

## DIRECTOR'S REPORT

TO THE MEMBERS

The Board of Directors of your Company is pleased to present the 9<sup>th</sup> Annual Report and Audited Financial Statement of Accounts for the year ended on March 31, 2017.

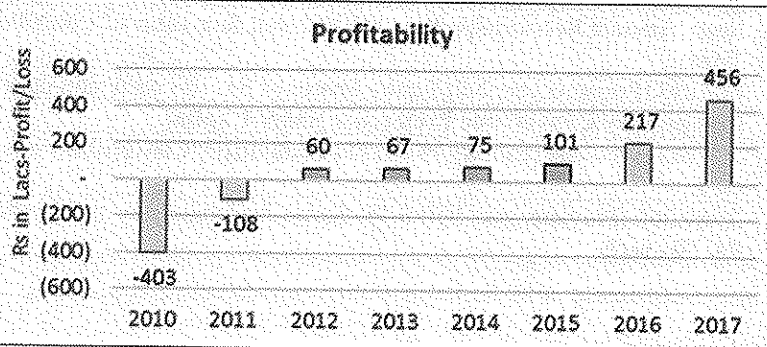
### 1. FINANCIAL RESULTS:

Your Company's performance during the financial year 2016-17 is summarized below:

Particulars	(Rs. In lacs)	
	Year ended 31.03.2017	Year ended 31.03.2016
Total Income	4343.56	2,574.56
Financial Charges	2145.37	1,363.32
Personnel and Other Expenses	1366.06	927.25
Provisions & Write-Offs	145.84	60.93
Profit / (Loss) Before Tax	686.28	223.06
Less: Tax Expense	230.23	5.84
Profit/ (Loss) After Tax	456.04	217.22
Add Balance brought forward from previous year	-219.38	-393.16
Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	91.20	43.44
Balance Carried to Balance Sheet	145.44	-219.38
Paid up Capital	501.80	153.29

### 2. BUSINESS PERFORMANCE:

The year witnessed all round performance, sales disbursements were almost double of previous year. Total revenue was up by 68.70% over the previous fiscal to Rs.4343.56 Lacs, profitability of the company also doubled and the company reported net profit of Rs. 456.04 Lacs for fiscal 2017, as compared to Rs. 217.22 Lacs in the previous financial year fiscal.



### RATIO ANALYSIS:

Sr.no	Particulars	Units	2016-17	2015-16
1	NIM to Avg. AUM*	In %	10.40	10.01
2	Operating Expenses % to NIM	In %	63.45	76.6
3	Return on Avg. AUM	In %	3.10	1.80
4	NPA 90dpd	In %	1.43	0.93

*[Handwritten signature and circular stamp of the company]*

5	Average AUM	In Lacs	21,966	12,095
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\*Avg. AUM = (Opening AUM + Closing AUM)/2

Growth in company led to improvisation of expense ratios and other parameters.

### 3. SHARE CAPITAL

During 2016-17 the company raised Rs 40 Crores as share capital from existing shareholders and also from the new shareholders, the capital was raised to keep capital adequacy ratio in line with what is stipulated and also to grow the business. Investors transferred the funds in company account in the month of Sept 2016, the money was deployed in business within 2 months of raising.

Due to the equity raise the company changed its authorized share capital and also the capital structure of the company underwent the change as per details below: The capital structure of your company is given as under as on 31<sup>st</sup> March, 2017:

