

Statement of audited standalone financial results for the quarter and year ended March 31, 2020

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2020	Preceding 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	145	1,126	6,026	1,920	8,439
	(b) Other Income	51	217	32	612	178
	Total Income	196	1,343	6,058	2,532	8,617
2	Expenses					
	(a) Land and construction cost	(4,382)	639	849	749	47,121
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	4,446	558	541	956	(43,880)
	(c) Employee benefits expense	71	196	317	849	1,331
	(d) Finance costs	1,054	1,482	1,441	5,582	4,751
	(e) Depreciation and amortization expense	(29)	19	8	16	23
	(f) Other Expenses	(1,818)	1,051	12,645	4,274	1,868
	Total Expenses	(658)	3,945	15,801	12,426	11,214
	Exceptional items	92,461			92,461	11,866
3	Profit/(Loss) before tax (1-2)	(91,607)	(2,602)	(9,743)	(1,02,355)	(14,463)
4	Tax expenses					
	i) Tax for previous years				-	-
	ii) Current Tax	(38)			(38)	-
	iii) Deferred tax	(12)	(276)	28	(1,796)	87
5	Profit/(Loss) after tax for the period (3-4)	(91,557)	(2,326)	(9,771)	(1,00,521)	(14,550)
6	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit & Loss					
	(ii) Remeasurement of Defined Benefit Plan	69	-	-	69	17
	(iii) FVOCI - equity investments	(0)	859	-	5,405	-
	(iv) Tax on OCI - of this year	(15)			(15)	-
	(v) Tax relating to these items	(2)	(292)	-	(1,840)	(6)
	Total Other Comprehensive Income	52	567	-	3,619	11
7	Total Comprehensive Income for the period (Comprising profit/(loss) and Other Comprehensive Income for the period (5+6))	(91,505)	(1,759)	(9,771)	(96,902)	(14,539)
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)					
	(a) Basic EPS	(62.78)	(1.60)	(6.70)	(68.93)	(9.98)
	(b) Diluted EPS	(62.78)	(1.60)	(6.70)	(68.93)	(9.98)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583

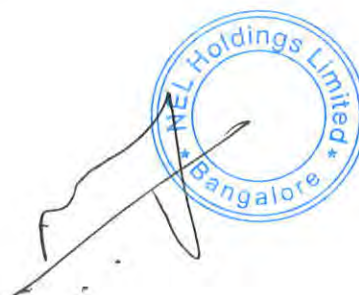


Notes to the financial results:

1 Statement of Assets & Liabilities

(Rs in lakh)

Particulars	As on 31-Mar-20 audited	As on 31-Mar-19 audited
ASSETS		
(1) Non-current assets		
a) Property, Plant and Equipment	47	58
b) Other Intangible assets	9	10
c) Capital work in progress	8,835	12,998
	8,891	13,066
e) Financial Assets		
(i) Investments	1,008	25,697
(ii) Loans	47	240
Deferred tax Asset (Net)	499	-
f) Other non-current assets	39	39
	1,593	25,976
(2) Current assets		
a) Inventories	58,227	73,044
b) Financials Assets		
(i) Trade receivables	753	275
(ii) Cash and cash equivalents	50	217
(iii) Other Bank balances	-	-
(iv) Loans	2,389	2,296
(v) Other current financials assets	3	3
c) Other current assets	31,476	33,479
	92,898	1,09,314
Total Assets	1,03,382	1,48,356
EQUITY AND LIABILITIES		
(1) Equity		
Equity Share capital	14,583	14,583
Other Equity	(96,375)	(1,713)
	(81,792)	12,870
(2) Non-current liabilities		
a) Financial Liabilities		
(i) Other financial liabilities	-	-
(ii) Net employee defined benefit liabilities	-	-
b) Deferred tax liabilities, net	-	1,682
c) Provisions	147	194
	147	1,876
(3) Current liabilities		
a) Financial Liabilities		
(i) Borrowings	52,475	52,332
(ii) Trade payables	23,926	19,673
(iii) Other current financial liabilities	53,283	-
b) Other current liabilities	55,332	61,571
c) Provisions	12	34
	1,85,027	1,33,610
Total Equity & Liabilities	1,03,382	1,48,356
	(0)	0



