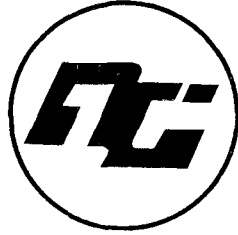


“श्री जी”



**National General Industries Ltd.**

An ISO 9001 : 2000 Certified Company

**23<sup>rd</sup> Annual Report**  
**2008-09**

### **Board of Directors**

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

### **Company Secretary**

Gyan Sheel

### **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  
Ph. No. : 011-26829517, 19  
Fax No.: 011-26920584  
E-mail : [ngil@vsnl.com](mailto:ngil@vsnl.com)

### **Works**

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

### **Bankers**

State Bank of Patiala  
Standard Chartered Bank  
Punjab National 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)

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Proxy & Attendance Slip	

*Gyan Sheel*  
Company Secretary



## NOTICE

**NOTICE** is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of National General Industries Limited will be held on Wednesday, the 30th September, 2009 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, 2009, 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. Anshuman Goenka 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 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 Third 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 : 03.09.2009

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 Friday, 25<sup>th</sup> September, 2009 to 30<sup>th</sup> September, 2009 (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 : 03.09.2009

Sd/-  
**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. Anshuman Goenka
Date of Birth	: 28/04/1981
Date of Appointment	: 20/03/2003
Expertise in specific functional areas	: Market Research & Brand Management
Qualifications	: Post Graduate Diploma in Business Mgt. B. Com (H)
Company in which Directorship held	: Not Applicable
Membership of Committee of the Board	: Not Applicable
Shareholding in the Company	: Nil

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## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Report of your Company along with the Audited Statement of Accounts for the year ended 31 March, 2009.

### FINANCIAL RESULTS ( Rs. In Lacs)

Particulars	31.03.2009	31.03.2008
Total Income	1776.21	1601.43
Operating profit before interest and depreciation	39.85	151.39
Interest	14.02	23.88
Depreciation	22.06	26.13
Profit before Tax (PBT)	3.76	101.38
Provision for Taxation	0.00	12.00
Provision for Fringe Benefit Tax (FBT)	1.37	1.55
Security Transaction Tax	0.02	0.49
Deferred Tax Liabilities	-0.97	-1.71
Minimum Alternate Tax Credit Availed	0.00	1.56
Profit after Tax (PAT)	3.34	87.49
Balance Brought Forward	116.99	95.11
Prior year adjustment	0.81	9.39
Profit available for appropriatin	121.14	191.99
Transfer to General Reserve	34.00	75.00
Balance carried to Balance Sheet	87.14	116.99

### PERFORMANACE DURING THE YEAR UNDER REVIEW

During the year under review, the turnover of your Company increased to 1608.40 lakhs from 1446.64 lakhs last year, registering an increase of 11.18%. However the net profit before tax from steel division decreased to 33.11 lakhs from 72.97 lakhs in the last year. This was due to recession faced by the industry during the year under review. The Company is emphasizing to improve the same in the years to come. The other income comprises only the return on investments. The company incurred net loss from its investments activity of Rs. 29.35 lakhs as compared to profit of Rs. 28.41 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.



## **FUTURE OUTLOOK**

The Directors are pleased to report that an industrial plot at Industrial Area Kahrani (Bhiwadi Extension), Distt. Alwar, Rajasthan, has been allotted to the Company by Rajasthan State Industrial Development & Investment Corporation Limited (RIICO Ltd.), Bhiwadi, Rajasthan. Your Board of Directors has planned to set up a steel casting facility at the said industrial plot.

## **DIRECTORS**

Mr. Anshuman Goenka, 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, 2009.

## **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 3<sup>rd</sup> September, 2009, 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. 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. 1(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.

**AMALGAMATION OF MODI METAL UDYOG PRIVATE LTD. WITH THE COMPANY**

Your Company has submitted a petition before Hon'ble High Court at Delhi u/s. 391 and 394 for approval of Scheme of Amalgamation of Modi Metal Udyog Pvt. Ltd. with the Company from Appointed date i.e. 1<sup>st</sup> April, 2008. Earlier, the said Scheme has been approved by the shareholders at the High Court convened shareholders meeting held on 30<sup>th</sup> June, 2009. Upon receipt of statutory approvals, the Scheme will be given effect to in the financial statements for the year ended 31<sup>st</sup> March, 2009.

**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. (BSE) under Scrip Code No. 531651. The Company has paid annual listing fees due to BSE for the year 2009-2010.

**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, 2009 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.



# National General Industries Ltd.

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, 2009, 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, 2009 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**

Place : New Delhi  
Date : 03.09.2009

Sd/-  
**Ashok Kumar Modi**  
Chairman and Managing Director



# National General Industries Ltd.

## 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, 2009.

### 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:

		2008-2009	2007-2008
<b>A) Power &amp; Fuel Consumption</b>			
<b>1.</b>	<b>Electricity</b>		
	<b>a) Purchased</b>		
	Units (in thousands)	792130	881294
	Total Amount (Rs.)	6233687.00	5242742.00
	Rate/Unit (Rs.)	7.87	5.95
	<b>b) Own Generation through Diesel Generator</b>		
	Litres	21600	13200
	Total amount (Rs.)	750232.00	443098.00
	Cost / Ltr.	34.73	33.57
	<b>c) Through engine (LDO)</b>		
	Litres	77040	65730
	Total Amount (Rs.)	2502381.00	2093004.00
	Cost / Ltr.	32.48	31.84
<b>2.</b>	<b>Furnace Oil</b>		
	Qty. (K. Ltr.)	641.675	630.395
	Total Amount	16483193	13465834
	Average Rate	25.69	21.36
<b>B) Consumption per unit production</b>			
		<b>Unit</b>	
		2008-2009	2007-2008
	Electricity	Units	86.00
	Diesel Oil	Ltrs.	3.868
	LDO	Ltrs.	16.996
	Furnance Oil	Ltrs.	46.181

# National General Industries Ltd.

## 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. 135370.00  
(P.Y. - Rs.173050.00) -

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

Place : New Delhi  
Date : 03.09.2009

Sd/-  
**Ashok Kumar Modi**  
Chairman and Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### CAUTIONARY STATEMENT

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statement' within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand-supply, finished goods prices in the domestic and overseas markets in which the Company operates, raw-materials cost and availability, changes in Government regulations, tax regimes, economic developments and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### PROFILE

National General Industries Limited is a manufacturing Company in steel products. It is a remarkable achievement for the company which began its life consisted of just one small rolling mill which had limited manufacturing capabilities 23 years back. Over the years the unit undergone a sea change & as a result of constant up-gradation and modernization, today it consists of two separate lines of products with capabilities to roll sections used in a wide array of engineering, agricultural and automobile industry. In today's global economy quality indicates the parameter of Company's success. Your Company's success is due to adoption of higher level of quality controls which now becomes the driving force of our success. Your Company succeeded in bench-marking quality and innovation standards by achieving the ISO 9001-2000.

Your Company continues to be committed towards making quality products and at the same time ensuring human as well as environment safety and thus enhance value addition to the investors and to the society as a whole.

### INDUSTRY STRUCTURE AND DEVELOPMENT

Company experienced a cutthroat competition from other established market players and unorganized sectors. The steel industry witnessed growth during the year under review. The Company has expanded its product range and is now capable of making sizes up to 220 mm dia in round, square and flat bars of all engineering grades. The future is likely to see only those companies successful, which have their products priced competitively and maintaining quality. All possible efforts are being made by your Company to reduce costs without compromising on the quality of the product.

### GLOBAL ECONOMY

The world economy is deeply mired in the most severe financial and economic crisis since the Second World War. With its increasing impact, both in scope and depth worldwide, the crisis poses a significant threat to the world economic and social development, including to the fulfillment of the Millennium Development Goals and other internationally agreed development goals. The crisis, if it lasts much longer, will likely also have profound consequences for global security and stability.

## National General Industries Ltd.

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The world economy grew by 2.1% in 2008 as against 3.5% in 2007. The slowdown was led by the worst recession since the Second World War, the US faced where growth was slowed down. The present crisis emerged from an unsustainable pattern of global growth, which manifested itself, among other things, in widening global financial imbalances with increasing current account deficits of the United States financed through rising surplus in China, Japan, some European countries, major oil exporters and several developing countries.