<b>Authorised</b>		
8,000,000 (Previous year 5,450,000) Equity Shares of Rs. 10/- each		80,000,000
4,000,000 (Previous year 550,000) 0.5% Compulsory Convertible Preference Shares of Rs. 10/- each		40,000,000
		<b>120,000,000</b>
<b>Issued &amp; Subscribed</b>		
<b>Equity Share Capital</b>		
2,219,499 (Previous year 1,249,596) Equity Shares of Rs. 10/- each fully paid up		22,194,990
<b>Compulsory Convertible Preference Share Capital</b>		
283,283 (Previous year 283,283) 0.5% Compulsory Convertible Preference Shares of Rs. 10/- each		2,832,830
3,484,367 (Previous year NIL) 0.5% Compulsory Convertible Preference Shares of Rs. 10/- each		34,843,670
		<b>59,871,490</b>
<b>Paid up Capital</b>		
<b>Equity Share Capital</b>		
1,399,606 (Previous year 1,249,596) Equity Shares of Rs. 10/- each		13,996,060
Less: Amount Recoverable from ESOP Trust( face value of 150,000 Equity Shares allotted to Trust)		(1,500,000)
819,893 (Previous year Nil) Equity Shares of Rs. 10/- each paid up Re 0.01/- each		8,199
<b>Compulsory Convertible Preference Share Capital</b>		
283,283 (Previous year 283,283) 0.5% Compulsory Convertible Preference Shares of Rs. 10/- each		2,832,830
3,484,367 (Previous year Nil) 0.5% Series A Compulsory Convertible Preference Shares of Rs. 10/- each		34,843,670
		<b>50,180,759</b>

### 4. DIVIDEND:

The board has decided not to declare any dividend for the financial year 2016-17

### 5. COMPLIANCE WITH NBFC REGULATIONS

The Company has complied with all the applicable rules, regulations & guidelines as prescribed by the Reserve Bank of India from time to time and as are applicable to Non-deposit accepting, Non-Systematically Important NBFC's.

### 6. RESERVES AND PROVISIONS



As per section 451C of RBI Act, 1934 the Company has transferred Rs. 91,20,891/- in reserve fund i.e. aggregating of 20% of its Net Profit.

**1. DEPOSITS**

The Company is registered as a "Non-Deposit Taking NBFC" with the Reserve Bank of India, hence it has not accepted any public deposits during the year under review.

**2. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

There is no change in the nature of the business of the company.

**3. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND DATE OF THE REPORT**

The company is planning to raise additional capital in the financial year 2017-18, with the current share capital the company would be able to cross total AUM of Rs 500 crores comfortable with the help of securitization whereby some capital can be released and redeployed. However considering that a capital raise take approximately 6 to 9 months, company has already initiated measures towards capital raise. The company has mandated Private equity of Deloitte as our investment bankers. The process is expected to complete before the end of March 2018.

**4. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

**5. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

The company does not have any subsidiary company and joint venture company. However, company has one associate company during the year under review and details of the same is mentioned at form MGT-9 annexed to this report.

**6. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company has established vigil mechanism for directors and employees to report genuine concerns of fraud & misconduct in the company.

**7. THE DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ARE AS FOLLOWS:**

**A) Conservation of energy:**

The Company is in the business of extending loans to its customers and does not employ any heavy energy consumption equipment for the purpose. Further, the company promotes usage of latest technology and low energy consumption products in its offices.

**B) Technology absorption:**

The company uses modern technology solutions like Emails, Cloud Sharing, Loan Management software for its internal communication and process management. All endeavors are made to adopt paperless methods and eco-friendly technology solutions for enhanced productivity and cost efficiencies.

**C) Foreign exchange earnings and Outgo:**

Foreign Exchange earned and spent by the company during the year under review as given hereunder



(Amount in Rupees)

Party Name	Foreign Currency Inflow	Foreign Currency Outgo
Interest payment on CCDs to Blayfort Limited		1,52,08,252
Professional Charges		33,912
Processing Fee		4,20,480
<b>Net Inflow/Outgo</b>		<b>1,56,62,644</b>

**8. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

As on March 31, 2017, the Company has 4 Directors. Of the 4 Directors, 3 are non- executive and 1 is executive Directors. As on March 31, 2017 company has one Independent Director. The composition of the Board is in conformity with Company Law regulations.

