



ANNUAL REPORT

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Jayaswals Neco Limited

**BOARD OF DIRECTORS**

Shri Basant Lal Shaw	Chairman.
Shri B K Agrawal	Director.
Shri M M Vyas	Director.
Shri D Singh	Director.
Shri J K Ray	Director (IDBI Nominee).
Shri D R Gangopadhyay	Director (IIBI Nominee).
Shri John Mathew	Director (Exim Bank Nominee).
Shri Anand Gore	Director (ICICI Nominee).
Shri A K Bhan	Director (IFCI Nominee).
Shri Sujit Chakravorti	Director (UTI Nominee).
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.
Union Bank of India.
ING Vysya Bank Ltd.
State Bank of Travancore.
Global Trust Bank Ltd.

AUDITORS

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

REGISTERED OFFICE

F-8 MIDC Industrial Area,
Hingna Road, Nagpur - 440 016.
Tel. No. : (07104) 237276, 237471, 237472.
Fax No. : (07104) 237583, 236255.
E-mail : contact@necoindia.com
Web Site : www.necoindia.com

WORKS

1. Construction Castings Division - LI Area, Bhilai & Anjora.
2. Centricast Division - MIDC Area, Hingna Road, Nagpur.
3. Engineering Castings Division - MIDC 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.

NOTICE

NOTICE is hereby given that THIRTIETH Annual General Meeting of the Members of JAYASWALS NECO LIMITED will be held on Tuesday, the 23rd day of September, 2003, 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 March, 2003, 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 S/Shri B K Agrawal and M M Vyas who retire by rotation and being eligible offer themselves for Re-appointment.
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 an **Ordinary Resolution**.

"RESOLVED in supersession of resolution passed at the Annual General Meeting of the Company held on 30th June, 1997, and pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, THAT the Company hereby accords its approval to the Board of Directors of the Company borrowing any sum or sums of money from time to time from any one or more of the Company's Bankers and / or from any one or more Persons, Firms, Bodies Corporate, or Financial Institutions and Investors whether by way of cash credit, advances, deposits, loans, bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or immovable or stock in trade (including raw materials, stores, spare parts components in stock or in transit) and work in progress and all or any of the undertakings of the Company. Notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so however that the total amount upto which the monies may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.650 Crores (Rupees Six hundred Fifty Crores only) exclusive of interest and the Board of Directors is hereby further authorised to execute such deeds of debentures trust, and deeds of mortgage, charge, hypothecation, lien, promissory notes, deposit and other receipts and other deeds and instruments or writings containing such conditions and covenants as the Board of Directors may think fit."

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**.

"RESOLVED in supersession of resolution passed at the Annual General Meeting of the Company held on 30th June, 1997 THAT the approval of the Company be and is hereby accorded in terms of Section 293 (1) (a) and all other applicable provisions of the Companies Act, 1956, (including any statutory modifications or re-enactments thereof for the time being in force), to the Board of Directors of the Company (hereinafter referred to as "the Board") to mortgage and/or charge, in addition to the mortgages/charges created/ to be created by the Company, in such form and in such manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/ or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lenders, Agents and Trustees for securing the borrowings of the Company availed/to be availed by way of loans in Foreign Currency and/or Rupee Currency in whatever manner, for the sums not exceeding Rs.650 Crores (Rupees Six Hundred and Fifty Crores only) approved under section 293 (1)(d) of the Companies Act, 1956, as amended from time to time together with interest, compound interest, accumulated interest, liquidated



damages, commitment charges, premia on prepayment, remuneration to agents, trustees premium if any on redemption, all other costs, charges and expenses including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the loans or any other documents entered into/to be entered into between the Company and the Lenders, Agents and Trustees in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board or Committee thereof and the Lenders/Agents/Trustees."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/charge as aforesaid."

By Order of the Board of Directors,

A D KARAJGAONKAR,
COMPANY SECRETARY.

