

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**

Statement of unaudited standalone financial results for the period ended September 30, 2020

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Half year ended		Previous year ended 31-03-2020
		3 months ended 30-09-2020	Preceding 3 months ended 30-06-2020	Corresponding 3 months ended 30-09-2019	Year to date figures for current period ended 30.09.2020	Year to date figures for current period ended 30.09.2019	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
1	Income						
	(a) Revenue from operations	481	320	492	801	649	1,920
	(b) Other Income	62	48	293	110	344	612
	<b>Total Income</b>	<b>543</b>	<b>368</b>	<b>785</b>	<b>911</b>	<b>993</b>	<b>2,532</b>
2	Expenses						
	(a) Land and construction cost	35	38	433	73	4,492	749
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	185	47	(88)	232	(4,048)	956
	(c) Employee benefits expense	134	140	308	274	582	849
	(d) Finance costs	1,997	3,297	1,808	5,293	3,046	5,582
	(e) Depreciation and amortization expense	3	3	22	6	26	16
	(f) Other Expenses	161	129	4,890	289	5,041	4,274
	<b>Total Expenses</b>	<b>2,515</b>	<b>3,654</b>	<b>7,373</b>	<b>6,167</b>	<b>9,139</b>	<b>12,426</b>
	Exceptional items	6,599	-	-	6,599	-	92,461
3	Profit/(Loss) before tax (1-2)	4,627	(3,286)	(6,588)	1,343	(8,146)	(1,02,355)
4	Tax expenses						
	i) Tax for previous years	-	-	-	-	-	-
	ii) Current Tax	53	-	-	55	-	(38)
	iii) Deferred tax	658	(4)	(1,529)	654	(1,508)	(1,796)
5	Profit/(Loss) after tax for the period (3-4)	3,916	(3,282)	(5,059)	634	(6,638)	(1,00,521)
6	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit & Loss	18	17	-	35	-	-
	(ii) Remeasurement of Defined Benefit Plan	-	-	-	-	-	69
	(iii) FVOCI - equity investments	-	-	4,546	-	4,546	5,405
	(iv) Tax on above items that will not be reclassified to profit or loss	(5)	(4)	(1,546)	(9)	(1,546)	(15)
	<b>Total Other Comprehensive Income</b>	<b>13</b>	<b>13</b>	<b>3,000</b>	<b>26</b>	<b>3,000</b>	<b>(1,840)</b>
	<b>Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (5+6)]</b>	<b>3,929</b>	<b>(3,269)</b>	<b>(2,059)</b>	<b>660</b>	<b>(3,638)</b>	<b>(96,902)</b>
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)						
	(a) Basic EPS	2.68	(2.25)	(3.47)	0.43	(4.55)	(68.93)
	(b) Diluted EPS	2.68	(2.25)	(3.47)	0.43	(4.55)	(68.93)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583	14,583



## 1 Statement of Assets &amp; Liabilities

NEL Holdings South Limited  
(Rs in lakh)

Particulars	As on 30-Sep-20 unaudited	As on 31-Mar-20 audited
<b>ASSETS</b>		
<b>(1) Non-current assets</b>		
a) Property, Plant and Equipment	41	47
b) Right of use asset	-	-
c) Other Intangible assets	8	9
d) Capital work in progress	21,833	8,835
Less : Provision for impairment loss of CWIP	(12,998)	
	8,884	8,891
e) Financial Assets		
(i) Investments	1,009	1,008
(ii) Loans	47	47
	39	499
f) Other non-current assets		39
	1,095	1,593
<b>(2) Current assets</b>		
a) Inventories	57,996	58,227
b) Financials Assets		
(i) Trade receivables	753	753
(ii) Cash and cash equivalents	32	50
(iii) Other Bank balances	-	-
(iv) Loans	13,683	2,389
(v) Other current financials assets	-	3
c) Other current assets	19,942	31,476
d) Current tax assets, net	-	-
	92,406	92,898
<b>Total Assets</b>	<b>1,02,385</b>	<b>1,03,382</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
Equity Share capital	14,583	14,583
Other Equity	(95,717)	(96,375)
	(81,134)	(81,792)
<b>(2) Non-current liabilities</b>		
a) Financial Liabilities		
(i) Other financial liabilities	-	-
(ii) Net employee defined benefit liabilities	-	-
b) Deferred tax liabilities, net	163	-
c) Provisions	111	147
<b>(3) Current liabilities</b>	274	147
a) Financial Liabilities		
(i) Borrowings	45,467	52,475
(iii) Lease liability	-	-
(iv) Trade payables	24,303	23,926
(v) Other current financial liabilities	-	53,283
(vi) Net employee defined benefit liabilities	-	-
b) Other current liabilities	1,08,525	55,332
c) Provisions	4,581	12
d) Current tax liabilities, net	369	
	1,83,245	1,85,027
<b>Total Equity &amp; Liabilities</b>	<b>1,02,385</b>	<b>1,03,382</b>
	(0)	(0)