**Key Managerial Personnel:**

Mr. Neeraj Sharma	Managing Director and Chief Executive Officer
Mr. Ankur Aggarwal	Chief Financial and Operating Officer
Ms. Priya Goel	Company Secretary

**I. Changes in Directors and Key Managerial Personnel:**

During the year 2016-17, our main shareholder changed its representatives on the board owing to resignation of Mr. Jaydeep Chakraborty from the employment of Gray Matters Capital, Mr Jaydeep was replaced with Mr Gauravjeet singh.

Mr Jaydeep resigned on 19<sup>th</sup> Aug 2016 and Mr Gauravjeet was appointed as Director on 19<sup>th</sup> Aug 2016.

Mr. Rakesh Rewari was appointed as Independent Director of the company w.e.f. 29 May, 2017.

Owing to personal reasons Mr. Narendra Mairpady, Independent director, also resigned from the Board of Directors of the company with effect from September 23, 2017.

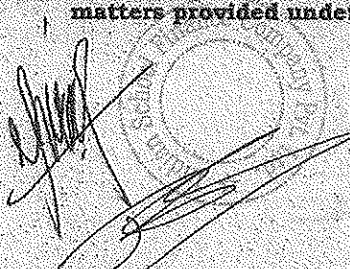
Pursuant to capital infusion Mr. Robert Alexander Pattillo was appointed as Non-Executive Directors on 29 September, 2016.

To comply with the regulations of Companies act Ms. Priya Goel was appointed as Company Secretary of the Company with effect from 23 January, 2017.

**II. Declaration by Independent Directors**

All the independent directors have given declaration regarding their compliance of conditions of sub-section 6 of section 149 of the Companies Act, 2013 in the first board meeting of the FY 2017-18 as per the provisions of sub-section 7 of section 149 of the said Act. No independent director has been reappointed for second term on passing of a special resolution by the Company.

**III. Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;**



Company deliberates the appointment in the Board meetings and decides on the candidature according to qualifications, relevant experience and clean CIBIL records of the Directors.

**15. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- (a) that in preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2017;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and
- (e) the Company has an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by the internal audit team appointed by the Management to conduct the internal audit. Based on the periodical testing, the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls;
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

**16. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business.

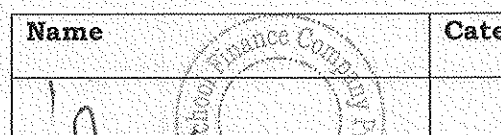
The notice of Board meetings is given well in advance to all the Directors. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

The Board met ten times during the financial year 2016-17 viz.:

- April 04, 2016
- May 27, 2016
- June 25, 2016
- August 19, 2016
- September 7, 2016
- September 14, 2016
- September 29, 2016
- October 18, 2016
- November 12, 2016
- January 23, 2017

The maximum interval between any two meetings did not exceed 120 days.

Details of attendance of Directors at Board Meetings and at last Annual General Meeting held in FY 2016-17 are given below:

Name	Category	Attendance	
		Number of Board Meetings Attended	Last AGM
			

Mr. Neeraj Sharma	Executive	10	Yes
Mr. B.V. Narsimham	Non- Executive	7	Yes
Mr. Jaydeep Chakraborty	Non- Executive	2	-
Mr. Narendra Mairpady	Independent	6	-
Ms Kalpana Iyer	Independent	9	-
Mr Gauravjeet Singh	Non- Executive	5	Yes
Mr. Robert Alexander Pattillio	Non- Executive	2	-

#### 17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of securities by a Non-Banking Financial Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

#### 18. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17: 17.57:1
- percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17

Executive Directors/KMP	% increase in remuneration in the financial year
Mr. Neeraj Sharma	12.00%
Mr. Ankur Aggarwal, Chief Financial Officer	18.18%

iii) The percentage increase in the median remuneration of employees in the financial year 2016-17: 16.18%

iv) The number of permanent employees on the rolls of company: 219

v) **The explanation on the relationship between average increase in remuneration and company performance:** Company's financial performance has significantly improved as compared to last year. In FY 2016-17, the company has made the profit of Rs 456.04 lacs as compared to Rs. 217.22 lacs in FY 2015-16 which is more than twice.

vi) average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year is **16.28%** and percentile increase in the managerial remuneration is **13.86%**;

vii) The company affirms that the remuneration paid is as per the remuneration policy of the company.

