



## **NOTICE**

**NOTICE** is hereby given that the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Members of National General Industries Limited will be held on Monday, the 30th September, 2013 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, 2013, 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 and fix their remuneration.

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

Sd/-  
**Gyan Sheel**  
Company Secretary

Place : New Delhi  
Date : 13.08.2013

### **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, 23<sup>rd</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (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.



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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	: Mr. Pankaj Agarwal has vast experience of Market Research and Brand Management.
Qualifications	: Post Graduate Diploma in Business Management B.Com (H)
Directorship in other Public Limited Companies (As on 31.03.2013)	: Not Applicable
Chairman/Member of Committee in other Public Limited Companies (As on 31.03.2013)	: Not Applicable
Shareholding in the Company as on 31.03.2013	: Nil

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## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Seventh Report of your Company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2013.

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

The financial performance of the Company for the financial year ended on 31<sup>st</sup> March, 2013 and 31<sup>st</sup> March, 2012 are summarized below:-

<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Total Income	<b>2283.34</b>	3189.71
Operating profit before interest and depreciation	<b>136.13</b>	173.89
Interest	<b>63.04</b>	80.38
Depreciation	<b>34.07</b>	36.79
Profit before Tax (PBT)	<b>39.02</b>	56.72
Provision for Taxation & FBT	<b>7.70</b>	11.00
Security Transaction Tax	<b>0.06</b>	0.04
Deferred Tax Liabilities	<b>-1.45</b>	4.26
Minimum Alternate Tax Credit Availed	<b>-6.54</b>	-7.61
Profit after Tax (PAT)	<b>39.25</b>	49.03
Balance Brought Forward	<b>75.64</b>	66.03
Prior year adjustment	<b>-0.77</b>	0.58
Profit available for appropriation	<b>114.12</b>	115.64
Transfer to General Reserve	<b>40.00</b>	40.00
Balance carried to Balance Sheet	<b>74.12</b>	75.64

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

During the year under review, the turnover of your Company decreased to Rs. 1878.94 lakhs from Rs. 2805.91 lakhs previous year. However the net profit before tax from steel division increased to Rs. 16.34 lakhs from Rs. 8.10 lakhs in the previous year. The other income comprising the return from investments activities has registered a net profit of Rs. 22.68 lakhs as compared to net profit of Rs. 48.62 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 : 2008 and it has been duly certified by the JAS-ANZ, an International Certification Agency.

### **FUTURE OUTLOOK**

Your director has taken all necessary steps to maintain profitability and financial health of the Company even in the adverse financial conditions. Your directors are also hopeful to maintain the same in the current financial year as well.

### **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**

Your Directors have not recommend dividend for the year ended 31<sup>st</sup> March, 2013.



## **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 24th May, 2013 read with note no. 26 to 33 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**

On the Audit Committee recommendations at the meeting held on 30<sup>th</sup> May, 2012, the Board had appointed M/s. Neeraj Sharma & Co., as Cost Auditors of the Company for the Financial Year 2012-13. The Company is yet to file its Cost Audit Report for the financial year 2012-13.

Further, at the meeting held on 24<sup>th</sup> May, 2013, the Board has appointed M/s. Neeraj Sharma & Co., as Cost Auditors of the Company for the Financial Year 2013-14.

## **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 2013-2014.

## **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, 2013 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, 2013, 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, 2013 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 : 13.08.2013

**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, 2013.

**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:**

		2012-13	2011-12	
<b>A) Power &amp; Fuel Consumption</b>				
<b>1.</b>	<b>Electricity</b>			
	<b>a) Power Purchased</b>			
	Units (in thousands)	1115452	1001300	
	Total Amount (Rs.)	7695156.00	7199128.00	
	Rate/Unit (Rs.)	6.90	7.19	
	<b>b) Own Generation through Diesel Generator</b>			
	Litres	22800	7529	
	Total amount (Rs.)	1046039.00	325325.00	
	Cost / Ltr.	45.88	43.21	
	<b>c) Through engine (LDO)</b>			
	Litres	60275	54670	
	Total Amount (Rs.)	2750668.00	3110641.00	
	Cost / Ltr.	45.64	58.90	
<b>2.</b>	<b>Furnace Oil</b>			
	Qty. (K. Ltr.)	752.920	828.240	
	Total Amount	31576808.00	31943086.00	
	Average Rate	41.94	38.57	
<b>B) Consumption per unit production</b>				
		<b>Unit</b>		
		<b>2012-13</b>	<b>2011-12</b>	
	Electricity	Unit/MT	71.02	54.41
	Diesel Oil	Ltrs./MT	1.45	0.41
	LDO	Ltrs./MT	3.84	2.97
	Furnace Oil	Ltrs./MT	47.94	45.00



## 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. 399449.00 (P.Y. Rs. 121414.00)

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

Place : New Delhi  
Date : 13.08.2013

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### FORWARD LOOKING STATEMENT

This report contains forward-looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’ or other words of similar meaning. All statements that address expectation of projections about the future, including but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company’s actual results, performance or achievements could, thus differ materially from those projected in any such forward-looking statements. 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.

