



Indian School Finance Company Private Limited 28th Annual Report
2021-22

CORPORATE INFORMATION

CORPORATE IDENTITY NUMBER

U65921TG1994PTC065392

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
Moti Nagar, New Delhi – 110015

DEBENTURE TRUSTEE

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

BOARD OF DIRECTORS

Mr. Rakesh Rewari
Mr. Sandeep Wirkhare
Mr. Hariharan Krishnier Padmanabhan
Ms. Smita Sircar

STATUTORY AUDITORS

M/s. Nangia & Co. LLP
A-109, sector 136, Noida 201301
FRN: 002391C/N500069

DIRECTOR'S REPORT

The Members,
Indian School Finance Company Private Limited

The Board of Directors of your Company is pleased to present the 28th Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2022.

1. FINANCIAL RESULTS:

Your Company's performance during the financial year 2021-22 is summarized below:

(Rs. In millions)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Total Income	449.62	704.45
Financial Charges	198.79	328.95
Personnel and Other Expenses	194.80	206.13
Depreciation	9.68	13.82
Provisions & Write-Offs	39.43	342.37
Total Expenses	442.70	891.27
Profit / (Loss) Before Tax	6.92	(186.82)
Less: Tax Expense	51.88	(16.34)
Profit/ (Loss) After Tax	(44.96)	(170.48)
Other Comprehensive Income	1.08	1.79
Total Comprehensive Income for the year	(43.88)	(168.69)
Add: balance brought forward from previous year	23.84	191.93
Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	0.00	0.00
Less: Dividend on Cumulative Preference Shares	(6.89)	0.00
Balance Carried to Balance Sheet	(26.92)	23.84
Paid up Capital	82.66	82.67

2. BUSINESS PERFORMANCE, STATE OF AFFAIRS AND FUTURE OUTLOOK

During the year, the Company registered PBT of Rs 6.90 Mn. The Loss (after tax) for the year is Rs. 44.96 Millions as against the loss (after tax) of Rs. 170.48 Millions incurred in the previous year. The primary business segment of the Company is financing of education institutions. Since Schools and Colleges continued to remain closed in the initial two quarters of the FY 2021-22 due to Covid-19, the business has been impacted to some extent both in terms of disbursement and collections. The situation has improved in the last two quarters of the FY with gradual opening of schools and Colleges. Revenue of the organization reduced by 36.17% as compared to the FY 20-21. Disbursement in FY 21-22 is Rs. 4.84 crores as compared to Rs. 38.92 Crore in FY 20-21. There is reduction of portfolio from Rs. 337 Crore in FY 20-21 to Rs. 228 Crore in FY 21-22.



Ratio Analysis:

Sr. No	Particulars	Units	2021-22	2020-21
1	NIM to Avg. AUM*	In %	8.43%	8.20%
2	Operating Expenses % to NIM	In %	85.76%	73.10%
3	Return on Avg. AUM (On books)	In %	NA*	NA*
4	NPA - 90dpd on AUM	In %	14.89%	15.67%
5	Average AUM	In Lacs	28,268	36,314

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

3. SHARE CAPITAL

As on March 31, 2022, 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. 84.15 Millions consisting of 14,63,106 equity shares of Rs. 10/- each and 69,52,756 preference shares of Rs. 10 each. The details of shares capital are disclosed in note 20 to the financial statement.

During the year, the Board cancelled the partly paid forfeited shares on September 28, 2021. 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, which has been cancelled by the Board in its meeting held on September 29, 2021.

4. DIVIDEND

In view of inadequacy of profits, the board has decided not to declare any dividend for the financial year – 2021-22.

5. COMPLIANCE WITH NBFC REGULATIONS

Your Company is a Systemically Important Non-Deposit Accepting NBFC (ND-SI- NBFC) Registered with the RBI. The Company has generally 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 the financial year 2020 – 21 and highlighted certain observations vide its Inspection Report dated February 24, 2022 and Supervisory letter dated March 28, 2022. The Company has submitted its response to the observations made in the Inspection Report and Supervisory letter vide its letter dated April 07, 2022 and May 09, 2022, respectively.

6. CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CAR) of the Company stood at 65.47 % as at 31st March 2022 [Previous Year 43.27%] 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. (43.88) Millions, being the loss were adjusted to Reserve and accordingly, balance in Reserves and Surplus account of the Company as at March 31, 2022 is Rs. 1098.79 Millions.

8. STATUTORY RESERVE FUND

In accordance with the provisions of Section 45-IC of the RBI Act, 1934, the Company being an NBFC registered with the RBI is required to transfer an amount equivalent to 20% of profit after tax, to its Statutory Reserve. During the current and previous year, no amount has been transferred to the said Reserve account due to losses incurred during the current and previous year

9. DEBENTURE REDEMPTION RESERVE

The Company was not required to create any Debenture Redemption Reserve during the year.

10. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

11. DEPOSITS

The Company is registered as a "Non-Deposit Taking NBFC" with the Reserve Bank of India vide its Certificate of Registration No. B.09.00433 dated 12.02.2014 (*in lieu of the earlier certificate number B-09.00433 issued by the Reserve Bank of India on 27.08.2010*), 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.

12. DEBENTURES AND COMMERCIAL PAPERS

During the financial year under review 2021-22, your Company 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 2021-22, the Company has redeemed below NCDs

ISIN	Date (Maturity)	Amount (In Millions.)
INE471Q07083	On the last day of each month since Oct. 2021 (Rs. 10.71 Mn. p.m.)	64.25
INE471Q07091	On the last day of each month since Oct. 2021 (Rs. 2.67 Mn. p.m.)	16.00
INE471Q07133	On the last day of each month since Oct. 2021 (Rs. 13.33 Mn. p.m.)	80.00
INE471Q07174 (Earlier INE471Q07117)	On the last day of each month since Oct. 2021 (Rs. 10.67 Mn. p.m.)	64.00
	Total	224.25

The aggregate outstanding debentures as on March 31, 2022 was Rs. 448.50 Million in form of Privately Placed Secured Non-Convertible Debentures ('NCDs'). No commercial papers were outstanding as on March 31, 2022. The break-up for the outstanding NCDs as on March 31, 2022 is given below:

ISIN	Amount (In Millions.)
INE471Q07083	128.50
INE471Q07091	32.00
INE471Q07133	160.00
INE471Q07117	128.00
Total	448.50

DEBENTURE TRUSTEES

The details of the Debenture Trustee are as under and the same is available on the website of the Company at the link: www.isfc.in

Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited)

Office No. 83 – 87, 8th floor,
 'Mittal Tower', 'B' Wing,
 Nariman Point, Mumbai – 400021
 Contact Person- Ms. Khushboo Mundhra
 Phone No: 022-49220509
 F: 022-49220505
 E-mail: khushboo.mundhra@ctltrustee.com

The Company is generally 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.

13. ISFC EMPLOYEES STOCK OPTONSCHHEME

During the year no fresh ESOP Scheme were approved by the Board or shareholders. Below are the details from the ESOP Scheme 2013 ('Scheme'/ESOP Scheme).

- (a) Options granted during FY21-22: Nil [1,673,893 were granted under ESOP Scheme 2013]
- (b) Options vested during FY21-22: 15,000
- (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: 25,000
- (f) The exercise price (for shares issued during the year): N.A.
- (g) Variation of terms of options: No
- (h) Money realized by exercise of options during the year: N.A.
- (i) Total number of options in force as on March 31, 2022: 15,000
- (j) Employee wise details of options granted to:
 - Key managerial personnel: None during the year
 - 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: None during the year.
 - 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: None during the year.

