RAY & RAY
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Auditor's Report on the audit of the consolidated annual financial results of **NEL HOLDINGS SOUTH LIMITED** ("the group") with the last quarter financial results being balancing figures Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

INDEPENDENT AUDITOR'S AUDIT REPORT

TO THE BOARD OF
DIRECTORS OF NEL HOLDINGS SOUTH LIMITED
(FORMERLY KNOWN AS NEL HOLDINGS LIMITED)

Report on the audit of the Consolidated Financial Results

1. We have audited the accompanying Statement of Consolidated Annual Financial Results of **NEL HOLDINGS SOUTH LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and year ended March 31, 2022 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with SEBI Circular No CIR/CFD/CMD 1/44/2019 DATED March 29, 2019. The consolidated figures for the corresponding quarter ended March 31, 2021, as reported in these financial results have been approved by the Parent's Board of Directors and have been audited by us.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.

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3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

   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 auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

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.

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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 audited 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 audited consolidated financial results for the quarter and year ended March 31,2022, in our opinion, the statement read with notes thereon does not gives 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 income (comprising of net [profit/loss] and other comprehensive income/ loss) and other financial information of the Group for the year ended 31st March, 2022.

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

i) 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.

During the year Group has transfer four projects 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.

ii) 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, 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.

iii) The Group has accounted Principal of Rs. 61,696 Lakhs, Accrued Interest of Rs. 21,204 Lakhs and Disputed Liability of Rs. 40,641 in its books of account as total outstanding to banks and financial institution as on 31st March,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 10 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 further interest on this loan since the previous year. Further, the Group had earlier been written back accrued interest amounting to Rs. 1,443 Lakhs as income in the quarter ended September 30, 2021, has now been reversed in the quarter ended March 31, 2022 and classified as Disputed Liability without any confirmation from the Bank in this regard. (Refer to note 14(ii) of the Statement).

The Group has not provided interest for the loan outstanding from Yes Bank against the Plaza Project. Further, the Company has classified the interest outstanding 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 was not made available for our verification. (Refer to note 14(iv) of the Statement).

iv) During the previous year, the Group has sold/disposed two projects viz, Knightsbridge and Virgin Island and Napa Valley. The remaining balance of the term loan related to these projects amounting to Rs

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23,822 Lakhs in respect of the borrowing from HDFC Limited had earlier been written back as income in the quarter ended June 30, 2021, has now been reversed in the quarter ended March 31, 2022 and classified as Disputed Liability. (Refer note to 14(i) of the statement).

v) The Group has exited 'Nitesh Melbourne Park', during the 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 financial year, 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. Consequently, the Group has accounted for Rs. 6500 Lakhs and Rs. 5,147 Lakhs respectively, being the estimated carrying value of borrowings and interest accrued thereon in the books of account of the Group has been treated as disputed liability in the consolidated financial statements. (Refer to note 9 & 14 (i) of the Statement)

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

vi) The Company has transferred the project "Nitesh Cape Cod", on an ongoing basis during the previous quarter through an unregistered Business Transfer Agreement. In this respect, the Company 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 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 charge against such transfer has expired. (Refer note 8 of the statement)

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

vi) The outstanding balance of advances collected from customers in earlier years pertaining to closed / suspended residential projects, amounts to Rs. 421 Lakhs as on the reporting date. Such receipts are in the nature of deemed deposits under Rule 2(c) (xii) (b) of the Companies Acceptance of Deposit (Rules) 2014 and is within the purview of the provisions of sections 73 to 76 of the Companies Act, 2013.

vii) The Company has not tested impairment of its projects' CWIP and Inventories amounting to Rs 8,835 Lakhs and Rs 24,300 Lakhs (Net of "Payable to land owner for land under Joint Development Agreement, JDA") respectively for ascertaining the realizable value as on 31st March, 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.

viii) Year-end balance confirmation in respect of trade receivables, trade payables, vendor advances, advance from customers and a few 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. Further, Trade Receivable amounting to Rs. 1,953 Lakhs receivable from customer as on 31st March, 2022 has not been considered for impairment loss based on expected credit loss method as per requirement of Ind AS 109.

ix) As per the records of the Group 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, sales-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Services tax, cess. The GST department has suo moto cancelled the GST registration of the Company on October 31, 2020. The Company also has a receivable balance of Rs.1,753 Lakhs and payable balance of Rs. 9,439 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.