### OVERVIEW OF FY 2012-13

Financial Year 2012-13 was a challenging year in which industrial growth was slowed down to 5% as per report published in April, 2013 by the Economic Advisory Council. However, as projected the overall industrial growth for the financial year 2013-14 is expected to rise to 6.40%. The Company despite facing such slow down in economy has achieved net profit before tax from its steel division of Rs. 16.34 lakhs as compared to Rs. 8.10 lakhs during previous year. However, the turnover of the Company has decreased to Rs. 1878.94 lacs from Rs. 2805.91 lakhs in previous year. The contribution of cost cutting over the year has played important role in increasing the profit from steel division of the Company.

### GLOBAL ECONOMY

The global economic outlook continues to be weak with tight liquidity, contracting demand, declining trade and reducing investments. World witness bold and challenging fiscal measures in terms of monetary easing and stimulus measure to secure and stimulate economic recovery. International Monetary Fund projects a modest economic recovery in 2013 with world GDP expected to grow at 3.3% and increase from 3.2% in 2012.

Global steel demand is expected to witness a moderate improvement vis-à-vis 2012 led by low inventory levels duly supported by improving economic performance across geographies. Raw material prices are slated to remain less volatile as compared to FY 2012-13. In view of the above, the World Steel Association has projected a global steel demand growth at 2.9%. However, the world is reeling under the pressure of large surplus capacity which will remain a serious cause of concern, especially in times of subdued global demand.

### INDIAN ECONOMY

The Indian economy is expected to witness a moderate recovery in the medium term on account of ongoing reformatory measures, fiscal consolidation, improved prospects of liquidity which are envisaged to improve industrial and manufacturing growth duly supported by reducing inflation. In accordance, economic growth is projected to increase by around 6.4% in FY 2013-14 as per the projection given by the Economic Advisory Council.

Indian steel demand is expected to boost by Infrastructure & Construction development sustained by industrial, manufacturing and capital goods and be stimulated by the automotive and consumer durable sectors. The Indian Steel Industry is expected to achieve a growth of 5.9% during FY 2013-14 as per the projection given by World Steel Association.



## 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 including cost cutting 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.

## 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 financial performance of the Company for the financial year ended on 31<sup>st</sup> March, 2013 and 31<sup>st</sup> March, 2012 are summarized below:-

Particulars	31.03.2013	31.03.2012
Total Income	<b>2283.34</b>	3189.71
Operating profit before interest and depreciation	<b>136.13</b>	173.89
Interest	<b>63.04</b>	80.38
Depreciation	<b>34.07</b>	36.79
Profit before Tax (PBT)	<b>39.02</b>	56.72
Provision for Taxation & FBT	<b>7.70</b>	11.00
Security Transaction Tax	<b>0.06</b>	0.04
Deferred Tax Liabilities	<b>-1.45</b>	4.26
Minimum Alternate Tax Credit Availed	<b>-6.54</b>	-7.61
Profit after Tax (PAT)	<b>39.25</b>	49.03
Balance Brought Forward	<b>75.64</b>	66.03
Prior year adjustment	<b>-0.77</b>	0.58
Profit available for appropriation	<b>114.12</b>	115.64
Transfer to General Reserve	<b>40.00</b>	40.00
Balance carried to Balance Sheet	<b>74.12</b>	75.64



During the year under review, the turnover of your Company decreased to Rs. 1878.94 lakhs from Rs. 2805.91 lakhs previous year. However the net profit before tax from steel division increased to Rs. 16.34 lakhs from Rs. 8.10 lakhs in the previous year. The other income comprising the return from investments activities has registered a net profit of Rs. 22.68 lakhs as compared to net profit of Rs. 48.62 lakhs in the previous year.

## **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.

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

Sd/-

Place : New Delhi  
Date : 13.08.2013

**Ashok Kumar Modi**  
Chairman and Managing Director

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2012-13**

(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 31.03.2013, 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 31.03.2013 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	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
Executive Directors	Shri Ashok Kumar Modi	5	Yes	-	-
	Shri Pawan Kumar Modi	5	Yes	-	-
Non-Executive Non-independent Directors	Shri Vasu Modi	4	Yes	1	-
Non-Executive Independent Directors	Shri Pankaj Kumar Agarwal	4	Yes	-	-
	Shri Anshuman Goenka	4	No	-	-
	Shri Chaitanya Dalmia	3	No	3	1

During the Financial Year 2012-13, 5 Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 09.04.2012, 30.05.2012, 13.08.2012, 09.11.2012 & 12.02.2013.

