

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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14th September, 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 14th September, 2020.

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 ended 30th June, 2020 and has also:

1. Approved convening of the 47th Annual General Meeting of the Company and Book closure dates -

47th Annual General Meeting (AGM) of the Members of the Company will be held on Thursday, 24th December, 2020.

Register of Members and Share transfer book shall remain closed from **Friday, 18th December, 2020 to Thursday, 24th December, 2020. (both days inclusive)**

2. Approved the appointment of Shri Shantanu Jog, Practising Company Secretary as the Scrutinizer to scrutinize the voting process including e-voting in respect of the resolutions proposed to be passed in the ensuing AGM.

3. Took note of the Cost Audit Report for the financial year 2019-20.

4. Approved the re- appointment of Shri Meghpal Singh as Executive Director (Steel) & COO (Steel Plant Division) for a period of 3 (Three) years w.e.f. 13th November, 2020, subject to approval of members in the next General Meeting of the Company and other requisite approvals. There is no relation between the Directors of the Company and the appointee Shri Meghpal Singh inter-se. Brief profile of Shri Meghpal Singh is attached herewith for records. The Company also confirms that the appointee is not debarred from holding the office of Director of any Company by virtue of any SEBI order or by order of any other authority.

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The meeting commenced at 12.30 P.M. and concluded at 4.35 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



BRIEF PROFILE OF SHRI MEGHPAL SINGH

Name	Shri Meghpal Singh
Qualification	B.E (Metallurgy & Material Sciences)
DIN	02635073
Experience in Specific Functional Area	Rich Experience of about 40 years in almost all the functional areas of a Steel Plant.



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 June 30, 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 ("the Regulation"), as amended.
2. This statement 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 issue a report 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 is limited primarily to inquiries of Company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



4. 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 continue to incurred cash losses, it's 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 94.28% (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 Trust (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.

5. Emphasis of Matters

We draw your attention to the:

- a) Note no. 3 to the Statement, which describes the uncertainties related to COVID-19 and its consequential effects on the affairs of the Company.
- b) 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 these matters.

6. Based on our review conducted as stated above, read with our comments in paragraph 4 and 5 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



7. Other Matter

- a) The managerial remuneration of Rs. 49 Lakhs paid to the whole time directors of the Company for the quarter ended June 30, 2020, is subject to approval from the shareholders of the Company as required under the Act.

Our conclusion is not modified in respect of this matter.

For **Pathak H. D. & Associates LLP**
Chartered Accountants
Firm Reg. No. 107783W/W100593

For **Naresh Patadia & Co.**
Chartered Accountants
Firm Reg. No. 106936W

Mukesh Mehta



Mukesh Mehta
Partner
Membership No. 43495
UDIN: 20043495AAAADS1055

Naresh Patadia



Naresh Patadia
Proprietor
Membership No. 35620
UDIN: 20035620AAAAAI9529

Mumbai
Date: September 14, 2020

Nagpur
Date: September 14, 2020

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(₹ in Lakhs, except per equity share data)				
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2020				
PARTICULARS	QUARTER ENDED			YEAR ENDED
	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	UNAUDITED	(Refer Note. 7)	UNAUDITED	AUDITED
1. Income				
a) Revenue from Operations	31189	79929	110924	363218
b) Other Income	157	413	290	852
Total Income	31346	80342	111214	364070
2. Expenses				
a) Cost of Materials Consumed	15426	46149	58856	206152
b) Purchase of Stock-in-Trade	800	244	253	1055
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	9614	(2515)	6497	11422
d) Employee Benefits Expense	4336	5576	5303	22578
e) Finance Costs	21628	21880	22651	86736
f) Depreciation and Amortisation Expense	6645	6804	6797	27634
g) Consumables, Stores and Spares Consumed	1243	9503	11749	33894
h) Other Expenses	10513	17161	19037	68171
Total Expenses	70205	104802	131143	457642
3. Loss Before Exceptional Items and Tax (1-2)	(38859)	(24460)	(19929)	(93572)
4. Exceptional Items (Refer Note 6)	-	56817	-	56817
5. Loss Before Tax (3-4)	(38859)	(81277)	(19929)	(150389)
6. Tax Expenses				
Deferred Tax	(14)	(78)	7	(58)
Income Tax for Earlier years	3	-	-	-
7. Loss for the period / year (5+6)	(38870)	(81355)	(19922)	(150447)
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)	(288)	19	(230)
(b) Tax Effect on above	14	78	(7)	58
(II) Item that will be reclassified to profit or loss	-	-	-	-
Total Other Comprehensive Income (Net of Tax)	(43)	(210)	12	(172)
9. Total Comprehensive Income for the period / year (7+8)	(38913)	(81565)	(19910)	(150619)
10. Paid-up Equity Share Capital (Face Value per share : Rs. 10/- each)	63863	63863	63863	63863
11. Other Equity excluding Revaluation Reserve				(144522)
12. Earnings Per Share (of Rs. 10/- each)				
a) Basic (Not Annualised) *	(6.09)*	(12.74)*	(3.12)*	(23.56)
b) Diluted (Not Annualised) *	(6.09)*	(12.74)*	(3.12)*	(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 14th September, 2020. The Statutory Auditors 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. 349069 lakhs constituting 94.28% of the total Principal Fund Based Outstanding.
- 3 The outbreak of COVID-19 virus continues to spread across the globe including India and to control this, the Governmental authorities had been forced to commence nationwide lockdown. Accordingly, with effect from 24th March, 2020 to 14th May, 2020 the Company had to shut down its Integrated Steel Plant at Siltara, Raipur, Captive Iron Ore Mine at Metabodeli and Foundry Unit at Anjora in the state of Chhattisgarh. The foundry units of the Company situated at Hingna, Nagpur and Butibori Industrial Areas, had been shut down from 21st March, 2020 and they reopened in the month of May, 2020. Presently the operations have commenced with reduced capacity. It has significantly affected the business of the Company, liquidity and raised concerns for the coming quarters.

