



Indian School Finance Company Private Limited
11th Annual Report
2018-19

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-500 034

Website: www.isfc.in

CORPORATE OFFICE

236/237, DLF Towers,
15 Shivaji Marg
New Delhi-110015

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. kamani Marg,
Ballard Estate
Mumbai-400001
Maharashtra, India

BOARD OF DIRECTORS

Mr. Rakesh Rewari
Mr. Amit Ratanpal
Mr. Neeraj Sharma - Managing Director & CEO
Ms. Vibha Batra
Ms. Ragini Chaudhary

STATUTORY AUDITORS

M/s S.R. Bathboi & Associates LLP
Chartered Accountants

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

A handwritten signature in black ink, appearing to be 'Rakesh Rewari', with a large 'X' drawn over it.

A handwritten signature in black ink, reading 'Amit Ratanpal'.

DIRECTOR'S REPORT

TO THE MEMBERS

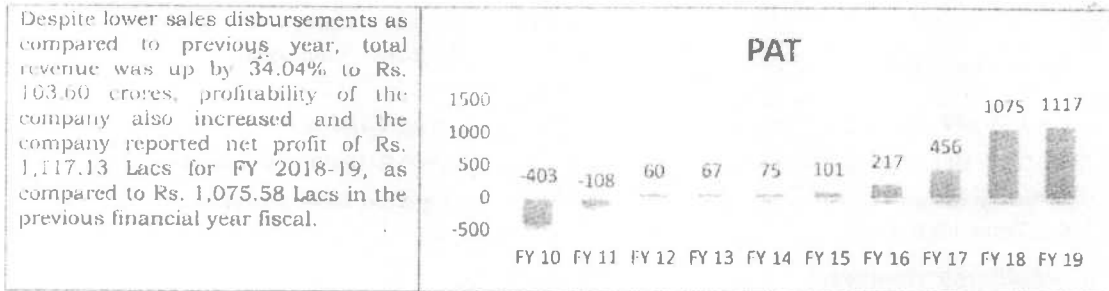
The Board of Directors of your Company is pleased to present the 11th Annual Report and Audited Financial Statement of Accounts for the year ended on March 31, 2019.

1. FINANCIAL RESULTS:

Your Company's performance during the financial year 2018-19 is summarized below:

Particulars	(Rs. In lacs)	
	Year ended 31.03.2019	Year ended 31.03.2018
Total Income	10,360.32	7,729.48
Financial Charges	5,102.64	3,633.36
Personnel and Other Expenses	2,520.07	2,208.15
Depreciation	84.91	114.56
Provisions & Write-Offs	1,103.33	273.05
Profit / (Loss) Before Tax	1,549.37	1,500.35
Less: Tax Expense	432.24	424.77
Profit/ (Loss) After Tax	1,117.13	1,075.57
Add Balance brought forward from previous year	1,005.90	145.44
Transfer to Reserve Fund under section 45-1C of the RBI Act, 1934	223.42	215.11
Balance Carried to Balance Sheet	1,899.61	1,005.90
Paid up Capital	506.15	501.80

2. BUSINESS PERFORMANCE:



RATIO ANALYSIS:

Sr.no	Particulars	Units	2018-19	2017-18
1	NIM to Avg. AUM*	In %	10.65	10.70
2	Operating Expenses % to NIM	In %	50.05	57.00

Amit Katarpal

3	Return on Avg. AUM (On books)	In %	2.70	4.20
4	NPA - 90dpd	In %	3.77	0.95
5	Average AUM	In Lacs	54,248	40,392

*Avg. AUM = (Opening AUM + Closing AUM)/2

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

3. SHARE CAPITAL

Authorized	Amount (Rs.)
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
	120,000,000
Issued & Subscribed	
Equity Share Capital	
2,262,999 (Previous year 2,219,499) Equity Shares of Rs. 10/- each fully paid up	22,629,990
Compulsory Convertible Preference Share Capital	
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
	60,306,490
Paid up Capital	
Equity Share Capital	
14,43,106 (Previous year 1,399,606) Equity Shares of Rs. 10/- each	14,431,060
Less: Amount Recoverable from ESOP Trust (face value of 150,000 Equity Shares allotted to Trust)	(1,500,000)
819,893 (Previous year 819,893) Equity Shares of Rs. 10/- each paid up Re 0.01/- each	8,199
Compulsory Convertible Preference Share Capital	
283,283 (Previous year 283,283) 0.5% Compulsory Convertible Preference Shares of Rs. 10/- each	2,832,830
3,484,367 ((Previous year 3,484,367)) 0.5% Series A Compulsory Convertible Preference Shares of Rs. 10/- each	34,843,670
	50,615,759

The capital structure of your company is given as under as on 31st March, 2019.

4. DIVIDEND

The board has decided not to declare any dividend for the financial year 2018-19.

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.

