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Auditor's Review Report on the consolidated un-audited financial results of **NEL HOLDINGS SOUTH LIMITED** ("the group") Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the quarter and period ended June 30, 2022.

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONSOLIDATED UN-AUDITED FINANCIAL RESULTS.

To

The Board of Directors

Nel Holding South Limited (Formerly known as Nel Holdings Limited)

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **NEL HOLDINGS SOUTH LIMITED** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") for the quarter and three months period ended June 30, 2022 ("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.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's 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 Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on these 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 the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted



in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

We believe that the audit evidence obtained by us and other auditor in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our review conclusions.

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements of the Group, subsidiaries referred to in paragraph 6 below, the Statement:
- a) includes the results of the following entities as subsidiaries of the Parent:
 - 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.
 - b) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
 - c) based on our audit conducted and procedures performed as stated in paragraph 3 above and based on the review report of other auditor referred to in paragraph 6 below and the significance of matters stated in paragraph 5 above and its consequential impact on the consolidated un-audited financial results for the quarter and three months period ended June 30, 2022, in our opinion, the statement read with notes thereon does not give a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated total comprehensive loss and other comprehensive income and other financial information of the Group for the quarter and three months period ended June 30, 2022.



5. Attention is drawn of the following matters which are subject matter of adverse conclusion given in paragraph 6 below:

- a) 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, may cast significant doubt on the Group's ability to continue as a going concern.

The Group has separated from the seven projects under development and has transferred those projects to other developers/landowners through Memorandum of Understanding or Business Transfer Agreement and repaid some portion of the bank loan.

Although these transactions have reduced the liability of the Group to bank and financial institution, the ability of the Group to continue as a going concern continues to remain uncertain in view of the above.

As the Group has not recognized this fact and has prepared the consolidated financial statements 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. (Refer to note 14 of the Statement)

- b) On default in repayment of the principal amount of Rs. 50,000 Lakhs and interest of Rs. 3,283 Lakhs for credit facilities availed by two subsidiaries of the Group, the YES Bank Ltd. has invoked the guarantees furnished by the Holding Company on behalf of its subsidiaries and has demanded payment of the outstanding dues. As informed to us by the management, no additional demand/notice has been received by the Group during the year.
- c) The Group has accounted Principal of Rs. 61,655 Lakhs, Accrued Interest of Rs. 24,016 Lakhs and Disputed Liability of Rs.40,641 Lakhs in its books of account as total outstanding to banks and financial institution as on June 30, 2022. All the banks and financial institutions have declared the outstanding loan accounts of the company as Non-Performing Accounts (NPA) in the earlier years. Pending confirmations and correspondence, the outstanding balance and status of demand raised by the respective banks and financial institutions has not been verified by us. Further, penal interest on default on payment to banks and financial institution has neither been ascertained nor provided for in the books of account of the Group. (Refer to note 7 of the Statement)

In relation to a loan taken from Yes Bank for the Commissariat Road (Soho) Project, the Bank has principally agreed for settlement of the loan for Rs. 3,000 Lakhs. The Group has not provided any interest on this loan since March 31, 2020. Further, the Group has classified interest of



Rs.1,443 Lakhs as Disputed Liability without any confirmation from the Bank in this regard.

The Group has not provided interest for the loan outstanding from Yes Bank against the Plaza Project. Further, the Group has classified outstanding interest as on March 31, 2022 amounting to Rs. 3,728 Lakhs, to the extent allocated to the project, as a disputed liability without any confirmation from the Bank in this regard.

The basis and documentation for such non provision of interest and classification as a disputed liability were not made available for our verification. (Refer to note 11 of the Statement)

- d) The Group has sold/disposed three projects viz, Knightsbridge and Virgin Island and Napa Valley. The remaining balance of the term loan related to these projects amounting to Rs 23,822 Lakhs in respect of the borrowing from HDFC Limited had earlier been written back as income, has been reversed in the quarter ended March 31, 2022 and classified as Disputed Liability. (Refer to note 11 of the Statement)
- e) The Group has exited 'Nitesh Melbourne Park', during the previous year on an ongoing basis through Memorandum of Understanding. As explained to us, the sale consideration of the project has been fixed by the Group on the basis of market realizable value. However, no document could be provided to us in this respect. Further, the Company is still under the process for execution of certain documents for disposal of the project.

