

# JAYASWAL NECO INDUSTRIES LTD

CIN : L28920MH1972PLC016154

(FORMERLY JAYASWALS NECO LIMITED)

REGD. OFFICE : F-8, MIDC INDUSTRIAL AREA, HINGNA ROAD, NAGPUR - 440 016 (INDIA)

PHONES : +91-7104-237276, 237471, 237472, 237461, 237462, 236253, 236254, 236256

FAX : +91-7104-237583, 236255 • E-mail : contact@necoindia.com • Website : www.necoindia.com



12<sup>th</sup> February, 2021

To,  
Manager (Listing),  
National Stock Exchange of India Ltd.,  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai

Manager (Listing),  
Department of Corporate Services,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400001.

Dear Sirs,

**Sub.: - Outcome of Board Meeting dated 12<sup>th</sup> February, 2021.**

Pursuant to Regulation 30 & 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at its Meeting held today has inter-alia approved and took on records the Unaudited Financial Results for the quarter and nine months ended 31<sup>st</sup> December, 2020.

The meeting commenced at 12.45 p.m. and concluded at 06.35 p.m.

This is for your kind information and records.

Thanking You,

Yours Faithfully,

For Jayaswal Neco Industries Limited



Vikash Kumar Agarwal

(Company Secretary & Compliance Officer)

Membership No.: A19583

**BRANCH OFFICES :**

"NECO HOUSE" D-307, Defence Colony,  
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FAX : 0788-2623410

**PATHAK H. D. & ASSOCIATES LLP**

*Chartered Accountants*

814-815, Tulsiani Chambers,

212, Nariman Point,

Mumbai – 400021

**NARESH PATADIA & CO.**

*Chartered Accountants*

Opposite Ram Mandir,

Tilak Road, Mahal,

Nagpur – 440002

**Independent Auditors' Review Report on Unaudited Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,

The Board of Directors

**JAYASWAL NECO INDUSTRIES LIMITED**

1. We have reviewed the accompanying statement of Unaudited Financial Results of JAYASWAL NECO INDUSTRIES LIMITED ("the Company") for the quarter ended December 31, 2020 and year to date from April 01, 2020 to December 31, 2020, ("the statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").
2. This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) as proscribed under section 133 of the Companies Act, 2013 (the Act) read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated above, read with our comments in paragraph 5 & 6 below, nothing has come to our attention that causes us to believe that the statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of



Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

#### 5. Material Uncertainty Related to Going Concern

We draw attention to Note no. 5 to the Statement regarding preparation of Financial Results of the Company on going concern basis, notwithstanding the fact that the Company continued to incur cash losses, its net worth has been fully eroded, loans have been called back by few of the secured lenders, application has been made to National Company Law Tribunal (NCLT), Mumbai, under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) by State Bank of India, the erstwhile lead secured lender, which has been contested by the Company, for the reasons stated in the said note. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. Banks holding 94.18% (by value) of the total principal debt, assigned all their rights, title and interests in financial assistances granted by them to the Company in favor of Assets Care & Reconstruction Enterprise Limited acting in its capacity as Trustee of eight different Trusts (ACRE) and for the other reasons mentioned in Note no. 5 to the Statement. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to raise requisite finance and generate cash flows in future to meet its obligations and to restructure its borrowing with the lenders.

Our conclusion is not modified in respect of this matter.

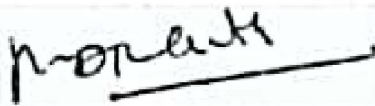
#### 6. Emphasis of Matter

We draw your attention to the Note no. 4 to the Statement regarding the attachment of the properties of the Company to the extent of Rs. 30,758 lakhs by the Directorate of Enforcement, which has been contested by the Company.

Our conclusion is not modified in respect of this matter.