### INDIAN ECONOMY

After several decades of sluggish growth the Indian economy is now amongst the fastest growing economy in the world. After reaching growth of 9.8% in 2007-08, growth is expected to slow down to 7%. This might not be a bad thing as it will avoid inflationary pressures building further. However, some worry the global credit crunch could reduce growth much more. Despite several problems the Indian economy is facing there are various potential strengths of the Indian economy which could enable it to continue to benefit from high levels of economic growth in the future.

### OPPORTUNITIES, THREATS AND RISKS

India is the next frontier as it possesses the advantages of inherent cost competitiveness combined with a promising demand within the country, and, in addressable international markets. Further the Government is giving continuous thrust on housing and infrastructure sector. The government spending on infrastructure development is also expected to increase the demand of steel products in coming years. The steel industry is still highly fragmented and cyclical in nature as well as demand for steel products is generally affected by macroeconomic fluctuations in the global markets. The Company has undertaken several initiatives to insulate itself from volatility in steel prices by continuously enriching its product mix and moving up the value chain, weeding out low value addition products from its portfolio and planning backward integration and capacity expansion.

### SEGMENT-WISE PERFORMANCE

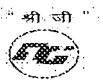
A detailed note on the segment-wise performance is given under the Notes on Accounts, forming a part of annual accounts of the Company.

### RISKS AND CONCERNS

Technology obsolescence is an inherent business risk in a fast changing world and speed of change and adaptability is crucial for survival of business. Aggressive cost cutting and addition to the product mix to incorporate more value-added products are the present strengths of the Company. The Company is taking utmost care to ensure very high quality of products. However a shift in the policy of the Government regarding import duty on steel, zinc etc. could adversely affect business of the Company.

### INTERNAL CONTROL SYSTEM

Your Company remains committed to maintaining internal controls designed to provide adequate assurance on the efficiency of operations and security of its assets. The accounting records are adequate for preparation of financial statements and other financial information. The adequacy and effectiveness of internal controls across the various business, as well as compliance with laid down systems and policies are regularly monitored by your Company's internal audit process. The Audit Committee of Board, which met four times during the year, reviews the financial disclosures.



## FINANCIAL AND OPERATIONAL PERFORMANCE

The financials of the Company for the current as well as the previous year are as under:

Particulars	Rs. In Lacs	
	31.03.2009	31.03.2008
Total Income	1776.21	1601.43
Operating profit before interest and depreciation	39.85	151.39
Interest	14.02	23.88
Depreciation	22.06	26.13
Profit before Tax (PBT)	3.76	101.38
Provision for Taxation	0.00	12.00
Provision for Fringe Benefit Tax (FBT)	1.37	1.55
Security Transaction Tax	0.02	0.49
Deferred Tax Liabilities	-0.97	-1.71
Minimum Alternate Tax Credit Availed	0.00	1.56
Profit after Tax (PAT)	3.34	87.49
Balance Brought Forward	116.99	95.11
Prior year adjustment	0.81	9.39
Profit available for appropriation	121.14	191.99
Transfer to General Reserve	34.00	75.00
Balance carried to Balance Sheet	87.14	116.99

During the year the turnover of the Company increased to Rs. 1608.40 lakhs from Rs. 1446.64 lakhs in the last year registering an increase of 11.18%.

## INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

Industrial relations during the year under review were cordial and peaceful. The management wishes to place on record, the excellent cooperation and contribution made by the employees, at all levels of the organization to the continued growth of the Company. There was constant focus on all round organizational development.

Considering human resources as most important resource, the major thrust was on recruiting highly qualified executives in various departments and also recruiting highly skilled workers to strengthen the production. Various training programs including visionary exercises were conducted for personal as well as professional development of the employees. The Company's industrial relations continued to be harmonious during the year under review.



# National General Industries Ltd.

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2008-09

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange)

### 1. Company's Philosophy

Corporate Governance at National General Industries Limited has been a continuous journey and the business goals of the Company are aimed at the overall well being and welfare of all the constituents of the system. The Company's philosophy on corporate governance envisages an attainment of the highest level of transparency, accountability and equity in all facts of its operations and in all interactions with its stakeholders including the shareholders, employees, government and lenders.

At the heart of Company's corporate governance policy is the ideology of transparency and openness in the effective working of the management and Board. It is believed that the imperative for good corporate governance lies not merely in drafting a code of corporate governance but in practicing. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value over a sustained period of time and at the same time protect the interest of stakeholders.

Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, the details of which are given below.

### 2. Board of Directors

#### Composition, Meeting and attendance record of each Directors:

As on 31.03.2009, the Board of Directors comprises of 6 Directors, of which 4 are non-executive. As per Clause 49 of Listing Agreement, in case of Executive Chairman, at least one-half of the Board should comprise of independent Directors. The Board of Directors of the Company headed by Executive Chairman, has 3 Independent Directors.

The details of composition of the Board, the attendance record of the Directors at the Board Meetings held during the financial year ended on 31.03.2009 and the last Annual General Meeting (AGM), and the details of their other Directorships and Committee Chairmanships and Memberships are given below:

Category	Name of Director	Status	No. of Board Meeting held	No. of Board Meeting attended	Attendance at last AGM	No. of Directorships in other Public Limited Companies	No. of Chairmanship/ Memberships of Committees in other Public Limited Companies	
							Chairmanship	Membership
Executive Directors	Shri Ashok Kumar Modi	Chairman & Managing Director	6	7	Yes	-	-	-
	Shri Pawan Kumar Modi	Joint Managing Director	6	6	Yes	-	-	-
Non-Executive Non-independent Directors	Shri Vasu Modi	Director	6	7	Yes	1	-	-
Non-Executive Independent Directors	Shri Pankaj Kumar Agarwal	Director	6	7	Yes	-	-	-
	Shri Anshuman Goenka	Director	6	7	No	-	-	-
	Shri Chaitanya Dalmia	Director	6	5	No	6	-	-

## National General Industries Ltd.

1. During the Financial Year 2008-09, 7 Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 16.04.2008, 30.06.2008, 31.07.2008, 28.08.2008, 06.10.2008, 31.10.2008 & 28.01.2009.
2. Only two committees, namely, Audit Committee and Shareholders/Investor Grievance Committee have been considered.
3. Number of Equity Shares held by Directors as on 31<sup>st</sup> March, 2009 are as under:-

Name of Director	Designation	Nos. of Equity Shares held
Shri Ashok Kumar Modi	Chairman & Managing Director	250250
Shri Pawan Kumar Modi	Joint Managing Director	250250
Shri Vasu Modi	Non Executive Director	355585
Shri Pankaj Kumar Agarwal	Independent Director	-
Shri Anshuman Goenka	Independent Director	-
Shri Chaitanya Dalmia	Independent Director	-

### 3. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and senior management personnel of the Company. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by the Managing Director is annexed and forms part of this report.

### 4. Audit Committee

The Audit Committee comprises of 3 Non-executive Directors viz. Shri Pankaj Kumar Agarwal and Shri Anshuman Goenka, Independent Directors and Shri Vasu Modi, Non-independent Director. Mr. Pankaj Kumar Agarwal is the Chairman of the Audit Committee. The Members of the Audit Committee possess adequate knowledge of Accounts, Audit, Finance, etc. The Company Secretary of the Company acts as the Secretary to the Audit Committee. The constitution of audit Committee also meets the requirements under Section 292A of the Companies Act.

The Broad terms of reference and power of Audit Committee are in keeping with those contained under Clause 49 of the Listing Agreement and the Companies Act, 1956. The power of Audit Committee, inter-alia, are as under:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if necessary.

