

Statement of unaudited standalone financial results for the 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 8		
1	Income				
	(a) Revenue from operations	320	145	157	1,920
	(b) Other Income	48	51	51	612
	Total Income	368	196	208	2,532
2	Expenses				
	(a) Land and construction cost	38	(4,382)	4,059	749
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	47	4,446	(3,960)	956
	(c) Employee benefits expense	140	71	274	849
	(d) Finance costs	3,297	1,054	1,238	5,582
	(e) Depreciation and amortization expense	3	(29)	4	16
	(f) Other Expenses	129	(1,818)	151	4,274
	Total Expenses	3,654	(658)	1,766	12,426
	Exceptional items		92,461		92,461
3	Profit/(Loss) before tax (1-2)	(3,286)	(91,607)	(1,558)	(1,02,355)
4	Tax expenses				
	i) Tax for previous years				-
	ii) Current Tax	-	(38)	-	(38)
	iii) Deferred tax	(4)	(12)	21	(1,796)
		-			
5	Profit/(Loss) after tax for the period (3-4)	(3,282)	(91,557)	(1,579)	(1,00,521)
6	Other Comprehensive Income	-			
	(i) Items that will not be reclassified to profit & Loss	17	-	-	-
	(ii) Remeasurement of Defined Benefit Plan	-	69	-	69
	(iii) FVOCI - equity investments	-	(0)	-	5,405
	(iv) Tax on above items that will not be reclassified to profit or loss	(4)	(15)	-	(15)
			(2)		(1,840)
	Total Other Comprehensive Income	13	52	-	3,619
7	Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (5+6)]	(3,269)	(91,505)	(1,579)	(96,902)
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)				
	(a) Basic EPS	(2.25)	(62.78)	(1.08)	(68.93)
	(b) Diluted EPS	(2.25)	(62.78)	(1.08)	(68.93)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583

Notes to the financial results:

- The above standalone financial results have been reviewed by the Audit committee and approved by the Board of Directors of the Company at its meeting held on 15th September, 2020. The statutory auditors have conducted a limited review of the standalone Financial Results of the Company for the quarter ended 30th June, 2020.



These standalone financial results information 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.

- 2 (i) The Company is in the process of selling Knightsbridge Residential project to Garden City Builders for which the proposal has been kept for shareholders approval in ensuing Annual General Meeting to be held on 30th September, 2020 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 members and execution of relevant agreement with the buyer.
- (ii) The Company is in the process of selling Park Avenue Residential project to Garden City Builders for which the proposal has been kept for shareholders approval in ensuing Annual General Meeting to be held on 30th September, 2020 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 members and execution of relevant agreement with the buyer.
- 3 The 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.
- 4 The Company has defaulted on payment to various lenders, both Principal (Rs 48,121 lakhs) as well as Interest (Rs. 12,467 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. 2,799 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.
- 5 The Company primarily operates in two business segments - 'Residential' and 'Retail'. All operations are in India and hence there is no geographical segment.
- 6 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.
- 7 **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.
- 8 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.
- 9 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 Limited)



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



Standalone 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	320	145	157	1,920
	(b) Retail	-	-	-	-
	Total	320	145	157	1,920
	Less: Inter-segment revenue	-	-	-	-
	Net income from operations	320	145	157	1,920
2	Segment results				
	Profit/(loss) before tax and interest				
	(a) Residential	(37)	(90,604)	(371)	(97,385)
	(b) Retail	-	-	-	-
	Total	(37)	(90,604)	(371)	(97,385)
	Add: Other income	48	51	51	612
	Less: Interest	3,297	1,054	1,238	5,582
	Total profit/(loss) before tax	(3,286)	(91,607)	(1,558)	(1,02,355)
3	Segment Assets				
	(a) Residential	1,03,348	1,03,382	1,58,673	1,03,382
	(b) Retail	-	-	-	-
	(c) Unallocated				
	Total	1,03,348	1,03,382	1,58,673	1,03,382
4	Segment Liabilities				
	(a) Residential	1,88,402	1,85,174	1,45,200	1,85,174
	(b) Retail				
	(c) Unallocated				
	Total	1,88,402	1,85,174	1,45,200	1,85,174



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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 REVIEW REPORT

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

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **NEL HOLDINGS SOUTH LIMITED** ("the Company") for the quarter ended June 30, 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 2015").
2. This statement which 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) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements 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 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 provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
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 Company 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 Company'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 Company's ability to continue as a going concern. The standalone financial statements do not adequately disclose this fact.

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

- b) The Company has given unsecured advance amounting to Rs 1911.70 Lakhs to Winter Lands Pvt. Ltd (Winter Lands) and Rs 3515.33 Lakhs to Boulevard Developers Pvt. Ltd for acquiring various immovable properties on behalf of the Company 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 Company 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 Company had advanced Rs. 1227.98 Lakhs to Somerset Infra Projects Pvt Limited (Somerset) for acquiring immovable properties on behalf of the Company. Somerset has neither delivered any property to the Company as per the 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) The Company has not accounted for the demand of penal interest amounting to Rs. 2,799/- Lakhs by banks and financial institutions on credit facilities accepted, resulting in the understatement of loss and overstatement of net worth by the said amount.
- e) The Company has made short provision of interest on debentures amounting to Rs 6,712/- Lakhs against the interest demand of Rs 11,812/- Lakhs (includes interest plus penal interest) filed by Debenture Trustee 'Investcorp Real Estate Yield Fund (Formerly known as IDFC Real Estate Yield Fund)' before the National Company Law Tribunal (NCLT), Bangalore, resulting in the understatement of loss and overstatement of net worth by the said amount.



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- f) The Company had collected customer advances in earlier years amounting to Rs 1,409/- Lakhs against some residential projects which has been closed/suspended subsequently and abandoned now. The above unadjusted refundable amount is in the nature of deemed deposits under rule 2(c) (xii) (b) of the Companies Acceptance of deposit (Rules) 2014 and also within the preview of sections 73 to 76 of the Companies Act, 2013 in respect of which proper disclosures have not been made in the financial statements of the Company.
- g) In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 9,207/- Lakhs against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount. Further, Rs 25.48/-Lakhs has been disbursed to them during the quarter without testing any chance of recoverability.
- h) The Company has not tested impairment of its project's CWIP and inventories amounting Rs 8,835/- Lakhs and Rs 23,218/- Lakhs [Net "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 2 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 Company. 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 2 of financial results]
- i) The Company generally is not regular in depositing the applicable dues with appropriate authorities.
- j) The Company has neither ascertained nor accounted for Deferred Tax.
- k) The Company has not provided customer wise reconciled figures for the outstanding balances for "Billing in excess of revenue" (Net of debit balance) of Rs 12,322/- 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 its 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, has 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

We draw attention to the fact that:

COVID-19 pandemic and resultant lockdown has caused significant challenges for audit of the Company 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 Company as sufficient appropriate audit evidence to issue our audit opinion on the standalone financial statements.

Our opinion is not modified in respect of the above matter.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)



(Mrinal Kanti Banerjee)
Partner

Membership No. 051472
UDIN: 20051472AAAABE8086

Place: Bangalore
Date: September 15, 2020

