

Statement of unaudited Consolidated financial results for quarter ended June 30, 2020 (Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended
		3 months ended 30-06-2020	Preceding 3 months ended 31-03-2020	Corresponding 3 months ended 30-06-2019	Year to date figures for previous year ended 31.03.2020
		Unaudited	Audited	Unaudited	Audited
			Refer Note 9		
1	Income				
	(a) Revenue from operations	344	373	673	4,165
	(b) Other Income	0	131	5	1,072
	Total Income	344	504	678	5,237
2	Expenses				
	(a) Land and construction cost	423	(2,873)	6,667	6,904
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	(321)	2,206	(6,223)	(4,554)
	(c) Employee benefits expense	211	225	382	1,230
	(d) Finance costs	5,032	2,340	2,297	9,640
	(e) Depreciation and amortization expense	5	72	8	193
	(f) Other Expenses	159	191	275	6,592
	Total Expenses	5,509	2,161	3,406	20,005
3	Profit/(Loss) before exceptional items and tax (1-2)	(5,166)	(1,657)	(2,728)	(14,768)
4	Exceptional items	-	62,824	-	62,824
5	Profit/(Loss) before tax (3+4)	(5,166)	(64,481)	(2,728)	(77,592)
6	Tax expenses				
	i) Current Tax		175		175
	ii) Deferred tax	(20)	(4,035)	4	(5,869)
7	Profit/(Loss) after tax for the period (3-6)	(5,146)	(60,621)	(2,732)	(71,898)
8	Share of Profit/(loss) of an Associate/ a Joint Venture (net of tax)			-	-
9	Profit/(Loss) after taxes and share of Profit/ (loss) of Associate/Joint Venture (7+8)	(5,146)	(60,621)	(2,732)	(71,898)
	Attributable to:				
	(i) owners of the parent Group	(5,146)	(60,621)	(2,732)	(71,898)
	(ii) non-controlling interests	-	-	-	-
10	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit & Loss				
	(ii) Remeasurement of Defined Benefit Plan	(28)	111		111
	(iii) FVOCI - equity investments	-	-		5,405
	(iv) Tax on above items that will not be reclassified to profit or loss	4	(17)		(1,855)
	Total Other Comprehensive Income	(24)	94		3,661
11	Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (9+10)]	(5,122)	(60,527)	(2,732)	(68,237)
	Attributable to:				
	(i) owners of the parent Group	(5,122)	(60,527)	(2,732)	(68,237)
	(ii) non-controlling interests	-	-	-	-
12	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)				
	(a) Basic	(3.53)	(41.57)	(1.87)	(49.30)
	(b) Diluted	(3.53)	(41.57)	(1.87)	(49.30)
13	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583



Notes to the financial results:

- 1 The above consolidated financial results of NEL Holdings South Limited (Formerly known as NEL Holdings Limited), ('the Group'), and its subsidiaries (together referred to as 'the Group') has been reviewed by the Audit committee and approved by the Board of Directors at their meeting held on 15th September 2020. The statutory auditors of the Group have conducted a limited review of the consolidated Financial Results of the Group for the quarter ended 30th June 2020.

These Consolidated financial results presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These results are uploaded on the Company website i.e. www.nelholdings.in and on the Stock Exchanges where the shares of the Company are listed i.e. www.bseindia.com. These results include the result of the following subsidiary companies.

Subsidiaries: NHDPL South Private Limited (Formerly known as NHDPL Properties Private Limited), NUDPL Ventures Private Limited (Formerly known as NUDPL Enterprises Private Limited), Nitesh Indiranagar Retail Private Limited, LOB Properties Private Limited, & Courtyard Hospitality Private Limited (Formerly known as Courtyard Constructions Private Limited)

- 2 The Group primarily operates in two business segments - 'Residential' and 'Retail'. All operations are in India and hence there is no geographical segment.