For Pathak H. D. & Associates LLP

Chartered Accountants  
Firm Reg. No. 107783W/W100593



Mukesh Mehta

Partner

Membership No. 43495

UDIN No.: 21043495 AAAABC8733

Mumbai

Date: February 12, 2021

For Naresh Patadia & Co.

Chartered Accountants  
Firm Reg. No. 106936W



Naresh Patadia

Proprietor

Membership No. 35620

UDIN No.: 21035620AAAAB5492

Nagpur

Date: February 12, 2021



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₹ in Lakhs, except per equity share data)						
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2020						
PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
<b>1. Income</b>						
a) Revenue from Operations	1,14,572	90,582	88,162	2,36,343	2,83,289	3,63,218
b) Other Income	257	101	99	515	439	852
<b>Total Income</b>	<b>1,14,829</b>	<b>90,683</b>	<b>88,261</b>	<b>2,36,858</b>	<b>2,83,728</b>	<b>3,64,070</b>
<b>2. Expenses</b>						
a) Cost of Materials Consumed	48,709	47,897	47,827	1,12,032	1,60,003	2,06,152
b) Purchase of Stock-in-Trade	2,339	3,080	283	6,219	811	1,055
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	244	(103)	8,103	9,755	13,937	11,422
d) Employee Benefits Expense	5,530	5,102	6,407	14,968	17,002	22,578
e) Finance Costs	22,842	22,425	21,360	66,895	64,856	86,736
f) Depreciation and Amortisation Expense	6,726	6,722	7,163	20,093	20,830	27,634
g) Consumables, Stores and Spares Consumed	12,462	7,190	6,743	20,895	24,391	33,894
h) Other Expenses	20,292	17,869	15,168	48,674	51,010	68,171
<b>Total Expenses</b>	<b>1,19,144</b>	<b>1,10,182</b>	<b>1,13,054</b>	<b>2,99,531</b>	<b>3,52,840</b>	<b>4,57,642</b>
<b>3. Loss Before Exceptional Items and Tax (1-2)</b>	<b>(4,315)</b>	<b>(19,499)</b>	<b>(24,793)</b>	<b>(62,673)</b>	<b>(69,112)</b>	<b>(93,572)</b>
4. Exceptional Items (Refer Note 6)	-	-	-	-	-	56,817
<b>5. Loss Before Tax (3-4)</b>	<b>(4,315)</b>	<b>(19,499)</b>	<b>(24,793)</b>	<b>(62,673)</b>	<b>(69,112)</b>	<b>(1,50,389)</b>
6. Tax Expenses / (Credits) Including Deferred tax						
Deferred Tax	(14)	(15)	7	(43)	20	(58)
Income Tax for Earlier years	-	(7)	-	(4)	-	-
<b>7. Loss for the period / year (5+6)</b>	<b>(4,329)</b>	<b>(19,521)</b>	<b>(24,786)</b>	<b>(62,720)</b>	<b>(69,092)</b>	<b>(1,50,447)</b>
8. Other Comprehensive Income (OCI)						
(I) Item that will not be reclassified to profit or loss						
(a) Remeasurement Gain / (Loss) on Defined Benefit Plans	(57)	(58)	20	(172)	58	(230)
(b) Tax Effect on above	14	15	(7)	43	(20)	58
(II) Item that will be reclassified to profit or loss	-	-	-	-	-	-
<b>Total Other Comprehensive Income (Net of Tax)</b>	<b>(43)</b>	<b>(43)</b>	<b>13</b>	<b>(129)</b>	<b>38</b>	<b>(172)</b>
<b>9. Total Comprehensive Income for the period / year (7+8)</b>	<b>(4,372)</b>	<b>(19,564)</b>	<b>(24,773)</b>	<b>(62,849)</b>	<b>(69,054)</b>	<b>(1,50,619)</b>
10. Paid-up Equity Share Capital (Face Value per share : Rs. 10/- each)	63,863	63,863	63,863	63,863	63,863	63,863
11. Other Equity excluding Revaluation Reserve						(1,44,522)
12. Earnings Per Share (of Rs. 10/- each)						
a) Basic (Not Annualised) *	(0.68)*	(3.06)*	(3.88)*	(9.82)*	(10.82)*	(23.56)
b) Diluted (Not Annualised) *	(0.68)*	(3.06)*	(3.88)*	(9.82)*	(10.82)*	(23.56)



