

# 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



29<sup>th</sup> June, 2020

To,  
Manager (Listing),  
National Stock Exchange of India Ltd.,  
Exchange Plaza, 5<sup>th</sup> 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 29<sup>th</sup> June, 2020.**

Pursuant to Regulation 30 & 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at its meeting held today has inter-alia transacted the following business:

- i) Approved the Audited Financial Statements and Results of the Company for the year ended 31<sup>st</sup> March, 2020.
- ii) Took note of the Audit Report on the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020.
- iii) Approved Board's Report for the Financial year 2019-20 along with its Annexures including Corporate Governance Report.
- iv) Approved the re-appointment of M/s. R. A. Daga & Co., Company Secretaries, Nagpur as Secretarial Auditor of the Company for the financial year 2020-21.
- v) Approved the re-appointment of M/s. Manisha & Associates, Cost Accountants, Nagpur as the Cost Auditor of the Company for the financial year 2020-21.

The meeting commenced at 12.30 p.m. and concluded at 3.55 p.m.

This is for your information and records.

Thanking You,

Yours Faithfully,  
For Jayaswal Neco Industries Limited

**Vikash Kumar Agarwal**  
Company Secretary & Compliance Officer  
Membership No.: A19583



**BRANCH OFFICES :**

"NECO HOUSE" D-307, Defence Colony,  
NEW DELHI - 110 024. (INDIA)  
PHONES : 011-49070548

301, TULSIANI CHAMBERS  
NARIMAN POINT, MUMBAI 400 021 (INDIA)  
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THANOD ROAD, ANJORA-491001.  
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## Statement on Impact of Audit Qualifications for the Annual Audited Financial Results for the Financial Year Ended March 31, 2020.

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income (including Other Income)	364,070	364,070
	2.	Total Expenditure	457,642	457,642
	3.	Exceptional Items	(56,817)	(56,817)
	4.	Net Profit/(Loss)	(150,447)	(150,447)
	5.	Earnings Per Share (in Rs.)	(23.56)	(23.56)
	6.	Total Assets	576,205	576,205
	7.	Total Liabilities	656,843	656,843
	8.	Net Worth	(80,638)	(80,638)
	9.	Any other financial item(s)		
		Non-Current Borrowing	213,316	5604
		Other Current Financial Liabilities	316,623	524,335

### II. Audit Qualification (each audit qualification separately):

#### a. Details of Audit Qualification:

As mentioned in Note 6 to the Statement, Non-Current Borrowings include an amount of Rs. 207,712 Lakhs due to certain banks and Assets Reconstruction Company. Banks holding 94.18% (by value) of the total principal debt, equivalent to Rs. 339,354 Lakhs, 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). Until the revised terms and conditions will be agreed between the Company and ACRE, the arrangement with those banks are valid and as per the arrangements with lenders, 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/ACRE to demand repayment of the loans. As at March 31, 2020, the Company has not complied with certain covenants and they have not been provided with any confirmation from those lenders for extension of time to comply with these covenants. The Company has not classified these liabilities as current liabilities as required by Indian Accounting Standards (Ind AS) – 1 – “Presentation of Financial Statements”.

#### b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

#### c. Frequency of qualification: First time / repetitive / since how long continuing – from Financial year ended 31<sup>st</sup> March, 2017.

#### d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views

The Management is of the view that the non-compliance of the loan covenants will not affect the continuity of the Company's operations and it continues to prepare its books of accounts on going concern basis. 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. Hence the Company continues to classify these borrowings as non-current.

#### e. For Audit Qualification(s) where the impact is not quantified by the auditor:

##### i) Management's estimation on the impact of audit qualification:

**Not Applicable**

##### ii) If management is unable to estimate the impact, reasons for the same:

**Not Applicable**

##### iii) Auditors' Comments on (i) or (ii) above:

**Not Applicable**

### BRANCH OFFICES :


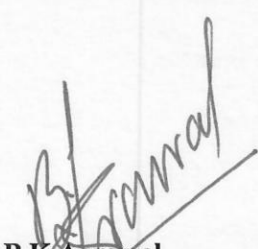

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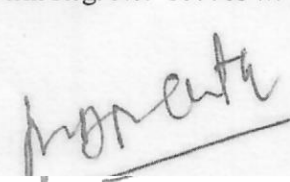



