

NEL Holdings South Limited  
(Formerly Known as NEL Holdings Limited)  
Regd. Office: Nitesh Timesquare , 7th Floor , No. 8, M.G Road, Bengaluru 560 001  
CIN: L07010KA2004PLC033412, website - www.nelholdings.in  
Phone Number: +91 80 4017 4000



Statement of unaudited standalone financial results for the period ended December 31, 2020

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Period ended		Previous year ended 31-03-2020
		3 months ended 31-12-2020	Preceeding 3 months ended 30-09-2020	Corresponding 3 months ended 31-12-2019	Year to date figures for current period ended 31.12.2020	Year to date figures for period ended 31.12.2019	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
1	Income						
	(a) Revenue from operations	1,906	481	1,126	2,707	1,775	1,920
	(b) Other Income	60	62	217	170	561	612
	<b>Total Income</b>	<b>1,966</b>	<b>543</b>	<b>1,343</b>	<b>2,877</b>	<b>2,336</b>	<b>2,532</b>
2	Expenses						
	(a) Land and construction cost	(3,076)	35	639	(3,003)	5,131	749
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	5,549	185	558	5,781	(3,490)	956
	(c) Employee benefits expense	186	134	196	460	778	849
	(d) Finance costs	1,273	1,997	1,482	6,567	4,528	5,582
	(e) Depreciation and amortization expense	4	3	19	10	45	16
	(f) Other Expenses	3,717	161	1,051	4,007	6,092	4,274
	<b>Total Expenses</b>	<b>7,655</b>	<b>2,515</b>	<b>3,945</b>	<b>13,822</b>	<b>13,084</b>	<b>12,426</b>
	Exceptional items	(289)	6,599	-	6,310	-	92,461
3	Profit/(Loss) before tax (1-2)	(5,976)	4,629	(2,602)	(4,635)	(10,748)	(102,355)
4	Tax expenses						
	i) Tax for previous years						
	ii) Current Tax	29	53		82		(38)
	iii) Deferred tax	(5)	658	(276)	649	(1,784)	(1,796)
5	Profit/(Loss) after tax for the period (3-4)	(6,000)	3,916	(2,326)	(5,366)	(8,964)	(100,521)
6	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit & Loss	17	18	-	52	-	-
	(ii) Remeasurement of Defined Benefit Plan	-	-	-	-	-	69
	(iii) FVOCI - equity investments	-	-	859	-	5,405	5,405
	(iv) Tax on above items that will not be reclassified to profit or loss	(4)	(5)	(292)	(13)	(1,838)	(15)
	<b>Total Other Comprehensive Income</b>	<b>13</b>	<b>13</b>	<b>567</b>	<b>39</b>	<b>3,567</b>	<b>(1,840)</b>
7	<b>Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (5+6)]</b>	<b>(5,987)</b>	<b>3,929</b>	<b>(1,759)</b>	<b>(5,327)</b>	<b>(5,397)</b>	<b>(96,902)</b>
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)						
	(a) Basic EPS	(4.11)	2.68	(1.60)	(3.68)	(6.15)	(68.93)
	(b) Diluted EPS	(4.11)	2.68	(1.60)	(3.68)	(6.15)	(68.93)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583	14,583



Notes to the financial results:

- 1 The above standalone financial results have been reviewed by the Audit committee and approved by the Board of Directors of the Company at its meeting held on 12th February, 2021. The statutory auditors have conducted a limited review of the standalone Financial Results of the Company for the period ended 31st December, 2020.  
  
These standalone financial results information presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These results are uploaded on the Company website i.e. www.nelholdings.in and on the Stock Exchanges where the shares of the Company are listed i.e. www.bseindia.com.
- 2 (i) The Company has exited Knightsbridge Residential project, via BTA that has been executed and transferred the assets and liabilities of the projects to Garden City. The proposal was approved by the share holders in the Annual General Meeting held on 30th September, 2020 for an all inclusive value of not less than Rs. 8 Cr. RERA approval for this transfer has been obtained.  
  
