



# National General Industries Ltd.

## **Board of Directors**

Ashok Kumar Modi	Chairman cum Managing Director
Pawan Kumar Modi	Joint Managing Director
Pankaj Kumar Agarwal	Director
Chaitanya Dalmia	Director
Vasu Modi	Director
Anshuman Goenka	Director

## **Company Secretary**

Gyan Sheel

## **Auditors**

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

## **Registered Office**

3rd Floor, Surya Plaza,  
K-185/1, Sarai Julena,  
New Friends Colony,  
New Delhi – 110 025  
Ph. No. : 011-26829517, 19  
Fax No.: 011-26920584  
E-mail : [ngil@vsnl.com](mailto:ngil@vsnl.com)

## **Works - I**

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

## **Works – II**

Plot No. SP-242, RIICO Industrial Area,  
Kaharani (Bhiwadi Extension)  
District : Alwar, Rajasthan.

## **Bankers**

State Bank of Patiala  
Standard Chartered Bank

## **Registrar & Transfer Agents**

246, 1<sup>st</sup> Floor,  
Sant Nagar, East of Kailash,  
New Delhi – 110065  
Tel.: 011-26292682, 26292683  
Fax : 011 – 26292681  
Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)

## ***Contents***

Notice	1
Directors' Report	6
Management Discussion & Analysis Report	12
Report on Corporate Governance	15
Auditors' Report	23
Balance Sheet	26
Profit & Loss Account	27
Schedule forming part of Balance Sheet	28
Abstract Balance Sheet	39
Cash Flow Statement	40
Proxy & Attendance Slip	42

# National General Industries Ltd.

## NOTICE

**NOTICE** is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of National General Industries Limited will be held on Thursday, the 30th September, 2010 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, 2010, 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. Vasu Modi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s R. K. Govil & Company, Statutory Auditors of the Company and fix their remuneration.

### **SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** pursuant to provisions of the section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, 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 4<sup>th</sup> July, 2010 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 of 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. 16,000/- 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. 4,000/- per annum. For the purpose of this part, family means spouse, depended children and dependent parents of the Chairman cum Managing Director.
6. Provision of Car with driver for use on Company's business, telephone & electricity at the residence and reimbursement of expenses thereof.

## National General Industries Ltd.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to provisions of the section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, 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 for a period of 5 (Five) years with effect from 4<sup>th</sup> July, 2010 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 of 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. 16,000/- per month.
2. Medical reimbursement – expenses incurred for Joint 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 Joint 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. 4,000/- per annum. For the purpose of this part, family means spouse, depended children and dependent parents of the Joint Managing Director.
6. Provision of Car with driver for use on Company's business, telephone & electricity at the residence and reimbursement of expenses thereof.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to provision of section 314 of the Companies Act, 1956, approval and consent of the Company be and is hereby accorded to the appointment of Mr. Madhur Modi, a relative of Directors of the Company as Vice President of the Company w.e.f. 1<sup>st</sup> July, 2010 on a salary of Rs. 16,000/- per month and such further increment or increments as the Directors may, in their discretion think fit."

By Order of the Board  
For **NATIONAL GENERAL INDUSTRIES LIMITED**

Place : New Delhi  
Date : 13.08.2010

Sd/-  
**Gyan Sheel**  
Company Secretary

## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER.THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. Members / proxies are requested to bring their attendance slip along with their copy of Annual Report to the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 27<sup>th</sup> September, 2010 to Thursday, 30<sup>th</sup> September, 2010 (both days inclusive).
5. Members who are holding shares in physical form are requested to notify the change in their respective addresses or Bank details to the Registrar and Transfer Agents (RTA) and always quote their Folio Numbers in all correspondence with the Company and RTA. In respect of holding in electronic form, Members are requested to notify any change in addresses or Bank details to their respective Depository Participants.
6. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization which include easy liquidity since trading is permitted only in dematerialized form, electronic transfer, savings in stamp duty, prevention of forgery, etc.
7. Relevant details, in terms of Clause 49 of the Listing Agreement, in respect of Director retiring by rotation and proposed to be reappointed are given hereunder.

By Order of the Board  
For NATIONAL GENERAL INDUSTRIES LIMITED

Place : New Delhi  
Date : 13.08.2010

Sd/-  
Gyan Sheel  
Company Secretary

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

The following Explanatory Statements sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

### ITEM NO. 4

The terms of Mr. Ashok Kumar Modi as Chairman cum Managing Director expired on 3<sup>rd</sup> July, 2010. 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. On the recommendation of Remuneration Committee, 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 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.

The Board commends the resolution for approval of shareholders.