14. CREDIT RATINGS

The Company's credit ratings by various agencies at March 31, 2022 are given below:

Type of Borrowing	Rating Agency	Amount (Rs. Millions)	Rating
NCD	ICRA Ltd.	672.80	BB+ (outlook stable)
NCD	Infomerics	500	BB+ (Outlook positive)

There were no migration of rating during the period.

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

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

16. 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

No material changes and commitment affecting the financial position of the Company have occurred between the end of the Financial Year to which these Financial Statements relate till the date of this Report.

17. 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.

18. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

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

19. 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.



20. STATUTORY AUDITORS

M/s. Nangia & Co. LLP, Chartered Accountants (Firm Registration No.: 002391C/N500069), who was appointed by shareholders in last 27th Annual General Meeting ('AGM') held on October 22, 2021 is holding the office of Statutory Auditors of the Company till conclusion of 30th AGM of the Company to be held in year 2024.

21. AUDITORS' REPORT

The observations of the M/s. Nangia & Co. LLP, Chartered Accountants (Firm Registration No.: 002391C/N500069), Statutory Auditors in the Auditors' Report together with the relevant notes to Accounts in Schedules are self-explanatory and without any qualification, reservation or adverse remark and therefore, in the opinion of the Directors, do not call for any further explanation.

The Emphasis of Matter in the Auditor's Report are noted and taken on record by the Company. Further, the observations made in CARO 2020 and ICFR are noted and taken on record by the Company.

22. 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.

23. 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 are given hereunder as at March 31, 2022:

Party Name	Foreign Currency Inflow	Foreign Currency Outgo
Interest payment on CCDs to Blayfort Limited	Nil	152,08,250
Due diligence fees	Nil	34,46,391
Net Inflow/Outgo		186,54,641

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24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Director: As on March 31, 2022, the Board of Directors comprises of four Directors. Out of the four Directors, one is Executive and three are Non-executive Directors. As on March 31, 2022, the Board 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, 2022 is as follows:

Name	Designation
Mr. Sandeep Champatrao Wirkhare	Managing Director
Mr. Hariharan Krishnier Padmanabhan	Non-executive & Independent Director
Mr. Rakesh Rewari	Non-executive & Independent Director
Ms. Smita Sircar	Non-Executive Director, Nominee Gray Matters Captial Inc

Key Managerial Personnel (KMP): The provisions of KMP, in terms of Section 203 of the Act, are not applicable to the Company, being a private limited company and an unlisted company as per provisions of the Act read with Rule 2A of the Companies (Specification of definition details) Rules, 2014 vide amendment in Companies (Specification of definition details) Second Amendment Rules, 2021 dated February 19, 2021 effective from April 01, 2021.

However, the Company has following key officials as on March 31, 2022:

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

Changes in Directors and Key Officials during FY 2021-22

Particulars	Designation	Appointment	Resignation
Mr. Vipul Patel	Chief Financial Officer	September 28, 2021	NA
Ms. Erika Yvette Norwood	Director	NA	January 25, 2022
Ms. Smita Sircar	Director	January 25, 2022	NA

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 Section 149(6) of the Companies Act, 2013 ('the Act') with the code for independent Directors prescribed in Schedule IV to the Act in the first Board meeting of the FY 2021-22 as per the provisions of Section 149(7) of the Act. No independent director has been re-appointed for the 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 of the Companies Act, 2013 is not applicable to Company. However, the Company has constituted Nomination and Remuneration Committee ('NRC') to comply with Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

III. Remuneration to Executive and Non-executive Directors

As per as per RBI Regulations including Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company is required to report all pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.

Remuneration

The remuneration of Executive / Non-Executive Directors and KMPs is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards and decided by NRC in accordance of abovementioned policies. NRC conducts a review of director compensation on a periodic basis to ensure directors of the Company are compensated effectively in a manner consistent with the strategy of the Company and to further ensure that the Company will be able to attract, retain and reward those who contribute to the success of the Company. MD & CEO's remuneration is determined keeping in view the industry benchmark & the relative performance of the Company to the industry performance. It is proposed by NRC and subsequently approved by the Board.

(i) Remuneration of Executive Directors

Remuneration of Executive Directors is decided by the Board based on recommendation of NRC within the ceiling fixed by the Shareholders and permissible under the Act. Remuneration paid to the Executive Directors for the year ended March 31, 2022 and the disclosure as per the requirement of Schedule V of the Act and SEBI Listing Regulations, are as follows:



(Amount in Rs)								
Name and Designation of the Director	Salary & Allowances	Guaranteed/Joining Bonus	Bonus	Commission payable	Perquisite	Retiral Benefits	Total	Stock Options Granted
Sandeep Wirkhare MD & CEO	10,000,000	Nil	Nil	Nil	Nil	Nil	10,000,000	Nil

The Company has not granted stock options to any Executive Director during the financial year under the review.

(ii) Remuneration of Non-Executive Directors

Non-Executive Directors including Independent Directors do not have any pecuniary relationship or transactions with the Company. They are paid only the sitting fees for attending the meetings of the Board of Directors and Committees within the limits as prescribed under the Act. Independent Directors are paid sitting fees of Rs. 50,000/- per meeting for attending Board meeting, Rs. 35,000 (in case of member of the Committee) for attending Audit Committee and other Committee meetings and INR 25,000 (in case of non-member of the Committee, but Independent Director) for attending Audit Committee and other Committee meetings. Non – Executive Non-Independent Directors are not paid any sitting fees for attending Board and Committee meetings.

Details of remuneration paid to Non-Executive Directors during FY 2021-22 and their shareholding in the Company as at 31st March 2021 are as follows:

S. No	Name of Director	Sitting Fees (Rs.)	Salary (Rs.)	Benefits or Bonuses	Stock Options	Shareholding (Number of Share)
1	NIL					
2						

None of the Independent Directors holds any shares or convertible instruments i.e. which are convertible into equity shares of the Company as on March 31, 2022.

Apart from receiving sitting fees, no Non-Executive Director including Independent Directors received any fixed component & performance linked incentives from the Company during the period under review.

Further, there were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company during the year under review other than the payment of sitting fees for attending meetings of the Board and its Committee. The Company has not granted any stock options to any of its Non-Executive Independent Directors.

Sandeep Wirkhare



Employee Stock Options Schemes

Nomination and Remuneration Committee of the Board of Directors of the Company, inter-alia, administers and monitors the Employees' Stock Option Schemes of the Company in accordance with the Companies Act, 2013 and SEBI Regulations, as applicable.

During the year under review, the Committee has not granted any stock options under the "ESOP Scheme" and further no stock options were granted after the close of the FY 2022 till the date of this Report. There is no material change in the ESOP Schemes of the Company during the year.

25. 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, 2022, 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, 2022 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;
- (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; and
- (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.

26. 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 9 (Nine) times during the financial year 2021-22 viz.: 11.05.2021, 30.06.2021, 14.07.2021, 26.07.2021, 28.09.2021, 12.11.2021, 08.01.2022, 28.01.2022 and 12.02.2022.