Number of Equity Shares held by Directors as on 31<sup>st</sup> March, 2013 are as under:-

Name of Director	Designation	Nos. of Equity Shares held
Shri Ashok Kumar Modi	Chairman & Managing Director	271770
Shri Pawan Kumar Modi	Joint Managing Director	271770
Shri Vasu Modi	Non Executive Director	359745
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.

Four meetings of the Audit Committee were held during the financial year 2012-13, on 30.05.2012, 13.08.2012, 09.11.2012 and 12.02.2013. The constitution of the Committee as at 31.03.2013 and the attendance of each Member are as given below:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1	Shri Pankaj Kumar Agarwal	Non-Executive Independent	4
2	Shri Anshuman Goenka	Non-Executive Independent	4
3	Shri Vasu Modi	Non-Executive Non-Independent	4

### 5. Remuneration Committee

The Remuneration Committee of the Board comprises 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 Remuneration Committee. The Remuneration Committee has been constituted to recommend/review remuneration of the Managing Director and Wholetime Directors.

- a. Pecuniary Relationships: None of the Non Executive Directors of your Company have any pecuniary relationship or transactions with the Company.
- b. 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.
- c. No remuneration or sitting fees paid to the Non-executive directors.
- d. The details of remuneration paid/payable to the Whole-time Directors for the financial year 2012-2013 : Nil

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 30.05.2012, 13.08.2012, 09.11.2012 and 12.02.2013 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 Mr. Gyan Sheel, Company Secretary as Compliance Officer of the Shareholders/Investors/ Grievance.

No. of shareholders' complaints received upto 31st March, 2013	: 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 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 13<sup>th</sup> August, 2013.

#### 9. General Body Meetings

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

Year	Location	Date	Time
2009 – 2010	Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110 030	30.09.2010	11.30 a.m.
2010 – 2011		30.09.2011	11.30 a.m.
2011 – 2012		29.09.2012	11.30 a.m.

During last three AGMs, no Special Resolution was passed.

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 13<sup>th</sup> August, 2013 issued by Deepak Bansal & Associates, Company Secretary in practice is annexed and forms part of the Annual Report.

**15. Green Initiative**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), by its recent Circulars, enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participants(DPs)/Company/Registrars & Share Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in DEMAT form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with Skyline Financial Services Pvt. Ltd., by sending a letter duly signed by the first/sole holder quoting details of Folio Number.



**16. General Shareholders' Information**

**i. 27<sup>th</sup> Annual General Meeting**

Date and Time : 30th September, 2013 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, 2012 (unaudited) : 13<sup>th</sup> August, 2012  
Quarter ending September, 2012 (unaudited) : 9<sup>th</sup> November, 2012  
Quarter ending December, 2012 (unaudited) : 12<sup>th</sup> February, 2013  
Quarter/Year ending on March 2013 (audited) : 24<sup>th</sup> May, 2013

**iv. Date of Book Closure**

: 23<sup>rd</sup> Sept. 2013 to 30<sup>th</sup> Sept. 2013  
(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.  
D-153 A, 1<sup>st</sup> Floor, Okhla Industrial Area,  
Phase I, New Delhi - 110020  
**Tel.:** 011-26812682,83 **Fax :** 30857575  
**Email:** [admin@skylinerta.com](mailto:admin@skylinerta.com)

**viii. Stock Market Price Data at Bombay Stock Exchange Ltd.**

Month	Month's High Price	Month's Low Price
April, 2012	-	-
May, 2012	-	-
June, 2012	-	-
July, 2012	-	-
August, 2012	48.50	48.50
September, 2012	46.10	46.10
October, 2012	-	-
November, 2012	43.80	43.80
December, 2012	-	-
January, 2013	-	-
February, 2013	-	-
March, 2013	-	-

