



**Indian School Finance Company Private Limited 27th Annual Report
2020-21**

CORPORATE INFORMATION

CORPORATE IDENTITY NUMBER

U65921AP1994PTC065392

REGISTERED OFFICE

Unit no. 8-2-269/2/52, Plot No.52, Sagar
Society, Road No. 2, Banjara Hills,
Hyderabad-500034

Website: www.isfc.in

CORPORATE OFFICE

346/347, DLF Towers,
3rd Floor, 15 Shivaji Marg

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited Mittal Tower, B Wing, Nariman Point, Mumbai-400021, India

BOARD OF DIRECTORS

Mr. Rakesh Rewari
Mr. Sandeep Wirkhare
Ms. Erika Yvette
Mr. Hariharan Krishnier Padmanabhan

STATUTORY AUDITORS

M/s. S.R. Batliboi & Associates
LLP
Chartered Accountants, New Delhi-
110015

DIRECTOR'S REPORT

The Members,
Indian School Finance Company Private Limited

The Board of Directors of your Company is pleased to present the 27th Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2021.

1. FINANCIAL RESULTS:

Your Company's performance during the financial year 2020-21 is summarized below:

(Rs. In millions)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Total Income	704.45	957.61
Financial Charges	328.95	515.39
Personnel and Other Expenses	206.13	214.07
Depreciation	13.82	16.69
Provisions & Write-Offs	342.37	149.15
Total Expenses	891.27	895.30
Profit / (Loss) Before Tax	(186.82)	62.31
Less: Tax Expense	16.34	18.74
Profit/ (Loss) After Tax	(170.48)	43.57
Other Comprehensive Income	1.79	1.75
Total Comprehensive Income for the year	(168.69)	45.32
Add balance brought forward from previous year	191.93	155.67
Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	0.00	9.07
Balance Carried to Balance Sheet	23.84	191.92
Paid up Capital	82.67	50.82

2. BUSINESS PERFORMANCE, STATE OF AFFAIRS AND FUTURE OUTLOOK

During the year, the Company incurred a Loss (after tax) of Rs. 170.48 Millions for the year as against the profit (after tax) of Rs. 43.57 Millions incurred in the previous year. The primary business segment of the Company is financing of education institution, since these have remained closed for major part of the year due to Covid-19, the business has been impacted. This has impacted the business both in disbursement and repayments. The situation is expected to improve with gradual opening of schools. Revenue of the organization reduced by 26.44% as compared to the FY 19-20. Disbursement in FY 20-21 has increased to Rs. 38.92 crores from Rs. 18.5 Crore as compared with FY 19-20. There is marginal reduction of portfolio from Rs.389 Crore in FY 19-20 to to Rs.337 Crore in FY 20-21.



Ratio Analysis:

Sr. No	Particulars	Units	2020-21	2019-20
1	NIM to Avg. AUM*	In %	8.20%	9.30%
2	Operating Expenses % to NIM	In %	73.1%	52.18%
3	Return on Avg. AUM (On books)	In %	NA*	0.99%
4	NPA - 90dpd on AUM	In %	14.10%	10.24%
5	Average AUM	In Lacs	36,314	47,575

- * Since Profit after tax is negative the Return on Avg AUM is 'Not Applicable'

3. SHARE CAPITAL

As on March 31, 2021, the Company has an authorised share capital of Rs.150.00 Millions consisting of 80,00,000 equity shares and 70,00,000 preference shares and issued and paid-up capital of Rs. 82.67 Millions consisting of equity and preference shares. The details of shares capital is disclosed in note 19 to the financial statement.

During the year, the Board on May 29, 2020 has forfeited 819,893 Equity Share of Rs. 10/- each paid up Rs. 0.01/- each, on non-payment of first and final call. During the year the Company has also issued 3185106 10% Series A Compulsory preference shares of Rs. 10/- each fully paid up. The Compulsory Convertible Preference Shareholders (CCPS) are entitled to dividend of 0.5% & 10% cumulative. Each CCPS can be converted to Equity Shares at any time before the expiry of Twenty years from the date of issue into such number of Equity Shares as per the Investment Agreement dated April 20, 2009 and September 10,2016.

4. DIVIDEND

In view of inadequacy of profits, the board has decided not to declare any dividend for the financial year – 2020-21

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, Systematically Important NBFC's.

RBI has carried out the inspection of the Company for financial year 2019 – 20. The Board has already given a comprehensive response to the observations made therein.



6. CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CAR) of the Company stood at 43.27 % as at 31st March 2021 [Previous Year 25.06%] which is well above the minimum prescribed limit of 15% prescribed by the Reserve Bank of India.

7. RESERVES AND PROVISION

During the period under review, Rs. (168.68) Millions, being the loss were adjusted to Reserve and accordingly, balance in Reserves and Surplus account of the Company as at March 31, 2021 is Rs. 1,142.67 Millions.

8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company is not required to transfer the unclaimed funds to Investor Education and Protection Fund.

9. DEPOSITS

The Company is registered as a “Non-Deposit Taking NBFC” with the Reserve Bank of India, hence your Company has neither invited nor accepted any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the period under review.

10. DEBENTURES AND COMMERCIAL PAPERS

During the financial year under review 2020-21, your Company has/has not raised any money through debentures and commercial papers.

Outstanding borrowings at any time were within the respective limits set by the Board and shareholders from time to time

Further, during Financial Year 2020-21, the Company has redeemed below NCDs

ISIN	Date (Maturity)	Amount (In Millions.)
INE471Q07083	22-12-2020	64.25
INE471Q07091	13-01-2021	16.00
INE471Q07133	12-02-2021	80.00
INE471Q07117	15-03-2021	64.00
	Total	224.25

The aggregate outstanding as on March 31, 2021 was Rs. 672.75 Millions in form of privately placed secured Non-Convertible Debentures. No commercial papers were outstanding as on March 31, 2021. The break up for the outstanding NCDs program as on March 31, 2021 is given below:

ISIN	Amount (In Millions.)
INE471Q07083	192.75
INE471Q07091	48.00
INE471Q07133	240.00
INE471Q07117	192.00
Total	672.75

Sanmita

DEBENTURE TRUSTEES

The details of the Debenture Trustee are available on the website of the Company at the link: www.isfc.in

The Company is in compliance with all the disclosure requirements prescribed for listed companies under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable to Non-Convertible Debt Securities.

11. ISFC EMPLOYEES STOCK OPTIONSCHEME

During the year no fresh ESOP Scheme were approved by the Board or shareholders. Below are the details from the ESOP scheme 2013.

- (a) Options Granted: 1,673,893 were granted under ESOP Scheme 2013
- (b) options vested as on 31st March, 2020: 40000
- (c) options exercised during the year 0
- (d) the total number of shares arising as a result of exercise of option: 0
- (e) options lapsed during the year: 504000
- (f) the exercise price (for shares issued during the year) : NA
- (g) variation of terms of options; No
- (h) money realized by exercise of options during the year: NA
- (i) total number of options in force: 40000
- (j) employee wise details of options granted to;
- (k) key managerial personnel; During the year no options were granted to KMPs
- (l) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.: During the year no options were granted.
- (m) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; During the year no options were granted.

12. CREDIT RATINGS

The Company's credit ratings by various agencies at March 31, 2021 are given below:

Type of Borrowing	Rating Agency	Amount (Rs. Millions)	Rating
NCD	ICRA Ltd.	672.75	BB+
Bank Loan ratings	ICRA Ltd.	400.00	BB+

13. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

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



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

There is no such development during the period.

15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE 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.

16. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any subsidiary/Joint venture/Associate Company.

17. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a vigil mechanism named Whistle Blower Policy to deal with instance of unethical practices, fraud and mismanagement, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and any leak/suspected leak of Unpublished Price Sensitive Information or gross misconduct by the employees of the Company, if any, that can lead to financial loss or reputational risk to the organization. The detail of the Whistle Blower Policy has been posted on the website of the Company & can be accessed through the link <https://isfc.in/>

During the year under review the company received one whistle blower complaint which was resolved and addressed as per the whistle blower policy of the Company and as at the year-end no complaints were pending.

18. STATUTORY AUDITORS

M/s. S R Botliboi and LLP, Chartered Accountants (Firm Registration No.: No101049W/E300004), who was appointed by shareholders in AGM held on December 15, 2020 is holding the office of statutory auditors of the Company till conclusion of 31st AGM of the company to be held in year 2025.

However, M/s S.R. Batliboi & Associates LLP vide its resignation letter dated September 27, 2021 communicated to the Company that, pursuant to the recently issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by Reserve Bank of India (the "RBI Guidelines"), M/s S.R. Batliboi & Associates LLP is ineligible to continue as auditors of the Company after completing period of three years and accordingly vide this letter they resigned as statutory auditor of the Company w.e.f September 27, 2021, which caused casual vacancy in office of statutory auditors of the Company.