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xi) As stated in the consolidated financial statements, the Group has neither ascertained nor accounted for Deferred Tax Assets/ Liabilities during the year in two of the subsidiaries. Further, the Group has written off the Deferred Tax Liability (Net of Assets) amounting to Rs.328 Lakhs in these two of its subsidiaries during the year for uncertainty of the taxable profit against which the deferred tax assets can be adjusted/utilized in near future.

xii) As reported by other auditor of a subsidiary company Lob Property Management Private Limited:

a. The Company has been irregular in depositing undisputed dues with respect to TDS, ESI, PF, PT, Service Tax and GST and outstanding of such statutory liabilities as at 31st March 2022 as given below:

Nature of Dues	Amount (Figures in Rs.)
Tax Deducted at Source	1,82,872
Service Tax	70,95,481
Goods and Service Tax	38,16,590
Provident Fund	3,69,724
Professional Tax	5,400

b. The Company has not accrued for penalty/ late / Interest on defaults u/s 201 of Income Tax Act, 1016 for TDS liabilities (details in table above). As per details available on the website maintained by the Income Tax Department, this amount is approximately Rs.1,226 thousands till the financial year end 31st March 2022. Summary of table give below:

Amount (Figures in Rs.)

Financial Year	Short Payment	Short Deduction	Interest on Payments default u/s 201	Interest on deduction u/s 201	Late filing fee u/s 234E	Interest u/s 220(2)	Total Defaults
2021-22			4,241		31,800		36,041
2020-21			13,857		80,770		94,627
2019-20			1,677		14,995		16,672
2018-19			27,747		2,41,889	6,528	2,76,164
Prior Years	6,306	83,528	1,37,280	3,830	5,40,626	31,399	8,02,969
Total	**6,306**	**83,528**	**1,84,802**	**3,830**	**9,10,080**	**37,927**	**12,26,472**

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c. The Company has accrued a provision of Rs. 13,399 thousands towards doubtful trade receivables, on the basis of its estimates. 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.

d. Trade Receivables includes amount pertaining to amounts paid on behalf customers towards general expenses such as electricity charges. In the absence of adequate information, we are unable to quantity and comment on the recoverability of this balance.

e. 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.

f. The advance received from customers which includes Rs. 32,777 thousands which pertains to maintenance charges collected in advance for first year of maintenance as a part of the maintenance agreement. These amounts are to be recognized as revenue on the completion of such year period as per the maintenance agreements. Based on the information reviewed by us, all the projects for which such advances have been received have been completed and hence the entire amount of Rs.33,107 thousands may be required to be recognized as income in the previous years. In the absence of supporting evidence, we are unable to comment on the amount that needs to be recognized as income and therefore the balance that needs to be carried as liability.

g. Company has amounts received from customers for approved capital expenditures for projects under maintenance and accounted as sinking fund balance of Rs.47,649 thousands. Over the years, the company has been utilizing this balance towards miscellaneous expenses pertaining to such projects, without adequate approvals and authorizations from customers. The Company does not have details of how much of this sinking fund balance is payable to

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customers or to be maintained towards future capital expenses. Hence the adequacy of this liability cannot be ascertained.

6. We did not audit the financial statements and financial information of LOB Property Management Private Limited, a subsidiaries included in the consolidated financial results, whose financial statements and financial information reflect total assets of Rs. 610 Lakhs as at 31st March, 2022, total revenues of Rs. 205 Lakhs, total net loss after tax of Rs. 179 Lakhs, total comprehensive loss of Rs.177 Lakhs and cash flows (net) of Rs. (3,561 Lakhs) for the year 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 quarter, 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. The Group has provided certificates from the Practicing Company Secretary stating that after such divestments, these Companies shall no longer continue to be the subsidiaries of the Group as defined under section 2(87) of the Companies Act, 2013 and are not required to be consolidated under the Group. (Refer note 11 & 12 of the Statement)

b. The Group has given unsecured advance amounting to Rs. 1,887 Lakhs to WLM Logistics Parks Private Limited (formerly known as Winter Lands Private Limited) (WLM) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreement (JDA) could be produced to us. We have been informed that WLM 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, WLM has sought to transfer its JDA rights in the Project at Commissariat Road, Bengaluru, to the extent of 9920 Sq. feet to the Company by way of Memorandum of Understanding (MOU). In this context, we have not been provided with any copy of No Objection Certificate (NOC) from the Land owners and also the basis of the valuation has not been satisfactorily explained to us.

c. During the quarter, the Group has received Rs. 5.30 Lakhs as advance from WLM. We have not been provided any documentation or explanation in respect of and such transactions.

In addition to the existing liability, WLM has acquired the following liabilities of Boulevard and Somerset as provided below:

i. As reported earlier, the Group has given unsecured advance amounting to Rs. 3,515 Lakhs to Boulevard Developers Private Limited (Boulevard) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreements (JDA) could be produced to us. We have been informed that Boulevard is not in a position to honor its commitment and repay the advance. The Company had fully provided for the same in the previous financial year.

