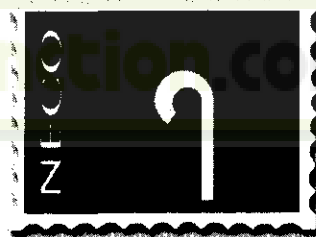
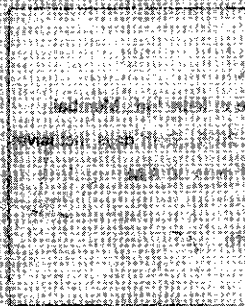


20TH
20

ANNUAL REPORT 2000

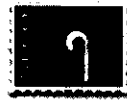


Jayaswals Neco Limited

SHAREHOLDER INFORMATION

No. of Shareholders	31265
Listing on	The Stock Exchange, Mumbai, The National Stock Exchange of India Ltd., Mumbai.
Book Closure Dates	25 th June, 2001 to 30 th June, 2001. (Both days inclusive)
Annual General Meeting	Saturday, the 30 th June 2001 at 11.30 A.M.
Venue	F-8, MIDC Industrial Area, Hingna Road, Nagpur - 400 016
Dematerialisation ISIN	INE 854B01010

Report Junction.com



Formerly known as Nagpur Engineering Company Ltd.

BOARD OF DIRECTORS :	Shri Basant Lall Shaw	:	Chairman.
	Shri B K Agrawal	:	Director. (Finance).
	Shri M M Vyas	:	Director.
	Shri KR Sangameswaran	:	Director.
	Shri A S Kapre	:	Director (ICICI Nominee).
	Shri H S G Shetty	:	Director (IDBI Nominee).
	Shri Sidharth Rath	:	Director (IFCI Nominee).
	Shri A K Sridhar	:	Director (UTI Nominee).
			(Since 16.04.2001.)
	Shri Manoj Jayaswal	:	Joint Managing Director.
	Shri Ramesh Jayaswal	:	Joint Managing Director.
	Shri Arbind Jayaswal	:	Managing Director.

COMPANY SECRETARY : Shri A D Karajgaonkar

BANKERS :

State Bank of India.
Punjab National Bank.
The Vysya Bank Ltd.
Union Bank of India.
State Bank of Travancore.

AUDITORS :	M/s V R Inamdar & Co.	M/s Chaturvedi & Shah	M/s Agrawal Chhallani & Co.
	Chartered Accountants	Chartered Accountants	Chartered Accountants
	Nagpur.	Mumbai.	Nagpur.

REGISTERED OFFICE :

F-8 MIDC Industrial Area,
Hingna Road, Nagpur - 440 016.
Tel. No. : (07104) - 37276, 37471, 37472.
Fax No. : (07104) - 37583, 36255.
E Mail : contact@necoindia.com
Web Site : www.necoindia.com

WORKS :

- | | | |
|-----------------------------------|---|---------------------------------------|
| 1. Construction Castings Division | - | LI Area, Bhilai and Anjora. |
| 2. Centricast Division | - | MDC Area, Hingna Road, Nagpur. |
| 3. Engineering Castings Division | - | MDC Area, Hingna Road, Nagpur. |
| 4. Automotive Castings Division | - | Butibori, Nagpur. |
| 5. Steel Plant Division | - | Siltara Growth Centre, Raipur. |
| 6. Food Products Division | - | Wadoda, Nagpur-Bhandara Road, Nagpur. |

28th

NOTICE

NOTICE is hereby given that TWENTY-EIGHTH Annual General Meeting Of the Members of JAYASWALS NECO LIMITED will be held on Saturday, the 30th day of June, 2001 at 11.30 A.M. at the Registered Office of the Company at F-8, MIDC Industrial Area, Hingna Road, Nagpur-440 016, to transact the following business :

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st December, 2000, the Profit and Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.
2. To appoint Directors in place of following Directors who retire by rotation and being eligible offer themselves for Re-appointment :
 1. Shri B K Agrawal.
 2. Shri M. M. Vyas.
3. To appoint Auditors from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution :

"RESOLVED pursuant to provisions of Section 149(2-A) and other applicable provisions if any of The Companies Act, 1956 THAT the consent of the Company be and is hereby granted to the Commencement by the Board of Directors of the Company of any or all of the businesses appearing in Sub-Clause Nos. 27, 28, 30, 31, 43, 46, and 52 in Clause III-C of the Memorandum of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby also authorised to undertake incidental and/or ancillary businesses as may be deemed necessary for the purpose carrying on any or all of the businesses referred to hereinabove under clause III-C of the Memorandum of Association of the Company."

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution :

"RESOLVED pursuant to provisions of Section 94 and other applicable provisions if any of The Companies Act, 1956 THAT the consent of the Members holding 16.00%, 24,50,000 Redeemable Preference Shares of Rs.100/- each fully paid ("Preference shareholders") be and is hereby accorded to the conversion of the said issued Preference Shares into fully paid up Equity Shares of Rs.10/- each ranking pari passu with other Equity Shares of the Company in all respects or Bonds or new Preference Shares of the like nominal value of Rs. 2450 each as may be decided by Board of Directors in pursuance of arrangement being made with Financial Institutions and Banks with respect to restructuring of Loan Liabilities of the Company."

"RESOLVED FURTHER THAT the Board of Directors is also authorised to issue to the Preference Shareholders or their Nominees from time to time on such terms and conditions and in such tranches as may be deemed necessary in that behalf, the Equity Shares/Bonds/New Preference Shares of the Company as aforesaid on conversion of the existing Preference Shares held by the said Preference Shareholders; Provided however that the issue of Equity Shares/Bonds/New Preference Shares of the Company as above shall be made at each time, to all the Preference Shareholders or their Nominees in the same proportion in which they hold the existing Preference Shares in the Capital of the Company as on the date of this Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company is hereby authorised do all such acts, things, deeds and matters and take such actions as may be necessary and decide questions, difficulties to give effect to the conversion of existing paid up Preference Shares into the Equity Shares of Rs.10/- each or Bonds or new Preference shares as aforesaid."

By Order of Board of Directors,

A D KARAJGAONKAR
Company Secretary

Registered Office :
F-8, MIDC Industrial Area,
Hingna Road,
NAGPUR - 440 016.
28th April, 2001.

Formerly known as Nagpur Engineering Company Ltd.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 25th June, 2001 to 30th June, 2001 (both days inclusive).
3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business at Item No. 4 to 5 is attached.
4. The Members are requested to write to the Company for consolidation of Folio Nos. corrections, changes in their Registered Addresses wherever required, and the particulars of their Bank Account and Branch immediately.
5. THE MEMBERS OF THE COMPANY WHO WERE THE SHAREHOLDERS OF THE ERSTWHILE NAGPUR ALLOY CASTINGS LIMITED AND JAYASWALS NECO LIMITED, SHOULD ONCE AGAIN NOTE THAT THE EQUITY SHARES OF THOSE ERSTWHILE COMPANIES ARE, IN VIEW OF AMALGAMATION, CANCELLED, AND DE-LISTED FROM STOCK EXCHANGES. THE TRANSFER AND DEMAT REQUESTS IN RESPECT OF THESE SHARES ARE NOT ENTERTAINED BY THE COMPANY. THEY ARE TO BE EXCHANGED WITH NEW SHARES OF THIS AMALGAMATED COMPANY AND ONLY SUCH NEW SHARES ARE VALID FOR TRANSFER AND OR DEMATERIALISATION. THOSE WHO HAVE NOT YET SURRENDERED THEIR ALL THE ORIGINAL SHARE CERTIFICATES OF THOSE ERSTWHILE COMPANIES FOR CANCELLATION, ARE ONCE AGAIN REQUESTED TO GET THEM EXCHANGED WITH NEW SHARE CERTIFICATES FROM THE REGISTERED OFFICE OF THE COMPANY. THE NEW CERTIFICATES OF THE COMPANY WILL BE ISSUED IN EXCHANGE AGAINST THE SURRENDER/CANCELLATION OF THE OLD CERTIFICATES ONLY. (PLEASE REFER CALUSE 12 OF THE SCHEME OF AMALGAMATION).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4. : Authority to Commence Business Under other objects.**