Accordingly, the Board in its meeting held on September 28, 2021, on recommendation of the Audit Committee and subject to approval of shareholders of the Company, approved the appointment of M/s. Nangia

Sangma

& Co. LLP., Chartered Accountants (Firm Registration No.: 002391C/N500069) as Statutory Auditors of the Company w.e.f. September 28, 2021, to fill the casual vacancy caused by resignation of M/s S.R. Batliboi & Associates LLP, till the conclusion of the ensuing AGM. Further, the Board also approved the proposal of appointment of M/s. Nangia & Co. LLP., Chartered Accountants (Firm Registration No.: 002391C/N500069) as Statutory Auditors of the Company for a period of three years from the conclusion of ensuing 27th AGM to be held in year 2021 until the conclusion of the 30th AGM of the Company to be held in the year 2024, and recommended the same for approval of shareholders of the Company, at such remuneration and out of pocket expenses and applicable taxes, as may be mutually agreed between the Board and the Auditors. The above proposal is subject to approval of the shareholders of the Company in ensuing AGM of the Company to be held in year 2021.

19. AUDITORS' REPORT

The observations of the M/s. S R Batliboi and LLP (Firm Registration No. No101049W/E300004), Statutory Auditors in the Auditors' Report together with the relevant notes to Accounts in Schedules are self - explanatory and with qualification, reservation or adverse remark as mentioned below:

Auditor's Qualification: As more fully discussed in Note 50 to the financial statement, the Reserve Bank of India has vide their report Jun 9, 2021 issued an inspection report for the year ended March 31, 2020 under Section 45N of the RBI Act 1934 in respect of such they have raised certain supervisory concerns and advised the Company to respond to their concerns within a period of time specified in such report. The Board of the Company has taken cognizance of the report and expects to respond with the time frame specified in such report. Pending response of the Board and subsequent feedback/action by the Reserve Bank of India, we are unable to comment on the financial statements consequence of these matters in these accompanying financial statements for the year ended March 31, 2021.

Board explanation: The Company has given comprehensive feedback to RBI on the matters and supervisory concerns raised by them. Company is in correspondence with the RBI and implementing the corrective actions- on the observations made by the RBI.

20. DETAILS OF FRAUD REPORTABLE BY AUDITOR TO AUDIT COMMITTEE OR BOARD

The Statutory Auditor of the Company has not disclosed any amount of fraud lesser to the amount of fraud which is reportable to the Central Government under Section 143 (12) of the Act either to the Audit Committee or the Board. Hence, the provision related to disclosure of fraud under section 134(3) (ca) are not applicable to the Company and hence not reported any fraud in this report.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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:

Party Name	Foreign Currency Inflow	Foreign Currency Outgo
Interest payment on CCDs to Blayfort Limited	Nil	1,52,32,711
Processing fees	Nil	25,60,000
Net Inflow/Outgo		1,77,92,711

22. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2021, the Company has four Directors. Out of the four Directors, one is executive and three are Non-executive Directors. As on March 31, 2021, the Company has two Independent Directors. The composition of the Board is in conformity with the Act. The composition of Board of Directors as on March 31, 2021 is as follows:

Name	Designation
Mr. Sandeep Champatrao Wirkhare	Managing Director
Mr. Hariharan Krishnier Padmanabhan	Additional Director (Non-executive & Independent)
Mr. Rakesh Rewari	Non-executive & Independent Director
Ms. Erika Yvette	Non-Executive Director, Nominee Gray Matters Captial AIF

Key Managerial Personnel: In terms of Section 203 of the Act, following are the KMPs of the Company as on March 31, 2021:

Mr. Sandeep Champatrao Wirkhare	Managing Director and Chief Executive Officer (CEO)
Ms. Harsha Joshi	Company Secretary

Sandeep

Changes in Directors and Key Managerial Personnel during FY 2020-21

Particulars	Designation	Appointment	Resignation
Mr. Hariharan Krishnier Padmanabhan	Independent Director	25 January, 2021	NA
Ms. Vibha Batra	Director	NA	02 April, 2020
Mr. Raunak Singhvi	Whole-time Director	03 April, 2020	16 September, 2020
Mr. Neeraj Sharma	Managing Director	NA	15 May, 2020
Mr. Ankur Aggarwal	Chief Financial and Operating Officer	NA	15 May, 2020
Mr. Sandeep Champatrao Wirkhare*	Director	11 May, 2020	NA
Ms. Erika Yvette	Director	16 September, 2020	NA
Mr. Amit Ratanpal	Director	NA	19 November, 2020
Ms. Priya Goel	Company Secretary	NA	15 December, 2020
Ms. Harsha Joshi	Company Secretary	16 December, 2020	NA

**Mr. Sandeep Champatrao Wirkhare had resigned on August 12, 2020 from the post of Independent Director and redesignated as Managing Director and CEO of the Company w.e.f. August 12, 2020.*

The Company has received the candidature under Section 160 from Member of the Company for appointment of Mr. Hariharan Krishnier Padmanabhan as Independent Director at the ensuing AGM of the Company.