Five meetings of the Audit Committee were held during the financial year 2008-09, on 16.04.2008, 30.06.2008, 31.07.2008, 31.10.2008 and 28.01.2009. The constitution of the Committee as at 31.03.2009 and the attendance of each Member are as given below:

Sl. No.	Name of the Director	Category	No. of Meetings Attended
1	Shri Pankaj Kumar Agarwal	Non-Executive Independent	5
2	Shri Anshuman Goenka	Non-Executive Independent	5
3	Shri Vasu Modi	Non-Executive Non-Independent	5

# National General Industries Ltd.

## 5. Remuneration Committee

The Remuneration Committee, constitution of which is a non-mandatory requirement, was not constituted. However, the required information with respect to Remuneration to Directors is given as under:-

- Pecuniary Relationships: None of the Non Executive Directors of your Company have any pecuniary relationship or transactions with the Company.
- Remuneration Policy : The following aspects are considered while determining the remuneration package of the senior management of the Company:
  - Industry Standards
  - Remuneration package of executives in the industry with similar skill sets.
- No remuneration or sitting fees paid to the Non-executive directors.
- The details of remuneration paid to the Whole-time Directors for the financial year 2008-2009 is as given below:

Name	Salary (Rs.)
Shri Ashok Kumar Modi (Chairman and Managing Director)	1,44,000
Shri Pawan Kumar Modi (Joint Managing Director)	1,44,000

Period of Contract (Shri Ashok Kumar Modi) : 5 years from 4th July, 2005 ( upto 3rd July, 2010)

Period of Contract (Shri Pawan Kumar Modi) : 5 years from 4th July, 2005 (upto 3rd July, 2010)

The Company has not issued Stock Options (ESOPs) to any of its directors.

## 6. Shareholders/ Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprised of 3 directors as its Member. The Committee has been constituted, inter-alia, to consider transfer and transmission of shares, rematerialisation of shares, transposition of names, consolidation of shares, issue of duplicate share certificates, etc. and to look into redressal of shareholders' complaints. During the year Committee met four times on 30.06.2008, 31.07.2008, 31.10.2008 and 28.01.2009, and the attendance of the Members at the meeting was as follows:

Name of the Members	Status	No. of meetings attended
Shri Pankaj Kumar Agarwal	Chairman	4
Shri Anshuman Goenka	Member	4
Shri Vasu Modi	Member	4

The Board has designated Company Secretary as Compliance Officer of the Shareholders'/Investors'/Grievance.

No. of shareholders' complaints received upto 31st March, 2009 : Nil

No. of complaints not solved to the satisfaction of the shareholders : Nil

No. of pending complaints : Nil

## 7. Risk Management

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are apprised regarding key risk assessment and risk mitigation mechanism.

## 8. CEO Certification

In terms of the requirements of Clause 49(v) of the Listing Agreement, the Managing Director and Jt. Managing Director have submitted necessary certificate to the Board of Directors stating the particulars specified under the said clause. The certificate has been reviewed and taken on record by the Board of Directors at its meeting held on 3<sup>rd</sup> Sept., 2009.



## 9. General Body Meetings

The details of last three Annual General Meetings are given below:

Year	Location	Date	Time
2005 – 2006	Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110 030	30.09.2006	11.30 a.m.
2006 – 2007		29.09.2007	11.30 a.m.
2007 – 2008		30.09.2008	11.30 a.m.

During last three AGMs, One Special Resolution was passed at the 21st Annual General Meeting held on 29th September, 2007.

During the year under review, no resolution was passed through Postal Ballot.

## 10. Disclosures

- i) There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, or their relatives, etc. that may have potential conflict with the interest of the Company at large. The related party transactions are duly disclosed in the Notes to the Accounts.
- ii) There were no cases of non-compliance by the Company and no penalties imposed, stricture passed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
- iii) No treatment different from the Accounting Standards, prescribed by the Institute of Chartered Accountants of India, has been followed in the preparation of Financial Statements.
- iv) The Company has not adopted any whistle blower policy. However, the Employees are free to approach the Management or the Audit Committee on any issue.
- v) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

## 11. Means of Communication

The unaudited quarterly & half yearly financial results are sent to the Bombay Stock Exchange, where the equity shares of the Company are listed. The results of the Company are published in the daily newspaper viz., Financial Express in English and Jansatta in Hindi.

## 12. Management Discussion & Analysis Report

The Management Discussion and Analysis Report form part of the Annual Report.

## 13. Compliance Officer

Mr. Gyan Sheel, Company Secretary is the compliance officer who may be contacted at the Registered Office of the Company at:

Address	3 <sup>rd</sup> Floor, Surya Plaza, K-185/1, Sarai Julena, New Friends Colony, New Delhi - 110025
E-mail	<a href="mailto:ngil@vsnl.com">ngil@vsnl.com</a>
Phone	011-26829517, 19
Fax	011-26920584

## 14. Compliance Certificate

A Compliance Certificate on Corporate Governance dated 3<sup>rd</sup> September, 2009 issued by S. J. Patnaik & Co., Company secretary in practice is annexed and forms part of the Annual Report.

# National General Industries Ltd.

## 15. General Shareholders' Information

- i. **23<sup>rd</sup> Annual General Meeting**  
 Date and Time : 30th September, 2009 at 11.30 a.m.  
 Venue : Nawal Vihar, Farm 7, Dera Gaon,  
 New Delhi – 110 030.
- ii. **Financial Year** : 1st April to 31st March
- iii. **Adoption of results for the quarter**  
 Quarter ending June 30, 2008 : 31<sup>st</sup> July, 2008  
 Quarter ending September, 2008 : 31<sup>st</sup> October, 2008  
 Quarter ending December, 2008 : 28<sup>th</sup> January, 2009  
 Quarter Year ending on March 2009 (unaudited) : 27<sup>th</sup> April, , 2009
- iv. **Date of Book Closure** : 25<sup>th</sup> Sept. 2009 to 30<sup>th</sup> Sept. 2009  
 (both days inclusive)
- v. **Listing on Stock Exchange** : Bombay Stock Exchange Ltd.
- vi. **Stock Code** : 531651  
**ISIN** : INE654H01011  
**CIN** : L74899DL1987PLC026617
- vii. **Registrar and Share Transfer Agent** : Skyline Financial Services Pvt. Ltd.  
 246, 1<sup>st</sup> Floor, Sant Nagar,  
 East of Kailash, New Delhi - 110065  
**Tel.:** 011-26292682,83 **Fax :** 26292681  
**Email:** [admin@skylinerta.com](mailto:admin@skylinerta.com)

### viii. Share Transfer System

The Company's share transfers are handled by Skyline Financial Services Pvt. Ltd., Registrar and Transfer Agents (RTA). The shares received in physical mode by the Company / RTA are transferred expeditiously provided the documents are complete and shares under transfer are not under dispute. Confirmations in respect of the request for dematerialization of shares are expeditiously sent to the respective depositories i.e. NSDL and CDSL.

### ix. Distribution of Shareholding

Holdings	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1 – 500	1086	65.46	341550	6.75
501 – 1000	476	28.69	460100	9.10
1001 – 2000	29	1.75	49800	0.98
2001 – 3000	23	1.39	67800	1.34
3001 – 4000	3	0.18	10500	0.21
4001 – 5000	4	0.24	20000	0.40
5001 – 10000	8	0.48	74400	1.47
10001 & above	30	1.81	4034405	79.75
<b>TOTAL</b>	<b>1659</b>	<b>100.00</b>	<b>5058555</b>	<b>100.00</b>



**x. Shareholding Pattern**

Category	No. of Shares held	%age of Total Shares
Promoters & Associates	3143798	62.15
Person Acting in Concert	-	-
Mutual Funds, Banks, FI & FII	-	-
Private Corporate Bodies	509600	10.07
Indian Public	1404657	27.77
NRI and OCBs	500	0.01
Any others	-	-

- xi. Dematerialisation of Shares & Liquidity** : The Company has obtained electronic connectivity with National Securities Depository Ltd. (NSDL) and the Central Depository Services India Ltd. (CDSL) for demat facility. As on 31st March, 2009, 3105098 equity shares, being 61.38% of the Company's total shares had been dematerialized.
- xii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date & likely impact on equity** : Not Applicable
- xii. Plant Location** : 9th Mile Stone, G.T. Road, Mohan Nagar, Sahibabad, Ghaziabad, Uttar Pradesh.

**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49(ID) OF THE LISTING AGREEMENT**

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Directors and Senior Management, as approved by the Board for the year ended 31<sup>st</sup> March, 2009.

