

RAY & RAY

CHARTERED ACCOUNTANTS

824, 2nd Cross, 11th Main
HAL 2nd Stage, Indiranagar
Bengaluru - 560 008.
Tele : +91-41221758
E-mail: ray_ray@vsnl.net

Auditor's Report on Quarterly Financial Results and Year to Date Results of NEL Holdings South 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, 2022 and the year to date results for the period from April 01, 2021 to March 31, 2022, 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 matters described in 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 loss and other financial information of the Company for the quarter ended March 31, 2022 as well as the year to date results for the period from April 01, 2021 to March 31, 2022.*



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. The Statement does not adequately disclose this fact.

The Company is in the process of exiting the projects and settling the loans from banks, financial institutions and creditors etc. 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 remains 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 accounted, Principal of Rs. 34,495 Lakhs, Accrued Interest of Rs. 8,230 Lakhs and Disputed Liability of Rs.16,574 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 confirmation and correspondence, the outstanding balance and status of demand raised by the respective banks and financial institutions could not be 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. (Refer to note 5 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 further interest on this loan since the previous financial year. Further, the Company had earlier been written back accrued interest amounting to Rs. 1,443 Lakhs as income in the quarter ended June 30, 2021, which 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 12 of the Statement).

During the year, the Company 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 11 of the Statement).

During the previous year, the Company has sold/disposed 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 which 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 10 of the statement).

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

3. The outstanding balance of advances collected from customers in earlier years pertaining to closed / suspended residential projects, amount 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.
4. In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 5,389 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 fresh advance amounting Rs. 651 Lakhs during the 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.
5. The Company has not tested impairment of its projects' CWIP and Inventories amounting to Rs. 8,835 Lakhs and Rs. 5,181 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.
6. Year-end balance confirmation certificates 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. 1,838 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.



7. 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. 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. 1,199 Lakhs and payable balance of Rs. 9,186 Lakhs 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.

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

We draw attention to the fact that:

- a. The Company 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.



During the year, the Company 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 Company 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 year, 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 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 year, 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.

- b. The Company 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 9 and 10 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. 138 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 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. 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.
- h. The Company has written back certain long outstanding vendor liabilities in its books of accounts. Same is subject to ratification by the board.
- i. Contingent Liability as disclosed in the standalone 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.
- j. The Company has an outstanding liability of Rs. 162 Lakhs towards employee payable as on 31st March, 2022, of which an amount of Rs. 138.25 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.
- k. Effect of COVID-19: We draw attention to note no. 13 of the Statement, which describes the economic and social consequences/disruption that the entity is encountering as a result of the COVID-19 pandemic that has impacted supply chains and consumer demand across the Country and has negatively affected the business of the Company. The situation is still evolving and the management's assessment of the impact of the pandemic on subsequent periods is dependent on the circumstances as they evolve.

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

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 loss and other financial information of the company in accordance with the recognition and 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.

- 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



RAY & RAY

CHARTERED ACCOUNTANTS

reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Statement includes the results for the quarter ended March 31, 202 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.

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



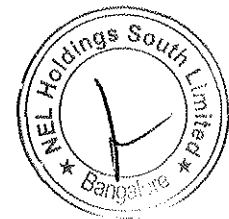
(Shipra Gupta)
Partner

Membership No. 436857
UDIN: 22436857AICITP8745

Place: Bengaluru
Date: 29.04.2022

Statement of audited standalone financial results for the quarter and year ended March 31, 2022 (Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2022	Preceding 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	0	461	4,665	2,260	7,372
	(b) Other Income	159	148	73	18,065	243
	Total Income	159	608	4,738	20,325	7,616
2	Expenses					
	(a) Land and construction cost	690	192	12,713	605	9,710
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	0	-	(5,782)	0	(0)
	(c) Employee benefits expense	35	153	96	497	556
	(d) Finance costs	1,394	508	52	2,923	6,619
	(e) Depreciation and amortization expense	6	2	3	12	13
	(f) Other Expenses	2,865	360	252	3,570	4,259
	Total Expenses	4,991	1,216	7,335	7,607	21,157
	Exceptional items	(12,845)	(0)	(233)	(13,706)	6,077
3	Profit/(Loss) before tax (1-2)	(17,676)	(608)	(2,830)	(988)	(7,465)
4	Tax expenses					
	i) Tax for previous years		10		-	-
	ii) Current Tax	220		(82)	220	-
	iii) Deferred tax	(177)	(4)	13	(164)	662
5	Profit/(Loss) after tax for the period (3-4)	(17,719)	(614)	(2,761)	(1,044)	(8,127)
6	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit & Loss	53	16	(52)	-	-
	(ii) Remeasurement of Defined Benefit Plan	(63)	-	115	(63)	115
	(iii) FVOCI - equity investments	-	-	-	-	-
	(iv) Tax on above items that will not be reclassified to profit or loss	(13)	(4)	(16)	-	(29)
	Total Other Comprehensive Income	(23)	12	47	(63)	86
7	Total Comprehensive Income for the period (Comprising profit/(loss) and Other Comprehensive Income for the period (5+6))	(17,742)	(602)	(2,714)	(1,107)	(8,041)
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)					
	(a) Basic EPS	(12.15)	(0.42)	(1.89)	(0.72)	(5.57)
	(b) Diluted EPS	(12.15)	(0.42)	(1.89)	(0.72)	(5.57)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583.00	14,583	14,583



