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# ELEVENTH ANNUAL REPORT

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**NATIONAL GENERAL INDUSTRIES LIMITED**



NATIONAL GENERAL INDUSTRIES LIMITED

### BOARD OF DIRECTORS

Shri Ashok Kumar Modi  
Shri Pawan Kumar Modi  
Shri Pankaj Kumar Aggarwal

Chairman-cum-Managing Director  
Joint Managing Director  
Director

### COMPANY SECRETARY

Shri C. J. Kalra

### AUDITORS

M/s. R. K. Govil & Co.  
Chartered Accountants  
4, Kiran Enclave, Behind Hotel Samrat,  
G. T. Road, Ghaziabad.

### REGISTERED OFFICE

E-39, Kalindi Colony,  
New Delhi-110 065.

### WORKS / DIVISIONS

9th Mile Stone, G. T. Road,  
Mohan Nagar, Ghaziabad.

### BANKERS

Andhra Bank  
Punjab National Bank



## NATIONAL GENERAL INDUSTRIES LIMITED

## NOTICE

Notice is hereby given that the 11th Annual General Meeting of the National General Industries Limited will be held on Thursday, the 28th day of August, 1997, 11.00 A.M. at New Friends Club, Mathura Road, New Delhi-110 065 to transact the following businesses as :-

## ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and the reports of directors and auditors.
- 2) To appoint a director in place of Sh. Pankaj Kumar Aggarwal, who retires by rotation and is eligible for reappointment.

## SPECIAL BUSINESS :

- 3) To consider and, if thought fit, to pass the following resolution, with or without modification (s), as an ordinary resolution :-  
 "RESOLVED THAT the consent for an authority as required under section 61 of the Companies Act, 1956 be and is hereby granted to the Board of Directors of the company to delete, add, amend, in any way, and/or vary the terms of all or any of the contracts specified in the prospectus dated 5th January, 1996 issued by the company."  
 "FURTHER RESOLVED THAT the above said authority also include to change the concept of the project and thereof increase the project cost, as stated in the prospectus, in case if it is required due to technology upgradation like changing from hammer based forging unit to press based forging unit or any other reasons and this approval also ratifies the act of the Directors to such variation, if made, since the date of issue of the said prospectus."
- 4) To consider and, if thought fit, to pass the following resolution, with or without modification (s), as an ordinary resolution :-  
 "RESOLVED THAT pursuant to Section 94(1) (a) of the Companies Act, 1956, 200000 Cumulative Redeemable Preference shares of Rs. 100/- each be issued at a time to be fixed by the Board of Directors upon the following terms & conditions and subject to the following rights :  
 i. The said Cumulative Redeemable Preference shares may or may not carry dividend, as the board of directors may think fit proper, on the capital for the time being paid up thereon respectively and shall be redeemable not later than 10 years either at par or premium as the board may decide.  
 ii. The said shares shall rank for dividend in priority to the equity shares for the time being of the Company.  
 iii. The said shares shall in winding up entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, upto the commencement of the winding up, in priority to equity shares but shall not be entitled to any further participation in profits or assets.  
 iv. The voting rights of the persons holding the said shares shall be in accordance with the provisions of section 87 of the Companies Act, 1956.  
 v. The Company shall not create and / or issue in future preference shares ranking in priority to the said shares and in the event of the Company creating and / or issuing preference shares in future ranking paripassu with the said shares, it would do so only with the consent of the holders of not less than three-fourths of the said shares then outstanding or with the sanction of the special resolution passed at a separate meeting of the holders of the said shares then outstanding."  
 "RESOLVED FURTHER THAT notwithstanding anything contained in Section 81(1A) and other applicable provisions (if any) of the Companies Act, 1956, the 200000 Cumulative Redeemable Preference shares to be issued as aforesaid, may be offered by the Directors of the company to any person or persons in any manner whatsoever (whether or not such person or persons include the person or persons who, at the date of the offer, are holders of the equity shares of the Company)."  
 "RESOLVED THAT the directors of the company be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, usual proper or expedient to give effect to this resolution."



# NATIONAL GENERAL INDUSTRIES LIMITED

5) To consider and, if thought fit, to pass the following resolution, with or without modification (s), as an ordinary resolution :-

"RESOLVED THAT the authorised share capital of the company be increased by addition of Cumulative redeemable preference shares of Rs. 100/-each and Clause 7 of the Memorandum and Article 3 of the Articles of the Association be altered accordingly."

For and on behalf of Board of Directors

Place : New Delhi  
Date : 27th July, 1997  
Regd. Office : E-39, Kailash Colony, New Delhi-65

(C.J. Kalra)  
Company Secretary

## Notes :

- a) 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 OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT TIME OF THE MEETING.
- b) Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, is annexed hereto.
- c) The register of Members and Transfer Books of the Company will remain closed from 21st August, 1997 to 28th August, 1997 (both day inclusive).
- d) Members desiring any information as regard the Accounts are requested to write to the Company atleast 15 days before the meeting so as to keep the information ready.

## Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

### Item (3)

The public issue of the equity shares were made for the purpose of expansion of the existing activities and for the setting up of the forging unit based on hammer. After the intensive market study done by the company and further development in the automobile industry and coming up of automobile giants and their requirement of quality products and preference of components on forging press, the management has consideration that the setting up the forging unit based on hammer would not be viable in the present scenario. Therefore it is in the interest of the company to set up the forging unit based on forging press.

Due to the above stated change in the concept of the project from hammer technology to press technology, the cost of the project is also effected and substantially increased. These changes i.e. change in the concept and increase in the project cost, are amount to alteration of the terms and conditions of the prospectus dated 5th January, 1996 and therefore, the consent of the shareholders is required pursuant to section 61 of the Companies Act, 1956.

None of the directors is, in any way, concerned or interested in the said resolution.

### Item (4) & (5)

As a result of change in the concept of the project as mentioned in the explanatory statement no. 3, for setting up of forging unit based on press technology, the cost of the project is increased substantially and for this purpose the additional burden of the project cost is being met through the internal accruals, private placement by way of preferential allotment of preference shares and through term loans from the Indian Institution (s). Therefore it is proposed to issue cumulative redeemable preference shares by way of preferential allotment and this resolution is being placed for your approval.

Further, for issuing the said preference shares, it is required to increase the authorised capital. Therefore, the proposed resolution for increase of shares capital is also placed for your approval.

For and on behalf of Board of Directors

Place : New Delhi  
Date : 27th July, 1997  
Regd. Office : E-39, Kailash Colony, New Delhi-65

(C.J. Kalra)  
Company Secretary



## NATIONAL GENERAL INDUSTRIES LIMITED

## DIRECTORS' REPORT

Your Directors are pleased to present the 11th Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 1997.

## FINANCIAL RESULTS AND OPERATIONS

	31.3.1997	31.3.1996
Gross Income	1566.74	1153.09
Profit before depreciation	79.01	61.91
Depreciation	23.58	30.70
Tax provision	23.22	10.35
Profit after taxes	32.22	20.86
Add/(Less) : Prior year adjustment	00.13	(00.14)
Add : Surplus as per balance Sheet	3.28	8.09
Profit available for appropriation	35.62	28.81
Transfer to General Reserve	30.00	10.00
Dividend	-	7.78
Balance c/f to Balance Sheet	5.62	11.03

The projection figures as mentioned in the prospectus could not be achieved for the following reasons viz, reduction in operating profits of the company which was due to not undertaken the activities relating to stainless steel due to prevailing bad market conditions in the stainless steel, the sudden fire in the furnace which affected the productivity of the company, increase in the expenditure of repair and maintenance on plant and machinery and further increase of the raw material prices and coupled with the sluggish condition prevailing in the Rolling industry and higher rejects due stabilisation of expansion.

## FUTURE OUTLOOK

Your company is now moving ahead for the setting up of forging unit based on press and aiming to replace the Hammer forgings supplies to OEM's, due to its closer tolerances & greater accuracy. It is evident from the inhouse contact programme with the lead OEM's of the Northern region that though they are meeting their present requirement from a number of forging units-Most of them are hammer based and now they are looking for the forging press for their requirement of critical forgings. Your company therefore initially, with the setting up of forging unit, propose to cater the demand of the nearby Auto OEM majors of North India like Maruti, Escorts, Echeir, Punjab Tractors, HMT, Daewoo directly, and manufacturers like Ashok Leyland, TELCO, TAFE, M & M etc. through some of the existing dealer network and by appointing new dealer network.

Your directors are confident that due to closure of many forging units in developed countries due to stringent pollution control norms, the Indian forging industry would be having the potential for export market also and besides the availability of cheap labour in India, resulting in competitive advantage in the form of cost differential as high as 26% compared to country like Germany. With Indian manufacturers able to make international quality and meet delivery standards the export market has a large potential. The industry is planning an annual capacity expansion of 25 percent and export turnover of Rs. 20000 million in next 5 years. The auto components sector has also gear itself to become systems supplier with capacity to design and develop larger parts. Further India's current share of the world forging market is minuscule. Therefore your company expects potential for export market in a big way.

Your directors are optimistic that with setting up of the forging unit and completion of the diversification programme and further better utilisation of available resources will definitely boost the performance of the company.

## DIRECTORS

Sh. Pankaj Kumar Agarwal, director of the company, who retires at the forthcoming Annual General Meeting is eligible themselves for reappointment.

## STATUTORY STATEMENTS

Your Company has not accepted any deposits within the meaning of Section 58 A of the Companies Act, 1956 and rules made thereunder.

Details of energy conservation, and research and development activities undertaken by the company along with the information