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 2021-22 are given below:

Name	Category	Number of Board Meetings held during his/her Tenure	Attendance	
			Number of Board Meetings Attended	Last AGM October 22, 2022
Mr. Rakesh Rewari	Independent Director	09	09	Yes
Mr. Sandeep Champatrao Wirkhare	Managing Director	09	09	Yes
Mr. Hariharan Krishnier Padmanabhan	Independent Director	09	06	No
Ms. Erika Yvette	Nominee, Non-Executive Director	07	06	Yes
Ms. Smita Sircar	Nominee, Non-Executive Director	02	02	NA

27. BOARD COMMITTEES

(A) Audit Committee

The composition of Audit Committee as on March 31, 2022 was as under:

- Mr. Rakesh Rewari - Chairman
- Ms. Smita Sircar - Member

The Audit Committee met four times during the financial year 2021-22 viz.: June 30, 2021, September 28, 2021, November 12, 2021 and February 12, 2022.

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	4	4
Ms. Erika Yvette	Member	3	3
Ms. Smita Sircar	Member	1	1

As per RBI regulations including Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company is required to constitute Audit Committee with three Directors. The Company is endeavoring to re-constitute the Audit Committee with required composition.

(B) Risk Management Committee:

The composition of Risk Management Committee as on March 31, 2022 was as under:

- Mr. Sandeep Champatrao Wirkhare - Member
- Mr. Rakesh Rewari - Member
- Mr. Anand Krishnan - Member
- Ms. Nishi Sharma - Member

The Risk Management Committee met 9 (nine) times during the financial year 2021-22 viz.: 01.05.2021, 10.05.2021, 19.05.2021, 29.06.2021, 27.09.2021, 27.11.2021, 24.12.2021, 23.02.2022 and 17.03.2022.

Details of attendance of members at Risk Management Committee meeting held in FY 2021-22 are given below:

Name	Designation	Number of Risk Management Committee meetings held during his/her tenure	Attendance
Mr. Sandeep Champatrao Wirkhare	Member	9	9
Mr. Rakesh Rewari	Member	9	8
Mr. Anand Krishnan	Member	7	6
Ms. Nishi Sharma	Member	7	6

(C) Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee as on March 31, 2022 was as under:

- Mr. Rakesh Rewari - Member
- Ms. Smita Sircar - Member
- Mr. Hariharan Padmanabhan - Member

The Nomination and Remuneration Committee met 2 (two) times during the financial year 2021-22 viz.: 11.05.2021 and 28.09.2021.

Details of attendance of members at Nomination and Remuneration Committee meeting held in FY 2021-22 are given below:

Name	Designation	Number of Risk Nomination and Remuneration Committee meetings held during his/her tenure	Attendance
Mr. Rakesh Rewari	Member	2	2
Mr. Hariharan Krishnier Padmanabhan	Member	2	2
Ms. Erika Y Norwood	Member	2	2

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(D) Corporate and Social Responsibility Committee

The composition of Corporate Social Responsibility ('CSR') Committee as on March 31, 2022 was as under:

- Mr. Rakesh Rewari - Member
- Ms. Smita Sircar - Member
- Mr. Hariharan Krishnier Padmanabhan - Member

The Corporate Social Responsibility Committee met 1(One) time during the financial year 2021-22 viz.: 28.09.2021.

Details of attendance of members at the CSR Committee meeting held in FY 2021-22 are given below:

Name	Designation	Number of Risk Corporate Social Responsibility Committee meetings held during his/her tenure	Attendance
Mr. Rakesh Rewari	Member	1	1
Mr. Hariharan Krishnier Padmanabhan	Member	1	1
Ms. Erika Norwood	Member	1	1

The CSR Committee has been constituted as per requirements of Section 135(1) of the Act and the Companies (Corporate Social Responsibility) Rules, 2014.

(E) IT Strategy Committee

The composition of IT Strategy Committee as on March 31, 2022 was as under:

- Mr. Rakesh Rewari - Member
- Mr. Hariharan Krishnier Padmanabhan - Member
- Mr. Sandeep Wirkhare - Member
- Mr. Anand Krishnan - Member

The IT Strategy Committee met 4 (four) times during the financial year 2021-22 viz.: 11.05.2021, 14.07.2021, 09.11.2021 and 04.02.2021.

Details of attendance of members at IT Strategy Committee meeting held in FY 2021-22 are given below:

Name	Designation	Number of IT Strategy Committee meetings held during his/her tenure	Attendance
Mr. Rakesh Rewari	Member	3	2
Mr. Hariharan Krishnier Padmanabhan	Member	3	3
Mr. Sandeep Wirkhare	Member	4	4

Mr. Anand Krishnan	Member	4	1
Mr. Khizar Momin	Member	3	2

(F) IT Steering Committee

The composition of IT Steering Committee as on March 31, 2022 was as under:

- Mr. Mr. Sandeep Wirkhare - Member
- Mr. Anand Krishnan - Member
- Ms. Nishi Sharma - Member

The IT Steering Committee met (three) times during the financial year 2021-22 viz.: 28.06.2021, 06.08.2021 and 06.01.2022.

Details of attendance of members of the IT Strategy Committee meeting held in FY 2021-22 are given below:

Name	Designation	Number of IT Steering Committee meetings held during his/her tenure	Attendance
Mr. Sandeep Wirkhare	Member	3	3
Mr. Anand Krishnan	Member	3	0
Mr. Khizar Momin	Member	3	3
Ms. Nishi Sharma	Member	3	0

(G) Asset Liability Management Committee

The composition of Asset Liability Management Committee as on March 31, 2022 was as under:

- Mr. Sandeep Wirkhare - Member
- Mr. Gopi Kumar - Member
- Mr. Vipul Patel - Member

The Asset Liability Management Committee met 6 (six) times during the financial year 2021-22 viz.: 11.05.2021, 13.05.2021, 30.06.2021, 30.09.2021, 20.01.2022 and 29.03.2022.

Details of attendance of members at Asset Liability Management meeting held in FY 2021-22 are given below:

Name	Designation	Number of Asset Liability Management Committee meetings held during his/her tenure	Attendance
Mr. Sandeep Wirkhare	Member	6	6
Mr. Gopi Kumar	Member	3	3
Mr. Vipul Patel	Member	3	3



(H) Borrowing Committee

The composition of Borrowing Committee as on March 31, 2022 was as under:

- Mr. Sandeep Wirkhare - Member
- Mr. Gopi Kumar - Member
- Mr. Vipul Patel - Member

The Borrowing Committee met 5 (five) times during the financial year 2021-22 viz.: 11.06.2021, 06.08.2021, 07.10.2021, 20.01.2022 and 16.03.2022.

Details of attendance of members at Borrowing meeting held in FY 2021-22 are given below:

Name	Designation	Number of Borrowing Committee meetings held during his/her tenure	Attendance
Mr. Sandeep Wirkhare	Member	5	5
Mr. Gopi Kumar	Member	3	3
Mr. Vipul Patel	Member	3	3

(I) Executive Committee

The composition of Executive Committee as on March 31, 2022 was as under:

- Mr. Sandeep Wirkhare - Member
- Mr. Gopi Kumar - Member
- Mr. Vipul Patel - Member
- Mr. Anand Krishnan - Member
- Ms. Nishi Sharma - Member
- Mr. Shanker Rao - Member
- Ms. Vandana Jain - Member

The Executive Committee met 8 (Eight) times during the financial year 2021-22 viz.: 14.09.2021, 12.10.2021, 24.12.2021, 28.12.2021, 10.01.2022, 15.02.2022, 15.03.2022 and 30.03.2022.

