

PATHAK H. D. & ASSOCIATES
Chartered Accountants
814-815, Tulsiani Chambers,
212, Nariman Point,
Mumbai – 400021

NARESH PATADIA & CO.
Chartered Accountants
Opposite Ram Mandir,
Tilak Road, Mahal,
Nagpur – 440002

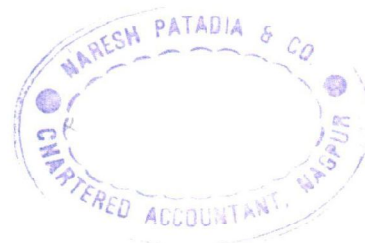
INDEPENDENT AUDITORS' REVIEW REPORT

To,
The Board of Directors
Jayaswal Neco Industries Limited

1. We have reviewed the accompanying statement of Unaudited Financial Results (“the statement”) of **Jayaswal Neco Industries Limited** (“the Company”) for the quarter and half year ended 30th September, 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This statement is the responsibility of the Company’s Management and approved by the Board of Directors. Our responsibility is to issue a report on the statement based on our review.
2. 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 statement is free of material misstatements. 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.

3. Basis for Qualified Opinion

As mentioned in Note no.4(b) to the statement, Non-current borrowings include an amount of Rs. 264,842 lakhs due to certain banks. As per the arrangements with these banks, the Company is required to comply with certain covenants as referred in the said note and non-compliance with these covenants may give rights to the banks to demand repayment of the loans. As at 30th September, 2017, the Company has not complied with certain covenants and they have not been provided with any confirmation from the banks for extension of time to comply with these covenants. The Company has not classified these liabilities as current liabilities as required by Ind AS.



4. Qualified Opinion

Based on our review conducted as stated above, *except for the possible effects of the matter described in the Para 3 above 'Basis for Qualified Opinion'*, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) 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, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Pathak H. D. & Associates
Chartered Accountants
Firm Reg. No. 107783W

Mukesh Mehta

Mukesh Mehta
Partner
Membership No. 43495



Mumbai
Date: 13th November, 2017

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

Naresh Patadia

Naresh Patadia
Proprietor
Membership No. 35620



Nagpur
Date: 13th November, 2017

JAYASWAL NECO INDUSTRIES LTD

CIN : L28920MH1972PLC016154

(FORMERLY JAYASWALS NECO LIMITED)

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PHONES : +91-7104-237276, 237471, 237472, 236251, 325682, 325683, 325684,

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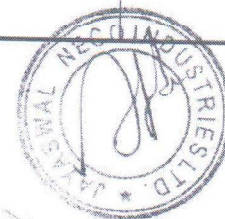
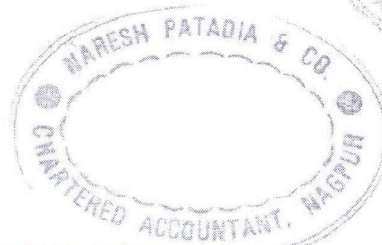


PART - I

(₹ in Lakhs, except per equity share data)

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2017

	PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	(Audited) 31.03.2017
1.	Income						
	a) Revenue from Operations	83244	88814	71041	172058	136434	284774
	b) Other Income	105	388	980	493	1770	2883
	Total Income	83349	89202	72021	172551	138204	287657
2.	Expenses						
	a) Cost of Materials Consumed	44564	40663	32800	85227	64934	137386
	b) Purchase of Stock-in-Trade	386	699	1247	1085	1703	3094
	c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	5789	2008	(486)	7797	(2233)	(8119)
	d) Excise Duty on Income from Operations	-	10027	7928	10027	15110	31712
	e) Employee Benefits Expense	4562	4512	4358	9074	8245	17433
	f) Finance Costs	16631	14058	13861	30689	26561	54895
	g) Depreciation and Amortisation Expense	6404	6343	6501	12747	12725	25507
	h) Consumables, Stores and Spares Consumed	10425	8429	6734	18854	13414	27494
	i) Other Expenses	9205	15412	9186	24617	19978	47771
	Total Expenses	97966	102151	82129	200117	160437	337173
3.	Loss Before Exceptional Items and Tax (1-2)	(14617)	(12949)	(10108)	(27566)	(22233)	(49516)
4.	Exceptional Items (Refer Note no. 3)	-	(836)	-	(836)	-	-
5.	Loss Before Tax (3-4)	(14617)	(12113)	(10108)	(26730)	(22233)	(49516)
6.	Tax Expenses						
	Deferred Tax	(7580)	(2280)	(2323)	(9860)	(4475)	(12999)
	Income Tax for Earlier years	-	-	2119	-	4022	9414
7.	Loss for the period (5-6)	(7037)	(9833)	(9904)	(16870)	(21780)	(45931)
8.	Other Comprehensive Income (OCI)						
	(I) Item that will not be reclassified to profit or loss						
	(a) Remeasurement (Gain) / Loss on Defined Benefit Plans	43	41	(91)	84	(181)	167
	(b) Tax Effect on above	(15)	(14)	31	(29)	62	(58)
	(II) Item that will be reclassified to profit or loss	-	-	-	-	-	-
	Total Other Comprehensive Income (Net of Tax)	28	27	(60)	55	(119)	109
9.	Total Comprehensive Income for the period (7-8)	(7065)	(9860)	(9844)	(16925)	(21661)	(46040)
10.	Paid-up Equity Share Capital (Face Value per share : Rs. 10/- each)	63863	63863	63863	63863	63863	63863
11.	Earnings Per Share (of Rs. 10/- each) (Not Annualised)						
	a) Basic	(1.10)	(1.54)	(1.54)	(2.64)	(3.39)	(7.19)
	b) Diluted	(1.10)	(1.54)	(1.54)	(2.64)	(3.39)	(7.19)
12.	Other Equity excluding Revaluation Reserve						99864



