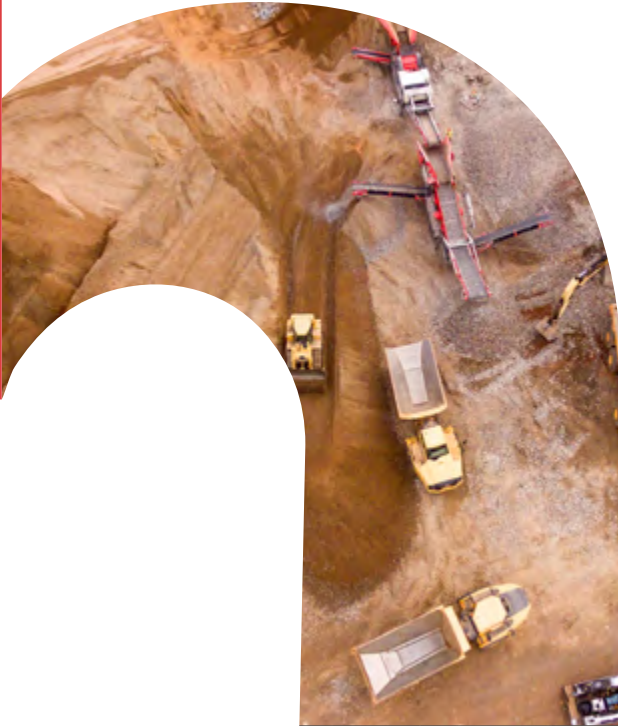




Jayaswal Neco Industries Limited

Annual Report 2022-23



**50 Years of Building
A Legacy of Trust**



Contents

Pg. 2

Company Overview

- 2 Milestones
- 4 About NECO group
- 6 Company Overview
- 8 Segments and Key Products
- 10 Business Model
- 12 Chairman's and Key Managements' Messages
- 14 Key Performance Indicators
- 18 Strategic priorities
- 20 Environment
- 22 Social - Human
- 24 Corporate Social Responsibility (CSR)
- 26 Board of Directors
- 28 Governance
- 30 Awards

Pg. 32

Statutory Reports

- 32 Management Discussion and Analysis
- 56 Board's Report
- 74 Corporate Governance Report
- 92 Business Responsibility and Sustainability Report

Pg. 122

Financial Statements

- 122 Financial Statements

Notice

- 188 Notice



Shri. Basant Lall Shaw

Chairman

"In our Company, we remain committed to contributing to the growth and progress of the nation. As we continue to be an integral part of India's steel industry, we embrace the opportunities and challenges ahead, driving innovation and excellence in our quest to support the nation's remarkable journey of growth."

> Pg. 12

Key Highlights

1 MnTPA

Iron and
Steel Capacity

0.075 MnTPA

Castings
Capacity

₹ 6,343 Crores

Revenue from
operations in FY 22-23

8405 nos.

