

NEL Holdings South Limited

(Formerly Known as NEL Holdings Ltd)

Regd. Office: Nitesh Timesquare , 7th Floor , No. 8, M.G Road, Bengaluru 560 001

CIN: L07010KA2004PLC033412, website - www.nelholdings.in

Phone Number: +91 80 4017 4000

NEL

Holdings South Limited

Statement of audited standalone financial results for the quarter and year ended March 31, 2021

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2021	Preceeding 3 months ended 31-12-2020	Corresponding 3 months ended 31-03-2020	Year to date figures for current period ended 31.03.2021	Year to date figures for previous year ended 31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from operations	4,665	1,906	145	-7,372	1,920
	(b) Other Income	73	60	51	243	612
	Total Income	4,738	1,966	196	7,615	2,532
2	Expenses					
	(a) Land and construction cost	12,713	(3,076)	(4,382)	9,710	1,705
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	(5,781)	5,549	4,446	-	-
	(c) Employee benefits expense	96	186	71	556	849
	(d) Finance costs	52	1,273	1,054	6,619	5,582
	(e) Depreciation and amortization expense	3	4	(29)	13	16
	(f) Other Expenses	252	3,717	(1,818)	4,259	4,274
	Total Expenses	7,335	7,655	(658)	21,157	12,426
	Exceptional items	(233)	(289)	92,461	6,077	92,461
3	Profit/(Loss) before tax (1-2)	(2,830)	(5,976)	(91,607)	(7,465)	(102,354)
4	Tax expenses					
	i) Tax for previous years	-	-	-	-	-
	ii) Current Tax	(82)	29	(38)	-	(38)
	iii) Deferred tax	13	(5)	(12)	662	(1,796)
5	Profit/(Loss) after tax for the period (3-4)	(2,761)	(6,000)	(91,557)	(8,127)	(100,520)
6	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit & Loss	(52)	17	-	-	-
	(ii) Remeasurement of Defined Benefit Plan	115	-	69	115	69
	(iii) FVOCI - equity investments	-	-	(0)	-	5,405
	(iv) Tax on OCI - of this year	(16)	-	(15)	(29)	(15)
	(v) Tax relating to these items	-	(4)	(2)	-	(1,840)
	Total Other Comprehensive Income	47	13	52	86	3,619
7	Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (5+6)]	(2,714)	(5,987)	(91,505)	(8,041)	(96,901)
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)					
	(a) Basic EPS	(1.89)	(4.11)	(62.78)	(5.57)	(68.93)
	(b) Diluted EPS	(1.89)	(4.11)	(62.78)	(5.57)	(68.93)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583



1 Statement of Assets & Liabilities

(Rs in lakh)

Particulars	As on 31-Mar-21 audited	As on 31-Mar-20 audited
ASSETS		
(1) Non-current assets		
a) Property, Plant and Equipment	41	47
b) Other Intangible assets	5	9
c) Capital work in progress	8,835	8,835
	8,880	8,891
e) Financial Assets		
(i) Investments	1,008	1,008
(ii) Loans	47	47
Deferred tax Asset (Net)	-	499
f) Other non-current assets	39	39
	1,094	1,592
(2) Current assets		
a) Inventories	31,650	58,227
b) Financials Assets		
(i) Trade receivables	753	753
(ii) Cash and cash equivalents	48	50
(iii) Other Bank balances	-	-
(iv) Loans	1,587	2,389
(v) Other current financials assets	-	3
c) Other current assets	23,971	31,476
	58,010	92,898
Total Assets	67,985	1,03,382
EQUITY AND LIABILITIES		
(1) Equity		
Equity Share capital	14,583	14,583
Other Equity	(1,04,387)	(96,375)
	(89,804)	(81,792)
(2) Non-current liabilities		
a) Financial Liabilities		
(i) Other financial liabilities	-	-
(ii) Net employee defined benefit liabilities	-	-
b) Deferred tax liabilities, net	163	-
c) Provisions	88	147
(3) Current liabilities	251	147
a) Financial Liabilities		
(i) Borrowings	35,586	52,475
(ii) Trade payables	19,321	23,926
(iii) Other current financial liabilities	68,216	53,283
b) Other current liabilities	34,380	55,332
c) Provisions	34	12
	1,57,538	1,85,027
Total Equity & Liabilities	67,985	1,03,382

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Standalone Segment wise revenue, results