BRANCH OFFICES :

"NECO HOUSE" D-307, Defence Colony,
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301, TULSIANI CHAMBERS
NARIMAN POINT, MUMBAI 400 021 (INDIA)
P.H. : (022) 4213-4813,
(022) : 22832381 FAX : (022) 22932367

TRUST HOUSE, 5th FLOOR,
32-A, CHITTARANJAN AVENUE,
KOLKATTA-700012 INDIA FAX : 033-22122560
PHONES : 033-22122368, 22120502

176-A, LIGHT INDUSTRIAL AREA,
BHILAI-490026 CHHATTISGARH, INDIA
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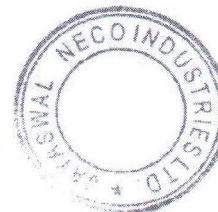
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Notes :

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 13th November, 2017. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
2. The Directorate of Enforcement vide its order dated 9th June, 2017 has provisionally attached, under sub-section 1 of section 5 of the Prevention of Money Laundering Act (PMLA), 2002, the plant and machinery under installation at Dagori integrated steel plant situated at Bilha, Bilaspur (Chhattisgarh) to the extent of Rs. 20616.40 lakhs for alleged misuse of coal raised from Gare Palma IV/4 coal block at Chhattisgarh. This provisional attachment is for a period of 180 days. 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.
3. The Company had filed a Writ Petition (W.P) before Hon'ble Delhi High Court seeking directions for disbursement of an amount of Rs. 836.49 lakhs from Nominated Authority towards payment of Net Present Value (NPV) spent by the Company for obtaining forest clearance for Moitra Coal Block which got cancelled by the Hon'ble Supreme Court of India by its Order dated 24th September, 2014. The Court directed the Company to submit representation to the Nominated Authority and directed the Nominated Authority to dispose off the same within a period of four weeks. Subsequently, Nominated Authority on 1st June, 2017 had released the payment of Rs. 836.49 lakhs to the Company against payment of NPV. The amount has been shown as Exceptional Items in the above results for the half year ended 30th September, 2017.
- 4(a). Joint Lenders Forum (JLF) of the Company led by State Bank of India has in principle approved the Debt Restructuring of the Company in its JLF meeting held on 7th September, 2017. Based on in principle approval in JLF, Lead Bank State Bank of India and other JLF lenders are in advance stage of their appraisal and sanctioning process. The Independent Evaluation Committee, which has been formed as per Reserve Bank of India guidelines and whose recommendation for restructuring scheme is mandatory, has after detailed deliberations and evaluation of the proposal in its 2nd November, 2017 meeting recommended the debt restructuring scheme to the JLF.
- 4(b). The agreements in respect of Non-current borrowings as at 30th September, 2017 of Rs. 264842 lakhs contains certain restrictive covenants including non adherence of initial Rupee Term Loan repayment schedule and non-payment of interest thereon, as stipulated and the debt service facility ratio. The Company has not complied with the terms of these covenants. The Company has not classified the said Non-current borrowings to current liabilities as required by Ind AS 1 - "Presentation of Financial Statements" in view of the debt restructuring of the Company's debts as detailed in 4(a) above, hence the Management is of the view that the non-compliance of the covenants will not affect the continuity of the Company's operations. The Independent Auditors' have issued a modified audit report for the year ended 31st March, 2017 and review report on these results.
5. Revenue from operations for periods up to 30th June, 2017 includes excise duty, which is discontinued effectively from 1st July, 2017 upon implementation of Goods and Service Tax (GST). In accordance with 'Ind AS 18 - Revenue', GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the quarter and half year ended 30th September, 2017 is not comparable to the previous periods.
6. The Company's Project for enhancement of Iron making capacities for its DRI Plant and Captive Power Plant as part of the Integrated Steel Plant in Chhattisgarh are facing further time delay and presently the project is not into active development.
7. The figures for the corresponding previous period have been restated / regrouped / rearranged / reclassified wherever necessary, to make them comparable.

