

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 nine months ended 31st December, 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.



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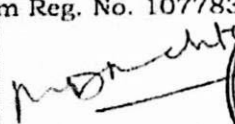

3. Emphasis of Matter

We draw attention to note no. 4 to the statement regarding application under section 7 of the Insolvency and Bankruptcy Code, 2016 against the Company by State Bank of India ("SBI") with National Company Law Tribunal, Mumbai ("NCLT") and the Company filed writ petition to Hon'ble Bombay High Court. We are unable to comment on the consequential impact, if any, on the accompanying statement on account of it.

Our conclusion is not modified in respect of the said above matter.

4. Based on our review conducted as stated above, read with our comments in paragraph 3 above, 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 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
Partner
Membership No. 43495

Mumbai
Date: 12th February, 2018

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



Naresh Patadia
Proprietor
Membership No. 35620



Nagpur
Date: 12th February, 2018

JAYASWAL NECO INDUSTRIES LTD

CIN : L28920MH1972PLC016154

(FORMERLY JAYASWALS NECO LIMITED)

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PART - I

(₹ in Lakhs, except per equity share data)

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2017

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	(Audited) 31.03.2017
1. Income						
a) Revenue from Operations	82102	83244	68699	254160	205133	284774
b) Other Income	1899	105	474	2383	2244	2883
Total Income	83992	83349	69173	256543	207377	287657
2. Expenses						
a) Cost of Materials Consumed	41100	44564	33974	126327	98908	137386
b) Purchase of Stock-in-Trade	699	386	463	1784	2166	3094
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(1277)	5789	(2494)	6520	(4727)	(8119)
d) Excise Duty on Income from Operations	-	-	7617	10027	22727	31732
e) Employee Benefits Expense	5481	4562	4521	14555	12766	17433
f) Finance Costs	16877	16631	14610	47566	41171	54895
g) Depreciation and Amortisation Expense	6863	6404	6490	19610	19215	25507
h) Consumables, Stores and Spares Consumed	15223	10425	6587	34077	20001	27494
i) Other Expenses	16337	9205	11043	40954	31021	47771
Total Expenses	101303	97966	82811	301420	243248	337173
3. Loss Before Exceptional Items and Tax (1-2)	(17311)	(14617)	(13638)	(44877)	(35871)	(49516)
4. Exceptional Items (Refer Note no. 3)	130	-	-	(706)	-	-
5. Loss Before Tax (3-4)	(17441)	(14617)	(13638)	(44171)	(35871)	(49516)
6. Tax Expenses						
Deferred Tax	15	(7580)	(2416)	(9845)	(6891)	(12999)
Income Tax for Earlier years	-	-	2699	-	6721	9414
7. Loss for the period (5-6)	(17456)	(7037)	(13921)	(34326)	(35701)	(45931)
8. Other Comprehensive Income (OCI)						
(I) Item that will not be reclassified to profit or loss						
(a) Remeasurement (Gain) / Less on Defined Benefit Plans	32	43	(91)	126	(272)	167
(b) Tax Effect on above	(15)	(15)	32	(44)	94	(58)
(II) Item that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other Comprehensive Income (Net of Tax)	27	28	(59)	82	(178)	109
9. Total Comprehensive Income for the period (7-8)	(17483)	(7065)	(13862)	(34408)	(35523)	(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	(2.73)	(1.10)	(2.18)	(5.37)	(5.59)	(7.19)
b) Diluted	(2.73)	(1.10)	(2.18)	(5.37)	(5.59)	(7.19)
12. Other Equity excluding Revaluation Reserve						99864



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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, 2018. 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 lakhs for alleged misuse of coal raised from Gare Palma IV/4 coal block at Chhattisgarh. The Company had challenged the provisional order before the adjudicating authority. The Adjudicating Authority vide its order dated 10th November, 2017, dismissed the appeal filed by the Company and confirmed the Provisional Attachment Order dated 9th June, 2017. The Company has filed appeal against the order dated 10th November, 2017 passed by the Adjudicating Authority, before the Appellate Authority. The matter is fixed for 12th February, 2018 for the first time. 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. Exceptional Items for the quarter and nine months ended 31st December, 2017 represent the amount realised or written off in respect of Company's Coal Mines at Moitra Coal Block which was cancelled by the Hon'ble Supreme Court of India during the year 2014.
4. The Company underwent significant financial stress in the last four years due to cancellation of its three captive coal mines which resulted in significant viability issues of the end use Iron and Steel making facilities, payment of additional levy on mined coal as per Hon'ble Supreme Court order, huge dumping of steel in the country which resulted in the low capacity utilisation of its new steel making facilities and unavailability of incremental working capital support due to Reserve Bank of India's (RBI's) Asset Quality review classifying the Company's accounts as technical Non-performing Asset from back date effect. Hence the Company had requested its lenders to restructure its debts.