During the previous quarter, this outstanding amount of Rs. 3,515 Lakhs repayable to the Company by Boulevard has been taken over by WLM. Correspondingly, the provision against such advance has also been transferred to WLM.

The Company has entered into an MOU with WLM agreeing to enter into a JDA for development of Residential Layouts. In respect of this MOU, the Company has agreed to adjust an amount of Rs. 3,000 Lakhs towards an interest free Refundable Security Deposits from the balance of Rs. 3,515 Lakhs taken over by WLM as mentioned above. We have not been provided with any copy of No Objection Certificate (NOC) from the Land owners. Further, the ownership of WLM in such property has not been satisfactorily explained to us.

ii. As reported earlier, the Company had advanced Rs. 1,228 Lakhs to Somerset Infra Projects Private Limited (Somerset) for acquiring immovable properties and for transfer of development rights (TDR) in various cities like Chennai, Cochin, Bangalore, on behalf of the Company. Somerset has failed to procure land and/ or the licensed TDR Rights as

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per the agreement and has not refunded the money. The Company had made full provision for the said advance over the last four years without taking any legal action for recovery. During the previous / quarter and nine months, an amount of Rs. 500 Lakhs received earlier from a third party towards assignment of the recovery of such advance has now been adjusted with this balance.

In respect of the remaining balance of Rs. 728 Lakhs receivable, WLM has taken over this liability from Somerset and has subsequently assigned the rights of a certain villa in the project "True Blue Napa Valley" to the Company by way of MOU dated 12.08.2021. However, documentary evidence for the ownership of WLM in such property has not been satisfactorily explained to us.

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.

b. The Group had written back loan outstanding along with accrued interest amounting to Rs. 3,763 Lakhs during the year pertaining to a term loan from HDFC Limited against a transferred Company project Park Avenue and also a term loan from Sriram City Union Finance Limited (SCUFL) pertaining to Company project Logos, both of which has been waived off by HDFC Limited and SCUFL respectively. Such waiver has been verified on the basis of the documents made available for our verification. (Refer note 13 & 14 of the statement).

c. The Company has not renewed the registration of project "Rio" 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.

d. The Company is in process of reconciling "Billing in excess of revenue" to the extent of Rs. 11,094 Lakhs.

e. According to the information and explanation provided to us, Gratuity plan of the Company is unfunded as at 31st March, 2022 and the Company has made provision for the entire Gratuity Liability. Employee Gratuity Liability

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is being met as and when they fall due. As no assets are maintained by the Company, there is a liquidity risk that the Company may run out of cash resources which may further affect the financial position of the Company.

f. Certain Managerial personnel duly appointed by members have intimated the Board in the current year that they would be foregoing their remuneration retrospectively 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. Necessary approval from the Board is yet to be obtained in this regard.

g. Contingent Liability as disclosed in the consolidated financial statements is based on management certification. We have not been provided with any other independent legal opinion in relation to any other litigation, demand or claim by or against the Company which may be contingent in nature.

i. 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 Company during the financial year.

j. The Company has written back certain long outstanding vendor liabilities in its boos of accounts. Same is subject to ratification by the board.

k. The Company has an outstanding liability of Rs. 208 Lakhs towards employee payable as on 31st March, 2022, of which an amount of Rs. 211 Lakhs has been written back for non-compliance of terms and conditions of employment contracts, as explained to us. Due to 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.

m. 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 15 of the statement)

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

8. The Statement includes the results for the quarter ended 31st March, 2022 and the corresponding quarter ended in the previous year 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 the current financial year which were subject to limited review by us.

RAY & RAY
Chartered Accountants

(Firm's Registration No. 301072E)

(Shipra Gupta)
Partner
Membership No. 436857
UDIN: 234368587AICJBV1231

Place: Bengaluru

Date:29.04.2022

NEL Holdings South Limited
(Formerly Known as NEL Holdings Ltd)
Regd. Office: No. 110, Level 1 Andrews Building, M.G.Road Bangalore KA 560001 IN
CIN: L07010KA2004PLC033412, website - www.nelholdings.in
Phone Number: +91 80 4017 4000

NEL
Holdings South Limited

Statement of audited Consolidated financial results for quarter and year ended on March 31, 2022