Details of attendance of members at Executive meeting held in FY 2021-22 are given below:

Name	Designation	Number of Executive Committee meetings held during his/her tenure	Attendance
Mr. Sandeep Wirkhare	Member	8	8
Mr. Anand Krishnan	Member	8	8
Mr. Gopi Kumar	Member	6	4
Mr. Vipul Patel	Member	6	5
Ms. Nishi Sharma	Member	8	8
Mr. Shanker Rao	Member	7	5
Ms. Vandana Jain	Member	8	6



(J) Investment Committee

The composition of Investment Committee as on March 31, 2022 was as under:

- Mr. Sandeep Wirkhare - Member
- Mr. Gopi Kumar - Member
- Mr. Vipul Patel - Member

The Committee did not meet during the financial year 2021-22.

28. 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.

29. 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.

30. 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.

As per RBI Regulations including Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company is required to disclose in its annual report (a) all material transactions with related parties; and (b) policy on dealing with Related Party Transactions.

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

1. This Policy intends to ensure that, in accordance with the applicable laws/ regulations, proper reporting, approval and disclosure processes are put in place for all transactions between the Company and its related parties.
2. This Policy specifically deals with the review and approval mechanism of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transactions
3. Each of ISFC's directors will be required to inform the Company Secretary or Management of the Company of any potential Transaction with Related Party. If required, a transaction may be



analyzed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with the Policy.

4. All transactions with a related party including any subsequent modification shall require approval of the Audit Committee irrespective of ordinary course of business or arm length basis or both
5. The Related Party Transactions which are not in the ordinary course of business and/or not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors for its approval or for recommending to the Shareholders of the Company for their approval, if required

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.

**For the purpose of disclosures required as per RBI Regulations and in Form AOC-2, the materiality has been considered as 5% of the turnover of the Company as at March 31, 2022, which is as per RPT Policy of the Company.*

31. 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. For detailed risk management framework, please refer Management Discussion and Analysis Report, forming part of this Report.

32. CORPORATE SOCIAL RESPONSIBILITY

CSR Policy & CSR Committee: In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted 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 CSR 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**. Salient features of the Policy are as under:



1. To lay down guidelines to make CSR a key business process for sustainable development of the society.
2. To directly/indirectly undertake projects/programs, this will enhance the quality of life and economic well-being of the communities in and around our plant and society at large.
3. To generate goodwill and recognition among all stake holders of the company.
4. In every financial year, ISFC shall spend a minimum of 2% of its average Net Profits in the immediately preceding three (3) financial years. Average Net Profits shall be calculated in accordance with the provisions of Section 198 of Companies Act, 2013.
5. CSR Expenditure shall mean all expenditure incurred in respect of specific projects/ programs relating to the approved CSR activities.
6. CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII.
7. CSR Expenditure shall not include Projects or programs or activities undertaken outside India.
8. The surplus arising out of the CSR activities or projects shall not form part of the business profit of ISFC.
9. Contributions by other ISFC affiliates or employees may also be received and utilized in respect of the CSR activities undertaken.

CSR Activities and Expenditure: The CSR obligation of the Company for the FY 2021-22 was Rs. 2,02,831.60/- which is 2% of average net profit of last three financial years viz. financial year 2020-21, 2019-20 & 2018-19.

The Executive Committee (as per the delegation provided to it by CSR Committee in meeting held on September 21, 2021) at its meeting held on March 30, 2022, approved the CSR expenditure in following areas in line with CSR Policy of the Company:

- a) Sponsor a Girl Child on the decided criteria – Rs. 1,48,500/-; and
- b) Transfer a certain portion of CSR obligation to Bharti Education And Development Society – Rs. 54,331.60/- for running School Libraries and helping the poor and needy students for their education and development.

Out of total amount of Rs. 2,02,831.60/- being CSR obligation for financial year 2021-22, as said above, Rs.49,500/- which was transferred to schools for sponsoring a girl child program was returned unpaid due to technical error and remained unspent as on March 31, 2022. The above unspent CSR obligation of Rs. 49,500/- is transferred to the Clean Ganga fund, a fund included in Schedule VII of the Act on June 06, 2022.

33. 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.



34. SECRETARIAL AUDIT REPORT

MCA vide notification no. CG-DL-E-19022021-225287 dated February 19, 2021, amended the Companies (Specification of definitions details) Rules, 2014 ('Rules') by inserting new Rule 2A with effect from 1 April 2021. Rule 2A excludes the specified class of companies from the definition of listed companies including private companies which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

Due to aforesaid change in the definition of listed company, as said above, the provisions of Secretarial Audit as per Section 204 is not applicable to the Company.

35. INTERNAL AUDITOR

As per Section 138 of the Companies Act, 2013, the Company is required to appoint Internal Auditor of the Company. In this connection, the Board of Directors in its meeting held on September 28, 2021 has approved the appointment of M/s RVKS, as an internal Auditor of the Company to conduct the internal Audit of the Company for the Financial Year 2021-22.

The Internal Audit Report was discussed in detail along with a presentation focusing on the key areas in the meeting of the Audit Committee.

36. DISCLOSURES FOR COST RECORDS

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

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

The Company has constituted Internal Committee (ICC) under Prevention of Sexual Harassment (PoSH) Policy, to redress complaints received regarding sexual harassment as per the Work Place (Prevention, Prohibition and Redressal) Act, 2013 and rules made there under. There were no complaints received during the financial year 2021-22 and hence no complaint is outstanding as on March 31, 2022 for redressal.

38. CORPORATE GOVERNANCE

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

39. BOARD EVALUATION

Since the provisions of Section 134(3)(p) of the Act read with Rule 8(4) of the Companies Accounts) Rules, 2014 is not applicable to the Company, the Company is not required to conduct the formal annual evaluation by the Board of its own performance and that of its committees and individual directors.

40. 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. However, the Statutory Auditor of the Company mentioned the below in their report:

Observation No. 1: The Company did not have an effective internal control system for the Information Systems with respect to change management, incident management and backup management, which may affect the completeness, accuracy, and reliability of the reports generated from the system.

Management response No. 1: On the generation of backup reports, it was noted that from October 2021 onwards, the Company has been regularly taking back up data. The Company we will take and keep back up data at prescribed intervals.

Observation No. 2: The Company did not have an appropriate internal control system appropriate system to capture collateral values corresponding to the collateral report in the system.

Management Response No. 2: The Company strictly follows the practice of taking valuation report at the time of disbursement. However, there were some mismatches between the amount as per valuation report and entry in the system on account of linked loans and conservatively capturing the lower value basis policy parameters on land, building and combination there off. Since the captured value is less than actual valuation there is no negative impact on the security related to collaterals. However, to align valuation captured with the report, the management has taken up one-time exercise to rectify the difference and shall be completed before July 31st 2022.

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.

41. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirm that the Company has generally 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.

42. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016, DURING THE YEAR ALONG WITH STATUS AS THE END OF THE FINANCIAL YEAR.

During the year, no application has been made or proceeding pending under the Insolvency and Bankruptcy Code, 2016.

43. 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 - C" and forms an integral part of this Report.