The Independent Directors (IDs) of the Company have registered their names with the data bank of IDs maintained by the Indian Institute of Corporate Affairs (IICA).

Further, in the opinion of the Board, Independent Directors possess integrity, requisite expertise and experience and qualify the criteria of Independent Director as mentioned in the Act and are independent of the management.

None of the Directors of your Company is disqualified as per provisions of Section 164(2) of the Companies Act, 2013 as per the statutory disclosures and declarations provided by the directors. Your Directors have made necessary disclosures as required under various provisions of the Companies Act, 2013 and RBI norms.

I. 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 Act in the first board meeting of the FY 2020-21 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.

II. 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;

The provisions of Section 178 is not applicable to Company.



23. 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 Act:

- (a) that in preparation of the annual financial statements for the year ended March 31, 2021, 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, 2021 and of the loss of the Company for that period;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, 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.

24. 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 17 (Seventeen) times during the financial year 2020-21 viz.:

03.04.2020, 20.04.2020, 06.05.2020, 11.05.2020, 25.05.2020, 26.05.2020, 11.06.2020, 14.07.2020, 12.08.2020, 03.09.2020, 16.09.2020, 22.09.2020, 10.11.2020, 08.12.2020, 25.01.2021, 11.03.2021 and 15.03.2021

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 2020-21 are given below:



Name	Category	Number of Board Meetings held during his/her Tenure	Attendance	
			Number of Board Meetings Attended	Last AGM 15 December, 2021
Mr. Neeraj Sharma	Executive	4	2	No
Mr. Rakesh Rewari	Independent	17	16	Yes
Mr. Sandeep Champatrao Wirkhare	Managing Director	12	11	Yes
Mr. Amit Ratanpal	Nominee, Non-Executive	13	13	N.A
Mr. Hariharan Krishnier Padmanabhan	Additional Director (Independent)	2	1	N.A
Ms. Erika Yvette	Nominee, Non-Executive	6	4	Yes
Mr. Raunak Singhvi	Whole-time Director	9	9	N.A

25. BOARD COMMITTEES

(A) Audit Committee

Composition of Audit Committee as on March 31, 2021 was as follows:

- Mr. Amit Ratanpal
- Ms. Erika Yvette
- Mr. Rakesh Rewari

The Audit Committee met two times during the financial year 2020-21 viz.: July 14, 2020 and November 11, 2020.

Details of attendance of members at Audit Committee meeting held in FY 2020-21 are given below:

Name	Designation	Number of Audit Committee meetings held during his/her tenure	Attendance
Mr. Rakesh Rewari	[Chairman]	2	2
Ms. Erika Yvette	[Member]	1	1
Mr. Amit Ratanpal	[Member]	2	2
*Mr. Sandeep Champatrao Wirkhare	[Member]	1	1

*Mr. Sandeep Champatrao Wirkhare had resigned on August 12, 2020 from the post of Independent Director.

(B) Risk Management Committee:

The composition of Risk Management Committee as on March 31, 2021 was as follows:

- Mr. Sandeep Champatrao Wirkhare
- Mr. Rakesh Rewari
- Mr. Amit Ratanpal

The Risk Management Committee met 6 (Six) times during the financial year 2020-21 viz.: September 03, 2020, September 22, 2020, October 29, 2020, February 03, 2021, March 15, 2021 and March 31, 2021.

Sandeep

Details of attendance of members at Risk Management Committee meeting held in FY 2020-21 are given below:

Name	Designation	Number of Risk Management Committee meetings held during his/her tenure	Attendance
Mr. Sandeep Champatrao Wirkhare	[Chairman]	6	6
Mr. Rakesh Rewari	[Member]	6	6
Mr. Raunak Singhvi	[Member]	1	1
Mr. Amit Ratanpal	[Member]	2	2

(C) Nomination and Remuneration Committee

The Composition of Nomination Committee as on March 31, 2021 was as follows:

- Mr. Rakesh Rewari
- Ms. Erika Norwood
- Mr. Hariharan Padmanabhan

There was no meeting of Nomination and Remuneration Committee held in FY 2020-21.