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2022	Preceeding 3 months ended 31-12-2021	Corresponding 3 months ended 31-03-2021	Year to date figures for current period ended 31.03.2022	Year to date figures for previous year ended 31.03.2021
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from operations	2,211	1,668	5,457	9,430	12,482
	(b) Other Income	171	124	23	18,760	22,708
	Total Income	2,381	1,793	5,480	28,190	35,190
2	Expenses					
	(a) Land and construction cost	(20,754)	1,787	28,028	(16,219)	11,702
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	22,430	-	(20,394)	22,430	(634)
	(c) Employee benefits expense	43	178	181	575	754
	(d) Finance costs	2,551	2,094	1,380	9,168	13,058
	(e) Depreciation and amortization expense	7	2	6	14	23
	(f) Other Expenses	3,053	407	532	3,803	28,560
	Total Expenses	7,330	4,467	9,732	19,771	53,462
3	Profit/(Loss) before exceptional items and tax (1-2)	(4,949)	(2,675)	(4,252)	8,419	(18,272)
4	Exceptional items	(25,307)	(61)	(271)	(14,611)	5,601
5	Profit/(Loss) before tax (3+4)	(30,256)	(2,736)	(4,523)	(6,192)	(12,671)
6	Tax expenses					
	i) Current Tax	165	18	(82)	220	-
	ii) Deferred tax	145	(21)	(30)	118	7,842
7	Profit/(Loss) after tax for the period (3-6)	(30,566)	(2,733)	(4,411)	(6,530)	(20,513)
8	Other Comprehensive Income					
	(i)Items that will not be reclassified to profit & Loss					
	(ii) Remeasurement of Defined Benefit Plan	(6)	(165)	244	(78)	161
	(iii)FVOCI - equity investments	-	-	-	-	-
	(iv) Tax on above items that will not be reclassified to profit or loss	(20)	45	(16)	-	(29)
	Total Other Comprehensive Income	(26)	(120)	228	(78)	132
9	Total Comprehensive Income for the period[Comprising profit/(loss) and Other Comprehensive Income for the period (9+10)	(30,592)	(2,852)	(4,182)	(6,608)	(20,381)
	Attributable to:					
	(i) owners of the parent Group	(30,592)	(2,852)	(4,182)	(6,608)	(20,381)
	(ii) non-controlling interests	-	-	-	-	-
9	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)					
	(a) Basic	(20.96)	(1.87)	(3.03)	(4.48)	(14.07)
	(b) Diluted	(20.96)	(1.87)	(3.03)	(4.48)	(14.07)
10	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583

NEL Holdings South Limited Bangalore

Notes to the financial results:

1 Statement of Assets & Liabilities

(Rs in lakh)

Particulars	As on 31-Mar-22 audited	As on 31-Mar-21 audited
ASSETS		
(1) Non-current assets		
a) Property, Plant and Equipment	75	63
b) Other Intangible assets	1	5
c) Capital work in progress	8,835	8,835
	8,910	8,903
d) Financial Assets		
(i) Investments	-	-
e) Other non-current assets	127	127
f) Deferred tax assets, net	-	119
	127	246
(2) Current assets		
a) Inventories	64,946	1,21,181
b) Financials Assets		
(i) Trade receivables	1,953	1,223
(ii) Cash and bank balances	81	122
(iii) Loans	-	-
(iv) Other current financials assets	-	-
c) Other current assets	27,899	32,154
	94,879	1,54,680
Total Assets	**1,03,917**	**1,63,829**
EQUITY AND LIABILITIES		
(1) Equity		
Equity Share capital	14,583	14,583
Other Equity	(1,17,161)	(1,13,818)
Equity component of Compound Financial Instruments		
	(1,02,578)	(99,236)
(2) Non-current liabilities		
(a) Provisions	116	97
(b) Other long-term liabilites	29	-
	145	97
(3) Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	61,696	72,587
(ii) Trade payables	14,826	37,294
(iii) Other current financial liabilities	47,204	28,834
(b) Other current liabilities	81,882	1,19,055
(c) Provisions	16	4,607
(d) Current Tax Liabilities, net	726	591
	2,06,349	2,62,967
Total Equity & Liablities	**1,03,916**	**1,63,829**
	(0)	**0**

NEL Holdings South Limited * Bangalore *

NEL Holdings South Limited
(Formerly Known as NEL Holdings Ltd)
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CIN: L07010KA2004PLC033412, website - www.nelholdings.in
Phone Number: +91 80 4017 4000

