

NEL

NEL Holdings South Limited
 (Formerly Known as NEL Holdings Limited)
 Regd. Office: No. 110, Level 1 Andrews Building, M.G.Road Bangalore KA 560001 IN
 CIN: L07010KA2004PLC033412, website - www.nelholdings.in
 Phone Number: +91 80 4017 4000

Holdings South Limited

Statement of unaudited standalone financial results for the period ended June 30, 2021

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Period ended
		3 months ended 30-06-2021	Preceding 3 months ended 31-03-2021	Corresponding 3 months ended 30-06-2020	Year to date figures for previous year ended 31.03.2021
		Unaudited	Audited	Unaudited	Audited
1	Income				
	(a) Revenue from operations	759	4,665	320	7,372
	(b) Other Income	146	73	48	243
	Total Income	905	4,738	368	7,615
2	Expenses				
	(a) Land and construction cost	801	12,713	38	9,710
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	-	(5,781)	47	-
	(c) Employee benefits expense	150	96	140	556
	(d) Finance costs	520	52	3,297	6,619
	(e) Depreciation and amortization expense	2	3	3	13
	(f) Other Expenses	160	252	129	4,259
	Total Expenses	1,633	7,335	3,654	21,157
	Exceptional items	16,608	(233)	-	6,077
3	Profit/(Loss) before tax (1-2)	15,880	(2,830)	(3,286)	(7,465)
4	Tax expenses				
	i) Tax for previous years	8	(82)	-	
	ii) Current Tax				
	iii) Deferred tax	25	13	(4)	662
5	Profit/(Loss) after tax for the period (3-4)	15,847	(2,761)	(3,282)	(8,127)
6	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit & Loss	(48)	(52)	17	
	(ii) Remeasurement of Defined Benefit Plan	-	115	-	
	(iii) FVOCI - equity investments	(37)	-	-	115
	(iv) Tax on above items that will not be reclassified to profit or loss	25	(16)	(4)	(29)
	Total Other Comprehensive Income	(60)	47	13	86
7	Total Comprehensive Income for the period (Comprising profit/(loss) and Other Comprehensive Income for the period (5+6))	15,787	(2,714)	(3,269)	(8,041)
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)				
	(a) Basic EPS	10.87	(1.89)	(2.25)	(5.57)
	(b) Diluted EPS	10.87	(1.89)	(2.25)	(5.57)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583

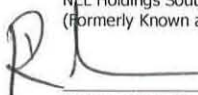


Notes to the financial results:

- 1 The above 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 13th August, 2021. The statutory auditors have conducted a limited review of the standalone Financial Results of the Company for the period ended 30th June, 2021.
- 2 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.
- 3 Ind AS 116 "Leases" mandatory for reporting periods beginning on or after 1st April, 2019 as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standard), Amendment Rules, 2019, replacing the existing lease rental recognition criteria. However, it is not applicable for the Company as it does not hold any leases valid for more than 12 months as at 30th June, 2021.
- 4 The Company has settled the outstanding loan of M/s. Shriram City Union Finance Ltd (SCUF) in the current quarter and the outstanding balance of Rs. 9.29 crores has been settled at Rs. 6.45 crores. Consequently Rs. 2.84 crores is written back in our records.
- 5 The Company has exited Park Avenue, Knightsbridge and Virgin Island projects and entered in to one time settlement with the lenders against loan outstanding for said projects. Accordingly the company has written back classified Rs. 148.81 crores in current quarter as the bank has released its charge on such projects.
- 6 In respect of Plaza project, the company has reclassified the outstanding interest amount of Rs. 37.28 crs as disputed liability.
- 7 The Company has been engaged with Yes Bank in relation to closure of Commissariat road project Loan or which Yes bank has principally agreed for a settlement of the said loan for Rs. 30 Crs. In view of this, Company has written back the interest of Rs. 14.43 crores.
- 8 The Company has defaulted on payment to various lenders, Principal (Rs 34,657 lakhs) as on 30th June, 2021 as the facilities have been called off by the banks & financial institutions and entire facility has become due for payment. The penal interest 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.
- 9 The Company primarily operates in two business segments - 'Residential' and 'Facility Management'. All operations are in India and hence there is no geographical segment.
- 10 The outbreak of second wave of COVID-19 pandemic has significantly impacted global businesses environment. The restriction of human movement through nationwide lockdown during the period from 27th April, 2021 to 21st June, 2021 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.
- 11 **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. As per the management with these exits of residential projects and the debt coming down, the company is hopeful of revival in the coming years.

