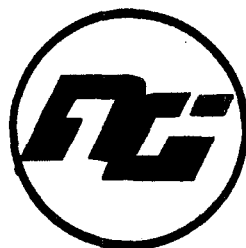


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National General Industries Ltd.

An ISO 9001 : 2000 Certified Company

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Nineteenth Annual Report
2004 - 2005

BOARD OF DIRECTORS

Shri Ashok Kumar Modi	-	Chairman & Managing Director
Shri Pawan Kumar Modi	-	Joint Managing Director
Shri Pankaj Kumar Agarwal	-	Director
Shri Brij Bhushan Gupta	-	Director
Shri Vasu Modi	-	Director
Shri Anshuman Goenka	-	Director
Shri Vineet Bansal	-	Company Secretary

AUDITORS	-	R.K. Govil & Co. Chartered Accountants 4, Kiran Enclave, Behind Hotel Samrat, G.T. Road, Ghaziabad.
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REGISTERED OFFICE	-	3 RD Floor, Surya Plaza, K-185/1, Sarai Julena, New Friends Colony, New Delhi 110 025.
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WORKS/DIVISIONS	-	9 th Mile Stone, G.T. Road, Mohan Nagar, Ghaziabad- 201 007
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BANKERS	-	State Bank of Patiala, HDFC Bank, Standard Chartered Bank
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STOCK EXCHANGES	-	Ahmedabad, Delhi, Jaipur and Mumbai
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NOTICE

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Members of National General Industries Limited will be held at Nawal Vihar, Farm 7, Dera Gaon, New Delhi-110 030, on Friday, the 30th day of September, 2005 at 11.30 a.m. for the transaction of the following business:

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2005, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Anshuman Goenka who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT Messrs. R.K Govil & Company, Chartered Accountants, the retiring auditors be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of Nineteenth Annual General Meeting until the conclusion of next Annual General Meeting of the Company and the Board of Directors be and is hereby authorized to fix their remuneration for the said period."

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr Ashok Kumar Modi as Chairman cum Managing Director of the Company for a period of 5(five) years with effect from 4th July, 2005 on the following remuneration, terms and conditions agreed to between the Board of Directors and Mr. Ashok Kumar Modi and with the liberty to Board of Directors to alter, vary the terms & conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or enactment thereof, for the time being in force of the said re-appointment in such manner as may be agreed to between the Board of Directors of the Company and acceptable to Mr. Ashok Kumar Modi.

1. Basic Salary- Rs.12, 000/- per month.
2. Medical reimbursement- expenses incurred for Chairman cum Managing Director and his family, subject to the ceiling of one month's salary in a year or three months salary over a period of three years.
3. Leave Travel Concession - for the Chairman cum Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
4. Club Fees- fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
5. Personal Accident insurance - premium not to exceed Rs,4000/- per annum. For the purpose of this part. family means Spouse, dependent children and dependent parents of the Chairman cum Managing Director.
- i. Provision of Car with driver for use on Company's business and telephone at the residence and reimbursement of expenses thereof.

To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to the section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr Pawan Kumar Modi as joint Managing Director of the Company, liable to retire by rotation, for a period of 5(five)years with effect from 4th July,2005 on the following remuneration, terms and conditions agreed to between the Board of Directors and Mr.Pawan Kumar Modi and with the liberty to Board of Directors to alter, vary the terms & conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act,1956, including any statutory modification or enactment thereof, for the time being in force of the said re-appointment in such manner as may be agreed to between the Board of Directors of the Company and acceptable to Mr.Pawan Kumar Modi.

1. Basic Salary- Rs. 12,000/- per month.
2. Medical reimbursement- expenses incurred for Chairman cum Managing Director and his family, subject to the ceiling of one month's salary in a year or three months salary over a period of three years.
3. Leave Travel Concession - for the Chairman cum Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
4. Club Fees- fees of Clubs subject to maximum of two Clubs. This will not include admission and life membership fees.
5. Personal Accident insurance - premium not to exceed Rs. 4000/- per annum. For the purpose of this part. family means Spouse, dependent children and dependent parents of the Chairman cum Managing Director.
6. Provision of Car with driver for use on Company's business and telephone at the residence and reimbursement of expenses thereof.