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2021	Preceding 3 months ended 31-12-2020	Corresponding 3 months ended 31-03-2020	Year to date figures for current period ended 31.03.2021	Year to date figures for previous year ended 31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
1	Segment revenue					
	(a) Residential	5,452	1,906	145	7,372	1,920
	(b) Retail	-	-	-	-	-
	Total	5,452	1,906	145	7,372	1,920
	Less: Inter-segment revenue	-	-	-	-	-
	Net income from operations	5,452	1,906	145	7,372	1,920
2	Segment results					
	Profit/(loss) before tax and interest					
	(a) Residential	96,296	(4,765)	(90,604)	(1,089)	(97,384)
	(b) Retail	-	-	-	-	-
	Total	96,296	(4,765)	(90,604)	(1,089)	(97,384)
	Add: Other income	(369)	60	51	243	612
	Less: Interest	1,037	1,273	1,054	6,619	5,582
	Total profit/(loss) before tax	94,890	(5,978)	(91,607)	(7,465)	(102,354)
3	Segment Assets					
	(a) Residential	67,985	92,580	103,382	67,985	155,221
	(b) Retail	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-
	Total	67,985	92,580	103,382	67,985	155,221
4	Segment Liabilities					
	(a) Residential	157,788	179,697	185,174	157,788	140,670
	(b) Retail	-	-	-	-	-
	(c) Unallocated	-	-	-	-	-
	Total	157,788	179,697	185,174	157,788	140,670



2 Statement of Cash Flows

(Rs in lakh)

Particulars	Year ended	Year ended
	31.03.2021	31.03.2020
	Audited	Audited
Cash flow from operating activities		
Profit/ (Loss) before tax	-7,465	-102,354
Other Comprehensive Income (net of tax)	86	69
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	13	16
Gain/ (loss) on disposal of investments	-	5,633
Impairment loss on CWIP	-	12,998
Interest element on Preference shares of NHDPL	-219	-194
Impairment Provision against Investments	4,766	73,830
Finance costs	6,619	5,582
Expected Credit Loss against Advances	-	-
Operating profit before changes in working capital	3,800	-4,420
Adjustments for:		
(Increase)/ decrease in Inventories	26,576	5,982
(Increase)/ decrease in trade receivables	-	-478
(Increase)/ decrease in other financial and non-financial assets	8,311	2,104
Increase/ (decrease) in trade payables and other financial liabilities	10,328	4,253
Increase/ (decrease) in provisions	-4,583	-70
Increase/ (decrease) in other non-financial liabilities	-21,050	-6,471
Cash generated from / (used in) operating activities	23,383	899
Income tax paid (net of refund)	124	270
Net cash flows from/ (used in) operating activities (A)	23,506	1,169
Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	-	-4
Sale of Investments - net	-1	4,107
Net cash flows from/ (used in) investing activities (B)	-1	4,103
Cash flow from financing activities		
Proceeds/(Repayments) from short-term borrowings	-16,889	143
Interest paid (gross)	-6,619	-5,582
Net cash flows from/ (used in) financing activities (C)	-23,508	-5,438
Net increase/ (decrease) in cash and cash equivalents	-2	-167
Cash and cash equivalents at the beginning of the year	50	217
Cash and cash equivalents at the end of the year	48	50

Components of cash and cash equivalents	Year ended	Year ended
	31.03.2021	31.03.2020
	Audited	Audited
Cash on hand	-	1
Balance with banks		
- on current account	48	49
Total cash and cash equivalents	48	50