NEL
Holdings South Limited

Consolidated Segment wise revenue, results for the period ended March 31, 2022

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2022	Preceeding 3 months ended 31-12-2021	Corresponding 3 months ended 31-03-2021	Year to date figures for current period ended 31.03.2022	Year to date figures for previous year ended 31.03.2021
		Audited	Unaudited	Audited	Audited	Audited
1	**Segment revenue**					
	(a) Residential	7,785	1,645	5,457	9,430	12,482
	(b) Facility Management	(23)	23	-	-	-
					-	
	Total	7,762	1,668	5,457	9,430	12,482
	Less: Inter-segment revenue		-		-	-
	Net income from operations	7,762	1,668	5,457	9,430	12,482
2	**Segment results**					
	Profit/(loss) before tax and interest					
	(a) Residential	(15,092)	(692)	2,705	(15,784)	(22,321)
	(b) Facility Management	15	(15)	-	-	-
	Total	(15,077)	(708)	2,705	(15,784)	(22,321)
	Add: Other income	18,637	124	24	18,760	22,708
	Less: Interest	7,075	2,093	1,380	9,168	13,058
	Total profit/(loss) before tax	(3,514)	(2,677)	1,349	(6,192)	(12,671)
3	**Segment Assets**					
	(a) Residential	73,515	93,556	1,01,155	73,515	1,01,155
	(b) Facility Management	610	756	7,918	610	7,918
	(c) Unallocated	29,792	29,758	54,755	29,792	54,755
	Total	1,03,917	1,24,072	1,63,827	1,03,917	1,63,827
4	**Segment Liabilities**					
	(a) Residential	1,52,825	1,43,097	1,88,327	1,52,825	1,88,327
	(b) Facility Management	1,560	1,829	6,039	1,560	6,039
	(c) Unallocated	52,110	51,364	68,695	52,110	68,695
	Total	2,06,495	1,96,290	2,63,061	2,06,495	2,63,061

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2 Statement of Cash Flows (Rs in lakh)

Particulars	Year ended 31.03.2022 Audited	Year ended 31.03.2021 Audited
Cash flow from operating activities		
Profit/ (Loss) before tax	**-6,192**	**-12,673**
Other Comprehensive Income	-81	132
Non-cash adjustment to reconcile profit before tax to net cash flows		
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	14	19
Amortization of intangible assets	-	4
Impairment of CWIP	-	4,984
Write off of Liability	-3,764	-
Write off of Debtors	36	-
Provisions no longer required written back	-18,692	-
(Gain)/ loss on disposal of investments	18,271	-
Finance income	11	-
Finance costs (including fair value change in financial instruments)	8,499	13,258
Expected Credit Loss Allowance against Advances	250	-
Impairment Provision on Investments	-	4,766
Operating profit before changes in working capital	**-1,647**	**10,492**
Adjustments for:		
(Increase)/ decrease in trade receivables	-711	-63
(Increase)/ decrease in other financial and non-financial assets	9,056	8,490
(Increase)/ decrease in Inventories	56,238	36,835
(Increase)/ decrease in non current other financial and non-financial assets	-	-
Increase/ (decrease) in Other financial liabilities	-	-
Increase/ (decrease) in trade payables	-10,834	25,894
Increase/ (decrease) in provisions	34	-37
Increase/ (decrease) in other non-financial liabilities	-43,986	-37,930
Cash generated from / (used in) operating activities	**8,150**	**43,680**
Income tax paid (net of refund)	103	-1,569
Net cash flows from/ (used in) operating activities (A)	**8,253**	**42,111**
Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work in-progress and capital advances)	-36	-1
Proceeds from sale of investment	0	-
Net cash flows from/ (used in) investing activities (B)	**-35**	**-1**
Cash flow from financing activities		
Proceeds from short-term borrowings	250	-28,872
Interest paid (gross)	-8,500	-13,258
Net cash flows from/ (used in) financing activities (C)	**-8,250**	**-42,130**
Net increase/ (decrease) in cash and cash equivalents	**-32**	**-19**
Cash and cash equivalents at the beginning of the year	114	140
Cash and cash equivalents at the end of the year	**82**	**121**

Components of cash and cash equivalents	Year ended 31.03.2021 Audited	Year ended 31.03.2020 Audited
Reconciliation of cash and cash equivalents with Balance Sheet		
Cash and cash equivalents as per Balance Sheet	81	122
Cash and cash equivalents at the end of the year as per the above cash flow statement	81	121
Cash on hand	5	3
Balance with banks		
- on current account	76	119
Total cash and cash equivalents	**81**	**122**
	-	1

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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 29th April, 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 the end of the third quarter of the financial year which were subject to limited review by the statutory auditors.

2 These results include the result of the following subsidiaries.

Subsidiaries: NHDPL South Private Limited (Formerly known as NHDPL Properties Private Limited), NUDPL Ventures Private Limited (Formerly known as NUDPL Enterprises Private Limited), LOB Property Management Private Limited.

3 These consolidated financial results information presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These results are uploaded on the Company website i.e. www.nelholdings.in and on the Stock Exchanges where the shares of the Company are listed i.e. www.bseindia.com.

4 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, 2022.

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. The Company has subsequently changed the Memorandum of Association and got the shareholder approval for the same in end of February 2022.