“RESOLVED FURTHER that the Joint Managing Director, as and when re-appointed as Director immediately on retirement by rotation, shall continue to hold his office of Joint Managing Director and such re-appointment as Director shall not be deemed to constitute a break in his appointment as Joint Managing Director.”

6. Voluntary De-listing of the Company's Equity Shares from certain Stock Exchange, in this respect to consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED that, in suppression of the resolution passed by the Shareholders of the company at their seventeenth meeting held on 25th September 2003 in respect of voluntary de-listing of the securities of the Company from certain Stock Exchanges, a fresh consent is hereby accorded, subject to the provisions of the Companies Act,1956 (including any statutory modification (s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and exchange Board of India (de-listing of Securities)Guidelines,2003 and subject to such approvals, permissions and sanctions, as may be and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as “ the Board “ , which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), to the Board to de-list the Company's equity shares from all or any of the Stock Exchanges viz. The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Limited, Jaipur Stock Exchange Association Ltd.”

7. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as **Special Resolution**:

“RESOLVED that pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below;



- a) Article 2 of the Articles of Association shall include the following definitions at the appropriate places;

"Beneficial Owner" "Beneficial Owner" shall mean beneficial owner as defined under clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

"Depository" "Depository" shall mean a Depository as defined under clause (e) of of sub section (1) of Section 2 of the Depository Act, 1996.

"Depositories Act, 1996" "Depositories Act, 1996" shall include any statutory modification or re-enactment thereof for the time being in force.

"Securities and Exchange Board of India" "Securities and Exchange Board of India" means Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

"Member" "Member" means the duly registered holder, from time to time, of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the depository.

"Record" "Record" includes the records maintained in the form of books or stored in a computer or in such other form or medium as may be determined by regulations made by the SEBI Board.

"Regulations" "Regulations" means such security as may be specified by the SEBI Board.

"Security" "Security" means such security as may be specified by the SEBI Board.

- b) To introducing the following as the last para to Artical 2

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them in the Depositories Act, 1996.

- c) Article 4 shall be deleted and in its place the following new Article 4 shall be substituted;

4. The shares in the capital be numbered progressively according to their several denominations provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in dematerialized form Except in the manner mentioned herein above, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

- d) After Article 7 the following Articles shall inserted as Article 7A To Article 7K;

Dematerialisation of Securities

- 7A Notwithstanding anything contained herein, the Company shall be entitled to dematerialize its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialized form.

Rights and Obligations to be governed by the Depositories Act, 1996

- 7B Either on the Company or on the investor exercising an option to hold his securities with a Depository in a dematerialized form, the Company shall enter into an agreement with the Depository to enable the investor to dematerialize the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

Option to receive security certificates or hold securities with Depository

- 7C Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a Depository. Where a person opts to hold a security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its Record the name of the allottee as the beneficial Owner of such security.

Securities in Depository to be in a fungible form

- 7D All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner.

Rights of Depository and Beneficial Owner

- 7E
- (i) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
 - (ii) Save as otherwise provided in (i) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
 - (iii) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the depository shall be deemed to be a member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.


Depository to furnish information

- 7F Every Depository shall furnish to the Company information regarding the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye laws and the Company in that behalf.

Option to opt out in respect of any security

- 7G If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The depository shall, on receipt of an information as above, make appropriate entries in its Records and shall inform the Company.

The Company shall, within thirty days of the receipt of information from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be.

Section 83 and 108 of the Act not to apply

- 7H Notwithstanding anything to the contrary contained in the Articles;
- (i) Section 83 of the Act shall not apply to the shares held with a Depository
 - (ii) Section 108 of the Act shall not apply to a transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of the Depository.

Service of documents

- 7I Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the records of beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or diskettes.

Allotment of securities dealt within a Depository

- 7J Notwithstanding anything contained in the Act or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on the allotment of such securities.

Distinctive numbers of securities held with a Depository

- 7K Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company/Depository shall apply to Securities held with a Depository.