NAGPUR
13th November, 2017



For Jayaswal Neco Industries Limited


Arbind Jayaswal
Managing Director
DIN : 00249864

BRANCH OFFICES :

"NECO HOUSE" D-307, Defence Colony
NEW DELHI - 110 024. (INDIA)
PHONES : 011-32041695
FAX NO. : 011-24642190

SIANI CHAMBERS
CHANDAN POINT, MUMBAI 400 021 (INDIA)
PH. : (022) 4213-4813
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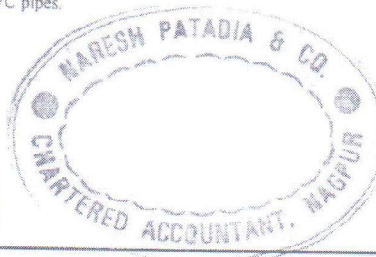
UNAUDITED SEGMENT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2017

PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	(Audited)
	(₹ in Lakhs)					
1. Segment Revenue						
a) Steel	74102	78784	60684	152886	115663	243798
b) Iron & Steel Castings	9483	10032	10405	19515	20814	41259
c) Others	0	15	11	15	37	72
Turnover	83585	88831	71100	172416	136514	285129
Less : Inter Segment Revenue	341	17	59	358	80	355
Revenue from Operations	83244	88814	71041	172058	136434	284774
2. Segment Results (Profit / (Loss) before tax and interest from each segment)						
a) Steel	1844	1892	2892	3736	2562	3328
b) Iron & Steel Castings	126	(3)	271	123	542	226
c) Others	0	0	3	0	5	5
Total	1970	1889	3166	3859	3109	3559
Less : i) Finance Cost	16631	14058	13861	30689	26561	54895
ii) Other Un-allocable Expenditure	111	124	120	235	242	474
Add : Unallocated Income	155	180	707	335	1461	2294
Loss Before Tax	(14617)	(12113)	(10108)	(26730)	(22233)	(49516)
3. Segment Assets						
a) Steel	659954	660467	660663	659954	660663	655233
b) Iron & Steel Castings	32939	33555	35940	32939	35940	34071
c) Others	329	312	300	329	300	294
d) Unallocated	6601	6812	12396	6601	12396	6893
Total Segment Assets	699823	701146	709299	699823	709299	696491
4. Segment Liabilities						
a) Steel	61389	58497	62897	61389	62897	48264
b) Iron & Steel Castings	4035	3833	5693	4035	5693	3814
c) Others	0	0	0	0	0	0
d) Unallocated	487576	484928	452537	487576	452537	480665
Total Segment Liabilities	553000	547258	521127	553000	521127	532743

Notes to Segment Information for the Quarter and Half Year Ended 30th September, 2017 :

1. 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 Siftara, 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 & PVC pipes.

NAGPUR
13th November, 2017



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"NECO HOUSE" D-307, Defence Colony,
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PHONES : 0 11 - 3 2 0 4 1 6 9 5
FAX NO. : 0 11 - 2 4 6 4 2 1 9 0

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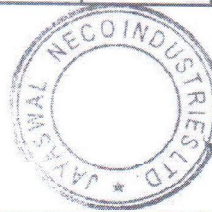


UNAUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER, 2017

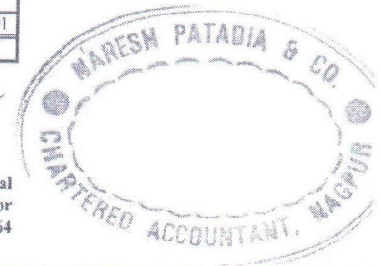
(₹ in Lakhs)

PARTICULARS	AS AT	AS AT
	30.09.2017	31.03.2017 (Audited)
A ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment	464244	476562
(b) Capital Work in Progress	47904	44025
(c) Intangible Assets	1905	1986
(d) Intangible Assets under Development	1640	1636
(e) Financial Assets		
(i) Loans	0	0
(ii) Other Financial Assets	572	609
(f) Other Non Current Assets	23138	25373
Total Non Current Assets	539403	550191
2. Current Assets		
(a) Inventories	72627	68135
(b) Financial Assets		
(i) Investments	58	113
(ii) Trade Receivables	55758	41081
(iii) Cash and Cash Equivalents	1874	2062
(iv) Bank Balances other than (iii) above	3683	3749
(v) Other Financial Assets	9701	12149
(c) Current Tax Assets (Net)	1614	1560
(d) Other Current Assets	15105	17451
Total Current Assets	160420	146300
TOTAL ASSETS	699823	696491
B EQUITY AND LIABILITIES		
1. EQUITY		
(a) Equity Share Capital	63863	63863
(b) Other Equity	82960	99885
Total Equity	146823	163748
2. LIABILITIES		
Non Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	270260	280747
(ii) Other Financial Liabilities	26	26
(b) Provisions	18	18
(c) Deferred Tax Liabilities (Net)	-	9889
Total Non Current Liabilities	270304	290680
3. Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	98916	104580
(ii) Trade Payables	39592	28648
(iii) Other Financial Liabilities	128547	91121
(b) Other Current Liabilities	9186	6993
(c) Provisions	6455	10721
Total Current Liabilities	282696	242063
TOTAL EQUITY AND LIABILITIES	699823	696491

NAGPUR
13th November, 2017



Arvind Jayaswal
Managing Director
DIN : 00249864



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