- 3 The above standalone financial results have been reviewed by the Audit committee and approved by the Board of Directors of the Company at its meeting held on 29th June, 2021. The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year upto 31st March, 2021 and the unaudited published year-to-date figures upto 31st December,2020, being the date of the end of the third quarter of the financial year which were subject to limited review by the statutory auditors.
- 4 These standalone financial results information presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These results are uploaded on the Company website i.e. www.nelholdings.in and on the Stock Exchanges where the shares of the Company are listed i.e. www.bseindia.com.
- 5 Ind AS 116 "Leases" mandatory for reporting periods beginning on or after 1st April, 2019 as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standard), Amendment Rules, 2019, replacing the existing lease rental recognition criteria. However, it is not applicable for the Company as it does not hold any leases valid for more than 12 months as at 31st March,2021.
- 6 (i) The Company has exited Knightsbridge Residential project, via BTA that has been executed and transferred the assets and liabilities of the projects to Garden City. The proposal was approved by the share holders in the Annual General Meeting held on 30th September, 2020 for an all inclusive value of not less than Rs. 8 Cr. RERA approval for this transfer has been obtained.
- (ii) The Company has transferred Virgin Island Residential project along with Debentures outstanding against the project to land owners by way of settlement executed. The proposal was approved by shareholders in the Annual General Meeting held on 30th September,2020 for an all inclusive value of not less than Rs. 2 Cr.
- (iii) The Company has exited Park Avenue Residential project, via BTA that has been executed and transferred the assets and liabilities of the projects to Garden City. The proposal was approved by the share holders in the Annual General Meeting held on 31st December, 2020 for an all inclusive value of not less than Rs. 35 Cr. RERA approval for this transfer has been obtained.
- (iv) Pursuant to one time settlement with IDFC, the company has redeemed the debenture amount of Rs. 55 crs. Net surplus of Rs. 52.69 crs is accounted for in the books. Debt in the books of the company of Rs. 108 crs with interest stands reduced from the overall liability of the company.
- 7 As per note no. 6 (i) (ii) & (iii) provided above, the Company has exited Knightsbridge Park Avenue and Virgin Island projects and entered in to one time settlement with the lenders against loan outstanding for said projects. Accordingly the company has classified Rs. 149.18 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.
- 8 The Company has defaulted on payment to various lenders, Principal (Rs 35,586 lakhs) as on 31st March, 2021 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.
- 9 The Company has signed and got in to a joint settlement memo in March 2020 for Rs. 13 crs with M/s. Shriram City Union Finance Ltd (SCUF). The company has so far paid Rs. 6.75 crs and has found a buyer for Rs. 6.25 crs. The matter is being currently heard in the debt recovery tribunal B'lore for closure of this matter and the extended time lines due to the Pandemic of Covid 19. SCUF has asked for additional interest for the delayed payment during pandemic period which the Company is in the process of negotiation.
- 10 The Company has Rs. 212 crs liability with Yes Bank and this account has been classified as NPA in the Balance Sheet. The company is engaged in one time settlements and exits are happening, the bank is still legally pursuing recovery in the DRT, various court as well as litigation are pending under section 138. In addition to this the bank has filed a police complaint in the jurisdictional station Bangalore. The Company legal teams and lawyers contesting this legally.
- 11 The Company primarily operates in two business segments - 'Residential' and 'Retail'. All operations are in India and hence there is no geographical segment.



- 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.
- 12
- 13 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.
- 14 The figures in respect of previous period have been regrouped/recast wherever necessary.

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


L.S. Vaidyanathan
DIN: 00304652
Executive Director

Place: Bengaluru, India
Date : 29th June 2021



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Auditor's Report on Quarterly Financial Results and Year to Date Results of NEL Holdings Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

Report on the audit of the Standalone Financial Results

Adverse Opinion

We have audited the accompanying standalone quarterly financial results of NEL Holdings South Limited (the Company) for the quarter ended March 31, 2021 and the year to date results for the period from April 01, 2020 to March 31, 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

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

a) except for the matters dealt with in the Basis for Adverse Opinion Para given below, the financial result is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

b) *due to the significance of matter described on the* Basis for Adverse Opinion Para given below, the accompanying standalone financial results do not give a true and fair view of the financial position of the Company, in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standard and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2021 as well as the year to date results for the period from April 01, 2020 to March 31, 2021.

Basis for Adverse Opinion

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



During the year Company has sold two projects through a Business Transfer Agreement and repaid some portion of the bank loan. Further the Company has cancelled the development right of the project 'Nitesh Virgin Island' and handed over the rights to original land owner.

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 statements 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.

2. The Company has given unsecured advance amounting to Rs 3,515 Lakh to Boulevard Developers Pvt. Ltd (Boulevard) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreements could be produced to us. We have been informed that Boulevard is not in a position to honor its commitment and repay the advance. Considering these factors, we are concerned about the manner in which the funds were given without obtaining any security. Company has made full provision in the books during the year which in our opinion is a matter of concern.
3. The Company had advanced Rs. 1228 Lakhs to Somerset Infra Projects Private Limited (Somerset) for acquiring immovable properties on behalf of the Company. Somerset has neither delivered any property to the Company as per the agreement nor refunded the money. The Company has made full provision for the said advance in the previous years. In our opinion, such injudicious advances are a matter of concern and may be prejudicial to the interest of the Company.
4. The Company has accounted, Principal of Rs.35,586 Lakhs, Accrued Interest of Rs.16,752 Lakhs and Disputed Liability of Rs.14,933 in its books of account as total outstanding to banks and financial institution as on 31st March,2021. Pending confirmation 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 Company.
5. The Company has sold the projects "Nitesh Knightbridge" and "Park Avenue", during the year on an ongoing basis, through Business Transfer Agreements. Further the Company has cancelled the development right for the development of the project 'Nitesh Virgin Island' and handed over the rights to the original land owners.
 - (i) The Company has borrowed Rs 28,497 Lakhs from HDFC Limited for various projects including Nitesh Knightsbridge, Nitesh Virgin Island and