During the quarter, charge created for the project 'Nitesh Melbourne Park' was released by YES Bank Limited on a condition that the same shall not be construed as settlement of any kind. The Group has accounted for Rs. 6,500 Lakhs and Rs. 5,147 Lakhs respectively as disputed liability, being the estimated carrying value of borrowings and interest accrued thereon. (Refer to note 11 of the Statement)

Further, the Group has filed a defense appeal before the Debt Recovery Tribunal on 23.08.2021 against which the final order has not yet been received by the Group.

- f) The Group has transferred the project "Nitesh Cape Cod", on an ongoing basis during the previous year through an unregistered Business Transfer Agreement. In this respect, the Group had borrowed Rs. 18,500 Lakhs from YES Bank for various projects including Nitesh Cape Cod. As per the terms of the unregistered Business Transfer Agreement with the third party, an amount of Rs. 8,500 Lakhs (lender liability) was payable to YES Bank within a specified date for the release of charge on Nitesh Cape Cod. However, the third party has failed to make such payment within



the stipulated date and the 'No Objection Certificate' (NOC) earlier issued by the Bank for release of the charge against such transfer has expired.

Further, it is noted that such third party has challenged the RERA order approving the such transfer and has appealed to the appellate tribunal for modification of certain clauses in the above-mentioned order. No documentation pertaining to such an appeal has been made available for our verification.

- g) The Group has not tested impairment of its projects' CWIP and Inventories amounting to Rs 8,835 Lakhs and Rs 23,832 Lakhs (Net of "Payable to land owner for land under Joint Development Agreement, JDA") respectively for ascertaining the realizable value as on June 30, 2022. To the extent of any possible diminution of value not accounted for, the consolidated financial statements may not give a true and fair view as per the requirement of Ind AS 2.
- h) Confirmation of balances in respect of trade receivables, trade payables, vendor advances, advance from customers 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 further provision may be necessary with respect to the carrying amounts of these balances as on the reporting date.
- i) According to information and explanations provided to us, the Group has been irregular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Services tax, cess etc. as applicable. The GST department has suo moto cancelled the GST registration of the Company on October 31, 2020. The Group also has a receivable balance of Rs.1,742 Lakhs and payable balance of Rs.11,882 Lakhs (excluding interest) from various government authorities. Due to such statutory non compliances, we are unable to comment on the actual recoverability and payment dues against such balances.
- j) The subsidiary company, Lob Property Management Private Limited has been reviewed by other auditor. The auditor has reported the following in their review report:
- (i) The Company has incurred losses over the years resulting in negative net worth. Such losses, negative net worth and other indicators such as delays and defaults in statutory dues and payables individually and collectively may cast significant doubt about company ability to continue as a going concern.



- (ii) As per the records of the company and information and explanation provided to us, the company has been irregular in depositing provident Fund, employee's state insurance, income tax, sales- tax, service tax, value added tax, Goods and Service tax, cess.
- (iii) The company has written back the following amounts as these amounts are considered as no longer payable.

(In thousands)

Sl. No.	Particulars	Amount
1	Advance from customers	11,326.12
2	Sinking Fund	7,522.75
	Total	18,848.87

In the absence of adequate audit evidence, we are unable to comment on the correctness of this write back of liability.

