

May 31, 2023

Ref.: SATCHMO/007/2023-24

**To**

**BSE Limited**

(Stock Code: 533202)

Floor 25, Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai-400 001

**Dear Sir / Madam,**

**Sub: Revised - Audited Standalone and Consolidated Financial Results for the fourth quarter and the year ended on 31<sup>st</sup> March, 2023 along with the Auditor's Report.**

**Ref: Email dated 26-May-2023 on Discrepancies in Financial Results**

With reference to the email dated May 26, 2023, regarding discrepancies observed in the Financial Results, we would like confirm that both the standalone and consolidated financials were signed by Mr. Rajeev Khanna, Executive Director on Board of the Company who is also a Whole Time Director of the Company and also has been authorized to sign by the corresponding resolution passed in the Board.

We as such once again upload the signed copy of the standalone and consolidated financials for the fourth quarter and the year ended on 31st March, 2023 as approved by the Board of Directors together with the revised Report of the Statutory Auditors in the SEBI format along with the duly signed copy of the Statement on Impact of Audit Qualifications for taking on record.

Request you to take the same on records.

**For Satchmo Holdings Limited**  
(Formerly NEL Holdings South Limited)

  
**Prasant Kumar**  
Company Secretary & Chief Compliance Officer



*Encl.: As above*

**Satchmo Holdings Limited**

(Formerly known as NEL Holdings South Limited)

CIN : L93000KA2004PLC033412

Regd. Office: No. 110, A Wing, Level 1, Andrews Building, M.G. Road, Bangalore - 560 001. Tel: +91-080-2227 2220, W : www.satchmoholdings.in, Email : info@satchmoholdings.in

April 28, 2023

Ref.: SATCHMO/004/2023-24

**To**

**BSE Limited**

(Stock Code: 533202)

Floor 25, Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai-400 001

**Dear Sir / Madam,**

**Sub: Audited Standalone and Consolidated Financial Results for the fourth quarter and the year ended on 31<sup>st</sup> March, 2023 along with the Auditor's Report.**

We herewith enclose the Audited Standalone and Consolidated Financial Results of the Company for the fourth quarter and year ended on March 31, 2023 as approved by the Board of Directors together with the Report of the Statutory Auditors and Statement on Impact of Audit Qualifications.

Request you to take the same on records.

**For Satchmo Holdings Limited**

*(Formerly NEL Holdings South Limited)*



**Prasant Kumar**

**Company Secretary & Chief Compliance Officer**



*Encl.: As above*

# RAY & RAY

CHARTERED ACCOUNTANTS

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Auditor's Report on Quarterly Financial Results and Year to Date Results of SATCHMO HOLDINGS LIMITED (formerly known as 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 SATCHMO HOLDINGS LIMITED  
(Formerly known as NEL HOLDINGS SOUTH LIMITED)**

**Report on the audit of the Standalone Financial Results**

**Adverse Opinion**

We have audited the accompanying standalone quarterly financial results of SATCHMO HOLDINGS LIMITED (formerly NEL Holdings South Limited) (the Company) for the quarter ended March 31, 2023 and the year to date results for the period from April 01, 2022 to March 31, 2023, 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 income and other financial information of the Company for the quarter ended March 31, 2023 as well as the year to date results for the period from April 01, 2022 to March 31, 2023.*



**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 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 certain projects under development and has transferred those projects to other developers/ landowners 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 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. (Refer to note 16 of the Statement)

2. The Company has accounted, Principal of Rs. 30,020 Lakhs, Accrued Interest of Rs. 7,010 Lakhs and Disputed Liability of Rs.23,188 Lakhs in its books of account as total outstanding to banks and financial institution as on 31<sup>st</sup> March,2023. 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)
  - i. 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 in earlier year. The Company has not provided any further interest on this loan since April, 2020. Further, the Company has classified interest of Rs. 1,443 Lakhs as Disputed Liability without any confirmation from the Bank in this regard. (Refer to note 11 of the Statement)
  - ii. 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 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. (Refer to note 12 of the Statement)

- iii. 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, has been classified as Disputed Liability. (Refer to note 10 of the Statement)
- iv. During the year, the Company exited and transferred the Investment Property Chelsea to Landowners after converting the same into Inventory on payment of Rs. 1100 Lakhs to HDFC Ltd. by Landowners. Pursuant to this, HDFC Limited has released the charge created for the Chelsea project on the condition that the same shall not be construed as a settlement of any kind. The Company has accounted for Rs. 3,334 Lakhs and Rs. 3,280 Lakhs respectively as disputed liability, being the estimated carrying value of borrowings and interest accrued thereon. (Refer to note 9 of the Statement)

The basis and documentation for such non provision of interest and classification as a disputed liability was not made available for our verification.

The Company has already filed defense appeal before Debt Recovery Tribunal on 23.08.2021 against the borrowings from Yes Bank, for which, the final order has not yet received by the Company.

As informed to us by the management, Yes Bank Limited ("Yes Bank") has absolutely assigned and transferred all the rights, title and interest in the financial assets pertaining to the Company together with the security created thereof in favor of J.C. Flowers Assets Reconstruction Private Limited (JCF ARC) vide assignment agreement executed in favor of JCF ARC, acting in its capacity as trustee of JCF YES Trust 2022-23/15 Trust ("JCF ARC") on December, 2022. No additional demand/notice has been received by the Company during the year. (Refer note 4 of the Statement)

3. In spite of the negative net worth of the subsidiaries, the Company has not accounted for impairment loss of Rs 389 Lakhs against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount.



4. Inventories amounting to Rs 4,309 Lakhs (Net of "Payable to land owner for land under JDA") has not been tested impairment for ascertaining the realizable value as on 31st March, 2023. To the extent of any possible diminution of value not accounted for, the standalone financial results may not give a true and fair view as per the requirement of Ind AS 2.
5. Year-end balance confirmation in respect of trade receivables, trade payables, vendor advances, advance from customers and other advances, have not been provided for our verification and record for all the parties. In the 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.
6. 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 canceled the GST registration of the Company on October 31, 2020. The Company also has a receivable balance of Rs. 1,207 Lakhs and a payable balance of Rs. 9,339 Lakhs (excluding interest) from various government authorities. Due to such statutory non-compliances, we are unable to comment on the actual recoverability and payment dues against such balances.
7. The Company has an outstanding liability of Rs. 217 Lakhs towards employees payable as on 31st March, 2023. Due to the non-availability of additional information and aging, we are unable to comment on the applicability of related statutory compliances or on the requirement of any further provision.

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 unsecured advance amounting to Rs. 10,311 Lakhs to WLM Logistics Parks Private Limited (formerly known as Winter Lands Private Limited) (WLM) after taking over the advance lying in the books of its subsidiary companies given for acquiring various immovable properties on behalf of the Company for which no Joint Development Agreement (JDA) could be produced to us. According to information and explanations given to us, WLM has settled all the advance by transfer of its JDA rights in the Project at Commissariat Road, Bengaluru, to the extent of 87,500 Sq. feet valued at Rs.10,311 Lakhs to the Company by way of Deed of Settlement during the year.
- b. 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. The Company has received Rs. 500 Lakhs from a third party towards assignment of the recovery of such advance has 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.

- c. The outstanding balance of advances collected from customers in earlier years pertaining to closed/suspended residential project, amount to Rs. 18 Lakhs as on March 31, 2023. 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 31st March 2023.



- d. During the year, the Company has impaired the entire amount of CWIP by providing further provision of Rs. 8,835 Lakhs towards the development cost of the projects namely Plaza, Soho and Chelsea 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.

Pursuant to the above, the Company has transferred Chelsea project to the landowner via a memorandum of settlement. Accordingly, the provision for impairment accounted in the books of account amounting to Rs. 3,177 Lakhs with respect to the Chelsea project has been written back.

However, cancellation agreement and release of charge etc. with respect to Plaza and Soho are yet to be executed by the Company.

- e. 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.
- f. The Company has reconciled the "Billing in excess of revenue" lying in its books of accounts. Unreconciled difference of Rs. 113 lakhs has been written back in its books of accounts as on 31st March, 2023.
- g. According to the information and explanation provided to us, Gratuity plan of the Company is unfunded as at 31st March, 2023 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.
- h. 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.

- i. The Company has written off/ written back certain long outstanding dues in its books of accounts. Same is subject to ratification by the board. We have not been provided with any documents to support the entries passed.
- j. 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.
- k. The Company has not complied with Ind AS 109 for the 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. 14 of the Statement)

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, 2023 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 the 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 the Board of Directors' 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.