Total
Workforce

MnTPA - Million Tonnes Per Annum

50 Years of Building A Legacy of Trust

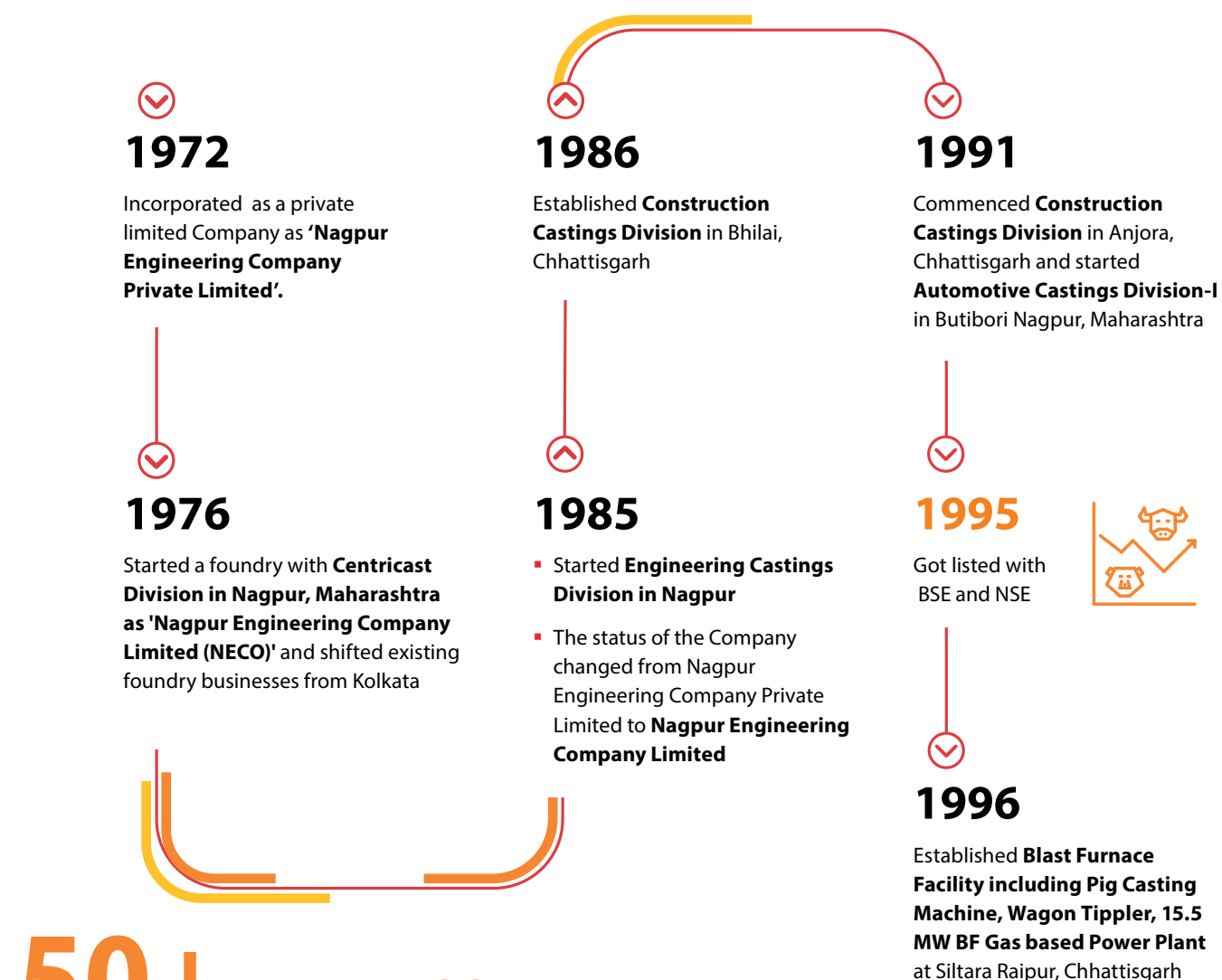
With more than half a century of dedication and hard work, we have established a legacy of trust by excelling in our endeavours. This commitment to excellence has earned us the valuable trust of our stakeholders.

We have forged a path to 100% self-sufficiency in iron ore from our captive mines, a milestone that cements our status as one of the India's leading alloy steel manufacturers.

Our state-of-the-art information technology platforms empower us to excel in operational efficiency and overall performance, fuelling our success in the industry. This achievement not only strengthens the trust of our stakeholders but also inspires us to keep delivering exceptional value in all our endeavours. As we forge ahead, our commitment remains steadfast, driving innovation and progress to shape a brighter future.



Milestones



50+ years of fuelling growth across industries



Ground breaking ceremony of Steel Plant Division

2008

Expanded Sinter capacity by **0.4 MnTPA**, installed bar mill of **0.13 MnTPA**

2007

- The name of Company changed from Jayaswals Neco Limited to **Jayaswal Neco Industries Limited (JNIL)**
- Expanded DRI unit with **500 TPD kiln with 12 MW DRI captive power plant**

2006

Established **350 TPD kiln of DRI unit along with 15 MW** captive power plant and first coke oven plant

2005

Crossed **₹1,000 Crores** revenue mark

2004

Established **0.4 MnTPA** Sinter plant and Steel Melt Shop (I) of **0.33 MnTPA** capacity

2009

- Established wire rod mill of **0.27 MnTPA**
- Merger of Inertia Iron and Steel Industries Private Limited (IISIPL), **350 TPD Sponge Iron Plant** & captive Power Plant of Abhijeet Infrastructures Limited (AIL) and **500 TPD Sponge Iron Plant** & captive Power Plant of Corporate Ispat Alloys Limited (CIAL) into JNIL

2012

Installed **wire rod block and expanded coke oven capacity** along with coke oven's Waste Heat Recovery based Power Plants

2013

Flat product - **Steel Plant Division of CIAL** merged into JNIL

2015

Expanded Steel Melt Shop capacity by **0.65 MnTPA** and installed oxygen plant, **1.5 MnTPA** Pellets Plant and new rolling mill of **0.55 MnTPA**

2023

Achieved full self-sufficiency in iron ore requirement through captive mines

2021

Captive **Iron ore mining production** started from our Chhotedongar Mine

2016

- Installed bright bar making facility of **0.04 MnTPA**
- Captive **Iron ore mining** production started from our Metabobeli Mine

MnTPA: Million Tonnes Per Annum
TPD - Tonnes Per Day

About NECO group

A legacy of trust

The NECO Group is an Indian conglomerate known for its wide range of manufacturing capabilities, including large-scale iron and steel castings, specialty steel products and mining.

