

**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 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, 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 ("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. 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 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.



## 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 continue to incurred cash losses, it's net worth has been 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 favour of Assets Care & Reconstruction Enterprise Limited acting in its capacity as Trustee of eight different Trust (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**

Chartered Accountants  
Firm Reg. No. 107783W

  
**Mukesh Mehta**  
**Partner**

Membership No. 43495  
UDIN No.: 19043495AAAACZ3571  
**Mumbai**  
**Date: August 12, 2019**



For **Naresh Patadia & Co.**

Chartered Accountants  
Firm Reg. No. 106936W

  
**Naresh Patadia**  
**Proprietor**

Membership No. 35620  
UDIN No.: 19035620AAAAAB1566  
**Nagpur**  
**Date: August 12, 2019**





# JAYASWAL NECO INDUSTRIES LTD

CIN : L28920MH1972PLC016154

(FORMERLY JAYASWALS NECO LIMITED)

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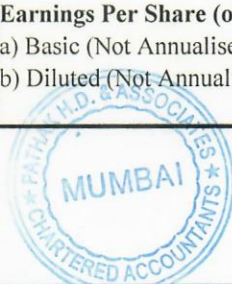
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(₹ in Lakhs, except per equity share data)

## STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

PARTICULARS	QUARTER ENDED			YEAR ENDED
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
	UNAUDITED	(Refer Note 6)	UNAUDITED	AUDITED
<b>1. Income</b>				
a) Revenue from Operations	110924	96413	100978	422653
b) Other Income	290	828	172	1741
<b>Total Income</b>	<b>111214</b>	<b>97241</b>	<b>101150</b>	<b>424394</b>
<b>2. Expenses</b>				
a) Cost of Materials Consumed	58856	58631	54132	236317
b) Purchase of Stock-in-Trade	253	160	348	1333
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	6497	(9171)	(3207)	(23124)
d) Employee Benefits Expense	5303	5024	5183	21930
e) Finance Costs	22651	17921	17342	71147
f) Depreciation and Amortisation Expense	6797	6710	6808	27268
g) Consumables, Stores and Spares Consumed	11749	11867	12123	53698
h) Other Expenses	19037	19526	18282	80228
<b>Total Expenses</b>	<b>131143</b>	<b>110668</b>	<b>111011</b>	<b>468797</b>
<b>3. Loss Before Exceptional Items and Tax (1-2)</b>	<b>(19929)</b>	<b>(13427)</b>	<b>(9861)</b>	<b>(44403)</b>
4. Exceptional Items	-	-	-	-
<b>5. Loss Before Tax (3-4)</b>	<b>(19929)</b>	<b>(13427)</b>	<b>(9861)</b>	<b>(44403)</b>
<b>6. Tax Expenses</b>				
Deferred Tax	(7)	124	(50)	(27)
Income Tax for Earlier years	-	2	9	11
<b>7. Loss for the period / year (5-6)</b>	<b>(19922)</b>	<b>(13553)</b>	<b>(9820)</b>	<b>(44387)</b>
<b>8. Other Comprehensive Income (OCI)</b>				
(I) Item that will not be reclassified to profit or loss				
(a) Remeasurement (Gain) / Loss on Defined Benefit Plans	(19)	356	(144)	(77)
(b) Tax Effect on above	7	(124)	50	27
(II) Item that will be reclassified to profit or loss	-	-	-	-
<b>Total Other Comprehensive Income (Net of Tax)</b>	<b>(12)</b>	<b>232</b>	<b>(94)</b>	<b>(50)</b>
<b>9. Total Comprehensive Income for the period / year (7-8)</b>	<b>(19910)</b>	<b>(13785)</b>	<b>(9726)</b>	<b>(44337)</b>
<b>10. Paid-up Equity Share Capital</b> (Face Value per share : Rs. 10/- each)	63863	63863	63863	63863
<b>11. Other Equity excluding Revaluation Reserve</b>				6096
<b>12. Earnings Per Share (of Rs. 10/- each)</b>				
a) Basic (Not Annualised) *	(3.12)	(2.12)	(1.54)	(6.95)
b) Diluted (Not Annualised) *	(3.12)	(2.12)	(1.54)	(6.95)



### BRANCH OFFICES :

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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 August, 2019. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
2. Eight bankers of the Company with Rs. 339354 lakhs debt representing around 94.20% of the Principal Fund Based Outstanding have assigned their fund based debt along with underlying financial documents together with their rights, benefits and obligations to Assets Care & Reconstruction Enterprise Ltd (ACRE) acting in its capacity as trustee of various trusts vide Assignment Agreements executed by them in favour of ACRE.
3. In the earlier years by way of two attachments, the Directorate of Enforcement had provisionally attached certain properties and Plant and Machinery under installation at Dagori Integrated steel plant situated at Bilha, Bilaspur and at Steel Plant Division, Siltara, Raipur to the extent of Rs. 30758 lakhs for the benefits derived from the alleged misuse of coal raised from Gare Palma IV/4 coal block at 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. Now the matter has been put up for hearing on 23rd Oct, 2019 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. The Company had approached its secured lenders for an appropriate Debt Restructured Plan, which was approved by the super majority of the secured lenders. 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. The matter has now been listed for hearing on 26th August, 2019 before the National Company Law Tribunal (NCLT), Mumbai. In view of the Status Quo order issued by the Hon'ble Supreme Court, the matter is still at pre admission stage in NCLT.

