

NEL Holdings Limited  
(Formerly Known as Nitesh Estates Ltd)  
Regd. Office: Nitesh Timesquare , 7th Floor , No. 8, M.G Road, Bengaluru 560 00  
CIN: L07010KA2004PLC033412, website - www.nelholdings.in  
Phone Number: +91 80 4017 4000

**NEL**

Holdings Limited

Statement of audited Consolidated financial results for quarter and year ended on March 31, 2020

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2020	Preceeding 3 months ended 31-12-2019	Corresponding 3 months ended 31-03-2019	Year to date figures for current period ended 31.03.2020	Year to date figures for previous year ended 31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from operations	373	2,353	6,716	4,165	11,292
	(b) Other Income	131	332	(710)	1,072	23
	<b>Total Income</b>	<b>504</b>	<b>2,685</b>	<b>6,006</b>	<b>5,237</b>	<b>11,315</b>
2	Expenses					
	(a) Land and construction cost	(2,873)	1,598	(3,864)	6,904	98,223
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	2,206	412	6,412	(4,554)	(92,154)
	(c) Employee benefits expense	225	186	389	1,230	2,019
	(d) Finance costs	2,340	2,377	(1,887)	9,640	9,490
	(e) Depreciation and amortization expense	72	28	(796)	193	47
	(f) Other Expenses	191	1,196	7,990	6,332	10,132
	<b>Total Expenses</b>	<b>2,161</b>	<b>5,797</b>	<b>8,244</b>	<b>20,005</b>	<b>27,772</b>
3	Profit/(Loss) before exceptional items and tax (1-2)	(1,657)	(3,112)	(2,238)	(14,768)	(16,457)
4	Exceptional items	62,824	-	-	62,824	-
5	Profit/(Loss) before tax (3+4)	(64,481)	(3,112)	(2,238)	(77,592)	(16,457)
6	Tax expenses					
	i) Current Tax	175		44	175	44
	ii) Deferred tax	(4,035)	(292)	106	(5,869)	49
7	Profit/(Loss) after tax for the period (3-6)	(60,621)	(2,820)	(2,388)	(71,898)	(16,550)
8	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit & Loss	111	-	1	111	5
	(ii) Remeasurement of Defined Benefit Plan	-	(859)	6	5,405	-
	(iii) FVOCI - equity investments	(17)	292	(6)	(1,855)	(6)
	(iv) Tax on above items that will not be reclassified to profit or loss					
	<b>Total Other Comprehensive Income</b>	<b>94</b>	<b>(567)</b>	<b>1</b>	<b>3,661</b>	<b>(1)</b>
9	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not)					
	(a) Basic	(41.57)	(1.93)	(1.64)	(49.30)	(11.35)
	(b) Diluted	(41.57)	(1.93)	(1.64)	(49.30)	(11.35)
10	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583



**Notes to the financial results:**

1 Statement of Assets & Liabilities

(Rs in lakh)

Particulars	As on 31-Mar-20 Unaudited	As on 31-Mar-19 audited
<b>ASSETS</b>		
<b>(1) Non-current assets</b>		
a) Property, Plant and Equipment	77	105
b) Other Intangible assets	9	10
c) Capital work in progress	13,819	41,628
	13,905	41,743
d) Goodwill on consolidation	0	161
e) Financial Assets		
(i) Investments	1,008	5,343
(ii) Loans	87	319
(f) Other non-current assets	39	-
(g) Deferred tax assets, net	7,991	1,781
	9,125	7,604
<b>(2) Current assets</b>		
a) Inventories	1,61,502	1,70,809
b) Financials Assets		
(i) Trade receivables	1,160	4,549
(ii) Cash and bank balances	140	314
(iii) Loans	4,736	2,140
(iv) Other current financials assets	3	3
c) Other current assets	34,961	59,129
	2,02,502	2,36,944
<b>Total Assets</b>	<b>2,25,532</b>	<b>2,86,291</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
Equity Share capital	14,583	14,583
Other Equity	(89,142)	(44,232)
Equity component of Compound Financial Instruments		
	(74,559)	(29,649)
<b>(2) Non-current liabilities</b>		
(a) Provisions	204	290
(b) Other long-term liabilities	-	330
	204	620
<b>(3) Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,01,678	1,02,066
(ii) Trade payables	35,013	28,019
(iii) Other current financial liabilities	5,160	4,713
(b) Other current liabilities	1,57,529	1,80,066
(c) Provisions	20	371
(d) Current Tax Liabilities, net	487	85
	2,99,887	3,15,320
<b>Total Equity &amp; Liabilities</b>	<b>2,25,532</b>	<b>2,86,291</b>
	(1)	(1)