(ii) The Company has transferred Virgin Island Residential project along with Debentures outstanding against the project to land owners by way of settlement executed. The proposal was approved by shareholders in the Annual General Meeting held on 30th September, 2020 for an all inclusive value of not less than Rs. 2 Cr.
- 3 As per note no. 2 (i) & (ii) provided above, the Company has exited Knightsbridge and Virgin Island projects and entered in to one time settlement with the lenders against loan outstanding for said projects. Accordingly the company has classified Rs. 114.02 crores as disputed liability as the bank has released its charge on such projects but the lender has not provided any confirmation to the effect.
- 4 The Company has defaulted on payment to various lenders, both Principal (Rs 38,936 lakhs) as well as Interest (Rs. 12,522 lakhs) as on 31st December, 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. 10,192 lakhs has not been provided for which Management is confident to get the waiver of penal interest as the request is being made to lenders to take haircut of principal & normal interest outstanding also whenever a project exit is being discussed.
- 5 The Company primarily operates in two business segments - 'Residential' and 'Facility Management'. All operations are in India and hence there is no geographical segment.
- 6 The outbreak of COVID-19 pandemic has significantly impacted global businesses environment. The restriction of human movement through nationwide lockdown during the period from 25th April, 2020 to 8th June, 2020 imposed by the Government of India to prevent community spread of the disease has resulted significant reduction in economic activities with respect to the operations of the Company, The business of the Company has gone down drastically and the construction activities of the Company has been stopped due to non-availability of resources during lock down period. The Company has taken necessary steps to overcome the present situation by analysing various internal and external information inter-alia the assumptions relating to economic forecasts and future cash flows for assessing the recoverability of various assets and receivables viz, investments, contract and non-contract assets, trade and non-trade receivables, inventories, advances and contract costs as on the date of approval of these financial statements. The assumptions used by the company are being tested through sensitivity analysis and the company expects to recover the carrying amount of these assets and receivables based on the current indicators of future economic benefits. As the management is still assessing the impact of COVID-19 pandemic on the future period, the impact may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor the material changes if any, to the future economic conditions. Same situation is continuing in Q1 and Q2 of 2020-21 due to pandemic outbreak.
- 7 **Going concern**  
These financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation.  
These financial statements therefore do not include any adjustments relating to recoverability and classification of asset amounts or to classification of liabilities that may be necessary if the Company is unable to continue as a going concern.
- 8 The figures for the quarter ended 31st December, 2020 are the derived balancing figures between the unaudited figures in respect of nine months ended 31st December 2020.
- 9 The figures in respect of previous period have been regrouped/recast wherever necessary.

For and on behalf of the Board of Directors of  
NEL Holdings South Limited  
(Formerly Known as NEL Holdings Limited)

  
L.S. Vaidyanathan  
DIN: 00304652  
Executive Director

Place: Bengaluru, India  
Date : 12th February 2021



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**NEL**

Holdings South Limited

**Standalone Segment wise revenue, results**

*(Rs in lakh except EPS)*

No	Particulars	Quarter ended			Period ended		Previous year ended 31-03-2020
		3 months ended 31-12-2020	Preceeding 3 months ended 30-09-2020	Corresponding 3 months ended 31-12-2019	Year to date figures for current period ended 31.12.2020	Year to date figures for period ended 31.12.2019	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
<b>1</b>	<b>Segment revenue</b>						
	(a) Residential	1,906	481	1,126	2,707	1,775	1,920
	(b) Retail	-	-	-	-	-	-
	<b>Total</b>	1,906	481	1,126	2,707	1,775	1,920
	Less: Inter-segment revenue	-	-	-	-	-	-
	<b>Net income from operations</b>	1,906	481	1,126	2,707	1,775	1,920
<b>2</b>	<b>Segment results</b>						
	Profit/(loss) before tax and interest						
	(a) Residential	(4,765)	6,564	(1,337)	1,762	(6,781)	(97,385)
	(b) Retail	-	-	-	-	-	-
	<b>Total</b>	(4,765)	6,564	(1,337)	1,762	(6,781)	(97,385)
	Add: Other income	60	62	217	170	561	612
	Less: Interest	1,273	1,997	1,482	6,567	4,528	5,582
	<b>Total profit/(loss) before tax</b>	(5,978)	4,629	(2,602)	(4,635)	(10,748)	(102,355)
<b>3</b>	<b>Segment Assets</b>						
	(a) Residential	92,580	92,580	154,641	92,580	154,641	103,382
	(b) Retail	-	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-	-
	<b>Total</b>	92,580	92,580	154,641	92,580	154,641	103,382
<b>4</b>	<b>Segment Liabilities</b>						
	(a) Residential	179,697	183,519	144,985	179,697	144,985	185,174
	(b) Retail	-	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-	-
	<b>Total</b>	179,697	183,519	144,985	179,697	144,985	185,174



# RAY & RAY

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REVIEW REPORT

TO

THE BOARD OF DIRECTORS OF

**NEL HOLDINGS SOUTH LIMITED (FORMERLY KNOWN AS NEL HOLDINGS LIMITED)**

### Report on the review of the Standalone Financial Results

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **NEL HOLDINGS SOUTH LIMITED** ("the Company") for the quarter and nine month ended December 31, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations 2015").
2. This statement which is the responsibility of the Company's Management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' (Ind AS 34) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Attention is drawn to the following Notes of the Statement which are subject matter of adverse conclusion as given in Para 5 below:



- a) The Company has incurred losses over the years resulting in negative net worth, negative working capital and negative cash flows. The default in payment of dues to banks and financial institution and creditors etc. are the identified events that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern. The standalone financial statements do not adequately disclose this fact.

During the quarter, the Company has sold two projects through a Business Transfer Agreement and repaid some portion of the Bank Loan. (Refer to note no. 2 of Unaudited standalone financials results.) Though this has reduced the liability of the Company to banks, the ability of the Company to continue as a going concern continues to remain uncertain in view of what is stated above.