- (iv) We have not received confirmation of balances with respect to Trade Payables, advance from customers or other balances received from Customers towards sinking fund, most of which has been outstanding from prior years. In the absence of adequate audit evidence, we are unable to determine the adequacy or inadequacy of such liabilities.
- (v) The Company has accrued a provision of Rs. 14,033 thousands towards doubtful trade receivables, on the basis of its estimates as at 31st March 2022. As per para 5 of INDAS 109, such provision for the doubtful trade receivables balances is required to provided for under the Expected Credit Loss (ECL) Method. In the absence of estimates under ECL method, we are unable to comment on the adequacy or otherwise, of such provision in the books of account towards Trade Receivables.
- (vi) According to the information and explanations given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
6. We did not review the financial statements and financial information of LOB Property Management Private Limited, a subsidiary included in the consolidated financial results, whose financial statements and financial information reflect total assets of Rs. 645 Lakhs as at June 30, 2022, total revenues of Rs. 218 Lakhs, total net profit after tax of Rs. 179 Lakhs and total comprehensive loss of Rs.180 Lakhs for the quarter and three months



period ended on that date, as considered in the consolidated financial results. That financial statements and financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditor and the procedures performed by us as stated in paragraph 3 above.

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

7. Attention is drawn of the following matters disclosed in the Notes of the statement as Emphasis Matters:

- a. During the previous year, the Holding Company has divested its shareholding in two subsidiaries NIRPL Ventures Private Limited (formerly known as Nitesh Indiranagar Retail Private Limited) and Courtyard Hospitality Private Limited (Formerly known as Courtyard Constructions Private Limited) to a private limited company to the extent of 85% and 100% of the shareholding respectively. (Refer to note 12 of the Statement)
- b. As reported earlier:
 - (i) Against the unsecured advance of Rs. 5,903 Lakhs the Company has not yet been obtained JDA rights in the project at Commissariat Road, Bengaluru from WLM Logistics Parks Private Limited (WLM).
 - (ii) Against the advance of Rs. 4,436 Lakhs taken over by the WLM from Boulevard Developers Private Limited (Boulevard), the Company has entered into an MOU for adjusting Rs. 3,000 Lakhs towards interest-free refundable deposit towards the development of residential layout to be developed on the property owned by WLM. However, no document for ownership of such property could be provided to us.
 - (iii) The ownership documents of the Villa in project "True Blue Napa Valley" assigned against the advance of Rs. 728 lakhs (net of realization of Rs. 500 lakhs) which has been transferred from Somerset Infra Projects Private Limited (Somerset) to WLM has not been provided to us to establish the right of ownership.

The board of the Holding Company in its 155th meeting has approved for filing of insolvency petition by the wholly owned subsidiary companies NHDPL South Private Limited and NUDPL Ventures Private Limited against Somerset with the NCLT for recovery of such advances. However, we have not been provided with any document regarding such petition filed.



- c. The outstanding balance of advances collected from customers in earlier years pertaining to closed/suspended residential projects, amount to Rs. 409 Lakhs as on June 30, 2022. Out of the above balance, Rs. 383 lakhs pertain to British Columbia Project, for which, Company has signed MOU with a new developer to exit the project. (Refer to note no. 8 of the Statement). Such advances are in the nature of deemed deposits under Rule 2(c) (xii) (b) of the Companies Acceptance of Deposit (Rules) 2014 and are within the purview of the provisions of sections 73 to 76 of the Companies Act, 2013 as on 30th June 22. However, in the process of customer settlement, the company through Landowner has already arranged Rs. 81 Lakhs towards refund of such deposits out of which 21 lacs has already been settled. with the customers. as on our reporting date. The Company through its landowner is in the process of settlement of all deposits of customers to comply with the provision of the Companies Act at the earliest.
- d. The Group has not renewed the registration of project “Rio”, “Hyde Park” and “Columbus Square” under the provisions of Real Estate (Regulation and Development) Act, 2016 since 31st March 2019, resulting in non-compliance under the relevant rules and regulations of the Real Estate (Regulation and Development) Act, 2016.
- e. The Company is in process of reconciling “Billing in excess of revenue” to the extent of Rs. 11,565 Lakhs.
- f. According to the information and explanation provided to us, Gratuity plan of the Group is unfunded and the Group has made provision for the entire Gratuity Liability. Employee Gratuity Liability is being met as and when they fall due. As no assets are maintained by the Group, there is a liquidity risk that may run out of cash resources which may further affect the financial position of the Group.
- g. Certain Managerial personnel duly appointed by members have intimated the Board that they would be foregoing their remuneration from their respective date of appointment in order to comply with the provisions of section 197(1) of the Companies Act, 2013 since lender’s approval prior to such appointment was not obtained. Accordingly, no managerial remuneration has been accounted for in the books of account in respect of those personnel. The Board has noted the “Letter of Undertaking” received from the personnel for non-acceptance of salary and other remuneration. Moreover, necessary resolution /approval of Board are yet to be obtained in this regard.
- h. We have not received the necessary confirmation from the related parties of the Company. To this extent, we cannot comment on the related party transaction entered into by the Group during the quarter.