## 2 Statement of Cash Flows

(Rs in lakh)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
	Audited	Audited
<b>Cash flow from operating activities</b>		
Profit/ (Loss) before tax	-77,592	-16,457
Other Comprehensive Income	73	-2
Non-cash adjustment to reconcile profit before tax to net cash flows		
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
Depreciation of property, plant and equipment	27	35
Amortization of intangible assets	165	7
Impairment of CWIP	36,644	-
(Gain)/ loss on disposal of investments	5,633	-
Finance costs (including fair value change in financial instruments)	9,832	1,738
Expected Credit Loss Allowance against Advances	-	3,808
Transition Ind AS adjustment	-	-18,663
Impairment Provision on Investments	21,178	-
Other Adjustment	-	-2,777
<b>Operating profit before changes in working capital</b>	<b>-4,040</b>	<b>-32,311</b>
<u>Adjustments for:</u>		
(Increase)/ decrease in trade receivables (increase)/ decrease in current other financial and non-financial assets	762	2,375
(Increase)/ decrease in Inventories (increase)/ decrease in non current other financial and non-financial assets	13,749	-2,005
	472	-92,983
	1,091	-
Increase/ (decrease) in Other financial liabilities	-	68,929
Increase/ (decrease) in trade payables	9,912	-
Increase/ (decrease) in provisions	-30	-1,404
Increase/ (decrease) in other non-financial liabilities	-16,556	49,300
<b>Cash generated from / (used in) operating activities</b>	<b>5,360</b>	<b>-8,099</b>
Income tax paid (net of refund)	-73	-6
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>5,287</b>	<b>-8,105</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	-4	-32
Proceeds from sale of investment	4,107	3,958
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>4,103</b>	<b>3,926</b>
<b>Cash flow from financing activities</b>		
Proceeds from short-term borrowings	810	3,729
Interest paid (gross)	-10,374	-9,666
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>-9,564</b>	<b>-5,937</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>-174</b>	<b>-10,116</b>
Cash and cash equivalents at the beginning of the year	314	587
<b>Cash and cash equivalents at the end of the year</b>	<b>140</b>	<b>-9,529</b>

Components of cash and cash equivalents	Year ended 31.03.2020	Year ended 31.03.2019
	Audited	Audited
<b>Reconciliation of cash and cash equivalents with Balance Sheet</b>		
Cash and cash equivalents as per Balance Sheet	140	314
<b>Cash and cash equivalents at the end of the year as per the above cash flow statement</b>	<b>140</b>	<b>-9,529</b>
Cash on hand	16	2
Balance with banks		
- on current account	124	312
<b>Total cash and cash equivalents</b>	<b>140</b>	<b>314</b>





The above consolidated financial results have been reviewed by the Audit committee and approved by the Board of Directors of the Company at its meeting held on 31st July, 2020. The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year upto 31st March,2020 and the unaudited published year-to-date figures upto 31st December,2019, being the date of the end of the third quarter of the financial year which were subject to limited review by the statutory auditors.

- 3 These results include the result of the following subsidiaries.  
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 (formerly known as Nitesh Property Management Private Limited) and Courtyard Hospitality Private Limited (formerly known as Courtyard Constructions Private Limited)  
The 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 as amended.