As the Members are aware, the Memorandum of Association (clause III) has been altered vide Special Resolution passed by the Members at their Extra-ordinary General Meeting held on 28.11.2000. Clause III C now contains various businesses that Company can take up subject to the approval of Members in that behalf. The Board of Directors seek your approval under Section 149(2-A) and other applicable provisions if any of The Companies Act, 1956 to commencement of any or all of the businesses appearing in Sub-Clause nos 27,28,30,31,43,46, and 52 in Clause III C of the Memorandum of Association as amended. The Board also seeks the approval of Members for taking up incidental and ancillary businesses relatable to the abovesaid sub-clauses of amended Clause III C of the Memorandum of Association. The authority as aforesaid is being sought for general purposes only as the Company may have to deal in these business areas in the ordinary course of its main business. The Directors recommend that the resolutions at item no. 4 above be passed.

None of the Directors is to be deemed as interested in or concerned with the resolution.

ITEM NO. 5. : Conversion of Preference Shares into new instruments

The Company has made an application to the Financial Institutions and Banks for Restructuring its Loan Liabilities. Under the proposed Restructuring Package, granting inter-alia, realignment of Loan Liabilities; the Company will be required to convert the whole or part of the existing Preference Shares of Rs. 2450 lacs held by Promoters their Relatives and Associate Companies into Equity Shares/Bonds/New Preference Shares of the like Nominal Value of Rs. 2450 Lacs. The exact details will be known on receipt of sanctions from the Institutions. The conversion of the whole or part of the existing Preference Share Capital will be effected in accordance with the conditions to be stipulated by the Institutions while conveying the sanction of Restructuring Proposal. The consent of the Preference Shareholders is being sought for conversion of their Preference Shares into Equity Shares/Bonds/New Preference Shares since this matter relates to the rights of Preference Shareholders only.

The Directors recommend that the resolution at item no. 5 above be passed by the Preference Shareholders. S/Shri Basant Lal Shaw, Arbind Jayaswal, Manoj Jayaswal and Ramesh Jayaswal Directors; are to be deemed as interested in or concerned with the resolution to the extent of entire Preference shareholding of Rs.2450 Lacs in the Capital of the Company.

By Order of Board of Directors,

AD KARAJGAONKAR
Company Secretary

DIRECTORS' REPORT

Dear Members,

The Directors present their TWENTY-EIGHTH Annual Report on the affairs of the Company togetherwith the audited Balance Sheet as at 31st December, 2000 and the Profit and Loss Account for the year ended on that date. The summarised financial results for the year vis-a-vis the previous year are as follows:

	(Rs. In Lacs)	
	31.12.2000	31.12.1999
Total Income	45999	46851
Total Expenditure	39767	39802
Profit before Interest		
Depreciation & Tax	6232	7049
Interest	6101	6611
Profit after interest	131	438
Depreciation	2130	1997
(Loss) for the year	(1999)	(1559)
Balance Brought forward and other Adjustments	(74)	467
	(2073)	(1092)
Appropriations		
Transfer to Debenture Redemption Reserve	175	222
Transfer to Capital Redemption Reserve	160	0
(Loss) Carried to Balance Sheet	(2398)	(1314)
	(2073)	(1092)

During the year under review, Company has, suffered a set back for the second consecutive year. With the losses for the year, the Directors regret their inability to recommend any dividend to the Members of the Company for the year ended 31st December, 2000.

2. OPERATIONS:

Recession in Iron and Steel Industry, coupled with rising cost of inputs, inadequate working capital facilities, and delays in sales realisations, have all caused damage to the financial results of the Company for the year under review.

