

JAYASWAL NECO INDUSTRIES LTD

CIN : L28920MH1972PLC016154

(FORMERLY JAYASWALS NECO LIMITED)

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

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



11th February, 2020

To
Manager (Listing),
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th 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 11th February,2020.

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 dated 11th February,2020 has inter-alia approved and took on records the Unaudited Financial Results for the Quarter and Nine months ended 31st December,2019.

The meeting commenced at 12.30 p.m. and concluded at 03.50 p.m.

This is for your kind information and records.

Thanking You,

Yours Faithfully,

For Jayaswal Neco Industries Limited



Vikash Kumar Agarwal
Company Secretary and Compliance Officer
Membership No. A19583

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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 and nine months period ended December 31, 2019, ("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 prescribed under section 133 of the Companies Act, 2013 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, 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. 4 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 substantially 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 94.20% (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 ACRE. 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. 3 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.: 20043495AAAABC6272



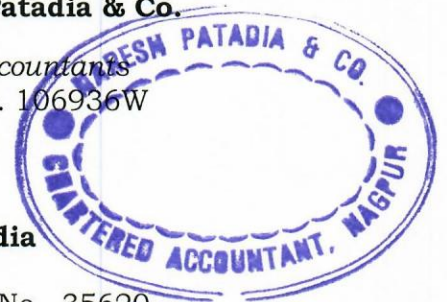
Nagpur
Date: February 11, 2020

For **Naresh Patadia & Co.**

Chartered Accountants
Firm Reg. No. 106936W


Naresh Patadia
Proprietor

Membership No. 35620
UDIN No.: 20035620AAAAAB6693



Nagpur
Date: February 11, 2020

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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, 2019

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1. Income						
a) Revenue from Operations	88162	84203	108612	283289	326240	422653
b) Other Income	99	50	73	439	913	1741
Total Income	88261	84253	108685	283728	327153	424394
2. Expenses						
a) Cost of Materials Consumed	47827	53320	61113	160003	177686	236317
b) Purchase of Stock-in-Trade	283	275	309	811	1173	1333
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock- in-Trade	8103	(663)	(8579)	13937	(13953)	(23124)
d) Employee Benefits Expense	6407	5292	5582	17002	16906	21930
e) Finance Costs	21360	20845	17935	64856	53226	71147
f) Depreciation and Amortisation Expense	7163	6870	6871	20830	20558	27268
g) Consumables, Stores and Spares Consumed	6743	5899	15774	24391	41831	53698
h) Other Expenses	15168	16805	22121	51010	60702	80228
Total Expenses	113054	108643	121126	352840	358129	468797
3. Loss Before Exceptional Items and Tax (1-2)	(24793)	(24390)	(12441)	(69112)	(30976)	(44403)
4. Exceptional Items	-	-	-	-	-	-
5. Loss Before Tax (3-4)	(24793)	(24390)	(12441)	(69112)	(30976)	(44403)
6. Tax Expenses						
Deferred Tax	7	6	50	20	151	27
Income Tax for Earlier years	-	-	-	-	(9)	(11)
7. Loss for the period / year (5+6)	(24786)	(24384)	(12391)	(69092)	(30834)	(44387)
8. Other Comprehensive Income (OCI)						
(I) Item that will not be reclassified to profit or loss						
(a) Remeasurement Gain / (Loss) on Defined Benefit Plans	20	19	144	58	433	77
(b) Tax Effect on above	(7)	(6)	(50)	(20)	(151)	(27)
(II) Item that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other Comprehensive Income (Net of Tax)	13	13	94	38	282	50
9. Total Comprehensive Income for the period / year (7+8)	(24773)	(24371)	(12297)	(69054)	(30552)	(44337)
10. Paid-up Equity Share Capital (Face Value per share : Rs. 10/- each)	63863	63863	63863	63863	63863	63863
11. Other Equity excluding Revaluation Reserve						6096
12. Earnings Per Share (of Rs. 10/- each)						
a) Basic (Not Annualised) *	(3.88)*	(3.82)*	(1.94)*	(10.82)*	(4.83)*	(6.95)
b) Diluted (Not Annualised) *	(3.88)*	(3.82)*	(1.94)*	(10.82)*	(4.83)*	(6.95)