44. THE COVID -19 PANDEMIC UPDATE

Last two years were challenging for Lenders and NBFCs in particular on account of the pandemic during which both business and collections were severely impacted. However, from Q2 FY22, credit growth has picked up significantly due to receding impact of COVID shutdowns, the pent-up demand in the economy and an uptick in multiple economic indicators. This was evidenced as per RBI's 'Data on sectoral deployment of bank credit' wherein non-food bank credit registered a y-o-y growth of 9.7% in March 2022.

45. CONFIRMATION UNDER FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 ON DOWNSTREAM INVESTMENT

The Company has not made downstream investment as per Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and accordingly the confirmation of compliance that the first level Indian company making downstream investment shall be responsible for ensuring compliance with the provisions of these rules for the downstream investment made by it at second level and so on and so forth and such first level company shall obtain a certificate to this effect from its statutory auditor on an annual basis and such compliance of these rules shall be mentioned in the Director's report in the Annual Report of the Indian company, is not applicable to the Company.

46. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- (a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- (b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
- (c) The Company has no subsidiary and hence the confirmation that Managing Director of the Company receive any remuneration or commission from any of its subsidiaries is not applicable.

47. OTHER DISCLOSURES/CONFIRMATION.

Other disclosures with respect to the Board Report as required under the Companies Act, 2013 and Rules issued thereunder are either NIL or NOT APPLICABLE to the Company.



48. 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: August 10, 2022



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



Rakesh Rewari
Director
DIN: 00286853
Place: New Delhi

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

Not applicable to the Company since the Company is unlisted company as per provisions of the Act read with Rule 2A of the Companies (Specification of definition details) Rules, 2014 vide amendment in Companies (Specification of definition details) Second Amendment Rules, 2021 dated February 19, 2021 effective from April 01, 2021.

- (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 31,2022.

- 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

A handwritten signature in blue ink, appearing to be 'Sanku', followed by a stylized flourish or signature mark.

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

Name	Age	Designation	Role	Gross Remuneration (Rs.)	Qualification	Experience (years)	Date of Commencement of Employment	Last Employment
Sandeep Wirkhare	52	MD cum CEO	MD & CEO	9978420	Post Graduate	More than 25 yrs	13-Aug-20	Aryarth Housing Finance
Vipul Rasiklal Patel	51	Senior Vice President	Chief Finance Officer	4391820	Chartered Accountant	More than 25 yrs	20-Sep-21	Manappuram Home Finance Ltd
Nishi Sharma	40	Senior Vice President	Chief Credit Officer	4022100	Chartered Accountant	More than 15 yrs	30-Oct-19	Religare Finvest
Anandakrishnan MR	58	Senior Vice President	Chief Operation Officer	3831108	Post Graduate	More than 25 yrs	17-Aug-20	Gray Matters Capital
Vandana Jain	42	Deputy Vice President	Head- Human Resources	1812660	Post Graduate	More than 15 yrs	11-Feb-20	Ummeed Housing Finance
V. Gopikumar	63	Vice President	Head-Treasury	1800000	B.Com	More than 25 yrs	01-Sep-21	Essel Finance Business loans ltd
Kranti Rakesh Rane	37	Associate Vice President	Write off & Legal Recourse Manager	1678056	LLM	More than 10 yrs	06-Jan-22	Arcil
Sanjay Nikajoo	47	Chief Manager	Regional Business Manager	1509816	Post Graduate	More than 15 yrs	06-Aug-18	Shubham Housing Development
N S Shanker Rao	42	Associate Vice President	Head - Operations & Customer Service	1498584	MBA	More than 15 yrs	01-Sep-21	Piramal Capital and Housing Finance Ltd
Srinivasan	48	Chief Manager	Regional Business Manager	1351464	Bachelor Of Arts	More than 15 yrs	16-Jun-21	Suryoday Small finance bank Ltd chennai'

Date: August 10, 2022



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



Rakesh Rewari
Director
DIN: 00286853
Place: Mumbai
25

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

Enclosed separately

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) REPORT**A. Industry Structure & Development:**

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. NBFCs cater to the needs of both the retail as well as commercial sectors and, at times, have been able to develop strong niches with their specialized credit delivery models that even larger players including banks, have found hard to match. This has further provided a fillip to employment generation and wealth creation and in the process, bringing in the benefits of economic progress to the weaker sections of the society. ISFC's calibrated approach puts it in a position to adapt faster than the market.

B. Industry Opportunities & Threats:**Opportunities:**

At ISFC, the continuous closure of schools at the beginning of the Financial Year though had 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: While the economy is on the path to recovery, there are certain headwinds that may impact the growth and credit offtake of the Company. The Economy and the Company may get impacted if there is a next wave of Covid, elevated levels of retail inflation, crude oil prices and supply chain disruptions continue over a prolonged period. Borrowing rate is expected to rise in the wake of rate hikes announced by RBI in May 2022 and June 2022, which may lead to pressure on margins. Any loan re-pricing may lead to reduced demand as well as deterioration in credit quality for small borrowers

However, there's room for optimism – receding pandemic impact along with large vaccinated population, rising private investments, higher consumption levels and thrust on capital expenditure in Union Budget 2022 shall in tandem lead to a higher growth trajectory for the economy. This shall also translate into a better performance vis-à-vis the year gone by for most of the leading financial services institutions including NBFCs.

With its strong parentage, brand recognition, liquidity and strong distribution network, ISFC is poised to capitalize on this opportunity and we foresee an increase in market share across all segments with the introducing new products and tapping deeper markets. Further, we have a robust risk management framework with a deep understanding of underwriting and credit controls which shall help us mitigate the risk of deterioration in asset quality.

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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.

D. Risks and concerns

The Company is exposed to variety of risks such as credit risk, market risk, economy risk, interest rate risk, operational risk, fraud risk, liquidity risk, compliance risk, cyber security risk, reputation 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 the 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 31.03.2022	Year ended 31.03.2021
Total Income	449.62	704.45
Financial Charges	198.79	328.95
Personnel and Other Expenses	194.80	206.13
Depreciation	9.68	13.82
Provisions & Write-Offs	39.43	342.37
Profit / (Loss) Before Tax	6.92	(186.82)
Less: Tax Expense	51.88	16.34
Profit/ (Loss) After Tax	(44.96)	(170.48)
Other Comprehensive Income	1.08	1.79
Total Comprehensive Income for the year	(43.88)	(168.69)
Add balance brought forward from previous year	23.84	191.93
Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	0.00	0.00
Less: Dividend on Cumulative Preference Shares	(6.89)	0.00
Balance Carried to Balance Sheet	(26.92)	23.84
Paid up Capital	82.66	82.67

During 2021-22 we disbursed 162 loans as compared to 757 loans during 2020-21. Disbursement in FY 2021-22 is Rs. 4.84 crores as compared to Rs. 38.92 Crore in FY 2020-21. There is rundown of portfolio from Rs.337 Crore to Rs.228 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-22 was 14.89%, as compared to GNPA of 15.67% for FY 20-21. 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 65.47% from 43.27% in FY 2020-21. The average cost of borrowing in FY 21-22 has remained healthy within the same range of 12.00% to 13.00% as in the past

I. Human Resources



ISFC had 169 permanent employees as of March 31, 2022.

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.

K. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:

- (i) Debtors Turnover
 - (ii) Inventory Turnover
 - (iii) Interest Coverage Ratio
 - (iv) Current Ratio
 - (v) Debt Equity Ratio
 - (vi) Operating Profit Margin (%)
 - (vii) Net Profit Margin (%)
- or sector-specific equivalent ratios, as applicable.

L. Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof

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Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year ending March 31, 2021

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

1. Brief Outline on the Corporate Social Responsibility ('CSR') Policy of the Company:

The Company has adopted 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 CSR Policy has been approved by the Board of Directors. The CSR Policy is aimed at (a) sustainable development of the society; (b) directly/indirectly undertaking projects/programs, which will enhance the quality of life and economic well-being of the communities in and around our plant and society at large; and (c) generating goodwill and recognition among all stake holders of the Company.

The Corporate Social Responsibility Policy (CSR Policy) adopted by Board is available on the website of the Company i.e. www.ifsc.in.

2. Composition of CSR Committee

The composition of Corporate Social Responsibility Committee of the Company as on March 31, 2022, is as follows:

Sl 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	Member [Independent Director]	1	1
2	Ms. Smita Sircar [w.e.f 25.01.2022]	Member [Nominee Director; Non-Executive]	NIL	NIL
3	Mr. Hariharan Padmanabhan	Member [Independent Director]	1	1
4	Ms. Erika Y Norwood [Till 25.01.2022]	Member [Nominee Director; Non-Executive]	1	1



3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

The composition of the CSR Committee: <https://isfc.in/policies>

CSR Policy: <https://isfc.in/policies>

CSR Projects as approved by the Board: <https://isfc.in/policies>

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable

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. Average Net profit of the Company as per section 135(5): Rs. 1,01,41, 579.98/-

7. (a) Two percent of average net profit of the company as per section 135(5) - Rs. 202,831.60/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - NIL

(c) Amount required to be set off for the financial year, if any - Nil

(d) Total CSR obligation for the financial year (7a+7b-7c)- Rs. 202,831.60/-



8. (a) CSR amount spent or unspent for the financial year: 2022*

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).			
Rs. 153,331.60/-*	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
	Nil	Nil	Clean Ganga Fund	49,500/-	02.06.2022

(b) Details of CSR amount spent against ongoing projects for the financial year: N.A.

Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration (in years)	Amount allocated for the project (in Rs. Lakhs)	Amount spent in the current financial year (in Rs. Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs. Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District						Name	CSR registration number

Seema



(c) Details of CSR amount spent against other than ongoing projects for the financial year: 2022

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount Spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Contribution for Educational Purpos	Refer note (1) below	Y	New Delhi	Delhi	54,331.60	Yes	N.A	N.A
2.	Sponsor a girl child - Lotus Em School	Refer note (1) below	Y	Andhra Pradesh	Andhra Pradesh	16,000	Yes	N.A.	N.A.
3.	Sponsor a girl child - Lotus Em School	Refer note (1) below	Y	Andhra Pradesh	Andhra Pradesh	15,000	Yes	N.A.	N.A.
4.	Sponsor a girl child - Sri Swamy Vivekananda Vidyarnikethan	Refer note (1) below	Y	Andhra Pradesh	Andhra Pradesh	25,000	Yes	N.A.	N.A.
5.	Sponsor a girl child - Atchuta Public School	Refer note (1) below	Y	Andhra Pradesh	Andhra Pradesh	23,000	Yes	N.A.	N.A.
6.	Sponsor a girl child - Atchuta Public School	Refer note (1) below	Y	Andhra Pradesh	Andhra Pradesh	20,000	Yes	N.A.	N.A.
Total						1,53,331.60*			

Note (1): Schedule VII (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

* The Company has CSR obligation of Rs. 2,02,831.60/- for financial year 2021-22. Out of this, CSR obligation towards sponsoring Girl child of Rs. 49,500/- was transferred to a school for sponsoring a girl child program, returned unpaid due to technical error and remained unspent as on March 31, 2022. The above unspent CSR obligation of Rs. 49,500/- is transferred to the Clean Ganga Fund, a fund included in Schedule VII of the Companies Act, 2013 on June 06, 2022

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - Nil

(g) Excess amount for set off, if any- Not Applicable

9. (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. (in Rs.)
				Name of the Fund	Amount (in Rs.)	
1	2020-2021	N.A.	Rs. 24,48,561/-	Clean Ganga Fund	Rs. 24,48,561/-	-
2	2019-2020	N.A.	-	-	-	Rs. 24,90,675.68/-
3	2018-2019	N.A.	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

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 (asset-wise details)

(a) Date of creation or acquisition of the capital asset(s). Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset. Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Not Applicable

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 has CSR obligation of Rs. 2,02,831.60/- for financial year 2021-22. Out of this, CSR obligation towards sponsoring Girl child of Rs. 49,500/- was transferred to a school for sponsoring a girl child program, returned unpaid due to technical error and remained unspent as on March 31, 2022. The above unspent CSR obligation of Rs. 49,500/- is transferred to the Clean Ganga Fund, a fund included in Schedule VII of the Companies Act, 2013 on June 06, 2022.

For & On Behalf of Board of Directors,
For Indian School Finance Company Private Limited



Sandeep Wirkhare
Managing Director & CEO
DIN: 02407395
Mumbai



Rakesh Rewari
Member of CSR Committee
DIN: 00286853
New Delhi

Date: August 10, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Indian School Finance Company Private Limited

Report on the Audit of Ind AS Financial Statements

Opinion

We have audited the Ind AS Financial Statements of Indian School Finance Company Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss including Other Comprehensive Income, its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Emphasis of Matters

We draw attention to Note 49 of the financial statement, which describes the uncertainties arising from COVID-19 pandemic and impact on the Company's operations and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of pandemic.

Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS Financial

Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS Financial Statements.

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Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of loan assets as at balance sheet date (expected credit losses) As described in note 2.7 of the Ind AS Financial Statements</p>	
<p>Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its loan assets using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In this process, a significant degree of judgement has been applied by the management for:</p> <ol style="list-style-type: none"> Defining Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); Grouping of borrowers based on homogeneity by using appropriate statistical techniques; Estimation of behavioural life; Estimation of losses for loan products with no / minimal historical default; and Management overlay for macro-economic factors and estimation of their impact on the credit quality. <p>Additional considerations on account of CoVID-19</p> <p>The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown/restrictions, due to the contraction in industrial and services output across small and large businesses. The impact of the resurgence of COVID -19 pandemic on Company's results, including credit quality and provisions, gain/loss on fair value changes, investment, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government, RBI and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.</p> <p>The Company has maintained sufficient capital and liquidity position and it will continue the same going forward.</p> <p>In assessing the recoverability of loans and receivables, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Given the dynamic and evolving nature of the pandemic, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results</p> <p>In the view of such high degree of management's judgement involved in estimation of ECL, it is identified as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Evaluated the Company's accounting policies for impairment of loan assets and assessed compliance with the policies in terms of Ind AS 109 and with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on 13 March 2020. Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation Assessed the criteria for staging of loans based on their past-due status to evaluate compliance with requirement of Ind AS 109. Tested samples of performing loans (stage 1) to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or stage 3 Tested the ECL model, including assumptions and underlying computation. Tested the input data used for determining the Probability of default and loss given default rates and agreed the data with the underlying books of account and records. Tested the arithmetical accuracy of computation of ECL provision performed by the Company. Read and assessed adequacy of the disclosures included in the financial statements in respect of ECL with the requirements of Ind AS 107 Financial Instruments: Disclosure ("Ind AS 107") and Ind AS 109. Assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of ECL estimation and other disclosure as prescribed by RBI.

