>. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company.

11. FIXED DEPOSITS

The amount of fixed deposits from the public and loans from the shareholders at the end of the year under review aggregated to ₹ 18,49.80 lacs. 42 Depositors did not claim their deposits after the date on which the deposits became due for payment. The amount due on such deposits and remaining unclaimed as on 31st March, 2011, was ₹ 9.79 lacs. It has come down to ₹ 8.54 lacs as on the date of this Report.

12. DIRECTORS

Mr. R. N. Bhogale and Mr. Dipesh K. Shroff, Directors, will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

13. SOCIAL RESPONSIBILITY

The Company has been supporting and helping activities and organizations contributing the rural development, children welfare and various social projects. The Company continues to discharge its social responsibilities with the spirit of duty towards the community.

14. DIRECTORS' RESPONSIBILITY

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) they 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 of the Company for the year under review;
- (c) they 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 frauds and other irregularities; and
- (d) they have prepared the annual accounts on a going concern basis.

15. CORPORATE GOVERNANCE

Your Company continues to practice the principles of good Corporate Governance during the year and the Board of directors lays strong emphasis on transparency, accountability and integrity. Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis, Corporate Governance Report and the Auditors' Certificate regarding compliance of the same are part of this Annual Report.

16. HUMAN RESOURCES

Human Resource Management has always been the focus area for the Company.

The Company continuously strives to upgrade the knowledge and skills of the employees for better performance.

Measures for safety, training and development and welfare of employees receive highest priority.

Human Resource policies and practices are regularly reviewed and revised to suit the employee and organization needs.