2 Statement of Cash Flows

(Rs in lakh)

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
	Audited	Audited
Cash flow from operating activities		
Profit/ (Loss) before tax	-1,02,355	-14,463
Other Comprehensive Income (net of tax)	69	11
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	16	23
Gain/ (loss) on disposal of investments	5,633	-
Impairment loss on CWIP	12,998	-
Transition Ind AS adjustment	-	-4,348
Other Adjustments	-	-2,389
Interest element on Preference shares of NHDPL	-194	-162
Impairment Provision against Investments	73,830	11,866
Finance costs	5,582	4,751
Expected Credit Loss against Advances	-	317
Operating profit before changes in working capital	-4,421	-4,394
Adjustments for:		
(Increase)/ decrease in Inventories	5,983	-43,880
(Increase)/ decrease in trade receivables	-478	1,619
(Increase)/ decrease in other financial and non-financial assets	2,104	3,446
Increase/ (decrease) in trade payables and other financial liabilities	4,253	44,829
Increase/ (decrease) in provisions	-70	416
Increase/ (decrease) in other non-financial liabilities	-6,471	-
Cash generated from / (used in) operating activities	899	2,035
Income tax paid (net of refund)	270	-
Net cash flows from/ (used in) operating activities (A)	1,169	2,035
Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	-4	-5
Sale of Investments - net	4,107	-
Net cash flows from/ (used in) investing activities (B)	4,103	-5
Cash flow from financing activities		
Proceeds/(Repayments) from short-term borrowings	143	2,518
Interest paid (gross)	-5,582	-4,751
Net cash flows from/ (used in) financing activities (C)	-5,439	-2,233
Net increase/ (decrease) in cash and cash equivalents	-167	-203
Cash and cash equivalents at the beginning of the year	217	420
Cash and cash equivalents at the end of the year	50	217

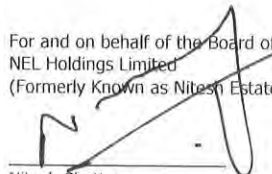
Components of cash and cash equivalents	Year ended	Year ended
	31.03.2020	31.03.2019
	Audited	Audited
Cash on hand	1	1
Balance with banks		
- on current account	49	216
Total cash and cash equivalents	50	217



Handwritten signature and blue circular stamp of NEL Holdings Limited, Bangalore.

- 3 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 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.
- 4 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.
- 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 (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. 337.92 Cr & Rs. 194.90 Cr respectively. Accordingly, impairment of Rs. 532.82 Cr has been made towards invocation of Corporate Guarantee as at 31st March,2020 in the aforesaid standalone financials.
- (ii) The 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 Company has provided for impairment loss on investments for Rs. 205.47 Cr towards investments in subsidiaries as their net worth is negative as at 31st March,2020.
- (iv) The Company has provided for impairment loss on Work in Progress value of Nitesh British Columbia project for Rs. 17.42 Cr based on expected realisable value on sale of project as at 31st March,2020.
- 7 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.
- 8 The Company has defaulted on payment to various lenders, both Principal (Rs 48,266 lakhs) as well as Interest (Rs. 10,820 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. 2,177 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.
- 9 The Company primarily operates in two business segments - 'Residential' and 'Retail'. All operations are in India and hence there is no geographical segment.
- 10 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.
- 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.
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 Limited
(Formerly Known as Nitesh Estates Ltd)


Nitesh Shetty
Chairman and Managing Director
DIN: 00304555

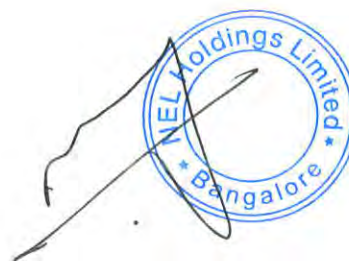
Place: Bengaluru, India
Date : 31st July 2020