(D) Corporate and Social Responsibility Committee

The composition of Corporate Social Responsibility Committee as on March 31, 2021 was as follows:

- Rakesh Rewari
- Ms. Erika Norwood
- Mr. Hariharan Padmanabhan

There was no meeting of Corporate Social Responsibility Committee held in FY 2020-21.

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company, being an NBFC, is exempted from the provisions of Section 186 [except sub-section (1)] of the Act. Accordingly, details of particulars of loans, guarantees or investments as required to be provided as per Section 134(3)(g) of the Act are not provided.

27. PARTICULARS OF EMPLOYEES

The information as required in accordance with Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, as applicable, is appended herewith as **Annexure – A** and forms an integral part of this Report.

Sd/-

28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions entered by the Company with related parties which may have a potential conflict with the interest of the Company.

All Related Party Transactions are placed before the Audit Committee for approval as per the Related Party Transactions Policy of the Company as approved by the Board. The policy is also uploaded on the website of the Company & can be accessed through the link <https://isfc.in/>

Since all related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and there was no material related party transaction entered by the Company during the year as per Related Party Transactions Policy, no details are required to be provided in Form AOC-2 prescribed under clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

The details of the transactions with related parties are provided in the notes to accompanying standalone financial statements.

29. BUSINESS RISK MANAGEMENT

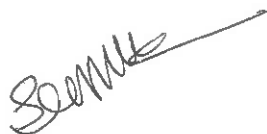
Business risk evaluation and management is an ongoing process within the Company covering the entire gamut of business operations and the Board was informed of the same.

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.

30. CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has established a Corporate Social Responsibility ("CSR") Committee. The CSR Committee has formulated and recommended to the Board, a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board.

The complete Policy of the company is placed at its website: www.isfc.in and Annual Report on CSR in the format prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as "Annexure B".



31. EXTRACT OF THE ANNUAL RETURN

As per amendment to the Companies Amendment Act, 2017, effective from August 20, 2020, an extract of the Annual Return is not required to be enclosed as part of this report. As per Section 92(3) of the Act, the Annual Return of the Company in the prescribed Form MGT-7 is available on the website of the Company at www.isfc.in.

32. SECRETARIAL AUDIT REPORT

The Board had appointed M/s MAKS & Co., Practicing Company Secretaries, as Secretarial Auditor pursuant to the provisions of Section 204 of the Act. The Report of the Secretarial Auditor is annexed to the Report as per Annexure 'D'. Following are the observations of Secretarial Audit Report with the management response:

- (a) The Board of Directors of the Company on May 29, 2020 forfeited 819893 partly-paid equity shares due to non-payment of first and final call money of Rs. 42.89/- (consisting of Rs. 9.99/- towards face value and Rs. 32.90/- towards securities Premium) per equity share. However, such forfeited shares were not yet cancelled by the Company as of March 31, 2021.

Management Response: The forfeited shares are cancelled at the meeting of Board of Director held on September 28, 2021.

- (b) In resolution approved by the Board in meeting held on May 08, 2020 and in resolution approved by shareholders in extra-ordinary general meeting held on May 08, 2020 for issuance of Compulsory Convertible Preference Shares, the required disclosures as per Section 55 read with Rule 9 of the Companies (Shares Capital and Debentures) Rules, 2014 have not been disclosed.

Management Response: The observation has been noted and management will ensure these compliances in future.

- (c) There were instances where the Company has not submitted prior intimations to the Stock Exchange w.r.t it's listed NCDs, as required under Regulation 50(1), 50(3) and 60(2) of SEBI LODR 2015.

Management Response: The Company has taken corrective actions and the intimations are sent on time post February 2021.

- (d) The Company has not submitted certificate from practicing company secretary under Reg. 61(4) of SEBI LODR 2015 for half year ended March 31, 2020 and September 30, 2020.

Management Response: The Company has taken corrective steps and company is in compliance of Reg. 61(4) w.e.f half year ended March 31, 2021. This was the NIL report to be submitted to the BSE.

- (e) The Company has not filed large corporate disclosures to the stock exchange for financial year 2019-20, as per SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

Management Response: The Company has taken corrective steps and company is in compliance of Reg. 61(4) w.e.f financial year ended March 31, 2021.