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.
- 12 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)



Rajeev Khanna
DIN : 07143405
Executive Director

Place: Bengaluru, India
Date : 13th August 2021



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Standalone Segment wise revenue, results for the period ended June 30, 2021

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Period ended
		3 months ended 30-06-2021	Preceeding 3 months ended 31-03-2021	Corresponding 3 months ended 30-06-2020	Year to date figures for previous year ended 31.03.2021
		Unaudited	Audited	Unaudited	Audited
1	Segment revenue				
	(a) Residential	759	5,452	320	7,372
	(b) Retail	-	-	-	-
	Total	759	5,452	320	7,372
	Less: Inter-segment revenue	-	-	-	-
	Net income from operations	759	5,452	320	7,372
2	Segment results				
	Profit/(loss) before tax and interest				
	(a) Residential	16,254	96,296	(37)	(1,089)
	(b) Retail	-	-	-	-
	Total	16,254	96,296	(37)	(1,089)
	Add: Other income	146	(369)	48	243
	Less: Interest	520	1,037	3,297	6,619
	Total profit/(loss) before tax	15,880	94,890	(3,286)	(7,465)
3	Segment Assets				
	(a) Residential	71,189	67,985	103,348	67,985
	(b) Retail	-	-	-	-
	(c) Unallocated	-	-	-	-
	Total	71,189	67,985	103,348	67,985
4	Segment Liabilities				
	(a) Residential	145,206	157,788	188,402	157,788
	(b) Retail	-	-	-	-
	(c) Unallocated	-	-	-	-
	Total	145,206	157,788	188,402	157,788



RAY & RAY

CHARTERED ACCOUNTANTS

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Independent Auditor's Report on Unaudited Standalone 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)

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, 2021 ("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 matters and other matters disclosed in the 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. The Statement does not adequately disclose this fact.

The Company is in the process of exiting the projects and settling the loans from banks, financial institutions and creditors etc. Although these transactions have reduced the liability of the Company to banks and financial institutions, the ability of the Company to continue as a going concern remains uncertain in view of the above.

As the Company has not recognized this fact and has prepared the Unaudited Standalone Financial Results on a going concern assumption basis without carrying out any adjustments, the same may not give a true and fair view.

- b) As reported earlier, the Company has given unsecured advance amounting to Rs. 3,515 lakhs to Boulevard Developers Private Limited (Boulevard) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreements (JDA) could be produced to us. We have been informed that Boulevard is not in a position to honor its commitment and repay the advance. Considering the above, we are concerned about the manner in which the funds were given without obtaining any security. The Company has made full provision for the said advance in the previous financial year which in our opinion is a matter of concern.
- c) As reported earlier, the Company had advanced Rs. 1,228 lakhs to Somerset Infra Projects Private Limited (Somerset) for acquiring immovable properties and for transfer of development rights (TDR) in various cities like Chennai, Cochin, Bangalore, on behalf of the Company. Somerset has failed to procure land and/ or the licensed TDR Rights as per the agreement and has not refunded the money. These advances were made without obtaining any security and without assessing the financial position and repayment capacity of the party. In our opinion, such injudicious advances are a matter of concern and may be prejudicial to the interest of the Company. The Company had made full provision for the said advance over the last four years without taking any legal action for recovery.
- d) The Company has accounted for Principal amount of Rs. 34,657 lakhs, Accrued Interest of Rs. 6,642 lakhs and Disputed Liability of Rs. 3,728 lakhs in its books of account as total outstanding to banks and financial institution as on 30th June, 2021. All the banks and financial institutions have declared the outstanding loan accounts of the company as Non-Performing Accounts (NPA) in the earlier years. Pending confirmation and correspondence, the outstanding balance and status of demand raised by the respective banks and financial institutions has not been provided to us for our verification. Further, penal interest on default on payment to banks and financial institution has not been provided for in the books of account of the Company. (Refer to note 8 of the Statement)

