



National General Industries Ltd.

Board of Directors

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

Company Secretary

Gyan Sheel

Auditors

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

Registered Office

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

Works - I

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

Works – II

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

Bankers

State Bank of Patiala
Standard Chartered Bank

Registrar & Transfer Agents

246, 1st Floor,
Sant Nagar, East of Kailash,
New Delhi – 110065
Tel.: 011-26292682, 26292683
Fax : 011 – 26292681
Email: admin@skylinerta.com

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National General Industries Ltd.

NOTICE

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of National General Industries Limited will be held on Thursday, the 30th September, 2010 at 11.30 a.m. at Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110 030, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March, 2010, the Profit and Loss Account for the year ended on that date, together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vasu Modi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s R. K. Govil & Company, Statutory Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED THAT pursuant to provisions of the section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Mr. Ashok Kumar Modi as Chairman cum Managing Director of the Company for a period of 5 (Five) years with effect from 4th July, 2010 on the following remuneration, terms and conditions agreed to between the Board of Directors and Mr. Ashok Kumar Modi and with the liberty to Board of Directors to alter, vary the terms & conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, including any statutory modification or enactment thereof, for the time being in force of the said re-appointment in such manner as may be agreed to between the Board of Directors of the Company and acceptable to Mr. Ashok Kumar Modi.

1. Basic Salary – Rs. 16,000/- per month.
2. Medical reimbursement – expenses incurred for Chairman cum Managing Director and his family, subject to the ceiling of one month’s salary in a year or three months salary over a period of three years.
3. Leave Travel Concession – for the Chairman cum Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
4. Club Fees – Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
5. Personal Accident insurance – premium not to exceed Rs. 4,000/- per annum. For the purpose of this part, family means spouse, depended children and dependent parents of the Chairman cum Managing Director.
6. Provision of Car with driver for use on Company’s business, telephone & electricity at the residence and reimbursement of expenses thereof.



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

"RESOLVED THAT pursuant to provisions of the section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Mr. Pawan Kumar Modi as Joint Managing Director of the Company for a period of 5 (Five) years with effect from 4th July, 2010 on the following remuneration, terms and conditions agreed to between the Board of Directors and Mr. Pawan Kumar Modi and with the liberty to Board of Directors to alter, vary the terms & conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, including any statutory modification or enactment thereof, for the time being in force of the said re-appointment in such manner as may be agreed to between the Board of Directors of the Company and acceptable to Mr. Pawan Kumar Modi.

1. Basic Salary – Rs. 16,000/- per month.
 2. Medical reimbursement – expenses incurred for Joint Managing Director and his family, subject to the ceiling of one month's salary in a year or three months salary over a period of three years.
 3. Leave Travel Concession – for the Joint Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
 4. Club Fees – Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
 5. Personal Accident insurance – premium not to exceed Rs. 4,000/- per annum. For the purpose of this part, family means spouse, depended children and dependent parents of the Joint Managing Director.
 6. Provision of Car with driver for use on Company's business, telephone & electricity at the residence and reimbursement of expenses thereof.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **SPECIAL RESOLUTION**:

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

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

Place : New Delhi
Date : 13.08.2010

Sd/-
Gyan Sheel
Company Secretary

NOTES :

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

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

Place : New Delhi
Date : 13.08.2010

Sd/-
Gyan Sheel
Company Secretary

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

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

ITEM NO. 4

The terms of Mr. Ashok Kumar Modi as Chairman cum Managing Director expired on 3rd July, 2010. The Board of Directors of the Company has re-appointed him for a further period of 5 (Five) Years from the date of expiry of his term. On the recommendation of Remuneration Committee, the details of remuneration payable to Mr. Ashok Kumar Modi are set out in the resolution at serial no. 4 of the notice, is submitted for shareholders approval.

The terms and conditions and/or payment of remuneration as set out for re-appointment may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made thereto.



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The above may be treated as an abstract of the terms of re-appointment of Mr. Ashok Kumar Modi as the Chairman cum Managing Director of the Company, as required under section 302 of the Companies Act, 1956.

None of the Directors except Mr. Ashok Kumar Modi is in any way concerned or interested in the said resolution.

The Board commends the resolution for approval of shareholders.

ITEM NO. 5

The terms of Mr. Pawan Kumar Modi as Joint Managing Director expired on 3rd July, 2010. The Board of Directors of the Company has re-appointed him for a further period of 5 (Five) Years from the date of expiry of his term. On the recommendation of Remuneration Committee the details of remuneration payable to Mr. Pawan Kumar Modi are set out in the resolution at serial no. 5 of the notice, is submitted for shareholders approval.

The terms and conditions and/or payment of remuneration as set out for re-appointment may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made thereto.

The above may be treated as an abstract of the terms of re-appointment of Mr. Pawan Kumar Modi as the Joint Managing Director of the Company, as required under section 302 of the Companies Act, 1956.

None of the Directors except Mr. Ashok Kumar Modi is in any way concerned or interested in the said resolution.

The Board commends the resolution for approval of shareholders.

ITEM NO. 6

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

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



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

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

The Board commends the resolution for approval of shareholders.

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

Place : New Delhi
Date : 13.08.2010

Sd/-
Gyan Sheel
Company Secretary

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

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

National General Industries Ltd.