## ITEM NO. 5

The terms of Mr. Pawan Kumar Modi as Joint Managing Director expired on 3<sup>rd</sup> July, 2010. 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. On the recommendation of Remuneration Committee 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 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. Ashok Kumar Modi is in any way concerned or interested in the said resolution.

The Board commends the resolution for approval of shareholders.

## ITEM NO. 6

Keeping in view the expansion of the business activities of the Company, the Board of Directors at their meeting held on 28<sup>th</sup> May, 2010 has considered that the Company should appoint a qualified dynamic officer for discharging the duties at senior level in the Company. The Board proposed the name of Mr. Madhur Modi, relative of Mr. Ashok Kumar Modi, Managing Director, Mr. Pawan Kumar Modi, Jt. Managing Director and Mr. Vasu Modi, Director of the Company for appointment as Vice President of the Company w.e.f. 1<sup>st</sup> July, 2010.

The Board considered that Mr. Madhur Modi, aged 28 years is Graduate in Business Management and have practical experience in the industry for more than 6 years. The Board considers that looking into his education background and his experience will strengthen the management in controlling business activities of the Company in more proper manner. He shall be designated as Vice President of the Company and shall be responsible for the day to day affairs of Ghaziabad unit under the able leadership of Mr. Pawan Kumar Modi, Jt. Managing Director of the Company. The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similar placed executives in the Company.

## National General Industries Ltd.

In terms of the provisions of section 314(1) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the appointment of relative of director of the Company on a remuneration exceeding Rs. 10,000/- per month requires the approval of the members by way of special resolution. Accordingly, the resolution mentioned in Item No. 6 of the notice is being proposed for approval accordingly.

Except, Mr. Ashok Kumar Modi, Mr. Pawan Kumar Modi and Mr. Vasu Modi, being the relative of the proposed appointee, none of the Directors of the Company is concerned or interested in the above said resolution.

The Board commends the resolution for approval of shareholders.

By Order of the Board  
For **NATIONAL GENERAL INDUSTRIES LIMITED**

Place : New Delhi  
Date : 13.08.2010

Sd/-  
**Gyan Sheel**  
Company Secretary

### Details of Directors seeking re-appointment in the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	: Mr. Vasu Modi
Date of Birth	: 11/06/1980
Date of Appointment	: 10/04/2000
Expertise in specific functional areas	: Mr. Vasu Modi having work experience of more than 9 years in the steel industry. He has been assisting the Management very efficiently in the group company's operations, implemented the Greenfield project in the group company.
Qualifications	: Bachelor in Business Administration
Directorship in other Public Limited Companies (As on 31.03.2010)	: Utkal Investments Ltd.
Chairman/Member of Committee in other Public Limited Companies (As on 31.03.2010)	: Not Applicable
Shareholding in the Company as on 31.03.2010	: 3,55,585 (7.03%)

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Fourth Report of your Company along with the Audited Statement of Accounts for the year ended 31 March, 2010.

### **AMALGAMATION OF MODI METAL UDYOG PVT. LTD. WITH THE COMPANY**

Modi Metal Udyog Pvt. Ltd. ('MMUPL) has been amalgamated with the Company. The Scheme of Amalgamation was sanctioned by the Hon'ble High Court of Judicature at New Delhi vide Order dated 26<sup>th</sup> February, 2010. The Scheme became effective on 20<sup>th</sup> April, 2010, the Appointed Date of the Scheme being 1<sup>st</sup> April, 2010.

### **FINANCIAL RESULTS (Rs. in Lacs)**

The assets and liabilities of MMUPL and its operating results have been incorporated in the Company's books with effect from 1<sup>st</sup> April, 2008 (Appointed Date). The figures for the financial year ended 31<sup>st</sup> March, 2009 have been re-worked and re-stated giving effect to the amalgamation. The financial performance of the Company for the financial year ended on 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2009 are summarized below:-

Particulars	31.03.2010	31.03.2009
Total Income	<b>2041.12</b>	1785.15
Operating profit before interest and depreciation	<b>77.44</b>	43.94
Interest	<b>13.60</b>	14.03
Depreciation	<b>25.32</b>	23.28
Profit before Tax (PBT)	<b>38.52</b>	6.63
Provision for Taxation & FBT	<b>5.48</b>	1.70
Security Transaction Tax	<b>0.68</b>	0.02
Deferred Tax Liabilities	<b>6.50</b>	0.54
Minimum Alternate Tax Credit Availed	<b>-5.48</b>	-0.56
Profit after Tax (PAT)	<b>31.34</b>	4.93
Balance Brought Forward	<b>89.61</b>	118.89
Prior year adjustment	<b>-0.02</b>	0.79
Profit available for appropriation	<b>120.93</b>	124.61
Transfer to General Reserve	<b>37.00</b>	35.00
Balance carried to Balance Sheet	<b>83.93</b>	89.61

### **PERFORMANCE DURING THE YEAR UNDER REVIEW**

During the year under review, the turnover of your Company increased to 1840.50 lakhs from 1608.40 lakhs previous year, registering an increase of 14.43%. However the net profit before tax from steel division increased to 70.45 lakhs from 32.86 lakhs in the previous year. The other income comprising the return from investments activities has registered a net loss of Rs. 38.44 lakhs as compared to net loss of Rs. 25.98 lakhs in the previous year.

