

ANNUAL REPORT

2012-13



EXCEL INDUSTRIES LIMITED

EXCEL INDUSTRIES LIMITED

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52nd Annual General Meeting

on Friday 26-07-2013 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 2012-13. 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.

EXCEL INDUSTRIES LIMITED

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. LLP

Chartered Accountants

BANKERS

Bank of India

State Bank of India

Axis Bank Limited

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited,

C-13, Pannalal Silk Mills Compound,

Bhandup (W), Mumbai 400 078.

Tel : 2596 3838, Fax : 2594 6969

E-mail : rnt.helpdesk@linkintime.co.in

Web : <http://www.linkintime.co.in>

REGISTERED OFFICE

184-87, Swami Vivekanand Road,

Jogeshwari (West), Mumbai 400 102.

Tel : 6646 4200

E-mail : excel.mumbai@excelind.com

Web : <http://www.excelind.co.in>

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 52nd 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 26th July, 2013 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit and Loss of the Company for the financial year ended 31st March, 2013, 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, 2013.
3. To appoint a Director in place of Mr. N. B. Sathe who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. H. N. Motiwalla who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorise 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 an Ordinary 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 Directors of the Company and by the Board of Directors at their meetings held on 21st January, 2013 consent and approval of the Members of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Mrs. Usha A. Shroff as Executive Vice Chairperson of the Company for a period of five years with effect from 22nd January, 2013 on the terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Mrs. Usha A. Shroff, placed before this meeting and duly initialled by the Chairman & Managing Director of the Company for the purpose of identification.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as “the Board” which term shall include the Remuneration Committee constituted by the Board) be and are authorised to alter and vary the terms and conditions of appointment in such manner as may be agreed to between the Board and Mrs. Usha A. Shroff, but so as not to exceed the remuneration set out in the draft Agreement and also the limits specified in Schedule XIII to the Act or any modification(s) thereto or re-enactment thereof.”

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 20th July, 2013, to Friday, the 26th July, 2013 (both days inclusive).
5. Members are requested to notify immediately any change in their addresses to their Depository Participants (DPs) in respect of their Demat share accounts quoting Client ID No. and to the Company in respect of their holding in 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 30th July, 2013 to the Members whose names stand on the Company's Register of Members on Friday, the 26th July, 2013 and to the Beneficiary Holders under Demat Category as per the Beneficiary List on the close of business hours on Friday, the 19th July, 2013 provided by National Securities and Depository Limited and Central Depository Services (India) Limited.
7. Payment of dividend will be made through National Electronic Clearing Service (NECS) 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 NECS 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 NECS 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 2006-07 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
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
22.07.2011	2010-11	3.75	27.08.2018
20.07.2012	2011-12	2.00	25.08.2019

Members who have not encashed the dividend warrants for the year 2006-2007 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. To support 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 holding shares in physical folios 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, 24th May, 2013

EXCEL INDUSTRIES LIMITED

ANNEXURE TO THE NOTICE

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

Item No. 6.

Mrs. Usha A. Shroff was re-appointed as Executive Vice Chairperson of the Company for a period of five years with effect from 22nd January, 2008. The term of her office expired on 21st January, 2013. The Board of Directors in its meeting held on 21st January, 2013, on the recommendation of the Remuneration Committee, has reappointed her as the Executive Vice Chairperson of the Company for a further period of five years with effect from 22nd January, 2013 on the terms and conditions including remuneration as set out in the draft Agreement to be executed subject to approval of the members.

An abstract of the terms and conditions of the re-appointment of Mrs. Usha A. Shroff, as the Executive Vice Chairperson of the Company and the Memorandum of Interest of the Directors in the said resolution was circulated to the members within the prescribed time as required under Section 302 of the Companies Act, 1956.

The draft Agreement between the Company and Mrs. Usha A. Shroff contains, *inter alia*, the following terms and conditions:

I. SALARY

₹ 2,15,000/- per month in the scale of ₹ 2,15,000 – 20,000 – 2,95,000.

The annual increments will be effective from 22nd January each year (commencing from the year 2014) and will be decided by the Board as it may deem appropriate.

II. PERQUISITES

Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity and water; and furnishings and repairs, medical reimbursement, leave travel concession for herself and her family, club fees, medical insurance, etc. and such perquisites in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mrs. Usha A. Shroff, for each year shall not exceed her 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.

The Company's contribution to Provident Fund, Superannuation or Annuity Fund, Gratuity and Leave Encashment at the end of her 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.

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, but not exceeding 24 months of her salary, within the overall ceilings stipulated as per the provisions of the Companies Act, 1956.

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 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.

EXCEL INDUSTRIES LIMITED

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 service.
- (b) Reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by her 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 Mrs. Usha A. Shroff and the Company in respect of the terms of her 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.

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 recommends the resolution for approval by the members.