The Company's Steel Plant Division is one of the largest in India and produces long steel products for various industries, such as construction, infrastructure and automotive. Our mining division is engaged in the exploration, development and extraction of Iron Ore and Limestone.

In addition to steel and mining, NECO Group has diversified into power generation sector with thermal and gas/waste heat recovery-based power plants at Siltara, Raipur. We also have a foundry division that produces castings for industries such as automotive, railway and construction. Group has the strong reputation for quality and sustainability initiatives along with a wide range of offerings in various sectors and is committed to making a positive impact in the communities they serve.

A Multinational Group with its heart in Orange City

www.necoindia.com

- One of the Largest Foundry Group in India with casting production capacity of 1,75,000 tonnes
- Integrated Steel Plant of 1 Million tonne capacity
- NSSI- Leading Valve manufacturers of India






Castings | Steel | Mining | Valves | Auto components | Power | Infra | Defence Equipments






Our Vision

To be an organisation that continuously achieves economic value by optimizing resources through operational excellence, powered by technology, driven by innovation, creating delight, producing value added quality products that enhances customers satisfaction and to be a globally admired organisation that enhances sustainable industrial and business development and be the global benchmark in the field of:

- Metallics and Alloy Steel Products
- Ferrous Valves and Services
- Iron & Steel Castings (Construction & Automotive)
- Defence Equipment



Our Mission

Sustainable Growth and Return on Investment by continuous improvement of Human Resources, Environment, Technology and Products with constant engagement with all the stakeholders. We intend to achieve this through:

Our People

Being a responsible corporate citizen:

- Adopting cleaner and greener technologies
- Providing a safe and healthy work environment
- Caring for the communities in which we work
- Demonstrating high ethical standards
- Enhancing the capabilities of the workforce by imparting trainings for skill upgradation in technical and managerial areas

Our Customers

- By helping them stay ahead of the curve by delivering innovative and quality products and services
- By helping them grasp every opportunity by delivering on-time
- By ensuring transparency in our dealings and addressing their grievances in proactive manner

Our Lenders

- By prompt servicing of debt ensuring timely return on investments
- Ensuring timely submission of reporting compliances

Our Society

Being a responsible corporate citizen:

- Giving back to the environment what we take
- Adopting cleaner and greener technologies, promoting circular economy
- Providing a safe and healthy work environment
- Caring for the communities in which we work
- Demonstrating high ethical standards

Our Suppliers

- Quality starts from sourcing of material: We believe in developing supply chain to our level of competence, requirements and quality assurance
- Ensuring fairness and equitable transactions with all our suppliers in accordance with internally established procedures
- Ensuring our procurement activities comply with all relevant laws, social norms, standards and treaties worldwide
- Building a relationship of trust with all our suppliers

Our Equity Shareholders

- By providing transparent and regular updates through constant engagement with the shareholders
- Through good governance we ensure return on equity



Our Core Values

Our values define who we are. They guide our daily actions and behaviour. They influence the way we work with each other and how we serve our customers and engage with our communities.

We demonstrate integrity and respect for our stakeholders and continually strive for improvements in the way we carry out our activities. We strive to contribute to the core values with dedicated, sincere and committed workforce. We exhibit great energy and enthusiasm and have the courage to be the leader in our sphere of activities. We take pride in doing the right thing, even in the face of adversity.

Our values, formed over the course of our fifty plus year history, make up the character of NECO. It helps to instil in our workforce the outlook and approach that we need to achieve our Mission.

Our Businesses

-  Metallics and Alloy Steel Products
-  Ferrous Valves and Services
-  Iron & Steel Castings (Construction & Automotive)
-  Defence Equipment

Company Overview

Small beginnings to industry titans

As the flagship company of the NECO Group, we have established ourselves as the premier producer of Iron and Steel Castings, Pipes and Fittings. From our humble beginnings as a small-scale Iron Foundry Unit at Nagpur in 1976, we have grown significantly to become industry leaders in Steel Production. We have contributed significantly to the future of our nation through various projects across different industries.