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

- b) The Company has given unsecured advance amounting to Rs 3,515 Lakhs to Boulevard Developers Pvt. Ltd (Boulevard) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreements could be produced to us. We have been informed that the Boulevard is not in a position to honor its commitment and repay the advance. Considering these factors, we are concerned about the manner in which the funds were given without obtaining any security. Company has made full provision in the books during the quarter. However, the Company has communicated its intention to initiate legal proceedings for recovery to the said party.
- c) Reference is made to clause (c) of our last quarter review report on unsecured advances of Rs. 1,228 Lakhs to Somerset Infra Projects Private Limited which was provided for in earlier year without taking proper legal recourse.
- d) The Company has borrowed Rs. 36,000 Lakhs from Yes Bank Ltd. for various projects and the bank has recalled the entire outstanding loan amount of Rs. 21,210 Lakhs along with unpaid Interest and other charges. The Bank also have imposed penal interest of Rs 1,272 Lakhs, for defaults in repayment of principal and interest against the loan availed from the bank. Independent Balance Confirmation as on date could not be obtained from the Bank in response to our query on the same.
- e) As reported earlier, the Company has not accounted for the demand of penal interest amounting to Rs. 11,249 by banks and financial institutions on credit facilities accepted, resulting in the understatement of loss and overstatement of net worth by the said amount.
- f) The Company has sold the projects "Nitesh Knight's Bridge" and "Nitesh Virgin Island", on an ongoing basis, in the current quarter through Business Transfer Agreements.

The Company has borrowed Rs 23,256 Lakhs from HDFC Limited for various projects including Nitesh Knights Bridge and Virgin Island. As per the terms of business



transfer agreement with the third party, an amount of Rs. 800 Lakhs have been paid to HDFC Limited for release of charge on Nitesh Knights Bridge. Basis the same the Company has classified the remaining outstanding liability, to the extent allocated to the project, as disputed liability.

During the previous quarter, on release of charge/mortgage of the project 'Nitesh Virgin Island' by the HDFC Limited, though such release was conditional that the same shall not be construed as settlement of any kind, the Company had recognized Rs 8,146 Lakhs as income being the estimated carrying value of loan. Further the Company had recognized Rs 3,000 Lakhs as income being waiver of interest component on the loan. In the absence of the confirmation from HDFC Bank with respect to reduction in loan liability, the Company has now restated the said liability in the books as disputed liability.

- g) The Company had collected customer advances in earlier years against some residential projects which has been closed/suspended subsequently and abandoned now, out of which Rs. 176 Lakhs has been paid during the quarter. An aggregate amount of Rs. 523 Lakhs are outstanding as on date. The above unadjusted refundable amount is in the nature of deemed deposits under rule 2(c) (xii) (b) of the Companies Acceptance of deposit (Rules) 2014 and also within the preview of sections 73 to 76 of the Companies Act, 2013 in respect of which proper disclosures have not been made in the financial statements of the Company.
- h) In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 6,979 Lakhs (after providing for Rs. 4,546 Lakhs out of the total receivable) against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount. Further, Rs 282 Lakhs has been disbursed to them during the nine-month period ended without testing any chance of recoverability.
- i) The Company has not tested impairment of its project's CWIP and inventories amounting Rs 8,835 Lakhs and Rs 20,616 Lakhs [Net "Payable to land owner for land under Joint Development Agreement, JDA) respectively as on 31<sup>st</sup> December, 2020. Any adjustment in the books of accounts resulting from the actual sale/transfer and settlement thereof will be accounted for in due course which results in Non-compliance of Inventory Valuation as per Ind AS 2. [Refer Note No 2 of financial results]
- j) As per the records of the company and information and explanations provided to us, the Company has been irregular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, value added tax, Goods and Services tax, cess.
- k) The Company has neither ascertained nor accounted for Deferred Tax and Minimum Alternate Tax for the Nine month ended December 31, 2020.



# RAY & RAY

CHARTERED ACCOUNTANTS

5. Based on our review conducted as above, we report that because of the significance of the matters stated in Para 4 above and its consequential impact on the financial results for the quarter and nine month ended December 31, 2020, we have come to the conclusion that the Statement read with notes thereon have not been prepared fairly in all material respect in accordance with aforesaid Indian Accounting Standards specified under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed fairly the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

## Emphasis of Matter

- a) The Company has given unsecured advance amounting to Rs. 1912 Lakhs to Winter Lands Pvt. Ltd. (Winter Lands) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreement could be produced to us. We have been informed that Winter Lands is not in a position to honor its commitment or repay the advance. The Management is of the view that provision for the same is not required as, during the quarter, Winter Lands has sought to transfer its JDA rights in Project at Commissariat road to the extent of 9920 Sq feet to the Company by way of Memorandum of Understanding (MOU). The enforceability of this MOU, NOC from Land owners and the basis of the valuation has not been satisfactorily explained to us.
- b) We draw attention to Note 6 of the unaudited standalone financial results, which states the economic and social consequences/disruption that the entity is encountering as a result of COVID-19 pandemic which is impacting supply 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 the above matter.

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

*Shipra Gupta*

(Shipra Gupta)  
Partner

Membership No. 436857  
UDIN: 21436857AAAAAK1269

Place: Bangalore  
Date: February 12, 2021