SECM

(f) The Company has not complied with provisions of SEBI PIT Regulations.

Management Response: The Company is a debt listed entity and its listed NCDs are privately placed. There was no dealing in the listed securities during the year under review. The Company has already adopted and implemented the Code of Conduct for Prevention of Insider Trading as required under the SEBI PIT Regulations.

33. DISCLOSURES FOR COST RECORDS

The provisions of Section 148(1) of the Act regarding maintenance of cost records are not applicable to the Company.

34. 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 2020-21 and hence no complaint is outstanding as on March 31, 2021 for redressal.

35. CORPORATE GOVERNANCE

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

36. 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.

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 areas 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.

37. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board, its Committees and the General Meetings.



38. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review as stipulated under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is presented in a separate section under **Annexure - D** and forms an integral part of this Report.

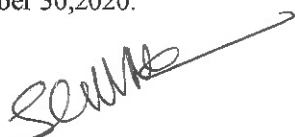
39. THE COVID -19 PANDEMIC UPDATE

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, the national lockdown was lifted by the Government but regional lockdowns continue to be implemented in areas with a significant number of CoVID-19 cases. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has offered moratorium on the payment to all eligible borrowers that have opted to avail the same of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020.

The Company has recorded an expected credit loss provision of INR.310.28 Million as at 31 March 2021 in respect of its loans and advance. In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro -economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated. Further, the company has in addition to the moratorium benefit discussed above restructured certain loan account in accordance with the resolution framework for COVID-19 related stress as per the RBI circular dated August 2020. These accounts have been classified on the basis of the historical behavior of such loans and applying suitable macro-economic outlook and expected credit losses have been provided in respect of those loans as well.

In accordance with Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated March 27, 2020, and subsequent guideline on EMI moratorium dated April 17, 2020 and May 23, 2020 ('RBI Regulatory Package'), the Company has offered moratorium on the payment of installments falling due between March 01, 2020 and August 31, 2020 ('moratorium period') to all eligible borrowers. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded from number of days past due for the purpose of asset classification.

Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma vs Union of India & Anr), vide an interim order dated September 3, 2020 ('interim order') has directed that accounts classified which were not declared NPA till August 31,2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company, has not classified any account as NPA, as per regulatory norms, after August 31, 2020 till September 30,2020.



The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgment of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021, the Company has carried out asset classification of the borrower accounts as per the extant RBI instructions / IRAC norms, without considering any standstill in asset classification and also done staging of the borrower accounts in accordance with ECL model / framework under Ind AS in the financial statements for the year ended March 31, 2021.

40. 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.

By order of the Board of Directors
For Indian School Finance Company Private Limited

Date: September 28, 2021



Sandeep Wirkhare
Managing Director & CEO
DIN: 02407395
Place: Mumbai



Rakesh Rewari
Director
DIN: 00286853
Place: Dubai

Annexure A

(A) Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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:

- i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21: 0.06:1
- ii) percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21:

Executive Directors/KMP	% increase in remuneration in the financial year
Mr. Sandeep Wirkhare	Nil
Ms. Harsha Joshi	Nil

- iii) The percentage increase in the median remuneration of employees in the financial year 2020-21: 10%
- iv) The number of permanent employees on the rolls of company: 198
- v) The explanation on the relationship between average increase in remuneration and company performance: NA
- vi) average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year is 10% and percentile increase in the managerial remuneration is 12%.
- vii) The company affirms that the remuneration paid is as per the remuneration policy of the company.

(B) 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, 2021.

- 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

Seenuk

C) the names of the top ten employees in terms of remuneration drawn:

Name	Age	Designation	Gross Remuneration (Rs.)	Qualification	Experience (years)	Date of Commencement of Employment	Last Employment
Sandeep Wirkhare	51	MD cum CEO	63,45,981	Management Graduate	25	13-Aug-20	Arihant Housing Finance
Nishi Sharma	40	Senior Vice President	37,81,212	CA	15	30-Oct-19	Religare
Samir Mehra	44	Senior Vice President	36,53,357	PGDM	18	10-Aug-09	Kotak Mahindra bank ltd.
Rajesh Ramanathan	49	Vice President	25,58,666	Bcom	30	20-Jan-20	Capital Float Financials Services
Anandkrishnan MR	58	Senior Vice President	23,34,779	Graduate	25	17-Aug-20	GMC
Sundeep Munta	42	Deputy Vice President	20,68,756	Bsc	20	12-Mar-09	Cholamandalam DBS
Bhasker Shetty	41	Deputy Vice President	18,62,590	MBA	16	07-May-09	Karvy Computer Share
Suman Kadyan	50	Deputy Vice President	17,19,753	CA	23	01-Jun-18	Global Healthline Private Limited
Vandana Jain	42	Deputy Vice President	17,04,588	MBA	17	11-Feb-20	Umeed Housing Finance ltd
Sanjay Nikajoo	47	Chief Manager	14,59,854	MBA	17	06-Aug-18	Shubham housing development fin co.