The Statement includes the results for the quarter ended March 31, 2023 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



**RAY & RAY**  
CHARTERED ACCOUNTANTS

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*

(Shipra Gupta)  
Partner

Place: Bengaluru  
Date: 28.04.2023

Membership No. 436857  
UDIN: 23436857BGWXPM6925

**Satchmo Holdings Limited**

(formerly known as NEL Holdings South Limited)

Regd. Office: No. 110, A wing, Level 1 Andrews Building, M.G.Road Bangalore KA 560001 IN

CIN: L93000KA2004PLC033412, website - www.satchmoholdings.in

Phone Number: +91 80 2227 2220

Statement of audited standalone financial results for the quarter and year ended March 31, 2023

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2023	Preceding 3 months ended 31-12-2022	Corresponding 3 months ended 31-03-2022	Year to date figures for current period ended 31.03.2023	Year to date figures for previous year ended 31.03.2022
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from operations	5,976	-	0	7,606	2,260
	(b) Other Income	8,945	162	159	9,417	18,065
	<b>Total Income</b>	<b>14,921</b>	<b>162</b>	<b>159</b>	<b>17,023</b>	<b>20,325</b>
2	Expenses					
	(a) Land and construction cost	7,540	-	690	9,081	605
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	-	-	0	-	-
	(c) Employee benefits expense	140	172	35	665	497
	(d) Finance costs	486	515	1,394	2,028	2,923
	(e) Depreciation and amortization expense	6	2	6	10	12
	(f) Other Expenses	(107)	262	2,865	10,932	3,570
	<b>Total Expenses</b>	<b>8,065</b>	<b>951</b>	<b>4,991</b>	<b>22,716</b>	<b>7,607</b>
	Exceptional items	-	-	(12,845)	-	(13,706)
3	Profit/(Loss) before tax (1-2)	6,856	(789)	(17,676)	(5,693)	(988)
4	Tax expenses					
	i) Tax for previous years	-	-	-	-	-
	ii) Current Tax	(55)	18	220	-	220
	iii) Deferred tax	-	-	(177)	-	(164)
5	Profit/(Loss) after tax for the period (3-4)	6,911	(807)	(17,719)	(5,693)	(1,044)
6	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit & Loss	-	-	53	-	-
	(ii) Remeasurement of Defined Benefit Plan	(60)	20	(63)	0	(63)
	(iii) FVOCI - equity investments	-	-	-	-	-
	(iv) Tax on above items that will not be reclassified to profit or loss	-	-	(13)	-	-
	<b>Total Other Comprehensive Income</b>	<b>(60)</b>	<b>20</b>	<b>(23)</b>	<b>0</b>	<b>(63)</b>
7	Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (5+6)]	6,851	(787)	(17,742)	(5,693)	(1,107)
8	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)					
	(a) Basic EPS	4.74	(0.55)	(12.15)	(3.90)	(0.72)
	(b) Diluted EPS	4.74	(0.55)	(12.15)	(3.90)	(0.72)
9	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583



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Notes to the financial results:

1 Statement of Assets & Liabilities

Particulars	(Rs in lakh)	
	As on 31-Mar-23 Audited	As on 31-Mar-22 Audited
<b>ASSETS</b>		
<b>(1) Non-current assets</b>		
a) Property, Plant and Equipment	10,353	33
b) Other Intangible assets	3	1
c) Capital work in progress	0	8,835
	10,356	8,869
e) Financial Assets		
(i) Investments	0	0
(ii) Cash and cash equivalents	11	-
Deferred tax Asset (Net)	-	-
f) Other non-current assets	18	86
	29	86
<b>(2) Current assets</b>		
a) Inventories	12,380	17,559
b) Financials Assets		
(i) Trade receivables	118	1,838
(ii) Cash and cash equivalents	271	49
(iv) Loans	-	-
(v) Other current financials assets	-	-
c) Other current assets	16,213	22,868
	28,982	42,314
<b>Total Assets</b>	<b>39,367</b>	<b>51,269</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
Equity Share capital	14,583	14,583
Other Equity	(1,11,187)	(1,05,494)
	(96,604)	(90,911)
<b>(2) Non-current liabilities</b>		
a) Financial Liabilities		
(i) Other financial liabilities	18	29
b) Deferred tax liabilities, net	-	-
c) Provisions	106	94
	124	123
<b>(3) Current liabilities</b>		
a) Financial Liabilities		
(i) Borrowings	30,020	34,495
(ii) Trade payables	8,359	10,688
(iii) Other current financial liabilities	76,483	69,870
b) Other current liabilities	20,970	26,996
c) Provisions	15	8
	1,35,847	1,42,057
<b>Total Equity &amp; Liabilities</b>	<b>39,367</b>	<b>51,269</b>
	0	0



- 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 28th April, 2023. The statutory auditors have conducted a statutory audit of the standalone Financial Results of the Company for the year ended 31st March, 2023.
- 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.satchmoholdings.in and on the Stock Exchanges where the shares of the Company are listed i.e. www.bseindia.com.
- 3 The Company is analysing the implications of Companies (Indian Accounting Standards) Amendment Rules, 2023 to amend the provisions of Companies (Indian Accounting Standards) Rules 2015. Accordingly Ind AS 101, Ind AS 12, and Ind AS 103 is not applicable to the Company. Ind AS 107 and Ind AS 1 will be implemented as per Business transaction of the Company in future.
- 4 During the year one of the lender ( YES Bank) pursuant to execution of assignment agreement have absolutely assigned and transferred in favour of M/s J C FLOWER Asset Reconstruction Private Limited ( JCF ARC), the loans and all the amounts due and moneys stipulated in or payable under the financing documents by the Company to YES Bank together with all underlying security interests ( including pledges, undertakings and guarantees thereto) and rights, title and interests in relation to the same
- 5 The Company has defaulted on payment to two lenders, Principal (Rs. 30,020 lakhs) as on 31st March, 2023 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 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.
- 7 During the year, The Company has commenced business of trading in equities in line with its amended main object clause of Memorandum of Association
- 8 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 has settled all customer refunds and is in the process of transfer of project to the new developer post signing of MOU.
- 9 During the year, The Company has exited Chelsea project and has cleared the loan in relation to the project. The company had earlier intended to convert this project from residential to commercial and accordingly classified as Capital WIP. As said conversion did not happen till the time of exit, the company has reclassified the CWIP as inventory at the time of exit.
- 10 The group has exited Knightsbridge 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. 231.88 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.
- 11 The Group has been engaged with Yes Bank in relation to closure of Commissariat road project Loan or which Yes bank has principally agreed for a settlement of the said loan for Rs. 30 Crs. In view of this, Company has classified the interest of Rs. 14.43 crores as disputed liability.
- 12 In respect of Plaza project, the group has reclassified the outstanding interest amount of Rs. 37.28 crs as disputed liability in previous year.
- 13 With the one time settlements and exists of projects the standalone debt of the company stands at Rs. 300.21 crores.
- 14 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.
- 15 The Company has provided for Expected credit loss amount of Rs. 10.52 Crs during the year towards old outstanding sundry debtors.
- 16 **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.
- 17 The figures for the quarter ended 31st March, 2023 are the derived balancing figures between the unaudited figures in respect of nine months ended 31st December 2022.
- 18 The figures in respect of previous period have been regrouped/recast wherever necessary.

For and on behalf of the Board of Directors of  
Satchmo Holdings Limited  
(formerly known as NEL Holdings South Limited)

**Rajeev Khanna**  
DIN : 07143405  
Whole Time Director

Place: Bengaluru, India  
Date : 28th April 2023



2 Statement of Cash Flows

(Rs in lakh)

Particulars	Year ended	Year ended
	31.03.2023	31.03.2022
	Audited	Audited
<b>Cash flow from operating activities</b>		
Profit/ (Loss) before tax	-5,693	-988
Other Comprehensive Income (net of tax)	-	-
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation of property, plant and equipment	10	12
Gain/ (loss) on disposal of property, plant and equipment	-	-
Gain/ (loss) on disposal of investments	-	17,470
Write off of Liability	-	-3,764
Provisions & Liabilities no longer required, written back	-8,748	-17,796
Interest income on Preference shares of NHDPL	-285	-250
Impairment Provision against Preference shares of NHDPL	285	250
Impairment Provision against Advances	-	0
Finance costs	1,991	2,019
<b>Operating profit before changes in working capital</b>		
<b>Adjustments for:</b>		
(Increase)/ decrease in Inventories	3,702	15,100
(Increase)/ decrease in trade receivables	1,720	-1,085
(Increase)/ decrease in other financial and non-financial assets	6,721	2,692
Increase/ (decrease) in trade payables and other financial liabilities	7,696	-4,733
Increase/ (decrease) in provisions	20	-82
Increase/ (decrease) in other non-financial liabilities	-6,383	-7,763
<b>Cash generated from / (used in) operating activities</b>	<b>1,036</b>	<b>1,081</b>
Income tax paid (net of refund)	356	12
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>1,392</b>	<b>1,093</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	-20	-
Sale of Fixed asset	3	-
Proceeds from sale of property, plant and equipment	-	-
Purchase of Investments	-0	-0
Interest received	-	-
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>-17</b>	<b>-0</b>
<b>Cash flow from financing activities</b>		
Proceeds/(Repayments) from short-term borrowings	-1,142	-1,091
Interest paid (gross)	-	-
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>-1,142</b>	<b>-1,091</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>233</b>	<b>1</b>
Cash and cash equivalents at the beginning of the year	49	48
<b>Cash and cash equivalents at the end of the year</b>	<b>282</b>	<b>49</b>

Components of cash and cash equivalents	Year ended	Year ended
	31.03.2023	31.03.2022
	Audited	Audited
Cash on hand	-	-
Balance with banks		
- on current account	282	49
<b>Total cash and cash equivalents</b>	<b>282</b>	<b>49</b>





