

“श्री जी”



**National General Industries Ltd.**

An ISO 9001 : 2000 Certified Company

**26<sup>th</sup> Annual Report  
2011-12**

**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**

Mr. Gyan Sheel

**Statutory Auditors**

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

**Cost Auditors**

Neeraj Sharma & Co.  
Cost Accountants  
34, 1<sup>st</sup> Floor, Durga Tower,  
RDS, Raj Nagar, 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 : Re-rolling unit**

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

**Works – II : Casting unit**

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

**Registrar & Transfer Agents**

D-153 A, 1st Floor,  
Okhla Industrial Area,  
Phase I, New Delhi - 110020  
Tel.: 011-26812682, 26812683  
Fax : 011 – 30857575  
Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)

**Bankers**

State Bank of Patiala  
Standard Chartered Bank

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## **NOTICE**

**NOTICE** is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the Members of National General Industries Limited will be held on Saturday, the 29th September, 2012 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, 2012, 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. Pankaj Agarwal 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 modifications(s), the following resolution as an **ORDINARY RESOLUTION** :

**“RESOLVED THAT** pursuant to provision of sections 198, 269, 309, read with Schedule XIII and any other applicable provision of the Companies Act, 1956, approval be and is hereby accorded to the waiver of entitlement of salary payable to Mr. Ashok Kumar Modi, Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2012.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. Ashok Kumar Modi, Managing Director of the Company, remain the same.”

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

**“RESOLVED THAT** pursuant to provision of sections 198, 269, 309, read with Schedule XIII and any other applicable provision of the Companies Act, 1956, approval be and is hereby accorded to the waiver of entitlement of salary payable to Mr. Pawan Kumar Modi, Jt. Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2012.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. Pawan Kumar Modi, Jt. Managing Director of the Company, remain the same.”

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

Sd/-

Place : New Delhi  
Date : 13.08.2012

**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, 24<sup>th</sup> September, 2012 to Saturday, 29<sup>th</sup> September, 2012 (both days inclusive).
5. Members who are holding shares in physical form are requested to notify the change in their respective addresses, e-mail ID 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, e-mail ID 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.

**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**

In terms of resolution passed by the members on 30<sup>th</sup> September, 2010, Mr. Ashok Kumar Modi, Managing Director of the Company, was entitled for a salary of Rs. 16,000/- per month apart from other facilities. In view of business slowdown in the steel sector in the country, Mr. Ashok Kumar Modi has waived his entitlement to his salary from the Company w.e.f. 1<sup>st</sup> April, 2012. On the recommendation of Remuneration Committee, the Board of Director of the Company accepted the said variation in the terms & condition of appointment of Mr. Ashok Kumar Modi, Managing Director of the Company.

The explanatory statement together with the accompanying notice should be treated as an abstract of the variation of contract of appointment of the Managing Director in terms of provision of section 302(2) of the Companies Act, 1956. The Board recommends the proposed resolution for your approval.

None of the Director except Mr. Ashok Kumar Modi is interested in the resolution.



## ITEM NO. 5

In terms of resolution passed by the members on 30<sup>th</sup> September, 2010, Mr. Pawan Kumar Modi, Jt. Managing Director of the Company, was entitled for a salary of Rs. 16,000/- per month apart from other facilities. In view of business slowdown in the steel sector in the country, Mr. Pawan Kumar Modi has waived his entitlement to his salary from the Company w.e.f. 1<sup>st</sup> April, 2012. On the recommendation of Remuneration Committee, the Board of Director of the Company accepted the said variation in the terms & condition of appointment of Mr. Pawan Kumar Modi, Jt. Managing Director of the Company.

The explanatory statement together with the accompanying notice should be treated as an abstract of the variation of contract of appointment of the Jt. Managing Director in terms of provision of section 302(2) of the Companies Act, 1956. The Board recommends the proposed resolution for your approval.

None of the Director except Mr. Pawan Kumar Modi is interested in the resolution.

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

Sd/-

Place : New Delhi  
Date : 13.08.2012

**Gyan Sheel**  
Company Secretary

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

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Name of the Director	: Mr. Pankaj Agarwal
Date of Birth	: 09/05/1961
Date of Appointment	: 24/02/1996
Expertise in specific functional areas	: Mr. Pankaj Agarwal has experience of Corporate Finance. His expertise lies in overall management of steel manufacturing industry.
Qualifications	: B.Com
Directorship in other Public Limited Companies (As on 31.03.2012)	: Not Applicable
Chairman/Member of Committee in other Public Limited Companies (As on 31.03.2012)	: Not Applicable
Shareholding in the Company as on 31.03.2012	: Nil

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## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Sixth Report of your Company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2012.