3 Statement of unaudited Consolidated financial results for quarter ended June 30, 2020

No	Particulars	Quarter ended			Year ended
		3 months ended 30-06-2020	Preceding 3 months ended 31-03-2020	Corresponding 3 months ended 30-06-2019	Year to date figures for previous year ended 31.03.2020
		Unaudited	Audited	Unaudited	Audited
a	Revenue from Operations	320	145	157	1,920
b	Profit/(Loss) before tax	(3,286)	(91,607)	(1,558)	(1,02,355)
c	Profit/(Loss) after tax	(3,282)	(91,557)	(1,579)	(1,00,521)

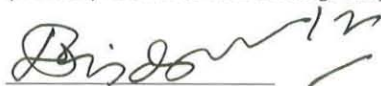
- 4 (i) The Holding Company is in the process of selling Knightsbridge Residential project to Garden City Builders for an all inclusive value of not less than Rs. 8 Cr. However, effect of the transaction will be reflected in financials after approvals by shareholders and execution of relevant agreement with the project buyer.
- (ii) The Holding Company is in the process of selling Park Avenue Residential project to Garden City Builders for an all inclusive value of not less than Rs. 35 Cr. However, effect of the transaction will be reflected in financials after approvals by shareholders and execution of relevant agreement with the project buyer.
- (iii) The Subsidiary Company, viz NHDPL South Private Limited (Formerly NHDPL Properties Private Limited) is in the process of selling Napa Valley Project to Nitesh Napa Valley Allotees Welfare Association for an all inclusive value of not less than Rs. 36 Cr. However, effect of the transaction will be reflected in financials after approvals by shareholders and execution of relevant agreement with the project buyer.
- 5 The Holding Company has defaulted on redemption of debentures for a principle value of Rs. 5,500 lakhs and corresponding interest accrued of Rs. 5,100 lakhs as at 30th June, 2020. The company has not provided for penal interest of Rs. 6,712 lakhs, which is an additional amount claimed in their petition filed with NCLT in June 2020 as the discussion for the settlement is on the final stages where in they are considering waiver of even normal interest as well as penal interest and towards principle repayment also.
- 6 The Holding Company alongwith its two subsidiaries viz. NHDPL South Private Limited (formerly NHDPL Properties Private Limited) and NUDPL Ventures Private Limited (Formerly NUDPL Enterprises Private Limited) has defaulted on payment to various lenders, both Principal (Rs 98,121 lakhs) as well as Interest (Rs. 19,789 lakhs) as on 30th June, 2020 as the facilities have been called off by the banks & financial institutions and entire facility has become due for payment. The penal interest amounting to Rs. 9,058 lakhs has not been provided for which Management is confident to get the waiver of penal interest as the request is being made to lenders to take haircut of principal & normal interest outstanding also whenever a project exit is being discussed.



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- 7 The outbreak of COVID-19 pandemic has significantly impacted global businesses environment. The restriction of human movement through nationwide lockdown during the period from 25th April, 2020 to 8th June, 2020 imposed by the Government of India to prevent community spread of the disease has resulted significant reduction in economic activities with respect to the operations of the Company, The business of the Company has gone down drastically and the construction activities of the Company has been stopped due to non-availability of resources during lock down period. The Company has taken necessary steps to overcome the present situation by analysing various internal and external information inter-alia the assumptions relating to economic forecasts and future cash flows for assessing the recoverability of various assets and receivables viz, investments, contract and non-contract assets, trade and non-trade receivables, inventories, advances and contract costs as on the date of approval of these financial statements. The assumptions used by the company are being tested through sensitivity analysis and the company expects to recover the carrying amount of these assets and receivables based on the current indicators of future economic benefits. As the management is still assessing the impact of COVID-19 pandemic on the future period, the impact may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor the material changes if any, to the future economic conditions. Same situation is continuing in Q1 of 2020-21 due to pandemic outbreak.
- 8 **Going concern**
These financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation.
These financial statements therefore do not include any adjustments relating to recoverability and classification of asset amounts or to classification of liabilities that may be necessary if the Company is unable to continue as a going concern.
- 9 The figures for the quarter ended March 31 2020 are the derived balancing figures between the unaudited figures in respect of nine months ended 31st December 2019 and audited figures in respect of twelve months period ended 31st March 2020.
- 10 The figures in respect of previous period have been regrouped/recast wherever necessary.