6 Figures for audited standalone financial results of the company for the quarter and year ended March 31, 2022

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2022	Preceeding 3 months ended 31-12-2021	Corresponding 3 months ended 31-03-2021	Year to date figures for current period ended 31.03.2022	Year to date figures for previous year ended 31.03.2021
		Audited	Unaudited	Audited	Audited	Audited
a	Total revenue	159	607	4,738	20,325	7,616
b	Profit/(Loss) before tax	(17,673)	(608)	(2,830)	(985)	(7,465)
c	Profit/(Loss) after tax	(17,716)	(614)	(2,761)	(1,041)	(8,127)

7 The Group has exited Caesars Palace Project to M/s. BRS Associates in second quarter. RERA approval for this project has been obtained for the same.

8 The Subsidiary Company, viz NUDPL Enterprises Private Limited (Formerly NUDPL Ventures Private Limited) has exited Cape Cod Project via Business Transfer Agreement (BTA) that has been executed and transferred the assets and liabilities of the projects to M/s. Inesa Ventures LLP. RERA approval for this project has been obtained in the name of M/s. Inesa Ventures LLP.

9 The Subsidiary Company, viz NHDPL South Private Limited (Formerly known as NHDPL Properties Private Limited) has existed the Melbourne Park project to M/s. VDB Infra & Realty Pvt Ltd through MOU. RERA approval for this project is being applied.

10 The Holding Company alongwith its two subsidiaries viz. NHDPL South Private Limited (formerly NHDPL Properties Private Limited) and NUDPL Ventures Private Limited (Formerly NUDPL Enterprises Private Limited) has defaulted on payment to two lenders, Principal (Rs 61,696 lakhs) as on 31st March, 2022 as the facilities have been called off by the banks & financial institutions and entire facility has become due for payment. The penal intererest 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.

11 The Holding Company has divested 85% of its holding in NIRPL Ventures Pvt Ltd (formerly known as Nitesh Indiranagar Retail Private Limited) in the second quarter. Consequent to said divestment, NIRPL ceases to be the subsidiary of the Company as on 26th August 2021.

12 The Holding Company has divested 100% of its holding (along with holding in NUDPL) in Courtyard Hospitality Private Limited (Formerly known as Courtyard Constructions Private Limited) in the current quarter. Consequent to said divestment, CHPL ceases to be the subsidiary of the Company as on 30th September 2021.

13 The Holding Company has settled the outstanding loan of M/s. Shriram City Union Finance Ltd (SCUF) in the first quarter and the outstanding balance of Rs. 9.29 crores has been settled at Rs. 6.45 cores. Consequently Rs. 2.84 crores is written back in our records.

14 The Company has exited Park Avenue project and entered in to one time settlement with the lender against loan outstanding for said project. Accordingly the company has written back Rs. 34.78 crores in first quarter as the bank has released its charge on such project with NOC.

15 (i) 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.

NEL Holdings South

(ii) 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 in first quarter and same is reclassified the interest as disputed liability of Rs. 14.43 crores in current quarter.

(iii) In respect of Plaza project, the group has reclassified the outstanding interest amount of Rs. 37.28 crs as disputed liability in first quarter.

16 With the one time settlements and exists of projects the standalone debt of the company stands at Rs. 616.96 crores.

17 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 March, 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 2021 22 due to pandemic outbreak.

18 **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 managment with these exits of residential projects and the debt coming down, the company is hopeful of revival in the coming years.

19 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.

20 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
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NEL Holdings South Limited ★ Bangalore ★

Rajeev Khanna
DIN : 07143405
Execute Director Finance & Chief Financial Officer

Place: Bengaluru, India
Date : 29th April 2022

Annexure I (Consol)

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 2022.

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

Amount in Lakhs

Sl. No	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	28,190	28,190
2	Total Expenditure	34,798	36,763
3	Net loss	-6,608	-8,573
4	Earnings Per share	-4.48	
5	Total assets	1,03,917	1,01,964
6	Total Liabilities	2,06,350	2,06,350
7	NETWORTH	-1,02,433	-1,04,386

II. Audit Qualification (each Audit Qualification separately)

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

   During the year Group has transfer four projects 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.

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b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Third Time Qualification

d. For Audit qualification where the impact is quantified by the Auditor
Not Applicable as Auditor has not quantified the impact

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

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

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

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

2. **a. Detail of Audit Qualification:** 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, 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.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Third Time Qualification

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

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

i. Not Applicable as impact is quantified.

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

Not applicable

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

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3. **a. Detail of Audit Qualification:** The Group has accounted Principal of Rs. 61,696 Lakhs, Accrued Interest of Rs. 21,204 Lakhs and Disputed Liability of Rs. 40,641 in its books of account as total outstanding to banks and financial institution as on 31st March,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 10 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 further interest on this loan since the previous year. Further, the Group had earlier been written back accrued interest amounting to Rs. 1,443 lakhs as income in the quarter ended September 30, 2021, has now been reversed in the quarter ended March 31, 2022 and classified as Disputed Liability without any confirmation from the Bank in this regard. (Refer to note 15(ii) of the Statement).