- i. The Group has written back certain long outstanding liabilities and written of some advances in its books of accounts. Same is subject to ratification by the board.
- j. The Group has an outstanding liability of Rs. 198 Lakhs towards employee payable as on June 30, 2022. Due to the non-availability of additional information and ageing, we are unable to comment on the applicability of related statutory compliances or on the requirement of any further provision.
- k. Deferred Tax Assets (Net of Liability of Rs. 209 Lakhs) amounting to Rs.119 Lakhs has been written off by the Group during the quarter ended March 31, 2022. Further, Deferred Tax for the current quarter has neither been ascertained nor accounted for due to the uncertainty of the taxable profit as estimated by the management of the Group against which the deferred tax assets can be adjusted /utilized in near future. (Refer to note no. 9 of the Statement)
- l. As stated in the consolidated financial result, 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 Group's ability to carry out the business. (Refer to note 13 of the statement)

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

8. The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of that financial year which were subject to limited review by us.

Place: Bengaluru
Date:12.08.2022

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

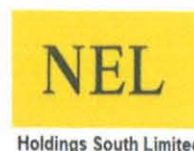


Shipra
(Shipra Gupta)
Partner

Membership No. 436857
UDIN: 22436857AOXGCE4101

NEL Holdings South Limited
(Formerly Known as NEL Holdings Limited)

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Statement of Consolidated unaudited financial results for quarter and three month ended June 30, 2022

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Previous year ended 31-03-2022
		3 months ended 30-06-2022	Preceding 3 months ended 31-03-2022	Corresponding 3 months ended 30-06-2021	
		Unaudited	Audited	Unaudited	Audited
1	Income				
	(a) Revenue from operations	969	2,211	1,514	9,430
	(b) Other Income	392	171	101	18,760
	Total Income	1,361	2,382	1,615	28,190
2	Expenses				
	(a) Land and construction cost	759	(20,754)	1,503	(16,219)
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	-	22,430	-	22,430
	(c) Employee benefits expense	182	43	172	575
	(d) Finance costs	1,664	2,551	2,088	9,168
	(e) Depreciation and amortization expense	2	7	3	14
	(f) Other Expenses	1,888	3,053	139	3,803
	Total Expenses	4,495	7,330	3,905	19,771
3	Profit/(Loss) before exceptional items and tax (1-2)	(3,134)	(4,949)	(2,290)	8,419
4	Exceptional items	(0)	(25,307)	29,029	(14,611)
5	Profit/(Loss) before tax (3+4)	(3,134)	(30,256)	26,739	(6,192)
6	Tax expenses				
	i) Current Tax	38	165	8	220
	ii) Deferred tax	-	145	18	118
7	Profit/(Loss) after tax for the period (3-6)	(3,172)	(30,566)	26,713	(6,530)
8	Profit/(Loss) after taxes Attributable to: (7+8)	(3,172)	(30,566)	26,713	(6,530)
	(i) owners of the parent Group	(3,172)	(30,566)	26,713	(6,530)
	(ii) non-controlling interests	-	-	-	-
9	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit & Loss				
	(ii) Remeasurement of Defined Benefit Plan	21	(6)	112	(78)
	(iii) FVOCI - equity investments	-	-	-	-
	(iv) Tax on above items that will not be reclassified to profit or loss	-	(20)	(34)	-
	Total Other Comprehensive Income	21	(26)	78	(78)
10	Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (9+10)]	(3,151)	(30,592)	26,635	(6,608)
	Attributable to:				
	(i) owners of the parent Group	(3,151)	(30,592)	26,635	(6,608)
	(ii) non-controlling interests	-	-	-	-
11	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)				
	(a) Basic	(2.17)	(20.96)	18.32	(4.48)
	(b) Diluted	(2.17)	(20.96)	18.32	(4.48)
12	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583