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## Notes :

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 12th February, 2021. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- 2 As reported earlier, eight out of twelve bankers of the Company had assigned their fund based debt along with underlying financial documents together with their rights, benefits and obligations in favour of Assets Care & Reconstruction Enterprise Ltd (ACRE) acting in its capacity as trustee of various trusts; accordingly, total assignment till date amounts to Rs. 347706 lakhs constituting 94.18% of the total Principal Fund Based Outstanding.
- 3 In spite of continuous prevalence of COVID 19 pandemic, the Company achieved normal business operations during the quarter ended December 31, 2020. The Company will continue to closely monitor any material changes arising out of future economic conditions and impact on its business including recoverability of inventories and trade receivables.
- 4 As reported earlier, the Directorate of Enforcement by way of two attachments had provisionally attached the Plant and Machinery under installation at Dagori Integrated Steel Plant situated at Bilha, Bilaspur (Chhattisgarh) and certain property, plant and equipment at Steel Plant Division, Siltara, Raipur to the extent of Rs. 30758 Lakhs for alleged misuse of coal raised from Gare Palma IV/4 coal block in Chhattisgarh.

The Adjudicating Authority had confirmed the above provisional attachments. Subsequently, the Appellate Authority stayed both the attachments on an appeal filed by the Company where the matter has been put up for hearing on April 8th, 2021. The Company has a good case on merits, is likely to succeed in refuting the allegations and does not expect any material liability on the Company on this account.

- 5 The Company underwent significant financial stress in the last six years due to cancellation of its three captive coal mines, payment of additional levy on mined coal as per the Hon'ble Supreme Court order, COVID 19 related lockdown of business units and its consequent adverse impact on the Company and various other reasons which have resulted in financial constraints to the Company, losses in the operations, wipe out of the net worth and calling back of loans by few of the secured lenders. Further, an appropriate debt restructuring scheme was approved by the super majority of the secured lenders and the Company had complied with the conditions of debt restructuring scheme and got its Master Restructuring Agreement signed by the Lenders.

However on the directions of Reserve Bank of India (RBI), which had not agreed to the approved debt restructuring scheme being fully implemented within the stipulated time line of December 13, 2017, State Bank of India (SBI), the erstwhile lead secured lender, had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016, against the Company claiming an amount of Rs. 51383 Lakhs as default as on November 30, 2017.

In view of the Status Quo order issued by the Hon'ble Supreme Court on April 16, 2018, the case had been adjourned sine die by the National Company Law Tribunal (NCLT), Mumbai in its hearing dated November 14, 2019. The matter is at pre admission stage in NCLT and would be listed only after the Special Leave Petition (SLP) filed by the Company is disposed of by the Hon'ble Supreme Court.

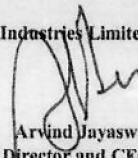
All the lenders of the Company continue to support the operations of the Company. The Company is actively pursuing restructuring of its debts with its lenders. Further the Company has taken active steps for effective and efficient operations including cost reduction. Accordingly the Company continues to prepare its books of account on going concern basis.

- 6 Exceptional items during the year ended 31st March 2020 represents impairment of certain Fixed Assets and Capital Work in Progress of the Company.
- 7 The figures for the corresponding previous periods / year have been regrouped / rearranged wherever necessary, to make them comparable.