Place : New Delhi  
Date : 3<sup>rd</sup> September, 2009

Sd/-  
Ashok Kumar Modi  
Managing Director



**Auditors' Certificate on Compliance with the conditions of Corporate Governance  
Pursuant to Clause 49 of the Listing Agreement**

**To the Members of National General Industries Limited**

We have examined the compliance of conditions of Corporate Governance by National General Industries Limited ('the Company') for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance conditions of Corporate Governance are the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S. J. Patnaik & Co.  
Company Secretaries**

Place : New Delhi  
Dated : 03.09.2009

Sd/-  
(Samar Jeet Patnaik)  
Proprietor  
Membership No. 5420



## AUDITORS' REPORT

To,  
The Members of  
M/s NATIONAL GENERAL INDUSTRIES LTD.  
New Delhi.

**SUB: Auditor's Report on the Accounts for the year ended on 31st March 2009 in compliance with Section 227 of the companies Act, 1956**

We have audited the attached Balance Sheet of M/s NATIONAL GENERAL INDUSTRIES LTD. as at 31st March 2009 and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on the audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to on paragraph (3) above, we report that:-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the company.
3. The Balance Sheet and Profit & Loss Account referred to in this are in agreement with the books of account of the Company.
4. In our opinion, the accounts comply with the accounting standards referred to in Section 211(3C) of Companies Act, 1956.
5. On the basis of written representation received from the directors as on 31.03.09, and taken on record by the Board of Directors, in our opinion, none of the directors are disqualified from being appointed as director u/s 274 (1)(g) of Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account, together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
  - I. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009
  - II. In the case Profit & Loss Account, of the profit of the company for the year ended on that date.
  - III. In the case of Cash Flow statement, of the cash flow's for the year ended on that date.

Place: New Delhi  
Dated: 3rd September, 2009

For R.K GOVIL & Co.  
Chartered Accountants  
Sd/-  
(Rajesh K. Govil)  
Partner  
Membership No. 13632

# National General Industries Ltd.

## ANNEXURE TO THE AUDITORS' REPORT (Referred to in our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- I. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information. As explained to us all the fixed assets were physically verified by the management during the year. We have been informed that no material discrepancies were noticed on such physical verification. Substantial part of fixed assets has not been disposed of during the year, which will affect its status as going concern.
- II. The Inventory has been physically verified during the year by the management at reasonable intervals except stock lying with third parties. The Company in the most of the case has obtained confirmation of such stocks with third parties. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company nature of its business. The Company is maintaining proper records of inventory. As explain to us the discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with the books of account.
- III. The Company has taken unsecured loans from one company listed in the register maintained u/s 301 of the Companies Act. The Amount of loan outstanding as on the date of Balance Sheet is Rs. 66.08 Lacs. The said loan is non-interest bearing which is not prima-facie prejudicial to the interest of the Company.
- IV. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- V. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and also for the sale of goods and services. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- VI. (a) According to the information and explanations given to us, we are of the opinion that particulars of Contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section, wherever applicable.  
(b) In Our opinion and according to the information and explanations given to us, the transactions made in pursuance of Contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at the prices, which are reasonable having regard to prevailing market prices at relevant time.
- VII. The Company has not accepted deposits from the public. In our opinion, the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Act and the rules framed there under, where applicable, have been complied with. National Company Law Tribunal has not passed any order in respect of public deposits accepted by the Company.
- VIII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- IX. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- X. a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues applicable to it with the appropriate authorities.  
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty and Cess and other aforesaid statutory dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.



- c) According to the record of Company there are no dues sales tax, income tax, custom duty, wealth tax, excise duty and Cess which have not been deposited on account of any dispute.
- d) An appeal filed by the Company against sales tax authority is pending before Hon'ble High Court of Allahabad in the matter of imposition of Entry Tax on Job Work. However, Company has submitted a Bank Guarantee of Rs. 5,28,000/- with the said department as per direction of Hon'ble High Court of Allahabad while passing the stay order on such imposition.
- XI. The Company has no accumulated losses. The Company has not incurred cash loss during the financial year under report and in the financial year immediately preceding such financial year.
- XII. According to the information and explanations given to us, we are of the opinion that Company has not defaulted in repayment of dues to financial institutions or banks and debenture holders.
- XIII. In our opinion, and according to the explanations given to us, and based on the information, available the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIV. In our opinion, the Company is not a chit fund or Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV. In our opinion, and according to the information and explanation given to us the Company is dealing in/ or trading in Shares, Securities, Debentures and other investments. However the Company is maintaining the proper records of the transactions & contracts and timely entries are being made there in and also, all the investments are held in the name of the Company except to the extent of the exemption, if any, granted under section 49 of the Companies Act, 1956.
- XVI. The Company has not given any guarantee for loans taken by others from bank, financial institutions, which is prejudicial to the interest of the Company.
- XVII. The term loans were applied for the purpose for which the loans were obtained.
- XVIII. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short terms basis that have been used for long term investment and vice versa.
- XIX. The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Act.
- XX. During the period covered by our Audit Report, the Company has not issued any debentures.
- XXI. During the period covered by our Audit Report, the Company has not raised any money by public issue.
- XXII. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the period under report.

Place: New Delhi  
Date: 3rd September, 2009

For R.K GOVIL & Co.  
Chartered Accountants  
Sd/-  
(Rajesh K. Govil)  
Partner  
Membership No.13632



## BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	Sch.	Amount in Rs.		
		Balance As at 31.03.2009	Balance As at 31.03.2008	
<b>I. SOURCES OF FUNDS :</b>				
(1) Shareholder's Funds :				
(a) Share Capital	1	41,374,800	41,374,800	
(b) Reserve & Surplus	2	97,284,661	97,309,972	
(2) Deferred Tax Liabilities		2,547,300	2,644,026	
(3) Loan Funds :				
(a) Secured Loans	3	13,941,239	13,071,484	
(b) Unsecured Loan	4	6,608,526	6,608,526	
	Total	161,756,526	161,008,808	
<b>II. APPLICATION OF FUNDS :</b>				
(1) Fixed Assets	5			
Gross Block		49,487,491	47,517,616	
Less: Depreciation		22,225,836	19,916,562	
		27,261,655	27,601,055	
(2) Investments	6	96,106,189	97,203,238	
(3) Current Assets, Loans and Advances :	7			
(a) Inventories		17,531,614	22,458,959	
(b) Sundry Debtors		16,321,537	12,136,713	
(c) Cash and Bank Balance		1,149,534	402,237	
(d) Loans and Advances		12,696,805	10,490,216	
		47,699,490	45,488,125	
Less: Current Liabilities and Provisions :	8			
(a) Liabilities		9,027,241	7,755,505	
(b) Provisions		653,567	1,808,106	
		9,680,808	9,563,611	
Net Current Assets :		38,018,682	35,924,514	
(4) Miscellaneous Expenditure (To the extent not w/off or adjusted)		370,000	280,000	
	Total	161,756,526	161,008,808	

Accounting Policies & Notes to Accounts  
As per our report of even date

For R.K.Govil & Co.  
Chartered Accountants

Sd/-  
(Rajesh K.Govil)  
Partner  
Membership No.: 13632  
Place : New Delhi  
Date : 03.09.2009

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For and on behalf of Board of Directors

Sd/-  
Ashok Kumar Modi  
Chairman & Managing Director

Sd/-  
Pawan Kumar Modi  
Joint Managing Director

Sd/-  
Gyan Sheel  
Company Secretary

Sd/-  
Vasu Modi  
Director





## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

PARTICULAR	Sch.	Year Ended on 31.03.2009	Year Ended on 31.03.2008
<b>INCOME :</b>			
Turnover	9	193,930,267	171,244,385
Less: Excise Duty		18,361,437	20,229,986
		175,568,830	151,014,400
Other Income	10	2,052,320	9,128,891
	Total	177,621,150	160,143,290
ADD/(LESS)			
Increase/(Decrease)in Stock		(6,734,435)	5,477,957
	Total	170,886,715	165,621,247
<b>EXPENDITURE :</b>			
Raw material Consumed	11	128,794,743	116,807,565
Manufacturing Expenses	12	3,049,957	2,712,948
Power & Fuel Consumption	13	26,435,121	21,244,678
Establishment Expenses	14	2,144,018	1,921,100
Administrative Expenses	15	4,892,166	6,306,194
Loss On Sale Of Assets		132,895	-
Financial Expenses	16	1,401,767	2,388,118
Selling & Distribution Expenses	17	1,342,843	1,419,529
Preliminary Expenses Written Off		110,000	70,000
Depreciation	5	2,206,700	2,613,060
		170,510,209	155,483,192
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>		376,506	10,138,055
ADD			
Balance brought forward from last year		11,699,575	9,511,048
Prior Year Adjustment		156,792	974,005
	Total	12,232,873	20,623,108
LESS			
Provision for Tax- Current Tax		-	1,200,000
Minimum Alternative Tax Credit Availed		-	155,880
Provision for FBT		136,900	155,000
Security Transaction Tax		1,827	48,832
Prior Year Adjustment		76,079	35,223
Deferred Tax Liabilities / (Asset)		(96,726)	(171,402)
Transferred to General Reserve		3,400,000	7,500,000
		8,714,793	11,699,575
Balance Transferred to Balance Sheet			
Accounting Policies & Notes to Accounts	18		
As per our report of even date			