- 4 These consolidated 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.

- 5 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 31st March,2020.

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

- 7 Figures for audited standalone financial results of the company for the quarter and year ended March 31, 2020

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2020	Preceeding 3 months ended 31-12-2019	Corresponding 3 months ended 31-03-2019	Year to date figures for current period ended 31.03.2020	Year to date figures for previous year ended 31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
1	Revenue from Operations					
a	Revenue from Operations	145	1,126	6,026	1,920	8,439
	(b) Share in profit/(loss) of association of persons (Joint Ventu	-	-	-	-	-
	Total Income from operations	196	1,343	6,058	2,532	8,617
b	Profit/(Loss) before tax	(91,607)	(2,602)	(9,743)	(1,02,355)	(14,463)
c	Profit/(Loss) after tax	(91,505)	(1,759)	(9,771)	(96,902)	(14,539)

- 8 (i) The lender (YES bank) to subsidiary companies viz NHDPL South Private Limited (formerly known as NHDPL Properties Pvt. Ltd) & NUDPL Ventures Private Limited (formerly known as NUDPL Enterprises Pvt. Ltd.) has invoked the Corporate Guarantee given by NEL Holdings Limited during the year for Rs. 33,792 lakhs & Rs. 19,490 lakhs respectively. Accordingly, impairment of Rs. 53,282 lakhs has been made towards invocation of Corporate Guarantee as at 31st March,2020 in the aforesaid standalone financials.

- (ii) The Holding Company has provided for impairment of Rs. 12,998 lakhs for projects under Capital Work In progress, which were revalued on Fair Market Value basis in the past keeping long term view. However, on receipt of SARFAESI notice and calling off facility by lenders in relation to these projects, impairment was made to the extent of revaluation made in the past.

- (iii) The Holding Company has provided for impairment loss on investments for Rs. 20,547 lakhs towards investments in subsidiaries as their net worth is negative as at 31st March,2020. The Subsidiary company viz. NUDPL Ventures Private Limited (Formerly known as NUDPL Enterprises Private Limited) has impairment loss on investments for Rs. 630 lakhs towards investments in fellow subsidiaries as their net worth is negative as at 31st March,2020.

- (iv) The Holding Company has provided for impairment loss on Work in Progress value of Nitesh British Columbia project for Rs. 1,742 lakhs based on expected realisable value on sale of project as at 31st March,2020.

- (v) The Subsidiary company viz. Nitesh Indiranagar Retail Private Limited has impaired Investment property - CWIP value by Rs. 23,646 lakhs based on arbitral award dated 25th April 2018 according to which the company will receive Rs. 4,245 lakhs and interest computed at 9% from the date of award till 31st March 2020 amounting to Rs. 738.97 lakhs.

- 9 The company has defaulted on redemption of debentures for a principle value of Rs. 5,500 lakhs and corresponding interest accrued of Rs. 4,846 lakhs as at 31st March,2020. The company has not provided for penal interest of Rs. 6,966 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.

- 10 The Company has defaulted on payment to various lenders, both Principal (Rs 98,265 lakhs) as well as Interest (Rs. 18,8797 lakhs) as on 31st March,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. 7,193 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.



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.

**12 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.

14 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 Limited  
(Formerly known as Nitesh Estates Ltd)

Nitesh Shetty  
Chairman & Managing Director  
DIN: 00304555

Place: Bengaluru, India  
Date : 31st July 2020





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**Consolidated Segment wise revenue, results**