In relation to a loan taken from Yes Bank for the Commissariat Road (Soho) Project, the Bank has principally agreed for settlement of the loan for Rs. 3,000 lakhs. The Company has not provided any further interest on this loan since the previous year.



Further, the Company has written back to income, accrued interest amounting to Rs. 1,443 lakhs during the current quarter without any confirmation from the Bank in this regard. Due to non-availability of any information of such settlement, we are unable to comment on the non-provisioning and on the basis for such write back of interest. (Refer to note 7 of the Statement).

During the quarter, the Company has not provided interest for the loan outstanding from Yes Bank against the Plaza Project. Further, the Company has classified the interest outstanding as on March 31, 2021 amounting to Rs. 3,728 lakhs, to the extent allocated to the project, as a disputed liability without any confirmation from the Bank in this regard. The basis and documentation for such non provision of interest and classification as disputed liability was not made available for our verification. (Refer to note 6 of the Statement).

- e) During the previous year, the Company has sold/disposed two projects viz, Knightsbridge and Virgin Island and has written back as income, the remaining balance of the term loan related to these projects amounting to Rs 11,402 lakhs in respect of the borrowing from HDFC Limited (Refer note 5 of the statement). We have not been provided with the necessary documentation or other appropriate correspondence with HDFC Limited regarding the waiver of such loans and interest outstanding.

(Rs. In lakhs)

Project Name	Principal	Interest	Total
Knightsbridge	-	256	256
Virgin Island	8,146	3,000	11,146
Total	8,146	3,256	11,402

- f) The outstanding balance of advances collected from customers in earlier years pertaining to closed/ suspended residential projects, which have now been abandoned, amounts to Rs. 451 lakhs as on the reporting date. Such receipts are in the nature of deemed deposits under Rule 2(c) (xii) (b) of the Companies Acceptance of Deposit (Rules) 2014 and is within the purview of the provisions of sections 73 to 76 of the Companies Act, 2013.
- g) In spite of negative net worth of the subsidiaries, the Company has not accounted for impairment of Rs. 4,718 lakhs (after providing for Rs. 4,547 lakhs out of the total receivable) against the advances given to them, resulting in the understatement of loss and overstatement of net worth by the said amount. Even after making the above noted provision, the Company has disbursed fresh advance amounting Rs. 107 lakhs during the year for which no document has been provided to us for our verification and which in our opinion is a matter of concern and is prejudicial to the interest of the Company.



- h) The Company has not tested impairment of its projects' CWIP and Inventories amounting to Rs 8,835 lakhs and Rs 12,293 lakhs (Net of "Payable to land owner for land under JDA") respectively, for ascertaining the realizable value as on 30th June, 2021. To the extent of any possible diminution of value not accounted for, the unaudited standalone financial statements may not give a true and fair view as per the requirement of Ind AS 2.
- i) Balance confirmation certificates in respect of trade receivables, trade payables, vendor advances, advance from customers and a few other advances, have not been provided for our verification and record. In absence of adequate evidence, we are unable to ascertain as to whether any further provision may be necessary with respect to the carrying amounts of these balances as on the reporting date. Trade Receivable amounting to Rs. 301 lakhs as on 30th June, 2021 has not been considered for impairment loss based on expected credit loss method as per requirement of Ind AS 109.
- j) As per the records of the Company and information and explanations provided to us, the Company has been irregular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Services tax, cess.
- k) The Company has an outstanding liability of Rs. 327 lakhs towards employee payable as on 30th June 2021. Due to non-availability of additional information and ageing, we are unable to comment on the applicability of related statutory compliances or on the requirement of any further provision.
- l) The Company has a receivable balance amounting to Rs. 1,208 lakhs with government authorities. During the quarter, the Company has been irregular in depositing and filing returns under certain statutory requirements. Due to non-availability of information on such statutory non compliances against such balances, we are unable to comment on the actual recoverability of such credit balances.
- m) The Company has neither ascertained nor accounted neither MAT Liability nor Deferred Tax Liabilities arising on account of write back of loans from financial institutions and difference in revenue recognition respectively, on reporting date and its adjustment in the Statement of Profit & Loss during the quarter.
- n) The Company has an investment in Whitefield Housing Enterprises (Whitefield) amounting Rs 1,008 lakhs on the reporting date. Due to non-availability of financial statements of Whitefield, we are unable to comment on the status of the investment.
- o) During the quarter, the Company has advanced Rs. 26 lakhs to a trust. The reason for such advance or the related documentation for such advance has not been made available for our verification. We are therefore unable to comment on the nature of the transaction.