The prices of LAM coke imported from China had touched all time high during the year under review, and with the weakening Rupee against US Dollar, the cost of this vital input for manufacture of Pig Iron increased substantially. The selling price of Pig Iron on the other hand is under severe pressure due to bad market conditions and over production in the Industry.

The Castings business of the Company was also hit by general slowdown in Economy and Automobile Industry in particular besides drastic reduction in purchase of castings by The Indian Railways.

The operations in the Food Products Division were negligible for want of parity between the cost and selling price of the products in the Division. Lower import duty on Edible Oil was also a major factor to badly hit the indigenous Solvent Extraction Plants in the

Country.

The status of project under Automotive Castings Division (Plant-II) was reviewed by the Financial Institutions last year. However, considering the slackness in the automotive sector, the demand from the automotive manufacturers has gone down considerably. As a result, the Company chose to go slow in completing the ongoing project.

3. FINANCIAL RESTRUCTURING:

The Restructuring proposal of the Company seeking reduction in interest rates, waiver of penal interest etc. and reschedulement of the total outstandings as on 31st December, 2000 is under active consideration of the Institutions. When accepted as proposed, the same would give considerable relief to the Company in terms of reduction in interest and improvement in Cash Flow for working of the Company. The Institutions have agreed in principle to grant relief to the Company. Final outcome is awaited.

4. FUTURE PLANS:

In the back drop of this situation, the Members would be pleased to know that the Management has not given up its efforts to come out of the present situation. Rather it is determined to fight the odds out and emerge successful. The following paragraphs, briefly, deal with some of the steps taken/being taken to counter the problems.

The Company has been offered a small mine in the vicinity of its Steel Plant Division for mining of Iron Ore for captive consumption. This will help reduce the cost of transportation of this bulky raw material which is presently being brought from long distances in Orissa for manufacture of Pig Iron. While the formalities in this regard are being completed, the Company is also at the same time pursuing for allotment of bigger mines for captive mining so as to save substantially on high cost of transportation of Iron Ore.

The Company has planned for procuring in association with others additional facilities at its Steel Plant Division for use of Coal Dust simultaneously with Hard Coke which help reduce the consumption and thereby the cost of Hard Coke. Besides this, efforts are also on to secure a tie-up with the prospective entrepreneur who would put up Cokes-oven Batteries at plant site for conversion of Coal into Coke of the specific grade for the Blast Furnace of the Company in a cost-effective manner.

The work on expanding the capacity of power generation based on waste gas is going on in full swing. The Financial Institutions have extended lease finance assistance for installation of Turbo Generators at Steel Plant Division which will help the Company to fully utilise the waste gases generated from its Blast Furnace and sell the power so generated to add to its Total Income in a good measure. Upon completion of this work, the total capacity for generation of power based on waste gas would stand enhanced to 14 MW.

With a view to produce value added products in Steel, the Company is contemplating to take on lease the manufacturing facilities of an adjacent Steel Plant of another company in liquidation. This will be a down the stream plant for manufacture of value added products.

Formerly known as Nagpur Engineering Company Ltd.



Due to cheaper imports of Crude Soya Oil there is an opportunity for refining imported crude oil. The Company has planned to restart only the refining section under Food Products Division during the current year.

The Members are aware that vide Special Resolution passed at Extra-Ordinary General Meeting dated 28th November, 2000, the Company is now entitled to enter into the business areas of Iron and Steel Products, Mining Operations, etc. Ambitious Projects for provision of Infrastructural facilities and Generation and Distribution of Power are also on the drawing boards. Every effort is being made to strengthen the roots of the Company.

It may therefore be observed that the Company is sailing against the current. Indeed, it is the testing times for your Company. In view of the present financial liquidity problems it may take some time to come out of trouble. With all your cooperation and support as well as from all Financial Institutions and Banks, the Directors are confident that it will be possible to overcome this adverse phase in near future.