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2020	Preceeding 3 months ended 31-12-2019	Corresponding 3 months ended 31-03-2019	Year to date figures for current period ended 31.03.2020	Year to date figures for previous year ended 31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
<b>1</b>	<b>Segment revenue</b>					
	(a) Residential	373	2,353	7,557	4,165	11,292
	(b) Retail	-	-	(841)	-	-
	<b>Total</b>	373	2,353	6,716	4,165	11,292
	Less: Inter-segment revenue				-	-
	<b>Net income from operations</b>	373	2,353	6,716	4,165	11,292
<b>2</b>	<b>Segment results</b>					
	Profit/(loss) before tax and interest					
	(a) Residential	(62,272)	(1,067)	(1,636)	(69,024)	(3,660)
	(b) Retail	-	-	(1,780)	-	(3,331)
	<b>Total</b>	(62,272)	(1,067)	(3,416)	(69,024)	(6,991)
	Add: Other income	131	332	(711)	1,072	23
	Less: Interest	2,340	2,377	(1,887)	9,640	9,490
	<b>Total profit/(loss) before tax</b>	(64,481)	(3,112)	(2,240)	(77,592)	(16,458)
<b>3</b>	<b>Segment Assets</b>					
	(a) Residential	1,62,857	1,95,345	2,57,450	1,62,857	2,57,450
	(b) Retail	7,918	31,584	33,060	7,918	33,060
	(c) Unallocated	54,755	64,394	1,140	54,755	1,140
	<b>Total</b>	2,25,530	2,91,322	2,91,650	2,25,530	2,91,650
<b>4</b>	<b>Segment Liabilities</b>					
	(a) Residential	2,25,356	2,38,003	3,04,635	2,25,356	3,04,634
	(b) Retail	6,039	10,044	11,443	6,039	11,443
	(c) Unallocated	68,695	77,447	1,178	68,695	1,178
	<b>Total</b>	3,00,090	3,25,494	3,17,256	3,00,090	3,17,255



# RAY & RAY

CHARTERED ACCOUNTANTS

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Independent Auditor's Report on consolidated audited quarterly and year to date 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 REPORT

**TO THE BOARD OF DIRECTORS OF NEL HOLDINGS LIMITED (FORMERLY KNOWN AS NITESH ESTATES LIMITED]**

**Report on the audit of the Consolidated Financial Results**

### Opinion

We have audited the accompanying Consolidated Annual Financial Results of NEL HOLDINGS LIMITED ("Holding company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group"), for the quarter ended March 31, 2020 and for the period from April 01, 2019 to March 31, 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, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

(a) includes the results of the following entities:

List of Subsidiaries:

- i. NHDPL South Private Limited (Formerly known as NHDPL Properties Private Limited)
- ii. NUDPL Ventures Private Limited (Formerly known as NUDPL Enterprises Private Limited)
- iii. LOB Property Management Private Limited
- iv. Courtyard Hospitality Private Limited (Formerly known as Courtyard Constructions Private Limited)
- v. Nitesh Indiranagar Retail Private Limited

(b) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, as amended; and



(c) because of the reasons described in the basis for Adverse Opinion para, the accompanying consolidated financial results do not give a true and fair view of the financial position of the entity, in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS), and other accounting principles generally accepted in India, of consolidated net loss and consolidated other comprehensive income and other financial information of the Group for the quarter ended March 31, 2020 and for the period from April 01, 2019 to March 31, 2020.

### **Basis for Adverse Opinion**

1. 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, 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 statement 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.

2. The Group has given unsecured advances amounting to Rs 5,927.57 Lakhs to Winter Lands Private Limited and Rs 4,436.22 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.

3. The Group had advanced Rs. 25,221.95 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 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.