# Satchmo Holdings Limited

(formerly known as NEL Holdings South Limited)

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CIN: L93000KA2004PLC033412, website - www.satchmoholdings.in

Phone Number: +91 80 2227 2220



## Standalone Segment wise revenue, results for the period ended March 31, 2023

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2023	Preceeding 3 months ended 31-12-2022	Corresponding 3 months ended 31-03-2022	Year to date figures for current period ended 31.03.2023	Year to date figures for previous year ended 31.03.2022
		Audited	Unaudited	Audited	Audited	Audited
<b>1</b>	<b>Segment revenue</b>					
	(a) Residential	5,973	-	0	7,602	2,260
	(b) Facility Management	-	-	-	-	-
	(c) Investment and trading in equities	4	-	-	4	-
	<b>Total</b>	5,977	-	0	7,606	2,260
	Less: Inter-segment revenue	-	-	-	-	-
	<b>Net income from operations</b>	5,977	-	0	7,606	2,260
<b>2</b>	<b>Segment results</b>					
	Profit/(loss) before tax and interest					
	(a) Residential	(1,601)	(437)	(16,441)	(13,082)	(16,130)
	(b) Facility Management	-	-	-	-	-
	(c) Investment and trading in equities	(1)	-	-	(1)	-
	<b>Total</b>	(1,602)	(437)	(16,441)	(13,083)	(16,130)
	Add: Other income	8,945	162	159	9,417	18,065
	Less: Interest	486	515	1,393	2,028	2,923
	<b>Total profit/(loss) before tax</b>	6,857	(790)	(17,675)	(5,693)	(988)
<b>3</b>	<b>Segment Assets</b>					
	(a) Residential	39,351	38,891	51,268	39,351	51,269
	(b) Facility Management	-	-	-	-	-
	(c) Investment and trading in equities	15	-	-	15	-
	(d) Unallocated	-	-	-	-	-
	<b>Total</b>	39,366	38,891	51,268	39,366	51,269
<b>4</b>	<b>Segment Liabilities</b>					
	(a) Residential	1,35,971	1,42,348	1,42,180	1,35,971	1,42,180
	(b) Facility Management	-	-	-	-	-
	(c) Investment and trading in equities	-	-	-	-	-
	(d) Unallocated	-	-	-	-	-
	<b>Total</b>	1,35,971	1,42,348	1,42,180	1,35,971	1,42,180



**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 31<sup>st</sup> March 2023.

**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	17,023	17,023
2	Total Expenditure	22,716	23,105
3	Net loss	-5,693	-6,082
4	Earnings Per share	-3.90	
5	Total assets	39,367	38,978
6	Total Liabilities	1,35,971	1,35,754
7	NETWORTH	-96,604	-96,776

**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 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 certain projects under development and has transferred those projects to other developers/ landowners through the Memorandum of Understanding or Business Transfer Agreement and repaid some portion of the bank loan.



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For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

For SATCHMO HOLDINGS LIMITED

Chief Financial Officer

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. (Refer to note 16 of the Statement)

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: Fourth 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 accounted, Principal of Rs. 30,020 Lakhs, Accrued Interest of Rs. 7,010 Lakhs and Disputed Liability of Rs.23,188 Lakhs in its books of account as total outstanding to banks and financial institution as on 31<sup>st</sup> March,2023. 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)

i. 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 in earlier year. The Company has not provided any further interest on this loan since April, 2020. Further, the Company has classified



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For SATCHMO HOLDINGS LIMITED

For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

Chief Financial Officer

interest of Rs. 1,443 Lakhs as Disputed Liability without any confirmation from the Bank in this regard. (Refer to note no. 11 of the Statement)

- ii. 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 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. (Refer to note no. 12 of the Statement)
- iii. 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, has been classified as Disputed Liability. (Refer to note no. 10 of the Statement)
- iv. During the year, the Company exited and transferred the Investment Property Chelsea to Landowners after converting the same into Inventory on payment of Rs. 1100 Lakhs to HDFC Ltd. by Landowners. Pursuant to this, HDFC Limited has released the charge created for the Chelsea project on the condition that the same shall not be construed as a settlement of any kind. The Company has accounted for Rs. 3,334 Lakhs and Rs. 3,280 Lakhs respectively as disputed liability, being the estimated carrying value of borrowings and interest accrued thereon. (Refer to note 9 of the Statement)

The basis and documentation for such non provision of interest and classification as a disputed liability was not made available for our verification.

The Company has already filed defense appeal before Debt Recovery Tribunal on 23.08.2021 against the borrowings from Yes Bank, for which, the final order has not yet received by the Company.

As informed to us by the management, Yes Bank Limited ("Yes Bank") has absolutely assigned and transferred all the rights, title and interest in the financial assets pertaining to the Company together with the security created thereof in favor of J.C. Flowers Assets Reconstruction Private Limited (JCF ARC) vide assignment agreement executed in favor of JCF ARC, acting in its capacity as trustee of JCF YES Trust 2022-23/15 Trust ("JCF ARC") on December, 2022. No additional demand/notice has been received by the Company during the year. (Refer note 4 of the Statement)

For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

For SATCHMO HOLDINGS LIMITED

Chief Financial Officer



## Satchmo Holdings Limited

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Holdings Limited

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: Para 3 is second time and balance for Fourth 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: Interest not calculated on classification of Borrowing as a disputed liability.

3. **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 389 Lakhs against advance given to them, resulting in the understatement of loss and overstatement of net worth by the said amount.

**b. Type of Audit Qualification: Qualified Opinion**

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

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

The Auditor has quantified the amount of Rs. 389 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.

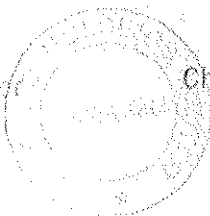
ii. If Management is unable to estimate the impact, reasons for the same- Not applicable

For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

For SATCHMO HOLDINGS LIMITED

Chief Financial Officer



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**Holdings Limited**

iii. Auditor's comment on (i) or (ii) above: It is a violation of Companies Act.

4. **a. Detail of Audit Qualification:** Inventories amounting to Rs 4,309 Lakhs (Net of "Payable to land owner for land under JDA") has not been tested impairment for ascertaining the realizable value as on 31st March, 2023. To the extent of any possible diminution of value not accounted for, the standalone financial results may not give a true and fair view as per the requirement of Ind AS 2.

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of Qualification: Fourth 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, the status of recovery is uncertain under present scenario.

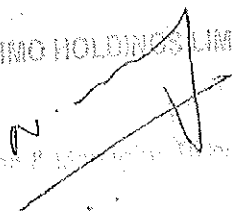
5. **a. Detail of Audit Qualification:** Year-end balance confirmation in respect of trade receivables, trade payables, vendor advances, advance from customers and other advances, have not been provided for our verification and record for all the parties. In the absence of adequate audit evidence, we are unable to ascertain as to whether any provision is required with respect to the carrying amounts of these balances as at reporting date.

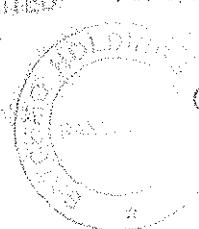
**b. Type of Audit Qualification: Qualified Opinion**

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

For SATCHMO HOLDINGS LIMITED

For SATCHMO HOLDINGS LIMITED





Chief Financial Officer



**Satchmo Holdings Limited**

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

**e.** The Company has posted the letter of balance confirmations to vendors and customers and auditors have received only few confirmations at their office.

i. Not applicable as impact has not been quantified

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

Not applicable

iii. Auditor's comment on (i) or (ii) above: The Company is yet to reconcile the balances with confirmations received. Hence, the impact of such reconciliation is not ascertainable at this stage.

6. **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 canceled the GST registration of the Company on October 31, 2020. The Company also has a receivable balance of Rs. 1,207 Lakhs and a payable balance of Rs. 9,339 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**

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 income tax and other applicable statutory acts.

7. **a. Detail of Audit Qualification:** The Company has an outstanding liability of Rs. 217 Lakhs towards employees payable as on 31st March, 2023. Due to the non-availability of additional information and aging, we are unable to comment on the applicability of related statutory compliances or on the requirement of any further provision.



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For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

For SATCHMO HOLDINGS LIMITED

Chief Financial Officer

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Third Time Qualification

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

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: The amount is outstanding for Rs. 217 Lakhs and the dues should be settled at an earliest.