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III.	<p><b>Signatories</b></p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 30%;">   <b>Arbind Jayaswal</b>            (Managing Director)             DIN: 00249864             Place: Nagpur            Date: June 29, 2020         </div> <div style="width: 30%;"> <b>P.K.Bhardwaj</b>            (Executive Director &amp;            Chief Financial Officer),            DIN: 03451077         </div> <div style="width: 30%;">   <b>B.K. Agrawal</b>            (Audit Committee            Chairman)            DIN: 01223894         </div> </div> <div style="text-align: right; margin-top: 20px;">  </div>
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	<p style="text-align: center;"><b>AUDITORS</b></p> <p>Refer our Independent Auditors' Report dated June 29, 2020 on the Financial Results of the Company.</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p><b>For Pathak H. D. &amp; Associates LLP</b>            Chartered Accountants            Firm Reg. No. 107783W/W100593</p>    <p><b>Mukesh D. Mehta</b>            Partner            Membership No. 043495</p> <p>Place: Mumbai            Date: June 29, 2020</p> </div> <div style="width: 45%;"> <p><b>For Naresh Patadia &amp; Co.</b>            Chartered Accountants            Firm Reg. No. 106936W</p>    <p><b>Naresh Patadia</b>            Proprietor            Membership No. 035620</p> <p>Place: Nagpur            Date: June 29, 2020</p> </div> </div>
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**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 Auditor's Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To,  
The Board of Directors  
**JAYASWAL NECO INDUSTRIES LIMITED**

**Report on the audit of the Financial Results**

***Qualified Opinion***

We have audited the accompanying statement of financial results of **Jayaswal Neco Industries Limited** ("the company") for the quarter and year ended March 31, 2020 (the "Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, *except the possible effects of the matters described in "Basis for Qualified Opinion" Para below*, these financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information for the quarter and year ended March 31, 2020.



### **Basis for Qualified Opinion**

As mentioned in Note 6 to the Statement, Non Current Borrowings include an amount of Rs. 207,712 Lakhs due to certain banks and Assets Reconstruction Company. Banks holding 94.18% (by value) of the total principal debt, equivalent to Rs. 339,354 Lakhs, 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). Until the revised terms and conditions will be agreed between the Company and ACRE, the arrangement with those banks are valid and as per the arrangements with lenders, 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/ACRE to demand repayment of the loans. As at March 31, 2020, the Company has not complied with certain covenants and they have not been provided with any confirmation from those lenders for extension of time to comply with these covenants. The Company has not classified these liabilities as current liabilities as required by Indian Accounting Standards (Ind AS) – 1 –“Presentation of Financial Statements”.

We conducted our audit of the Statement in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Statement under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 5 to the Statement regarding preparation of Financial Results of the Company on going concern basis, notwithstanding the fact that the Company continued to incur cash losses, it's net worth has been fully eroded, impairment of certain non-current assets (refer Note 7 to the Statement), 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. Since Banks holding 94.18% (by value) of the total principal debt, equivalent to Rs. 339,354 Lakhs, assigned all their rights, title and interests in financial assistances granted by them to the Company in favour of ACRE and for the other reasons mentioned in Note 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 opinion is not modified in respect of this matter.



### **Emphasis of Matters**

We draw your attention to

- a) Note 3 to the Statement, which describes the uncertainties related to COVID-19 and its consequential effects on the affairs of the Company.
- b) Note 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 and presently stayed.

Our opinion is not modified in respect of these matters.

### **Management's Responsibilities for the Financial Results**

The Statement has been prepared on the basis of the financial statements. The Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.





## **Auditor's Responsibilities for the Audit of the Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control with reference to financial statements in place and the operating effectiveness of such control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



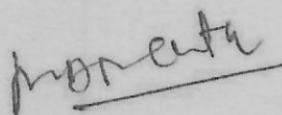
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Other Matter

- a) The managerial remuneration of Rs. 132 Lakhs paid to the whole time directors of the Company for the quarter and year ended March 31, 2020, is subject to approval from the shareholders of the Company as required under the Act.
- b) We report that the figures for the quarter ended March 31, 2020 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and the published unaudited year-to-date figures up to December 31, 2019 being the date of the end of the third quarter of the current financial year, which were subjected to a limited review by us.

