

RAY & RAY

CHARTERED ACCOUNTANTS

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Auditor's Review Report on standalone unaudited financial results of the **NEL Holdings South Limited** (the Company) Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the quarter and half year ended September 30, 2022.

INDEPENDENT AUDITOR'S REVIEW REPORT ON STANDALONE 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 standalone unaudited financial results of **NEL HOLDINGS SOUTH LIMITED** ("the Company") for the quarter and half year ended September 30, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This statement which is the responsibility of the Company's Management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' (Ind AS 34) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We believe that the audit evidence obtained by us referred to in paragraph 5 below, is sufficient and appropriate to provide a basis for our review report.



4. Attention is drawn to the following matters and other matters disclosed in the Notes of the Statement which are the subject matter of adverse conclusion as given in Para 5 below:

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

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

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

As the Company has not recognized this fact and has prepared the standalone financial results on a going concern assumption basis without carrying out any adjustments, in our opinion, the standalone financial statements may not give a true and fair view. (Refer to note 10 of the Statement)

- b) The Company has accounted for a Principal of Rs. 34,455 Lakhs, Accrued Interest of Rs. 9,291 Lakhs and Disputed Liability of Rs.16,574 Lakhs in its books of account as total outstanding to banks and financial institutions as on 30th September, 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 confirmation and correspondence, the outstanding balance and status of demand raised by the respective banks and financial institutions have not been verified by us. Further, penal interest on default on the payment to banks and financial institutions has neither been ascertained nor provided for in the books of account of the Company. (Refer to note no. 4 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 Company has not provided any interest on this loan since March 31st, 2020. Further, the Company has classified interest of Rs. 1,443 Lakhs as Disputed Liability without any confirmation from the Bank in this regard.

The Company has not provided interest for the loan outstanding from Yes Bank against the Plaza Project since March 31, 2020. Further, the Company has classified the 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 9 of the Statement)

The Company has sold/disposed of two projects viz, Knightsbridge and Virgin Island. The remaining balance of the term loan related to these projects amounting to Rs 11,402 Lakhs in respect of the borrowing from HDFC Limited, has been classified as Disputed Liability.

As explained to us, the Bank is legally pursuing the recovery through the Debt Recovery Tribunal against which the Company has filed a defense appeal on 23.08.2021 against which the final order is still pending.

- c) In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 5,384 Lakhs against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount. The Company has further disbursed (net of realization) advance amounting Rs. 48 Lakhs during the half year for which no document has been provided to us for our verification and which in our opinion is a matter of concern and is prejudicial to the interest of the Company.
- d) Inventories amounting to Rs 4,307 Lakhs (Net of "Payable to land owner for land under JDA") has not been tested impairment for ascertaining the realizable value as on 30th September, 2022. To the extent of any possible diminution of value not accounted for, the unaudited standalone financial results may not give a true and fair view as per the requirement of Ind AS 2.
- e) 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.
- f) According to the 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, etc. as applicable to the Company. The GST department has suo moto cancelled the GST registration of the Company on and from October 31, 2020. The Company also has a receivable balance of Rs. 1,193 Lakhs and payable balance of Rs. 10,402 Lakhs (excluding interest) from/ to various government authorities. Due to such statutory non compliances, we are unable to comment on the actual recoverability and payment of the dues against such balances.



5. Based on our review conducted as above, due to the significance of the matters stated in Para 4 above and its consequential impact on the unaudited financial results for the quarter and half year ended September 30, 2022, we are of the view that the Statement read with notes thereon have not been prepared fairly in all material respect in accordance with aforesaid Indian Accounting Standards specified under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognized accounting practices and policies, and has not disclosed fairly the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. Attention is drawn to the following matters disclosed in the Notes of the statement as Emphasis Matters:
- a. As reported earlier:
- (i) Against the unsecured advance of Rs. 1,887 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. 3,515 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.
- b. The outstanding balance of advances collected from customers in earlier years pertaining to closed/suspended residential projects, amount to Rs. 186 Lakhs as on September 30, 2022. Out of the above balance, Rs. 160 lakhs pertain to British Columbia Project, for which, Company has signed MOU with a new developer to exit the project. (Refer to note 6 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 September 22. However, in the process of customer settlement, the company through Landowner has already arranged Rs. 283 Lakhs towards refund of such deposits out of which Rs. 229 lakhs 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.



- c. The Company has impaired entire amount of CWIP by providing further provision of Rs. 8,835 Lakhs towards development cost of the projects namely Plaza, Soho and Chelsea during the quarter on the basis of expected unrealizable amount from the land owner on final settlement of their dues on exit and cancellation of the JDA agreement or on handover to incoming developer. However, cancellation agreement and release of charge etc. are yet to be executed by the Company.
- d. The Company has not renewed the registration of project "Rio" under the provisions of the 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. 102 Lakhs.
- f. According to the information and explanation provided to us, Gratuity plan of the Company is unfunded and the Company 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, there is a liquidity risk that the Company may run out of cash resources which may further affect the financial position of the Company.
- 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. However, necessary resolution/approval of the 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 outstanding balance of the related party transaction entered into by the Company during the financial year.
- i. The Company has written back certain long outstanding liabilities and written off some advances in its books of accounts. Same is subject to ratification by the board.
- j. The Company has an outstanding liability of Rs. 194 Lakhs towards employee payable as on September 30, 2022. 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.