For and on behalf of the Board of Directors of
NEL Holdings South Limited
(Formerly Known as NEL Holdings Ltd)



L.S. Vaidyanathan
DIN: 00304652
Executive Director



Place: Bengaluru, India
Date : 15th September 2020

NEL Holdings South Limited
(Formerly Known as NEL Holdings Limited)
Regd. Office: Nitesh Timesquare , 7th Floor , No. 8, M.G Road, Bengaluru 560 001
CIN: L07010KA2004PLC033412, website - www.nelholdings.in
Phone Number: +91 80 4017 4000

NEL
Holdings South Limited

Consolidated Segment wise revenue, results

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended
		3 months ended 30-06-2020	Preceeding 3 months ended 31- 03-2020	Corresponding 3 months ended 30-06-2019	Year to date figures for previous year ended 31.03.2020
		Unaudited	Audited	Unaudited	Audited
1	Segment revenue				
	(a) Residential	344	373	673	4,165
	(b) Retail	-	-	-	-
	Total	344	373	673	4,165
	Less: Inter-segment revenue	-	-	-	-
	Net income from operations	344	373	673	4,165
2	Segment results				
	Profit/(loss) before tax and interest				
	(a) Residential	(134)	(62,272)	(436)	(69,024)
	(b) Retail	-	-	-	-
	Total	(134)	(62,272)	(436)	(69,024)
	Add: Other income	0	131	5	1,072
	Less: Interest	5,032	2,340	2,297	9,640
	Total profit/(loss) before tax	(5,166)	(64,481)	(2,728)	(77,592)
3	Segment Assets				
	(a) Residential	1,62,690	1,62,857	2,65,670	1,62,857
	(b) Retail	7,904	7,918	33,041	7,918
	(c) Unallocated	55,217	54,755	735	54,755
	Total	2,25,811	2,25,530	2,99,446	2,25,530
4	Segment Liabilities				
	(a) Residential	2,30,522	2,25,356	3,16,604	2,25,356
	(b) Retail	6,030	6,039	11,465	6,039
	(c) Unallocated	69,721	68,695	1,344	68,695
	Total	3,06,273	3,00,090	3,29,414	3,00,090



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CHARTERED ACCOUNTANTS

824, 2nd Cross, 11th Main
HAL 2nd Stage, Indiranagar
Bengaluru - 560 008.
Tele : +91-41221758
E-mail: ray_ray@vsnl.net

Independent Auditor's Report on consolidated unaudited quarterly financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE BOARD OF DIRECTORS OF NEL HOLDINGS SOUTH LIMITED (FORMERLY KNOWN AS NEL HOLDINGS LIMITED)

Report on the review of the Consolidated Financial Results

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **NEL HOLDINGS SOUTH LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended June 30, 2020 ("the Statement"), being submitted by the Holding 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/CMD1/44/2019 dated March 29, 2019, as amended.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's 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") prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

The Statement includes the results of the following entities:

- NHDPL South Private Limited (formerly known as NHDPL Properties Private Limited)
- NUDPL Ventures Private Limited (formerly known as NUDPL Enterprises Private Limited)
- LOB Property Management Private Limited
- Nitesh Indiranagar Retail Private Limited
- Courtyard Hospitality Private Limited (formerly known as Courtyard Constructions Private Limited)

4. Attention is drawn to the following Notes of the Statement which are subject matter of adverse conclusion as given in para 5 below:

a) The Group has incurred losses over the years resulting in negative net worth, negative working capital and negative cash flows. The default in payment of dues to banks and financial institution and creditors etc are the identified events that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

In this financial scenario, the management has no concrete plan to improve upon the situation which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements do not adequately disclose this fact.

As the Group has not recognized this fact and has prepared the consolidated financial statements on going concern assumption basis without carrying out any adjustments, in our opinion, the consolidated financial statements may not give a true and fair view.

b) The Group has given unsecured advances amounting to Rs 5,928 Lakhs to Winter Lands Private Limited and Rs 4,436 Lakhs to Boulevard Developers Private Limited for acquiring various immovable properties on behalf of the Group for which no Joint Development Agreements could be produced to us. We have been informed that these companies are not in a position to honor their commitment and repay the advance. No provision has been made by the Group with respect to these advances resulting in understatement of loss and overstatement of the net worth by the said amount.