Nitesh Park Avenue. As per the terms of business transfer agreement with the third party, an amount of Rs. 800 Lakhs and 3,500 Lakhs have been paid to HDFC Limited for release of charge on Nitesh Knightsbridge and Park Avenue respectively. Basis the same the Company has classified the remaining outstanding liability, to the extent allocated to the project, as disputed liability.

- (ii) During the financial year, charge/mortgage of the project 'Nitesh Virgin Island' was released by HDFC Limited. Such release was conditional that the same shall not be construed as settlement of any kind. Consequently, the Company has accounted for Rs 8,146 Lakhs being the estimated carrying value of loan and Rs 3,000 Lakhs being the interest component as a disputed liability in the standalone financial statements.
6. As stated in the standalone financial statements, the Company has collected Rs 452 Lakhs as advance from customers from closed/suspended residential projects in the earlier years which have now been abandoned. 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 sections 73 to 76 of the Companies Act, 2013. Proper disclosure has not been made in the standalone financial statements in this respect.
7. In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 9,224 Lakhs (after providing for Rs. 4,546 Lakhs out of the total receivable) against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount. Even after making the above noted provision, the Company has disbursed fresh advance amounting Rs 360 Lakhs during the year which in our opinion may be a matter of concern.
8. The Company has not tested impairment of its projects' CWIP and Inventories amounting to Rs 8,835 Lakhs and Rs 12,466 Lakhs (Net of "Payable to land owner for land under Joint Development Agreement, JDA") respectively as on 31st March, 2021.
9. Year-end balance confirmation certificates in respect of trade payables, vendor and other advances have not been provided for our verification and record. In absence of adequate audit evidence, we are unable to ascertain as to whether any provision is required with respect to the carrying amounts of these balances as at reporting date. Further, Trade Receivable amounting to Rs.753 Lakhs receivable from customer as on 31st March, 2021 has not been considered for impairment loss based on expected credit loss method as per requirement of Ind AS 109.
10. As per the records of the company and information and explanations provided to us, the Company has been irregular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Services tax, cess.



11. The Company has neither ascertained nor accounted for component wise Deferred Tax Assets/ Liabilities as on balance sheet date and its adjustment in the Statement of Profit & Loss during the year.
12. The Company has not provided customer wise reconciled figures for some outstanding balances for "Billing in excess of revenue" (Net of debit balance) (Refer Note No 20(ii) to the standalone financial statement). Due to non-availability of the said details we are unable to verify the correctness of the same.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The Company has given unsecured advance amounting to Rs. 1887 Lakhs to Winter Lands Pvt. Ltd. (Winter Lands) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreement could be produced to us. We have been informed that Winter Lands is not in a position to honor its commitment or repay the advance. The Management is of the view that provision for the same is not required as, Winter Lands has sought to transfer its JDA rights in Project at Commissariat Road to the extent of 9920 Sq feet to the Company by way of Memorandum of Understanding (MOU). The enforceability of this MOU, NOC from Land owners and the basis of the valuation has not been satisfactorily explained to us.

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

Management Responsibilities for the Standalone Financial Results

These standalone financial results have been prepared on the basis of the standalone financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss for the year ended March 31, 2021 and other comprehensive income and other financial information of the company in accordance with the recognition and



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measurement principles laid down in Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- a) The Company has transferred the debenture outstanding liability of Rs. 5,500 Lakhs to land owners of Virgin Island Project during the year for settlement of the dues of the debenture holder 'Investcorp Real Estate Fund (erstwhile IDFC Real Estate Yield Fund)' on cancellation of Joint Development agreement-JDA and has handed over the title documents of the said composite property to the respective



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CHARTERED ACCOUNTANTS

land owners in terms of mutual agreement which the land owners and Investcorp Real Estate Yield Fund may have entered into, however, such documents have not been provided to us. As such, net of surplus arising on settlement of debenture liability and consideration for handing over the title documents to land owners amounting to Rs.5,268/- Lakhs with accrued debenture interest of Rs. 5356 Lakhs has been disclosed as exceptional income to the Profit & Loss Account of the Company on the date of said transfer.