DIRECTORS' REPORT

Dear Members,

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

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

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

FINANCIAL RESULTS (Rs. in Lacs)

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

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

PERFORMANCE DURING THE YEAR UNDER REVIEW

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

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QUALITY MANAGEMENT

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

FUTURE OUTLOOK

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

DIRECTORS

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

DIVIDEND

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

FIXED DEPOSITS

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

AUDITORS & AUDITORS' REPORT

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

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

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

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

COMPLIANCE WITH THE ACCOUNTING STANDARDS

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

AUDIT COMMITTEE

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

DEMATERIALISATION OF SHARES

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

STOCK EXCHANGE LISTING

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

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

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo for the year ended 31st March, 2010 are annexed as Annexure 'A' and form an integral part of this report.

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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 31st March, 2010, hereby state and confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors had, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on March 31, 2010 and of the profit of the Company for that period;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

APPRECIATION & ACKNOWLEDGEMENT

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

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

Sd/-

Ashok Kumar Modi
Chairman and Managing Director

Place : New Delhi
Date : 13.08.2010

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, 2010.

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:

			2009-2010	2008-2009	
A) Power & Fuel Consumption					
1.	Electricity				
	a)	Purchased			
		Units (in thousands)	918550	792130	
		Total Amount (Rs.)	5925612.00	6233687.00	
		Rate/Unit (Rs.)	6.45	7.87	
	b)	Own Generation through Diesel Generator			
		Litres	17900	21600	
		Total amount (Rs.)	611033.00	750232.00	
		Cost / Ltr.	34.14	34.73	
	c)	Through engine (LDO)			
		Litres	82940	77040	
		Total Amount (Rs.)	2620652.00	2502381.00	
		Cost / Ltr.	31.60	32.48	
2.	Furnace Oil				
		Qty. (K. Ltr.)	750.890	641.675	
		Total Amount	19981718	16483193	
		Average Rate	26.61	25.69	
B) Consumption per unit production					
			Unit	2009-2010	2008-2009
		Electricity	Units	61.16	61.15
		Diesel Oil	Ltrs.	1.19	1.67
		LDO	Ltrs.	5.52	5.95
		Furnance Oil	Ltrs.	49.99	49.54

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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. 141761.00
(P.Y. Rs.135370.00)

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

Place : New Delhi
Date : 13.08.2010

Sd/-
Ashok Kumar Modi
Chairman and Managing Director

National General Industries Ltd.

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 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 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 24 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 line 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 bass of all engineering grades. The future is likely to see only those companies successful, which have their product 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 year 2009 witnessed the turbulence pain and panic from the unprecedented Economic and Financial crisis adversely impacting the Global Economic Growth. The timely, cumulative stimulated economic efforts of various Governments significantly curtailed the depth, span and intensity of the economic downfall although the possibility of few noted and sovereign defaults continue to haunt the world in the near term.



The Steel being at the core of the economic progress witnessed an unprecedented downturn in 2009. Due to large inventories alongwith stand still demand, advance economies came under pressure. All over the world, except China and India, faces low domestic demand. The global economic and financial crisis impacted steel consumption which declined 67% from 1,202 mn tonnes in 2008 to 1,121 mn tonnes in 2009. World consumption of finished steel except China and India, registered a decline of 26.8% in 2009. However, China and India registered a growth in steel consumption by 18% largely due to the massive consumption of steel to satiate stimulated domestic demand.

INDIAN ECONOMY

India registered a strong come-back in 2009-10 displaying its ability to withstand extreme external adversities, which destabilized major economies. India recorded a GDP growth of 7.2% in 2009-10 against 6.7% in 2008-09. This was largely due to timely economic stimulus fueling investment and consumption. Indian steel industry stood out in the global steel industry due to its resilience during the downturn. While the steel production in the world dipped by 8% in 2009, it registered a growth of around 4% in this period. Even though the real estate sector showed marked decline, the same was compensated by sustained growth in infrastructure, manufacturing and automobile sector. Government intervention in the form of fiscal stimulus helped to propel growth in the end user industry.

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.

National General Industries Ltd.

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

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

During the year under review, the turnover of your Company increased to 1840.50 lakhs from 1608.40 lakhs last year, registering an increase of 14.43%.

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.



REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

(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 31.03.2010, 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 31.03.2010 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	6	Yes	-	-
	Shri Pawan Kumar Modi	6	Yes	-	-
Non-Executive Non-independent Directors	Shri Vasu Modi	6	Yes	1	-
Non-Executive Independent Directors	Shri Pankaj Kumar Agarwal	5	Yes	-	-
	Shri Anshuman Goenka	6	Yes	-	-
	Shri Chaitanya Dalmia	5	No	5	-

During the Financial Year 2009-10, 6 Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 27.04.2009, 04.05.2009, 28.07.2009, 03.09.2009, 28.10.2009 & 28.01.2010.



National General Industries Ltd.

Number of Equity Shares held by Directors as on 31st March, 2010 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 2009-10, on 27.04.2009, 28.07.2009, 03.09.2009, 28.10.2009 and 28.01.2010. The constitution of the Committee as at 31.03.2010 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	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 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 2009-2010 is as given below:

Name of the Directors	Salary (Rs.)
Shri Ashok Kumar Modi (Chairman cum 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.

The Remuneration Committee at their meeting held on 13th August, 2010, has recommended re-appointment of Shri Ashok Kumar Modi as Managing Director and Mr. Pawan Kumar Modi as Jt. Managing Director of the Company, for a further period of five year i.e. from 4th July, 2010 to 3rd July, 2015 on the terms and conditions as set out in the resolution which form part of notice of this Annual General Meeting.