**ix. 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.



x. **Distribution of Shareholding as on 31.03.2013**

Holdings	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1 – 500	1104	66.62	339924	6.14
501 – 1000	454	27.40	438100	7.92
1001 – 2000	29	1.75	49800	0.90
2001 – 3000	23	1.39	67800	1.23
3001 – 4000	3	0.18	10500	0.19
4001 – 5000	4	0.24	20000	0.36
5001 – 10000	8	0.48	74400	1.35
10001 & above	32	1.94	4529735	81.91
<b>TOTAL</b>	<b>1657</b>	<b>100.00</b>	<b>5530259</b>	<b>100.00</b>

xi. **Shareholding Pattern as on 31.03.2013**

Category	No. of Shares held	%age of Total Shares
Promoters & Associates	3616002	65.39
Person Acting in Concert	-	-
Mutual Funds, Banks, FI & FII	-	-
Private Corporate Bodies	511200	9.24
Indian Public	1402557	25.36
NRI and OCBs	500	0.01
Any others	-	-

xii. **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, 2013, 3653198 equity shares, being 66.06% of the Company's total shares had been dematerialized.

xiii. **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date & likely impact on equity** : Not Applicable

xiv. **Plant Location** : **Works - I**  
9th Mile Stone, G.T. Road, Mohan Nagar, Sahibabad, Ghaziabad, Uttar Pradesh.  
**Works – II**  
Plot No. SP-242, RIICO Industrial Area, Kaharani (Bhiwadi Extension)  
District : Alwar, Rajasthan.

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 : 13.08.2013





**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, 2013.

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

Sd/-

Place : New Delhi  
Date : 13.08.2013

**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 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Ltd..

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 compliance with 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, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending as on 31<sup>st</sup> March, 2013 as per the records maintained and presented to the Shareholders Grievance Committee of the Company.

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

**For Deepak Bansal & Associates**  
Company Secretaries

Sd/-

Place : New Delhi  
Dated : 13.08.2013

**(Deepak Bansal)**  
Prop.  
FCS : 3736 C.P. No. : 7433



### Independent Auditors' Report

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

#### Report on the Financial Statements

We have audited the accompanying financial statements of M/s NATIONAL GENERAL INDUSTRIES LTD. ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor’s Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) 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;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For R.K GOVIL & Co.  
Chartered Accountants

Sd/-  
(Rajesh Kumar Govil)  
Partner  
FRN – 000748C  
Membership No. 013632

Place: New Delhi  
Dated: 24.05.2013

**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 off 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 most of the cases 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. (a) The Company has taken unsecured loans of Rs. 50 lacs during the year from a entity listed in the register maintained u/s 301 of the Companies Act. The said loan was non-interest bearing which is not prima-facie prejudicial to the interest of the Company. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs. 50 Lacs and the year-end balance is Rs. 50 Lacs.
- (b) 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.
- IV. 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.
- V. (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.
- VI. 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.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records U/S 209(1)(d) of the Companies Act 1956 for products manufactured by the company.
- IX. (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 31<sup>st</sup> March, 2013 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. As confirmed by the management, during financial year 2012-13, the Hon'ble

- High Court has allowed the said appeal but due to clerical mistake in the order, application for rectification has been filed and hence pending final order no effect has been given in the Books of Accounts.
- X. The Company does not have accumulated losses at the end of financial year. The Company has not incurred cash loss during the financial year covered by the audit and in the preceding financial year.
- XI. 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.
- XII. 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.
- XIII. In our opinion, the Company is not a chit fund or Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV. 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, 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.
- XV. 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.
- XVI. The term loans were applied for the purpose for which the loans were obtained.
- XVII. 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.
- XVIII. The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- XIX. During the period covered by our Audit Report, the Company has not issued any debentures.
- XX. During the period covered by our Audit Report, the Co. has not raised any money by public issue.
- XXI. 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.

For R.K GOVIL & Co.  
Chartered Accountants

Place: New Delhi  
Dated: 24.05.2013

Sd-/  
Rajesh Kumar Govil  
Partner  
FRN – 000748C  
Membership No.013632

**BALANCE SHEET AS AT 31ST MARCH 2013**

Particulars	Notes	(Amount in Rs.)	
		As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	3	<b>46,621,340</b>	46,598,840
Reserves and Surplus	4	<b>136,161,188</b>	132,746,184
<b>Non-Current Liabilities</b>			
Long-term borrowings	5	<b>10,984,202</b>	13,421,046
Deferred tax liabilities (Net)	6	<b>4,592,493</b>	4,737,082
Long term provisions	7	<b>823,280</b>	532,685
<b>Current Liabilities</b>			
Short-term borrowings	8	<b>28,949,237</b>	46,350,082
Trade payables		<b>5,169,930</b>	7,853,039
Other current liabilities	9	<b>13,421,974</b>	15,469,773
Short-term provisions	7	<b>254,590</b>	429,057
		<b>246,978,234</b>	268,137,788
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	<b>133,832,943</b>	136,551,197
Non-current investments	11	<b>40,538,279</b>	40,538,279
Long term loans and advances	12	<b>8,721,201</b>	9,726,601
Other non-current assets	13	-	137,047
<b>Current assets</b>			
Current investments	11	<b>1,476,018</b>	1,379,587
Inventories	14	<b>25,921,351</b>	32,120,163
Trade receivables	15	<b>15,101,538</b>	28,958,344
Cash and cash equivalents	16	<b>126,756</b>	796,808
Short-term loans and advances	12	<b>20,162,063</b>	16,701,895
Other current assets	13	<b>1,098,085</b>	1,227,867
		<b>246,978,234</b>	268,137,788