Notes to the financial results:

NEL

1 Statement of Assets & Liabilities

Holdings South Limited

(Rs in lakh)

Particulars	As on	As on
	31-Mar-22	31-Mar-21
	Audited	Audited
ASSETS		
(1) Non-current assets		
a) Property, Plant and Equipment	33	41
b) Other Intangible assets	1	5
c) Capital work in progress	8,835	8,835
	8,869	8,881
e) Financial Assets		
(i) Investments	(0)	(0)
(ii) Loans	-	-
Deferred tax Asset (Net)	-	-
f) Other non-current assets	86	86
	87	86
(2) Current assets		
a) Inventories	17,559	32,659
b) Financials Assets		
(i) Trade receivables	1,838	753
(ii) Cash and cash equivalents	49	48
(iii) Other Bank balances	-	-
(iv) Loans	-	-
(v) Other current financial assets	-	-
c) Other current assets	22,867	25,559
	42,313	59,020
Total Assets	51,269	67,988
EQUITY AND LIABILITIES		
(1) Equity		
Equity Share capital	14,583	14,583
Other Equity	(1,05,494)	(1,04,387)
	(90,911)	(89,804)
(2) Non-current liabilities		
a) Financial Liabilities		
(i) Other financial liabilities	29	-
b) Deferred tax liabilities, net	-	163
c) Provisions	94	88
	123	251
(3) Current liabilities		
a) Financial Liabilities		
(i) Borrowings	34,495	35,586
(ii) Trade payables	10,837	19,323
(iii) Other current financial liabilities	69,870	68,216
b) Other current liabilities	26,847	34,381
c) Provisions	8	34
	1,42,057	1,57,540
Total Equity & Liabilities	51,269	67,988



2 Statement of Cash Flows

(Rs in lakh)

Particulars	Year ended	Year ended
	31.03.2022	31.03.2021
	Audited	Audited
<u>Cash flow from operating activities</u>		
Profit/ (Loss) before tax	-988	-7,465
Other Comprehensive Income (net of tax)	-63	86
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
Depreciation of property, plant and equipment	12	13
Gain/ (loss) on disposal of investments	17,470	-
Write off of Liability	-3,764	-
Provisions & Liabilities no longer required, written back	-17,796	-
Interest element on Preference shares of NHDPL	-250	-219
Impairment Provision against Investments	250	4,767
Finance costs	2,019	6,619
Operating profit before changes in working capital	-3,110	3,801
<u>Adjustments for:</u>		
(Increase)/ decrease in Inventories	15,100	26,575
(Increase)/ decrease in trade receivables	-1,085	-
(Increase)/ decrease in other financial and non-financial assets	2,692	8,310
Increase/ (decrease) in trade payables and other financial liabilities	-3,836	10,328
Increase/ (decrease) in provisions	-20	-4,583
Increase/ (decrease) in other non-financial liabilities	-7,734	-21,050
Cash generated from / (used in) operating activities	2,009	23,382
Income tax paid (net of refund)	12	124
Net cash flows from/ (used in) operating activities (A)	2,020	23,505
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	-	-
Sale of Investments - net	0	-1
Net cash flows from/ (used in) investing activities (B)	0	-1
<u>Cash flow from financing activities</u>		
Proceeds/(Repayments) from short-term borrowings	0	-16,889
Interest paid (gross)	-2,019	-6,619
Net cash flows from/ (used in) financing activities (C)	-2,019	-23,508
Net increase/ (decrease) in cash and cash equivalents	1	-3
Cash and cash equivalents at the beginning of the year	48	51
Cash and cash equivalents at the end of the year	49	48

Components of cash and cash equivalents	Year ended	Year ended
	31.03.2022	31.03.2021
	Audited	Audited
Cash on hand	-	-
Balance with banks		
- on current account	49	49
Total cash and cash equivalents	49	49