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 27.04.2009, 28.07.2009, 28.10.2009 and 28.01.2010, 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, 2010	: 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 13th August, 2010.

9. General Body Meetings

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

Year	Location	Date	Time
2006 – 2007	Nawal Vihar,	29.09.2007	11.30 a.m.
2007 – 2008	Farm 7, Dera Gaon,	30.09.2008	11.30 a.m.
2008 – 2009	New Delhi – 110 030	30.09.2009	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.

During the year under review, in accordance with the order dated 15th May, 2009 of Hon'ble High Court of Delhi, Shareholders Meeting was held on Tuesday, 30th June, 2009 at 01:30 p.m. at Naval Vihar, Farm 7, Dera Gaon, New Delhi – 110030, to approve by special resolution, the Scheme of Amalgamation for merger of Modi Metal Udyog Pvt. Ltd. with the Company.

10. Disclosures

- 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.
- 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.
- 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.
- 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.
- 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 rd Floor, Surya Plaza, K-185/1, Sarai Julena, New Friends Colony, New Delhi - 110025
E-mail	ngil@vsnl.com
Phone	011-26829517, 19
Fax	011-26920584

14. Compliance Certificate

A Compliance Certificate on Corporate Governance dated 13th August, 2010 issued by S. J. Patnaik & Co., Company Secretary in practice is annexed and forms part of the Annual Report.

15. General Shareholders' Information

i. 24th Annual General Meeting

Date and Time	: 30th September, 2010 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, 2009 (unaudited)	: 28 th July, 2009
Quarter ending September, 2009 (unaudited)	: 28 th October, 2009
Quarter ending December, 2009 (unaudited)	: 28 th January, 2010
Quarter/Year ending on March 2010 (audited)	: 28 th May, , 2010

iv. Date of Book Closure

: 27th Sept. 2010 to 30th Sept. 2010
(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, 1st Floor, Sant Nagar,
 East of Kailash, New Delhi - 110065
Tel.: 011-26292682,83 **Fax :** 26292681
Email: admin@skylinerta.com

viii Stock Market Price Data at Bombay Stock Exchange Ltd.

Month	Month's High Price	Month's Low Price
April, 2009	-	-
May, 2009	-	-
June, 2009	-	-
July, 2009	-	-
August, 2009	-	-
September, 2009	-	-
October, 2009	-	-
November, 2009	33.00	33.00
December, 2009	-	-
January, 2010	-	-
February, 2010	34.65	34.65
March, 2010	-	-

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 31.03.2010

Holdings	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1 – 500	1088	65.50	341750	6.76
501 – 1000	476	28.66	459900	9.09
1001 – 2000	29	1.75	49800	0.98
2001 – 3000	23	1.38	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	29	1.81	4034405	79.75
TOTAL	1660	100.00	5058555	100.00


xi. Shareholding Pattern as on 31.03.2010

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	-	-

- 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, 2010, 3105698 equity shares, being 61.39% 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**
 (under construction as on 31.03.2010)
 Plot No. SP-242, RIICO Industrial Area, Kaharani (Bhiwadi Extension)
 District : Alwar, Rajasthan.

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 31st March, 2010.

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

Place : New Delhi
 Date : 13.08.2010

Sd/-
Ashok Kumar Modi
Managing Director

National General Industries Ltd.

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, 2010, 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 : 13.08.2010

Sd/-
(Samar Jeet Patnaik)
Proprietor
Memb. No. FCS 5420
C.P. No. : 4384

National General Industries Ltd.

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 2010 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 2010 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 31.03.10, 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, 2010
 - 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: 28th May, 2010

For R.K GOVIL & Co.
Chartered Accountants
Sd/-
(Rajesh K. Govil)
Partner
FRN – 00748C
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. (a) 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.
(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. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- 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,

National General Industries Ltd.

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, 2010 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.

- x. 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.
- 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 4 (xiii) 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 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.
- 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 Act.
- 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 Company 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.

Place: New Delhi
Date: 28th May, 2010

For R.K GOVIL & Co.
Chartered Accountants
Sd/-
(Rajesh K. Govil)
Partner
FRN – 00748C
Membership No.13632

National General Industries Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount in Rs.)

PARTICULARS	Sch.	Balance As at 31.03.2010	Balance As at 31.03.2009
I. SOURCES OF FUNDS:			
(1) Shareholder's Funds :			
(a) Share Capital	1	41,374,800	41,374,800
(b) Equity Shares Suspense (Refer Note 1 of Schedule 18B)		4,717,040	4,717,040
(c) Reserve & Surplus	2	126,286,882	123,594,907
(2) Deferred Tax Liabilities		2,544,739	1,894,915
(3) Loan Funds :			
(a) Secured Loans	3	59,058,583	13,941,239
(b) Unsecured Loans	4	6,608,526	6,608,526
Total		240,590,570	192,131,427
II. APPLICATION OF FUNDS:			
(1) Fixed Assets	5		
Gross Block		125,990,252	54,449,786
Less: Depreciation		25,458,603	22,639,577
Net Block		100,531,649	31,810,209
Capital Work In Progress		29,415,177	-
		129,946,826	31,810,209
(2) Investments	6	58,174,336	112,569,389
(3) Current Assets, Loans and Advances:	7		
(a) Inventories		21,094,646	17,531,614
(b) Sundry Debtors		15,425,308	16,321,537
(c) Cash and Bank Balance		6,075,559	1,176,253
(d) Loans and Advances		25,073,182	22,162,271
		67,668,695	57,191,675
Less: Current Liabilities and Provisions:	8		
(a) Liabilities		14,234,769	9,262,480
(b) Provisions		1,224,518	686,787
		15,459,287	9,949,267
Net Current Assets :		52,209,408	47,242,408
(4) Miscellaneous Expenditure (To the extent not w/off or adjusted)		260,000	509,421
Total		240,590,570	192,131,427