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

The financial performance of the Company for the financial year ended on 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011 are summarized below:-

Particulars	31.03.2012	31.03.2011
Total Income	<b>3189.71</b>	4103.00
Operating profit before interest and depreciation	<b>173.89</b>	119.23
Interest	<b>80.38</b>	42.83
Depreciation	<b>36.79</b>	33.25
Profit before Tax (PBT)	<b>56.72</b>	43.15
Provision for Taxation & FBT	<b>11.00</b>	8.22
Security Transaction Tax	<b>0.04</b>	0.08
Deferred Tax Liabilities	<b>4.26</b>	17.66
Minimum Alternate Tax Credit Availed	<b>-7.61</b>	-4.30
Profit after Tax (PAT)	<b>49.03</b>	11.43
Balance Brought Forward	<b>66.03</b>	83.93
Prior year adjustment	<b>0.58</b>	0.61
Profit available for appropriation	<b>115.64</b>	106.03
Transfer to General Reserve	<b>40.00</b>	40.00
Balance carried to Balance Sheet	<b>75.64</b>	66.03

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

During the year under review, new Steel Casting unit at Bhiwadi, Rajasthan, which earlier had commenced its commercial production during previous financial year, could not become stable due to competitive market of the steel industry in its region. With a view to achieve substantial growth in the year under review, product line was changed to engineered product viz., casting products as per customer's specification which resulted in decrease of turnover of the Company. Further, due to long transition period from one product line to another and increased burden of fixed expenses as well as interest cost of the financial institution has impacted profitability of the company severely.

During the year under review, the turnover of your Company decreased to Rs. 2805.91 lakhs from Rs. 4064.76 lakhs previous year. However the net profit before tax from steel division decreased to Rs. 2.46 lakhs from Rs. 86.90 lakhs in the previous year. The other income comprising the return from investments activities has registered a net profit of Rs. 54.26 lakhs as compared to net loss of Rs. 43.74 lakhs in the previous year.

### **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**

Even after facing inflation and increasing interest rate your company has maintained its position remarkably. Also, inspite of a downward trend in the overall economic space, the company hopes to maintain both the top and the bottom lines in financial year ending March, 2013.



## **DIRECTORS**

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

## **DIVIDEND**

Your Directors have not recommend dividend for the year ended 31<sup>st</sup> March, 2012.

## **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. The comments in the Auditors Report dated 30th May, 2012 read with note no. 30 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.

## **COST AUDITOR**

The Ministry of Corporate Affairs has introduced the Companies (Cost Audit Report) Rules, 2011 vide its notification no. GSR 430(E) dated June 3, 2011. These rules make it mandatory for industries to appoint a Cost Auditor within 90 days of the commencement of the Financial Year. The Cost Audit Order No. 52/26/CAB/2010 dated June 30, 2011 covers your Company's manufacturing operation w.e.f. April 1, 2011. Based on the Audit Committee recommendations at the meeting held on 30<sup>th</sup> May, 2011, the Board has appointed M/s. Neeraj Sharma & Co., as Cost Auditors of the Company for the Financial Year 2011-12. The Company is yet to file its Cost Audit Report for the f.y. 2011-12. Further, at the meeting held on 30<sup>th</sup> May, 2012, the Board has appointed M/s. Neeraj Sharma & Co., as Cost Auditors of the Company for the Financial Year 2012-13.

## **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. The Company has paid annual listing fees due to BSE for the year 2012-2013.



## **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, 2012 are annexed as Annexure 'A' and form an integral part of this report.

## **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, 2012, 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, 2012 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/-

**Ashok Kumar Modi**

Chairman and Managing Director

Place : New Delhi

Date : 13.08.2012



## 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, 2012.

### I. CONSERVATION OF ENERGY

#### a) Energy conservation measures taken:

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

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

During the 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 optimize 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:

		2011-2012	2010-2011
<b>A) Power &amp; Fuel Consumption</b>			
<b>1.</b>	<b>Electricity</b>		
	<b>I) For Casting unit</b>		
	<b>Power Purchased</b>		
	Units (in thousands)	1555290	8070525
	Total Amount (Rs.)	11198088.00	38850879.00
	Rate/Unit (Rs.)	7.20	4.81
	<b>II) For Re-rolling unit</b>		
	<b>a) Power Purchased</b>		
	Units (in thousands)	1001300	1104577
	Total Amount (Rs.)	7199128.00	7210525.00
	Rate/Unit (Rs.)	7.19	6.53
	<b>b) Own Generation through Diesel Generator</b>		
	Litres	7529	32600
	Total amount (Rs.)	325325.00	1260831.00
	Cost / Ltr.	43.21	38.68
	<b>c) Through engine (LDO)</b>		
	Litres	54670	56685
	Total Amount (Rs.)	3110641.00	2514572.00
	Cost / Ltr.	58.90	44.36
<b>2.</b>	<b>Furnace Oil</b>		
	<b>I) For Casting unit</b>		
	Qty. (K. Ltr.)	38.041	-
	Total Amount	1467235.00	-
	Average Rate	38.57	-
	<b>II) For Re-rolling unit</b>		
	Qty. (K. Ltr.)	828.240	829.300
	Total Amount	31943086.00	23927536.00
	Average Rate	38.57	28.96

<b>B) Consumption per unit production</b>					
			<b>Unit</b>	<b>2011-2012</b>	<b>2010-2011</b>
		Electricity – Casting unit	Unit/MT	1108.14	1013.88
		Electricity – Re-rolling unit	Unit/MT	54.41	60.91
		Diesel Oil	Ltrs./MT	0.41	1.79
		LDO	Ltrs./MT	2.97	3.13
		Furnace Oil – Casting unit	Ltrs./MT	21.66	-
		Furnace Oil – Re-rolling unit	Ltrs./MT	45.00	45.73

## 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 grater 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) Export Activities: There was no export activity in the Company during the year under review as well as in the previous year and hence there was no foreign exchange earning.
- b) Outgo by way of other expenditure - Rs. 121414.00 (P.Y. Rs. 69625.00)

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

Place : New Delhi  
 Date : 13.08.2012

**Ashok Kumar Modi**  
 Chairman and Managing Director