Mrs. Usha A. Shroff and Mr. A. C. Shroff are 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, 24th May, 2013

EXCEL INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the 52nd Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

The salient features of the Company's working are:

	2012-13	2011-12	(₹ in Lacs)
Gross Profit for the year was	3181.30	2146.30	
Less: Depreciation/Amortisation	1013.21	969.55	
Leaving a net profit before exceptional item and Tax	2168.09		1176.75
Exceptional item	—		724.01
Leaving a net profit before Tax	2168.09		1900.76
Provision for Taxation:			
Current Tax	(703.00)	(364.00)	
Adjustment of tax related to earlier year	80.48	2.20	
Minimum Alternate Tax (Entitlement)	—	12.00	
Deferred Tax	(66.26)	(36.63)	(386.43)
	1479.31		1514.33
Add thereto/(reduce therefrom):			
Prior period adjustments	2.25		(46.50)
Profit After Tax	1481.56		1467.83
Add thereto			
Balance brought forward from the previous year	1145.81		1131.47
Leaving a balance available for Appropriation	2627.37		2599.30
Appropriations:			
Proposed Dividend	327.17		218.11
Tax on Dividend	55.60		35.38
Transfer to General Reserve	1000.00		1200.00
	1382.77		1453.49
Carried forward to next year	1244.60		1145.81

2. DIVIDEND

Your Directors have recommended a Dividend of 60% amounting to 3/- per equity share of ₹ 5/- each 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 ₹ 301.38 crores to ₹ 378.96 crores, registering a growth of 26% and exports increased from ₹ 63.05 crores to ₹ 75.01 crores registering an increase of 19%. During the year under review, the Company made a profit of ₹ 21.68 crores before taxation compared to ₹ 11.77 crores in the previous year. Net profit after tax amounted to ₹ 14.82 crores as compared to ₹ 14.68 crores in the previous year which included exceptional item of ₹ 7.24 crores being the profit arising out of transfer of 59% of its rights in the land at Jogeshwari.

4. NEW PROJECTS/EXPANSIONS/IMPROVEMENTS

The Company has set up a new plant at its Lote Parshuram site for manufacturing Pharmaceutical Intermediates. The Company is developing the market for certain identified intermediates and has developed manufacturing processes through its Research and Development. Certain veterinary products are also being introduced. New products are under customer evaluation and will be commercialized in the Polymer Inputs Segment. Major repairs and renovation work is underway for the DETC plant at Roha site.

The Company is working on newer designs for the OWC machine and also trying out machinery and processes for faster completion of the kitchen waste treatment. Segregation of waste plastics and recovery of all saleable components are the improvement projects at the Ahmedabad Celrich plant.

5. OUTLOOK

The demand for the agri intermediates continues to be strong in the current year as well. The volumes projected for the Water treatment chemicals business show increase owing to the shift in the pricing strategy. The evaluation of samples by the potential customers underway presently will lead to commercial sales during the current year. The design and construction of the facility to manufacture Pharmaceutical intermediates has also been completed and trial productions are underway. Here too, the evaluation and validation of the samples by the customers is almost complete and several new products will be launched during the year. The Company is also entering the field of Veterinary Medicines and trial productions are being made. With the introduction of several new business areas, a healthy growth is being projected. However, the increasing prices of Phosphorous and Ethanol could place the margins under pressure.

The outlook for Organic Waste Converter (OWC) business is encouraging. With induction of new team members in the management, sales and engineering teams, there is a renewed focus on product innovation, branding, new business associations and performance driven culture. In the field of Centralized Plants, there is a focus to provide Waste-To-Energy solutions at a centralized level to Urban Local Bodies.

6. ENVIRONMENT, HEALTH AND SAFETY (EHS)

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

The Chemical Industry demonstrates its commitment to safe and sustainable operations through the “Responsible Care” initiative administered globally by the International Council of Chemical Associations. It is steered in India by the Indian Chemical Council which grants the use of “Responsible Care” Logo after a rigorous audit. The Company presented itself to an audit by the ICC Audit team and the Company was successful in securing the prestigious logo for a period of three years from June 2013.

7. QUALITY

The products of the Company are quality driven. 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. 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.

9. SUBSIDIARY COMPANIES

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other statements of the subsidiary companies are not being attached with the Annual Report of the Company. The Company will make available the annual accounts of the subsidiary companies 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 companies will also be kept open for inspection at the Registered Office of the Company and are available 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 companies.

10. 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 ₹ 13,54.01 lacs. 62 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, 2013, was ₹ 30.57 lacs. It has come down to ₹ 14.62 lacs as on the date of this Report.

11. DIRECTORS

Mr. N. B. Sathe and Mr. H. N. Motiwala, 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. The particulars of the Directors seeking reappointment at the forthcoming Annual General Meeting are furnished in the Corporate Governance Report.

12. CORPORATE SOCIAL RESPONSIBILITY

The Company is engaged in improving the life of the rural communities around its plants at Roha and Lote. The trusts promoted and supported by the Company have been working on community projects like water harvesting, general health, eye testing and blood donation camps, soil testing and agricultural practices improvement, Aanganwadi, vocational training for women etc. at Chalkewadi and Lote near the Lote Parshuram plant and at Virjoli near Roha plant.

The Company also supports, through Vivekananda Research and Training Institute, Shroff Foundation Trust and Shrujan, several large scale activities like water shed management, agriculture, tribal welfare, arts and crafts development and promotion and a large number of self help programs. These trusts have won several national and international awards for their contribution to the society.

13. 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.

14. CORPORATE GOVERNANCE

Your Company has continued 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.