5 Manufacturing Units

13 Offices

2 Major Iron Ore Mines

Domestic presence

28 States **8** UT*

Export presence

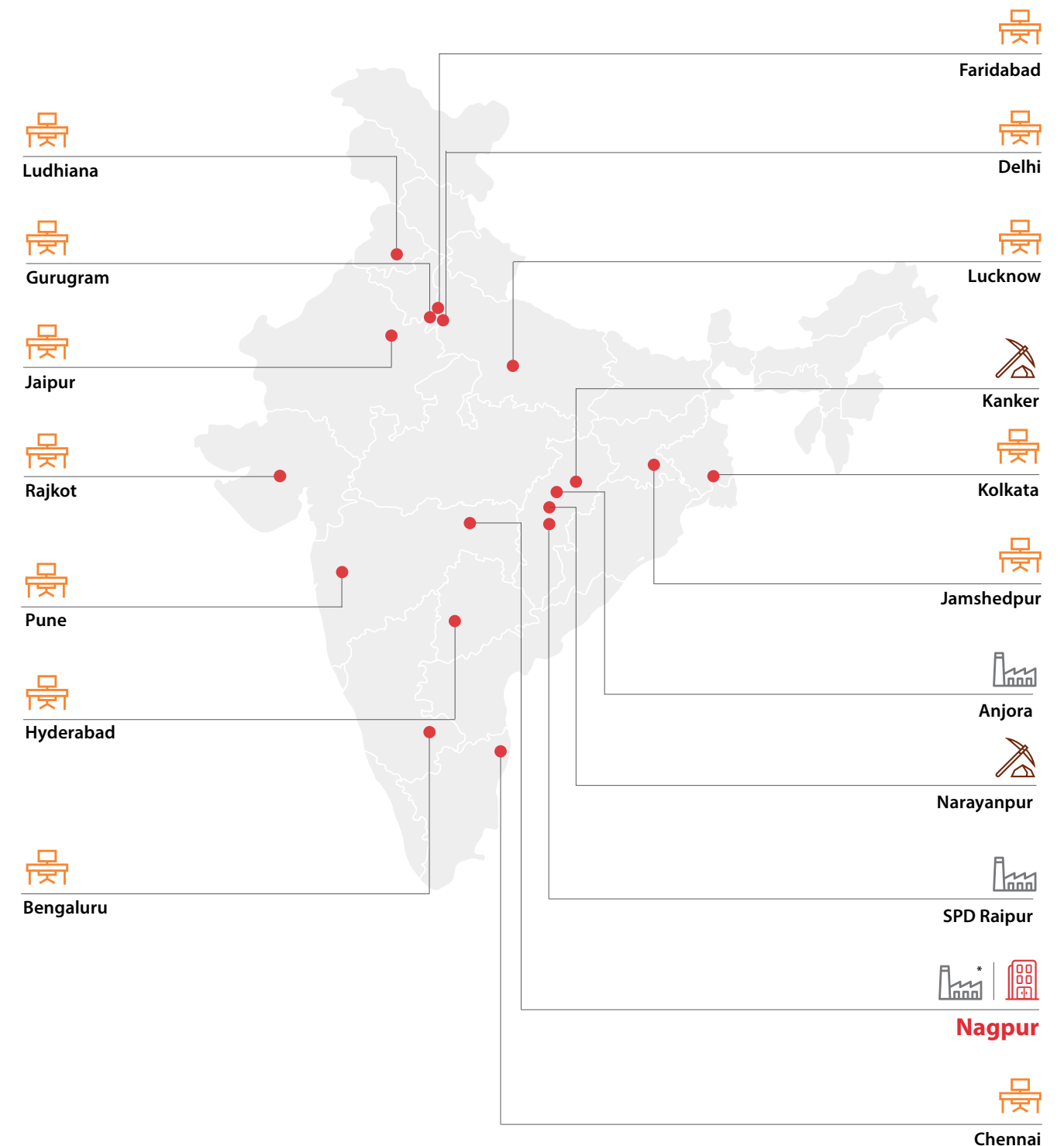
8 Countries

* Union Territories



Our Pan-India reach

With our strategically located facilities, we maintain proximity to our required raw material sources, enabling efficient and timely supply to our customers. Our well-placed locations contribute to our ability to meet the demands of our customers and ensure prompt delivery of products and services.



Manufacturing Units



Offices



Head Office



Iron Ore Mines

* Three Manufacturing Units are located in Nagpur

Segments and Key Products

Diverse portfolio across business segments

Since our inception over five decades ago, we have grown incredibly and expanded our product portfolio by introducing new offerings. We have honed and refined our business segments to fulfill market demands while simultaneously positioning ourself at the forefront of our industry through strategic investments and well-established state-of-the-art-facilities.