Signatories For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

For SATCHMO HOLDINGS LIMITED

CFO

Chief Financial Officer

Audit Committee Chairman

Statutory Auditor

Bangalore

Date : 28<sup>th</sup> April 2023

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**Satchmo Holdings Limited**

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# RAY & RAY

CHARTERED ACCOUNTANTS

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Tele : +91-41221758  
E-mail: ray\_ray@vsnl.net

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

## INDEPENDENT AUDITOR'S REPORT

TO

**THE BOARD OF DIRECTORS OF SATCHMO HOLDINGS LIMITED**

**(Formerly known as NEL HOLDINGS SOUTH LIMITED)**

### Report on the audit of the Consolidated Financial Results

#### Adverse Opinion

We have audited the accompanying consolidated annual financial results of SATCHMO HOLDINGS LIMITED ("Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group") for the quarter ended March 31, 2023 and for the period April 1, 2022 to March 31, 2023 ("the Statement"), being submitted by the holding company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements of the Group, subsidiaries referred to in paragraph 6 below, the Statement:

a) includes the results of the following entities:

List of Subsidiaries:

- i. Northroof Ventures Private Limited (Formerly known as NHDPL South Private Limited);



- ii. Marathalli Ventures Private Limited (Formerly known as NUDPL Ventures Private Limited);
  - iii. LOB Facilities Management Private Limited (Formerly LOB Property Management Private Limited.
- b) 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, as amended; and
- c) *because of the reasons described in the basis for Adverse Opinion para,* and based on the audited report of other auditor referred below, the accompanying consolidated financial results do not give a true and fair view of the financial position of the entity, in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS), and other accounting principles generally accepted in India, of consolidated net loss and consolidated other comprehensive income and other financial information of the Group for the quarter ended March 31, 2023 and for the period from April 01, 2020 to March 31, 2023.

**Basis for Adverse Opinion**

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

The Group has transferred/sold certain projects through Memorandum of Understanding or Business Transfer Agreement and repaid some portion loans from banks and financial institution.

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

As the Group has not recognized this fact and has prepared the consolidated financial statements on going concern assumption basis without carrying out any adjustments, in our opinion, the consolidated financial statements may not give a true and fair view. (Refer to note no. 15 of the Statement)



2. On default in repayment of the principal amount of Rs. 50,000 Lakhs and interest of Rs. 3,283 Lakhs for credit facilities availed by two subsidiaries, the YES Bank Ltd. has invoked the guarantees furnished by the Holding Company on behalf of its subsidiaries and has demanded payment of the outstanding dues. As informed to us by the management, Yes Bank Limited ("Yes Bank") has absolutely assigned and transferred all the rights, title and interest in the financial assets pertaining to the Group together with the security created thereof in favour of J.C. Flowers Assets Reconstruction Private Limited (JCF ARC) vide assignment agreement executed in favour of JCF ARC, acting in its capacity as trustee of JCF YES Trust 2022-23/15 Trust ("JCF ARC") on December, 2022. No additional demand/notice has been received by the Group during the year. (Refer to note no. 6 of the Statement)
3. The Group has accounted Principal of Rs. 50,712 Lakhs, Accrued Interest of Rs. 16,478 Lakhs and Disputed Liability of Rs. 56,418 in its books of account as total outstanding to banks and financial institution as on 31<sup>st</sup> March, 2023. All the banks and financial institution have declared the outstanding loan accounts of the group as Non-Performing Accounts (NPA) in the earlier years. Pending confirmations and correspondence on the outstanding balance and status of demand raised by the respective banks and financial institutions has not been verified by us. Further, penal interest on default on payment to banks and financial institution has neither been ascertained nor provided for in the books of account of the Group. (Refer to note 8 of the Statement)
  - a. In relation to a loan taken from Yes Bank for the Commissariat Road (Soho) Project, the Bank has principally agreed for settlement of the loan for Rs. 3,000 Lakhs. The Group has not provided any further interest on this loan since April, 2020. Further, the Group had earlier written back accrued interest amounting to Rs. 1,443 Lakhs as income in the quarter ended September 30, 2021, has 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(ii) of the Statement).
  - b. The Group has not provided interest for the loan outstanding from Yes Bank against the Plaza Project. Further, the Company has classified the interest outstanding as on March 31, 2022 amounting to Rs. 3,728 Lakhs, to the extent allocated to the project, as a disputed liability without any confirmation from the Bank in this regard. (Refer to note 12(iii) of the Statement).



- c. During the previous year, the Group has sold/disposed two projects viz, Knightsbridge and Virgin Island and Napa Valley. The remaining balance of the term loan related to these projects amounting to Rs 23,822 Lakhs in respect of the borrowing from HDFC Limited had earlier been written back as income in the quarter ended June 30, 2021, has now been reversed in the quarter ended March 31, 2022 and classified as Disputed Liability disclosed under 'Other Financial Liabilities'. (Refer note to 12(i) of the statement).
- d. The Group has transferred the project "Nitesh Cape Cod", on an ongoing basis during the previous year through an unregistered Business Transfer Agreement. In this respect, the Group had borrowed Rs. 18,500 Lakhs from YES Bank for various projects including Nitesh Cape Cod. During the year, on receipt of Rs. 1132 Lakhs, charge created for the project 'Nitesh Cape Cod' was released by YES Bank Limited on a condition that the same shall not be construed as settlement of any kind. The Group has accounted for Rs. 5,363 Lakhs and Rs. 3,800 Lakhs respectively as disputed liability, being the estimated carrying value of borrowings and interest accrued thereon. (Refer note to 12(i) of the statement).
- e. During the year, the Group exited and transferred the Investment Property Chelsea to Landowners after converting the same into Inventory on payment of Rs. 1100 Lakhs to HDFC Ltd. by Landowners. Pursuant to this, HDFC Limited has released the charge created for the Chelsea project on the condition that the same shall not be construed as a settlement of any kind. The Company has accounted for Rs. 3,334 Lakhs and Rs. 3,280 Lakhs respectively as disputed liability, being the estimated carrying value of borrowings and interest accrued thereon. (Refer note to 10 of the statement).
- f. During the previous year the Group has exited 'Nitesh Melbourne Park', on an ongoing basis through Memorandum of Understanding. As explained to us, the sale consideration of the project has been fixed by the Group on the basis of market realizable value. However, no document could be provided to us in this respect. Further, the Company is still under the process for execution of certain documents for disposal of the project.

Further, the charge created for the project 'Nitesh Melbourne Park' has been released by YES Bank Limited on a condition that the same shall not be construed as settlement of any kind. Consequently, the Group has



accounted for Rs. 6,500 Lakhs and Rs. 5,147 Lakhs respectively, being the estimated carrying value of borrowings and interest accrued thereon as disputed liability in its books of account. (Refer to note 12 (i) of the Statement)

The basis and documentation for such non provisions of interest and classifications as a disputed liability was not made available for our verification.

The Group has already filed defense appeal before Debt Recovery Tribunal on 23.08.2021 against the borrowings from Yes Bank, for which, the final order has not yet received by the Group.

4. Inventories amounting to Rs 24,420 Lakhs (Net of "Payable to land owner for land under JDA") has not been tested impairment for ascertaining the realizable value as on 31st March, 2023. To the extent of any possible diminution of value not accounted for, the consolidated financial results may not give a true and fair view as per the requirement of Ind AS 2.
5. Year-end balance confirmation in respect of trade receivables, trade payables, vendor advances, advance from customers and other advances have not been provided for our verification and record for all the parties. 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.
6. As per the records of the Group and information and explanations provided to us, the Group has been irregular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Services tax, cess. The GST department has suo moto cancelled the GST registration of the Company on October 31, 2020. The Group also has a receivable balance of Rs.1,773 Lakhs and payable balance of Rs. 9,593 Lakhs (excluding interest) from various government authorities. Due to such statutory non compliances, we are unable to comment on the actual recoverability and payment dues against such balances.
7. The Company has an outstanding liability of Rs. 241 Lakhs towards employees payable as on 31st March, 2023. Due to the non-availability of additional information and aging, we are unable to comment on the applicability of related statutory compliances or on the requirement of any further provision.



8. As reported by other auditor of a subsidiary company Lob Property Management Private Limited:

a) Statutory Liabilities:

i. The Company has been irregular in depositing undisputed dues with respect to TDS, ESI, PF, PT, Service Tax and GST and outstanding of such statutory liabilities as at 31<sup>st</sup> March 2023 as given below.

<b>Nature of Dues</b>	<b>Amount (Figures in Rs.)</b>
Tax Deducted at Source	2,56,384
Service Tax	83,94,250
Goods and Service Tax	39,12,409
Provident Fund	4,11,586
Professional Tax	12,600

ii. The Company has not accrued for penalty/ late / Interest on defaults u/s 201 of Income Tax Act, 1961 for TDS liabilities (details in table above). As per details available on the website maintained by the Income Tax Department, this amount is approximately Rs.1,229 thousands till the financial year end 31<sup>st</sup> March 2023.

Summary of table give below:

Amount (Figures in Rs.)

Financial Year	Short Payment	Short Deduction	Interest on Payments default u/s 201	Interest on deduction u/s 201	Late filing fee u/s 234E	Interest u/s 220(2)	Total Defaults
2022-23	-	-	2,155	-	-	-	2,155
2021-22	-	-	4,254	-	31,800	-	36,041
2020-21	-	-	13,857	-	80,770	-	94,627
2019-20	-	-	1,677	-	14,995	-	16,672
Prior Years	6,306	83,528	1,65,027	3,830	7,82,515	37,927	10,79,133
<b>Total</b>	<b>6,306</b>	<b>83,528</b>	<b>1,82,240</b>	<b>3,830</b>	<b>9,10,080</b>	<b>37,927</b>	<b>12,28,911</b>

b) We draw attention to note – of the Financial Statements where it is stated that the Company has deferred the revenue from operation on account of uncertainty and pending cases against the promoters of one of the Project NITESH LONG ISLAND. The amount received from the customers during the year pertaining to this project have been classified as advances received from customers. In the absence of adequate audit evidence, we are unable to quantify the revenue to be recognised in the statement of profit and loss and its consequent impact on the financial position.