- b) As stated in the standalone 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 Company's ability to carry out the business.
- c) The Statement includes the results for the quarter ended March 31, 2020 and the corresponding quarter ended in the previous year being the balancing figures between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year which were subject to limited review.

Our report is not modified in respect of these matters.

For **RAY & RAY**

Chartered Accountants

(Firm's Registration No. 301072E)



Shipra Gupta

Place: Bengaluru

Date: 29.06.2021

(Shipra Gupta)
Partner

Membership No. 436857
UDIN 21436857AAAAAV5015

Annexure I (Standalone)

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 2021.

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

Rs in lakhs

Sl. No	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	7,615	7,615
2	Total Expenditure	15,656	46,934
3	Net loss	-8,041	-39,319
4	Earnings Per share	-5.57	
5	Total assets	67,985	36,707
6	Total Liabilities	1,57,788	1,57,788
7	NETWORTH	-89,804	-1,21,082

II. Audit Qualification (each Audit Qualification separately)

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

During the year Company has sold two projects through a Business Transfer Agreement and repaid some portion of the bank loan. Further the Company has cancelled the development right of the project 'Nitesh Virgin Island' and handed over the rights to original land owner.

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.



For NEL Holdings South Limited


Chief Financial Officer

As the Company has not recognized this fact and has prepared the standalone financial statements 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.

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

Not Applicable as Auditor has not quantified the impact

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

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

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

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

2. **a. Detail of Audit Qualification:** The Company has given unsecured advance amounting to Rs 3,515 Lakh to Boulevard Developers Pvt. Ltd (Boulevard) for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreements could be produced to us. We have been informed that Boulevard is not in a position to honor its commitment and repay the advance. Considering these factors, we are concerned about the manner in which the funds were given without obtaining any security. Company has made full provision in the books during the year which in our opinion is a matter of concern.

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

The Auditor has quantified the amount of Rs. 3515 lakhs and is provided in the books.

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



Chief Financial Officer

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: Company will suffer substantial loss because of uncertainties of recovery without taking any legal course of action.

3. **a. Detail of Audit Qualification:** The Company had advanced Rs. 1227.98 Lakhs to Somerset Infra Projects Private Limited (Somerset) for acquiring immovable properties on behalf of the Company. Somerset has neither delivered any property to the Company as per the agreement nor refunded the money. The Company has made full provision for the said advance in the previous years. In our opinion, such injudicious advances are a matter of concern and may be prejudicial to the interest of the Company.

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

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

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

i. Not Applicable as impact is quantified.

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

iii. Auditor's comment on (i) or (ii) above: Though there is no financial impact we are concerned about the manner of disbursing of advance and their subsequent recovery.

4. **a. Detail of Audit Qualification:** The Company has accounted, Principal of Rs.35,586/- Lakhs, Accrued Interest of Rs.16,752/-Lakhs and Disputed Liability of Rs.14,933/- in its books of account as total outstanding to banks and financial institution as on 31st March, 2021. Pending confirmation 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



For NEL Holdings South Limited

Chief Financial Officer

payment to banks and financial institution has neither been ascertained nor provided for in the books of account of the Company.

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

No impact

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 Company has sold the projects "Nitesh Knightsbridge" and "Park Avenue", during the year on an ongoing basis, through Business Transfer Agreements. Further the Company has cancelled the development right for the development of the project 'Nitesh Virgin Island' and handed over the rights to the original land owners.

(i) The Company has borrowed Rs 28,497 Lakhs from HDFC Limited for various projects including Nitesh Knightsbridge and British Columbia, Virgin Island. As per the terms of business transfer agreement with the third party, an amount of Rs. 800 Lakhs and 3,500 Lakhs have been paid to HDFC Limited for release of charge on Nitesh Knightsbridge and Park Avenue respectively. Basis the same the Company has classified the remaining outstanding liability, to the extent allocated to the project, as disputed liability.