REGISTERED OFFICE :
F-8, MIDC INDUSTRIAL AREA,
HINGNA ROAD,
NAGPUR - 440 016
DATE : 24th July, 2003.

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 15th September, 2003 to 23rd September, 2003 (both days inclusive).
3. The Members are requested to write to the Company for Consolidation of Folio Nos. wherever required, and, Corrections, changes in their Registered Addresses, the particulars of their Bank Account and Branch immediately.
4. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the special business at Item Nos. 4 and 5 is attached.
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 DELISTED FROM STOCK EXCHANGES. THE TRANSFER AND DEMAT REQUESTES 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. New Certificates will be issued in exchange against the surrender/cancellation of the old certificates only. (please refer clause 12 of the Scheme of Amalgamation).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**Item No. 4 and 5.****BORROWING POWERS /AUTHORITY TO MORTGAGE:**

The Members are aware that, the existing Borrowing Powers of the Company are up to Rs.500 Crores vide resolution passed by the Company as its Meeting held on 30th June, 1997. The existing Borrowings of the Company are well over Rs.450 Crores. The Company is actively considering restructuring of its total Debts suitably which may entail funding of overdue interest etc and other measures, probably resulting into creation of new / additional loans. In such an eventuality the Borrowings of the Company may exceed the existing Borrowing Powers of Rs.500 Crores. With this view in sight it may be desirable to enhance the Borrowing Powers of the Company by further Rs. 150 Crores so that restrictions on the Borrowing Powers of the Company would not come in the way of Business and Financial Restructuring under consideration.

In line with the enhancement of Borrowing Powers as proposed the related powers to mortgage Immovable and Movable Properties of the Company to secure the Borrowings are also proposed to be accordingly increased from the existing Rs.500 Crores to Rs.650 Crores.

The Directors recommend the Resolutions for approval. The Members are requested to consider and approve the same by passing the resolutions as ordinary resolutions.

None of the Directors are to be deemed as interested in or concerned with the Resolutions.

Details of Directors seeking Re-appointment at forthcoming Annual General Meeting.

Names of Directors	Shri B K Agrawal	Shri M M Vyas
Date of Birth	28.01.1949	07.10.1942
Date of Appointment	10.08.1994	26.02.1998
Qualifications	M.Com. FCA	B.Sc.
Experience in Specific Functional Areas	<ul style="list-style-type: none"> - Practising Chartered Accountant for over 27 yrs. - Possesses sound knowledge of Accounting, Auditing and Taxation & Corporate Advisory. 	<ul style="list-style-type: none"> - Experience in administration, export Marketing and liaisoning with Government Agencies, Institutions and Banks for over 25 Yrs. - Associated with business in Iron and Steel Castings & their fittings for over 15 yrs.
Other Directorships	1. Agrawal Plantations Private Limited 2. Brahmi Agrotech Private Limited 3. Surabardi Resorts Private Limited 4. Surabardi Estates Private Limited 5. Neco Schubert And Private Limited	1. Corporate Ispat Alloys Limited 2. Neco Schubert And Salzer Limited 3. Neco Castings Limited 4. Steel & Tube Exports Private Limited 5. Tarun Kumar Trade and Exports Limited.
Membership on Committees of other companies.	Nil	Nil



DIRECTORS' REPORT

Dear Members,

The Directors present their THIRTIETH Annual Report on the affairs of the Company together with Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date. The summarised financial results for the year vis-à-vis the previous period are as follows:

Particulars	(Rs. In Lacs)	
	31.03.2003 (12 months)	31.03.2002 (15 months)
Gross Turnover	61104	60458
Other Income	389	584
Total Income	61493	61042
Total Expenditure	56430	57905
Profit Before Interest		
Depreciation & Tax	5063	3137
Interest	6345	7392
(Loss) before Depreciation and tax	(1282)	(4255)
Depreciation	2200	2686
(Loss) before Tax	(3482)	(6941)
Credit for Deferred Tax	532	183
(Loss) after Tax	(2950)	(6758)
Balance Brought forward and other adjustments	(1627)	5213
(Loss) carried to Balance Sheet	(4577)	(1545)

(Previous period figures appearing above are for a period of 15 months ended 31.03.2002; hence not comparable with current year.)