However, in case of Winter Lands the Company has represented that they are in the process of taking appropriate measures to regularize and enter development agreements with the land owners & aggregators within next two quarters.

c) The Group had advanced Rs. 25,222 Lakhs to Somerset Infra Projects Private Limited (Somerset) for acquiring immovable properties on behalf of the Company. Somerset has neither delivered any property to the Company as per the



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agreement nor refunded the money. The Company has made full provision for the said advance and has entered into an agreement for assignment of claims against the party with another company at a substantially lower consideration which may result in substantial loss to the Company.

Considering these factors, we are concerned about the manner in which the funds were given to Somerset and other companies without obtaining any security and the corresponding provision made in the books without taking necessary legal action for recovery.

- d) On defaults in repayment of principal amounts of Rs. 50,000 Lakhs and interest of Rs.3,283 Lakhs for the credit facilities availed by two subsidiaries, the YES Bank Ltd. has invoked the guarantees furnished by the Holding Company on behalf of its subsidiaries and demanded for payment of the outstanding dues.
- e) The Group has not accounted for the demand of penal interest amounting to Rs.9,058 lakhs by banks and financial institutions on credit facilities, resulting in the understatement of loss and overstatement of net worth by the said amount.
- f) The Group has short provided interest on debentures amounting to Rs 6,712 lakhs against the interest demand amounting to Rs 11,812 Lakhs (includes interest plus penal interest) in respect of appeal filed by Investcorp Real Estate Yield Fund (Formerly known as IDFC Real Estate Yield Fund) before the National Company Law Tribunal (NCLT), Bangalore resulting in understatement of loss and overstatement of net worth by the said amount.
- g) The Group has collected Rs 1,409 Lakhs as advance from customers for closed/suspended residential projects in the earlier years which have now been abandoned and such receipts, are now in the nature of deemed deposits under rule 2(c) (xii) (b) of the Companies Acceptance of deposit (Rules) 2014 and are also within the purview of sections 73 to 76 of the Companies Act, 2013 and proper disclosure has not been made in the books of accounts in this respect.
- h) The Group has not tested impairment of its project's CWIP and inventories amounting to Rs 8,835 Lakhs and Rs 76,841 Lakhs [Net of "Payable to land owner for land under Joint Development Agreement, JDA) respectively as on 30th June, 2020. In terms of special resolution dated 31st July, 2020, the Board has proposed to sell/transfer its 3 projects together with development rights on an "as is where is basis" or in any other manner the board may deem fit in the interest of the Group. Any adjustment in the books of accounts resulting from the actual sale/transfer and settlement thereof will be accounted for in due course. [Refer Note No 4 of financial results]
- i) The carrying value of the CWIP as at 30th June, 2020 is Rs 4,984 Lakhs, based on Arbitral Award including interest. In our opinion, as the group has preferred appeal against the arbitration order and as it does not have right to receive this amount unconditionally, the carrying amount should have been impaired. If impaired, the loss for the current year would have increased by Rs.4,984 Lakhs.
- j) The Group has neither ascertained nor accounted for Deferred Tax.
- k) The Group generally is not regular in depositing the applicable dues with appropriate authorities.



- 1) The Group has not provided customer wise reconciled figures for the outstanding balances for "Billing in excess of revenue" (Net of debit balance) Rs 53,412 Lakhs. Due to non-availability of the said details we are unable to verify the correctness of the same.
5. Based on our review conducted as above, we report that because of the significance of the matters stated in Para 4 above and it's consequential impact on the financial results for the quarter, we have come to the conclusion that the Statement read with notes thereon have not been prepared fairly in all material respect in accordance with aforesaid Indian Accounting Standards specified under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India, and have not disclosed fairly the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.


Emphasis of Matter

COVID-19 pandemic and resultant lockdown has caused significant challenges for audit of the Group on deployment of our audit team at various locations due to travel restrictions imposed by the State as well as Central Government of India. We have performed alternate audit procedures and have obtained various documents and other audit information which were made available to us by the Group as sufficient appropriate audit evidence to issue our audit opinion on the consolidated financial statements.

Our opinion is not modified in respect of these matters.

RAY & RAY
Chartered Accountants

(Firm's Registration No. 301072E)


(Mrinal Kanti Banerjee)
Partner

Membership No. 051472
UDIN: 20051472AAAABF9117

Place: Bangalore

Date: September 15, 2020