4. 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.
5. As stated in Note No 16, the Group has not accounted for the demand of penal interest amounting to Rs.7,193 lakhs by banks and financial institutions on credit facilities, resulting in the understatement of loss and overstatement of net worth by the said amount.
6. As stated in Note No 16 of the consolidated financial statements, the Group has short provided interest on debentures amounting to Rs 6,966/- 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.
7. As stated in Note No 43 of the consolidated financial statements, the Group has collected Rs 1,414 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.
8. The Group has CWIP and Inventories relating to projects amounting to Rs 8,835/- Lakhs and Rs 76,413/- Lakhs [Net of "Payable to land owner for land under Joint Development Agreement, JDA) respectively as on 31<sup>st</sup> March, 2020. No impairment test has been carried out to ascertain the realizable value of Rs. 3,492/- lakhs and Rs 57,761/- Lakhs respectively against these projects assets as estimated by the management. [Refer Note No 4a and 7 of the financial statements].
9. The Group has partially impaired its Investment Property - CWIP by Rs. 23,646.59 Lakhs. The carrying value of the CWIP as at 31<sup>st</sup> March, 2020 is Rs 4,983.98 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.4,983.98 Lakhs. [Refer Note No 4a of the financial statements].
10. Year-end balance confirmation certificates in respect of trade receivables, trade payables, advances and other advances have not been provided for our verification and record. In absence of adequate audit evidence, we are



unable to ascertain as to whether any provision is required with respect to the carrying amounts of these balances as at reporting date.

11. As stated in Note No 9a of the consolidated financial statements, the Group has neither ascertained nor accounted for the component wise Deferred Tax Assets/ Liabilities as on balance sheet date and its adjustment in statement of profit & loss accounts during the year.
12. The Group has not provided customer wise reconciled figures for the outstanding balances for "Billing in excess of revenue" (Net of debit balance) Rs 54,078 Lakhs (Refer Note No 18 (iii) to the financial statement). Due to non-availability of the said details we are unable to verify the correctness of the same.
13. There are differences between inventory as per financials and inventory as per project wise workings provided by the Group. We are unable to ascertain as to whether the carrying amount of inventory as on reporting date is correct, pending reconciliation of inventory.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

1. We draw attention to Note No. 44 of the Consolidated Financial Statements, which describes the economic and social consequences/disruption that the Group is encountering as a result of COVID-19 pandemic which is impacting supply chains, 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 Group's ability to carry out the business.

Our opinion is not qualified in respect of these matters.

### **Management's Responsibilities for the Consolidated Financial Results**

These quarterly financial results as well as the year to date consolidated financial results have been prepared on the basis of the interim financial





statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not



detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit





findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### **Other Matters**

- a) Prolonged lock-down of COVID-19 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. Maintaining the social distancing, work-from-home and other preventive restriction during lock-down period, we have performed the alternate audit procedures to seek and obtain various documents and other audit information which has been made available to us by the Group as a sufficient appropriate audit evidence to issue our unmodified audit opinion on the consolidated financial statements.
- b) The Financial Result includes the results for the quarter ended March 31, 2020 and the corresponding quarter ended in the previous year being the balancing figures between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year which were subject to limited review.

Our opinion on the Statement is not modified in respect of the above matters.

**RAY & RAY**  
Chartered Accountants

(Firm's Registration No. 301072E)



Place: Bangalore

Date: 31<sup>st</sup> July, 2020

(Mrinal Kanti Banerjee)  
Partner

Membership No. 051472

UDIN: 20051472AAAAAP8799

## Annexure I (Consol)

Holdings Limited

Statement of impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results – Statement of impact of Audit Qualifications for the Financial Year ended 31<sup>st</sup> March 2020.

### I. Pursuant to Regulations 33 and 52 of SEBI (LODR) (Amendment) Regulations 2016

Amount in Lakhs

Sl. No	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	5,236	5,236
2	Total Expenditure	77,134	1,05,565
3	Net loss	-71,898	-1,00,329
4	Earnings Per share	-49.30	-68.80
5	Total assets	2,25,530	1,97,099
6	Total Liabilities	3,00,089	3,00,089
7	NETWORTH	-74,559	-1,02,990

### II. Audit Qualification (each Audit Qualification separately)

**1. a. Detail of Audit Qualification:** 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, 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 statement 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. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

Not Applicable as Auditor has not quantified the impact

**NEL Holdings Limited**

(Formerly Known as Nitesh Estates Limited)

CIN : L07010KA2004PLC033412

Regd. Office: Level 7, Nitesh Timesquare, #8, M.G. Road, Bangalore - 560009, India.