- c) We have not received confirmation of balances with respect to Trade Payables, advance from customers or other balances received from Customers towards sinking fund, most of which has been outstanding from prior years. In the absence of adequate audit evidence, we are unable to determine the adequacy or inadequacy of such liabilities.
- d) We draw attention to note 30 of the Financial Statements wherein it is stated that the advance received from customers which includes Rs. 731.89 thousands which pertains to maintenance charges collected in advance for first year of maintenance as a part of the maintenance agreement. Further, during the year, the company has written back of Rs 11,190.61 thousands to the Statement of profit and loss and also the company transferred Rs. 4,653.52 thousands from advance from customer to sinking fund and other general ledgers. These amounts are to be recognized as revenue in respective financial year in which services has been rendered as per the maintenance agreements. Based on the information reviewed by us, from the projects for which such advances have been received have been completed and hence the amount of Rs.9,444.67 thousands may be required to be recognised as income in the previous years. In the absence of supporting evidence, we are unable to comment on the amount that needs to be recognized as income and therefore the balance that needs to be carried as liability.
- e) We draw attention to note 31 of the financial statements wherein it is stated that the Company has received amounts from customers for approved capital expenditures for projects under maintenance and accounted as sinking fund balance of Rs. 65,777 thousands. Over the years, the company has been utilizing this balance towards miscellaneous expenses pertaining to such projects, without adequate approvals and authorizations from customers. The Company does not have details of how much of this sinking fund balance is payable to customers or to be maintained towards future capital expenses. Additionally, the company transferred Rs. 4,653.52 thousands from advance from customer to sinking fund and other general ledgers during the year which is included in the closing balance. Hence the adequacy of this liability cannot be ascertained.

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 Consolidated Financial Results section of our report. We are independent of the Group, 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 statements 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 obtained by us and other auditors in terms of their report, is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to the fact that:

- a. During the previous year, the Holding Company has divested its shareholding in two subsidiaries NIRPL Ventures Private Limited (formerly known as Nitesh Indiranagar Retail Private Limited) and Courtyard Hospitality Private Limited (Formerly known as Courtyard Constructions Private Limited) to a private limited company to the extent of 85% and 100% of the shareholding respectively. The Group has provided certificates from the Practicing Company Secretary stating that after such divestments, these Companies shall no longer continue to be the subsidiaries of the Group as defined under section 2(87) of the Companies Act, 2013 and are not required to be consolidated under the Group.
- b. The Group has unsecured advance amounting to Rs. 10,311 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. According to information and explanations given to us, WLM has settled all the advance by transfer of its JDA rights in the Project at Commissariat Road, Bengaluru, to the extent of 87,500 Sq. feet valued at Rs.10,311 Lakhs to the Group by way of Deed of Settlement.
- c. 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. The Group has received Rs. 500 Lakhs from a third party towards assignment of the recovery of such advance has 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.





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

- d. The outstanding balance of advances collected from customers in earlier years pertaining to closed/suspended residential projects, amount to Rs. 18 Lakhs as on March 31, 2023. 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 31st March 23.
- e. The Company has not renewed the registration of project "Rio", "Hyde Park" and "Columbus Square" under the provisions of Real Estate (Regulation and Development) Act, 2016 since 31st March 2019, resulting in non-compliance under the relevant rules and regulations of the Real Estate (Regulation and Development) Act, 2016.
- f. During the year, the Group has impaired the entire amount of CWIP by providing further provision of Rs. 8,835 Lakhs towards the development cost of the projects namely Plaza, Soho and Chelsea on the basis of expected unrealizable amount from the landowner on final settlement of their dues on exit and cancellation of the JDA agreement or on handover to incoming developer.

Pursuant to the above, the Group has transferred Chelsea project to the landowner via a memorandum of settlement. Accordingly, the provision for impairment accounted in the books of account amounting to Rs. 3,177 Lakhs with respect to the Chelsea project has been written back.

However, cancellation agreement and release of charge etc. with respect to Plaza and Soho are yet to be executed by the Group.

- g. The Group is in process of reconciling "Billing in excess of revenue" to the extent of Rs. 212 Lakhs for one of the subsidiary companies. Further, an unreconciled difference of Rs. 113 lakhs has been written back pertaining to project Rio of its Holding Company in its books of accounts as on 31st March, 2023.
- h. According to the information and explanation provided to us, Gratuity plan of the Company is unfunded as at 31st March, 2023 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.

- i. 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.
- j. Contingent Liability as disclosed in the consolidated financial statements is based on management certification. We have not been provided with any other independent legal opinion in relation to any other litigation, demand or claim by or against the Company which may be contingent in nature.
- k. The Group has written off/ written back certain long outstanding dues in its books of accounts. Same is subject to ratification by the board. We have not been provided with any documents to support the entries passed.
- l. The Group has not complied with Ind AS 109 for the accounting of interest-free refundable security deposit.
- m. As stated in the consolidated financial statements, the Group has neither ascertained nor accounted for Deferred Tax Assets/ Liabilities during the year for uncertainty of the taxable profit against which the deferred tax assets can be adjusted/utilized in near future.

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

### **Management's Responsibilities for the Consolidated Financial Results**

These quarterly financial results as well as the year to date consolidated financial results have been prepared on the basis of the interim financial statements.

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' 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. The respective Board of Directors of the companies included in the Group and of its jointly



controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 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 the effectiveness of the company's internal control.
- 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 the Board of Directors' 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors 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.



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

**Other Matters**

The consolidated Financial Results include the audited Financial Results of LOB Facilities Management Private Limited (formerly known as LOB Property Management Private Limited), a subsidiary, whose Financial Statement reflect total assets of Rs. 626 Lakhs as at March 31, 2023, total revenue of Rs. 220 Lakhs, total net profit after tax of Rs. 47 Lakhs, total comprehensive income of Rs. 48 Lakhs and cash flows (net) of Rs. 6 Lakhs for the period from April 1, 2022 to March 31, 2023, as considered in the consolidated Financial Results, which have been audited by the other independent auditor. The independent auditor's report on the Financial Statement of this entity have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the reports of such auditor and the procedures performed by us as stated in paragraph above.

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

The Statement includes the results for the quarter ended 31<sup>st</sup> March, 2023 and the corresponding quarter ended in the previous year being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Place: Bengaluru

Date: 28.04.2023

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



(Shipra Gupta)  
Partner

Membership No. 436857  
UDIN: 23436857BGWXP9917

**Satchmo Holdings Limited**

(formerly known as NEL Holdings South Limited)

Regd. Office: No. 110, A wing, Level 1 Andrews Building, M.G.Road Bangalore KA 560001 IN

CIN: L93000KA2004PLC033412, website - www.satchmoholdings.in

Phone Number: +91 80 2227 2220

Statement of audited Consolidated financial results for quarter and year ended on March 31, 2023

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2023	Preceding 3 months ended 31-12-2022	Corresponding 3 months ended 31-03-2022	Year to date figures for current period ended 31.03.2023	Year to date figures for previous year ended 31.03.2022
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from operations	5,993	1,925	2,211	9,984	9,430
	(b) Other Income	10,496	97	171	10,816	18,760
	<b>Total Income</b>	<b>16,489</b>	<b>2,022</b>	<b>2,381</b>	<b>20,800</b>	<b>28,190</b>
2	Expenses					
	(a) Land and construction cost	7,728	66	(20,754)	9,492	(16,219)
	(b) Changes in Inventories of Finished goods, work in progress & Stock in Trade	0	-	22,430	0	22,430
	(c) Employee benefits expense	149	180	43	692	575
	(d) Finance costs	1,474	1,399	2,551	6,244	9,168
	(e) Depreciation and amortization expense	8	2	7	15	14
	(f) Other Expenses	183	270	3,053	11,307	3,803
	<b>Total Expenses</b>	<b>9,542</b>	<b>1,917</b>	<b>7,330</b>	<b>27,750</b>	<b>19,771</b>
3	Profit/(Loss) before exceptional items and tax (1-2)	6,947	105	(4,949)	(6,950)	8,419
4	Exceptional items	-	-	(25,307)	-	(14,611)
5	Profit/(Loss) before tax (3+4)	6,947	105	(30,256)	(6,950)	(6,192)
6	Tax expenses					
	i) Current Tax	411	37	165	522	220
	ii) Deferred tax	-	-	145	-	118
7	Profit/(Loss) after tax for the period (3-6)	6,536	68	(30,566)	(7,472)	(6,530)
8	Share of Profit/(loss) of an Associate/ a Joint Venture (net of tax)	-	-	-	-	-
9	Profit/(Loss) after taxes and share of Profit/ (loss) of Associate/Joint Venture (7+8)	6,536	68	(30,566)	(7,472)	(6,530)
	Attributable to:					
	(i) owners of the parent Group	6,536	68	(30,566)	(7,472)	(6,530)
	(ii) non-controlling interests	-	-	-	-	-
10	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit & Loss					
	(ii) Remeasurement of Defined Benefit Plan	(62)	21	(6)	1	(78)
	(iii) FVOCI - equity investments	-	-	-	-	-
	(iv) Tax on above items that will not be reclassified to profit or loss	-	-	(20)	-	-
	<b>Total Other Comprehensive Income</b>	<b>(62)</b>	<b>21</b>	<b>(26)</b>	<b>1</b>	<b>(78)</b>
11	<b>Total Comprehensive Income for the period [Comprising profit/(loss) and Other Comprehensive Income for the period (9+10)]</b>	<b>6,474</b>	<b>89</b>	<b>(30,592)</b>	<b>(7,471)</b>	<b>(6,608)</b>
	Attributable to:					
	(i) owners of the parent Group	6,474	89	(30,592)	(7,471)	(6,608)
	(ii) non-controlling interests	-	-	-	-	-
11	Earnings/(Loss) Per Share ('EPS') (of Rs. 10 each) - (Rs.) (not annualised)					
	(a) Basic	4.48	0.05	(20.96)	(5.12)	(4.48)
	(b) Diluted	4.48	0.05	(20.96)	(5.12)	(4.48)
12	Paid up equity share capital (Face Value of 10/-each)	14,583	14,583	14,583	14,583	14,583