   The Group has not provided interest for the loan outstanding from Yes Bank against the Plaza Project. Further, the Company has classified the interest outstanding 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 was not made available for our verification. (Refer to note 15(iv) of the Statement).

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Third Time Qualification

d. For Audit qualification where the impact is quantified by the Auditor
Balance sheet reclassification. No impact in P & L

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

i. Not Applicable as impact is quantified.

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

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

4. **a. Detail of Audit Qualification:** During the previous year, the Group has sold/disposed two 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 in the quarter ended June 30, 2021, has now been reversed in the quarter ended March 31, 2022 and classified as Disputed Liability. (Refer note to 15(i) of the statement).

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Second Time Qualification

d. For Audit qualification where the impact is quantified by the Auditor
Balance sheet reclassification. No impact in P & L

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

5. **a. Detail of Audit Qualification:** The Group has exited 'Nitesh Melbourne Park', during the 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 financial year, 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. Consequently, the Group has accounted for Rs. 6,500 Lakhs and Rs. 5,147 Lakhs respectively, being the estimated carrying value of borrowings and interest accrued thereon in the books of account of the Group has been treated as disputed liability in the consolidated financial statements. (Refer to note 9 & 15 (i) of the Statement)

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

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
Balance sheet reclassification. No impact in P & L

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

6. **a. Detail of Audit Qualification:** The Company has transferred the project "Nitesh Cape Cod", on an ongoing basis during the previous quarter through an unregistered Business Transfer Agreement. In this respect, the Company 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 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 charge against such transfer has expired. (Refer note 8 of the statement)

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

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

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

i. Not Applicable as impact is quantified.

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

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

7. **a. Detail of Audit Qualification:** The outstanding balance of advances collected from customers in earlier years pertaining to closed / suspended residential projects, amounts to Rs. 421 Lakhs as on the reporting date. Such receipts are in the nature of deemed deposits under Rule 2(c) (xii) (b) of the Companies Acceptance of Deposit (Rules) 2014 and is within the purview of the provisions of sections 73 to 76 of the Companies Act, 2013.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Third Time Qualification

d. For Audit qualification where the impact is quantified by the Auditor
The Auditor has quantified the amount of Rs. 421 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.

8. a. **Detail of Audit Qualification:** The Company has not tested impairment of its projects' CWIP and Inventories amounting to Rs 8,835 Lakhs and Rs 24,300 Lakhs (Net of "Payable to land owner for land under Joint Development Agreement, JDA") respectively for ascertaining the realizable value as on 31st March, 2022. To the extent of any possible diminution of value not accounted for, the standalone financial statements may not give a true and fair view as per the requirement of Ind AS 2.

b. Type of Audit Qualification: Qualified Opinion

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

d. **For Audit qualification where the impact is quantified by the Auditor**
The Auditor has not quantified the amount mentioning that no impairment test has been done to ascertain the realisable value.

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: In our opinion, in the current scenario recovery is uncertain.

9. **a. Detail of Audit Qualification:** Year-end balance confirmation in respect of trade receivables, trade payables, vendor advances, advance from customers and a few 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. Further, Trade Receivable amounting to Rs. 1,953 Lakhs receivable from customer as on 31st March, 2022 has not been considered for impairment loss based on expected credit loss method as per requirement of Ind AS 109.

For Audit qualification where the impact is quantified by the Auditor

e. The Company has posted the balance confirmations to vendors and customers and auditors have received two confirmations at their office.

i. The auditor has quantified an amount of Rs. 1953 lacs and same has been considered in impact table.

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

Not applicable

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

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10. **a. Detail of Audit Qualification:** As per the records of the Group 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, sales-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Services tax, cess. The GST department has suo moto cancelled the GST registration of the Company on October 31, 2020. The Company also has a receivable balance of Rs.1,753 lakhs and payable balance of Rs. 9,439 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.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Third Time Qualification

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

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

i. Not Applicable as impact is quantified -

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

iii. Auditor's comment on (i) or (ii) above: It is violation of applicable Statutory Regulations.

11. **a. Detail of Audit Qualification:** As stated in the consolidated financial statements, the Group has neither ascertained nor accounted for Deferred Tax Assets/ Liabilities during the year in two of the subsidiaries. Further, the Group has written off the Deferred Tax Liability (Net of Assets) amounting to Rs.328 Lakhs in these two of its subsidiaries during the year for uncertainty of the taxable profit against which the deferred tax assets can be adjusted/utilized in near future.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Third 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

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i. This impact cannot be quantified until component wise deferred tax is determined.