Notes 1 to 13, 26 To 33 and Cash Flow Statement form part of this Balance Sheet

As per our report of even date

**For R.K. Govil & Co.**  
Chartered Accountants

Sd/-

**Rajesh Kumar Govil**  
Partner  
FRN.: 000748C  
Membership NO. 013632  
Place: New Delhi  
Date : 24.05.2013

For and on behalf of Board of Directors

Sd/-

**Ashok Kumar Modi**  
Managing Director

Sd/-

**Vasu Modi**  
DirectorSd/-  
**Gyan Sheel**  
Company Secretary



**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs.)

Particulars	Notes	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
<b>INCOME:</b>			
Revenue from operations	17	221,769,469	308,123,130
Other Income	18	932,328	5,507,442
		<b>222,701,797</b>	<b>313,630,572</b>
<b>EXPENSES:</b>			
Cost of materials consumed	19	194,171,979	279,274,740
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	5,436,337	(691,510)
Employee benefit expense	21	6,503,179	11,351,481
Financial costs	22	6,303,881	8,038,259
Depreciation and amortization expense	23	3,543,746	4,053,675
Other expenses	24	8,472,546	11,272,167
		<b>224,431,668</b>	<b>313,298,812</b>
Profit before exceptional and extraordinary items and tax		<b>(1,729,871)</b>	331,760
Exceptional Items		-	-
Profit before extraordinary items and tax		<b>(1,729,871)</b>	331,760
Extraordinary Items		5,632,360	5,340,550
<b>PROFIT BEFORE TAX</b>		<b>3,902,489</b>	<b>5,672,310</b>
<b>TAX EXPENSES:</b>			
Current tax		739,105	1,099,536
Current tax - Prior Year		30,543	-
MAT Credit		(188,279)	(656,275)
MAT Credit - Prior Year		(465,627)	(104,560)
Others Tax Expenses		6,444	4,092
Deferred tax		(144,589)	426,029
Profit from the period from continuing operations		<b>3,924,892</b>	4,903,488
Profit from discontinuing operations		-	-
Tax expense of discounting operations		-	-
Profit from Discontinuing operations		-	-
<b>PROFIT AFTER TAX</b>		<b>3,924,892</b>	<b>4,903,488</b>
<b>EARNING PER EQUITY SHARE</b>			
(Nominal Value of Share Rs. 10 each)			
Basic and diluted	25	<b>0.71</b>	0.90

Notes 1,2, 17 to 33 and Cash Flow Statement form part of this Statement of Profit and Loss

As per our report of even date

**For R.K. Govil & Co.**  
Chartered Accountants

Sd/-

**Rajesh Kumar Govil**  
Partner  
FRN.: 000748C  
Membership NO. 013632  
Place: New Delhi  
Date : 24.05.2013

For and on behalf of Board of Directors

Sd/-

**Ashok Kumar Modi**  
Managing Director

Sd/-

**Vasu Modi**  
Director

Sd/-

**Gyan Sheel**  
Company Secretary



**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED ON 31ST MARCH,2013**

(Amount in Rs.)