(ii) During the financial year, charge / mortgage of the project 'Nitesh Virgin Island' was released by HDFC Limited. Such release was conditional that the same shall not be construed as settlement of any kind. Consequently, the Company has accounted for Rs 8,146 Lakhs being the estimated carrying value of loan and Rs 3,000 Lakhs being the interest component as a disputed liability in the standalone financial statements.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: First Time Qualification

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



For NEL Holdings South Limited

Chief Financial Officer

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:** As stated in the standalone financial statements, the Company has collected Rs 452 Lakhs as advance from customers from closed/suspended residential projects in the earlier years which have now been abandoned. 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 sections 73 to 76 of the Companies Act, 2013. Proper disclosure has not been made in the standalone financial statements in this respect.

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

The Auditor has quantified the amount of Rs. 452 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.

7. **a. Detail of Audit Qualification:** In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 9,224 Lakhs (after providing for Rs. 4,546 Lakhs out of the total receivable) against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount. Even after making the above noted provision, the Company has disbursed fresh advance amounting Rs 360 Lakhs during the year which in our opinion may be a matter of concern.



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

The Auditor has quantified the amount of Rs. 9224 lakhs for which impact has been considered in above table.

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

i. Not Applicable as impact is quantified.

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

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

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 12,466/- Lakhs (Net of "Payable to land owner for land under Joint Development Agreement, JDA") respectively as on 31st March, 2021.

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

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.



For NEL Holdings South Limited

A handwritten signature in blue ink, appearing to be "RK".

Chief Financial Officer

9. **a. Detail of Audit Qualification:** Year-end balance confirmation certificates in respect of trade payables, vendor and other advances have not been provided for our verification and record. In absence of adequate audit evidence, we are unable to ascertain as to whether any provision is required with respect to the carrying amounts of these balances as at reporting date. Further, Trade Receivable amounting to Rs.753/- Lakhs receivable from customer as on 31st March, 2021 has not been considered for impairment loss based on expected credit loss method as per requirement of Ind AS 109.

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

e. The Company could not obtain balance confirmation due to Covid-19 post year-end and reduced resources to undertake such tasks. However, Management is of the view that it will not have any additional impact on realisable value more than what has already been impaired under various heads.

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

Owing to the nature of observation, impact cannot be quantified. However, Management is of the view that it will not have any additional impact on realisable value more than what has already been impaired under various heads.

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

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

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.

b. Type of Audit Qualification: Qualified Opinion



For NEL Holdings South Limited

Chief Financial Officer

c. Frequency of Qualification: First Time Qualification

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

1) **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-

i. Auditor's comment on (i) or (ii) above: It is violation of IT act.

11. **a. Detail of Audit Qualification:** The Company has neither ascertained nor accounted for component wise Deferred Tax Assets/ Liabilities as on balance sheet date and its adjustment in the Statement of Profit & Loss during the year.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Second Time Qualification

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

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

i. The Company could not ascertain component wise Deferred tax due to reduced resources to undertake such tasks. However, impact cannot be quantified until component wise deferred tax is determined.

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

Owing to the nature of observation, impact cannot be quantified until component wise deferred tax is determined.

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

12. **a. Detail of Audit Qualification:** The Company has not provided customer wise reconciled figures for some outstanding balances for "Billing in excess of revenue" (Net of debit balance) (Refer Note No 20(ii) to the standalone financial statement). Due to non-availability of the said details we are unable to verify the correctness of the same.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Second Time Qualification



For NEL Holdings South Limited


Chief Financial Officer

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

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

i. The Company has provided the workings of billing in excess of revenue. However, impact cannot be quantified nor the management is not expecting any impact because of such reconciliation.

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

Owing to the nature of observation, impact cannot be quantified until reconciliation is made. However, the management is expecting any impact because of such reconciliation.

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

Signatories

**NITESH
SHETTY**

Digitally signed by NITESH SHETTY
DN: c=IN, o=Personal,
2.5.4.20=bf477b64b55ea8ebd3c3a8565fa567
928679f5c410ba0717e462ab4e6a7638bd,
postalCode=560001, st=KARNATAKA,
serialNumber=391ce3238eba22740f1b515a8
d00368bc493a713399b441cd375d98177840
57a, cn=NITESH SHETTY
Date: 2021.06.29 23:24:56 +05'30'

Chairman & Managing Director

For NEL Holdings South Limited

CFO

Chief Financial Officer

Audit Committee Chairman

Statutory Auditor

Bangalore

Date : 29th June 2021



Sdr
(S. Anantha Narayan)

Srupta