For R.K.Govil & Co.  
Chartered Accountants  
Sd/-  
(Rajesh K.Govil)  
Partner  
Membership No.: 13632  
Place : New Delhi  
Date : 03.09.2009

For and on behalf of Board of Directors

Sd/-  
Ashok Kumar Modi  
Chairman & Managing Director

Sd/-  
Pawan Kumar Modi  
Joint Managing Director

Sd/-  
Gyan Sheel  
Company Secretary

Sd/-  
Vasu Modi  
Director



**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET**

PARTICULARS	Balance As at 31.03.2009	Balance As at 31.03.2008
-------------	--------------------------------	--------------------------------

**SCHEDULE-1**

**SHARE CAPITAL  
AUTHORISED CAPITAL**

6000000 Equity Shares of Rs.10/- each ( P.y. 6000000)	60,000,000	60,000,000
5058555(5058555) Equity Shares of Rs. 10/- each	50,585,550	50,585,550
Less: Call Money unpaid 1228100 Shares @ 7.50 (Prev. Yr.1241000 Shares)	9,210,750	9,210,750
(During the year 95-96 327551 Equity shares of Rs.10/- each fully paid up were issued as Bonus Shares out of General Reserve on 7/7/95)		
	41,374,800	41,374,800

**SCHEDULE-2.**

**RESERVE & SURPLUS**

Share Premium Account : on 3420800 Equity share at Rs.5/- each			
Less: Premium on the Allotment Money unpaid on 1228100 Shares @ 2.50 (Prev. Yr. 1241000 Shares)	17,104,000	14,033,750	14,033,750
	3,070,250		
Revaluation Reserve	4,976,647		
Less: Dep.on Revalued Assets	440,529	4,536,118	4,976,647
General Reserve		70,000,000	66,600,000
Profit & Loss A/c		8,714,793	11,699,575
		97,284,661	97,309,972

**SCHEDULE-3.**

**SECURED LOANS**

State Bank of Patiala (Against hypothication of stock & personal guarantee of Directors)	13,480,482	13,071,484
Tata Capital Ltd. - Car Loan	460,757	-
	13,941,239	13,071,484

**SCHEDULE-4.**

**UNSECURED LOANS**

From Body Corporates	6,608,526	6,608,526
	6,608,526	6,608,526

SCHEDULE - 5. FIXED ASSETS.

PARTICULARS	GROSS BLOCK						DEPRECIATION						NET BLOCK					
	AS ON 01.04.2008		ADDITION / DEDUCTION DURING THE YEAR		AS ON 31.03.2009		AS ON 01.04.2008		DURING THE YEAR				AS ON 31.03.2009		AS ON 31.03.2009		AS ON 31.03.2008	
	ORIGINAL		DEDUCTION		ORIGINAL		ORIGINAL		ADDITION		DEDUCTION		ORIGINAL		ORIGINAL		ORIGINAL	
	ORIGINAL	REVALUED	ADDITION	DEDUCTION	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REV.	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED
LAND	1,082,920	7,160,180	-	-	1,082,920	7,160,180	-	-	-	-	-	-	-	-	1,082,920	7,160,180	1,082,920	7,160,180
BUILDING	688,563	3,356,209	225,756	-	914,319	3,356,209	318,350	1,533,742	30,382	112,097	-	-	348,732	1,645,839	565,587	1,710,370	370,213	1,822,467
PLANT & MACHINERY	15,906,802	6,914,353	1,702,349	-	17,609,151	6,914,353	5,695,604	4,384,531	776,489	328,432	-	-	6,472,093	4,712,963	11,137,058	2,201,390	10,211,198	2,529,622
VEHICLES	5,105,372	-	793,999	695,850	5,203,521	-	2,133,227	-	473,206	-	337,955	-	2,268,478	-	2,935,043	-	2,972,145	-
FIRE & FIGHTING EQUI	20,696	-	-	-	20,696	-	3,691	-	983	-	-	-	4,674	-	16,022	-	17,005	-
FURNITURE & FIXTURE	224,642	-	-	-	224,642	-	43,317	-	14,220	-	-	-	57,536	-	167,106	-	181,325	-
OFFICE EQUIPMENT	259,034	-	4,550	-	263,584	-	54,507	-	15,001	-	-	-	69,507	-	194,077	-	204,527	-
F.A.ROLLS	6,107,146	-	81,703	-	6,188,849	-	5,348,610	-	809,879	-	-	-	6,158,489	-	30,360	-	758,536	-
COMPUTER	514,271	-	34,795	-	549,066	-	400,983	-	86,541	-	-	-	487,524	-	61,542	-	113,288	-
CWIP	177,428	-	-	177,428	-	-	-	-	-	-	-	-	-	-	-	-	177,428	-
<b>TOTAL</b>	<b>30,086,874</b>	<b>17,430,742</b>	<b>2,843,152</b>	<b>873,278</b>	<b>32,056,749</b>	<b>17,430,742</b>	<b>13,998,288</b>	<b>5,918,273</b>	<b>2,206,700</b>	<b>440,529</b>	<b>337,955</b>	<b>-</b>	<b>15,867,033</b>	<b>6,358,802</b>	<b>16,189,715</b>	<b>11,071,940</b>	<b>16,088,586</b>	<b>11,512,469</b>
PREVIOUS YEAR	27,137,784	17,430,742	2,949,110	-	30,086,874	17,430,742	11,365,228	5,477,744	2,613,060	440,526	-	-	13,998,288	5,918,273	16,088,586	11,512,469	-	-



# National General Industries Ltd.

## SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

PARTICULARS	No. of Shares/ Units	Balance As at 31.03.2009	No. of Shares/ Units	Balance As at 31.03.2008
<b>SCHEDULE-6</b>				
<b>INVESTMENT</b>				
<b>LONG TERM INVESTMENT</b>				
<b>QUOTED SHARES</b>				
Lakshmi Vilas Bank Ltd.	459,398	43,599,076	459,398	43,599,076
Jsw Steel Ltd.	734	593,654	-	-
Tata Steel Ltd.	421	333,473	421	333,473
Gujrat Indus. Power Co. Ltd.	5,000	500,287	-	-
Southern Iron & Steel Co. Ltd.	2	76	16,150	611,798
<b>Total(A)</b>		<b>45,026,566</b>		<b>44,544,347</b>
<b>UNQUOTED SHARES</b>				
Modi Metal Udyog Pvt. Ltd.	235,750	23,575,000	235,750	23,575,000
<b>Total(B)</b>		<b>23,575,000</b>		<b>23,575,000</b>
<b>MUTUAL FUND</b>				
Birla Fixed Term Plan-Series 0	-	-	300,000	3,000,000
Franklin India Smaller Company Fund-Gr.	150,000	1,500,000	150,000	1,500,000
HDFC Equity Fund	51,034	2,762,364	51,034	2,762,364
CIG REALTY VENTURE FUND	1,000,000	10,000,000	1,000,000	10,000,000
<b>Total(C)</b>		<b>14,262,364</b>		<b>17,262,364</b>
<b>CURRENT INVESTMENT</b>				
<b>MUTUAL FUND</b>				
Reliance Money Manager Fund Daily Div. Op.	10,256,546	10,268,202	-	-
DWS Insta Cash Plus Fund-Daily Div. Option	288,715,459	2,974,058	1,147,609,720	11,821,528
<b>Total(D)</b>		<b>13,242,259</b>		<b>11,821,528</b>
<b>Total Investment(A+B+C+D)</b>		<b>96,106,189</b>		<b>97,203,238</b>