In view of losses, the Directors express their inability to recommend any dividend to the Members of the Company for the year ended 31st March, 2003.

2. MANAGEMENT DISCUSSION AND ANALYSIS :

A: BUSINESS AND FINANCIAL RESTRUCTURING :

As reported last year, the Company was sanctioned Business and Financial Restructuring Scheme by the Lead and certain other Financial Institutions, granting much needed relief to the Company. The Scheme was prepared in joint consultations with other lenders. Most of the Institutions have now sanctioned the Restructuring Schemes. Other Financial Institutions and Banks were expected to release their sanctions with respect to their exposures to the Company on the lines of the Scheme of the Lead Institution. Unfortunately, there are major deviations in the terms and conditions of the Scheme in case of some Institutions.

As a result, implementation of any of the Restructuring Schemes for the total debt liabilities of the Company is extremely difficult.

Besides, recent rising prices of Metcoke and other materials, have made it difficult to achieve financial projections considered for the purpose of Restructuring Scheme. This is beyond the control of the Company.

The Company continues to discuss with Institutions including Lead Financial Institution, to evolve a New, Common scheme for one and all the lenders in the interest of the Company and Institutions themselves.

In the mean time however, as the Members are aware, the Company has already issued Equity and new Preference Shares to Financial Institutions and Promoters in compliance with the related conditions of the Restructuring Scheme. Approval of Members to the allotment of Shares was obtained post-facto by way of ratification. Irregularity under section 81(1A) of the Companies Act, 1956 in that regard has since been compounded by Department of Company Affairs. Permission from SEBI, in the matter of listing of Equity Shares on Stock Exchanges, is now awaited.

B: SEGMENT - WISE PERFORMANCE:

i) Steel Plant Division:

Steel Plant Division operations during the year under review have been satisfactory. It has, with a High Capacity utilization at 113%, produced a record high level of 4.27 Lacs MTs Hot Metal. The prices for Pig Iron, in tune with the overall sentiments in the Iron and Steel Industry showed an improvement resulting into higher sales turnover. The same could not however, result into positive bottom-line for the Division and for the Company; although there is a marked reduction in losses. The cost of raw material like Metcoke, a major raw material, and which constitutes about 72% (in value) of the raw materials consumed in the Division, increased considerably. Likewise Iron Ore costs also went up substantially, besides being in short supply. Shortage of this material had caused concerns at times. Although, the Company has been allotted nearby Iron Ore Mining Block for captive consumption, the operations thereon would commence only after the ongoing forest cutting and other related works are over. On becoming fully operational, about 20% of the Company's requirements of Iron Ore will be covered by this Mining activity. For the present however, the Company continues to depend on distant sources to meet its Iron Ore requirements. This involves high transport costs.

As reported last year, the Company was allotted two Coking Coal Blocks in Jharkhand for the purpose of conversion of the same into Metcoke and captive consumption in Power Plant under Steel Plant Division. It is expected that after about 3 years of preparatory works, it would be possible to start Mining Operations of Coking Coal from these Mines. The Company is also rigorously pursuing for further Mining Blocks for non-coking coal in various coalfields in Chhattisgarh. This is intended for production of Sponge Iron for captive consumption in Steel making at a later stage.

ii) Castings Divisions:

Engineering, Centricast and Construction Castings Divisions of the Company performed almost on the same lines and scale as

Jayaswals Neco Limited

the previous year. Higher sales realizations, in tune with up-beat mood in the market, helped to yield higher contribution. During the year under review, Engineering Castings Division resumed production of S G Iron Inserts for Railways in a good measure. Centricast Division also fared well in domestic and overseas markets. Unit I under Automotive Castings Division, which was suffering from the problems of volumes and difficult financial positions, showed some improvements and overall condition is changing remarkably. It also exported some of its Castings to US and European markets.