Register and Index of Beneficial Owners

7L The Register and Index of Beneficial Owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of the Act and of these Articles.

e) Article 10 shall be deleted and in its place the following new Article 10 shall be substituted;

10 Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the record of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall however express or implied notice thereof, but the board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

f) In Article 12 the following shall be added;

“provided however, no share certificate(s) shall be issued for shares held by a Depository”.

g) After the Article 12, the following Articles will be inserted as Article 12A, 12B and 12C;

Power to Company to dematerialize and rematerialize

12A The Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and/or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

Specific beneficial provisions of Companies Act, 1956, not to apply

12B In respect of the shares, debentures and securities held by depository on behalf of the beneficial owners as defined in the depositories Act, 1996, the provisions of Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall not apply.

Register and Index of Members

12C The Company shall keep a Register and Index of Members in accordance with section 150 and 151 of the Act, and the Depositories Act, 1996 with details of shares held in material and dematerialized form in any media as may be permitted by law including any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Branch Register of members resident in that state or country.



NATIONAL GENERAL INDUSTRIES LTD.

- h) In Article 14 after the words, "lost or destroyed certificate" the following words shall be added "provided however, no share certificate(s) shall be issued for shares held by a Depository".
- i) In Article 45(a) after the words "Section 108 of the Act" the following words shall be added; "except in case of transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the Company"
- j) After the Article 45 (f) the following Article shall be inserted as Article 45(g)

Shares held in electronic and fungible form

45(g) In case of transfer of shares, debentures or other securities where the Company has not issued any certificate and where such shares or debentures or securities are being held in an electronic and fungible form, the provisions of Depositories Act, 1996 shall apply.

For NATIONAL GENERAL INDUSTRIES LTD.

Place: New Delhi
Date: 25th August, 2005

Vineet Bansal
Company Secretary

NOTES

- 1) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxy in order to be effective must be received at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- 2) Members/Proxies are requested to bring their attendance slip along with their copies of Report and Accounts to the Meeting.
- 3) The Register of Members and Share transfer Books of the Company will remain closed from 26th September, 2005 to 28th September, 2005 (both days inclusive).

The Securities of the Company are listed at the Ahmedabad, Delhi, Jaipur and Mumbai Stock Exchanges

By order of the Board,
For NATIONAL GENERAL INDUSTRIES LTD.

Place : New Delhi
Date : 25th August, 2005

Vineet Bansal
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT,1956**Item No. 4**

The term of Mr. Ashok Kumar Modi expired on 3rd July 2005. The Board of Directors of the Company has re-appointed him for a further period of 5 (Five) years from the date of expiry of his term. The details of remuneration payable to Mr. Ashok Kumar Modi are set out in the resolution at serial No.4 of the notice, is submitted for shareholders' approval.

The terms and conditions and/or payment of remuneration as set out for re-appointment may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or enactment thereof, for the time being in force) or any amendments made thereto.

The above may be treated as an abstract of the terms of re-appointment of Mr. Ashok Kumar Modi as the Chairman cum Managing Director of the Company, as required under section 302 of the Companies Act, 1956.

None of the Directors except Mr. Ashok Kumar Modi is in any way concerned or interested in the said resolution..

Item No. 5

The term of Mr.Pawan Kumar Modi expired on 3rd July, 2005. The Board of Directors of the Company has re-appointed him as Joint Managing Director, liable to retire by rotation, for a further period of 5 (Five) years from the date of expiry of his term. The details of remuneration payable to Mr. Pawan Kumar Modi are set out in the resolution at serial No.5 of the notice, is submitted for shareholders' approval.

The terms and conditions and/or payment of remuneration as set out for re-appointment may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act,1956, (including any statutory modification or enactment thereof, for the time being in force) or any amendments made thereto

The above may be treated as an abstract of the terms of re-appointment of Mr. Pawan Kumar Modi as the Joint Managing Director of the Company, as required under section 302 of the Companies Act, 1956.

None of the Directors except Mr.Pawan Kumar Modi is in any way concerned or interested in the said resolution.