Subsequently the Debt Restructuring Scheme of the Company's debts was approved by the super majority of bankers. The Company has 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 concrete steps were already taken for conversion of Promoter Companies Unsecured Loans to the Company into Equity within the RBI stipulated time line of 13th December, 2017.

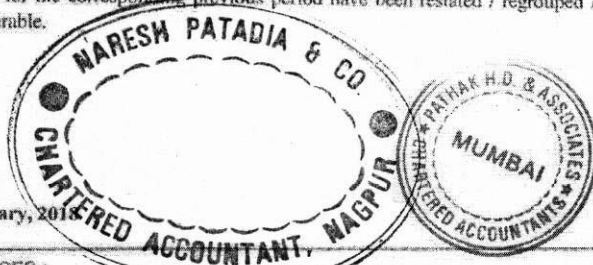
However on the directions of RBI, which has not agreed to the debt restructuring scheme being fully implemented within the stipulated time line of 13th December, 2017, State Bank of India (SBI) has filed an application under section 7 of the Insolvency and Bankruptcy Code, 2016, read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, against the Company, claiming that an amount of Rs. 51383 lakhs is in default as on 30th November, 2017. The matter has been listed for hearing on 13th February, 2018 before the National Company Law Tribunal, Mumbai. The matter is currently in pre-admission stage.

Being aggrieved by the non-implementation of the approved Debt Restructuring Scheme, the Company has filed Writ petition, before the Hon'ble Bombay High Court, Mumbai, against RBI and the other respondents, raising various questions of law and challenging various communications issued by RBI from time to time, which has adversely affected the implementation of the approved Debt Restructuring Scheme of the Company. In the instant Writ petition, the Company has sought directions for implementation of the executed Master Restructuring Agreement (MRA) dated 12th December, 2017. The matter has been fixed for 12th February, 2018 for hearing before the Hon'ble Bombay High Court.

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 nine months ended 31st December, 2017 is not comparable to the corresponding 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

12th February, 2018



For Jayaswal Neco Industries Limited



Ramesh Jayaswal
Joint Managing Director
DIN : 00249947

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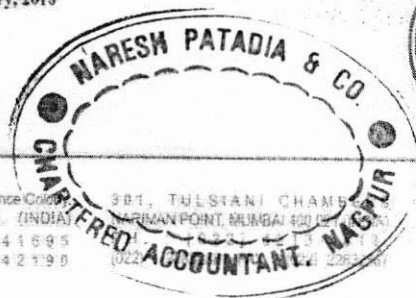
UNAUDITED SEGMENT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2017

PARTICULARS	₹ in Lakhs					
	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	31.03.2017
1. Segment Revenue						
a) Steel	72249	74102	58773	225135	174436	243798
b) Iron & Steel Castings	16079	9483	10095	29594	30909	41259
c) Others	221	0	22	236	59	72
Turnover	82549	83585	68890	254965	205404	285129
Less : Inter Segment Revenue	447	341	191	805	271	355
Revenue from Operations	82102	83244	68699	254160	205133	284774
2. Segment Results (Profit / (Loss) before tax and interest from each segment)						
a) Steel	555	1844	669	4291	3231	3328
b) Iron & Steel Castings	(1128)	126	(233)	(1005)	309	226
c) Others	5	0	1	5	6	5
Total	(568)	1970	437	3291	3546	3559
Less : i) Finance Cost	16877	16631	14610	47566	41171	54895
ii) Other Un-allocable Expenditure	114	111	124	349	366	474
Add : Unallocated Income	118	155	659	453	2120	2294
Loss Before Tax	(17441)	(14617)	(13638)	(44171)	(35871)	(49516)
3. Segment Assets						
a) Steel	650038	659954	661066	650038	661066	653233
b) Iron & Steel Castings	32119	32939	35109	32119	35109	34071
c) Others	330	329	304	330	304	294
d) Unallocated	6747	6631	9891	6747	9891	6893
Total Segment Assets	689234	699823	706370	689234	706370	696491
4. Segment Liabilities						
a) Steel	45305	61389	64690	45305	64690	48264
b) Iron & Steel Castings	4457	4035	5242	4457	5242	3814
c) Others	0	0	0	0	0	0
d) Unallocated	510132	487576	462128	510132	462128	480665
Total Segment Liabilities	559894	553000	532060	559894	532060	532743

Notes to Segment Information for the Quarter and Nine Months Ended 31st December, 2017 :

- As per Indian Accounting Standard 103 'Operating Segments' (Ind-AS 103), 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 Anjora in Chhattisgarh.
 - Other Segment comprises of trading of Coal, Coke and PVC pipes.

NAGPUR
12th February, 2018



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