The Company's potential for exports in Centricast, and Automotive Castings Division (Unit I) especially in European, Middle East and American markets has increased in the recent times. During the year under review, Export Sales were high at Rs 1697 Lacs being 42% more than previous year (annualized) Development of newer products for export purposes/Trade enquiries / sample exports/ export orders in hand and other indicators with respect to Centricast and Automotive Castings Division show that the Company could soon be achieving quantum growth in Export sales.

On the whole, Castings Divisions showed an overall improvement in top and bottom lines. This is despite one of the units under Construction Castings Division lying closed for market related constraints for most part of the year, and Unit II under Automotive Castings Division not being ready to commence commercial production, for the same reasons.

iii) Food Products Division:

Food Products Division continued its operations under the arrangement/tie-up for purchase/sale of materials with a leading player in the Solvent Extraction Industry and could generate only a small contribution. The Company is now working on its strategy for new arrangements of lease/sell- out, in consultations with Financial Institutions of the Company.

C: FINANCIAL PERFORMANCE / CONCERNS :

The Members may observe that the Company has achieved a total Income of Rs.61493 Lacs during the year, which works out higher by about 26% over the previous period Income (annualized). The losses have also been contained at Rs 2950 Lacs; being 44% of the previous period losses (annualized). Thus, the year under review has shown an overall improvement over the previous period.

The Directors accorded priority to ensuring that viable operations are not affected due to the odds. With this end in sight, the Company pooled all its might to keep the wheels rolling and achieving a record turnover. Some financial strain on day-to-day working capital management was, therefore, inevitable. Notwithstanding, it has paid interest - more than its capacity to pay - to all lenders, as per the Schemes sanctioned by them. Re-payment of Loan installments due thereunder however, could not be made for the time being.

There is some progress in the matter of working capital facilities from Banks. The gap between the assessed limits and the

sanctioned limits has been narrowed a bit by induction of a new banker to the consortium. Company's efforts to bring in new bankers to bridge the untied gap continue further. With the rising prices of Metcoke now, the Company requires still Higher Non-Fund-Based facilities from its Bankers.

The accumulated losses as on 31.03.2003 have eroded the network of the Company substantially. The Company has, under the provisions of Section 23 of The Sick Industrial Companies (Special Provisions) Act, 1985, become a "Potentially Sick Industrial Company." On formal adoption of the accounts and Reports thereon at the forth coming Annual General Meeting and consideration of Erosion of Network at another General Meeting, the Company shall be obliged to report its potential sickness to the Board for Industrial and Financial Reconstruction in compliance with the said provisions.

D: INDUSTRY SCENARIO / OUTLOOK :

Last 3 years have, as a result of general economic recession and weak sentiments in Indian and Worldwide markets, witnessed a setback to Iron and Steel Industry. However, during the year under review, the global scenario has changed and is changing further. There is a spurt in activities all over the market. Steel Industry in particular has improved and there are signs of turn-around to stay. Presently, the Company's facilities at Steel Plant Division are restricted to Pig Iron only and its conversion into value added steel is a necessity. Also some additional facilities for Sintering, Oxygen Plant, Coal Dust Injection Systems would improve bottom lines of the Company in the coming years. However, financial constraints for the time being, do not permit the implementation of the same right away.

The Company's efforts in arranging for sintering of its raw materials and conversion of Hot Metal into value added Steel, through others, have borne fruits during the year under review. The Company has identified strategic investors/parties, who have agreed to put up the facilities at the Steel Plant premises of the Company at their own cost and do the specified jobs for the Company as per the terms and conditions approved by the Lead Financial Institution. The Company and its project consultants are closely monitoring the progress of the Projects. The same are expected to be ready for operations by the end of the current year. The Company has entered into necessary agreements with these parties, the benefits of which are sure to improve the bottom lines of the Company, from the next year.