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

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For and on behalf of Board of Directors

For R. K. Govil & Co.
Chartered Accountants

Sd/-

Sd/-

Sd/-

Pawan Kumar Modi
Joint Managing Director

Vasu Modi
Director

(Rajesh K. Govil)
Partner
FRN.: 000748C
Membership No.: 13632
Place : New Delhi
Date : 28.05.2010

Sd/-

Gyan Sheel
Company Secretary


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

(Amount in Rs.)

PARTICULARS	Sch.	Year Ended 31.03.2010	Year Ended 31.03.2009
INCOME :			
Turnover	9	216,114,820	193,930,267
Less: Excise Duty		14,388,379	18,361,437
		201,726,441	175,568,830
Other Income	10	2,385,570	2,946,311
Total		204,112,011	178,515,141
ADD/(LESS)			
Increase/(Decrease) in Stock		2,952,924	(6,734,435)
Total		207,064,935	171,780,706
EXPENDITURE :			
Raw Material Consumed	11	156,850,916	128,794,743
Manufacturing Expenses	12	3,295,976	3,049,957
Power & Fuel Consumption	13	27,911,002	26,435,121
Establishment Expenses	14	2,404,822	2,308,592
Administrative Expenses	15	6,197,573	5,072,834
Loss on Sale of Assets		40,165	132,895
Loss on Sale on Investments		126,858	-
Financial Expenses	16	1,359,976	1,403,518
Selling & Distribution Expenses	17	2,243,725	1,342,843
Preliminary Expenses Written Off		249,421	249,421
Depreciation	5	2,532,723	2,327,884
		203,213,156	171,117,806
PROFIT FOR THE YEAR BEFORE TAXATION		3,851,779	662,900
ADD			
Balance brought forward from last year		8,960,579	11,889,212
Prior Year Adjustment		(1,477)	156,792
Total		12,810,881	12,708,904
LESS			
Provision for Tax - Current Tax & FBT		548,237	170,120
Minimum Alternative Tax Credit Availed		(548,237)	(56,561)
Security Transaction Tax		67,974	1,827
Prior Year Adjustment		-	78,597
Deferred Tax Liabilities / (Asset)		649,824	54,342
Transferred to General Reserve		3,700,000	3,500,000
Balance Transferred to Balance Sheet		8,393,083	8,960,579

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

18

For and on behalf of Board of Directors

 For R. K. Govil & Co.
 Chartered Accountants

Sd/-

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 Joint Managing Director

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 Director

 (Rajesh K. Govil)
 Partner
 FRN.: 000748C
 Membership No.: 13632
 Place : New Delhi
 Date : 28.05.2010

Sd/-

 Gyan Sheel
 Company Secretary



SCHEDULE ANNEXED TO AND FROMING PART OF BALANCE SHEET

PARTICULARS	Balance	Balance
	As at 31.03.2010	As at 31.03.2009

SCHEDULE - 1

SHARE CAPITAL

AUTHORISED CAPITAL

6000000 Equity Shares of Rs. 10/- each (P.Y. 6000000) 60,000,000 60,000,000

ISSUED, SUBSCRIBED & PAID UP CAPITAL

5058555 (5058555) Equity Shares of Rs. 10/- each 50,585,550 50,585,550

Less: Call Money unpaid 1228100 Shares @ 7.50 (Prev. Yr. 1228100 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 shares at Rs. 5/- each

Less: Premium on the Allotment Money 17,104,000

unpaid on 1228100 Shares @ 2.50 (Prev. Yr. 1228100 Shares) 3,070,250 14,033,750 14,033,750

Revaluation Reserve 4,536,118

Less: Dep. On Revalued Assets 440,529 4,095,589 4,536,118

Capital Reserve 24,764,460 24,764,460

General Reserve 75,000,000 71,300,000

Profit & Loss A/c 8,393,083 8,960,579

126,286,882 123,594,907

SCHEDULE- 3.

SECURED LOANS

State Bank Of Patiala 12,864,545 13,480,482

(Against hypothication of stock & personal guarantee of Directors)

Tata Capital Ltd. - Car Loan 562,460 460,757

RIICO Ltd. -Bhiwadi Land 45,631,578 -

59,058,583 13,941,239

SCHEDULE- 4.

UNSECURED LOANS

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

6,608,526 6,608,526

National General Industries Ltd.

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE - S. FIXED ASSETS.