Our opinion is not modified in respect of these matters.

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



**Mukesh Mehta**  
Partner  
Membership No. 43495  
UDIN:20043495AAAACD2365

**Mumbai**  
Date: June 29, 2020

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



**Naresh Patadia**  
Proprietor  
Membership No. 35620  
UDIN: 200356201AAAAC3589

**Nagpur**  
Date: June 29, 2020



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( ₹ in Lakhs, except per equity share data)						
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020						
	PARTICULARS	QUARTER ENDED			YEAR ENDED	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Refer Note 8)	UNAUDITED	(Refer Note 8)	AUDITED	AUDITED
1.	Income					
	a) Revenue from Operations	79929	88162	96413	363218	422653
	b) Other Income	413	99	828	852	1741
	Total Income	80342	88261	97241	364070	424394
2.	Expenses					
	a) Cost of Materials Consumed	46149	47827	58631	206152	236317
	b) Purchase of Stock-in-Trade	244	283	160	1055	1333
	c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock- in-Trade	(2515)	8103	(9171)	11422	(23124)
	d) Employee Benefits Expense	5576	6407	5024	22578	21930
	e) Finance Costs	21880	21360	17921	86736	71147
	f) Depreciation and Amortisation Expense	6804	7163	6710	27634	27268
	g) Consumables, Stores and Spares Consumed	9503	6743	11867	33894	53698
	h) Other Expenses	17161	15168	19526	68171	80228
	Total Expenses	104802	113054	110668	457642	468797
3.	Loss Before Exceptional Items and Tax (1-2)	(24460)	(24793)	(13427)	(93572)	(44403)
4.	Exceptional Items (Refer Note 7)	56817	-	-	56817	-
5.	Loss Before Tax (3-4)	(81277)	(24793)	(13427)	(150389)	(44403)
6.	Tax Expenses					
	Deferred Tax	(78)	7	(124)	(58)	27
	Income Tax for Earlier years	-	-	(2)	-	(11)
7.	Loss for the period / year (5+6)	(81355)	(24786)	(13553)	(150447)	(44387)
8.	Other Comprehensive Income (OCI)					
	(I) Item that will not be reclassified to profit or loss					
	(a) Remeasurement Gain / (Loss) on Defined Benefit Plans	(288)	20	(356)	(230)	77
	(b) Tax Effect on above	78	(7)	124	58	(27)
	(II) Item that will be reclassified to profit or loss	-	-	-	-	-
	Total Other Comprehensive Income (Net of Tax)	(210)	13	(232)	(172)	50
9.	Total Comprehensive Income for the period / year (7+8)	(81565)	(24773)	(13785)	(150619)	(44337)
10.	Paid-up Equity Share Capital (Face Value per share : Rs. 10/- each)	63863	63863	63863	63863	63863
11.	Other Equity excluding Revaluation Reserve				(144522)	6096
12.	Earnings Per Share (of Rs. 10/- each)					
	a) Basic (Not Annualised) *	(12.74)*	(3.88)*	(2.12)*	(23.56)	(6.95)
	b) Diluted (Not Annualised) *	(12.74)*	(3.88)*	(2.12)*	(23.56)	(6.95)



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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 29th June, 2020.
- 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. 339354 lakhs constituting 94.18% 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 Company's business and liquidity and raised concerns over its future prospects.

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 remain huge challenge. The customers would first try to liquidate the existing stocks once their operations resume 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. The Market demand for alloy steel is bare minimum at present and revival of its demand to pre Covid-19 levels would be a process expected to be drawn over couple of quarters. Until the demand for alloy steel picks up, the Company will focus more on its iron products.

It is not possible to determine exact financial impact of Covid-19 pandemic over the business at this juncture. 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 end 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 as stated in Note 3 above 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, the implementation of the Restructuring Scheme by the Company (RSD), which had agreed to the 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, 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 Honourable Supreme Court.

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# 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

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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 of effective and efficient operations including cost reduction.


Accordingly the Company continues to prepare its books of account on going concern basis.