Consolidated Segment wise revenue, results for the period ended June 30, 2022

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Previous year ended 31-03-2022
		3 months ended 30-06-2022	Preceding 3 months ended 31-03-2022	Corresponding 3 months ended 30-06-2021	
		Unaudited	Audited	Unaudited	
1	Segment revenue				
	(a) Residential	940	7,785	1,514	9,430
	(b) Facility Management	29	(23)	-	-
	Total	969	7,762	1,514	9,430
	Less: Inter-segment revenue	-	-	-	-
	Net income from operations	969	7,762	1,514	9,430
2	Segment results				
	Profit/(loss) before tax and interest				
	(a) Residential	(1,856)	(15,092)	(303)	(15,784)
	(b) Facility Management	(6)	15	-	-
	Total	(1,862)	(15,077)	(303)	(15,784)
	Add: Other income	392	18,637	100	18,760
	Less: Interest	1,664	7,075	2,088	9,168
	Total profit/(loss) before tax	(3,134)	(3,514)	(2,291)	(6,192)
3	Segment Assets				
	(a) Residential	77,167	73,515	1,18,911	73,515
	(b) Facility Management	645	610	2,859	610
	(c) Unallocated	29,791	29,792	52,115	29,792
	Total	1,07,603	1,03,917	1,73,885	1,03,917
4	Segment Liabilities				
	(a) Residential	1,58,129	1,52,825	1,68,163	1,52,825
	(b) Facility Management	1,627	1,560	6,050	1,560
	(c) Unallocated	53,572	52,110	72,353	52,110
	Total	2,13,328	2,06,495	2,46,566	2,06,495



Notes to the financial results:

- 1 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 12th August, 2022. The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year upto 31st March 2022 and the unaudited published year-to-date figures upto 31st December 2021, being the date of end of the third quarter of the financial year which were subject to limited review by the statutory auditors.
- 2 These Consolidated unaudited financial results 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. These results include the result of the following subsidiary companies.
- 3 Subsidiaries: NHDPL South Private Limited , NUDPL Ventures Private Limited , LOB Property Management Private Limited.
- 4 The operating segment of the Group has extended from "Residential" & "Facility Management" to "Service business of facilities / manpower / catering / restaurants activities", "Trading in land and plotted development", "Proptech and related Internet Technology Services", "Long term investment and trading in equities".
All operations are in India and hence there is no geographical segment.
- 5 Statement of unaudited Standalone financial results for quarter ended June 30, 2022 disclose the following.

No	Particulars	Quarter ended			Previous year ended 31-03-2022
		3 months ended 30-06-2022	Preceding 3 months ended 31-03-2022	Corresponding 3 months ended 30-06-2021	
		Unaudited	Audited	Unaudited	Audited
a	Total Revenue	1,113	159	905	20,325
b	Profit/(Loss) before tax	(2,094)	(17,673)	15,880	(985)
c	Profit/(Loss) after tax	(2,112)	(17,716)	15,847	(1,041)

- 6 IndAS 16 for "Property, Plant and Equipment" has gone in to some modification which will be reviewed by company and same will be incorporated where ever applicable.
IndAS 37 for "Provision, Contingent Liabilities and Contingent Assets" is reviewed by the company and will be incorporated if applicable.
IndAS 103 for "Financial Instruments" is reviewed by the company and will be incorporated if applicable.