PARTICULAR	GROSS BLOCK						DEPRECIATION						NET BLOCK					
	AS ON 01.04.2009		AS ON 31.03.2010		AS ON 01.04.2009		DURING THE YEAR		AS ON 31.03.2010		AS ON 31.03.2010		AS ON 31.03.2010		AS ON 31.03.2009			
	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED	ORIGINAL	REVALUED		
LAND	3,623,405	7,160,180	-	73,367,000	7,160,180	-	-	-	-	-	-	-	-	73,367,000	7,160,180	3,623,405	7,160,180	
BUILDING	1,820,456	3,356,209	-	1,820,456	3,356,209	418,831	1,645,839	45,308	112,097	464,139	1,757,936	1,356,317	1,598,273	1,356,317	1,598,273	1,401,625	1,710,370	
PLANT & MACHINERY	17,823,351	6,914,353	1,045,561	18,654,712	6,914,353	6,513,671	4,712,963	844,540	328,432	7,316,633	5,041,385	11,338,079	1,872,958	11,338,079	11,309,730	2,201,390	2,201,390	
VEHICLES	6,429,994	-	304,864	6,125,130	-	2,538,447	-	589,128	-	3,014,876	-	3,110,254	-	3,891,547	-	-	-	
FIRE & FIGHTING EQUIP.	201,853	-	1,800	203,653	-	48,905	-	9,637	-	58,542	-	145,111	-	152,948	-	-	-	
FURNITURE & FIXTURE	225,942	-	5,230	230,872	-	57,969	-	14,591	-	72,560	-	158,312	-	167,673	-	-	-	
OFFICE EQUIPMENT	156,427	-	48,450	204,877	-	56,989	-	14,071	-	71,060	-	133,817	-	99,438	-	-	-	
F. A. ROLLS	6,188,849	-	1,214,895	7,403,744	-	6,158,489	-	974,231	-	7,132,720	-	271,024	-	30,360	-	-	-	
COMPUTER	549,066	-	-	549,066	-	487,524	-	41,217	-	528,741	-	20,325	-	61,542	-	-	-	
TOTAL	37,019,044	17,430,742	72,069,531	108,559,511	17,430,742	16,280,775	6,358,802	2,532,723	440,529	18,658,271	6,796,331	89,900,238	10,631,411	20,738,269	11,071,940	-	-	
PREVIOUS YEAR	30,086,874	17,430,742	2,843,152	32,056,748	17,430,742	13,988,288	5,918,273	2,066,700	440,529	15,867,033	6,358,802	16,183,715	11,071,940	-	-	-	-	

National General Industries Ltd.

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

PARTICULARS	No. of Shares/ Units	Balance As at 31.03.2010	No. of Shares/ Units	Balance As at 31.03.2009
SCHEDULE-6				
INVESTMENTS				
LONG TERM INVESTMENTS				
QUOTED SHARES				
Lakshmi Vilas Bank Ltd.		-	459,398	43,599,076
Jsw Steel Ltd.		-	734	593,654
Tata Steel Ltd.		-	421	333,473
Gujrat Indus. Power Co. Ltd.		-	5,000	500,287
Kay Pulp & Papers Ltd.	700	7,000	700	7,000
Shares Under ING PMS Accounts		1,276,057		-
Southern Iron & Steel Co. Ltd.	2	76	2	76
Total(A)		1,283,133		45,033,566
UNQUOTED SHARES				
Modi Power Pvt. Ltd.	3,340,750	38,900,000	3,340,750	38,900,000
Peacon Properties & Encl. Pvt. Ltd.	557,300	1,131,200	557,300	1,131,200
Total(B)		40,031,200		40,031,200
MUTUAL FUND				
Franklin India Smaller Company Fund-Gr.	150,000	1,500,000	150,000	1,500,000
HDFC Equity Fund	50,718,500	5,360,004	51,034	2,762,364
CIG REALTY VENTURE FUND	1,000,000	10,000,000	1,000,000	10,000,000
Total(C)		16,860,004		14,262,364
CURRENT INVESTMENTS				
MUTUAL FUND				
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
Total(D)				13,242,259
Total Investment(A+B+C+D)		58,174,336		112,569,389

Aggregate Market Value of Quoted Investments Rs.26,796,492/- (Previous Year Rs. 73,739,600/-)


SCHEDULE ANNEXED TO AND FROMING PART OF BALANCE SHEET

PARTICULARS	Balance As at 31.03.2010	Balance As at 31.03.2009
SCHEDULE- 7		
CURRENT ASSETS, LOANS & ADVANCES :		
(a) STOCK IN TRADE (as valued & certified by the Management)	21,094,646	17,531,614
(b) SUNDRY DEBTORS : (Unsecured, considered goods)		
- Exceeding Six Months	2,661,996	2,672,459
- Others	12,763,313	13,649,078
(c) CASH AND BANK BALANCES :		
- Cash in hand	87,373	95,382
- Balance with Scheduled Banks in Current Accounts	5,988,186	1,080,871
	42,595,513	35,029,404
(d) LOANS & ADVANCES		
Advance Recoverable in cash or in kind for value to be received	14,296,315	18,427,430
Security Deposit	8,296,751	1,575,632
Advance to Staff	182,691	116,237
Advance Tax, FBT & TDS	861,999	1,123,667
Minimum Alternative Tax Adjustable	1,419,897	871,660
Advance to Suppliers & Others	15,530	47,645
	25,073,182	22,162,271
SCHEDULE-8		
CURRENT LIABILITIES & PROVISIONS		
(a) CURRENT LIABILITIES:		
Sundry Creditors		
- Micro, Small & Medium Scale Enterprises	11,917,460	7,465,510
- Others	11,214	111,223
Advance from Customers	750,018	750,018
Interest Accrued (remaining unpaid)	1,556,077	935,729
Expenses Payable	14,234,769	9,262,480
(b) PROVISIONS:		
Provision for Taxation & FBT	548,237	170,120
Provision for Gratuity	676,281	516,667
	1,224,518	686,787
	15,459,287	9,949,267
MISC. EXPENDITURE		
Preliminary Expenses	509,421	758,842
Less: Written off during the year	249,421	249,421
	260,000	509,421

National General Industries Ltd.

