

**September 16, 2020**

**To**

**BSE Limited**

(Stock Code: 533202)

Floor 25, Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai-400 001

**Dear Sir / Madam,**

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Disclosure relating to impact of Covid-19 pandemic on the Company**

We are enclosing herewith impact of Covid -19 pandemic on the Company pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020.

Request you to take the same on record.

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



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



*Encl.: As above*

**NEL Holdings South Limited**

(Formerly Known as NEL Holdings Limited)

CIN : L07010KA2004PLC033412

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**NEL HOLDINGS SOUTH LIMITED**  
***(Formerly NEL Holdings Limited)***

The outbreak of COVID-19 pandemic has significantly impacted global businesses environment. The restriction of human movement through nationwide lockdown during the period from 25th April, 2020 to 8th June, 2020 imposed by the Government of India to prevent community spread of the disease has resulted significant reduction in economic activities with respect to the operations of the Company, The business of the Company has gone down drastically and the construction activities of the Company has been stopped due to non-availability of resources during lock down period. The Company has taken necessary steps to overcome the present situation by analysing various internal and external information inter-alia the assumptions relating to economic forecasts and future cash flows for assessing the recoverability of various assets and receivables viz, investments, contract and non-contract assets, trade and non-trade receivables, inventories, advances and contract costs as on the date of approval of these financial statements. The assumptions used by the company are being tested through sensitivity analysis and the company expects to recover the carrying amount of these assets and receivables based on the current indicators of future economic benefits.

**IMPACT DUE TO COVID - 19 PANDEMIC ON THE BUSINESS OF THE COMPANY**

The Country witnessed a worst ever crisis in the form of national lockdown due to Novel Covid-19 pandemic which was imposed in India from 24" March, 2020. Due to the lockdown the complete economy came to stand still and more particularly construction industry witnessed a worst effect during the period. The real estate market in India witnessed the worst ever market recession due to non-availability of materials, labours and close down various other support functions. The reduction of labour attendance due to movement from construction sites to their native places due to the fear of stopping of construction activities made the construction industry more affected due to the pandemic. The business activities of the company come to almost stand still due to the Covid -19 Pandemic upon imposition of lockdown from 24" March, 2020.

Further the ongoing Covid-19 outbreak and its impact on economy have pushed sentiment in real estate to its all-time lowest level and both residential and commercial real estate sectors were expected to be hit in term of launches, sales and prices including delay in completion of projects.

The impact of the COVID - 19 pandemic on the Company's residential real estate business has been unprecedented to an extent that it has brought construction activities to a halt and significantly eroded the market of its potential buyer-base. With property transactions dipping to near-zero during the nation-wide lockdown, the Company is currently looking at challenging times ahead. The interdependence of supply chains, migration of labourers, cost overruns, and liquidity constraints are some of the looming challenges the Company is facing due to Covid-19 pandemic. The COVID-19 crisis and its impact on its real estate business is such that it is being considered as the third 'Black Swan' event for the realty sector in the last five years, the first two being Demonetisation and the implementation of the Real Estate (Regulation and Development) Act, 2016.

### **ABILITY TO MAINTAIN OPERATIONS INCLUDING THE FACTORIES/UNITS/OFFICE SPACES FUNCTIONING AND CLOSED DOWN**

During the pandemic, the Company was unable to operate and was completely closed due to lock down. The Company has taken the health and safety of its employees as topmost priority during the lockdown and has resumed its functions post lockdown with safe distancing norms. Constructions at almost all the project sites were completely stopped during lockdown.

### **SCHEDULE FOR RESTARTING THE OPERATIONS**

The Company has planned to restart its normal functions both at the administrative office and at project site with limited work force and upon strict implementation of Covid Policy in line with the government regulations issued from time to time.

### **STEPS TAKEN TO ENSURE SMOOTH FUNCTIONING OF OPERATIONS;**

The Company extended the complete Work from Home for all the employees during the lockdown period and there were very few labours at construction site who were residing and working with safe distancing at the project site.

### **ESTIMATION OF THE FUTURE IMPACT OF COVID-19 ON ITS OPERATIONS;**

The Company sales are very not satisfactory and were eventually affected due to recession and drop in demand in real estate market and got even worst due to this COVID-19 pandemic. The Company is planning to diversify its business and expand its business opportunities in new areas of business like providing manpower for facilities management business, securities business and other service oriented businesses in the future.

### **DETAILS OF IMPACT OF COVID-19 ON COMPANY'S FINANCIAL RESOURCES;**

The Company has generated revenue of Rs. 523.70 Million, compared with FY 2019 revenue of Rs.1131.50 Million. The Earnings before interest, tax, depreciation and amortization (EBITDA) was Rs. (-) 6776 Million as compared to Rs. (-) 700.90 Million in the previous year. The Profit / (Loss) after taxes during the year was Rs. (6823.70) Million.

There were 10 projects under income recognition during the year. Post COVID-19 the Company expects increased revenue going forward owing to various projects getting to advanced stages of construction.

**EXISTING CONTRACTS/AGREEMENTS WHERE NON-FULFILMENT OF THE OBLIGATIONS BY ANY PARTY WILL HAVE SIGNIFICANT IMPACT ON THE LISTED ENTITY'S BUSINESS**

There is no major existing contracts or agreement where there will be significant impact on the company for non-fulfilment of obligations except where the Buyers were not able to register their Sale Deeds due to lock down of government offices and Registrars Offices due to lockdown.

There has been also delay on receiving approvals from RERA regarding transfer of development rights upon exits from certain projects due to lockdown.

Since the construction activities itself were not happening and as affected due to Covid-19 pandemic, there is no significant impact on fulfilment of obligations by parties during lockdown period.