**Statement in pursuant to section 197(12) of companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Director's Report for the year ended March 31, 2017.**

A) Personnel who are in receipt of remuneration aggregating not less than Rs. 1,02,00,000 p.a. and employed throughout the financial year: **NIL**

B) Personnel who are in receipt of remuneration aggregating not less than Rs. 8,50,000 per month and employed for part of the financial year: **NIL**

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**19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto is disclosed in **Form No. AOC -2 annexed as Annexure-A** with this report.

**20. BUSINESS RISK MANAGEMENT:**

Business risk evaluation and management is an ongoing process within the Company covering the entire gamut of business operations and the Board was informed of the same.

In view of the activities of the company the board has opinion that the company has two major inherent risks which may threaten the existence of the company are "default in payment of loans by the customers" and "liquidity risk". However, the company has followed the principal of assessing the risk and accordingly managing the business.

**21. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

**22. EXTRACT OF THE ANNUAL RETURN**

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the details forming part of the extract of the Annual Return in **form MGT-9** is annexed herewith as "**Annexure B**".

**23. SECRETARIAL AUDIT REPORT**

The Board had appointed M/s Vinita Rani, Practicing Company Secretaries, Delhi as Secretarial Auditor pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor is annexed to the Report as per **Annexure 'C'**.

**24. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. There were no complaints received from any employee during the financial year 2016- 2017 and hence no complaint is outstanding as on 31.03.2017 for redressal.

**25. CORPORATE GOVERNANCE REPORT**

Your Company has been practicing the principle of good Corporate Governance, which is a continuous and ongoing process.

**26. Composition of an Audit Committee:**

The company has constituted an audit committee comprising of following members as on 31<sup>st</sup> March, 2017.

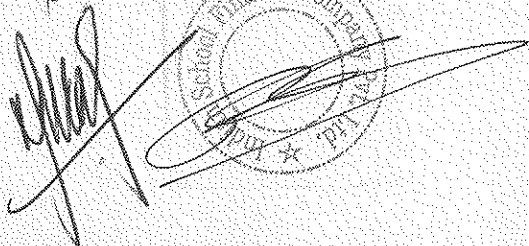
Ms. Kalpana Iyer

Mr. Robert Alexander Pattillo

Company has reconstituted the audit committee on 30 May, 2017 after appointment of Mr. Rakesh Rewari as an Independent director on the Board of the Company.

**27. Internal Financial Controls:**

The Company has proper and adequate system of internal control geared towards achieving efficiency in its operations, safeguarding assets, optimum utilization of resources and compliance with statutory regulations. Your company has instituted various preventive or control measures in the loan process to mitigate the risk of extending loans to nonexistent borrowers or fictitious borrowers.



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The Company has continued its efforts to align its processes and controls with best practices and has put in place a process wise internal control framework across the Company. The Internal Auditors of the company conduct audits of various departments based on an annual audit plan covering key area of operations. Internal Audit reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems and recommending improvements for strengthening them. There was no material event recorded subsequent to the date of financial statements.

## 28. ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank Regulatory and Government Authorities, the Company's shareholders, investors, customers, bankers, and other stakeholders for their continued support to the company. Your Directors express their deep sense of appreciation towards all the employees and staff of the company and wish the management all the best for achieving greater heights in the future.