Ind AS 101 for Subsidiary "First time adoption of Indian Accounting Standards" effective from 1st April, 2022 as notified by the Ministry of Corporate Affairs (MCA) vide notification no. G.S.R. 255 (E) dated 23rd March 2022. The Company and its subsidiaries are following the IndAS Accounting Standards which are in place as on 30th June 2022. Hence, this standard is not applicable to companies.

IndAS 41 for "Agriculture" is not applicable as the Company is not involved in any of the agricultural process.
IndAS 109 for "Business Combinations" is not applicable as the Company does not control one or more business.

- 7 The Holding Company alongwith its two subsidiaries viz. NHDPL South Private Limited and NUDPL Ventures Private Limited has defaulted on payment to two lenders, Principal (Rs 61,655 lakhs) as on 30th June, 2022 as the facilities have been called off by the banks & financial institutions and entire facility has become due for payment. The penal interest has not been provided for which Management is confident to get the waiver of penal interest as the request is being made to lenders to take haircut of principal & normal interest outstanding also whenever a project exit is being discussed.
- 8 The Holding Company has signed the MOU to exit from British Columbia project as on 7th July 2022 with a new developer and land owners. The Company is in the process of settling all customer refunds and transfer of project to the new developer post signing of MOU.
- 9 Deferred Tax has not been accounted for due to the uncertainty of taxable profit as estimated by the management against which the Deferred tax assets can be adjusted / utilised in near future.
- 10 The Company has provided for Expected credit loss amount of Rs. 16.65 crores during the quarter towards old outstanding sundry debtors.
- 11 The group has exited Knightsbridge, Virgin Island, Napa Valley and Melbourne Park projects and entered in to one time settlement with the lenders against loan outstanding for said projects. Accordingly the company has classified Rs. 406.41 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. The group has been engaged with Yes Bank in relation to closure of Commissariat road project Loan or which Yes bank has principally agreed for a settlement of the said loan for Rs. 30 Crs. In view of this, Company had written back the interest amount and same is classified the interest as disputed liability of Rs. 14.43 crores in the previous year. In respect of Plaza project, the group has classified the outstanding interest amount of Rs. 37.28 crs as disputed liability in the previous year.



- 12 The Company has divested two subsidiaries in the last financial year and hence they are not consolidated in current year. As a result of this the financial results for the current quarter is not comparable with previous year quarter.
- 13 The outbreak of second wave of COVID-19 pandemic has significantly impacted global businesses environment. The restriction of human movement through nationwide lockdown during the period from 27th April, 2021 to 21st June, 2021 imposed by the Government of India to prevent community spread of the disease has resulted significant reduction in economic activities with respect to the operations of the Company, The business of the Company has gone down drastically and the construction activities of the Company has been stopped due to non-availability of resources during lock down period. The Company has taken necessary steps to overcome the present situation by analysing various internal and external information inter-alia the assumptions relating to economic forecasts and future cash flows for assessing the recoverability of various assets and receivables viz, investments, contract and non-contract assets, trade and non-trade receivables, inventories, advances and contract costs as on the date of approval of these financial statements. The assumptions used by the company are being tested through sensitivity analysis and the company expects to recover the carrying amount of these assets and receivables based on the current indicators of future economic benefits. As the management is still assessing the impact of COVID-19 pandemic on the future period, the impact may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor the material changes if any, to the future economic conditions. Same situation is continuing in the FY 2022-23 due to pandemic outbreak.
- 14 **Going concern**
- These consolidated financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation. As per the management with these exits of residential projects and the debt coming down, the company is hopeful of revival in the coming years.
- These financial statements therefore do not include any adjustments relating to recoverability and classification of asset amounts or to classification of liabilities that may be necessary if the Company is unable to continue as a going concern.
- 15 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 Ltd)



Rajeev Khanna
DIN : 07143405
Director Finance & Chief Financial Officer

Place: Bengaluru, India
Date : 12th August 2022