- k. The Company has not complied with Ind AS 109 for accounting of interest-free refundable security deposit.
- l. Deferred tax has neither been ascertained nor accounted for due to the uncertainty of the taxable profit as estimated by the Management of the Company. (Refer to note no. 7 of the Statement)

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

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



(Shipra Gupta)
Partner

Place: Bengaluru
Date: 04.11.2022

Membership No. 436857
UDIN: 22436857BCCHDO5089

NEL Holdings South Limited

Regd. Office: No. 110, Level 1 Andrews Building, M.G.Road Bangalore KA 560001 IN
CIN: L93000KA2004PLC033412, website - www.nelholdings.in
Phone Number: +91 80 2227 2220



Statement of unaudited standalone financial results for the quarter and six months ended September 30, 2022
(Rs in lakh except EPS)

No	Particulars	Quarter ended			Period ended		Previous year ended 31-03-2022
		3 months ended 30-09-2022	Preceding 3 months ended 30-06-2022	Corresponding 3 months ended 30-09-2021	Year to date figures for current period ended 30-09-2022	Year to date figures for current period ended 30-09-2021	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
1	Income						
	(a) Revenue from operations	750	880	1,040	1,629	1,799	2,260
	(b) Other Income	77	233	17,613	310	17,760	18,065
	Total Income	827	1,113	18,653	1,939	19,559	20,325
2	Expenses						
	(a) Land and construction cost	830	710	(1,079)	1,541	(277)	605
	(b) Employee benefits expense	177	178	158	354	308	497
	(c) Finance costs	527	499	500	1,026	1,020	2,923
	(d) Depreciation and amortization expense	2	1	2	3	4	12
	(e) Other Expenses	8,957	1,819	184	10,777	345	3,570
	Total Expenses	10,493	3,207	(234)	13,701	1,400	7,607
	Exceptional Items	-	-	(17,470)	-	(861)	(13,706)
3	Profit/(Loss) before tax (1-2)	(9,666)	(2,094)	1,417	(11,762)	17,298	(988)
4	Tax expenses						
	i) Tax for previous years	-	-	37	-	37	-
	ii) Current Tax	19	18	-	37	-	220
	iii) Deferred tax	-	-	(8)	-	17	(164)
5	Profit/(Loss) after tax for the period (3-4)	(9,685)	(2,112)	1,388	(11,799)	17,244	(1,044)
6	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit & Loss					(69)	
	(ii) Remeasurement of Defined Benefit Plan	20	20	(21)	40	-	(63)
	(iii) FVOCI - equity investments	-	-	37	-	-	-
	(iv) Tax on above items that will not be reclassified to profit or loss	-	-	(8)	-	17	-
	Total Other Comprehensive Income	20	20	8	40	(52)	(63)
7	Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (5+6)]	(9,665)	(2,092)	1,405	(11,759)	17,192	(1,107)
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)						
	(a) Basic EPS	(6.64)	(1.45)	0.95	(8.09)	11.82	(0.72)
	(b) Diluted EPS	(6.64)	(1.45)	0.95	(8.09)	11.82	(0.72)
9	Paid up equity share capital (Face Value of 10/- each)	14,583	14,583	14,583	14,583	14,583	14,583



1 Statement of Assets & Liabilities

Particulars	(Rs in lakh)	
	As on 30-Sep-22 unaudited	As on 31-Mar-22 audited
ASSETS		
(1) Non-current assets		
a) Property, Plant and Equipment	28	33
b) Other Intangible assets	1	1
c) Capital work in progress	-	8,835
d) Other non-current assets	29	8,869
	82	86
(2) Current assets		
a) Inventories	16,057	17,559
b) Financials Assets		
(i) Trade receivables	91	1,838
(ii) Cash and cash equivalents	11	49
(iii) Other Bank balances	48	-
(iv) Loans	5,590	5,590
c) Other current assets	17,270	17,277
	39,067	42,312
Total Assets	39,178	51,269
EQUITY AND LIABILITIES		
(1) Equity		
Equity Share capital	14,583	14,583
Other Equity	(117,255)	(105,495)
	(102,672)	(90,911)
(2) Non-current liabilities		
a) Provisions	48	94
	48	94
(3) Current liabilities		
a) Financial Liabilities		
(i) Borrowings	34,455	34,495
(ii) Trade payables	10,811	10,837
(iii) Other current financial liabilities	16,588	16,587
b) Other current liabilities	79,241	79,509
c) Provisions	34	8
d) Current tax liabilities, net	673	650
	141,801	142,086
Total Equity & Liabilities	39,178	51,269

**Notes to the financial results:**

- The above standalone financial results have been reviewed by the Audit committee and approved by the Board of Directors of the Company at its meeting held on 4th November, 2022. The statutory auditors have conducted a limited review of the standalone Financial Results of the Company for the period ended 30th September, 2022.
- These standalone financial results information presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These results are uploaded on the Company website i.e. www.nelholdings.in and on the Stock Exchanges where the shares of the Company are listed i.e. www.bseindia.com.
- 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 September 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.
- The Company has defaulted on payment to two lenders, Principal (Rs 34,454 lakhs) as on 30th September, 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.
- The operating segment of the Company has extended from "Residential projects" & "Facility Management" to complete incomplete residential projects and to the "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.
- The Company has signed the MOU to exit from British Columbia project as on 7th July 2022 with a new developer and the 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.
- 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.