- 1 The above standalone financial results have been reviewed by the Audit committee and approved by the Board of Directors of the Company at its meeting held on 29th April, 2022. The statutory auditors have conducted a limited review of the standalone Financial Results of the Company for the period ended 31st March, 2022.
- 2 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.
- 3 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.
- 4 The Company has exited Caesars Palace Project to M/s. BRS Associates in second quarter. RERA approval for this project has been obtained for the same.
- 5 The Company has defaulted on payment to two lenders, Principal (Rs 34,495 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 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.
- 6 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.
- 7 The 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.
- 8 The 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 second quarter. Consequent to said divestment, CHPL ceases to be the subsidiary of the Company as on 30th September 2021.
- 9 The 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 crores. Consequently Rs. 2.84 crores is written back in our records.
- 10 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.
- 10 The Company has exited Knightsbridge and Virgin Island projects and based on NOC received had treated the same as writeback in the earlier in first quarter. However, pending final settlement with the Bank, the company has now classified Rs. 114.02 crores as disputed liability in the current quarter.
- 11 In respect of Plaza project, the company has reclassified the outstanding interest amount of Rs. 37.28 crs as disputed liability in first quarter.
- 12 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 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.
- 13 With the one time settlements and exists of projects the standalone debt of the company stands at 344.95 crores.
- 14 The outbreak of second wave of COVID-19 pandemic has significantly impacted global businesses environment. The restriction of human movement through nationwide lockdown during the period from 27th April, 2021 to 21st June, 2021 imposed by the Government of India to prevent community spread of the disease has resulted significant reduction in economic activities with respect to the operations of the Company, The business of the Company has gone down drastically and the construction activities of the Company has been stopped due to non-availability of resources during lock down period. The Company has taken necessary steps to overcome the present situation by analysing various internal and external information inter-alia the assumptions relating to economic forecasts and future cash flows for assessing the recoverability of various assets and receivables viz, Investments, contract and non-contract assets, trade and non-trade receivables, inventories, advances and contract costs as on the date of approval of these financial statements. The assumptions used by the company are being tested through sensitivity analysis and the company expects to recover the carrying amount of these assets and receivables based on the current indicators of future economic benefits. As the management is still assessing the impact of COVID-19 pandemic on the future period, the impact may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor the material changes if any, to the future economic conditions. Same situation is continuing in the FY 2021-22 due to pandemic outbreak.
- 15 **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.

The figures for the quarter ended 31st March, 2022 are the derived balancing figures between the unaudited figures in respect of nine months ended 31st December 2021.
- 16 The figures in respect of previous period have been regrouped/recast wherever necessary.

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

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

Place: Bengaluru, India
Date : 29th April 2022



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

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	20,325	20,325
2	Total Expenditure	21,432	28,659
3	Net loss	-1,107	-8,334
4	Earnings Per share	-0.72	
5	Total assets	51,268	44,041
6	Total Liabilities	1,42,058	1,42,058
7	NETWORTH	-90,790	-98,017

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. The Statement does not adequately disclose this fact.

The Company is in the process of exiting the projects and settling the loans from banks, financial institutions and creditors etc. 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 remains 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.

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 not quantified by the Auditor**

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



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

3. **a. Detail of Audit Qualification:** The outstanding balance of advances collected from customers in earlier years pertaining to closed / suspended residential projects, amount 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.

4. **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 5,389 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 fresh advance amounting Rs. 651 Lakhs during the 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.

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

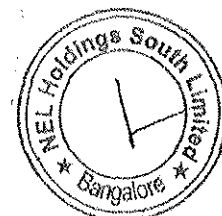
The Auditor has quantified the amount of Rs. 651 lakhs for which impact has been considered in above table.

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



Holdings South Limited

7. **a. Detail of Audit Qualification:** 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. 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.1,199 lakhs and payable balance of Rs.9,186 lakhs 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: Second 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**

~~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 applicable Statutory Regulations.

Signatories

Chairman & Managing Director

Chief Financial Officer

Audit Committee Chairman

Statutory Auditor

Bangalore

Date : 29th April 2022

SUBRAMANIAN
ANANTHANARAYANAN

Digitally signed by SUBRAMANIAN ANANTHANARAYANAN
DN: c=fN, o=Personal, pseudonym=fd70f94f3ae678d2b30b83db5d4ac5a17b451d8fe6d4f7937b74e93f0423538, postalCode=400098, st=Maharashtra, serialNumber=ffec2854aef2e7f2a870bf192b93e67029091679f64ce7e38c34996f0coba19, cn=SUBRAMANIAN ANANTHANARAYANAN
Date: 2022.04.30 00:48:11 +05'30'