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Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report ("other information"), but does not include the Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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Auditor's Responsibilities for the Audit of the Ind AS Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS Financial Statements for the financial year ended 31 March 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

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Report on Other Legal and Regulatory Requirements (Continued)

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 53.18 (a) to the accounts, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 53.18 (b) to the accounts, during the year no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year.

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069



Jaspreet Singh Bedi
Partner
Membership No.: 601788
UDIN: 22601788AJXHAM3282

Place: Mumbai
Date: 30 May 2022

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Annexure 1 referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date

Re: Indian School Finance Company Private Limited ("the Company")

- (i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and the situation of Property, Plant and Equipment.
- (a)(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its fixed assets including property, plant and equipment by which the fixed assets including property, plant and equipment and are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified certain property, plant and equipment during the year and no discrepancies were noticed in respect of assets verified during the year.
- (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year ended 31 March 2022.
- (e) According to information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company's principal business is to give loans accordingly, Clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the terms and conditions of the grant of all loans and advances to Companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

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(c) In respect of loans granted to Companies, firms, Limited Liability Partnerships or any other parties, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following cases:

Name of the Entity / Loan Type	Amount (In Rs million)	Due date	Extent of delay (In days)	Remarks, If any
School Loan	64.60	Various due dates	More than one day	
College Loan	15.33	Various due dates	More than one day	
Vocational Loan	2.61	Various due dates	More than one day	
Coaching Classes Loan	0.94	Various due dates	More than one day	
Teacher Loan	0.74	Various due dates	More than one day	
School Bus Loan	0.86	Various due dates	More than one day	
Non education Loan	0.02	Various due dates	More than one day	

(d) The following amounts are overdue for more than ninety days from Companies to whom loan has been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

Loan Given to	No. of cases	Total Overdue (In Rs millions)	Remarks, If any
School Loan	160	50.98	
College Loan	20	13.01	
Vocational Loan	1	2.49	
Coaching Classes Loan	2	0.85	
School Bus Loan	4	0.76	
Teacher Loan	18	0.28	

(e) The Company's principal business is to give loans. Accordingly, the provision of Clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanations given to us, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to Promoters, related parties as defined in clause 2(76) of Companies Act, 2013

- (iv) In our opinion and according to the information and explanations given to us, provisions of sections 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees, and securities given have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

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- (vii) (a) According to the information and explanations given to us, the Company have generally been regular in depositing with appropriate authorities though there has been slight delay in a few cases of undisputed statutory dues including goods and services tax, provident fund, income-tax, employee state insurance corporation and other statutory dues applicable to it. The provisions relating to duty of customs, sales-tax, duty of excise and value added tax are currently not applicable to Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, employee's state insurance, goods and service tax and cess which have not been deposited on account of any dispute. The provision relating to sales- tax, service tax, custom duty, excise duty and value-added tax are currently not applicable to the Company.
- (viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations are given to us, the Company has not raised any money by way of initial public offer or further public offer and hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) According to the information and explanations are given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by a secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

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- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clauses 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations are given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) According to the information and explanations are given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We were unable to obtain internal audit reports for the quarter ended March 31, 2022 of the Company, hence the internal audit reports for the quarter ended March 31, 2022 have not been considered by us.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the Information and explanations given to us and audit procedures performed by us, the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted any Non-Banking Financial without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause 3(xv)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xv)(d) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses in the current year and in immediately preceding financial year amounting INR 181.43 Mn and INR 13.39 Mn respectively.
- (xviii) The previous statutory auditors of the Company have resigned during the year, and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios disclosed in note 53.2 to the financial statements, the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, the Company has obtained the letter of financial support from the principle shareholder, nothing has come to our attention, which causes us to believe that Company is not capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date. We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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- (xx) (a) In respect of other than ongoing projects, the Company has transferred unspent amount to a fund specified in Schedule VII to the Companies Act 2013 (the Act), within a period of six months from end of the financial year in compliance with second proviso to sub section (5) of section 135 the Act, except in respect of the following.

(In Millions)

Financial year*	Amount unspent on corporate social responsibility activities for other than ongoing projects	Amount transferred to Fund specified in Schedule VII within six months end of the financial year	Amount transferred after due date (specify date of transfer)
FY 20-21	2.45	-	-
FY 21-22	0.05	-	-

* For current year and for the previous year/(s) for which the amount remains unspent

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 30 to the financial statements.

- (xxi) The Company does not prepare consolidated financial statements, hence the requirement to report on clause 3(xxi) of the Order is not applicable to the Company

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069


Jaspreet Singh Bedi
Partner
Membership No.: 601788
UDIN: 22601788AJXHAM3282

Place: Mumbai
Date: 30 May 2022

NANGIA & CO LLP

"ANNEXURE 2" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To
The Member of
Indian School Finance Company Private Limited

We have audited the internal financial controls over financial reporting of Indian School Finance Company Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

11th Floor, B Wing, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, India
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LLP Registration NO. AAJ-1379
Noida - New Delhi - Gurugram - Mumbai - Bengaluru - Chennai - Pune - Dehradun

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at March 31, 2022:

- a) The Company did not have an effective internal control system for the Information Systems with respect to change management, incident management and backup management, which may affect the completeness, accuracy and reliability of the reports generated from the system.
- b) The Company did not have an appropriate internal control system to capture collateral values corresponding to the collateral report in the system.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to these standalone financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the standalone financial statements of Indian School Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the related Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 standalone financial statements of Indian School Finance Private Limited ("the Company") and this report affects our report dated May 30, 2022, which expressed an unqualified opinion on those financial statements

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069



Jaspreet Singh Bedi

Partner

Membership No.: 601788

UDIN: 22601788AJXHAM3282

Place: Mumbai


Date: 30 May 2022

INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2022


(Rupees in millions unless otherwise stated)

Particulars	Notes	As at	As at
		March 31, 2022	March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	3	10.50	35.66
Bank Balance other than cash and cash equivalents	4	80.44	534.26
Loans portfolio	5	1,865.39	2,486.71
investments	6	165.96	-
Other financial assets	7	44.01	89.38
Non-financial Assets			
Current tax assets (net)	8	8.22	3.74
Deferred tax assets (net)	9	17.07	69.32
Property, plant and equipment	10	1.50	2.18
Intangible assets under development	10	7.20	0.08
Other intangible assets	10	1.48	2.16
Right to use assets	11	17.69	20.86
Other non-financial assets	12	17.37	12.15
TOTAL ASSETS		2,236.83	3,256.50
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
(i) Trade Payables			
(a) total outstanding dues of micro enterprise and small enterprise	13	0.04	0.31
(b) total outstanding dues of creditors other than micro enterprise and small enterprise	13	10.42	9.48
(ii) Other Payables			
(a) total outstanding dues of micro enterprise and small enterprise	13	-	-
(b) total outstanding dues of creditors other than micro enterprise and small enterprise	13	-	-
Debt securities	14	503.25	734.89
Borrowings (other than debt securities)	15	477.24	1,248.02
Lease Liability	16	21.10	23.81
Other financial liabilities	17	105.37	75.82
Non-financial liabilities			
Provisions	18	4.78	5.07
Other non-financial liabilities	19	2.71	3.29
Equity share capital			
Equity share capital	20	13.13	13.14
Other equity	21	1,098.79	1,142.67
TOTAL LIABILITIES AND EQUITY		2,236.83	3,256.50
Significant accounting policies	2		
The accompanying notes are an integral part of the standalone financial statements.			