**Notes to the financial results:**

1 Statement of Assets & Liabilities

Particulars	(Rs in lakh)	
	As on 31-Mar-23 audited	As on 31-Mar-22 audited
<b>ASSETS</b>		
<b>(1) Non-current assets</b>		
a) Property, Plant and Equipment	10,390	75
b) Other Intangible assets	5	1
c) Other non-current financials assets	11	-
d) Capital work in progress	0	8,835
	10,406	8,911
d) Financial Assets		
(i) Investments	-	-
e) Other non-current assets	30	127
f) Deferred tax assets, net	-	-
	30	127
<b>(2) Current assets</b>		
a) Inventories	59,843	64,946
b) Financials Assets		
(i) Trade receivables	162	1,953
(ii) Cash and bank balances	304	81
(iii) Loans	-	-
(iv) Other current financials assets		
c) Other current assets	21,595	27,899
	81,905	94,879
<b>Total Assets</b>	<b>92,341</b>	<b>1,03,917</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
Equity Share capital	14,583	14,583
Other Equity	(1,24,632)	(1,17,161)
Equity component of Compound Financial Instruments	(1,10,049)	(1,02,578)
<b>(2) Non-current liabilities</b>		
Financial Liabilities	18	29
(a) Provisions	111	116
	129	145
<b>(3) Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	50,712	61,696
(ii) Trade payables	11,723	14,827
(iii) Other current financial liabilities	64,418	47,204
(b) Other current liabilities	73,756	81,882
(c) Provisions	15	16
(d) Current Tax Liabilities, net	1,637	726
	2,02,261	2,06,350
<b>Total Equity &amp; Liabilities</b>	<b>92,341</b>	<b>1,03,917</b>
	(0)	(0)



- 1 The above consolidated financial results have been reviewed by the Audit committee and approved by the Board of Directors of the Company at its meeting held on 28th April, 2023. The statutory auditors have conducted the statutory audit of the Consolidated Financials Results of the Company for the year ended 31st March 2023. The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year upto 31st March, 2023 and the unaudited published year-to-date figures upto 31st December, 2022, being the date of the end of the third quarter of the financial year which were subject to limited review by the statutory auditors.
- 2 These results include the result of the following subsidiaries.  
Subsidiaries: Northroof Ventures Private Limited (formerly known as NHDPL South Private Limited), Marathalli Ventures Private Limited (formerly known as NUDPL Ventures Private Limited), LOB Facilities Management Private Limited (Formerly known as Lob Property Management Private Limited)
- 3 These consolidated financial results information presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These results are uploaded on the Company website i.e. www.satchmoholdings.in and on the Stock Exchanges where the shares of the Company are listed i.e. www.bseindia.com.
- 4 Group is analysing the implications of Companies (Indian Accounting Standards) Amendment Rules, 2023 to amend the provisions of Companies (Indian Accounting Standards) Rules 2015. Accordingly Ind AS 101, Ind AS 12, and Ind AS 103 is not applicable to the Company. Ind AS 107 and Ind AS 1 will be implemented as per Business transaction of the Company in future.
- 5 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.
- 6 During the year one of the lender ( YES Bank) pursuant to execution of assignment agreement have absolutely assigned and transferred in favour of M/s J C FLOWER Asset Reconstruction Private Limited ( JCF ARC), the loans and all the amounts due and moneys stipulated in or payable under the financing documents by the Company to YES Bank together with all underlying security interests ( including pledges, undertakings and guarantees thereto) and rights ,title and interests in relation to the same
- 7 Figures for audited standalone financial results of the company for the quarter and year ended March 31, 2023

Sl. No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2023	Preceding 3 months ended 31-12-2022	Corresponding 3 months ended 31-03-2022	Year to date figures for current period ended 31.03.2023	Year to date figures for previous year ended 31.03.2022
		Audited	Unaudited	Audited	Audited	Audited
a	Total income	14,921	162	159	17,023	20,325
b	Profit/(Loss) before tax	6,856	(789)	(17,676)	(5,693)	(988)
c	Profit/(Loss) after tax	6,911	(807)	(17,719)	(5,693)	(1,044)

- 8 The Group has defaulted on payment to two lenders, Principal (Rs. 50,712 lakhs) as on 31st March, 2023 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 Group 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 has settled all customer refunds and is in the process of transfer of project to the new developer post signing of MOU.
- 10 During the year, The Group has exited Chelsea project and has cleared the loan in relation to the project. The company had earlier intended to convert this project from residential to commercial and accordingly classified as Capital WIP. As said conversion did not happen till the time of exit, the company has reclassified the CWIP as inventory at the time of exit.
- 11 During the year, The Company has commenced business of trading in equities in line with its amended main object clause of Memorandum of Association
- 13 (i) The group has exited Knightsbridge, Virgin Island, Napa Valley, Melbourne Park and Cape Cod projects and entered in to one time settlement with the lenders against loan outstanding for said projects. Accordingly the company has classified Rs. 472.55 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.
- (ii) The Group has been engaged with Yes Bank in relation to closure of Commissariat road project loan or which Yes bank has principally agreed for a settlement of the said loan for Rs. 30 Crs. In view of this, Company has classified the interest of Rs. 14.43 crores as disputed liability.
- (iii) In respect of Plaza project, the group has reclassified the outstanding interest amount of Rs. 37.28 crs as disputed liability in previous year.
- 13 With the one time settlements and exists of projects the standalone debt of the company stands at Rs. 507.11 crores.
- 14 The Group has provided for Expected credit loss amount of Rs. 10.87 Crs during the year towards old outstanding sundry debtors.
- 15 **Going concern**  
These consolidated financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation. As per the management with these exits of residential projects and the debt coming down, the company is hopeful of revival in the coming years.
- 16 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.
- 17 The figures in respect of previous period have been regrouped/recast wherever necessary.

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

**Rajeev Khanna**  
DIN : 07143405  
Whole Time Director

Place: Bengaluru, India  
Date : 28th April 2023





2 Statement of Cash Flows

(Rs in lakh)

Particulars	Year ended	Year ended
	31.03.2023	31.03.2022
	Audited	Audited
<b>Cash flow from operating activities</b>		
Profit/ (Loss) before tax	-6,950	-6,192
Other Comprehensive Income	0	-81
Non-cash adjustment to reconcile profit before tax to net cash flows		
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation of property, plant and equipment	15	14
Write off of Liability	-	-3,764
Write off of Debtors	8	36
Provisions no longer required written back	-9,080	-18,692
(Gain)/ loss on disposal of investments	-	18,272
Finance income	0	11
Finance costs (including fair value change in financial instruments)	6,481	8,499
Expected Credit Loss Allowance against Advances	285	250
<b>Operating profit before changes in working capital</b>	<b>-9,240</b>	<b>-1,648</b>
<b>Adjustments for:</b>		
(Increase)/ decrease in trade receivables	1,775	-711
(Increase)/ decrease in other financial and non-financial assets	11,794	9,056
(Increase)/ decrease in Inventories	3,627	56,238
Increase/ (decrease) in trade payables	9,993	-19,334
Increase/ (decrease) in provisions	215	34
Increase/ (decrease) in other non-financial liabilities	-16,013	-43,986
<b>Cash generated from / (used in) operating activities</b>	<b>2,151</b>	<b>-351</b>
Income tax paid (net of refund)	359	103
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>2,510</b>	<b>-247</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work in-progress and capital advances)	-	-36
Proceeds from sale of investment	-0	0
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>-0</b>	<b>-35</b>
<b>Cash flow from financing activities</b>		
Proceeds from short-term borrowings	-2,287	250
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>-2,287</b>	<b>250</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>223</b>	<b>-33</b>
Cash and cash equivalents at the beginning of the year	81	114
<b>Cash and cash equivalents at the end of the year</b>	<b>304</b>	<b>81</b>