5. Based on our review conducted as above, due to the significance of the matters stated in Para 4 above and its consequential impact on the unaudited financial results for the quarter ended June 30, 2021, we are of the view 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, and 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:

- a. The Company has given unsecured advance amounting to Rs. 1887 lakhs to Winter Lands Pvt. Ltd. (Winter Lands) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreement (JDA) could be produced to us. We have been informed that Winter Lands is not in a position to honor its commitment or repay the advance. The management is of the view that provision for the same is not required as, Winter Lands has sought to transfer its JDA rights in the Project at Commissariat Road, Bengaluru, to the extent of 9920 Sq. feet to the Company by way of Memorandum of Understanding (MOU). The enforceability of this MOU, No Objection Certificate (NOC) from Land owners and the basis of the valuation has not been satisfactorily explained to us.
- b. The Company has written back loan outstanding along with accrued interest amounting to Rs. 3,763 lakhs, pertaining to a term loan from HDFC Limited against a transferred project Park Avenue and Sriram City Union Finance Limited (SCUFL) pertaining to project Logos, which has been waived off by HDFC Limited and SCUFL respectively. Such waiver has been verified on the basis of the documents made available for our verification. (Refer note 4 and 5 of the statement)

Bank/Financial Institution	Project Name	Principal	Accrued Interest	Total
HDFC Limited	Park Avenue	2,422	1,057	3,479
SCUFL	Logos	284	-	284
Total		2,706	1,057	3,763

- c. The Company has not renewed the registration of project "Rio" under the provisions of Real Estate (Regulation and Development) Act, 2016 since 31st March 2019, resulting in non-compliance under the relevant rules and regulations of the Real Estate (Regulation and Development) Act, 2016
- d. The Gratuity plan of the Company is unfunded as at 30th June, 2021 and the Company has made provision for the entire Gratuity Liability. Employee Gratuity



Liability is being met as and when they fall due. Due to non-availability of balance confirmation regarding the Employee Gratuity Trust Fund account, we are unable to comment on the assets that are maintained by the Company and whether there is a liquidity risk that the Company may run out of cash resources which may further affect the financial position of the Company.

- e. The Company is in the process of revising the budgeted cost of completion for the projects held in Inventory. During the quarter, the Group has sold a unit of the LOGOS project, the cost of sale will be readjusted to reflect the revised budgeted cost post completion of such revision of budgeted cost.
- f. Effect of COVID-19: We draw attention to note no. 10 of the Statement, which describes the economic and social consequences/disruption that the entity is encountering as a result of the COVID-19 pandemic that has impacted supply chains and consumer demand across the Country and has negatively affected the business of the Company. The situation is still evolving and the management's assessment of the impact of the pandemic on subsequent periods is dependent on the circumstances as they evolve.

Our conclusion is not modified in respect of the above matters.

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



Shipra Gupta

Place: Bengaluru

(Shipra Gupta)
Partner

Date: August 13, 2021

Membership No. 436857
UDIN: 21436857AAAABJ4374.