# National General Industries Ltd.

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## 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.

## FUTURE OUTLOOK

Your Directors are pleased to report that your Company has expanded the business by setting up a Steel Casting unit at the industrial plot at Bhiwadi, Rajasthan. The said unit has commenced its commercial production during the first quarter of financial year 2010-11. The range of product manufactured at the new unit includes backward integrated product for the unit of the Company at Ghaziabad, U.P. Your Company looks forward towards better performance since the new unit has already established in-house market as well as it opens up a broad market as the product range of your Company now covers top to bottom line of products in the steel industry. Also in view of development of various infrastructure projects all over the Country, your Directors look forward to increase the market share of your Company.

## DIRECTORS

Mr. Vasu Modi, Director of the Company retires by rotation and being eligible, offer himself for re-appointment. Your directors recommend his re-appointment.

## DIVIDEND

Due to expansion of operations, your Directors have not recommend dividend for the year ended 31<sup>st</sup> March, 2010.

## FIXED DEPOSITS

Your Company did not invite / accept 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.

## AUDITORS & AUDITORS' REPORT

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

As regard the observation made by the Statutory Auditors in their Report dated 28<sup>th</sup> May, 2010, in respect of appeal pending against sales tax authority, it is clarified that the Company has filed the appeal before Hon'ble High Court at Allahabad against imposition of Entry Tax on Job Work.

## National General Industries Ltd.

While accepting appeal the Hon'ble High Court at Allahabad has stayed the said imposition of Entry Tax on Job Work and further directed the Company to submit Bank Guarantee to the sales tax authority for an amount equivalent to Entry Tax on Job Work, if applicable, due upto the date of such order. The Company has accordingly submitted a Bank Guarantee of Rs. 5,28,000/- to the sales tax authority, which has been stated under contingent liability vide point no. 3(a) of notes to accounts annexed to the Balance Sheet for the year under review.

The other observations of Statutory Auditors and Notes to the Accounts are self explanatory.

### COMPLIANCE WITH THE ACCOUNTING STANDARDS

The Company prepares its accounts and other financial statements in accordance with the relevant Accounting Principles and also complies with the Accounting Standards issued by the Institute of Chartered Accountants of India.

### AUDIT COMMITTEE

The Audit Committee comprises of three directors namely Shri Pankaj Kumar Agarwal, Shri Anshuman Goenka and Shri Vasu Modi, fully meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchange.

### DEMATERIALISATION OF SHARES

Your company has entered into a tripartite agreement with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and Skyline Financial Services Pvt. Limited for maintaining a common share transfer agency, i.e. both in physical and electronic form. The ISIN Number of the Company is INE654H01011.

### STOCK EXCHANGE LISTING

All equity shares issued by your Company are listed at Bombay Stock Exchange Ltd. under Scrip Code No. 531651. Trading Permission has been given by Bombay Stock Exchange Ltd. for 4,71,704 nos. of equity shares issued by your Company on 17<sup>th</sup> May, 2010, in accordance with the Scheme of Amalgamation sanctioned by Hon'ble High Court of Delhi vide order dated 26<sup>th</sup> February, 2010. The Company has paid annual listing fees due to BSE for the year 2010-2011.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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 for the year ended 31<sup>st</sup> March, 2010 are annexed as Annexure 'A' and form an integral part of this report.

# National General Industries Ltd.

## PARTICULARS OF EMPLOYEES

Provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, are not applicable to your Company as no employee of the Company is drawing remuneration equal to or more than the limit specified under Companies (Particulars of Employees) Rules, 1975.

## CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirement set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the prescribed stipulations.

A Report on Corporate Governance and Management Discussion & Analysis Report, in terms of Clause 49 of the Listing Agreement together with a Certificate from the Auditors confirming compliance with the conditions of Corporate Governance are annexed and form part of the Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors in respect of the Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2010, hereby state and confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors had, 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 ended on March 31, 2010 and of the profit of the Company for that period;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

## APPRECIATION & ACKNOWLEDGEMENT

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**

Sd/-

Place : New Delhi  
Date : 13.08.2010

**Ashok Kumar Modi**  
Chairman and Managing Director