For and on behalf of the Board of Directors  
**Indian School Finance Company Pvt. Ltd.**



**Neeraj Sharma**  
**Managing Director & CEO**  
**DIN: 00071579**  
**Delhi**



**Rakesh Rewari**  
**Director**  
**DIN: 00286853**



**ANNEXURE-A**  
**FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis**  
**No such transactions were taken place during the year under review.**

- (a) Name(s) of the related party and nature of relationship-NIL
- (b) Nature of contracts/arrangements/transactions- NIL
- (c) Duration of the contracts / arrangements/transactions- NIL
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any-NIL
- (e) Justification for entering into such contracts or arrangements or transactions-NIL
- (f) Date(s) of approval by the Board-NIL
- (g) Amount paid as advances, if any:-NIL
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188-NIL

**2. Details of material contracts or arrangement or transactions at arm's length basis**  
**Transactions taken place during the year is described hereunder:**

(Amount in Rupees)

Particulars	Nature	For the year ended March 31, 2017
<b>Key Management Personnel</b>		
Mr. Neeraj Sharma – Remuneration*	Paid	9,712,440
Mr. Ankur Aggarwal – Remuneration**	Paid	5,200,000
<b>Gray Matters India Private Limited</b>		
(a) Professional Charges (Expenses)	Paid	1,186,848.00
<b>Blayfort Limited</b>		
(a) Interest on Compulsorily Convertible Debentures	Paid	15,208,252
<b>Caspian Impact Investments Private Limited</b>		
(b) Processing Fee and Interest on Term Loan	Paid	12,665,113
<b>Gray Matters Capital Inc.</b>		
(a) Interest on NCD	Paid	13,629,254

\* Includes Provident Fund Contribution of Rs.4,38,012

\*\* Includes Provident Fund Contribution of Rs.2,64,000

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**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I REGISTRATION & OTHER DETAILS**

i	CIN	U65921AP1994PTC065392
ii	Registration Date	09/05/1994
iii	Name of the Company	Indian School Finance Company Pvt. Ltd.
iv	Category/Sub-category of the Company	Other Credit Granting
v	Address of the Registered office & contact details	First Floor, 8-2-269/2/52, Plot No. 52, Sagar Society Road No. 2, Banjara Hills, Hyderabad- 500 034 Tel: 011-47572697 Email: ankur@isfc.in
vi	Whether listed company	Yes (Debentures of the Company are listed)
vii	Name, Address, contact details of the Registrar & Transfer Agent, If any.	Link Intime India Private Limited C-13, Pannalal Slik Mills Compounded, L.B.S Marg Bhandup(west), Mumbai, Maharashtra

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

The principal business activity of the Company includes carrying on the business of finance Company, money lending and securitization business etc.

SL. No.	Name & Description of main products/services	NIC Code of the product/Service	% to total turnover of the company
i)	Other Credit Granting	99711390	100%

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLI CABLE SECTI ON
1	GGV School Financing Co. Limited 2200 Century Parkway, Suite 100 Atlanta, GA 30345	-	Associate Company	43%	2(6) of Compa nies Act, 2013

