

“ श्री जी ”



**National General Industries Ltd.**

An ISO 9001 : 2000 Certified Company

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**22nd Annual Report  
2007 - 2008**

**BOARD OF DIRECTORS**

<b>Shri Ashok Kumar Modi</b>	- Chairman & Managing Director
<b>Shri Pawan Kumar Modi</b>	- Joint Managing Director
<b>Shri Pankaj Kumar Agarwal</b>	- Non-executive / Independent Director
<b>Shri Chaitanya Dalmia</b>	- Non-executive / Independent Director
<b>Shri Vasu Modi</b>	- Non-executive Director
<b>Shri Anshuman Goenka</b>	- Non-executive / Independent Director

**COMPANY SECRETARY**

<b>Shri Yashobanta Kumar Sharma</b>	- Company Secretary
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**AUDITORS**

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

**REGISTERED OFFICE**

- 3rd Floor, Surya Plaza, K-185/1,  
Sarai Julena, New Friends Colony,  
New Delhi – 110 025.

**WORKS/DIVISIONS**

- 9th Mile Stone, G.T. Road,  
Mohan Nagar, Ghaziabad – 201 007.

**BANKERS**

- State Bank of Patiala  
Standard Chartered Bank  
HDFC Bank Ltd.

**STOCK EXCHANGE**

- MUMBAI STOCK EXCHANGE.

**NOTICE**

Notice is hereby given that the TWENTY-SECOND ANNUAL GENERAL MEETING of the Members of National General Industries Limited will be held on Tuesday, the 30th September, 2008 at 11.30 a.m. at Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110 030, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March, 2008, the Profit and Loss Account for the year ended on that date, together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Kumar Modi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pankaj Kumar Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s R. K. Govil & Company, Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT M/s R. K. Govil & Company, Chartered Accountants, the retiring auditors be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of Twenty-Second Annual General Meeting until the conclusion of next Annual General Meeting of the Company and the Board of Directors be and are hereby authorized to fix their remuneration for the said period."**

By Order of the Board  
For NATIONAL GENERAL INDUSTRIES LIMITED

Place : New Delhi  
Date : 31.07.2008

Yashobanta Kumar Sharma  
Company Secretary

**NOTES :**

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company.
2. The instrument appointing the proxy, if any, shall be deposited at the registered Office of the Company at 3rd Floor, Surya Plaza, K-185/1, Sarai Julena, New Friends Colony, New Delhi – 110 025 not less than forty eight (48) hours before the commencement of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
3. Members / proxies are requested to bring their attendance slip along with their copies of Annual Report to the meeting.



4. The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2008 to 27.09.2008 (both days inclusive).
6. **Information provided as per Clause 49VI(A) of the Listing Agreement**

The following are the details of the directors seeking reappointment or recommended to be appointed as a Director:

Mr. Ashok Kumar Modi, aged about 52 years, is a commerce graduate having vast experience of more than 33 years in the steel industry. He has been at the helm of steel re-rolling business and managing it efficiently. He does not hold any other directorship in any other public limited company.

Mr. Pankaj Kumar Agarwal, aged about 47 years, has been a director of the company since February 1996. He is a commerce graduate and having a vast experience of over 25 years in the field of finance, administration and other functional areas. He does not hold any other directorship in any other public limited company.

7. The Securities of the Company are listed at the Mumbai Stock Exchange and the Company has paid the annual listing fees for the financial year 2007-2008.

By Order of the Board  
For NATIONAL GENERAL INDUSTRIES LIMITED

Place : New Delhi  
Date : 31.07.2008

**Yashobanta Kumar Sharma**  
Company Secretary

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Twenty-Second Report of your Company along with the Audited Statement of Accounts for the year ended 31 March, 2008:

**FINANCIAL RESULTS**

Particulars	Rs. In Lacs	
	<b>Year Ended</b>	
	<b>31.03.2008</b>	<b>31.03.2007</b>
Total Income	1601.43	1443.77
Operating profit before interest and depreciation	151.39	183.76
Interest	23.88	19.16
Depreciation	26.13	21.91
Profit after interest and depreciation	101.38	142.69
Add: Excess provision of tax writeback	0.00	0.97
Profit before Tax (PBT)	101.38	143.66
Provision for Taxation	12.00	15.10
Provision for Fringe Benefit Tax (FBT)	1.55	1.44
Security Transaction Tax	0.49	0.83
Deferred Tax Liabilities	-1.71	10.00
Minimum Alternate Tax Credit Availed	1.56	0.00
Profit after Tax (PAT)	87.49	116.29
Balance Brought Forward	95.11	105.00
Prior year adjustment-	9.39	-1.18
Profit available for appropriation	191.99	220.11
Transfer to General Reserve	75.00	125.00
Balance carried to Balance Sheet	116.99	95.11

**PERFORMANCE DURING THE YEAR UNDER REVIEW**

During the year under review, the turnover of your Company increased to 1712.44 lakhs from 1466.54 lakhs last year, registering an increase of 16.77%. However the net profit before tax from steel division increased to 72.97 lakhs from 53.72 lakhs in the last year registering an increase of 35.84%. This was possible due to better product mix, quality management and installation of new machinery with better technology. The Company is emphasizing to improve the same in the years to come. During the year under review, the Company has no income from agency of sales / marketing. However the other income comprises only the income from investments. The net profit before tax from other income is 28.41 lakhs as compared to 88.97 lakhs in the last year. The sharp fall in the income is due to fall in capital market.