- 6 The agreements in respect of non-current borrowings as at 31st March, 2020 of Rs 207712 lakhs contains certain restrictive covenants including non-adherence of initial Rupee Term Loan repayment schedule and non-payment of interest thereon, as stipulated and debt service facility ratio. The Company has not complied with the terms of these covenants. The Company has not classified the said long term borrowings to current liabilities as required by Ind AS 1 – "Presentation of Financial Statements". In respect of this, the auditors have issued modified report for the quarter and year ended 31st March, 2020 and also the reports on the financial statements of the earlier years.
- 7 As per the impairment policy, the Company has carried out an impairment test in accordance with the Indian Accounting Standards (Ind AS) 36 – 'Impairment of Assets' and found that the Carrying cost of its property, plant and equipment of Flat Production Division (FPD) at Raipur and Capital Work in Progress presently being suspended at its Bilha Bilaspur plant, exceeds its recoverable value; therefore, an impairment loss of Rs. 56817 Lakhs (includes building Rs. 2001 Lakhs, Plant & machinery Rs. 11469 Lakhs and Capital Work In Progress Rs. 43347 Lakhs) has been recognized for the quarter and year ended 31st March, 2020 and the same has been disclosed as exceptional items in the Financial Results (previous year Nil).
- 8 The figures for the last quarter are the balancing figures between audited figures of the full financial year and the unaudited year to date figures upto the third quarter of the respective financial year.
- 9 The figures for the corresponding previous periods / year have been regrouped / rearranged wherever necessary, to make them comparable.

NAGPUR  
29th June, 2020



For Jayaswal Neco Industries Limited

  
Arbind Jayaswal  
Managing Director and CEO  
DIN : 00249864

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## AUDITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before Tax as per the Statement of Profit and Loss	(150389)	(44403)
<b>ADJUSTED FOR</b>		
Depreciation and Amortisation Expense	27634	27268
Exceptional Items	56817	-
(Gain)/Loss on Sale / Discard of Property, Plant and Equipment (Net)	(310)	35
Loss on Financial Instruments measured at Fair Value through Profit or Loss (Net)	0	0
Capital Work In Progress Written Off	-	10
Profit on Sale of Current Investment	-	(1)
Account Written Back	-	(875)
Interest Income	(212)	(199)
Finance Costs	86736	71147
Unrealised loss on Foreign Currency Transaction (Net)	255	2
Bad Debts / Advances written off (Net of reversal)	60	(9)
Provision for Credit Impaired Trade Receivables / Advances	136	808
Provision for Expected Credit Loss on Trade Receivables	683	478
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>21410</b>	<b>54261</b>
<b>ADJUSTED FOR</b>		
Trade and Other Receivables	17387	138
Inventories	(1968)	(24435)
Trade and Other Payables	(5463)	7558
<b>CASH GENERATED FROM OPERATIONS</b>	<b>31366</b>	<b>37522</b>
Direct Taxes (Paid) / Refund	(96)	(125)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>31270</b>	<b>37397</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment and Intangible Assets	(3430)	(1601)
Sale of Property, Plant and Equipment	336	46
Sale of Current Investment	-	61
Interest Income	234	145
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2860)</b>	<b>(1349)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Lease Liability	(44)	(338)
Repayment of Non Current Borrowings	(770)	(4897)
Current Borrowings (Net)	(259)	(5268)
Finance Costs	(25499)	(27235)
Margin Money (Net)	(1815)	492
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(28387)</b>	<b>(37246)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>23</b>	<b>(1198)</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>980</b>	<b>7978</b>
Less : Amount transferred to Bank Balances Other Than Cash & Cash Equivalents	-	(5800)
<b>NET CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>980</b>	<b>2178</b>
Effect of Exchange rate on Cash and Cash Equivalents	0	0
Balance of Cash and Cash Equivalents	1003	980
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE) (NET OF BOOK OVERDRAFT OF RS. 194 LAKHS AND PREVIOUS YEAR RS. 143 LAKHS)</b>	<b>1003</b>	<b>980</b>

NAGPUR  
29th June, 2020



For Jayaswal Neco Industries Limited

Arbind Jayaswal  
Managing Director and CEO  
DIN : 00249864

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