Components of cash and cash equivalents	Year ended	Year ended
	31.03.2023	31.03.2021
	Audited	Audited
<b>Reconciliation of cash and cash equivalents with Balance Sheet</b>		
Cash and cash equivalents as per Balance Sheet	304	81
<b>Cash and cash equivalents at the end of the year as per the above cash flow statement</b>	<b>304</b>	<b>81</b>
Cash on hand	0	5
Balance with banks		
- on current account	216	52
- on deposit account	65	-
Other Bank Balances	23	24
<b>Total cash and cash equivalents</b>	<b>304</b>	<b>81</b>
	-0	0



*RL*

**Satchmo Holdings Limited**

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Phone Number: +91 80 2227 2220

**Consolidated Segment wise revenue, results for the period ended March 31, 2023**

(Rs in lakh except EPS)

No	Particulars	Quarter ended			Year ended	
		3 months ended 31-03-2023	Preceding 3 months ended 31-12-2022	Corresponding 3 months ended 31-03-2022	Year to date figures for current period ended 31.03.2023	Year to date figures for previous year ended 31.03.2022
		Audited	Unaudited	Audited	Audited	Audited
<b>1</b>	<b>Segment revenue</b>					
	(a) Residential	6,096	1,892	7,785	9,874	9,430
	(b) Facility Management	(106)	215	(23)	106	-
	(c) Investment and trading in equities	4	-	-	4	-
	<b>Total</b>	5,994	2,107	7,762	9,984	9,430
	Less: Inter-segment revenue	-	-	-	-	-
	<b>Net income from operations</b>	5,994	2,107	7,762	9,984	9,430
<b>2</b>	<b>Segment results</b>					
	Profit/(loss) before tax and interest					
	(a) Residential	(1,955)	1,425	(15,092)	(11,568)	(15,784)
	(b) Facility Management	(119)	166	15	47	-
	(c) Investment and trading in equities	(1)	-	-	(1)	-
	<b>Total</b>	(2,075)	1,591	(15,077)	(11,522)	(15,784)
	Add: Other income	10,497	97	18,637	10,816	18,760
	Less: Interest	1,474	1,399	7,075	6,244	9,168
	<b>Total profit/(loss) before tax</b>	6,948	289	(3,514)	(6,950)	(6,192)
<b>3</b>	<b>Segment Assets</b>					
	(a) Residential	61,924	60,428	73,515	61,924	73,515
	(b) Facility Management	610	616	610	610	610
	(c) Investment and trading in equities	15	-	-	15	-
	(d) Unallocated	29,792	29,793	29,792	29,792	29,792
	<b>Total</b>	92,341	90,837	1,03,917	92,341	1,03,917
<b>4</b>	<b>Segment Liabilities</b>					
	(a) Residential	1,48,720	1,52,652	1,52,825	1,48,720	1,52,825
	(b) Facility Management	1,560	1,611	1,560	1,560	1,560
	(c) Investment and trading in equities	-	-	-	-	-
	(c) Unallocated	52,110	53,112	52,110	52,110	52,110
	<b>Total</b>	2,02,390	2,07,365	2,06,495	2,02,390	2,06,495





Holdings Limited

### Annexure I (Consol)

Statement of impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results – Statement of impact of Audit Qualifications for the Financial Year ended 31<sup>st</sup> March 2023.

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

Amount in Lakhs

Sl. No	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
1	Turnover / Total Income	20,800	20,800
2	Total Expenditure	28,272	28,525
3	Net loss	-7,472	-7,725
4	Earnings Per share	-5.12	
5	Total assets	92,341	92,088
6	Total Liabilities	2,02,390	2,02,390
7	NETWORTH	-1,10,049	-1,10,302

#### II. Audit Qualification (each Audit Qualification separately)

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

The Group has transferred/sold certain projects through Memorandum of Understanding or Business Transfer Agreement and repaid some portion loans from banks and financial institution.

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

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For SATCHMO HOLDINGS LIMITED

For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

Chief Financial Officer





As the Group has not recognized this fact and has prepared its consolidated financial statements on going concern assumption basis without carrying out any adjustments, in our opinion, the consolidated financial statements may not give a true and fair view. (Refer to note no. 15 of the Statement)

**b. Type of Audit Qualification: Qualified Opinion**

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

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

Not Applicable as Auditor has not quantified the impact

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

- i. Management's estimation on the impact of audit qualification: Cannot be quantified.
- ii. If Management is unable to estimate the impact, reasons for the same- Cannot be quantified.
- iii. Auditor's comment on (i) or (ii) above: It depends on the future plan of the management to improve the situation by resolving uncertainties to continue the business as a going concern. However, management has not provided any concrete plan to ascertain the future of the company.

**2. a. Detail of Audit Qualification:** On default in repayment of the principal amount of Rs.50,000 Lakhs and interest of Rs.3,283 Lakhs for credit facilities availed by two subsidiaries, the YES Bank Ltd. has invoked the guarantees furnished by the Holding Company on behalf of its subsidiaries and has demanded payment of the outstanding dues. As informed to us by the management, Yes Bank Limited ("Yes Bank") has absolutely assigned and transferred all the rights, title and interest in the financial assets pertaining to the Group together with the security created thereof in favour of J.C. Flowers Assets Reconstruction Private Limited (JCF ARC) vide assignment agreement executed in favour of JCF ARC, acting in its capacity as trustee of JCF YES Trust 2022-23/15 Trust ("JCF ARC") on December, 2022. No additional demand/notice has been received by the Group during the year. (Refer to note no. 6 of the Statement)

**b. Type of Audit Qualification: Qualified Opinion**

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

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Holdings Limited

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

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

i. Not Applicable as impact is quantified.

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

Not applicable

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

3. a. **Detail of Audit Qualification:** The Group has accounted Principal of Rs. 50,712 Lakhs, Accrued Interest of Rs. 16,478 Lakhs and Disputed Liability of Rs. 56,418 in its books of account as total outstanding to banks and financial institution as on 31<sup>st</sup> March, 2023. All the banks and financial institution have declared the outstanding loan accounts of the group as Non-Performing Accounts (NPA) in the earlier years. Pending confirmations and correspondence the outstanding balance and status of demand raised by the respective banks and financial institutions has not been verified by us. Further, penal interest on default on payment to banks and financial institution has neither been ascertained nor provided for in the books of account of the Group. (Refer to note 8 of the Statement)

a. In relation to a loan taken from Yes Bank for the Commissariat Road (Soho) Project, the Bank has principally agreed for settlement of the loan for Rs. 3,000 Lakhs. The Group has not provided any further interest on this loan since April, 2020. Further, the Group had earlier been written back accrued interest amounting to Rs. 1,443 Lakhs as income in the quarter ended September 30, 2021, has 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(ii) of the Statement).

b. The Group has not provided interest for the loan outstanding from Yes Bank against the Plaza Project. Further, the Company has classified the interest outstanding as on March 31, 2022 amounting to Rs. 3,728 Lakhs, to the extent allocated to the project, as a disputed liability without any confirmation from the Bank in this regard. (Refer to note 12(iii) of the Statement).

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For SATCHMO HOLDINGS LIMITED For SATCHMO HOLDINGS LIMITED

Director

Chief Financial Officer





- c. During the previous year, the Group has sold/disposed of Knightsbridge and Virgin Island and Napa Valley. The remaining balance of the term loan related to these projects amounting to Rs 23,822 Lakhs in respect of the borrowing from HDFC Limited had earlier been written back as income in the quarter ended June 30, 2021, has now been reversed in the quarter ended March 31, 2022 and classified as Disputed Liability disclosed under 'Other Financial Liabilities'. (Refer note to 12(i) of the statement).
- d. The Group has transferred the project "Nitesh Cape Cod", on an ongoing basis during the previous year through an unregistered Business Transfer Agreement. In this respect, the Group had borrowed Rs. 18,500 Lakhs from YES Bank for various projects including Nitesh Cape Cod. During the year, on receipt of Rs. 1132 Lakhs, charge created for the project 'Nitesh Cape Cod' was released by YES Bank Limited on a condition that the same shall not be construed as settlement of any kind. The Group has accounted for Rs. 5,363 Lakhs and Rs. 3,800 Lakhs respectively as disputed liability, being the estimated carrying value of borrowings and interest accrued thereon. (Refer note to 12(i) of the statement)
- e. During the year, the Group has exited and transferred the Investment Property Chelsea to Landowners after converting the same into Inventory on payment of Rs. 1100 Lakhs to HDFC Ltd. by Landowners. Pursuant to this, HDFC Limited has released the charge created for the Chelsea project on the condition that the same shall not be construed as a settlement of any kind. The Company has accounted for Rs. 3,334 Lakhs and Rs. 3,280 Lakhs respectively as disputed liability, being the estimated carrying value of borrowings and interest accrued thereon. (Refer note to 10 of the statement).
- f. During the previous year the Group has exited 'Nitesh Melbourne Park', on an ongoing basis through Memorandum of Understanding. As explained to us, the sale consideration of the project has been fixed by the Group on the basis of market realizable value. However, no document could be provided to us in this respect. Further, the Company is still under the process for execution of certain documents for disposal of the project.

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For SATCHMO HOLDINGS LIMITED For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

Chief Financial Officer





Further, the charge created for the project 'Nitesh Building' has been released by YES Bank Limited on a condition that the same shall not be construed as settlement of any kind. Consequently, the Group has accounted for Rs. 6,500 Lakhs and Rs. 5,147 Lakhs respectively, being the estimated carrying value of borrowings and interest accrued thereon as disputed liability in its books of account. (Refer to note 12 (i) of the Statement)

The basis and documentation for such non provisions of interest and classifications as a disputed liability was not made available for our verification.