NAGPUR  
12th February, 2021



For Jayaswal Neco Industries Limited

  
Arvind Jayaswal  
Managing Director and CEO  
DIN : 00249864



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## UNAUDITED SEGMENT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2020

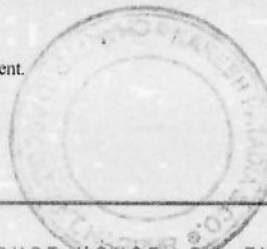
(₹ in Lakhs)

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
<b>1. Segment Revenue</b>						
a) Steel	104518	80754	78822	212503	254441	324939
b) Iron & Steel Castings	11101	10290	9930	25545	31372	41493
c) Others	-	0	2	-	3	3
<b>Turnover</b>	<b>115619</b>	<b>91044</b>	<b>88754</b>	<b>238048</b>	<b>285816</b>	<b>366435</b>
Less : Inter Segment Revenue	1047	462	592	1705	2527	3217
<b>Revenue from Operations</b>	<b>114572</b>	<b>90582</b>	<b>88162</b>	<b>236343</b>	<b>283289</b>	<b>363218</b>
<b>2. Segment Results</b> (Loss before tax)						
a) Steel	18608	3038	(3838)	7775	(5019)	(6222)
b) Iron & Steel Castings	(1)	(43)	592	(3366)	1100	(378)
c) Others	-	0	(132)	-	(139)	(244)
<b>Total</b>	<b>18607</b>	<b>2995</b>	<b>(3378)</b>	<b>4409</b>	<b>(4058)</b>	<b>(6844)</b>
Less : i) Finance Cost	22842	22425	21360	66895	64856	86736
ii) Other Un-allocable Expenditure	105	97	106	286	346	515
Add : Unallocated Income	25	28	51	99	148	523
<b>Loss Before Exceptional Items and Tax</b>	<b>(4315)</b>	<b>(19499)</b>	<b>(24793)</b>	<b>(62673)</b>	<b>(69112)</b>	<b>(93572)</b>
Less : Exceptional Items	-	-	-	-	-	56817
<b>Loss Before Tax</b>	<b>(4315)</b>	<b>(19499)</b>	<b>(24793)</b>	<b>(62673)</b>	<b>(69112)</b>	<b>(150389)</b>
<b>3. Segment Assets</b>						
a) Steel	527306	510190	592729	527306	592729	533730
b) Iron & Steel Castings	26196	26432	31452	26196	31452	29735
c) Others	41	41	145	41	145	41
d) Unallocated	8915	9014	11070	8915	11070	12699
<b>Total Segment Assets</b>	<b>562458</b>	<b>545677</b>	<b>635396</b>	<b>562458</b>	<b>635396</b>	<b>576205</b>
<b>4. Segment Liabilities</b>						
a) Steel	33794	32254	33560	33794	33560	42965
b) Iron & Steel Castings	5899	5961	4929	5899	4929	5362
c) Others	-	-	-	-	-	-
d) Unallocated	666252	646578	595981	666252	595981	608516
<b>Total Segment Liabilities</b>	<b>705945</b>	<b>684793</b>	<b>634470</b>	<b>705945</b>	<b>634470</b>	<b>656843</b>

### Notes to Segment Information for the Quarter and Nine Months Ended 31st December, 2020 :

- As per Indian Accounting Standard 108 'Operating Segments' (Ind-AS 108), the Company has reported 'Segment Information', as described below :
  - Steel Segment is engaged in manufacture and sale of Pig Iron, Billets, Rolled Products including Alloy Steel and Sponge Iron and includes its captive power plants at its units located at Siltara, Raipur and Mining activities in the state of Chhattisgarh and Maharashtra and trading of steel items.
  - Iron and Steel Castings Segment is engaged in manufacture and sale of Engineering and Automotive Castings with production facilities at Nagpur in Maharashtra and Bhilai and Anjora in Chhattisgarh.
  - Other Segment comprises of trading of Coal, Coke and PVC pipes.
- The Company has operations in India. There is no identified Geographical Segment.

NAGPUR  
12th February, 2021



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