## IV SHAREHOLDING PATTERN

### i) Category wise shareholding

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	<b>Promoters &amp; Promoter Group</b>	0	0	0	0	0	0	0	0	0.00
	<b>(1) Indian</b>	0	0	0	0	0	0	0	0	0.00
	a) Individual/HUF	0	10	10	0	0	819903	819903	40%	40%
	b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0.00
	c) Bodies Corporates	0	398536	398536	32%	0	398536	398536	19%	13%
	d) Bank/FI	0	0	0	0	0	0	0	0	0.00
	e) Any other	0	0	0	0	0	10	10	0%	0.00
	<b>SUB TOTAL (A) (1)</b>	0	398536	398546	32%	0	1218449	1218449	59%	27%
	<b>(2) Foreign</b>	0	0	0	0	0	0	0	0	0.00
	a) NRI- Individuals	0	0	0	0	0	0	0	0	0.00
	b) Other Individuals	0	0	0	0	0	0	0	0	0.00
	c) Bodies Corp.	0	851050	851050	68%	0	851050	851050	41%	27%
	d) Banks/FI	0	0	0	0	0	0	0	0	0.00
	e) Any other...	0	0	0	0	0	0	0	0	0.00
	<b>SUB TOTAL (A) (2)</b>	0	851050	851050	68%	0	851050	851050	41%	27%
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	0	1249596	1249596	100%	0	2069499	2069499	100%	0%
B.	<b>PUBLIC SHAREHOLDING</b>	0	0	0	0	0	0	0	0	0.00
	<b>(1) Institutions</b>	0	0	0	0	0	0	0	0	0.00
	a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
	b) Banks/FI	0	0	0	0	0	0	0	0	0.00
	c) Central govt.	0	0	0	0	0	0	0	0	0.00
	d) State Govt.	0	0	0	0	0	0	0	0	0.00
	e) Venture Capital Fund	0	0	0	0	0	0	0	0	0.00
	f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
	g) FIS	0	0	0	0	0	0	0	0	0.00
	h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
	i) Others (specify)	0	0	0	0	0	0	0	0	0.00
	<b>SUB TOTAL (B)(1):</b>	0	0	0	0	0	0	0	0	0.00
	<b>(2) Non Institutions</b>	0	0	0	0	0	0	0	0	0.00
	a) Bodies corporate	0	0	0	0	0	0	0	0	0.00
	i) Indian	0	0	0	0	0	0	0	0	0.00
	ii) Overseas	0	0	0	0	0	0	0	0	0.00
	b) Individuals	0	0	0	0	0	0	0	0	0.00
	i) Holding shares upto Rs. 1 Lakh	0	0	0	0	0	0	0	0	0.00
	ii) Holding shares above Rs. 1 Lakh	0	0	0	0	0	0	0	0	0.00
	c) Others (NRI & clearing r	0	0	0	0	0	0	0	0	0.00
	<b>SUB TOTAL (B)(2):</b>	0	0	0	0	0	0	0	0	0.00
	<b>Total Public Shareholding</b>	0	0	0	0	0	0	0	0	0.00
	<b>(B) = (B)(1)+(B)(2)</b>	0	0	0	0	0	0	0	0	0.00
	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
	<b>Grand Total (A+B+C)</b>	0	1249596	1249596	100	0	2069499	2069499	100	0.00



**ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the Year		% change in share holding during the year
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
1	Neeraj Sharma	10	-	5,72,403	25.79%	100%
2	Ankur Aggarwal	-	-	2,47,500	11.15%	100%
	Total	10	-	8,19,903	36.94%	-

**iii) Change in Promoter's shareholding**

Mr Neeraj Sharma and Mr Ankur Aggarwal were designated as promoter of the company.

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Shareholder's Name	No. of Shares	%
GGV School Financing Co. Ltd	851,040	38.34%
Caspian Impact Investment Adviser Pvt. Ltd	398,536	17.96%
ISFC Employee Welfare Trust	150,000	6.76%
Blayfort Ltd	10	0.00%
Gray Matters Capital AIF	10	0.00%

**v) Shareholding of Directors and Key Managerial Personnel**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in share holding during the year
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
1	Neeraj Sharma	10	-	5,72,403	25.79%	100%
2	Ankur Aggarwal	-	-	2,47,500	11.15%	100%

The image shows a handwritten signature in black ink over a circular stamp. The stamp contains the text 'Finance Company Ltd' and '100%'. The signature is written in a cursive style.

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,224,497,605	119,750,000	-	1,344,247,605
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11,831,466	1,712,103	-	13,543,570
<b>Total (i+ii+iii)</b>	<b>1,236,329,071</b>	<b>121,462,103</b>	<b>-</b>	<b>1,357,791,174</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	808,542,209	-	-	808,542,209
Reduction	-	17,122	-	<b>17,122</b>
<b>Net Change</b>				<b>808,525,087</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,019,665,000	119,750,000	-	2,139,415,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,52,06,280	16,94,981	-	26,901,261
<b>Total (i+ii+iii)</b>	<b>2,044,871,280</b>	<b>121,444,981</b>		<b>2,166,316,261</b>