Post gradual lifting of lockdown, significant challenges for the Company's business persists. Restoring supply chains and customers normal scale of operations more predominantly located in the Red Zones and bringing back the migrant labours working with the customers continue to remain as a huge challenge. The customers have liquidated their existing stocks post their operations resumption before starting to ramp up production. Consequently the company is expected to continue to work at lower utilization levels till demand resumes meaningfully. To deal effectively with the Covid-19 pandemic, periodic instructions were issued by the Company to its workers, contractors and employees aligned with the periodic instructions issued by the Governmental authorities. Constant awareness campaign and the need and importance to adhere to them has been continuously spread amongst the workers, contractors and the employees. The Company has also ensured regular and contract labour continuity for its operations. The migrant labour exodus has not affected the Company's work force.

During the quarter due to the Covid induced market situation, the Company at its Steel Plant Division could operate only its Pellet Plant, Coke Oven Plants, Sponge Iron Plants and the associated Power Plants only. The same has affected the earnings quite adversely. It is not possible to determine the exact financial impact of Covid-19 pandemic over the business at this juncture as it is a continuing and evolving situation. The sustainable demand volumes, selling prices and margins that the Company can earn post Covid-19 recovery would be known once businesses stabilize and the entire ecosystem starts functioning smoothly.

Keeping in mind the health and safety of its employees, customers, vendors, the Company strives hard to come out of the Covid-19 crisis with positive approach, patience, committed team work, enhancement of efficiencies, cost reduction, Governmental and stakeholders support, clearly defined objectives and meticulous roadmap for its execution.

- 4 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 Integrated steel plant situated at, Bilha, Bilaspur (Chhattisgarh) and Rs. 8050 Lakhs situated at Steel Plant Division, Siltara, Raipur. The Order inter-alia alleged that benefits to the extent of Rs. 10142 Lakhs accrued to the Company, in the form of fresh share capital issuance for setting up and 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 the Company's request, the ED Appellate Authority had clubbed the matter of first attachment with the matter of second attachment. The matter has been put up for hearing now on 18th September, 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.

- 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 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 15th 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.

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In view of the Status Quo order issued by the Hon'ble Supreme Court, the case had been adjourned sine die by the National Company Law Tribunal (NCLT), Mumbai in its hearing dated 14th November, 2019. The matter is 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 Hon'ble 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.

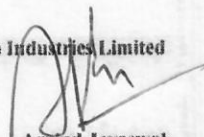
All the lenders of the Company continue to support the operations of the Company. The Company is actively pursuing restructuring of its debts with its lenders. Further the Company has taken active steps for effective and efficient operations including cost reduction. Accordingly the Company continues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

- 6 During the previous year ended 31st March, 2020, as per its impairment policy in accordance with the Indian Accounting Standards (Ind AS) 36 - 'Impairment of Assets', the Company had carried out an impairment test of its Fixed Assets of Flat Production Division (FPD) at Raipur and Capital Work in Progress at its Bilha, Bilaspur plant, and impairment loss of Rs. 56817 Lakhs had been recognized as an exceptional item.
- 7 The figures for the quarter ended 31st March, 2020 are the balancing figures between audited figures of the full financial year and the reviewed year to date figures upto the third quarter of the respective financial year.
- 8 The figures for the corresponding previous periods / year have been regrouped / rearranged wherever necessary, to make them comparable.

NAGPUR
14th September, 2020



For Jayaswal Neco Industries Limited


Arvind Jayaswal
Managing Director and CEO
DIN : 00249864



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UNAUDITED SEGMENT INFORMATION FOR THE QUARTER ENDED 30TH JUNE, 2020

(₹ in Lakhs)

PARTICULARS	QUARTER ENDED			YEAR ENDED
	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	UNAUDITED	(Refer Note 7)	UNAUDITED	AUDITED
1. Segment Revenue				
a) Steel	27231	70498	101050	324939
b) Iron & Steel Castings	4154	10121	10925	41493
c) Others	0	0	1	3
Turnover	31385	80619	111976	366438
Less: Inter Segment Revenue	196	690	1052	3217
Revenue from Operations	31189	79929	110924	363218
2. Segment Results (Loss before tax)				
a) Steel	(13871)	(1203)	2614	(6222)
b) Iron & Steel Castings	(3322)	(1478)	177	(378)
c) Others	0	(105)	(2)	(244)
Total	(17193)	(2786)	2789	(6844)
Less: i) Finance Cost	21628	21880	22651	86736
ii) Other Un-allocable Expenditure	84	169	116	515
Add: Unallocated Income	46	375	49	523
Loss Before Exceptional Items and Tax	(38859)	(24460)	(19929)	(93572)
Less: Exceptional Items	-	56817	-	56817
Loss Before Tax	(38859)	(81277)	(19929)	(150389)
3. Segment Assets				
a) Steel	514409	533730	622921	533730
b) Iron & Steel Castings	25565	29735	32364	29735
c) Others	41	41	277	41
d) Unallocated	8211	12699	10907	12699
Total Segment Assets	548226	576205	666469	576205
4. Segment Liabilities				
a) Steel	37973	42965	47487	42965
b) Iron & Steel Castings	4785	5362	5558	5362
c) Others	-	-	-	-
d) Unallocated	625019	608516	563353	608516
Total Segment Liabilities	667777	656843	616398	656843

Notes to Segment Information for the Quarter Ended 30th June, 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 Ajjora 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
14th September, 2020



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