Date: September 28, 2021



Sandeep Wirkhare
Managing Director & CEO
DIN: 02407395
Place: Mumbai

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



Rakesh Rewari
Director
DIN: 00286853
Place: Dubai

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**1. Brief outline on CSR Policy of the Company:**

The company has its CSR Policy within broad scope laid down in Schedule VII to the Act, as projects/programmes/activities, excluding activities in its normal course of business. The policy is approved by the Board of Directors. The detailed policy is available at Company's Website www.ifsc.in

2. Composition of CSR Committee:

SI No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year*	Number of meetings of CSR Committee attended during the year**
1	Mr. Rakesh Rewari	Independent	Nil	
2	Ms. Erika Norwood	Nominee, Non-Executive	Nil	
3	Mr. Hariharan Padmanabhan	Additional Director	Nil	

3. Average Net Profit and Prescribed Percentage

Particulars	Rs. Lacs
Average Net Profit for preceding 3 years	1224.48
Prescribed CSR Expenditure	24.48

4. Details of CSR Spent during the financial year

- a) Total Amount to be spent for the financial year : Rs 24.48 Lacs
b) Amount Unspent if any Rs. 24.48 Lacs

The Company did not make any CSR Expenditure during FY 2020-21 because the Company was not able to identify suitable project in the focus areas of CSR Mandate. The unspent amount has been carried forward for utilization in the current year.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Not Applicable

6. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any –

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
NIL	NIL	NIL	NIL
	TOTAL	NIL	NIL

Sarav

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (inRs.)
				Name of the Fund	Amount (in Rs).	Date of Transfer.	
1	2019-20	24.90 Lacs	24.48. Lacs	NIL	NIL	NIL	49.38 Lacs
Total		24.90 Lacs	24.48.Lacs				49.38 Lacs

(b) Details of CSR amount spent in the financial year for on-going projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (inRs.).	(7) Amount spent on the project in the reporting Financial Year (in Rs).	(8) Cumulative amount spent at the end of reporting Financial Year. (inRs.)	(9) Status of the project – Completed /Ongoing.
Nil								
Total								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – **Not Applicable**

(asset-wise details).

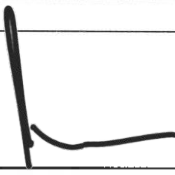


- a) Date of creation or acquisition of the capital asset(s).
- b) Amount of CSR spent for creation or acquisition of capital asset.
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

S. M. K.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)

The Company did not make any CSR Expenditure during FY 2020-21 because the Company was not able to identify suitable project in the focus areas of CSR Mandate. The unspent amount has been carried forward for utilization in the current year.

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

		
Hariharan Padmanabhan Chairperson - CSR Committee meeting DIN: 00214284 Dubai	Sandeep Wirkhare Managing Director & CEO DIN: 02407395 Mumbai	Rakesh Rewari Director DIN: 00286853 Dubai

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) REPORT

A. Industry Structure & Development:

The year gone by proved to be quite tumultuous for the Indian Economy. The deadly Covid-19 has delayed India's Recovery. The economy has gradually turned towards recovery early FY 2020-21 despite Second Wave hitting our country very hard. As Deloitte has aptly put in one of its report on Indian Economy "**the tunnel just got longer, but you can still see the light**"

In India NBFCs have always played vital role in promoting financial inclusion. They have been complementing and supplementing the banking sector in reaching out credit to unbanked segments of society and consumer spending. ISFC's calibrated approach puts it in a position to adapt faster than the market.

B. Industry Opportunities & Threats:

Opportunities:

The continuous closure of schools though hindered our operations, but the Company has used this as an opportunity to change its business model to align itself with digital future under its vision of ISFC 2 version. The model envisages being a part of digitized school eco-system by leveraging technology, new products, like fee financing and tie up with ERP and content players to ensure scalable delivery and collection of each product at right cost to end customer.