The Group has already filed defense appeal before Debt Recovery Tribunal on 23.08.2021 against the borrowings from Yes Bank, for which, the final order has not yet received by the Group.

**b. Type of Audit Qualification: Qualified Opinion**

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

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

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

- i. Not Applicable as impact is quantified.
- ii. If Management is unable to estimate the impact, reasons for the same- Not applicable
- iii. Auditor's comment on (i) or (ii) above: Interest not calculated on classification of Borrowing as a disputed liability.

**4. a. Detail of Audit Qualification:** Inventories amounting to Rs 24,420 Lakhs (Net of "Payable to land owner for land under JDA") has not been tested impairment for ascertaining the realizable value as on 31st March, 2023. To the extent of any possible diminution of value not accounted for, the consolidated financial results may not give a true and fair view as per the requirement of Ind AS 2.

**b. Type of Audit Qualification: Qualified Opinion**

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

**Satchmo Holdings Limited**

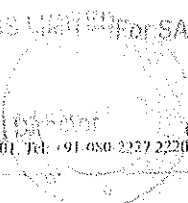
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SATCHMO HOLDINGS LIMITED For SATCHMO HOLDINGS LIMITED

*[Signature]*  
Managing Director



*[Signature]*  
Chief Financial Officer





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

**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, the status of recovery is uncertain under present scenario.

**5. a. Detail of Audit Qualification:** Year-end balance confirmation in respect of trade receivables, trade payables, vendor advances, advance from customers and other advances have not been provided for our verification and record for all the parties. 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.

**b. Type of Audit Qualification: Qualified Opinion**

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

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

**For Audit qualification where the impact is quantified by the Auditor -**

The Company has posted the letter of balance confirmations to vendors and customers and auditors have received only few confirmations at their office.

- i. Not Applicable as impact is not 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: The Company is yet to reconcile the balances with confirmations received. Hence, the impact of such reconciliation is not ascertainable at this stage.

**6. a. Detail of Audit Qualification:** As per the records of the Group and information and explanations provided to us, the Group has been irregular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Services tax, cess. The GST department has suo moto cancelled the GST

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SATCHMO HOLDINGS LIMITED or SATCHMO HOLDINGS

Chairman & Managing Director

Financial Officer





registration of the Company on October 31, 2020. The Group also has a balance of Rs.1,773 Lakhs and payable balance of Rs. 9,593 Lakhs (excluding interest) from various government authorities. Due to such statutory non compliances, we are unable to comment on the actual recoverability and payment dues against such balances.

**b. Type of Audit Qualification: Qualified Opinion**

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

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

**For Audit qualification where the impact is 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
- 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 violation of income tax and other applicable statutory acts.

**7) a. Detail of Audit Qualification:** The Company has an outstanding liability of Rs. 241 Lakhs towards employees payable as on 31st March, 2023. Due to the non-availability of additional information and aging, we are unable to comment on the applicability of related statutory compliances or on the requirement of any further provision.

**b. Type of Audit Qualification: Qualified Opinion**

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

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

**For Audit qualification where the impact is quantified by the Auditor**

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For SATCHMO HOLDINGS LIMITED For SATCHMO HOLDINGS LIMITED

Chariman & Managing Director

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
- ii. If Management is unable to estimate the impact, reasons for the same-  
Not applicable
- iii. Auditor's comment on (i) or (ii) above: The amount is outstanding for Rs. 241 Lakhs and the dues should be settled at an earliest.

**LOB Facilities Management Pvt. Ltd.**

**1. a. Detail of Audit Qualification: Statutory Liabilities:**

- a. The Company has been irregular in depositing undisputed dues with respect to TDS, ESI, PF, PT, Service Tax and GST and outstanding of such statutory liabilities as at 31<sup>st</sup> March 2023 as given below.

Nature of Dues	Amount (Figures in Rs.)
Tax Deducted at Source	2,56,384
Service Tax	83,94,250
Goods and Service Tax	39,12,409
Provident Fund	4,11,586
Professional Tax	12,600

**b. Type of Audit Qualification: Qualified Opinion**

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

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

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

- i. Not Applicable as impact is quantified -
- ii. If Management is unable to estimate the impact, reasons for the same-
- iii. Auditor's comment on (i) or (ii) above: It is violation of Income Tax Act.

**2) A. Detail of Audit Qualification: The Company has not accrued for penalty/ late / Interest on defaults u/s 201 of Income Tax Act, 1961 for TDS**

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Chairman & Managing Director

Chief Financial Officer



liabilities (details in table above). As per details available on the website maintained by the Income Tax Department, this amount is approximately Rs.1,229 thousands till the financial year end 31<sup>st</sup> March 2023.

Summary of table give below:

Amount (Figures in Rs.)

Financial Year	Short Payment	Short Deduction	Interest on Payments default u/s 201	Interest on deduction u/s 201	Late filing fee u/s 234E	Interest u/s 220(2)	Total Defaults
2022-23	-	-	2,155	-	-	-	2,155
2021-22	-	-	4,254	-	31,800	-	36,041
2020-21	-	-	13,857	-	80,770	-	94,627
2019-20	-	-	1,677	-	14,995	-	16,672
Prior Years	6,306	83,528	1,65,027	3,830	7,82,515	37,927	10,79,133
<b>Total</b>	<b>6,306</b>	<b>83,528</b>	<b>1,82,240</b>	<b>3,830</b>	<b>9,10,080</b>	<b>37,927</b>	<b>12,28,911</b>

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

- This impact cannot be quantified until component wise deferred tax is determined.
- If Management is unable to estimate the impact, reasons for the same- Not applicable
- Auditor's comment on (i) or (ii) above: Management comment is self-explanatory.

2. a. **Detail of Audit Qualification:** We have not received confirmation of balances with respect to Trade Payables, advance from customers or other balances received from Customers towards sinking fund, most of which has been outstanding from prior years. In the absence of adequate audit evidence, we are unable to determine the adequacy or inadequacy of such liabilities.

For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

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For SATCHMO HOLDINGS LIMITED

Chief Financial Officer





**Holdings Limited**

**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.

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

i. Not Applicable as impact is quantified -

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

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

**7. a. Detail of Audit Qualification:** We draw attention to note 30 of the Financial Statements wherein it is stated that the advance received from customers which includes Rs. 731.89 thousands which pertains to maintenance charges collected in advance for first year of maintenance as a part of the maintenance agreement. Further, during the year, the company has written back of Rs 11,190.61 thousands to the Statement of profit and loss and also the company transferred Rs. 4,653.52 thousands from advance from customer to sinking fund and other general ledgers. These amounts are to be recognized as revenue in respective financial year in which services has been rendered as per the maintenance agreements. Based on the information reviewed by us, from the projects for which such advances have been received have been completed and hence the amount of Rs.9,444.67 thousands may be required to be recognised as income in the previous years. In the absence of supporting evidence, we are unable to comment on the amount that needs to be recognized as income and therefore the balance that needs to be carried as liability.

**b. Type of Audit Qualification: Qualified Opinion**

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

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

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

i. Not Applicable as impact is quantified -

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

**Satchmo Holdings Limited**

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CIN : L93000KA2004PLC033412

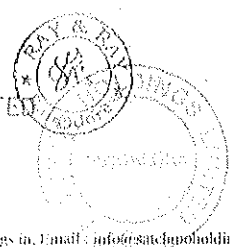
Regd. Office: No. 110, A Wing, Level I, Andrews Building, M.G. Road, Bangalore - 560 001. Tel: +91-080-2227 2220, W: www.satchmoholdings.in, Email: info@satchmoholdings.in

For SATCHMO HOLDINGS LIMITED

For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

Chief Financial Officer





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

Holdings Limited

3. a. We draw attention to note 31 of the financial statements wherein it is stated that the Company has received amounts from customers for approved capital expenditures for projects under maintenance and accounted as sinking fund balance of Rs. 65,777 thousands. Over the years, the company has been utilizing this balance towards miscellaneous expenses pertaining to such projects, without adequate approvals and authorizations from customers. The Company does not have details of how much of this sinking fund balance is payable to customers or to be maintained towards future capital expenses. Additionally, the company transferred Rs. 4,653.52 thousands from advance from customer to sinking fund and other general ledgers during the year which is included in the closing balance. Hence the adequacy of this liability cannot be ascertained.

**B Type of Audit Qualification: Qualified Opinion**

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

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

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

i. Not Applicable as impact is quantified

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

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

Signatories

For SATCHMO HOLDINGS LIMITED

Chairman & Managing Director

Chairman & Managing Director

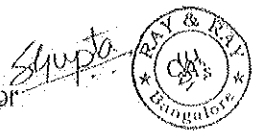
For SATCHMO HOLDINGS LIMITED

CFO

Chief Financial Officer

Audit Committee Chairman

Statutory Auditor



Bangalore

Date : 28<sup>th</sup> April 2023

**Satchmo Holdings Limited**

(Formerly known as SFL Holdings South Limited)

CIN : L93006R A 2003 PLC 03 012

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