P: +91- 80-4017 4000 E: +91- 80-2555 0825, W: www.nelholdings.in

**NEL Holdings Limited**

Chairman & Managing Director

**NEL Holdings Limited**

Chairman & Managing Director





# NEL

**Holdings Limited**

**e. For Audit qualification where the impact is quantified by the Auditor**

i. Management's estimation on the impact of audit qualification: Cannot be quantified.

ii. If Management is unable to estimate the impact, reasons for the same-Cannot be quantified.

iii. Auditor's comment on (i) or (ii) above: It depends on the future plan of the management to improve the situation by resolving uncertainties to continue the business as a going concern. However management has not provided any concrete plan to ascertain the future of the company.

**2. a. Detail of Audit Qualification:** The Group has given unsecured advances amounting to Rs 5,927.57 Lakhs to Winter Lands Private Limited and Rs 4,436.22 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.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

The Auditor has quantified the amount of Rs. 5,927.57 lakhs & Rs. 4,436.22 lakhs for not making provision. However, Management is in the process of taking appropriate measures to regularize and enter development agreements with the land owners & aggregators within next two quarters for advances related to Winter Land for Rs. 5,927.57 Lakhs for which the impact is not being considered in aforesaid table. However, the provision of Rs. 4,436.22 lakhs has been considered in Impact.

NEL Holdings Limited  
Chairman & Managing Director

NEL Holdings Limited  
Chairman & Managing Director



# NEL

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**e. For Audit qualification where the impact is not quantified by the Auditor**

- i. Not Applicable as impact is quantified.
- ii. If Management is unable to estimate the impact, reasons for the same- Not applicable.
- iii. Auditor's comment on (i) or (ii) above: Refer to para no 2 of "Adverse Opinion para" of our consolidation audit report of even date, in respect of advance of Rs 5927.57 Lakhs to Winter lands Pvt Ltd which have been informed that the Company is not in a position to honor their commitment and repay the advances. Hence necessary provision is required.

**3. a. Detail of Audit Qualification:** The Group had advanced Rs. 25,221.95 Lakhs to Somerset Infrastructures Limited (Somerset) for acquiring immovable properties on behalf of the Company. Somerset, 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 losses 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.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

The Auditor has quantified the amount of Rs. 25,221.95 lakhs for which provision has already been made in the year ended 31<sup>st</sup> March, 2018. Hence, no further impact has been considered.

**e. For Audit qualification where the impact is not quantified by the Auditor**

- i. Not Applicable as impact is quantified.

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Chairman & Managing Director

NEL Holdings Limited

Chairman & Managing Director





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ii. If Management is unable to estimate the impact, reasons for the same- Not applicable

iii. Auditor's comment on (i) or (ii) above: Though there is no financial impact we are concerned about the manner of disbursing of advance and their subsequent recovery.

**4. a. Detail of Audit Qualification:** 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.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

Since the borrowing in subsidiaries is already reflecting, no impairment is required in consol. Hence, no further impact has been considered.

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. Not Applicable as impact is quantified.

ii. If Management is unable to estimate the impact, reasons for the same-

Not applicable

iii. Auditor's comment on (i) or (ii) above: No comment

**5. a. Detail of Audit Qualification:** As stated in Note No 16 the Group has not accounted for the demand of penal interest amounting to Rs.7,193 lakhs by banks and financial institutions on credit facilities, resulting in the understatement of loss and overstatement of net worth by the said amount.

NEL Holdings Limited

Chairman & Managing Director

NEL Holdings Limited

Chief Financial Officer



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Holdings Limited

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

The Auditor has quantified the amount of Rs. 7,193 lakhs towards penal interest which 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. Hence, no further impact has been considered.