5. AUDITORS' REPORT:

As regards observations of the Auditors, vide para 3 of their report, the Directors submit that all the efforts both within and outside, the courts are being taken vigorously to recover the doubtful debts and advances. Thus, the Company is of the opinion that the said debts are fully recoverable. Further, regarding non-provision of Penal Interest etc. the Financial Institutions and Banks have as stated above, have agreed in-principle to waive the Penal Interest liquidated damages etc., on the defaulted amounts upto 31st December, 2000. As a result, the Directors are advised that, the provision for such charges may be dispensed with. As regards accounting standards 13, with respect to diminution of value of Investments, the Company has considered the investments on long-term basis and therefore does not make the provisions for losses arising out of stock market fluctuations.

6. DIRECTORS:

During the year under review, there was no change in the composition of Board of Directors of the Company. However, Shri Siddharth Rath has been appointed as Director by The IFCL Limited, as its Nominee, with effect from 31st January, 2001.

S/Shri .B.K. Agrawal and M.M.Vyas, Directors of the Company retire by rotation at the ensuing Annual General Meeting. Being eligible, they have offered themselves for Re-appointment.

7. SUBSIDIARY COMPANY - NECO GLOBAL Inc.:

As mentioned in the previous report, Neco Global Inc., a Company Incorporated in the State of Texas, USA, is a wholly own subsidiary Company now. It has started its operations. The statement U/S 212 of The Companies Act, 1956, in respect of this Subsidiary Company, its Balance Sheet as on 31st December, 2000, Income Statement for the year ended on that date together with Directors' and Auditors Report thereon, are separately appended.

8. ADDITIONAL INFORMATION

The information required to be furnished under Section 217(1)(e) of the Companies Act, 1956, and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is attached and forms a part of this Report.

9. PARTICULARS OF EMPLOYEES:

The particulars of employees to be furnished under Section 217 (2A) of The Companies act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, have been given separately and form a part of this Report.

10. DIRECTORS RESPONSIBILITY STATEMENT:

As required, under Section 217 (2AA) of The Companies Act 1956, the Directors confirm that all the applicable accounting standards except Accounting Standard 13 mentioned in (5) above have been followed in the preparation of annual accounts enclosed herewith and further that the accounting policies followed are consistent and are based on the principle of a Going Concern. The judgements and estimates made in that behalf to the extent necessary are reasonable and prudent to give true and fair view of the Accounts of the Company for the year under review.

The Directors have taken sufficient care for maintenance of the records and safeguarding the assets of the Company. The procedures, practices and control systems in the day to day management are sound enough to prevent the occurrence of frauds and irregularities.

11. AUDITORS:

M/s. V R Inamdar & Co., Chartered Accountants, Nagpur, M/s. Agrawal Chhallani & Co., Chartered Accountants, Nagpur, and M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai the Auditors of the Company are due to retire at the ensuing Annual General Meeting. Being eligible, they offer themselves for Re-appointment for the current year. The Members are requested to appoint the Auditors and fix their remuneration.

12. AUDIT COMMITTEE:

Audit Committee comprising of S/Shri Arbind Jayaswal, K.R. Sangmeswaran and A.S. Kapre Directors has been constituted recently in pursuance of the recent amendments to The Companies Act 1956. The Directors confirm that the recommendations of the Committee, to be received from time to time, will be well received and implemented in the best interest of the Company.

13. DEMATERIALISATION:

During the year under review, the Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Ltd., for Dematerialising its Equity Shares bearing Distinctive Nos. 1 to 19988162. The ISIN allotted to the Company's Equity Shares is INE 854B01010. The Members desirous of holding their Shares in Electronic form may now do so through their Demat Accounts with Depository Participants.

14. ACKNOWLEDGEMENTS:

The Directors wish to place on record, their appreciation and gratitude for all the co-operation extended by Government Agencies, Bankers, Financial Institutions, Business Associates and Shareholders. The Directors also record their appreciation for the dedicated services rendered by all the Executive Staff and Workers of the Company at all levels at its all units for their valuable contribution in the working of the Company.