6. RESERVES AND PROVISIONS

As per section 45IC of RBI Act, 1934 the Company has transferred Rs.22,342,638 in reserve fund i.e. aggregating of 20% of its Net Profit.



Amit Ratanpal

7. 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.

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

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

9. 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

The company is planning to raise additional capital in the financial year 2019-20.

10. 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.

11. 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.

12. 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.

13. 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
Capital Plus Exchange Corporation	368,069	
Opportunity International Education Finance	13,57,778	
Net Inflow/Outgo		13,482,405



Amie Katarpal

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As on March 31, 2019, the Company has 4 Directors of which one is executive and 3 are non- executive Directors. As on March 31, 2019 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:

Ms. Kalpana Iyer resigned as Independent Director from Board of ISFC w.e.f. 28 May, 2018.

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 2018-19 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, 2019, 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, 2019;
- (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.



Amit Katarwal

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 seven times during the financial year 2018-19 viz.:

28th May, 2018

2nd July, 2018

2nd July, 2018

18th October, 2018

13th November, 2018

3rd December, 2018

14th March, 2019

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 2018-19 are given below:

Name	Category	Attendance	
		Number of Board Meetings Attended	Last AGM 31 August, 2018
Mr. Neeraj Sharma	Executive	7	-
Ms Kalpana Iyer	Independent	1	-
Mr. Robert Alexander Pattillio	Non- Executive	5	-
Mr Rakesh Rewari	Independent	7	-
Ms. Ragini Chaudhary	Non- Executive	6	-

NUMBER OF MEETINGS OF The Audit Committee:

The Audit Committee met two times during the financial year 2018-19 viz.:

30th May, 2018

13th November, 2018

Details of attendance of Directors at Audit Committee meeting held in FY 2018-19 are given below:

Name	Category	Attendance
Mr. Neeraj Sharma	Executive	2
Ms Kalpana Iyer	Independent	1
Mr. Robert Alexander Pattillio	Non- Executive	-
Mr Rakesh Rewari	Independent	2
Ms. Ragini Chaudhary	Non- Executive	1

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

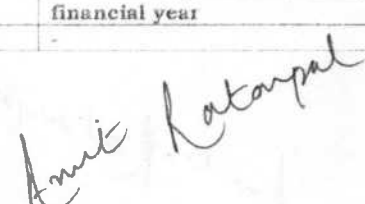
Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of securities by a Non-Banking Financial Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

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 Executive Director to the median remuneration of the employees of the Company for the financial year 2018-19: 21.96:1
- percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19

Executive Directors/KMII	% increase in remuneration in the financial year
Mr. Neeraj Sharma	-

Handwritten signature: Ankur Aggarwal

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Employee Code	Emp Name
1021	Sundep Munia
1022	D P Sukanya
1031	Bhasker Shetye
1037	Samir Mehra
1077	Suresh Karni
1100	Neeraj Sharma
1107	Ankur Aggarwal
1129	Tenzing Bhutta
1744	Komal Kharakar Kosaraju
1789	Suman Kadyan

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

(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.

Name	Designation	Remuneration	Qualification	Experience	Date of Joining	Age	Previous Employment	No. of shares held in related companies	No. of directors
Neeraj Sharma	Managing Director and CEO	13,457,211	CA, CMA	24 Years	19th Sept, 2012	46 yrs	Fullerton India Credit Company Ltd.	5,72,40	No

(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:

Report for the year ended March 31, 2019.
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

- (i) The company affirms that the remuneration paid is as per the remuneration policy of the company.
- (ii) The explanation on the relationship between average increase in remuneration and company performance: The Company started growing rapidly in the first half of 2018-19 and to motivate the employees, to reduce attrition and to bring right talent, the salary went up.
- (iii) The percentage increase in the median remuneration of employees in the financial year 2018-19: 17%
- (iv) The number of permanent employees on the rolls of company: 345
- (v) Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 is 8% and percentile increase in the managerial remuneration is 0%.

Mr. Ankur Aggarwal, Chief Financial Officer	-
Ms. Priya Goel, Company Secretary	13.33%

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)

Company Constituted CSR policy during the year 2017-18. Following are the members of CSR Policy of the Company.

Mr. Rakesh Rewari

Mr. Neeraj Sharma

Ms. Ragini Chaudhary

The complete Policy of the company is placed at its website: www.isfc.in and brief details are annexed herewith.

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 2018- 2019 and hence no complaint is outstanding as on 31.03.2019 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 reconstituted the audit committee comprising of following members as on 16th May, 2019.

Mr. Rakesh Rewari

Mr. Amit Ratanpal

Ms. Vibha Batra

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 non-existent 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



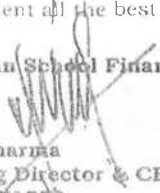
Amit Ratanpal


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 Indian School Finance Company Private Limited


Neeraj Sharma
Managing Director & CEO
DIN: 00071579
Delhi
06 August, 2019


Amit Ratanpal
Director
DIN: 02871692
Mumbai