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

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

Auditor's Comment for below mentioned qualifications: Impact of the qualification reported by Other Auditor.

12. a. **Detail of Audit Qualification:** The Company has been irregular in depositing undisputed dues with respect to TDS, ESI, PF, PT, Service Tax and GST and outstanding of such statutory liabilities as at 31st March 2022 as given below:

Nature of Dues	Amount (Figures in Rs.)
Tax Deducted at Source	1,82,872
Service Tax	70,95,481
Goods and Service Tax	38,16,590
Provident Fund	3,69,724
Professional Tax	5,400

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.

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-

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

13. a. The Company has not accrued for penalty/ late / Interest on defaults u/s 201 of Income Tax Act, 1016 for TDS liabilities (details in table above). As per details available on the website maintained by the Income Tax Department, this amount is approximately Rs.1,226 thousands till the financial year end 31st March 2022. Summary of table give below:

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Amount (Figures in Rs.)

Financial Year	Short Payment	Short Deduction	Interest on Payments default u/s 201	Interest on deduction u/s 201	Late filing fee u/s 234E	Interest u/s 220(2)	Total Defaults
2021-22			4,241		31,800		36,041
2020-21			13,857		80,770		94,627
2019-20			1,677		14,995		16,672
2018-19			27,747		2,41,889	6,528	2,76,164
Prior Years	6,306	83,528	1,37,280	3,830	5,40,626	31,399	8,02,969
Total	**6,306**	**83,528**	**1,84,802**	**3,830**	**9,10,080**	**37,927**	**12,26,472**

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
Impact is already considered

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

i. Not applicable as impact has not been quantified

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

Not applicable

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

14. a. The Company has accrued a provision of Rs. 13,399 thousands towards doubtful trade receivables, on the basis of its estimates. 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.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: First Time Qualification

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NEL Holdings South Limited Bangalore

NEL Holdings South Limited
(Formerly Known as NEL Holdings Limited)
CIN : L07010KA2004PLC033412
Regd. Office: No. 110, Andrews Building, Level 1, M.G. Road, Bengaluru - 560 001, India.
P: +91- 80-4017 4000, W: www.nelholdings.in

d. For Audit qualification where the impact is quantified by the Auditor
~~Not applicable.~~

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-

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

15. a. Trade Receivables includes amount pertaining to amounts paid on behalf customers towards general expenses such as electricity charges. In the absence of adequate information, we are unable to quantity and comment on the recoverability of this balance.

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.~~

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-

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

16. a. 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.

B Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: First Time Qualification

RAY & RAY Bangalore

NEL Holdings South Limited Bangalore

d. For Audit qualification where the impact is quantified by the Auditor
~~Not applicable~~

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

17. a. The advance received from customers which includes Rs. 32,777 thousands which pertains to maintenance charges collected in advance for first year of maintenance as a part of the maintenance agreement. These amounts are to be recognized as revenue on the completion of such year period as per the maintenance agreements. Based on the information reviewed by us, all the projects for which such advances have been received have been completed and hence the entire amount of Rs.33,107 thousands may be required to be recognized as income in the previous years. In the absence of supporting evidence, we are unable to comment on the amount that needs to be recognized as income and therefore the balance that needs to be carried as liability.

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.

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-

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

18. a. Company has amounts received from customers for approved capital expenditures for projects under maintenance and accounted as sinking fund balance of Rs.47,649 thousands. Over the years, the company has been utilizing this balance towards miscellaneous expenses pertaining to such projects, without adequate approvals and authorizations from customers. The Company does not have details of how much of this sinking fund balance is payable to customers or to be maintained towards future capital expenses. Hence the adequacy of this liability cannot be ascertained.

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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
~~Not applicable.~~

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-

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

Signatories

NEL Holdings South Limited Bangalore

Chairman & Managing Director

NEL Holdings South Limited Bangalore

Chief Financial Officer

NEL Holdings South Limited Bangalore

Audit Committee Chairman

Sgupta

RAY & RAY Bangalore

Statutory Auditor

SUBRAMANIAN ANANTHANARAYANAN

Digitally signed by SUBRAMANIAN ANANTHANARAYANAN
DN: c=IN, o=Personal, pseudonym=fd70f94f3ae678d2b30b83db5d4ac5a17b451d8fe6d4f73937b74e93f0423538, postalCode=400098, st=Maharashtra, serialNumber=ffec2854aef2e7f2a870bf192b93e67029091679f64ce76e38c34996f0ccba19, cn=SUBRAMANIAN ANANTHANARAYANAN
Date: 2022.04.30 00:29:16 +05'30'

Bangalore
Date : 29th April 2022