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Name of MD and CEO: Mr. Neeraj Sharma		
S. No.	Particulars of Remuneration	
<b>1</b>	<b>Gross salary</b>	
(a)	Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	Rs. 97,12,440
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	-
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
<b>2</b>	Stock option (No. of Shares)	301,500
<b>3</b>	Sweat Equity	-
<b>4</b>	Commission as % of profit, others (specify)	-
<b>5</b>	Others, please specify	-
	<b>Ceiling as per the Act</b>	Not Applicable

B. Other payments to other directors:

S. No	Particulars of Payments	Name of the Directors	Total Amount for the period ending 31.03.17

1	Independent Directors	Narendra Mairpady	3,50,000
		Kalpana Iyer	3,34,000
2	Other Non-Executive Directors	-	-
	Overall Ceiling as per the Act.	Not Applicable	

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

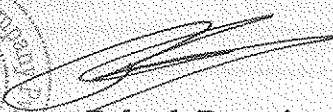
<b>Gross Salary</b>	<b>CFO</b>
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Rs. 52,00,000
(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
Stock Option (No. of Shares)	132,500
Sweat Equity	-
<b>Commission as % of profit others, specify</b>	-
<b>Others, please specify</b>	-

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

NIL

For & On Behalf of Board Of Directors,  
**For Indian School Finance Company Pvt. Ltd.**

  
**Neeraj Sharma**  
 Director  
 DIN: 00071579

  
**Rakesh Rewari**  
 Director  
 DIN: 00286853

**Delhi**



## MANAGEMENT DISCUSSION AND ANALYSIS

Company has established its foot print in 13 states of India where approx. 90% of the country's population resides. Like other years this year too the company has shown good performance on all fronts, be it loan book growth, cost to income ratio, reduction in cost of borrowed funds etc. During the year additional 24 locations were added thereby taking total locations present to 75.

We started retail foray i.e. loans to teachers in Feb 2016, the segment is showing encouraging results, our institutions loan growth was also satisfactory. During 2016-17 we disbursed 1994 loans as compared to 798 loans during 2015-16.

During 2016-17, the company also raised equity capital from its existing shareholders to the tune of Rs 40 Crores which was deployed in the business. The capital was raised in the month of Sept 2016, all the necessary formalities are being complied with for the issuance.

Sl no	Particulars	Unit	2014-15	2015-16	2016-17
1	Location Present	#	28	51	79
2	Employees	#	82	114	219
3	Number of RM	#	44	68	127
4	Amount of Loan Disbursed	Rs. In Lacs	5,602	10702	19697

New locations are constantly adding to the overall disbursements and also to the AUM, north India stands at approx. 30% of company's AUM despite stiff competition in northern states from developed and bigger NBFCs. The company intend to add more states and location during 2017-18. Apart from state offices the company will also open Local Hub Offices in 2017-18 for reducing cost and turnaround time to disburse the loan.