Standalone 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
1	Segment revenue					
	(a) Residential	145	1,126	6,026	1,920	8,439
	(b) Retail	-	-	-	-	-
	Total	145	1,126	6,026	1,920	8,439
	Less: Inter-segment revenue	-	-	-	-	-
	Net income from operations	145	1,126	6,026	1,920	8,439
2	Segment results					
	Profit/(loss) before tax and interest					
	(a) Residential	(90,604)	(1,337)	(8,334)	(97,385)	(9,890)
	(b) Retail	-	-	-	-	-
	Total	(90,604)	(1,337)	(8,334)	(97,385)	(9,890)
	Add: Other income	51	217	32	612	178
	Less: Interest	1,054	1,482	1,441	5,582	4,751
	Total profit/(loss) before tax	(91,607)	(2,602)	(9,743)	(1,02,355)	(14,463)
3	Segment Assets					
	(a) Residential	1,03,382	1,54,641	1,55,221	1,03,382	1,55,221
	(b) Retail	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-
	Total	1,03,382	1,54,641	1,55,221	1,03,382	1,55,221
4	Segment Liabilities					
	(a) Residential	1,85,174	1,44,985	1,40,670	1,85,174	1,40,670
	(b) Retail	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-
	Total	1,85,174	1,44,985	1,40,670	1,85,174	1,40,670



RAY & RAY

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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 Standalone Financial Results

Opinion

We have audited the accompanying standalone quarterly financial results of NEL Holdings Limited (the company) for the quarter ended March 31, 2020 and the year to date results for the period from April 01, 2019 to March 31, 2020, attached herewith, 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").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

b) *because of the reasons described in the basis for Adverse Opinion para*, the accompanying standalone financial results do not give a true and fair view of the financial position of the entity, in conformity with Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34) prescribed under Section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2020 as well as the year to date results for the period from April 01, 2019 to March 31, 2020.

Basis for Adverse Opinion

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



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

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

2. The Company has given unsecured advance amounting to Rs 1911.70 Lakhs to Winter Lands Private Limited (Winter Lands) and Rs 3515.33 Lakhs to Boulevard Developers Private Limited for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreements could be produced to us. We have been informed that these companies are not in a position to honor their commitment and repay the advance. No provision has been made by the Company with respect to these advances resulting in understatement of loss and overstatement of the net worth by the said amount.

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

3. The Company had advanced Rs. 1227.98 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. As stated in Note No 17, the Company has not accounted for the demand of penal interest amounting to Rs. 2,177 lakhs by banks and financial institutions on credit facilities, resulting in the understatement of loss and overstatement of net worth by the said amount.
5. As stated in Note No 17 of the standalone financial statements, the Company has short provided interest on debentures amounting to Rs 6,966/- lakhs against the interest demand of 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 the understatement of loss and overstatement of net worth by the said amount.

6. As stated in Note No 43 of the standalone financial statements, the Company 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.
7. The Company holds investments in its subsidiaries and also disbursed advances of Rs. 9,126 lakhs as on the balance sheet date. The subsidiaries have reported consolidated negative net worth as on 31st March, 2020. The Company has provided for impairment loss on such investments due to negative net worth in its books of account but no adjustments have been made in respect of the advances given to such subsidiaries which are also doubtful of recovery.
8. The Company has CWIP and Inventories relating to projects amounting to Rs 8,835/- Lakhs and Rs 23,232/- Lakhs [Net of "Payable to land owner for land under Joint Development Agreement, JDA) respectively as on 31st March, 2020. No impairment test has been carried out to ascertain the realizable value of Rs 3,492/- Lakhs and Rs 19,603/- Lakhs estimated by the management against these projects' assets respectively. [Refer Note No 4.2(i) and 8 of the standalone financial statements].
9. 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.
10. As stated in Note No 19(a) of the standalone financial statements, the Company has neither ascertained nor accounted for component wise Deferred Tax Assets/ Liabilities as on balance sheet date and its adjustment in the Statement of profit & loss during the year.
11. The Company has not provided customer wise reconciled figures for the outstanding balances for "Billing in excess of revenue" (Net of debit balance) of Rs 12,600 lakhs (Refer Note No 20(ii) to the standalone financial statement). Due to non-availability of the said details we are unable to verify the correctness of the same.

