

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



12th February, 2022

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-400051.

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

Dear Sirs,

Sub.: - Outcome of Board Meeting dated 12th February, 2022.

We wish to inform you that the Board of Directors of the Company at its Meeting held today has inter-alia –

1. Approved and took on records the Unaudited Financial Results for the quarter and nine months ended 31st December, 2021.
2. Approved the convening of an Extra Ordinary General Meeting of the Shareholders of the Company on Thursday, 31st March, 2022 through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”) for the consideration and approval of appointment of Dr. Suranjan Sinha as an Independent Director of the Company for a period of 1 year w.e.f. 17th January, 2022.

The meeting commenced at 1.00 p.m. and concluded at 5.30 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)



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CHATURVEDI & SHAH LLP

Chartered Accountants

714-715, 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, 2021 and year to date from April 1, 2021 to December 31, 2021, ("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 Listing Regulations"), 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 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. **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'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. As of December 31, 2021, Assets Care & Reconstruction Enterprise Ltd, acting in its capacity as trustee of various trusts (ACRE), holds the entire debts of the Company and the Company has entered into a Restructuring Support Agreement with ACRE, which is yet to become effective as mentioned in note no. 2 to the Statement and for the other reasons mentioned in Note 4 to the Statement. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to achieve effectiveness of its restructuring with ACRE.

Our conclusion is not modified in respect of this matter.

5. **Emphasis of Matter**

We draw your attention to the Note no. 5 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.

6. Based on our review conducted as stated above, read with our comments in paragraph 4 & 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 Listing Regulations, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



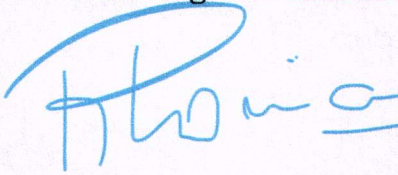

7. Other Matter

Attention is drawn to the fact that the figures for the quarter ended September 30, 2021, for the quarter and Nine months period ended December 31, 2020 and for the year ended March 31, 2021 are based on previously issued financial results and annual financial statements that were reviewed / audited by Pathak H.D & Associates LLP, Chartered Accountants (predecessor auditor) and Naresh Patadia & Co., Chartered Accountants, one of the joint auditors (vide their modified limited review report dated November 11, 2021, unmodified review report dated February 12, 2021 and modified audit report dated June 30, 2021 respectively).

Our conclusion is not modified in respect of this matter.

For **Chaturvedi & Shah LLP**

Chartered Accountants
Firm Reg. No. 101720W / W100355

R. Korla
Partner
Membership No. 35629
UDIN No.: 22035629ABPDBW7857

Mumbai
Date: February 12, 2022

For **Naresh Patadia & Co.**

Chartered Accountants
Firm Reg. No. 106936W




Naresh Patadia
Proprietor
Membership No. 35620
UDIN No.: 22035620ABPDKC7439

Nagpur
Date: February 12, 2022

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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, 2021

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1. Income						
a) Revenue from Operations	137539	159684	114572	436658	236343	370505
b) Other Income	266	149	257	1713	515	638
Total Income	137805	159833	114829	438371	236858	371143
2. Expenses						
a) Cost of Materials Consumed	75752	59307	48709	189197	112032	166312
b) Purchase of Stock-in-Trade	3557	4146	2339	10596	6219	8485
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(9952)	2974	244	(10316)	9755	5640
d) Employee Benefits Expense	7801	5801	5530	19279	14968	21958
e) Finance Costs	23382	25220	22842	73135	66895	90863
f) Depreciation and Amortisation Expense	6737	6734	6726	20131	20093	26676
g) Other Expenses	45836	44385	32754	126972	69569	107102
Total Expenses	153113	148567	119144	428994	299531	427036
3. Profit/(Loss) Before Exceptional Items and Tax (1-2)	(15308)	11266	(4315)	9377	(62673)	(55893)
4. Exceptional Items	-	-	-	-	-	-
5. Profit/(Loss) Before Tax (3-4)	(15308)	11266	(4315)	9377	(62673)	(55893)
6. Tax Expenses / (Credits) Including Deferred tax						
Deferred Tax	17	18	(14)	52	(43)	69
Income Tax for Earlier years	3	-	-	3	(4)	(4)
7. Profit/(Loss) for the period / year (5+6)	(15288)	11284	(4329)	9432	(62720)	(55828)
8. Other Comprehensive Income (OCI)						
(I) Item that will not be reclassified to profit or loss						
(a) Remeasurement Gain / (Loss) on Defined Benefit Plans	68	70	(57)	206	(172)	275
(b) Tax Effect on above	(17)	(18)	14	(52)	43	(69)
(II) Item that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other Comprehensive Income (Net of Tax)	51	52	(43)	154	(129)	206
9. Total Comprehensive Income for the period / year (7+8)	(15237)	11336	(4372)	9586	(62849)	(55622)
10. Paid-up Equity Share Capital (Face Value per share : Rs. 10/- each)	97099	63863	63863	97099	63863	63863
11. Other Equity excluding Revaluation Reserve						(200144)
12. Earnings Per Share (of Rs. 10/- each)						
a) Basic (Not Annualised) *	(1.75)*	1.77*	(0.68)*	1.32*	(9.82)*	(8.74)
b) Diluted (Not Annualised) *	(1.75)*	1.77*	(0.68)*	1.32*	(9.82)*	(8.74)



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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, 2022. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- 2 As at 31st December, 2021, eleven out of twelve bankers of the Company have assigned their fund based debt along with the 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 ("These Trusts"). One banker has done One Time Settlement (OTS) of its debt dues with the Company.