SCHEDULE ANNEXED TO AND FROMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
<u>SCHEDULE - 9.</u>		
<u>SALES</u>		
Finished Goods	181,192,758	159,001,199
Conversion Charges	32,064,557	33,090,262
Melting Scrap	2,857,505	1,838,806
	216,114,820	193,930,267
<u>SCHEDULE - 10.</u>		
<u>OTHER INCOME</u>		
Income from Current Investment	-	146,733
Income From Long Term Investment	15,996	-
Income From Dividend	697,220	1,864,778
Misc. Income	-	40,810
Agriculture Income	172,435	153,771
Interest Received	1,499,919	740,220
	2,385,570	2,946,311
<u>SCHEDULE - 11.</u>		
<u>MATERIAL CONSUMPTION</u>		
Opening Stock	6,554,705	4,586,890
Add: Purchase	157,867,076	130,762,558
	164,421,781	135,349,448
Less: Closing Stock	7,570,865	6,554,705
	156,850,916	128,794,743
<u>SCHEDULE - 12.</u>		
<u>MANUFACTURING EXPENSES</u>		
Wages & Labour Charges	2,070,936	1,860,826
Bonus & Ex-Gratia	60,611	57,604
Contribution to P. F.	104,742	94,058
Contribution to E. S. I.	38,765	34,915
Watch & Ward Expenses	345,408	327,703
Weighing & Stalking	179,535	254,813
Consumable Store	495,979	420,038
	3,295,976	3,049,957
<u>SCHEDULE - 13.</u>		
<u>FURNACE OIL CONSUMED:</u>		
Opening Balance	268,857	504,488
Add: Purchase/ Trfd. during the year	18,311,965	16,247,562
	18,580,822	16,752,050
Less: Closing Balance	40,006	268,857
	18,540,816	16,483,193
Power Expenses	6,536,643	6,983,919
Engine Expenses	2,833,543	2,968,009
	27,911,002	26,435,121



SCHEDULE ANNEXED TO AND FROMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
SCHEDULE - 14.		
ESTABLISHMENT EXPENSES:		
Directors Remuneration	288,000	288,000
Salaries	1,695,132	1,680,559
Recrutment Expenses	8,500	33,250
Bonus & Ex-Gratia	18,001	46,357
Gratuity	255,091	108,088
Employer's Cont. to E.S.I.	13,891	21,287
Staff Welfare	85,183	75,950
Employer's Cont. to P.F.	41,024	55,101
	2,404,822	2,308,592
SCHEDULE - 15.		
ADMINISTRATIVE EXPENSES:		
Travelling & Conveyance (CY) 206748	(PY) 428017	363,313
(Including Foreign Travel)		599,280
Printing & Stationary		84,191
Postage & Telegram		29,400
Telephone Expenses		505,858
Electricity Expenses		423,015
Keyman Insurance		1,096,625
Auditor's Remuneration		192,500
Legal & Professional Charges		341,147
Filing Fees		48,050
General Expenses		82,191
Insurance Charges		101,877
Rent		52,000
Vehicle Running & Maintenance		457,646
Security & Vigilance		260,671
Repair & Maintenance		
a. Building		186,314
b. Plant & Machinery		1,842,023
c. Others		130,753
		6,197,573
		5,072,834
SCHEDULE - 16.		
FINANCIAL EXPENSES:		
Bank Charges		168,681
Bank Intt. & Other Expenses		1,191,295
		1,359,976
		1,403,518
SCHEDULE - 17.		
SELLING & DISTRIBUTION EXPENSES:		
Rebate, Discount & Commission		1,567,456
Advertisement & Publicity		62,147
Sales Tax Expenses		47,734
Business Promotion		566,388
		2,243,725
		1,342,843

National General Industries Ltd.

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

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.
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. **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 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.
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.
12. **BORROWING COSTS:** Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.