	For the Year ended March31, 2013	For the Year ended March31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	(1,729,871)	331,760
Adjustments for:		
Depreciation and amortisation expense	3,543,746	4,053,675
(Profit)/loss on sale of Assets	(111,191)	-
(Profit)/loss on sale of Shares / Mutual Fund	(102,132)	-
Interest & Finance Charges	6,303,880	8,038,259
Interest Income	(371,277)	(577,373)
Dividend Income	(23,690)	(28,323)
<b>Operating Profit before Working Capital Changes</b>	<b>7,509,465</b>	<b>11,817,998</b>
Adjustments for:		
Decrease/(Increase) in Inventories	6,198,812	1,848,134
Decrease/(Increase) in Receivables	14,287,143	10,631,917
Decrease/(Increase) in other current and non current assets	(1,463,937)	7,257,302
Increase/(Decrease) in Payables	(2,683,109)	(3,611,580)
Increase/(Decrease) in Other Current Liabilities	(2,047,798)	(2,405,518)
Increase/(Decrease) in Provision	116,128	(671,774)
<b>Total Adjustment for working capital change</b>	<b>14,407,239</b>	<b>13,048,481</b>
<b>Cash generated from operations</b>	<b>21,916,703</b>	<b>24,866,479</b>
Income Tax (paid) refund	(1,091,919)	(342,793)
Other Cash Inflows (Outflows)	(76,859)	58,158
<b>Net Cash flow from Operating activities before extraordinary item</b>	<b>20,747,925</b>	<b>24,581,844</b>
Proceeds from extraordinary items	5,632,360	5,340,550
<b>Net Cash flow from Operating activities</b>	<b>26,380,285</b>	<b>29,922,394</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,620,582)	(4,096,728)
Sale of Fixed Assets	1,602,795	-
Purchase of Debt Mutual Fund	(2,000,000)	-
Sale of Debt Mutual Fund	2,000,668	-
Interest Income	56,073	577,373
Dividend Income	22,278	28,323
<b>Net Cash used in Investing activities</b>	<b>(938,767)</b>	<b>(3,491,032)</b>





## CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH,2013 (Contd.)

(Amount in Rs.)

	For the Year ended March31, 2013	For the Year ended March31, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term Borrowings	8,300,000	-
Repayment of Long term Borrowings	(10,736,844)	(20,518,650)
Repayment of Short term Borrowings	(17,400,846)	-
Interest paid	(6,303,880)	(8,038,259)
Proceeds from Share Issued	30,000	-
<b>Net Cash used in financing activities</b>	<b>(26,111,570)</b>	<b>(28,556,909)</b>
Net increase in cash & Cash Equivalents	(670,052)	(2,125,547)
Cash and Cash equivalents as at beginning	796,808	2,922,355
Cash and Cash equivalents as at end	126,756	796,808

Note: Cash Flow Statement is prepared using the indirect method, whereby profit before tax is adjusted for effect of transactions of a non cash nature and deferrals or accruals of past or future operating cash receipts of payments and item of income or expenses

As per our report of even date

**For R.K. Govil & Co.**

Chartered Accountants

Sd/-

**Rajesh Kumar Govil**

Partner

FRN.: 000748C

Membership NO. 013632

Place: New Delhi

Date : 24.05.2013

For and on behalf of Board of Directors

Sd/-

Sd/-

**Vasu Modi**

Director

Sd/-

**Gyan Sheel**

Company Secretary

## 1. Corporate information

National General Industries Limited ('The Company') is engaged in the production and selling of Steel. The Company has manufacturing facilities at Ghaziabad, Uttar Pradesh and Bhiwadi, Rajasthan.

## 2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### 2.1 Summary of significant accounting policies

#### (a) Tangible fixed assets

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of CENVAT Credit), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

#### (b) Depreciation on tangible fixed assets

Depreciation on fixed assets is provided on Straight Line Method as per rates computed based on estimated useful lives, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on revalued fixed assets is directly charged to Revaluation Reserve. No depreciation is being provided on leasehold land.

#### (c) Impairment

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognized in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount.

#### (d) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (e) Leases

*Where the Company is the lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

#### (f) Investments

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 investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost.

#### (g) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(h) Inventories**

Finished and semi-finished products produced and purchased by the Company are carried at lower of cost and net realizable value.

Work-in-progress is carried at lower of cost and net realizable value.

Raw materials purchased are carried at cost.

Store and spare parts are carried at cost.

Cost has been determined by using the FIFO method.

**(i) Revenue Recognition**

(i) Sale of goods : Revenue from sale of goods is recognized net of rebates and discounts on transfer of significant risks and rewards of ownership to the buyer. Sale of goods is recognized gross of excise duty but net of sales tax and value added tax.

(ii) Income from Services : Revenue from services is accounted for in accordance with the terms of contracts, as and when these services are rendered.

(iii) Interest : Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iv) Dividend : Dividend Income is recognized when right to receive is established.

**(j) Retirement and other benefits**

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to respective funds are due. There are no other obligations other than the contribution payable to the fund.

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each financial year.

**(k) Income taxes**

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

Minimum Alternate Tax (MAT) paid in during a year is charged to the statement of profit and loss as current tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period i.e. for the period for which MAT credit is allowed to be carried forward.

**(l) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(m) Contingent liability**

Contingent liability is not provided for in the accounts and is recognized by way of notes.

**(n) Amortisation of Misc. Expenditure**

Miscellaneous expenditure is amortized over a period of five years.