**QUALITY MANAGEMENT**

The Management System of your Company are in compliance with the requirement of international quality standard ISO 9001 : 2000 and it has been duly certified by the JAS-ANZ, an International Certification Agency.



### **FIXED DEPOSITS**

Your Company has not accepted any Fixed Deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non-Banking Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

### **DIRECTORS**

Mr. Ashok Kumar Modi and Mr. Pankaj Kumar Agarwal, retire by rotation and being eligible, offer themselves for re-appointment. The proposal regarding their re-appointment as Directors are placed for your approval.

### **AUDITORS**

M/s R. K. Govil & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

### **PARTICULARS REGARDING CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is in the statement annexed (Annexure 'A') hereto forming part of the report.

### **PARTICULARS OF EMPLOYEES**

There are no employee fall under the information under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### **CORPORATE GOVERNANCE**

Your Company has complied with the requirement of Clause 49 of the Listing Agreement regarding Corporate Governance.

A report on the Corporate Governance practices followed by the Company, the Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as annexure to this report.

### **COMPLIANCE CERTIFICATE**

As per Clause 49 of the Listing Agreement with the Stock Exchange, the compliance certificate from Chairman and Managing Director and Joint Managing Director is given as Annexure 'B' to the Directors' Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that :

- (i) in the preparation of the annual accounts for the financial year 2007-2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;



- (ii) they have selected such accounting policies and applied them consistently and made judgements 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 ended on March 31, 2008 and of the profit or loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

#### **APPRECIATION**

Your Directors take this opportunity to express their appreciation for the co-operation and assistance received from the Central Government, the State Government, the Financial Institutions, Banks as well as the Shareholders during the year under review. Your Directors also with the place on record their appreciation of the devoted and dedicated service rendered by all the employees of your Company.

For and behalf of the Board of Directors  
For **NATIONAL GENERAL INDUSTRIES LIMITED**

Place : New Delhi  
Date : 31.07.2008

**Ashok Kumar Modi**  
Chairman and Managing Director

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**ANNEXURE 'A' TO DIRECTORS' REPORT**

Information as per Section 217 (1) (e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2008.

**I. CONSERVATION OF ENERGY****a) Energy conservation measures taken:**

During the year under review, wherever possible, energy conservation measures have been taken and there no major areas where further energy conservation can be taken.

**b) Additional Investment and proposals being implemented for reduction of consumption of energy:**

During year under review, no additional investment was made. If required, the measures can be taken and investment may be made.

**c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

However, efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

**d) Total energy consumption and energy consumption per unit of production as Form-A of the Annexure to the Rules in respect of Industries in the Schedule thereto:**

	2007-2008	2006-2007
<b>A) Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>a) Purchased</b>		
Units (in thousands)	881294	662520
Total Amount (Rs.)	5242742.00	3729477.00
Rate/Unit (Rs.)	5.95	5.63
<b>b) Own Generation Through Diesel Generator</b>		
Ltr.	13200	25000
Total Amount (Rs.)	443098.00	870534.00
Cost / Ltr.	33.57	34.82
<b>c) Through engine (LDO)</b>		
Ltr.	65730	85675
Total Amount (Rs.)	2093004.00	2884034.00
Cost / Ltr.	31.84	33.66
<b>2. Furnance Oil</b>		
Qty. (K. Ltr.)	630.395	637.780
Total Amount	13465834.00	12656880.00
Average Rate	21.36	18.78
<b>B) Consumption per unit production</b>		
Product      Unit	2007-2008	2006-2007





Electricity	Units	86.00	86.00
Diesel Oil	Ltrs	3.868	3.968
LDO	Ltrs.	16.996	13.597
Furnance Oil	Ltrs.	46.181	48.119

## II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules

### 1. Research and Development (R&D)

#### a) Specific areas in which R&D carried out by the Company:

During the year under review, no R&D carried out.

#### b) Benefits derived as a result of above R&D: Not Applicable

#### c) Future Plan of action:

If required, Research and Development activities shall be carried out in future to achieve greater efficiency in production techniques.

#### d) Expenditure on R&D: No capital as well as recurring expenditure made on R&D.

### 2. Technology absorption, adaptation & innovation.

#### a) Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company is using latest techniques for production. Efforts are being made to make the maximum use of the available infrastructure, at the same time innovating new techniques to bring about efficiency as well as economy in different areas. Employees are given appropriate training of and on the job, to enable them to achieve the planned performance.

#### b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc:

Through all these efforts benefits derived are better utilization of the available resources, product improvement and development, cost reduction, better overall efficiency on one side and clean environment and safety of employees on the other.

#### c) In case of imported technology (import during the last 5 years reckoned from the beginning of the financial year) : Nil

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Earnings	Nil
b) Outgo by way of other expenditure	Rs.173050.00 (Rs.290000.00)

For and behalf of the Board of Directors  
For NATIONAL GENERAL INDUSTRIES LIMITED

Place : New Delhi  
Date : 31.07.2008

Ashok Kumar Modi  
Chairman and Managing Director



## Annexure 'B' to the Directors' Report

**Certification by Chairman & Managing Director and Joint Managing Director of the Company**

We hereby certify that for the financial year ending 31st March, 2008 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that :

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the 2007-2008 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept the responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - a. There have been no significant changes in internal control during this year.
  - b. There have been no significant changes in accounting policies during this year.
  - c. There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

Place : New Delhi

(Ashok Kumar Modi)

(Pawan Kumar Modi)

Dated : 31st July, 2008 Chairman and Managing Director

Joint Managing Director