\* Aggregated Market Value of Quoted Investment is Rs. 73739600/- ( P.Y. 88806695/-)

\*\* All Investment are stated at cost



Label1

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET**

<b>PARTICULARS</b>	<b>Balance As at 31.03.2009</b>	<b>Balance As at 31.03.2008</b>
<b><u>SCHEDULE-7</u></b>		
<b><u>CURRENT ASSETS :</u></b>		
(a) Stock in trade (As valued & certified by the Management)	<b>17,531,614</b>	22,458,959
<b>(b) SUNDRY DEBTORS :</b> (Unsecured, considered goods)		
- Exceeding Six Months	<b>2,672,459</b>	3,240,368
- Others	<b>13,649,078</b>	8,896,345
<b>(c) CASH AND BANK BALANCES :</b>		
Cash in hand	<b>90,486</b>	81,592
Balance with Scheduled Banks - In Current Accounts	<b>1,059,048</b>	320,645
	<b>35,002,685</b>	34,997,909
<b>(d) LOANS &amp; ADVANCES</b>		
Advance Recoverable in cash or in kind for value to be received	<b>9,194,710</b>	7,307,817
Security Deposit	<b>1,555,982</b>	1,404,482
Advance to Staff	<b>116,237</b>	156,320
Advance Tax & TDS	<b>841,132</b>	1,145,580
Minimum Alternative Tax Adjustable	<b>815,099</b>	815,099
Advance to Suppliers & Others	<b>47,645</b>	102,333
Fringe Benefit Tax	<b>126,000</b>	145,200
	<b>12,696,805</b>	11,076,831
<b><u>SCHEDULE-8</u></b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>(a) CURRENT LIABILITIES</b>		
Sundry Creditors:		
- Micro, Small & Medium scale enterprises	-	-
- Others	<b>7,230,271</b>	5,554,864
Advance from Customers	<b>111,223</b>	91,614
Interest Accrued	<b>750,018</b>	750,018
Expenses Payable	<b>935,729</b>	1,359,009
	<b>9,027,241</b>	7,755,505
<b>(b) PROVISIONS</b>		
Provision for Taxation	-	1,200,000
Provision for Gratuity	<b>516,667</b>	453,106
Provision for Fringe Benefit Tax	<b>136,900</b>	155,000
	<b>653,567</b>	1,808,106
	<b>9,680,808</b>	9,563,611
<b><u>MISC. EXPENDITURE</u></b>		
Preliminary Expenses	<b>480,000</b>	350,000
Less: Written off during the year	<b>110,000</b>	70,000
	<b>370,000</b>	280,000



**SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNTS**

PARTICULAR	Sch.	Year Ended on 31.03.2009	Year Ended on 31.03.2008
------------	------	-----------------------------	-----------------------------

**SCHEDULE- 9.**

SALES

Finished Goods		158,438,742	142,569,208
Conversion Charges		33,090,262	26,580,073
Melting Scrap		2,401,263	2,095,105
		<b>193,930,267</b>	<b>171,244,385</b>

**SCHEDULE-10.**

OTHER INCOME

Income From Current Investment		146,733	284,889
Income From Long Term Investment		-	7,692,921
Income from Dividend		1,864,778	996,157
Misc. Income		40,810	86,321
Interest Recd.		-	68,603
		<b>2,052,320</b>	<b>9,128,891</b>

**SCHEDULE-11.**

MATERIAL CONSUMPTION

Opening Stock		4,586,890	5,284,020
Add: Purchase		130,762,558	116,110,435
		<b>135,349,448</b>	<b>121,394,455</b>
Less: Closing Stock		6,554,705	4,586,890
		<b>128,794,743</b>	<b>116,807,565</b>

**SCHEDULE - 12.**

MANUFACTURING EXPENSES

Wages & Labour Charges		1,860,826	1,611,904
Bonus & Ex-Gratia		57,604	70,659
Contribution to P.F.		94,058	88,546
Contribution to E.S.I.		34,915	31,866
Watch & Ward Expenses		327,703	271,489
Weighing & Staking		254,813	308,309
Consumable Store		420,038	330,175
		<b>3,049,957</b>	<b>2,712,948</b>

**National General Industries Ltd.****SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNTS**

PARTICULAR	Sch.	Year Ended on 31.03.2009	Year Ended on 31.03.2008
------------	------	--------------------------------	--------------------------------

**SCHEDULE-13.**

<u>Furnace Oil Consumed</u>			
Opening Stock		504,488	507,300
Add: Purchase/Tfd. during the year		16,247,562	13,463,022
		<b>16,752,050</b>	13,970,322
Less: Closing Stock		<b>268,857</b>	504,488
		<b>16,483,193</b>	13,465,834
Power Expenses		6,983,919	5,685,840
Engine Expenses		2,968,009	2,093,004
		<b>26,435,121</b>	21,244,678

**SCHEDULE-14.**ESTABLISHMENT EXPENSES

Directors Remuneration		288,000	288,000
Salaries		1,518,059	1,332,083
Recruitment Expenses		33,250	31,125
Bonus & Ex-Gratia		46,357	49,023
Gratuity		108,088	84,941
Employer's Cont. to E.S.I.		19,213	22,462
Staff Welfare		75,950	53,301
Employer's Cont. to P.F.		55,101	60,166
		<b>2,144,018</b>	1,921,100



**SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNTS**

PARTICULAR	Sch.	Year Ended	Year Ended
		on 31.03.2009	on 31.03.2008

**SCHEDULE - 15.**

**ADMINISTRATIVE EXPENSES**

Travelling & Conveyance (C/Y (P/Y) (Inclg. Foreign Travel 328012 246830)		<b>490,779</b>	550,812
Printing & Stationery		<b>83,111</b>	94,581
Postage & , Telegram		<b>29,215</b>	61,416
Telephone Expenses		<b>412,775</b>	472,035
Electricity Expenses		<b>337,096</b>	376,188
Keyman Insurance		<b>1,096,625</b>	1,096,625
Auditor's Remuneration		<b>175,000</b>	160,000
Legal & Professional Charges		<b>212,274</b>	368,935
Filing Fees		<b>37,110</b>	132,219
General Expenses		<b>97,317</b>	59,205
Insurance Charges		<b>70,662</b>	70,404
Rent		<b>48,000</b>	96,000
Vehicle Running & Maintenance		<b>458,450</b>	518,667
Security & Vigilance		<b>231,967</b>	142,664
Repair & maintenance :			
a. Building		<b>17,280</b>	34,280
b. Plant & Machinery		<b>937,588</b>	1,905,100
c. Others		<b>156,919</b>	167,062
		<b>4,892,166</b>	6,306,194

**SCHEDULE-16.**

**FINANCIAL EXPENSES**

Bank Charges		<b>167,204</b>	120,238
Bank Interest & Other Expenses		<b>1,234,564</b>	2,267,880
		<b>1,401,767</b>	2,388,118

**SCHEDULE-17.**

**SELLING & DISTRIBUTION EXPENSES**

Rebate, Discount & Commission		<b>869,668</b>	981,777
Advertisement & Publicity		<b>41,933</b>	62,833
Sales Tax Expenses		<b>2,657</b>	-
Business promotion		<b>428,585</b>	374,918
		<b>1,342,843</b>	1,419,529





## SCHEDULE – 18

### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

1. **ACCOUNTING CONVENTION:** The Company follows the Mercantile System of Accounting and recognizes Income & Expenditure on Accrual basis unless specifically stated. The Accounts are prepared on historical cost basis and follows the concept of going concern. Accounting Policies not referred to otherwise are consistent with generally accepted Accounting Principles.
2. **FIXED ASSETS:** Fixed Assets are stated at cost net of CENVAT less accumulated depreciation.
3. **DEPRECIATION:** Depreciation has been provided on original cost of the Assets including the amount of revaluation on the straight-line method basis at the rates prescribed by Sch.-XIV of the Companies Act, 1956 on daily pro-rata basis. Depreciation aggregating to Rs.440529/- on revalued amount of Fixed Assets has been directly charged to Revaluation Reserve.
4. **INVENTORIES :**
  - a) Raw Material & Stores and spares are valued at cost or market value whichever is lower
  - b) Cost has been determined by using the FIFO method.
  - c) Finished Goods & Scrap is valued at net realizable value.
5. **INVESTMENT:** Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long Term Investment. All Investments are carried at cost. However, provision for diminution in value is made to recognize any decline, other than temporary in the value of the investments.
6. **RETIREMENT BENEFITS:** The Company provides for gratuity covering all the eligible employees in accordance of the payment of Gratuity Act, 1972. In addition, employee's benefits from provident fund, which is a defined contribution plan, both the employer and the employee make monthly contributions to this provident fund account.
7. **TAXATION:** Income Tax expenses comprise current tax, deferred tax, securities transaction tax and fringe benefit tax. The deferred tax assets or liabilities resulting from "timing difference" between the book profit and taxable profit is recognized using current tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each balance sheet date to reassess realization.