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. Not Applicable as impact is quantified.

ii. If Management is unable to estimate the impact, reasons for the same- Not applicable

iii. Auditor's comment on (i) or (ii) above: Bank has yet not confirmed the waiver of penal interest as on the balance sheet date. As uncertainties is still existing for payment of the liability, provision is required.

**6. a. Detail of Audit Qualification:** As stated in Note No 16 of the consolidated financial statements, the Group has short provided interest on debentures amounting to Rs 6,966/- 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.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

The Auditor has quantified the amount of Rs. 6,966 lakhs towards penal interest which has not been provided, for which Management is confident to get the waiver of penal interest as the discussion with debenture holders to take haircut of principal & normal interest outstanding is in final stages of conclusion. Hence, no further impact has been considered.

NEL Holdings Limited

Chairman & Managing Director

NEL Holdings Limited

Chief Financial Officer





# NEL

**Holdings Limited**

**e. For Audit qualification where the impact is not quantified by the Auditor**

- i. Not Applicable as impact is quantified.
- ii. If Management is unable to estimate the impact, reasons for the same- Not applicable.
- iii. Auditor's comment on (i) or (ii) above: Trustee of debenture holder has yet not confirmed the waiver of interest as on the balance sheet date. As uncertainties is still existing for payment of the liability, provision is required.

**7. a. Detail of Audit Qualification:** As stated in Note No 43 of the consolidated financial statements, the Group has collected Rs 1,414 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.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

The Auditor has quantified the amount of Rs. 1414 lakhs for which Liability is already appearing and no further impact has been considered.

**e. For Audit qualification where the impact is not quantified by the Auditor**

- i. Not Applicable as impact is quantified.
- ii. If Management is unable to estimate the impact, reasons for the same- Not applicable.
- iii. Auditor's comment on (i) or (ii) above: It is a violation of Companies Act and the liability of interest and penalty may arise in future.

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Chairman & Managing Director

NEL Holdings Limited

Chief Financial Officer



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**8. a. Detail of Audit Qualification:** The Group has CWIP and Inventories relating to projects amounting to Rs 8,835/- Lakhs and Rs 76,413/- Lakhs [Net of "Payable to land owner for land under Joint Development Agreement, JDA) respectively as on 31<sup>st</sup> March, 2020. No impairment test has been carried out to ascertain the realizable value of Rs. 3,492/- lakhs and Rs 57,761/- Lakhs respectively against these projects assets as estimated by the management. [Refer Note No 4a and 7 of the financial statements].

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

The Auditor has quantified the amount of Rs. 3,492 lakhs and Rs 57,761/- Lakhs mentioning that no impairment test has been done to ascertain the realisable value. However, the management is confident of realising Rs. 3,492 lakhs and Rs 57,761/- Lakhs respectively. Hence, the balance value Rs 5,343 lakhs & Rs. 18,652/- lakhs has been shown under impact in above table.

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. Not Applicable as impact is quantified.

ii. If Management is unable to estimate the impact, reasons for the same- Not applicable.

iii. Auditor's comment on (i) or (ii) above: Realizable value of CWIP and Inventories amounting to Rs 3,492 Lakhs and Rs 57,761 Lakhs respectively are estimated by the management. The basis for the same is not provided to us hence we are in doubt of the reliability.

**9. a. Detail of Audit Qualification:** The Group has partially impaired its Investment Property - CWIP by Rs. 23,646.59 Lakhs. The carrying value of the CWIP as at 31st March, 2020 is Rs 4,983.98 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.4,983.98 Lakhs. [Refer Note No 4a of the financial statements].

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Chief Financial Officer





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**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor**

The Auditor has quantified the amount of Rs. 4,983.98 lakhs mentioning that no impairment test has been done to ascertain the realisable value. However, the management is confident of realising Rs. 4,983.98 lakhs.