B. NOTES ON ACCOUNTS:

1. Modi Metal Udyog Pvt. Ltd. (MMUPL), (the amalgamating company) has been amalgamated with the company. The Scheme of Amalgamation (the Scheme) was sanctioned by the Hon'ble High Court of Judicature at Delhi vide its Order dated 26th February, 2010. The Scheme became effective on 20th April, 2010 with the appointed date of the Scheme of 1st April, 2008. In accordance with the said Scheme and as per the approval of the Hon'ble High Courts:
 - a. The assets, liabilities, rights and obligations of erstwhile MMUPL have been transferred to and vested with the Company with effect from 1st April, 2008 and have been recorded at their respective book values during the financial year 2008-09, under the merger method of accounting for amalgamation.
 - b. 4,71,704 Equity shares of Rs 10/- each fully paid up are to be issued to the equity share holders of the Amalgamating Company, in accordance with the swap ratio in the scheme of Amalgamation i.e. 16 nos. of fully paid up equity shares of Rs. 10/- each of the company for every 10 nos. of fully paid up equity shares of Rs. 100/- each of Amalgamating Company, whose names are registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense". The Company has since allotted the shares on 17th May, 2010.
 - c. 2,35,750 Equity Shares of erstwhile MMUPL held by the Company have been cancelled during the financial year 2008-09.
 - d. Excess of the net assets taken over by the Company over the paid up value of Equity shares to be issued and allotted (as referred to under (b) above) of Rs. 2,47,64,460/- has been credited to Capital Reserve Account during the financial year 2008-09.
 - e. Rs. 4,73,985/- (Previous Year Rs. 1,06,250/-) being amount of expenditure incurred on Amalgamation as on 31.03.2010 is debited to current assets and will be amortised alongwith subsequent expenses from the financial year 2010-11 and onwards.
 - f. From the effective date the Authorised Share Capital will stand increased to Rs. 12,00,00,000/- consisting of 1,20,00,000 Equity Shares of Rs. 10 each.
2. CONTINGENT LIABILITIES:
 - a) Bank Guarantee in favour of Sales Tax Dept. Rs. 5.28 Lac (P.Y. Rs.5.28 Lac).
 - b) Bills discounted liability is Nil. (P.Y. Nil)
 - c) Estimated amount of contract is Nil. (P.Y. Nil)
3. (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.
4. Fall in market value of Shares / units are considered to be of temporary nature therefore all Investments are valued at cost.
5. 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.
6. Expenses under primary heads such as salary, wages, consumption of fuel and raw material etc. are being shown as usual in their respective heads.
7. Certain balances of Debtors, Creditors & Loans & Advances are subject to confirmation.



8. There are no Micro, Small and Medium Enterprises to whom company owes dues which are outstanding for more than 45 days as on 31.03.2010. 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.

9. Depreciation aggregating to Rs. 4,40,529/- on revalued amount of Fixed Assets has been directly charged to Revaluation Reserve.

10. 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.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
i. Licensed & Installed Capacity	22200.000		22200.000	
ii. Actual Production (Incl. Job Work)	15019.045		12954.245	

B. RAW MATERIAL :

Particulars	Current Year		Previous Year	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Consumed	6734.680	156850916	4615.625	128794743

C. FINISHED GOODS (Manufacturing)

Particulars	Current Year		Previous Year	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Opening Stock	323.560	9706800	455.595	16948134
Rejection (Opening)	-----	-----	-----	-----
Production	6305.110	-----	4292.685	-----
Sales (Incl.Rejection)	6191.770	181192758	4424.720	158438742
Rejection (Closing)	-----	-----	-----	-----
Closing Stock	432.670	13348230	323.56	9706800

D. FINISHED GOODS (Trading) :

Particulars	Current Year		Previous Year	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Opening Stock	3.660	136152	3.660	136152
Purchase	-----	-----	-----	-----
Sales	-----	-----	-----	-----
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	30.050	601100	16.625	292101
Recovering	192.200	-----	138.515	-----
Sales	216.000	2857505	125.090	2401263
Closing Stock	6.250	110994	30.050	601100

F. During the year conversion charges Received/ Receivable was Rs. 32064557 (P.Y. Rs. 33090262) for Production/Manufacturing/Conversion of 8813.165 M.T. (P.Y. 8659.560 M.T.)



- 11. REMUNERATION TO AUDITORS:**
- | | Current Year | Previous Year |
|-------------------------|------------------|------------------|
| i. As Statutory Auditor | 110000.00 | 112133.00 |
| ii. Taxation | 55000.00 | 50000.00 |
| iii. In other capacity | <u>27500.00</u> | <u>25000.00</u> |
| | <u>192500.00</u> | <u>187133.00</u> |
- 12. EXPENDITURE IN FOREIGN CURRENCY** Expenditure in foreign currency on account of Foreign Travel was:
- | | Current Year | Previous Year |
|--|--------------|---------------|
| | Rs. 141761/- | Rs. 135370/- |
- 13. 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:
- | | Current Year | Previous Year |
|--------|--------------|---------------|
| Salary | Rs. 288000/- | Rs. 288000/- |
- 14.** Provision of Gratuity has been provided as per actuarial valuation.
- 15. Earning Per Share (EPS) Basis / Diluted Earning Per Share** has been calculated and shown as under:

	Yr. Ended 31.03.2010	Yr. Ended 31.03.2009
-Profit/(Loss) attributable to the equity shareholders(Rs.Lacs)-A	31.34	8.37
-Basic/weighted average number of equity shares outstanding during the year – (B)	4609184 *	4609184 *
-Nominal value of equity shares (Rs.)	10	10
-Basic/Diluted earning per share (A)/ (B)	0.68	0.18

* Includes 471704 equity shares issued to erstwhile MMUPL shareholders.

- 16.** 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 liabilities related to fixed assets of Rs. 6,49,824/- (P.Y. 54,342/-) has been provided. The Company has recognized cumulative deferred tax liabilities, of Rs. 25,44,739/- as on 31.03.2010.