## National General Industries Ltd.

8. **LEASE RENTAL PAYMENTS:** The Company has operating lease for the Registered Office premises that is renewable on a periodic basis. Operating lease payment is recognized as expense in the Profit & Loss Account on a straight-line basis over the lease term.
9. **IMPAIRMENT OF ASSETS:** An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. All fixed assets as at the date of Balance Sheet are not more than its recoverable value; hence no provision is required to be made for impairment losses.
10. **CONTINGENT LIABILITIES:** Contingent Liabilities are not provided for and are disclosed by way of notes.
11. **AMORTIZATION OF MISCELLANEOUS EXPENDITURE:** Miscellaneous Expenditure is amortized over a period of 5 years.

### B. NOTES ON ACCOUNTS:

#### 1. CONTINGENT LIABILITIES:

- a) Bank Guarantee in favour of sales Tax Department Rs. 5.28 Lac (PY Nil).
  - b) Bills discounted liability is Nil. (P.Y. Nil)
  - c) Estimated amount of contract is Nil. (P.Y. Nil)
2. (a) Valuation of Purchases and inventories is made exclusive of excise duty and sale tax paid, which is being claimed as CENVAT & MODVAT respectively.  
(b) Sales have been shown as inclusive of excise duty paid.
  3. Fall in market value of Shares / units are considered to be of temporary nature therefore all Investments are valued at cost.
  4. The current assets (read with Note No.4 of Accounting Policies) have been taken at their approximately realizable value and the realizable value of the same in the ordinary course of the business is not less than amount as shown in the financial accounts as certified by the management.
  5. Expenses under primary heads such as salary, wages, consumption of fuel and raw material etc. are being shown as usual in their respective heads.
  6. Certain balances of Debtors, Creditors & Loans & Advances are subject to confirmation.
  7. There are no Micro, Small and Medium Enterprises to whom company owes dues which are outstanding for more than 45 days as on 31.03.2009. The information as required to be disclosed under MSMED Act, 2006, has been determined to the extent such parties has been identified on the basis of information available with the Company.



**8. ADDITIONAL INFORMATION REQUIRED UNDER PART-II OF SCHEDULE-VI OF THE COMPANIES ACT, 1956**

(i) Particulars of Capacity, Stock, Production, Purchase and Sale for the year.

**A. CAPACITY:**

Particulars	Current Year		Previous Year	
	Qty. (M.T.)		Qty. (M.T.)	
i. Licensed & Installed Capacity	22200.000		22200.000	
ii. Actual Production (Incl. Job Work)	12954.245		13402.050	

**B. RAW MATERIAL :**

Particulars	Current Year		Previous Year	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Consumed	4615.625	128794743	5166.130	116371712.55

**C. FINISHED GOODS (Manufacturing)**

Particulars	Current Year		Previous Year	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Opening Stock	455.595	16948134	468.295	11473228
Rejection (Opening)	-----	-----	-----	-----
Production	4292.685	-----	4805.355	----
Sales (Incl. Rejection)	4424.720	158438742	4818.055	141772783
Rejection (Closing)	-----	-----	----	----
Closing Stock	323.560	9706800	455.595	16948134

**D. FINISHED GOODS (Trading) :**

Particulars	Current Year		Previous Year	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Opening Stock	3.660	136152	1.890	46305
Purchase	-----	-----	18.775	525700
Sales	-----	-----	17.005	459135
Closing Stock	3.660	136152	3.660	136152

**E. MELTING SCRAP:**

Particulars	Current Year		Previous Year	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Opening Stock	16.625	292101	19.270	289050
Recovering	138.515	-----	154.820	----
Sales	125.090	2401263	157.465	2432395
Closing Stock	30.050	601100	16.625	292101

F. During the year conversion charges Received/ Receivable was Rs. 33090262 (P.Y. Rs. 26580073) for Production/Manufacturing/Conversion of 8659.560 M.T. (P.Y. 8845.050 M.T.)



**9. REMUNERATION TO AUDITORS:**

	<b>Current Year</b>	<b>Previous Year</b>
i. As Statutory Auditor	100000.00	100000.00
ii. Taxation	50000.00	40000.00
iii. In other capacity	<u>25000.00</u>	<u>20000.00</u>
	<u>175000.00</u>	<u>160000.00</u>

**10. EXPENDITURE IN FOREIGN CURRENCY** Expenditure in foreign currency on account of Foreign Travel was:

	<b>Current Year</b>	<b>Previous Year</b>
	Rs. 135370/-	Rs. 173050/-

**11. Managerial remuneration paid/payable (in accordance with Section II of Part II of Schedule XIII of the Companies Act, 1956) to Managing Director & Joint Managing Director during the year are as under:**

	<b>Current Year</b>	<b>Previous Year</b>
Salary	Rs. 288000/-	Rs. 288000/-

**12. Provision of Gratuity has been provided as per actuarial valuation.**

**13. Earning Per Share (EPS) Basis / Diluted Earning Per Share has been calculated and shown as under:**

	<b>Yr. Ended</b>	<b>Yr. Ended</b>
	<b>31.03.2009</b>	<b>31.03.2008</b>
-Profit/(Loss) attributable to the equity shareholders(Rs.Lacs)-A	4.15	96.89
-Basic/weighted average number of equity shares outstanding during the year – (B)	4137480	4137480
-Nominal value of equity shares (Rs.)	10	10
-Basic/Diluted earning per share(A)/(B)	0.10	2.34

**14. The deferred tax assets or liabilities resulting from “timing difference” between the book profit and taxable profit is recognized using current tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The Company has recognized cumulative deferred tax liabilities, of Rs. 2547300/- as on 31.03.2009.**

**15. RELATED PARTY DISCLOSURES:**

**Revenue Transaction:**

a) Remuneration paid/payable to key managerial personnel:

Amt. in Lacs

Name of the related party	Relationship	Year ended	Year ended
		31.03.2009	31.03.2008
Ashok Kumar Modi	Chairman & Managing Director	1.44	1.44
Pawan Kumar Modi	Jt. Managing Director	1.44	1.44

b) Lease Rent :

Name of the related party	Relationship	Year ended	Year ended
		31.03.2009	31.03.2008
J.P. Modi & Sons HUF	Relative of Director	0.24	0.48
Shakuntla Modi	Relative of Director	0.24	0.48



c) Interest Paid/ Payable on Unsecured Loan :

Name of the related party	Relationship	Year ended 31.03.2009	Year ended 31.03.2008
Modi Power Pvt. Ltd.	Sister Concern	NIL	9.70

**Capital Transaction:**

Unsecured Loan

Name of the related party	Relationship	Year ended 31.03.2009	Year ended 31.03.2008
Modi Power Pvt. Ltd.	Sister Concern	NIL	50.00

**16. SEGMENT INFORMATION (PRIMARY) Amount (in Lacs)**

SEGMENTS	IRON & STEEL RE-ROLLING		OTHERS	
	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	1939.30	1713.88	20.12	89.85
Segment Results (before Intt.)	45.25	86.85	-29.14	38.42
Interest Expenses	12.14	13.87	0.21	10.01
Net Profit before Tax	33.11	72.98	-29.35	28.41
SEGMENTD RESULTS	33.11	72.98	-29.35	28.41
<b>OTHER INFORMATION</b>				
Capital Employed (Segment Assets/Segment Liabilities)	180.17	180.48	1408.25	1400.97
Depreciation	17.37	21.85	4.69	4.28
Non-Cash Expenses Other than Depreciation	---	---	---	---

Type of products and services in each business segment:

- Iron & Steel Re-rolling - Non Alloy Iron & Steel bars, S.S. & A.S. bars & rods
- Others - Investment

17. The Scheme of Amalgamation of Modi Metal Udyog Pvt. Ltd. with the Company from the Appointed Date 1<sup>st</sup> April, 2008, has been approved by the shareholders of the company and petition has been submitted to Hon'ble High Courts of Judicature at Delhi for sanction u/s. 391 and 394 of the Companies Act, 1956. Upon receipt of statutory approvals, the Scheme will be given effect to in the financial statements for the year ended 31<sup>st</sup> March, 2009.