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 Standalone Financial Results section of our



report. We are independent of the Company 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 results 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. The Company is holding Rs 20,547/- Lakhs in its 100% subsidiary companies as investment in equity and preference shares which has been impaired fully due to negative net worth as on the balance sheet date.
2. We draw attention to Note 44 of the standalone financial statements, which describes the economic and social consequences/disruption that the entity 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 Company's ability to carry out the business.

Our opinion is not modified in respect of these matters.

Management Responsibilities for the Standalone Financial Results

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss and other comprehensive income and other financial information 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy



and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 financial 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 effectiveness of such controls.
- 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 Board of Director's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the statements 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 auditors' report.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.

We communicate with those charged with governance 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.

Other Matters

a) Prolonged lock-down of COVID-19 has caused significant challenges for audit of the Company on deployment of our audit team at various locations due to travel restrictions imposed by the State as well as Central Government of India. We have performed alternate audit procedures and have obtained various documents and other audit information made available to us by the Company as sufficient appropriate audit evidence to issue our audit opinion on the stand alone financial statements.



b) The Statement 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 report is not modified in respect of these matters.

For **RAY & RAY**

Chartered Accountants

(Firm's Registration No. 301072E)



A handwritten signature in black ink, appearing to be "Mrinal Kanti Banerjee".

(Mrinal Kanti Banerjee)

Partner

Membership No. 051472

Place: Bengaluru

Date: 31st July, 2020

UDIN: 20051472AAAAAO3085

Annexure I (Standalone)

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 31st March 2020.

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

Rs 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	2,532	2,532
2	Total Expenditure	1,03,053	1,24,667
3	Net loss	-1,00,521	-1,22,134
4	Earnings Per share	-68.93	-83.75
5	Total assets	1,03,382	81,769
6	Total Liabilities	1,85,174	1,85,174
7	NETWORTH	-81,792	-1,03,405

II. Audit Qualification (each Audit Qualification separately)

1. a. Detail of Audit Qualification: 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, cast significant doubt on the Company's ability to continue as a going concern.

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

As the Company has not recognized this fact and has prepared the financial statement on going concern assumption basis without carrying out any adjustments, in our opinion, the 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 - 560 001, India.

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



Holdings Limited NEL Holdings Limited
 Chief Financial Officer
 Man & Managing Director

NEL

Holdings Limited

e. For Audit qualification where the impact is not 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 Company has given unsecured advance amounting to Rs 1911.70 Lakhs to Winter Lands Pvt. Ltd and Rs 3515.33 Lakhs to Boulevard Developers Pvt. Ltd for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreements could be produced to us. We have been informed that these companies are not in a position to honor their commitment and repay the advance. No provision has been made by the Company with respect to these advances resulting in understatement of loss and overstatement of the networth 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. 1911.70 lakhs & Rs. 3513.33 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. 1911.70 lakhs for which the impact is not being considered in aforesaid table. However, the provision of Rs. 3513.33 lakhs has been considered in Impact.

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: Refer to para no 2 of "Adverse Opinion para" of our standalone audit report of even date, in respect of advance of Rs 1911.70 Lakhs to Winter lands Pvt Ltd which have been informed that the Company is not in a position to honour their commitment and repay the advances. Hence necessary provision is required.

3. a. Detail of Audit Qualification: The Company had advanced Rs. 1227.98 Lakhs to Somerset Infra Projects Pvt. Ltd (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.