E: REVISION IN RESTRUCTURING SCHEME

In view of difficulties in implementing the existing Restructuring Scheme(s), changing scenario in the Company and Steel Market as a whole, it appears certain that a New, Common Scheme for all the Institutions and Banks would have to be worked out. The prices of major, vital inputs like Metcoke and Iron Ore are going up steeply. The Company does not have any control over the same. In the last one year, price rise of these materials is about 60% and 25% respectively.

New Scheme would be discussed with all concerned and approved at a special cell like Corporate Debt Restructuring Cell. The scheme so approved, would then produce the desired effects.



It is proposed to seek a differential, soft treatment to a part of Debts pertaining to Unit II under Automotive Castings Division so that it can be re-classified into new, long term, low interest bearing debt. It has not been possible, nor will it be economically viable now, for the Company to complete the said Project. The said Project was to be set up for large and heavy castings for Tractors and other Automobiles. However, the adverse market conditions in Automotive sector (Tractors) in the last 2 years discouraged any further investments in the said Project and the work on the Project was suspended. It is unfortunate that said venture is turning out to be a losing proposition. However, unless bold and strategic steps, in consultations with the Financial Institutions are taken, the fate of other viable operations and all stakeholders of the Company will be hanging in uncertainty, posing still a greater threat to the prospects of the Company.

F: INTERNAL CONTROL SYSTEMS:

As a part of sanction of Restructuring Scheme by the Institutions, Concurrent Auditors have been appointed to monitor the operations of the Company and report to the Financial Institutions. In addition, the Company has its own Internal Control System to analyze and report on the day to day operations of the Company to the management.

F: INDUSTRIAL RELATIONS:

Industrial Relations in all the Divisions of the Company remained cordial and peaceful. During the year, average No. of persons working in the Company was about 4500 approximately.

3. AUDITORS' REPORT :

As regards observations of the Auditors, vide para 3 of their report, Approvals to issue of shares are being sought as referred to in Para 2 A above. Further, the Directors submit that in view of the sustained efforts to recover the doubtful debtors and advances, the said receivables are fully recoverable, and most of the Financial Institutions and Banks have as stated above, agreed in principle to charge the Interest as per the Scheme. As a result, the Directors are of the opinion that, the provisions for such Debtors, advances, Interest and Financial Charges may not be necessary.

4. DIRECTORS:

Shri Basant Lal Shaw has, on conclusion of term of 5 years ceased to be a whole - time Director of the Company w.e.f. 31.12.2002. He is a Director and Chairman of the Company for Life.

Further, pursuant to the terms of approval by ICICI Bank Limited, re-appointments of Shri Arbind Jayaswal as Managing Director, and Shri Ramesh Jayaswal as Joint Managing Director, for a period of 5 years, commencing from 1st day of January, 2003, have been made by incorporating a reference to the said approval in their respective Agreements.

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 offer themselves for reappointments. Necessary resolutions for approval of Members together with information on Directors seeking re-appointments as above are included in the Notice for the ensuing Annual General Meeting.

During the year under review, Industrial Investments Bank of India Limited appointed Shri D R Gangopadhyay as its Nominee on the Board of Directors of the Company w.e.f. 05.06.2002. Export Import Bank of India appointed Shri John Mathew, as its Nominee Director w.e.f. 22.07.2002. ICICI Bank Ltd. appointed Shri Anand Gore as its Nominee on the Board of Directors of the Company w.e.f. 13.09.2002. IFCI withdrew its Nominee Dr. S S Jha and instead appointed Shri A K Bhan as its Nominee with effect from 19.10.2002. UTI withdrew its Nominee Shri A K Sridhar and appointed Shri Sujit Chakravorti in his place as its Nominee with effect from 04.01.2003.

The Board appreciates the contribution of all the Nominees of Financial Institutions in the working of the Company.

5. SUBSIDIARY COMPANY-NECO GLOBAL Inc.:

The statement U/S 212 of the Companies Act, 1956, in respect of Neco Global Inc. a Subsidiary Company, its Balance Sheet as on 31st March, 2003. Income Statement for the year ended on that date together with Directors' Report thereon, are separately appended.