- 8 The Company has provided for Expected credit loss amount of Rs. 15.60 crores during the half year ended 30th September 2022 towards old outstanding sundry debtors.
- 9 The Company has exited Knightsbridge and Virgin Island projects and based on the NOC received and settlement pending with the bank, the company has classified Rs. 114.02 crores as disputed liability in the previous year. In respect of Plaza project, the company has classified the outstanding interest amount of Rs. 37.28 crores as disputed liability in the previous year. The Company 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 crores. In view of this, Company classified the interest as disputed liability of Rs. 14.43 crores in the previous year.
- 11 **Going concern**
- These financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation. 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.
- 12 The figures in respect of previous period have been regrouped/recast wherever necessary.

For and on behalf of the Board of Directors of
NETH Holdings South Limited


Rajeev Khanna
DIN : 07143405
Director Finance & Chief Financial Officer



Place: Bengaluru, India
Date : 4th November 2022

NEL Holdings South Limited
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Standalone Segment wise revenue, results for the period ended September 30, 2022

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Period ended		Previous year ended 31-03-2022
		3 months ended 30-09-2022	Preceding 3 months ended 30-06-2022	Corresponding 3 months ended 30-09-2021	Year to date figures for current period ended 30-09-2022	Year to date figures for current period ended 30-09-2021	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
1	Segment revenue						
	(a) Residential	750	880	1,040	1,629	1,799	2,260
	(b) Facility Management	-	-	-	-	-	-
	Total	750	880	1,040	1,629	1,799	2,260
	Less: Inter-segment revenue	-	-	-	-	-	-
	Net income from operations	750	880	1,040	1,629	1,799	2,260
2	Segment results						
	Profit/(loss) before tax and interest						
	(A) Residential	(9,217)	(1,828)	(15,696)	(11,045)	558	(16,130)
	(B) Facility Management	-	-	-	-	-	-
	Total	(9,217)	(1,828)	(15,696)	(11,045)	558	(16,130)
	Add: Other income	77	233	17,613	310	17,760	18,065
	Less: Interest	527	499	500	1,026	1,020	2,923
	Total profit/(loss) before tax	(9,667)	(2,094)	1,417	(11,761)	17,298	(988)
3	Segment Assets						
	(a) Residential	39,178	49,727	55,405	39,178	55,405	51,268
	(b) Facility Management	-	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-	-
	Total	39,178	49,727	55,405	39,178	55,405	51,268
4	Segment Liabilities						
	(a) Residential	141,848	142,732	128,016	141,848	128,016	142,180
	(b) Facility Management	-	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-	-
	Total	141,848	142,732	128,016	141,848	128,016	142,180



NEL Holding South Limited
CASH FLOW STATEMENT

(₹ in Lakh)

NEL-Standalone
Period ended
30.09.2022

Particulars	
Cash flows from operating activities	
Profit before tax	-11,761.48
Adjustments for :	
Depreciation, amortisation and impairment of Fixed Assets	3.19
Fair Value Change-OCI	39.94
Sundry Balance Write/Rounding Off	0.17
(Profit)/ Loss on sale of Assets	-5.95
Liability/Provision written back	-154.46
Provision for Capital Work in Progress	8,835.13
Allowance for trade Receivables and Advances	1,560.55
Operating Profit before Current/Non Current Assets and Liabilities	-1,482.91
Adjustment for :	
Trade Receivables	186.15
Inventories	1,501.87
Other Assets	-100.62
Other Liabilities	-349.00
Trade Payables	322.13
Provisions	-19.71
Cash Generated from Operation	57.93
Income Tax Paid/Refund (NET)	-13.18
Net Cash Flow from Operating Activities	44.75
CASH FLOW FROM INVESTING ACTIVITIES	
Proceeds from Sale of Property Plant and Equipment	6.21
Other Bank Balances	-48.08
Net Cash from Investing Activities	-41.87
CASH FLOW FROM FINANCING ACTIVITIES	
Repayment/Increase in Borrowings	-40.45
Interest & Finance cost pertaining to Financing Activities	-
Net Cash used in Financing Activities	-40.45
Net Increase / (Decrease) in Cash & Cash equivalent (A+B+C)	-37.57
Cash & Cash equivalent as at the beginning of the period (Refer Note 9 for components of cash & cash equivalents)	49.00
Cash & Cash equivalent as at the end of the period (Refer Note 9 for components of cash & cash equivalents)	11.43

(All figures in bracket represent outflow.)