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. Not Applicable as impact is quantified.

ii. If Management is unable to estimate the impact, reasons for the same- Not applicable.

iii. Auditor's comment on (i) or (ii) above: Provision of Rs 4,983.98/- lakhs is required as the matter is still pending under arbitration and the arbitral award is yet to be given in favour of the Company as on the balance sheet date.

**10. a. Detail of Audit Qualification:** Year-end balance confirmation certificates in respect of trade receivables, trade payables, advances and other advances have not been provided for our verification and record. In absence of adequate audit evidence, we are unable to ascertain as to whether any provision is required with respect to the carrying amounts of these balances as at reporting date.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor  
Not applicable as impact is not quantified.**

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. Not Applicable as impact is quantified - The Company could not obtain balance confirmation due to Covid-19 post year-end and reduced resources to undertake such tasks. However, Management is of the view that it will not have any additional impact on realisable value more than what has already been impaired under various heads.

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Chief Financial Officer



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ii. If Management is unable to estimate the impact, reasons for the same-

Owing to the nature of observation, impact cannot be quantified. However, Management is of the view that it will not have any additional impact on realisable value more than what has already been impaired under various heads.

iii. Auditor's comment on (i) or (ii) above: Impact is not ascertainable at this stage.

**11. a. Detail of Audit Qualification:** As stated in Note No 9a of the consolidated financial statements, the Group has neither ascertained nor accounted for the component wise Deferred Tax Assets/ Liabilities as on balance sheet date and its adjustment in statement of profit & loss accounts during the year.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor Not applicable as impact is not quantified.**

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. The Company could not ascertain component wise Deferred tax due to reduced resources to undertake such tasks. However, impact cannot be quantified until component wise deferred tax is determined.

ii. If Management is unable to estimate the impact, reasons for the same-

Owing to the nature of observation, impact cannot be quantified until component wise deferred tax is determined.

iii. Auditor's comment on (i) or (ii) above: Management comment is self-explanatory.

NEL Holdings Limited

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NEL Holdings Limited

Chief Financial Officer





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**12. a. Detail of Audit Qualification:** The Group has not provided customer wise reconciled figures for the outstanding balances for "Billing in excess of revenue" (Net of debit balance) Rs 54,078 Lakhs (Refer Note No 18 (iii) to the financial statement). Due to non-availability of the said details we are unable to verify the correctness of the same.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor Not applicable as impact is not quantified.**

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. Not Applicable as impact is quantified: The Group could not provide the customer wise reconciliation for "Billing in excess of revenue" as the same was never done in the past. However, the same will be addressed within next 2 quarter. However, impact cannot be quantified nor the management is not expecting any impact because of such reconciliation.

ii. If Management is unable to estimate the impact, reasons for the same-

Owing to the nature of observation, impact cannot be quantified until reconciliation is made. However, the management is expecting any impact because of such reconciliation.

iii. Auditor's comment on (i) or (ii) above: No comments

**13. a. Detail of Audit Qualification:** There are differences between inventory as per financials and inventory as per project wise workings provided by the Group. We are unable to ascertain as to whether the carrying amount of inventory as on reporting date is correct, pending reconciliation of inventory.

NEL Holdings Limited

Chairman & Managing Director

NEL Holdings Limited

Chief Financial Officer



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Holdings Limited

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: First Time Qualification**

**d. For Audit qualification where the impact is quantified by the Auditor  
Not applicable as impact is not quantified.**

**e. For Audit qualification where the impact is not quantified by the Auditor**

i. Management's estimation on the impact of audit qualification:

ii. If Management is unable to estimate the impact, reasons for the same-

Owing to the nature of observation, impact cannot be quantified until reconciliation is made. However, the management is expecting any impact because of such reconciliation.

iii. Auditor's comment on (i) or (ii) above: No Comment

Signatories  
NEL Holdings Limited

Chairman & Managing Director

CFO

NEL Holdings Limited  
Chief Financial Officer

Audit Committee Chairman

Statutory Auditor

Bangalore

Date : 31<sup>st</sup> July 2020