For and on behalf of Board of Directors,

Nagpur
28th March, 2001

B.L. SHAW
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

1. PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AS AMENDED FOR THE YEAR ENDED 31ST DECEMBER 2000.

I. CONSERVATION OF ENERGY.

- A) The Company recognises the importance of savings in the cost of Energy Consumption. High Efficiency, energy effective equipments for Steam Generation, Water Softening etc., have been installed at various manufacturing units which ensure stabilised power supply, minimum interruptions and smooth operations.
- B) Effective methods like, Furnace cover, replacement of existing equipments with more energy saving devices, Installation of devices to plug the leakages and loss of energy, standardization of processes and other steps have been taken wherever possible giving a considerable saving in consumption of energy.
- C) The Blast Furnace Gases are extensively utilised for pre-heating of the hot blast stoves, blowing plant in the boilers and as a fuel for generation of Power for captive consumption and sale to others.

Form for disclosure of particulars with respect to conservation of energy.

(a) Power and Fuel Consumption.

Particulars	Electricity			Furnace Oil			Coal/Coke		
	Units (KWH in Lacs)	Amount (Rs. in Lacs)	Rate/Unit (Rs.)	Units (KL.)	Amount (Rs. in Lacs)	Rate/Unit (Rs.)	Units (MT.)	Amount (Rs. in Lacs)	Rate/Unit (Rs.)
A) PURCHASED									
Iron & Steel Castings	161.89 (213.25)	662.70 (868.29)	4.27 (4.07)	- (-)	- (-)	- (-)	15126 (12367)	516.58 (399.01)	3414.84 (3221.19)
Pig Iron	8.08 (7.42)	88.47 (86.96)	10.94 (11.72)	1056 (1190)	123.88 (113.37)	11707 (9527)	282891 (266560)	14764.89 (13063.45)	5219 (4900)
Soya Oil, De-oiled Cakes	(13.60)	(62.52)	(4.60)	(-)	(-)	(-)	(2186)	(31.63)	(1447)
B) OWN GENERATION									
Pig Iron	293.66 (222.00)	778.20 (588.31)	2.66 (2.65)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

(b) Consumption/Unit of Production.

Particulars	Electricity KWH	Furnace Oil Ltrs.	Coal/Coke Kg.
Iron & Steel Castings.	313.54 (468.92)	- (-)	292 (272)
Pig Iron.	81.73 (60.19)	2.86 (3.12)	766 (699)
Soya Oil, De-oiled Cakes.	(62.98)	(-)	(101)

- Notes :-
- Figures in brackets relate to previous year.
 - During the current year, manufacturing operations in respect of Soya Oil, De-oiled Cakes were negligible. Hence details of power & fuel consumption are not given above.

II. TECHNOLOGY ABSORPTION :

The Company has adopted the Chinese Technology at its Plant for manufacture of Pig Iron through Blast Furnace.

Formerly known as Nagpur Engineering Company Ltd.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	2000 (Rs. in Lacs)	1999 (Rs. in Lacs)
i) Foreign Exchange earned :		
Export of goods on FOB basis	937.62	330.40
ii) Foreign Exchange used :		
Purchase of Raw Materials, Stores and components	12693.38	9370.78
Interest	307.93	701.40
Travelling	10.80	6.20
Export Promotion	5.88	5.96
Membership and Subscription	0.30	0.17
Others	1.77	0.00

For and on behalf of Board of Directors,

Nagpur
28th March, 2001.B.L. SHAW
Chairman

2. PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED.

Employees who were in receipt of remuneration for the financial year in the aggregate of not less than Rs.6,00,000/- if employed throughout the year and Rs.50,000/- p.m. if employed for part of the year.