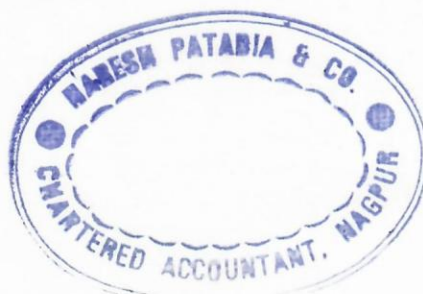
Being aggrieved by the non-implementation of the approved Debt Restructuring Scheme, the Company had filed Writ Petition (WP) before the Hon'ble Bombay High Court, Mumbai, against RBI, which got dismissed. The Company had challenged the order of the Hon'ble Bombay High Court before the Hon'ble Supreme 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 and as mentioned in Note 2 above, the bankers with around 94.20% of the Principal Fund Based Outstanding have assigned their debt in favor of ACRE. 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. The figures for the corresponding previous periods / year have been regrouped / rearranged wherever necessary, to make them comparable.
6. The figures for the quarter ended 31st March, 2019 are the balancing figures of the full financial year and the reviewed year to date figures upto the third quarter of the that financial year.

NAGPUR

12th August, 2019



For Jayaswal Neco Industries Limited

Arbind Jayaswal  
Managing Director and CEO  
DIN : 00249864

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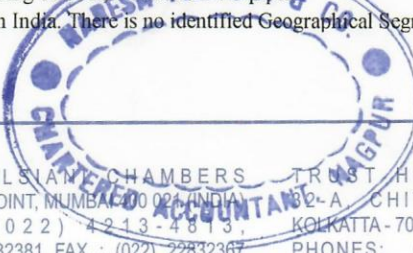
## UNAUDITED SEGMENT INFORMATION FOR THE QUARTER ENDED 30TH JUNE, 2019

PARTICULARS	QUARTER ENDED			(₹ in Lakhs)
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
	UNAUDITED	(Refer Note 6)	UNAUDITED	AUDITED
<b>1. Segment Revenue</b>				
a) Steel	101050	83970	90611	375686
b) Iron & Steel Castings	10925	13034	11335	50856
c) Others	1	3	4	16
<b>Turnover</b>	<b>111976</b>	<b>97007</b>	<b>101950</b>	<b>426558</b>
Less : Inter Segment Revenue	1052	594	972	3905
<b>Revenue from Operations</b>	<b>110924</b>	<b>96413</b>	<b>100978</b>	<b>422653</b>
<b>2. Segment Results</b> (Profit / (Loss) before tax and interest from each segment)				
a) Steel	2614	3984	7307	25298
b) Iron & Steel Castings	177	96	208	1115
c) Others	(2)	1	0	4
<b>Total</b>	<b>2789</b>	<b>4081</b>	<b>7515</b>	<b>26417</b>
Less : i) Finance Cost	22651	17921	17342	71147
ii) Other Un-allocable Expenditure	116	74	166	483
Add : Unallocated Income	49	487	132	810
<b>Loss Before Tax</b>	<b>(19929)</b>	<b>(13427)</b>	<b>(9861)</b>	<b>(44403)</b>
<b>3. Segment Assets</b>				
a) Steel	622921	628530	639956	628530
b) Iron & Steel Castings	32364	31925	32938	31925
c) Others	277	284	324	284
d) Unallocated	10907	10817	5472	10817
<b>Total Segment Assets</b>	<b>666469</b>	<b>671556</b>	<b>678690</b>	<b>671556</b>
<b>4. Segment Liabilities</b>				
a) Steel	47487	48290	45873	48290
b) Iron & Steel Castings	5558	5053	5837	5053
c) Others	0	0	0	0
d) Unallocated	563353	548232	522387	548232
<b>Total Segment Liabilities</b>	<b>616398</b>	<b>601575</b>	<b>574097</b>	<b>601575</b>

### Notes to Segment Information for the Quarter Ended 30th June, 2019 :

- 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 Anjora in Chhattisgarh.
  - Other Segment comprises of trading of Coal, Coke and PVC pipes.
- The Company have operations in India. There is no identified Geographical Segment.

NAGPUR  
12th August, 2019



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(₹ in Lakhs, except per equity share data)

Extract of Statement of Unaudited Financial Results for the Quarter Ended 30th June, 2019				
	PARTICULARS	QUARTER ENDED 30.06.2019	YEAR ENDED 31.03.2019	QUARTER ENDED 30.06.2018
		UNAUDITED	AUDITED	UNAUDITED
1	Total Income from Operations	111214	424394	101150
2	Net Loss for the period/year (before tax and Exceptional items)	(19929)	(44403)	(9861)
3	Net Loss for the period/year before tax (after Exceptional items)	(19929)	(44403)	(9861)
4	Net Loss for the period/year after tax (after Exceptional items)	(19922)	(44387)	(9820)
5	Total Comprehensive Income for the period/year [Comprising Loss for the period (after tax) and Other Comprehensive Income (after tax)]	(19910)	(44337)	(9726)
6	Equity Share Capital	63863	63863	63863
7	Other Equity (excluding Revaluation Reserve as shown in the Audited Balance Sheet)		6096	
8	Earnings Per Share (of Rs.10/- each)			
a)	Basic (Not Annualised)*	(3.12)	(6.95)	(1.54)
b)	Diluted (Not Annualised)*	(3.12)	(6.95)	(1.54)
		*		*

#### Notes :

- a) The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges on 12th August, 2019 under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange websites (www.bseindia.com & www.nseindia.com) and the Company's Website (www.necoindia.com).
- b) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 12th August, 2019. The Statutory Auditors of the Company have carried out a Limited Review of the above results.

For Jayaswal Neco Industries Limited

NAGPUR

12th August, 2019



Arbind Jayaswal  
Managing Director and CEO  
DIN : 00249864

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