Steel Plant Division


FY 2022-23

₹ 5,746 crores

5.46%

Revenue from Operations

y-o-y growth



Foundry Division

FY 2022-23

₹ 596.52 crores

16.97%

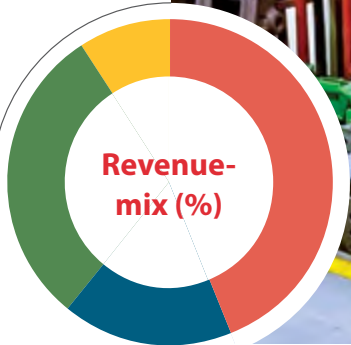
Revenue from Operations

y-o-y growth



FY 2022-23

Automotive Castings	44
Engineering Castings	17
Centricast	30
Construction Castings	9



Segment	Key Products	Key KPIs
Integrated Steel Plant (Steel Plant Division)	Alloy Steel bars and wire rods (long products) of 200+ grades	92% contribution to the overall revenue
Industries catered to:	Pellets, Billets, Pig Iron, Sponge Iron	Backward Integrated Facilities
Auto Component, Infrastructure, Defence, Oil & Gas etc.		54.5 MW Captive Power Plants, 1.5 MnTPA Pellet Plant, 410 TPD Oxygen Plants, 0.8 MnTPA Sinter Plant, 0.2 MnTPA Coke Oven Plant
		Iron Making Facilities
		0.75 MnTPA Blast Furnace, 0.255 MnTPA Sponge Iron
		Forward Integration Steel Facilities
		0.983 MnTPA Steel Melt Shop, 0.954 MnTPA Rolling Mill

Key achievements in FY 2022-23

Highest-ever Annual production achieved in DRI (Sponge Iron)	Highest-ever Annual Production achieved in Heavy Bar Mill	16 Gold Level awards bagged in the chapter convention of Quality Circle Forum of India (QCFI - 2022)
5 stars Rating to captive mines for 4 consecutive years from FY 2018-19 to FY 2021-22 by Ministry of Mines	7 Par-Excellence awards bagged in the 36 th National Convention on Quality Concept (NCQC - 2022)	

Segment	Key Products	Key KPIs
Automotive Castings Division	Brake Drums, Clutch housing, Dead Axle, Cylinder Heads, Block	20,000 MTPA installed capacity
Engineering Castings Division	Gear Box Housing, Transmission Case, Cast Pipes, Inserts etc.	20,000 MTPA installed capacity
Construction Castings Division	Valves, Inserts, Carrier Housing, Axle End Cap and Backing Ring	15,000 MTPA installed capacity
Centricast Division	Manhole Covers, Sand Cast Pipes, Centrifugal Cast Pipes, Sleepers, Brake Blocks, Bearing Plates, Sockets, Other castings for the P&T Department, Soil/Rain Water Pipes Fittings, Manhole Covers	20,000 MTPA installed capacity

Key achievements in FY 2022-23

First Indian brand to get certification for SS Couplings as per ASTM C1277	New Parliament House supplied hubs and hubless pipes and fittings	IS-3989 & IS-15905 product specifications drafted and revised by our Centricast Division*
--	---	---

*Product specification are as per the guidelines of the Bureau of Indian Standards | MTPA: Metric Tonne Per Annum

Business model

Our blueprint for success

Inputs



Our sound financials

By efficiently managing our finances, we strive to deliver exceptional products to our customers to generate sustainable growth on an annual basis.



Our exceptional manufacturing facilities

Through continuous enhancements of our manufacturing capabilities, we aim to optimise our output while concurrently minimising costs.



Leveraging our innovations

By leveraging our outstanding research and development efforts, we strive to expand our product portfolio, enhance our brand reputation and effectively meet the ever-growing demands of our customers.



Our focus on workforce

Recognising the significance of our workforce, we are committed to fostering and cultivating top talent while fostering a motivating work environment that promotes their professional growth and well-being.



Optimizing our natural resources

Through our dedicated initiatives and activities, we are resolute in our commitment to minimise our ecological footprints and preserve natural resources.



Our holistic impact

We are dedicated to enhancing the quality of life for communities surrounding our facilities and units by actively engaging in initiatives that contribute to their well-being and prosperity.

Value creation approach



Our Vision

To be an organisation that continuously achieves economic value by optimizing resources through operational excellence, powered by technology, driven by innovation, creating delight, producing value added quality products that enhances customers satisfaction and to be a globally admired organisation that enhances sustainable industrial and business development and be the global benchmark in the fields of:-

Key product lines



Metallics and Alloy Steel Products



Iron & Steel Castings (Construction & Automotive)



Our Strategic Priorities



Integrated Operations with full-self sufficiency in Captive Iron Ore



Strong Commitment towards fulfilling ESG Goals



Value added Finished Steel



Sustained Reduction in Financial Leverage

Industries catered to



Auto Components



Automotive



Construction



Infrastructure



Defence



Oil and Gas

Outcomes

- **6.45%** y-o-y growth in revenue
- **12.58%** y-o-y growth in tangible net worth
- **17.71%** y-o-y reduction in debt
- **2,69,997 MT** of production achieved in our DRI plants in FY23
- **5,59,604 MT** of production achieved in our Steel Melt Shops in FY23
- **11,96,710 MT** of production achieved in our Pellet Plant in FY23

- **6,35,027 MT** of hot metal produced in FY23
- **5,34,657 MT** of rolled products produced in FY23
- **46,250 MT** of ferrous castings produced in FY23