6. 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.

7. PARTICULARS OF EMPLOYEES :

During the year review, there are no employees drawing remuneration in excess of the prescribed limits and whose particulars need be given under Section 217 (2A) of The Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended.

8. CORPORATE GOVERNANCE REPORT :

As required under the provisions of Clause 49 of the listing Agreement with Stock Exchanges, the Report on prescribed matters under Corporate Governance together with a certificate thereon from Auditors, is appended and forms a part of this Report.

9. DIRECTORS RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of The Companies Act, 1956, the Directors confirm and state that:

- a. all the applicable accounting standards have been followed in the preparation of accounts enclosed herewith

Jayaswals Neco Limited

- b. the accounting policies followed are consistent and are based on the principle of a Going Concern.
- c. 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.
- d. the Directors have taken sufficient care for maintenance of the records and safeguarding the assets of the Company and the procedures, practices and control systems in the day to day management are sound enough to prevent the occurrence of frauds and irregularities.

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.

11. ACKNOWLEDGEMENTS :

The Directors 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 in all units for their valuable contribution in the working of the Company.

For and on behalf of Board of Directors,

10. 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

Nagpur
Date : 24th July, 2003

B L SHAW
Chairman.

ANNEXURES TO DIRECTORS' REPORT**1. STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2003.**

1. Name of the Subsidiary Company : Neco Global Inc.
2. Financial Year of the Subsidiary Company : 31st March, 2003.
3. (a.) Number of Shares held by Jayaswals Neco : 10000 Equity Shares of
Limited at the end of the financial year. Face Value of US\$ 1 each fully paid up.
- (b.) Extent of interest of Holding Company at the : 100%
end of the financial year of the Subsidiary Company.
4. The net aggregate amount of the Subsidiary Company's Profit/(Loss)
so far as it concerns the members of the Holding Company.
 - a. Not dealt with in the Holding Company's accounts.
 - i) For the financial year ended 31st March 2003 : (US\$ 34.89)
 - ii) For the previous financial period of the Subsidiary : (US\$ 95656.92)
Company since it became the Holding Company's Subsidiary.
 - b. Dealt with in the Holding Company's accounts.
 - i) For the financial year ended 31st March 2003 : NIL
 - ii) For the previous financial period of the Subsidiary : NIL
Company since it became the Holding Company's Subsidiary.

For and on behalf of Board of Directors

B L SHAW
Chairman

RAMESH JAYASWAL
Joint Managing Director

ARBIND JAYASWAL
Managing Director

A D KARAJGAONKAR
Company Secretary

Nagpur
Date : 24th July, 2003



2. PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AS AMENDED FOR THE YEAR ENDED 31ST MARCH, 2003.

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, standardisation 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 (KWHs 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.	173.41 (218.29)	669.10 (992.53)	3.86 (4.54)	- (-)	- (-)	- (-)	14472 (14331)	582.46 (560.49)	4024 (3911)
Pig Iron	6.52 (12.61)	77.23 (119.32)	11.85 (9.48)	858 (1639)	114.11 (179.55)	13301 (10956)	338203 (342790)	19053.67 (18838.48)	5634 (5495)
Soya Oil, Deoiled Cakes	15.48 (13.42)	66.70 (58.51)	4.31 (4.36)	- (-)	- (-)	- (-)	2511 (2437)	35.09 (35.01)	1397 (1437)
B) OWN GENERATION Pig Iron	333.79 (376.56)	884.56 (997.88)	2.65 (2.65)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

(b) Consumption/Unit of Production.

PARTICULARS	ELECTRICITY KWHs.	FURNACE OIL LTRs.	COAL/COKE KGs.
Iron & Steel Castings	368.94 (395.72)	- (-)	307 (259)
Pig Iron	79.73 (86.35)	2.01 (3.64)	792 (761)
Soya Oil, De-oiled Cakes.	54.92 (58.21)	- (-)	89 (106)

Note : Figures in brackets relate to previous period comprising 15 months.