## 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 November, 2020. The statutory auditors have conducted a limited review of the standalone Financial Results of the Company for the half year ended 30th September, 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 has exited Knightsbridge Residential project to Garden City Realty for which the proposal was kept for shareholders approval in the Annual General Meeting held on 30th September, 2020 which was approved for an all inclusive value of not less than Rs. 8 Cr. RERA approval for this transfer has been obtained.
- (ii) The Company has exited Park Avenue Residential project to Garden City Realty for which the proposal was kept for shareholders approval in the Annual General Meeting held on 30th September, 2020 for which approval for an all inclusive value of not less than Rs. 35 Cr. RERA approval for this transfer has been obtained.
- (iii) The Company is in the process of exiting Ceasars Palace project to BSR Associates, settlement MOU is signed. The RERA approval for this transfer is awaited.



- 3 The company has defaulted on redemption of debentures for a principle value of Rs. 5,500 lakhs and corresponding interest accrued of Rs. 5,356 lakhs as at 30th September, 2020. The company has not provided for penal interest of Rs. 6,456 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 45,290 lakhs) as well as Interest (Rs. 16,590 lakhs) as on 30th September, 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. 3,658 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 'Facility Management'. 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 and Q2 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.
- 9 The figures for the quarter ended 30th September, 2020 are the derived balancing figures between the unaudited figures in respect of six months ended 30th June 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 Limited)

  
L.S. Vaidyanathan  
DIN: 00304652  
Executive Director



Place: Bengaluru, India  
Date : 13th November 2020

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**Standalone Segment wise revenue, results**

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended		Previous year ended 31-03-2020
		3 months ended 30-09-2020	Preceeding 3 months ended 30-06-2020	Corresponding 3 months ended 30-09-2019	Year to date figures for current period ended 30.09.2020	Year to date figures for current period ended 30.09.2019	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
<b>1</b>	<b>Segment revenue</b>						
	(a) Residential	481	320	492	801	649	1,920
	(b) Retail	-	-	-	-	-	-
	<b>Total</b>	481	320	492	801	649	1,920
	Less: Inter-segment revenue	-	-	-	-	-	-
	<b>Net income from operations</b>	481	320	492	801	649	1,920
<b>2</b>	<b>Segment results</b>						
	Profit/(loss) before tax and interest						
	(a) Residential	6,564	(37)	(5,074)	6,526	(5,444)	(97,385)
	(b) Retail	-	-	-	-	-	-
	<b>Total</b>	6,564	(37)	(5,074)	6,526	(5,444)	(97,385)
	Add: Other income	62	48	293	110	344	612
	Less: Interest	1,997	3,297	1,808	5,293	3,046	5,582
	<b>Total profit/(loss) before tax</b>	4,629	(3,286)	(6,588)	1,343	(8,146)	(1,02,355)
<b>3</b>	<b>Segment Assets</b>						
	(a) Residential	(962)	1,03,348	1,66,479	1,02,385	1,66,479	1,03,382
	(b) Retail	-	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-	-
	<b>Total</b>	(962)	1,03,348	1,66,479	1,02,385	1,66,479	1,03,382
<b>4</b>	<b>Segment Liabilities</b>						
	(a) Residential	1,83,519	1,88,402	1,55,065	1,83,519	1,55,065	1,85,174
	(b) Retail	-	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-	-
	<b>Total</b>	1,83,519	1,88,402	1,55,065	1,83,519	1,55,065	1,85,174



**NEL Holdings South Limited (Formerly known as NEL Holdings Limited)**

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

**Statement of Cash Flows for the period ended September 30, 2020**

	<b>Amount</b>
<b>Operating activities</b>	
<b>Profit/ (Loss) before tax</b>	<b>1,342.64</b>
<i>Non-cash adjustment to reconcile profit before tax to net cash flows</i>	
Other Comprehensive Income (net of tax)	25.90
<i>Adjustments to reconcile profit before tax to net cash flows:</i>	
Depreciation of property, plant and equipment	6.05
Impairment Provision against Investments	4,546.65
Interest element on Preference shares of NHDPL	109.74
Writeback of Bank Borrowings	-8,146.00
Writeback of Bank Interest Payable	-2,999.88
Deferred tax charge/(credit)	-653.55
Finance costs	5,293.38
<i>Working capital adjustments:</i>	
(Increase)/ decrease in Inventories	232.00
(Increase)/ decrease in trade receivables	-499.07
(Increase)/ decrease in other financial and non-financial assets	741.35
Increase/ (decrease) in trade payables and other financial liabilities	4,261.67
Increase/ (decrease) in provisions	-122.66
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>4,138.21</b>
<b>Investing activities</b>	
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	-
Amount contributed to partnership current account	-
Proceeds from sale of property, plant and equipment	-
Redemption of Investments - net	-
Interest received	-
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>-</b>
<b>Financing activities</b>	
Proceeds from long-term borrowings	1,138.69
Proceeds from current borrowings	-
Ind AS 115 / 116 - Retained earning entries	-1.74
Interest paid (gross)	-5,293.38
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>-4,156.42</b>
Net increase/ (decrease) in cash and cash equivalents	-18.20
Cash and cash equivalents at the beginning of the year	50.15
<b>Cash and cash equivalents at the end of the year</b>	<b>31.94</b>
<b>Components of cash and cash equivalents</b>	
Cash on hand	0.92
Balance with banks	-
- on current account	31.02
- on deposit account	-
Less - Bank overdraft	-
<b>Total cash and cash equivalents</b>	<b>31.94</b>