- Enhancing **process efficiency**
- **Risk** reduction
- Increasing **customer satisfaction** and convenience
- Elevating the **brand value**

- **91.53%** Employee retention rate
- **126** Training programmes held in FY23

- **8%** y-o-y reduction in CO₂ emissions
- **2%** y-o-y decrease in energy consumption
- **₹55.38 lakhs** spent on environment in FY23

- **₹3.78 crores** CSR expenditure in FY23 is mainly in the areas of Healthcare, Environmental Sustainability and Rural Development
- Installation of **five Solar overhead tanks**
- Setup of **15 iron removal** water plants

MT: Metric Tonne

Chairman's and Key Managements' Messages

Shaping India's steel journey for half a century



Shri. Basant Lall Shaw
Chairman

Dear Shareholders,

Over the past five decades, the Indian economy has witnessed a remarkable growth, we take immense pride in being part of this journey. India has transformed into a global powerhouse and now boasts the distinction of being amongst the major economies. In this dynamic landscape, steel has always held a prominent position among metals as a core sector Industry. Its production and consumption are indicative of a country's economic development, as it serves both as a raw material and an intermediate product.

The Indian steel industry plays a crucial role in the nation's progress. As India aims to become a manufacturing hub through initiatives like Make in India, the steel sector has taken centre stage, accounting for approximately 2% of the country's GDP, India stands as the world's second-largest steel producer and is on track to become the second-largest consumer of steel. The industry's impact extends beyond the domestic market; it holds the potential to bolster the country's favourable steel trade balance and bolster the nation's export manufacturing capacity. The country has the world's fifth-largest iron ore reserves, this has benefitted the sector's growth and has led to substantial investments.

While the COVID-19 pandemic posed challenges, the Indian economy is bouncing back with resolute determination. In our Company, we remain committed to contributing to the growth and progress of the nation. As we continue to be an integral part of India's steel industry, we embrace the opportunities and challenges ahead, driving innovation and excellence in our quest to support the nation's remarkable journey of growth.



Shri. Arvind Jayaswal
Managing Director

Dear Shareholders,

Throughout our remarkable journey, we have ardently pursued excellence and fostered innovation, forging a path to success in the dynamic Automotive and Construction Castings and Steel segment. Today, we stand tall as industry leaders and trailblazers, fortified by a diverse product portfolio and unrivalled manufacturing processes. Our commitment to quality and unparalleled customer satisfaction drives us to undertake and excel in large-scale projects, which serve as glowing testaments to our capabilities. These achievements embolden us to continuously seek improvement and outdo ourself.

At the heart of our achievements lies an unyielding dedication to our cherished customers. Their satisfaction and seamless experience always take precedence. With precision in our manufacturing processes, every product we deliver upholds the highest standards, precisely tailored to fulfil the distinct needs of our esteemed customers. As a pioneering company, we set the industry standard, inspiring others to emulate our excellence. Innovation flows through our veins, shaping our every step and kindling progress across our segments.

Our focus on customer experience sets us apart as we eagerly embrace the horizon of opportunities, aspiring to scale new heights and cement our position as a trusted and esteemed name in the industry. As we move into the future, we will continue to shape the future of the Automotive and Construction Castings segment.



Shri. Ramesh Jayaswal
Joint Managing Director

Dear Shareholders,

At our core, we believe in creating value that goes beyond financial success. We recognise that true accomplishments as a company encompass our commitment to Environmental, Social and Governance (ESG) goals. Sustainability is not just an afterthought but a fundamental part of our approach to value creation.

This year, we achieved a remarkable milestone that exemplifies our capabilities, achieving complete self-sufficiency in captive iron ore mining. Our state-of-the-art manufacturing capabilities have been instrumental in making this achievement possible. We aspire to become one of the most cost-effective producers of Alloy Steel, offering various grades and types of steel tailored predominantly for auto sector applications.

Our journey towards ESG excellence involves multiple initiatives. We prioritise sustainable steel manufacturing processes, mindful of our environmental impact. Contributing to social goals is yet another integral part of our responsibility as we strive to create a positive impact on the communities we serve. In our operations, we uphold the highest standards of responsible and ethical practices.

As a responsible corporate, we understand the importance of embedding sustainability in every facet of our organisation. By following best practices in Corporate Governance, we ensure transparency, accountability and a long-term approach to value creation. Our commitment to ESG goes hand in hand with our mission to excel in the industry. We firmly believe that true success is achieved when our actions benefit the environment, society and all our stakeholders, we look forward to continuously setting new benchmarks and contributing to a better world.