### Interest Rate

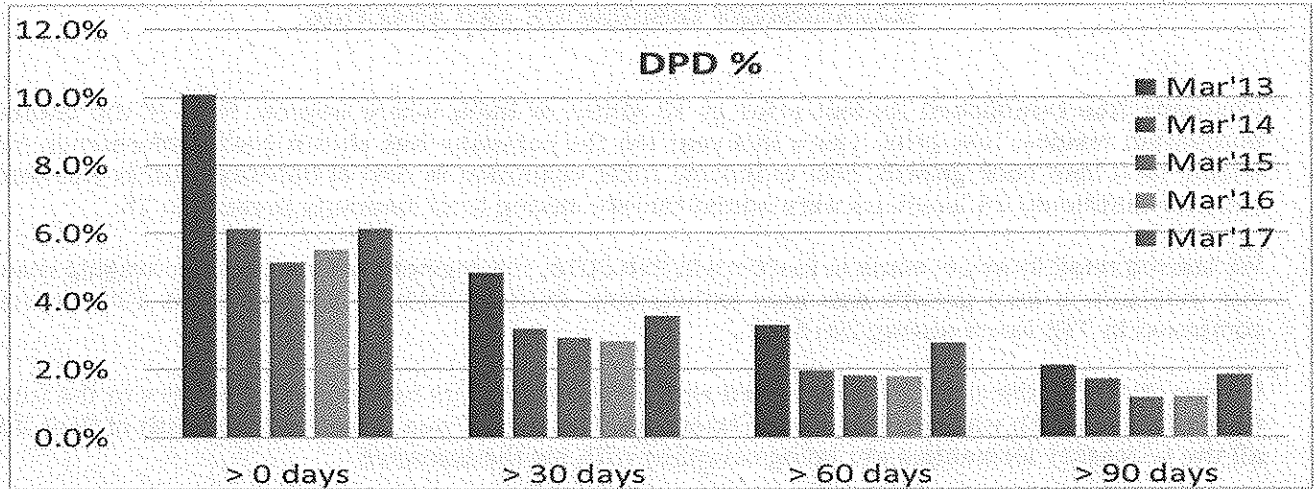
During the year company reduced Interest rate on its lending products to improve its market share and to be in alignment with the market, resultant fall in revenue would be compensated by increase in volume and quality of portfolio. We intend to further lower the interest rate to be in line with market, albeit, in a gradual fashion to lower the impact on company's financials & profitability. We also intend to introduce risk based pricing in order to offer lower interest rates.

### Portfolio quality

Company follows a very tight underwriting standard, Portfolio quality of the AUM has improved considerably owing to many factors such as distribution of risk by opening new branches and geographies, higher ticket size loans, improvement in CIBIL score of new customer acquisition.

Delinquencies in the portfolio has improved, however owing to our customer's profile bounce rate is still high at approx. 15%, however we receive sizeable amount within next 15 days of EMI bounce. We are trying to bring down this ratio from current level to sub 10% level,

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "India Finance Company" around the perimeter and "100%" in the center. The signature is written in a cursive style.



### Market segment and size

There are about 14 lacs schools in India where approx. 253 million students are enrolled. Private school are approx. 3.4 lacs in numbers and accommodate 40% of total school going population. More and more parents are sending their wards to private schools due to high teacher's absenteeism and low perceived teaching standards in most of govt. schools as per various studies. Number of private schools is been growing at a CAGR of 4% over last five years. According to a report published by EYFICCI titled private sector's contribution to K-12 education in India, country require additional 1,30,000 private schools by 2022 to meet the growing demand.

Since inception, our company has been funding schools and helping them to meet their growing infrastructural requirements. More particularly company funded affordable private schools, however the company has also started funding other education institutions such as Colleges, play schools, coaching centers and vocational colleges. All these products are in their initial stages and are very less in percentage terms to overall AUM, however the company believes that over a period we need to cover the overall spectrum of activities related to education.

Though funding to affordable private schools constitutes major portions of our AUM, catering to high end school still is a challenge in terms of meeting their rates expectations. For high end schools rate of interest on lending is the key issues as they are well fed by either banks or bigger NBFCs, though the company has started funding schools who are not affordable and are either in mid segment or in higher end segment, in our opinion in next one to two year we will be able to start lot of transaction in this category.

### Liquidity, borrowing cost and capital adequacy:

Liquidity for the company is comfortable and we are receiving good support from our lenders. During FY 2016-17, the Company raised approx. Rs. 201 Crores from various lenders compared to Rs. 122 crore during FY 2015-16. The incremental borrowing cost is still high and ranges between 13.10% to 13.70%, the Company believes that this year the company may witness reduction in its borrowing cost owing to lower interest rate regime and growing comfort among lenders towards the company.

Capital adequacy of the company is at a comfortable level of 25.57%.

### Cautionary Statement:

Statements in the management discussion and analysis describing the company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statements. Important factors that could influence the company's operations include change in government regulations, tax, laws, economic & political developments within and outside the country and such other factors.