

# JAYASWAL NECO INDUSTRIES LTD

CIN : L28920MH1972PLC016154

(FORMERLY JAYASWALS NECO LIMITED)

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Dated 23<sup>rd</sup> August, 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-400051.**

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

Dear Sirs,

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, this is to inform you that the Company has entered into a restructuring support agreement dated 23<sup>rd</sup> August, 2021 with various trusts declared and managed by Asset Care & Reconstruction Enterprise Limited, in its capacity as a trustee of such trusts ("**Lenders**") in relation to restructuring of its outstanding debt owed to the Lenders, in accordance with Section 9 of the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("**SARFAESI Act**"), as amended and restated from time to time ("**Restructuring Support Agreement**").

The debt restructuring would become effective upon completion of certain condition precedents under the Restructuring Support Agreement.

Due to financial constraints faced by the Company on account of various reasons in the past, it has not been able to service its debts as per the original maturity. Accordingly, as a measure of asset reconstruction under the SARAFESI Act, the entire outstanding debt facilities are proposed to be restructured.

It is expected that the implementation of the proposed debt restructuring would improve the cash flow position of the Company, result in reduction of financial stress, will lead to realignment of debt to a sustainable level and reduction in financial leverage. The Company believes that the debt restructuring will enable the Company to service its debt obligations towards the Lenders promptly.

## BRANCH OFFICES :

"NECO HOUSE" D-307, Defence Colony,  
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TRUST HOUSE, 5th FLOOR,  
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KOLKATTA - 700012 INDIA FAX : 033-22122560  
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As part of the debt restructuring, a part of debt approximately in the range of 5.71% to 16.28% of the total debt exposure of the Lenders in the Company is proposed to be converted into equity shares of the Company, which shall be issued and allotted to the Lenders, aggregating to 31.44% of the expanded equity share capital of the Company on a fully diluted basis.

Simultaneously, as a part of the debt restructuring, the Promoters/ Promoter Group would be issued and allotted equity shares in the Company against their contribution of INR 78 Crores in the Company in the following manner: (i) fresh infusion of INR 58 Crores in cash by the Promoters/ Promoter Group in the Company; and (ii) unsecured loan of INR 20 crores, already extended to the Company, which would be converted against the issue of equity shares. The existing Promoters and Promoter Group of the Company shall continue to retain management control of the Company post the aforesaid issuance of equity shares.

The aforesaid issuance of equity shares is subject to necessary approvals, including of the Board of Directors and the Shareholders of the Company.

**The tentative pre issue and post issue equity shareholding of the Company on a fully diluted basis would be as follows: -**

Category of shareholders	Pre-issue shareholding on a fully diluted basis	Post-issue shareholding on a fully diluted basis
Promoters and Promoter Group	68.79%	47.98%-49.49%
Public	31.21%	50.51%-52.02%
- Lenders (out of Public)	Nil	31.44%

To comply with the conditions of the “Restructuring Support Agreement”, which is the principal agreement, as part of the transaction documents, the Company has also entered into a shareholders’ agreement on 23<sup>rd</sup> August, 2021 along with the Promoters and Promoter Group of the Company with various trusts declared and managed by Asset Care & Reconstruction Enterprise Limited, in its capacity as a trustee of such trusts (**“Shareholders’ Agreement”**), **the details of which are given below:**

**a) Name(s) of parties with whom the agreement is entered;**

(i) Jayaswal Neco Industries Limited, **being the Company** and (ii) Mr. Basant Lall Shaw, Mr. Arvind Jayaswal, Mr. Ramesh Jayaswal, Ms. Nisha Jayaswal and Ms. Rita Jayaswal (**being the individual promoters**), (iii) Jayaswal Holdings Private Limited, Jayaswal Neco Power Private Limited, Jayaswal Neco Infrastructures Private Limited, Jayaswal Neco Steel and Mining Limited, Jayaswal Neco Metallica Private Limited, Apex Spinning Mills Private Limited, Avon Sales and Services Private Limited, Anurag Sales & Services Private Limited, Nine Star Plastic Packaging Services Private Limited, Jayaswal Neco Energy Private Limited, Karamveer Impex Private Limited, Neco Valves and Pumps Private Limited and Neco Leasing and Finance Private



Limited (**being the corporate promoters**) and (iv) ACRE-54-Trust, ACRE-59-Trust, ACRE-63-Trust, ACRE-64-Trust, ACRE-68-Trust, ACRE-69-Trust, ACRE-70-Trust, ACRE-76-Trust, ACRE-101-Trust, ACRE-103-Trust and ACRE-106-Trust (**being the Investor Shareholders / ACRE Trusts**).

**b) Purpose of entering into the agreement;**

As part of the transaction documents, to comply with the terms and conditions of "Restructuring Support Agreement", which is the principal agreement.

**c) Shareholding, if any, in the entity with whom the agreement is executed;**

The Company has no shareholding in the entities with whom the agreement is executed.

**d) Significant terms of the agreement;**

Apart from the terms already disclosed above in this letter, the other significant terms are as follows:-

- i) Until such time as the Investor Shareholders, together with their respective Affiliates, hold, in the aggregate, at least 10% (Ten per cent) of the Equity Capital of the Company, the Investor Shareholders and their respective Affiliates shall, collectively, have the right to appoint 2 (Two) Directors on the Board (the "Nominee Directors") of the Company.
- ii) To align the Articles of Association of the Company with the conditions stipulated in the Restructuring Support Agreement and Shareholders' Agreement and to insert new clauses with the approval of shareholders as follows:
  - To provide affirmative voting rights to the ACRE Trusts;
  - To provide rights of the ACRE Trusts in relation to nominee directors i.e. Until such time as the Investor Shareholders, together with their respective Affiliates, hold, in the aggregate, at least 10% (ten per cent) of the equity share capital, the ACRE Trusts and their respective affiliates shall, collectively, have the right to appoint 2 (Two) Nominee Directors on the Board;
  - The consent of the ACRE Trusts will be prerequisite for any change in the clauses of the Articles of the Company which impacts the rights of the ACRE Trusts.
  - Right of first offer in favor of the Promoters of the Company with respect to the converted equity held by the Investors.



**e) Nature of relationship;**

Parties at a) ii and a) iii above forms part of Promoters and Promoter Group of the Company.

**f) Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";**

Promoters and Promoter Group are party to the "Shareholders' Agreement". However all transactions are to be done at "arm's length" basis and as per the applicable SEBI Regulations and other statutory requirements.

**g) In case of issuance of shares to the parties, details of issue price, class of shares issued;**

At present, "Shareholders' Agreement" has been executed. The equity shares will be issued after the Board of Directors, the Shareholders and the relevant regulatory authorities approvals and at a price not less than as may be determined as per the applicable SEBI Regulations.

**h) Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;**

As mentioned in point d(i) above.

We request you to take this on record.

Thanking you,

Yours faithfully,

**For Jayaswal Neco Industries Limited,**



**Ramesh Jayaswal  
Joint Managing Director & CEO  
DIN. 00249947**