Sr.	Name of Employee	Designation	Age (yrs.)	Qualification	Experience (yrs.)	Remuneration (Rs.)	Last Employment	Date of Appointment
1.	B.L.Shaw	Director/ Chairman	67	B.Com.	47	10,32,000	Mg. Director, Nagpur Alloy Castings Limited.	1.1.1998
2.	Arbind Jayaswal	Managing Director	46	B.Sc	26	10,44,888	Mg. Director, Jayaswals Neco Limited.	1.1.1998
3.	Manoj Jayaswal	Joint Managing Director	46	M.Com.	24	10,69,254	Mg. Director, Corporate Ispat Alloys Limited.	1.4.1994
4.	Ramesh Jayaswal	Joint Managing Director	41	B.Com.	18	10,32,000	Whole-Time Director, Nagpur Alloy Castings Limited.	1.1.1998

NOTES :

- Gross remuneration comprises of salary, allowances, monetary value of perquisites, Company's contribution to Provident Fund etc.
- The terms of S/Shri Arbind Jayaswal, Manoj Jayaswal and Ramesh Jayaswal as per their agreement of appointment with the Company are for a period of 5 years, w.e.f. 1.1.1998 and the agreement of appointment Shri B.L. Shaw is for life.
- S/Shri B.L. Shaw, Arbind Jayaswal, Manoj Jayaswal and Ramesh Jayaswal, are related to each other.
- The remuneration drawn by S/Shri B.L. Shaw, Chairman, Arbind Jayaswal, Managing Director, Manoj Jayaswal, Joint Managing Director and Ramesh Jayaswal, Joint Managing Director, is in conformity with the provisions of Schedule XIII to The Companies Act, 1956.

For and on behalf of Board of Directors,

Nagpur
28th March, 2001.B.L. SHAW
Chairman

AUDITORS' REPORT

We have audited the attached Balance Sheet of JAYASWALS NECO LIMITED as at 31st December, 2000 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of The Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. As per the information and explanations given to us, none of the Directors of the Company are disqualified from being appointed as Director under clause (g) of sub-section (1) of section 274 of The Companies Act, 1956 (as amended).
3. Attention is invited to the following :
 - i. Note No. 4 in Schedule 17 regarding non-provision of Doubtful Debtors and Advances amounting to Rs.329.84 lacs and Rs.298.00 lacs respectively.
 - ii. Note No. 6 in Schedule 17 regarding non-provision of Liquidated Damages, Overdue Interest and Penal Interest amounting to Rs.861.89 lacs.
 - iii. Note No. 7 in Schedule 17 regarding non-provision of decline in value of Investments by Rs.149.24 lacs. This is contrary to the Accounting Standard 13 (AS 13) "Valuation of Investments" issued by the Institute of Chartered Accountants of India.
 - iv. Note No. 11 in Schedule 17 regarding segregation of balances outstanding of Small Scale Industries (SSIs) from the Creditors balances.
4. We further report that had the observations made in 3(i), (ii) and (iii) above been considered, the loss for the year would have been Rs.3490.13 lacs (as against the reported figure of Rs.1999.37 lacs) and Pre-operative Expenses would have been Rs.9247.86 lacs (as against the reported figure of Rs.9099.65 lacs).
5. In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section 3 (C) of section 211 of The Companies Act, 1956, except Accounting Standard 13 as reported in para 3(iii) above.
6. Subject to our comments in paras 3, 4 and 5 above, we report that :
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by The Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2000, and
 - ii) in case of the Profit and Loss Account, of the Loss for the year ended on that date.

For V R Inamdar & Co.
Chartered Accountants

A W Rajandekar
Partner

Nagpur
28th March, 2001.

For Chaturvedi & Shah
Chartered Accountants

R. Korla
Partner

Mumbai

For Agrawal Chhallani & Co.
Chartered Accountants

S R Chhallani
Partner

Nagpur

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. According to the information and explanations given to us a major portion of the assets has been physically verified by the Management in accordance with a phased programme of verification and no material discrepancies were noticed on such verification, as compared to the available records. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
2. None of the Fixed Assets have been revalued during the year.
3. As explained to us, the stock of stores, spare parts, raw materials and finished goods have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.