17. RELATED PARTY DISCLOSURES:

Revenue Transaction:

Amt. in Lacs

- a. Remuneration paid/payable to key managerial personnel:

Name of the related party	Relationship	Year ended 31.03.2010	Year ended 31.03.2009
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 31.03.2010	Year ended 31.03.2009
J.P. Modi & Sons HUF	Relative of Director	0.28	0.28
Shakuntla Modi	Relative of Director	0.24	0.24



c. Salary paid/payable:

Name of the related party	Relationship	Year ended 31.03.2010	Year ended 31.03.2009
Madhur Modi	Director of MMUPL	1.20	1.20

18. SEGMENT INFORMATION (PRIMARY)

Amount in Lacs

SEGMENTS	IRON & STEEL RE-ROLLING		OTHERS	
	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	2061.15	1939.30	23.85	29.46
Segment Results (before Intt.)	83.93	45.25	-31.33	-26.28
Interest Expenses	13.02	12.14	0.58	0.21
Net Profit before Tax	71.03	33.11	-31.91	-26.49
SEGMENT RESULTS	71.03	33.11	-31.91	-26.49
OTHER INFORMATION				
Capital Employed (Segment Assets/Segment Liabilities)	623.058	602.90	1754.88	1303.32
Depreciation	18.88	17.37	6.45	5.90
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

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

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

For R. K. GOVIL & CO.
Chartered Accountants

For and on behalf of Board of Directors

Sd/-

(Rajesh K. Govil)

Partner

FRN – 00748C

Membership No.: 13632

Place : New Delhi

Date : 28.05.2010

Sd/-

Pawan Kumar Modi

Joint Managing Director

Sd/-

Vasu Modi

Director

Sd/-

Gyan Sheel

Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAIL

Registration No. 55-26617 (86-87) State Code 55
Balance Sheet Date 31.03.2010

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 240591 Total Assets 240591

Sources of Fund

Paid up Capital 46092
Secured Loans 59059
Reserve & Surplus 126287
Unsecured Loan 6608
Deferred Tax (Net) 2545

Application of Funds

Net Fixed Assets 129947
Net Current Assets 52210
Investment 58174
Misc. Expenditure 260
Accumulated Losses ----

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

Turnover (Net) 207065 Total Expenditure 203213
Profit/(Loss) Before Tax 3852 Profit/(Loss) After Tax & STT 3134
Earning Per Share (in Rs.) 0.68 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.

Chartered Accountants

For and on behalf of Board of Directors

Sd/-

(Rajesh K. Govil)

Partner

FRN – 00748C

Membership No.: 13632

Place: New Delhi

Date: 28.05.2010

Sd/-

Pawan Kumar Modi

Joint Managing Director

Sd/-

Vasu Modi

Director

Sd/-

Gyan Sheel

Company Secretary



National General Industries Ltd.

To
The Board of Directors
National General Industries Ltd.
3rd Floor, Surya Plaza,
K-185/1, 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 31st March, 2010. The Statement has been prepared by the company in accordance with the requirement of clause 32 of listing agreement, with the corresponding Profit & Loss Account and Balance Sheet of the Company by our report dated 28.05.2010, to members of the Company.

For R.K GOVIL & Co.
Chartered Accountants

Sd/-

Place: New Delhi
Date: 28th May, 2010

(Rajesh K. Govil)
Partner
FRN.: 000748C
Membership No.13632


CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Rs. in Lacs)

A. CASH FLOW STATEMENT FROM OPERATING ACTIVITIES:	Current Year		Previous Year	
Net Profit/(Loss) before Tax and extra-ordinary items		38.52		6.63
ADJUSTMENT FOR:				
Depreciation		25.32		23.28
Interest/ Dividend Received		(21.97)		(26.05)
Interest on Borrowed Capital		11.91		12.35
Loss/ (Profit) on Sale of Assets		0.40		1.33
Misc. Expenditure W/off		2.49		2.49
Operating Profit before Working Capital change		56.67		20.03
ADJUSTMENT FOR:				
Trade and Other Receivable		(20.15)		(158.57)
Inventories		(35.63)		49.27
Investments		543.95		(153.66)
Trade Payables & Other Liabilities		55.10	543.27	3.86 (259.10)
Cash Generated from Operations		599.94		(239.07)
Direct Tax Paid		1.06		(1.63)
Misc. Expenditure (To be W/off)		-		(2.00)
Excess provision W/back		(0.01)		1.57
Prior year adjustment		-	1.05	(0.79) (2.85)
Net cash from Operating Activities (A)		600.99		(241.92)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets		(1,014.75)		(76.28)
Sale of Fixed Assets		1.52		2.25
Interest/ Dividend Received		21.97		26.05
Net Cash from Investing Activities (B)		(991.26)		(47.98)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceed from Issue of Share Capital/ Share Premium		-		301.29
Interest Paid		(11.91)		(12.35)
Proceed from Long Term Borrowings		451.18		8.70
Net Cash from Financing Activities (C)		439.27		297.64
Net increase in cash and cash equivalents (A+B+C)		49.00		7.74
Cash and Cash Equivalents as on 31.03.2009		11.76		4.02
Cash and Cash Equivalents as on 31.03.2010		60.76		11.76

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

2. Figures of Previous year have been rearranged/ regrouped

	Sd/-	Sd/-	Sd/-
New Delhi 28.05.2010	Pawan Kumar Modi Joint Managing Director	Vasu Modi Director	Gyan Sheel Company Secretary

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National General Industries Ltd.

NATIONAL GENERAL INDUSTRIES LIMITED

Regd. Office : 3rd 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 24th Annual General Meeting of the Company to be held on Thursday, 30th September, 2010 at 11.30 a.m. at Nawal Vihar, Farm 7, Dera Gaon, New Delhi – 110030 or at any adjournment thereof.

Signed at this day of2010.

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 : 3rd 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 24th Annual General Meeting of the Company held on Thursday, 30th September, 2010 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.