18. Figures of the previous year have been rearranged/ regrouped wherever necessary to make them comparable.

19. Figures of the previous years and current years have been rounded off to nearest rupee.

**For R. K. GOVIL & CO.**

**For and on behalf of Board of Directors**

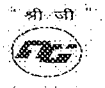
Sd/-  
(Rajesh K. Govil)  
Partner  
Membership No.: 13632  
Place : New Delhi  
Date : 03.09.2009

Sd/-  
Ashok Kumar Modi  
Chairman & Managing Director

Sd/-  
Pawan Kumar Modi  
Jt. Managing Director

Sd/-  
Gyan Sheel  
Company Secretary

Sd/-  
Vasu Modi  
Director



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### 1. REGISTRATION DETAIL

Registration No.	55-26617 (86-87)	State Code	55
Balance Sheet Date	31.03.2009		

### 2. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSAND)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

### 3. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities	161756	Total Assets	161756
<b>Sources of Fund</b>		<b>Application of Funds</b>	
Paid up Capital	41375	Net Fixed Assets	27261
Secured Loans	13941	Net Current Assets	38019
Reserve & Surplus	97285	Investment	96106
Unsecured Loan	6608	Misc. Expenditure	370
Deferred Tax(Net)	2547	Accumulated Lossess	---

### 4. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover (Net)	170887	Total Expenditure	170510
Profit/(Loss) Before Tax	377	Profit/(Loss) After Tax & STT	415
Earning Per Share (in Rs.)	0.10	Dividend Rate	Nil

### 5. GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY (AS PER MONETARY TERMS)

<u>Item Code No.</u>	<u>Product Description</u>
7214.90	N.A. Iron & Steel Bars
7221.00	S.S. Bars & Rods
7227.90	A.S. Bars & Rods

As per our separate report of even date attached

For R. K. GOVIL & CO.

Sd/-  
(Rajesh K. Govil)  
Partner  
Membership No.: 13632 Sd/-  
Date: 03.09.2009

For and on behalf of Board of Directors

Sd/- Ashok Kumar Modi Chairman & Managing Director	Sd/- Pawan Kumar Modi Jt. Managing Director
Gyan Sheel Company Secretary	Vasu Modi Director

# National General Industries Ltd.

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To  
The Board of Directors  
National General Industries Ltd.  
3<sup>rd</sup>. Floor, Surya Plaza,  
K-185, Sarai Julena,  
New Friends Colony,  
New Delhi-110025

We have examined the attached Cash Flow Statement of NATIONAL GENERAL INDUSTRIES LTD. for the year ended on 31<sup>st</sup> March, 2009. The statement has been prepared by the company in accordance with requirement of clause 32 of listing Agreement, with the corresponding Profit & Loss Account and Balance Sheet of the Company by our report dated 03.09.2009, to members of the Company

For R.K. GOVIL & Co.  
Chartered Accountant

Place : New Delhi  
Date : 3<sup>rd</sup>. September, 2009

Sd/-  
(Rajesh K. Govil)  
Partner  
Membership No. 13632



# National General Industries Ltd.

Annual Report  
2008-09

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009

(Rs. IN LACS)

A.	<u>CASH FLOW STATEMENT FROM OPERATING ACTIVITIES :</u>		Current year	Previous year
	Net Profit/(Loss) before Tax and extra ordinary Items		3.76	101.38
	<b>ADJUSTMENT FOR :</b>			
	Depreciation	22.07		26.13
	Interest/Dividend Recd.	(18.66)		(10.65)
	Interest on Borrowed Capital	12.35		22.68
	Loss/(Profit) on sale of Assets	1.33		0.00
	Misc. Expenditure W/Off	1.10		0.70
	Operating Profit before working capital change :		21.94	140.24
	<b>ADJUSTMENT FOR :</b>			
	Trade and other Receivable	(63.92)		(0.34)
	Inventories	49.26		(45.39)
	Investment	10.96		(46.94)
	Trade Payables & other Liabilities	1.16	(2.54)	7.91
	Cash Generated from operations		19.40	55.48
	Direct Tax paid	(1.29)		(15.60)
	Misc. Expenditure (Tobe W/ Off)	(2.00)		(3.50)
	Excess Prov.W/Back	1.56		9.74
	Prior year adjustment	(0.76)	(2.49)	(0.35)
	Net Cash from Operating Activities (A)		16.91	45.77
B.	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>			
	Purchase of Fixed Assets	(26.67)		(29.49)
	Sale of Fixed Assets	2.24		0.00
	Interest/Dividend Recd.	18.66		10.65
	Net cash used in Investing Activities (B)		(5.77)	(18.84)
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>			
	Proceed from Issue of Share Capital/Share Premium	0.00		1.29
	Interest paid	(12.36)		(22.68)
	Proceed from Long Term Borrowings	8.70		(52.99)
	Net cash from Financing Activities (C)		(3.66)	(74.38)
	Net Increase in cash and cash Equivalents (A+B+C)		7.48	7.47
	Cash & Cash Equivalents as at 31.3.2008		4.02	51.47
	Cash & Cash Equivalents as at 31.3.2009		11.50	4.02

NOTES :- 1. Figure in Brackets represent out flows.

2. Figures of Previous year have been rearranged/regrouped wherever necessary.

Date: New Delhi  
Date: 03.09.2009

Sd/-  
Gyan Sheel  
COMPANY SECRETARY

Sd/-  
Ashok Kumar Modi  
CHAIRMAN & MG.DIRECTOR

Sd/-  
Pawan Kumar Modi  
JT, MG. DIRECTOR

Sd/-  
Vasu Modi  
DIRECTOR





**NATIONAL GENERAL INDUSTRIES LIMITED**

Regd. Office : 3<sup>rd</sup> Floor, Surya Plaza, K-185/1, Sarai Julena, New Friends Colony, New Delhi – 110025

**PROXY FORM**

I/We ..... of ..... in the district of ..... being a Member(s) of the above named Company hereby appoint Sh./Smt. .... of ..... in the district of ..... or failing him/her ..... of ..... in the district of ..... As my/our proxy to attend and vote for me/us on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Wednesday, 30<sup>th</sup> September, 2009 at 11.30 a.m. at Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110030 or at any adjournment thereof.

Signed at ..... this ..... day of .....2009.

Client ID & DP ID\* : .....

Registered Folio No. ....

No. of Shares held .....

\*Applicable for investors holding shares in electronic form.

Affix  
Re. 1  
Revenue  
Stamp

**Note:**

1. The Proxy need not be a member.
2. The form of proxy, duly signed across Re. 1 revenue stamp should reach the Company, not less than 48 hours before the time fixed for the meeting.

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**NATIONAL GENERAL INDUSTRIES LIMITED**

Regd. Office : 3<sup>rd</sup> Floor, Surya Plaza, K-185/1, Sarai Julena, New Friends Colony, New Delhi – 110025

**ATTENDANCE SLIP**

Name of Shareholder / Proxy\* .....

Client ID & DP ID\*\* / Registered Folio No. ....

If Proxy, Full Name of Shareholder .....

No. of Shares held .....

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company held on Wednesday, 30<sup>th</sup> September, 2009 at 11.30 a.m. at Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110030.

\* Strike out whichever is not applicable.

\*\* Applicable for investors holding shares in electronic form.

Note : Please handover the slip at the entrance of the Meeting venue.

Signature of Shareholder/Proxy\*

Company Secretary

Book - Post



“श्री जी”



If undelivered please return to:

**National General Industries Ltd.**

3rd Floor, Surya Plaza, K-185/1 Sarai Julena,  
New Friends Colony, New Delhi-110025 (INDIA)