**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

PARTICULARS	(Amount in Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>3. Share Capital</b>		
<b><u>AUTHORISED SHARES</u></b>		
12,000,000 ( P.Y. 12,000,000) Equity Shares of Rs.10/- each	<b>120,000,000</b>	120,000,000
<b><u>ISSUED AND SUBSCRIBED SHARES</u></b>		
5,530,259 ( P.Y. 5,530,259) Equity Shares of Rs. 10/- each	<b>55,302,590</b>	55,302,590
	<b>55,302,590</b>	55,302,590
<b><u>PAID UP SHARES</u></b>		
5,530,259 ( P.Y. 5,530,259) Equity Shares of Rs. 10/- each	<b>55,302,590</b>	55,302,590
Less: Call Money unpaid by other than Directors	<b>8,681,250</b>	8,703,750
1,157,500 (P.Y.1,160,500) Shares @ Rs. 7.50 each		
	<b>46,621,340</b>	46,598,840
<b>a. Reconciliation of the Equity shares outstanding at the beginning and at the end of reporting period</b>		
Outstanding at the beginning of the year		
5,530,259 ( P.Y. 5,530,259) Equity Shares of Rs. 10/- each	<b>55,302,590</b>	55,302,590
Outstanding at the year end		
5,530,259 ( P.Y. 5,530,259) Equity Shares of Rs. 10/- each	<b>55,302,590</b>	55,302,590

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs 10 per share. The holder of each fully paid equity share is entitled to one vote. Each share is entitled to equal dividend if any declared by the Company and approved by the Share holders of the Company.

In the event of liquidation of the company, holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. During the year 1995-96, 327,551 Equity shares of Rs.10/- each fully paid up were issued as Bonus Shares out of General Reserve on 07/07/1995**

**d. Details of shareholders holding more than 5% shares in the company**

Name	As at 31.03.2013		As at 31.03.2012	
	No.	% of Holding	No.	% of Holding
<b>Modi Power Pvt. Ltd.</b>	<b>499,900</b>	<b>9.04</b>	499,900	9.04

**NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2013**

PARTICULARS	(Amount in Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>4. Reserves &amp; Surplus</b>		
<b>Capital Reserve</b>		
Balance as per the last financial statements	24,764,460	24,764,460
Closing Balance	<u>24,764,460</u>	<u>24,764,460</u>
<b>Security Premium Account :</b>		
Balance as per the last financial statements	14,202,750	14,202,750
Add : Unpaid Call Money Received	7,500	-
Closing Balance	<u>14,210,250</u>	<u>14,202,750</u>
<b>Revaluation Reserve</b>		
Balance as per the last financial statements	3,214,531	3655060
Less: Depreciation on Revalued Assets	440,529	440529
Closing Balance	<u>2,774,002</u>	<u>3,214,531</u>
<b>General Reserve</b>		
Balance as per the last financial statements	83,000,000	79,000,000
Add: Amount transferred from surplus balance in the statement of Profit & Loss	400,000	4,000,000
Closing Balance	<u>87,000,000</u>	<u>83,000,000</u>
<b>Surplus Balance in Statement of Profit and Loss</b>		
Balance as per the last financial statements	7,564,443	6,602,797
Profit for the year	3,924,892	4,903,488
Add: Excess Provision written back	-	58,158
	<u>11,489,335</u>	<u>11,564,443</u>
Less: Appropriations :		
Prior Year Expenditure	76,859	-
Transfer to General Reserve	4,000,000	4,000,000
Total Appropriation	<u>4,076,859</u>	<u>4,000,000</u>
<b>Surplus in the Statement of Profit and Loss</b>	<u>7,412,476</u>	<u>7,564,443</u>
<b>Total Reserves &amp; Surplus</b>	<u>136,161,188</u>	<u>132,746,184</u>
<b>5. Long-term borrowings</b>		
<b>Secured Borrowings</b>		
Loan from RIICO Ltd.*	13,421,046	24,157,890
<b>Unsecured Borrowings</b>		
Loan from Body Corporates	3,300,000	-
Loan from Related Party	5,000,000	-
	<u>21,721,046</u>	<u>24,157,890</u>
Less: Current Maturity of Long Term Borrowings	10,736,844	10,736,844
	<u>10,984,202</u>	<u>13,421,046</u>

\*Deferred Payment Loan against cost of Leasehold Land for Bhiwadi unit purchased from RIICO Ltd. on repayment terms of 19 quarterly installments along with simple interest @ 12% p.a. on reducing balance starting from December, 2009 and ending on June, 2014.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

