

Independent Auditor's Review Report on the Half-yearly Unaudited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
NeoGrowth Credit Private Limited

1. We have reviewed the accompanying statement of unaudited financial results of NeoGrowth Credit Private Limited (the "Company") for the half year ended September 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 2 to the Statement, which describes the impact of (a) the Hon'ble Supreme Court's Order of September 3, 2020 (more fully described in the note) on the classification of loans and the related expected credit loss provisions, and (b) other economic and social consequences of the COVID-19 pandemic on the Company's business and financial metrics including the Company's estimates of impairment of loans to customers which are highly dependent on uncertain future developments. Our conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Bharath N S
Partner
Membership No.: 210934
UDIN: 20210934AAAADQ5725
Chennai
October 29, 2020

Financial Results for the half year ended September 30, 2020

(₹ in Crores)

	Particulars	Half year ended	
		September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
1	Revenue from operations		
	(a) Interest income	169.84	147.22
	(b) Fee and commission income	1.87	3.32
	(c) Net gain on fair value changes	0.05	4.56
	Total revenue from operations	171.76	155.10
2	Other income		
	Other income	4.98	3.99
3	Total Income (1+2)	176.74	159.09
4	Expenses		
	(a) Finance costs	65.36	52.07
	(b) Employee benefits expense	34.85	33.21
	(c) Depreciation and amortisation expense	5.00	4.73
	(d) Impairment on financial instruments	55.22	35.13
	(e) Other expenses	12.28	21.51
	Total expenses	172.71	146.65
5	Profit before tax (3-4)	4.03	12.44
6	Tax expense	0.82	10.85
	Current tax	2.87	1.29
	Tax expense of earlier year	-	2.83
	Deferred tax charge / (credit)	(2.05)	6.73
7	Net Profit for the period (5-6)	3.21	1.59
8	Other Comprehensive Income		
	(A)(i) Items that will not be reclassified to profit or loss	(0.06)	(0.06)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-
	(B) (i) Items that will be reclassified to profit or loss	(2.07)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	0.52	-
9	Total Comprehensive Income (7+8)	1.60	1.53
10	Earnings Per Share (₹) (Face Value of ₹ 10/- each)		
	- Basic (not annualised)	1.78	0.85
	- Diluted (not annualised)	0.49	0.23

Notes:

- NeoGrowth Credit Private Limited (the 'Company') has prepared unaudited financial results (the 'Statement') for the half year ended September 30, 2020 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations, 2015') and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and the relevant provisions of the Companies Act, 2013, as applicable.
- In accordance with the board approved moratorium and restructure policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020, May 22, 2020 and August 6, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto six months on the payment of instalments falling due between March 1, 2020 and August 31, 2020 and / or restructure of loans to all standard account borrowers. Subsequently the Honourable Supreme Court passed an interim order dated September 3, 2020 not to categorise / declare any asset as Non Performing Asset (NPA) which is not categorised as NPA till August 31, 2020. Accordingly, the gross NPA as on September 30, 2020 has been arrived at by applying the Honourable Supreme Court interim ruling.

The Company carries Expected Credit Loss (ECL) on standard assets of Rs. 119.27 crores including a Management Overlay of Rs. 55.01 crores against Assets Under Management of Rs. 1,195.06 crores, as on September 30, 2020, in accordance with Ind AS 109 requirements.

The impact of COVID – 19 on business still remains uncertain. This uncertainty is reflected in the Company's assessment of impairment allowance on its loan which are subject to a number of management estimates and judgements. Given the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainty and may be affected by the severity, duration of the pandemic and other variables.

- The Government of India has issued a circular dated October 23, 2020 for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (March 1, 2020 to August 31, 2020) to financial institutions including Non Banking Financial Companies, the Company is in the process of assessing the impact of the same and accordingly no impact of the circular has been given in the financial results.
- Previous period / year figures have been regrouped / rearranged wherever necessary to conform to the current period / year figures.
- The above unaudited financial results of the Company are reviewed and recommended by the Audit Committee and have approved by the Board of Directors at its meeting held on October 29, 2020 respectively.

NeoGrowth Credit Private Limited
CIN No-U51504MH1993PTC251544
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6. Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020

(₹ in Crores)

(1) SMA/overdue categories, where the moratorium/deferment was extended	September 30, 2020	March 31, 2020
Total Exposure		
SMA (SMA - 0) including zero DPD	604.95	1,272.80
Overdue - Standard	39.66	39.77
	644.61	1,312.57
ECL Provision		
SMA (SMA - 0) including zero DPD	75.72	74.43
Overdue - Standard	4.34	2.62
	80.06	77.05

Further, during the period, the Company has also done one time restructuring of loans amounting to Rs. 333.57 crores.

(2) Asset classification benefit extension (₹ in Crores)

	September 30, 2020	March 31, 2020
Count of cases	6,967	791
Total Exposure	559.37	56.69
ECL Provision	68.15	3.55

7. The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.
8. The Indian Parliament has approved the Code of Social Security, 2020 ('Code') which relates to the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the relevant rules are yet to be framed. In view of this, impact if any, of the changes will be assessed and accounted in period of notification of the Code.

Balance Sheet as at September 30, 2020

(₹ in Crores)

	September 30, 2020 (Unaudited)	March 31, 2020 (Audited)
ASSETS		
Financial assets		
(a) Cash and cash equivalents	35.77	165.61
(b) Bank balances other than (a) above	109.91	0.06
(c) Derivative financial instruments	-	5.51
(d) Receivables		
Trade receivables	-	-
(e) Loans	1,080.23	1,245.31
(f) Investments	41.94	-
(g) Other financial assets	83.38	18.14
Non-financial assets		
(a) Deferred tax assets (net)	33.67	31.10
(b) Property, Plant and Equipment	1.53	1.96
(c) Right-of-use assets	24.70	24.26
(d) Capital work in progress	-	-
(e) Other Intangible assets	0.63	0.92
(f) Other non- financial assets	10.29	13.52
TOTAL ASSETS	1,422.05	1,506.39
LIABILITIES AND EQUITY		
Financial liabilities		
(a) Derivative financial instruments	0.84	-
(b) Payables		
Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	5.02	8.96
(c) Debt securities	692.05	733.02
(d) Borrowings (other than debt securities)	294.92	343.18
(e) Other financial liabilities	36.48	34.94
Non-financial liabilities		
(a) Provisions	5.15	3.62
(b) Other non-financial liabilities	4.61	2.20
Equity		
(a) Equity share capital	63.55	63.55
(b) Other equity	319.43	316.92
TOTAL LIABILITIES AND EQUITY	1,422.05	1,506.39

For NeoGrowth Credit Private Limited