Shri. Avneesh Jayaswal
Group Director

Dear Shareholders,

At our core, we recognise that our employees are the backbone of our success, we spare no effort to enhance their well-being and foster a positive work environment. Our dedication to providing the best HR practices in the industry has earned us the honour of being recognised as a 'Great Place to Work' for two consecutive years.

The power of digitisation has driven our progress, and we take pride in successfully implementing SAP S/4 HANA and SAP Ariba. These cutting-edge IT platforms have revolutionised our operations, allowing us to seamlessly integrate solutions across all aspects of our business, leading to unparalleled efficiency and operational excellence.

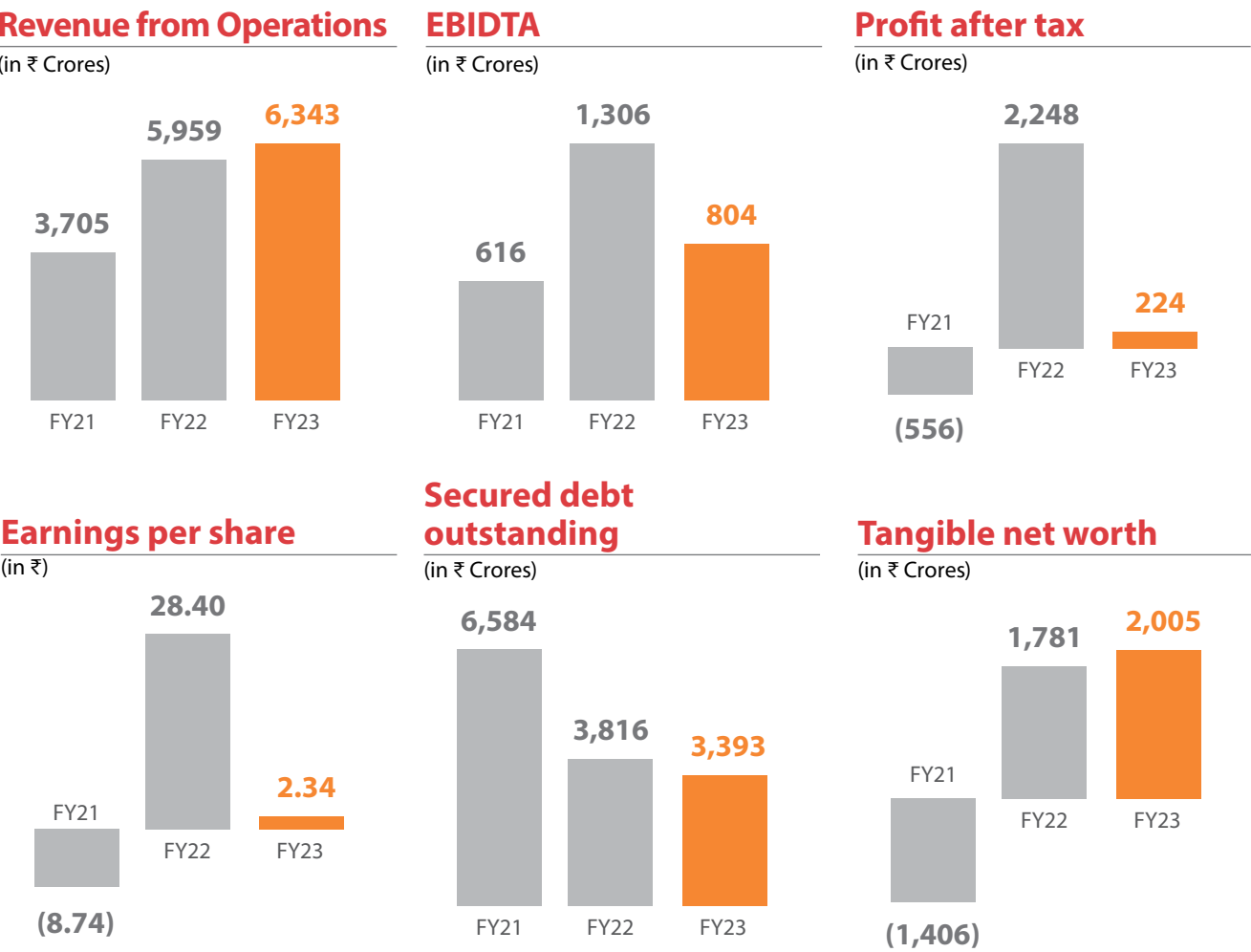
Safety is not a mere compliance for us, it's a fundamental value we uphold in every facet of our operations. Our commitment to industrial safety and the diligent practice of Total Productive Maintenance (TPM) has been the driving force behind our pursuit of excellence. The 16 awards from the Quality Circle Forum of India (QCFI) and 14 awards from the National Convention on Quality Concept (NCQC) in 2022 bear testimony to our relentless focus on continuous improvement and quality excellence.