Threats: We are cautiously optimistic about economy's ability to bounce back from covid -19 impact. This raises several questions: How damaging would the impact of successive waves on the economy? Can parents shirk off their anxieties and allow their kids to resume normal schooling. While we pin our hopes on our new products and efforts are there any risks that may materialize? Our high frequency data suggests that people are yet to recover from emotional and financial scars of Covid 19.

C. Business and Industry Outlook:

Market segment and size

There are about 1.55 Mn schools in India – 0.33 Mn (21%) of which are unaided private schools. These unaided private schools enroll over 81 Mn students annually - which is 1/3rd of the total student enrolment. It is estimated that 80% of the unaided private schools are Affordable Private Schools i.e. schools having annual fees less than INR 25,000. Given the poor quality of the government schools, parents in India across income levels have a significance preference for private schools over government schools.

Education financing is a large business opportunity primarily driven by 260,000+ affordable private schools, which account for 80% of unaided private schools in the country enrolling 81 million students, as well as the increasing preference of private schools over public schools. The market is at a relatively early stage and there is no major competition as of now.

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 been funding other education institutions such as Colleges, play schools, coaching centers and vocational colleges. All these products 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.

Seema

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.

D. Risks and concerns

The Company is exposed to variety of risks such as credit risk, economy risk, interest rate risk, liquidity risk and cash management risk, among others. The Company has Enterprise Risk Management Framework which involves risk identification, risk assessment and risk mitigation planning for the Company. The Board of Directors has constituted a Risk Management Committee consisting of majority of Directors. The terms of reference of the Risk Management Committee include periodical review of the risk management policy, risk management plan, implementing and monitoring of the risk management plan and mitigation of the key risks. The Risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of the risk related to their respective areas/ functions.

E. Internal Control Systems and their adequacy

In any industry, the processes and internal control systems play a critical role in the health of the Company. The Company's well defined organizational structure, documented policy guidelines, defined delegation and authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. ISFC has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, applicable statutes and corporate policies are duly complied with. The Board has Audit Committee with Independent Directors to maintain the objectivity.

F. Financial Performance & Operational Performance

(Rs. In millions)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Total Income	704.45	957.61
Financial Charges	328.95	515.39
Personnel and Other Expenses	206.13	214.07
Depreciation	13.82	16.69
Provisions & Write-Offs	342.37	149.15
Profit / (Loss) Before Tax	(186.82)	62.31
Less: Tax Expense	16.34	18.74
Profit/ (Loss) After Tax	(170.48)	43.57
Other Comprehensive Income	1.79	1.75
Total Comprehensive Income for the year	(168.69)	45.32
Add balance brought forward from previous year	191.94	155.68
Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	0.00	9.07
Balance Carried to Balance Sheet	23.86	191.94
Paid up Capital	82.67	50.82

Sumit

During 2020-21 we disbursed 757 loans as compared to 718 loans during 2019-20. Disbursement in FY 2020-21 has increased to Rs. 38.92 crores as compared to Rs. 18.5 Crore in FY 2019-20. There is marginal rundown of portfolio from Rs.389 Crore to Rs.337 Crore due to lesser than expected disbursements in covid -19 time.

G. Portfolio quality

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, the company has stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behavior also supplement the efforts for containing credit risk.

We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

Delinquencies in the portfolio has increased due to stressed credit environment in the market since Covid -19 hitting the economy. Gross NPA as on 31st March-21 was 14.10%, as compared to GNPA of 10.24% for FY 19-20. This is due to lower trajectory of disbursements since last 1-2 years.

H. Liquidity, borrowing cost and capital adequacy:

Liquidity for the company is comfortable and we are receiving good support from our lenders. There is marked improvement Capital Adequacy Ratio at 43.97% from 25.06% in FY 2019-20. The average cost of borrowing in FY 20-21 has remained healthy within the same range of 12.00% to 13.00% as in the past

I. Human Resources

Your Company recognizes people as its most valuable asset, and it has built an open, transparent and meritocratic culture to nurture this asset. Employees are central as well as critical to the Company as they are the real assets of the organization. The Company believes in retaining high caliber employees while engaging and nurturing them to achieve great heights in operations. The employee relationship with the company remained harmonious throughout the year. Your Company is in the growth stage of the IT framework and would see a slew of new projects with strategic benefits and will lead the Company being perceived as a leader in information technology for the entire industry. There is a constant endeavor to move up the IT maturity curve and deliver value to businesses and customers.

J. 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. 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.