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. 1227.98 lakhs for which provision has already been made in the year ended 31st March, 2018. Hence, no further impact has been considered.

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

NEL Holdings Limited

Chairman & Managing Director

NEL Holdings Limited

Chief Financial Officer



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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: 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: As stated in Note No 17, the Company has not accounted for the demand of penal interest amounting to Rs. 2,177 lakhs by banks and financial institutions on credit facilities, resulting in the 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. 2177 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 amounting as on the balance sheet date. As uncertainties is still existing for payment of the liability, provision is required.

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NEL Holdings Limited
Chief Financial Officer



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5. a. Detail of Audit Qualification: As stated in Note No 17 of the standalone financial statements, the Company has short provided interest on debentures amounting to Rs 6,966/- lakhs against the interest demand of 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 the 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. 6966 lakhs (Rs. 11,812 lakhs – Rs. 4846 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.

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.

6. a. Detail of Audit Qualification: As stated in Note No 43 of the standalone financial statements, the Company 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.

NEL Holdings Limited
Chairman & Managing Director

NEL Holdings Limited
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. 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 liability of interest and penalty may arise in future.

7. a. Detail of Audit Qualification: The Company holds investments in its subsidiaries and also disbursed advances of Rs. 9,126 lakhs as on the balance sheet date. The subsidiaries have reported consolidated negative net worth as on 31st March, 2020. The Company has provided for impairment loss on such investments due to negative net worth in its books of account but no adjustments have been made in respect of the advances given to such subsidiaries which are also doubtful of 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. 9126 lakhs for which impact has been considered 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: No comments

NEL Holdings Limited

Chairman & Managing Director

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Chief Financial Officer



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8. a. Detail of Audit Qualification: The Company has CWIP and Inventories relating to projects amounting to Rs 8,835/- Lakhs and Rs 23,232/- Lakhs [Net of "Payable to land owner for land under Joint Development Agreement, JDA) respectively as on 31st March, 2020. No impairment test has been carried out to ascertain the realizable value of Rs. 3,492 lakhs and Rs 19,603/- Lakhs estimated by the management against these projects assets respectively. [Refer Note No 4.2(i) and 8 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 19,603/- 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 19,603/- Lakhs respectively. Hence, the balance value Rs 5,343 lakhs & Rs. 3,629 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 Rs 3492 Lakhs and Rs 19,603 Lakhs respectively are estimated by the management. The basis for the same is not provided to us hence we are in doubt of the realisability.

9. 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

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Chairman & Managing Director

NEL Holdings Limited

Chief Financial Officer



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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 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.

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.

10. a. Detail of Audit Qualification: As stated in Note No 19(a) of the standalone financial statements, the Company has neither ascertained nor accounted for component wise Deferred Tax Assets/ Liabilities as on balance sheet date and its adjustment in the Statement of profit & loss 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-

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Chairman & Managing Director

NEL Holdings Limited

Chief Financial Officer



NEL

Holdings Limited

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

11. a. Detail of Audit Qualification: The Company has not provided customer wise reconciled figures for the outstanding balances for "Billing in excess of revenue" (Net of debit balance) of Rs 12,600 lakhs (Refer Note No 20(ii) 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. The Company 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.

NEL Holdings Limited
Chairman & Managing Director

NEL Holdings Limited
Chief Financial Officer

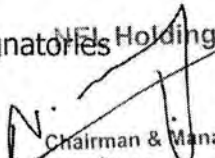


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iii. Auditor's comment on (i) or (ii) above: No comments

Signatories ~~NEL Holdings Limited~~

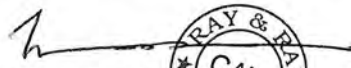

Chairman & Managing Director
Chairman & Managing Director

CFO

NEL Holdings Limited

Chief Financial Officer

Audit Committee Chairman


Statutory Auditor



Bangalore

Date : 31st July 2020