As we stride towards a promising future, we remain focused in prioritising our employees' welfare and embracing new technologies that will catapult us to even greater heights. Our commitment to internal growth and the cultivation of a positive work environment will undoubtedly fuel our journey towards even greater success.

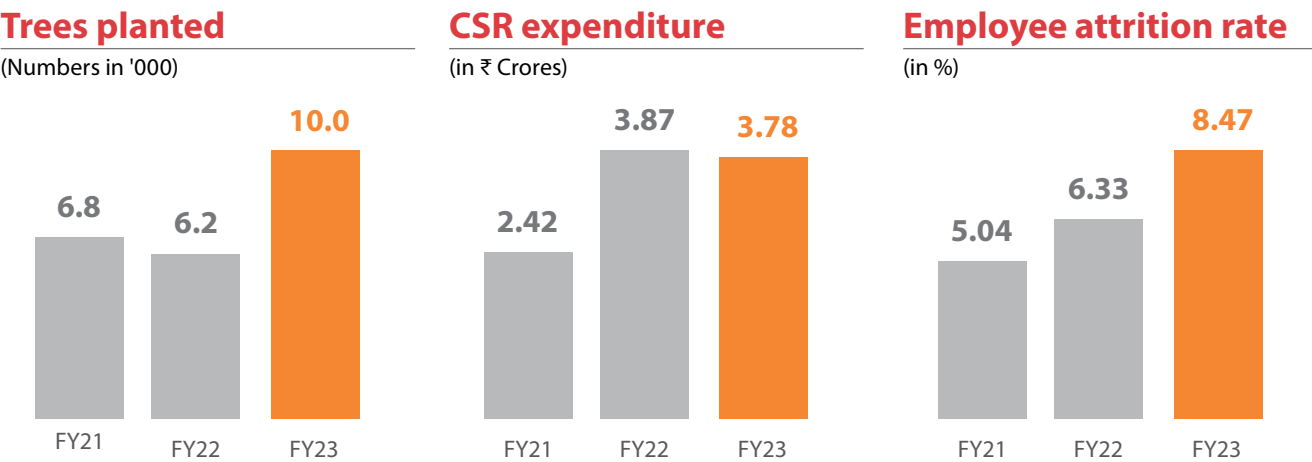
Key Performance Indicators

Steady growth across indicators

Financial indicators



Non-financial indicators



Shri. Kapil Shroff
Chief Financial Officer

"Our journey has been one of transformation, conquering financial stress, reducing leverage and aligning our debt to sustainable level through successful debt restructuring in FY 2021-22. Diligent compliances and accelerated debt repayment have bolstered our earnings and financial resilience. Moving forward, we are committed to financial prudence, cost reduction and maximising profitability to enhance shareholders value. We identify and address risk areas promptly for a secure future and ensure that we leave no stone unturned through our robust risk management practices."

Key Ratios-FY23

12.68%	3.54%	1.07	1.99	1.64	4.22
EBIDTA to Net Sales Ratio	PAT (+ OCI) to Net Sales Ratio	Fixed Asset Coverage Ratio (FACR)	Total Outside Liabilities to Tangible Net Worth Ratio	Total Debt / Equity Ratio (Total Debt / Net Worth)	Total Secured Debt / EBIDTA Ratio

Key Performance Indicators

Operational indicators

Production at our facilities



Installed Capacities (MTPA)

7,50,000	2,00,000	8,00,000	9,83,000
Blast Furnace	Coke Oven Plant	Sinter Plant	Steel Melt Shops
9,54,000	2,55,000	15,00,000	75,000
Rolling Mills	DRI	Pellet Plant	Foundries

Steel Plant Division: Production and Sales in FY23

Pig iron (MTPA)	
51,834	37,702
Production	Sales
DRI (MTPA)	
2,69,997	2,36,469
Production	Sales
Pellets (MTPA)	
11,96,710	6,97,440
Production	Sales
Rolled products (MTPA)	
5,34,657	5,43,336
Production	Sales



Production at our Iron ore mines

Metabodeli mine (MTPA)	
9,95,441	9,95,707
FY22	FY23
Chhotedongar mine (MTPA)	
86,428	11,46,098
FY22	FY23



Shri. Meghpal Singh
Executive Director (Steel) and Chief Operating Officer (Steel Plant Division)

"As a Company, we believe in constant growth and progress. We have been resilient, adaptable and relentless in our pursuit of excellence. By embracing innovation and modern technologies, we have streamlined our processes, reduced costs and enhanced our product offerings to meet the ever-evolving needs of our customers. We take great pride in our commitment to environmental sustainability, waste management and the well-being of our employees. Together, we are poised to forge ahead, achieving new milestones and leaving a positive impact on the industries we serve and the communities we operate in."