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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 11th February, 2020. 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 have assigned their fund based debt along with underlying financial documents together with their rights, benefits and obligations in favour of Assets Care & Reconstruction Enterprise Limited (ACRE) acting in its capacity as trustee of various trusts; accordingly, total assignment till date amounts to Rs. 339354 lakhs constituting 94.20% of the total Principal Fund Based Outstanding.
- 3 As reported earlier, the Directorate of Enforcement had provisionally attached the Plant and Machinery under installation at Dagori Integrated steel plant situated at Bilha, Bilaspur (Chhattisgarh) to the extent of Rs. 20616 lakhs for alleged misuse of coal raised from Gare Palma IV/4 coal block at Chhattisgarh - (First attachment) and also had provisionally attached certain property, plant and equipment to the extent of Rs. 2092 lakhs situated at Dagori Project, Bilha, Bilaspur (Chhattisgarh) and Rs. 8050 lakhs situated at Steel Plant Division, Siltara, Raipur. The Order inter-alia alleging that the benefits to the extent of Rs. 10142 lakhs accrued to the Company, in the form of fresh share capital issuance for setting up end use projects related to captive coal mine of Gare Palma IV/4 coal block, constitutes as part of Proceeds of Crime – (Second attachment).
The Adjudicating Authority had confirmed the above both provisional attachments. Subsequently the Appellate Authority stayed both the attachments on an appeal filed by the Company. On 15th March, 2019, upon Company's request, the ED Appellate Authority has clubbed the matter of first attachment with the matter of second attachment. The matter has been put up for hearing now on 7th April, 2020 with the ED Appellate Authority. 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.
- 4 The Company underwent significant financial stress in the last five 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 and various other reasons which have resulted in financial constraints to the Company, losses in the operations, erosion of net worth and calling back of loans by few of the secured lenders. Further, an appropriate Debt Restructured Plan was approved by the super majority of the secured lenders and the Company had complied with the conditions of Debt Restructuring Scheme including getting Independent Evaluation Committee recommendation to the scheme, infusion of stipulated additional funds as Promoters Contribution as per the scheme and signing of its Master Restructuring Agreement 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 13th December, 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 30th November, 2017.
In view of the Status Quo order issued by the Hon'ble Supreme Court, the case has been adjourned sine die by the National Company Law Tribunal (NCLT), Mumbai in its hearing dated 14th November, 2019. The matter is still at pre admission stage in NCLT. The matter would be listed only after the Special Leave Petition (SLP) filed by the Company is disposed of by the Honourable Supreme Court.
Being aggrieved by the non-implementation of the approved Debt Restructuring Scheme, the Company had filed Writ Petition (WP) before the Hon'ble Bombay High Court, Mumbai, against RBI, which got dismissed. The Company had challenged the order of the Hon'ble Bombay High Court before the Hon'ble Supreme Court of India and on 16th April, 2018 the Hon'ble Supreme Court was pleased to issue notice and directed the parties to maintain status quo. The matter is yet to be listed on the bench.
All the lenders of the Company continue to support the operations of the Company. Accordingly the Management is of the view that the above circumstances will not affect the operations of the Company and it continues to prepare the books of account on Going Concern basis.
- 5 During the period, no impairment testing of the assets is undertaken by the Company, accordingly the impairment if any, will be assessed at the year end.
- 6 The figures for the corresponding previous periods / year have been regrouped / rearranged wherever necessary, to make them comparable.

NAGPUR
11th February, 2020



For Jayaswal Neco Industries Limited


Arbind Jayaswal
Managing Director and CEO
DIN : 00249864

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UNAUDITED SEGMENT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2019

(₹ in Lakhs)

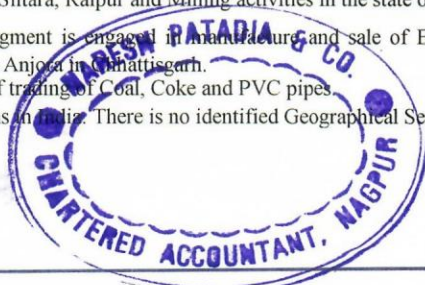
PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1. Segment Revenue						
a) Steel	78822	74569	95689	254441	291716	375686
b) Iron & Steel Castings	9930	10517	13961	31372	37822	50856
c) Others	2	-	5	3	13	16
Turnover	88754	85086	109655	285816	329551	426558
Less : Inter Segment Revenue	592	883	1043	2527	3311	3905
Revenue from Operations	88162	84203	108612	283289	326240	422653
2. Segment Results (Profit / (Loss) before tax and interest from each segment)						
a) Steel	(3838)	(3795)	5166	(5019)	21314	25298
b) Iron & Steel Castings	592	331	403	1100	1019	1115
c) Others	(132)	(5)	-	(139)	3	4
Total	(3378)	(3469)	5569	(4058)	22336	26417
Less : i) Finance Cost	21360	20845	17935	64856	53226	71147
ii) Other Un-allocable Expenditure	106	124	127	346	409	483
Add : Unallocated Income	51	48	52	148	323	810
Loss Before Tax	(24793)	(24390)	(12441)	(69112)	(30976)	(44403)
3. Segment Assets						
a) Steel	592729	601721	635267	592729	635267	628530
b) Iron & Steel Castings	31452	32332	33360	31452	33360	31925
c) Others	145	273	314	145	314	284
d) Unallocated	11070	11011	11036	11070	11036	10817
Total Segment Assets	635396	645337	679977	635396	679977	671556
4. Segment Liabilities						
a) Steel	33560	36879	47415	33560	47415	48290
b) Iron & Steel Castings	4929	6156	6309	4929	6309	5053
c) Others	-	-	-	-	-	-
d) Unallocated	595981	576602	542487	595981	542487	548232
Total Segment Liabilities	634470	619637	596211	634470	596211	601575

Notes to Segment Information for the Quarter and Nine Months Ended 31st December, 2019 :

- I. As per Indian Accounting Standard 108 'Operating Segments' (Ind-AS 108), the Company has reported 'Segment Information', as described below :
 - a. 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.
 - b. 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.
 - c. Other Segment comprises of trading of Coal, Coke and PVC pipes.
2. The Company has operations in India. There is no identified Geographical Segment.

NAGPUR

11th February, 2020



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