# RAY & RAY

CHARTERED ACCOUNTANTS

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## 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 and half year ended September 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. 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 3515/- 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 the company is not in a position to honor its 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.
- c) As reported earlier, the Company had advanced Rs. 1228/- Lakhs to Somerset Infra Projects Pvt 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 the Licensed TDR Rights as per the agreement and has not refunded the money and could not satisfactorily explain the reasons for giving this advance without security, guarantee, etc. or without seeking legal recourse. The Company had made full provision for the said advance for the last 3 years. In our opinion this is a matter of concern. As per the management, the Company's board has already taken note of the above.
- d) The Company has not accounted for the demand of penal interest amounting to Rs. 3,658/- 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) On release of charge/mortgage of the project 'Nitesh Virgin Island' by the HDFC Limited, the Company has written back the liability to that financial institution amounting to Rs. 11,146/- Lakhs (including interest of Rs. 3,000/- Lakhs), based on the allocation of loans to the project as confirmed by the financial institution, in its books of account without obtaining any outstanding confirmation or no dues certificate in that respect, resulting in overstatement of Income and understatement of liability by the said amount.
- f) The Company has made short provision of interest on debentures amounting to Rs 6,456/- 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.
- g) The Company had collected customer advances in earlier years against some residential projects which has been closed/suspended subsequently and abandoned



now, out of which Rs. 59/- Lakhs has been paid during the quarter. An aggregate amount of Rs. 1,356/- Lakhs are outstanding as on date. 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.

- h) In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 5,519/- Lakhs (after providing for Rs. 4,546/- Lakhs out of the total receivable) against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount. Further, Rs 248/- Lakhs has been disbursed to them during the half year without testing any chance of recoverability.
- i) The Company has not tested impairment of its projects' CWIP and inventories amounting Rs 8,835/- Lakhs and Rs 23,150/- Lakhs (Net "Payable to land owner for land under Joint Development Agreement) respectively as on 30<sup>th</sup> September, 2020. In terms of special resolution dated 31<sup>st</sup> July, 2020, the Board has proposed to sell/transfer its two projects together with development rights on an "as is where is basis" or in any other manner the board may find fit in the interest of the Company. Further, the company is in process of exiting one more project where settlement MOU is signed subject to pending RERA approval. Any adjustment in the books of accounts resulting from the actual sale/transfer and settlement thereof will be accounted for in due course which may result in Non-compliance of Inventory Valuation as per Ind AS 2. [Refer to Note No 2 of standalone financial results]
- j) The Company, generally, is not regular in depositing the applicable dues with appropriate authorities.
- k) The Company has neither ascertained nor accounted for Deferred Tax and Minimum Alternate Tax for the half year ended September 30, 2020.
- l) The Company has not prepared the Statement of Cash Flow in accordance with provisions of Ind AS 7.
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 and half year ended September 30, 2020, we have come to the conclusion that the Statement, read with notes thereon, has 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 following matters:

- a) The Company has given unsecured advance amounting to Rs. 1911.70 Lakh to Winter Lands Pvt. Ltd. (Winter Lands) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreement could be produced to us. We have been informed that Winter Lands is not in a position to honour its commitment or repay the advance. The Management is of the view that provision for the same is not required as, during the quarter, Winter Lands has sought to transfer its JDA rights in Project at Commissariat road to the extent of 9920 Sq feet to the Company by way of Memorandum of Understanding (MOU). The enforceability of this MOU and the basis of the valuation has not been satisfactorily explained to us. The position will be reviewed subsequently.
- b) We draw attention to Note 6 of the unaudited standalone financial results, which states the economic and social consequences/disruption that the entity is encountering as a result of COVID-19 pandemic which is impacting supply chain, consumer demand and personnel availability. The situation is still evolving and the management's assessment of the impact on the subsequent period is dependent on the circumstances as they evolve. This may further affect the Company's ability to carry out the business.

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

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



*Shipra*

(Shipra Gupta)  
Partner

Place: Bangalore

Date: November 13, 2020

Membership No. 436857  
UDIN: 20436857AAAAAB9495