PARTICULARS	(Amount in Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>6. Deferred tax liabilities (Net)</b>		
<b>Deferred Tax Liability</b>		
On Fixed Assets: Difference in depreciation and amortisation for accounting and income tax purposes	4,925,555	5,034,260
<b>Deferred Tax Asset</b>		
On provision for Gratuity	333,062	297,178
<b>Net Deffered Tax Liabaility</b>	<u>4,592,493</u>	<u>4,737,082</u>
<b>7. Provisions</b>		
<b>Long Term</b>		
Provision for Gratuity	823,280	532,685
	<u>823,280</u>	<u>532,685</u>
<b>Short Term</b>		
Provision for Gratuity	254,590	429,057
	<u>254,590</u>	<u>429,057</u>
<b>8. Short-term borrowings</b>		
Working Capital Loan from Bank (Secured)*	28,949,237	46,269,947
Tata Capital Ltd. (Against hypothecation of Car repayable in 35 EMI starting from Feb, 2010 to Dec, 2012)	-	80,135
	<u>28,949,237</u>	<u>46,350,082</u>
<p>*Working Capital loans from banks are secured by first charge on all current assets of company, both present &amp; future, including stocks of raw materials, finished and semi-finished goods and book debts of the Company. These facilities are further secured by collateral security of land of the company situated at 9th Milestone, Ghaziabad. The managing director and director has also given a personnel guarantee to the bank for this facility. The working capital loans are repayable on demand and carry interest @ 12.50 % p.a.</p>		
<b>9. Other current liabilities</b>		
Current Maturity of Long Term Borrowings (Secured)	10,736,844	10,736,844
Advance from Customers	123,573	687,748
Salary & Wages Payable	585,435	1,021,497
EPF Payable	28,144	30,821
Other Accrued Payroll Liabilities	125,364	105,548
Other Tax Payable	672,086	171,598
Expenses Payable	915,706	1,957,049
Creditors for Capital Expenditures	234,822	758,668
	<u>13,421,974</u>	<u>15,469,773</u>





**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

PARTICULARS	(Amount in Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>11. Investments</b>		
<b>Non Current Investments</b>		
<b>Trade Investments</b>		
<b>Quoted equity instruments</b>		
700 (P.Y. 700) equity shares of Rs. 10 each in Kay Pulp & Papers Ltd.	7,000	7,000
2 (P.Y. 2) equity shares of Rs. 10 each in Southern Iron & Steel Co. Ltd.	76	76
<b>Total Quoted Equity Instruments</b>	<b>7,076</b>	<b>7,076</b>
<b>Unquoted equity instruments</b>		
3,124,750 (P.Y. 3,124,750) equity shares of Rs. 10 each in Modi Power Pvt. Ltd.	27,540,000	27,540,000
557,300(P.Y. 557,300) equity shares of Rs. 10 each in Peacon Properties & Enclave. Pvt. Ltd.	1,131,200	1,131,200
<b>Total Unquoted Equity Instruments</b>	<b>28,671,200</b>	<b>28,671,200</b>
<b>Quoted Mutual Funds</b>		
Units Franklin India Smaller Company F 150,000	1,500,000	1,500,000
HDFC Equity Fund 50,719	5,360,004	5,360,004
<b>Total Quoted Mutual Funds</b>	<b>6,860,004</b>	<b>6,860,004</b>
<b>Unquoted Mutual Funds</b>		
CIG Realty Venture Fund 500,000	5,000,000	5,000,000
<b>Total Unquoted Mutual Funds</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Total Non Current Investments</b>	<b>40,538,279</b>	<b>40,538,279</b>
<b>Current Investments</b>		
Investment in Shares through ING Portfolio Management Serv	1,476,018	1,379,587
<b>Total Current Investments</b>	<b>1,476,018</b>	<b>1,379,587</b>
<b>Total Investments</b>	<b>42,014,297</b>	<b>41,917,866</b>

	Book Value as at		Market Value as at	
	31.03.13	31.03.12	31.03.13	31.03.12
Quoted	6,867,079	6,867,079	16,117,928	15,329,534
Unquoted	35,147,218	35,050,787		
	<b>42,014,297</b>	<b>41,917,866</b>	<b>16,117,928</b>	<b>15,329,534</b>



























**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 27<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 30<sup>th</sup> September, 2013 at 11.30 a.m. at Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110030 or at any adjournment thereof.

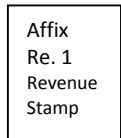
Signed at ..... this ..... day of .....2013.

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

Registered Folio No. ....

No. of Shares held .....

\*Applicable for investors holding shares in electronic form.



**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 27<sup>th</sup> Annual General Meeting of the Company held on Monday, 30<sup>th</sup> September, 2013 at 11.30 a.m. at Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110030.

.....  
Signature of Shareholder/Proxy\*

\* 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.