On 23rd August, 2021, the Company has entered into a restructuring support agreement with These Trusts in relation to restructuring of its outstanding debt owed to These Trusts, 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").

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 (SHA) on 23rd August, 2021 with These Trusts and the Promoters and Promoter Group of the Company.

The debt restructuring would become effective upon completion of certain condition precedents under the Restructuring Support Agreement, which are yet to be achieved; accordingly the above Restructuring Support Agreement has yet not become effective and no accounting effect has been given in the above results. Accounting effect will be made in the Books of Accounts of the Company as and when the above agreement becomes effective.

- 3 Post receipt of the necessary approvals and pursuant to the agreements as detailed in note 2 above, on 28th October, 2021 the Company has issued and allotted 30,52,81,848 equity shares to These Trusts and 2,70,83,333 equity shares to the Promoters / Promoter Group (face value of Rs. 10 each) at the issue price of Rs. 28.80 per share aggregating to Rs. 95721 Lakhs.

Accordingly, Rs. 87921 Lakhs of the total borrowings from these trusts and Rs. 5800 Lakhs of Advance against Share Application Money and Rs. 2000 Lakhs of Inter Corporate Deposits of the Promoters / Promoter Group in the Company have been converted into equity shares of the Company.

The above has resulted in increase in the Paid-up Equity Share Capital from Rs. 63863 Lakhs to Rs. 97099 Lakhs and increase in Securities Premium from Rs. 96346 Lakhs to Rs. 158830 Lakhs.

The pre issue and post issue equity shareholding of the Company on a fully diluted basis is as follows: -

Category of Equity shareholders	Pre-issue equity shareholding on a fully diluted basis	Post-issue equity shareholding on a fully diluted basis
Promoter and Promoter Group	68.79%	48.03%
Public	31.21%	51.97%
- Out of which, These Trusts	Nil	31.44%

The existing promoter and promoter group of the Company continue to retain management control of the Company post the aforesaid issuance & allotment of equity shares. The funds for Rs. 5800 Lakhs, received as Advance against Share Application Money and converted into equity shares, have been fully utilized to service the lenders debt as per the stipulations of the "Restructuring Support Agreement".



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- 4 The Company underwent significant financial stress in the earlier 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, 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 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 on 16th April, 2018, 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 and would be listed only after the Special Leave Petition (SLP) filed by the Company is disposed of by the Hon'ble Supreme Court.

As mentioned in note 2 and 3 above, as on 31st December, 2021, ACRE, acting in its capacity as trustee of various trusts, holds the entire debt of the Company and the Company has entered into a Restructuring Support Agreement with These Trusts. Further a part of loan has been converted into equity shares and the Promoters / Promoter Group have also infused money towards the equity shares. The steel industry is also performing reasonably well.

It is also expected that the implementation of the proposed debt restructuring would improve the cash flow position of the Company, result in reduction of financial stress and will lead to realignment of debt to a sustainable level and prompt servicing of debt dues by the Company.

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.

- 5 In the earlier years, 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 4th May, 2022. 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.

- 6 In spite of the continuous prevalence of COVID 19 pandemic, the Company achieved normal business operations during the quarter ended 31st December, 2021. 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.
- 7 The figures for the corresponding previous periods / year have been regrouped / rearranged wherever necessary, to make them comparable.

NAGPUR
12th February, 2022

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, 2021

(₹ in Lakhs)

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I. Segment Revenue						
a) Steel	124712	146860	104518	401366	212503	334552
b) Iron & Steel Castings	13553	14087	11101	38569	25545	38966
c) Others	1	-	-	1	-	5
Turnover	138266	160947	115619	439936	238048	373523
Less : Inter Segment Revenue	727	1263	1047	3278	1705	3018
Revenue from Operations	137539	159684	114572	436658	236343	370505
2. Segment Results						
(Profit / (Loss) before tax)						
a) Steel	8196	36632	18608	81872	7775	39121
b) Iron & Steel Castings	(99)	(99)	(1)	(351)	(3366)	(3880)
c) Others	1	-	-	1	-	(3)
Total	8098	36533	18607	81522	4409	35238
Less : i) Finance Cost	23382	25220	22842	73135	66895	90863
ii) Other Un-allocable Expenditure	115	113	105	339	286	411
Add : Unallocated Income	91	66	25	1329	99	143
Profit/(Loss) Before Exceptional Items and Tax	(15308)	11266	(4315)	9377	(62673)	(55893)
Less : Exceptional Items	-	-	-	-	-	-
Profit/(Loss) Before Tax	(15308)	11266	(4315)	9377	(62673)	(55893)
3. Segment Assets						
a) Steel	583928	561518	527306	583928	527306	552609
b) Iron & Steel Castings	26506	26162	26196	26506	26196	26091
c) Others	39	39	41	39	41	39
d) Unallocated	5285	43448	8915	5285	8915	11329
Total Segment Assets	615758	631167	562458	615758	562458	590068
4. Segment Liabilities						
a) Steel	32456	35790	33794	32456	33794	35857
b) Iron & Steel Castings	6990	6455	5899	6990	5899	6715
c) Others	-	-	-	-	-	-
d) Unallocated	608163	700360	666252	608163	666252	683756
Total Segment Liabilities	647609	742605	705945	647609	705945	726328

Notes to Segment Information for the Quarter and Nine Months Ended 31st December, 2021 :

- As per Indian Accounting Standard 108 'Operating Segments', the chief operating decision maker of the Company has identified following reportable segments of its business:
 - 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, 2022



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