As per our report of even date
For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration number : 002391C/N500069


Mr. Jaspreet Singh Bedi
Partner
Membership No. 601788

For and on behalf of the Board of Directors of
Indian School Finance Company Private Limited
CIN: U65921TG1994PTC065392


Sandeep Wirkhare
Managing Director & CEO


Rakesh Rewari
Director


Vipul Patel
Chief Financial Officer


Harsha Joshi
Company Secretary



Place: Mumbai
Date: May 30, 2022

Place: Mumbai
Date: May 30, 2022

INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
Interest Income	22	437.21	630.02
Net gain on derecognition of financial instruments under amortised cost category	23	-	52.19
Other Operating Income	24	10.23	18.82
Total Revenue from operations		447.44	701.03
Other Income	25	2.18	3.42
Total Income		449.62	704.45
Expenses			
Finance Costs	26	198.79	328.95
Impairment on financial instruments	27	39.43	342.37
Employee Benefits Expenses	28	143.79	167.54
Depreciation, amortization and impairment	29	9.68	13.82
Other expenses	30	51.01	38.59
Total Expenses		442.70	891.27
Profit/(Loss) before tax		6.92	(186.82)
Tax Expense:			
Current Tax	31	-	-
Deferred Tax	31	51.88	(16.34)
Profit/(Loss) for the year		(44.96)	(170.48)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurment gains on defined benefit plans		1.45	1.79
Tax impact on above		(0.37)	-
		(43.88)	(168.69)
Total Comprehensive Income/(Loss) for the year		(43.88)	(168.69)
Earnings/(Loss) per equity share			
Basic (Rs.)	32	(39.48)	(129.83)
Diluted (Rs.)	32	(39.48)	(129.83)
Nominal value		10	10
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the standalone financial statements.			

As per our report of even date
For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration number : 002391C/N500069

Mr. Jaspreet Singh Bedi
Partner
Membership No. 601788

For and on behalf of the Board of Directors of
Indian School Finance Company Private Limited
CIN: U65921TG1994PTC065392

Sandeep Wirkhare
Managing Director & CEO

Rakesh Rewari
Director

Vipul Patel
Chief Financial Officer

Harsha Joshi
Company Secretary

Place: Mumbai
Date: May 30, 2022

Place: Mumbai
Date: May 30, 2022

INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Statement of Changes in Equity for year ended on March 31, 2022

A. Equity Share Capital

(Rupees in millions unless otherwise stated)

Particulars	Balance as at April 1, 2020	Changes during the year	Balance as at March 31, 2021	Changes during the year	Balance as at March 31, 2022
Equity share capital (fully paid up)	13.13	-	13.13	-	13.13
Equity share capital (partly paid up)	0.01	(0.01)	-	-	-
Equity share forfeited during the year	-	0.01	0.01	-	0.01
Equity share Cancelled during the year	-	-	-	(0.01)	(0.01)
Total	13.14	-	13.14	(0.01)	13.13

B. Other Equity

Particulars	Reserves & Surplus					Equity component of compound financial instrument	Grand total
	Securities Premium	Retained Earnings	Statutory Reserve	Share options outstanding reserve	Total		
Balance as at April 1, 2020	592.45	191.94	72.57	0.60	857.55	79.54	937.10
Total comprehensive income/(Loss) for the year	-	(168.68)	-	-	(168.68)	-	(168.68)
Transfer to / from retained earnings	-	-	-	-	-	-	-
Stock option lapsed during the year	-	0.60	-	(0.60)	-	-	-
Issue of compulsory convertible Preference shares on premium during the year ended Mar 31, 2021	342.39	-	-	-	342.39	31.86	374.25
Balance as at March 31, 2021	934.84	23.86	72.57	-	1,031.27	111.40	1,142.67
Total comprehensive income/(Loss) for the year	-	(43.88)	-	-	(43.88)	-	(43.88)
Transfer to / from retained earnings	-	-	-	-	-	-	-
Balance as at March 31, 2022	934.84	(20.02)	72.57	-	987.39	111.40	1,098.79

As per our report of even date
For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration number: 002391 C/N500069

Mr. Jaspreet Singh Bedi
Partner
Membership No. 601788

For and on behalf of the Board of Directors of
Indian School Finance Company Private Limited
CIN: U65921TG1994PTC065392

Sandeep Wirkhare
Managing Director & CEO

Rakesh Rewari
Director

Vipul Patel
Chief Financial Officer

Harsha Joshi
Company Secretary



Place: Mumbai
Date: May 30, 2022

Place: Mumbai
Date: May 30, 2022

INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(Rupees in millions unless otherwise stated)

	For year ended March 31, 2022	For year ended March 31, 2021
Cash flow from operating activities		
Profit/(Loss) before tax	6.92	(186.82)
Adjustments for:		
Depreciation and amortization	9.68	13.82
Impairment on financial instruments	39.52	342.36
Impairment on other financial assets	(0.09)	0.01
Impact of remeasurement gains on defined benefit plans	1.45	1.79
Impact of Security deposit	0.41	0.41
Covid 19 Rent concession	-	(1.55)
Gain on lease termination	-	(0.98)
Interest on borrowing	(4.35)	(2.36)
Amortisation of processing fee	2.16	5.88
Interest on security deposit	(0.41)	(0.39)
Capital work in progress written off	0.08	-
Loss/(Profit) on sale of property, plant and equipment	-	0.43
Operating profit before working capital changes	55.37	172.60
Movements in working capital :		
Increase / (decrease) in other financial liabilities	29.56	5.68
Increase / (decrease) in provisions	(0.29)	(4.10)
Increase / (decrease) in other non financial liabilities	(0.58)	(1.88)
Increase / (decrease) in trade payable	0.67	6.02
(Increase) / decrease in bank balances other than cash and cash equivalents	453.83	(49.99)
(Increase) / decrease in loan portfolio	581.80	762.58
(Increase) / decrease in other financial assets	46.21	(59.88)
(Increase) / decrease in other non financial assets	(5.23)	0.23
Cash used in operations	1,161.34	831.25
Income taxes paid (Net of refunds)	(4.47)	6.34
Net cash generated/(used) from operating activities (A)	1,156.87	837.59
Cash flow from investing activities		
Purchase of property, plant and equipment	(0.01)	(0.32)
Purchase of security receipts	(165.96)	-
Purchase of intangible assets	(0.46)	(0.74)
Purchase of intangible assets under development	(7.20)	0.17
Net cash flow from investing activities (B)	(173.63)	(0.89)
Cash flow from financing activities		
Proceeds from issue of compulsory convertible preference shares (including securities premium)	-	374.25
Cash payments for the principal portion of the lease liability	(7.27)	(7.32)
Cash payments for the interest portion of the lease liability	(3.04)	(4.15)
Repayment of debt securities	(224.25)	(224.25)
Repayment of borrowings (other than debt securities)	(1,010.76)	(1,445.72)
Proceed of borrowings (other than debt securities)	236.92	345.23
Net cash used in financing activities (C)	(1,008.40)	(961.96)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(25.16)	(125.26)
Cash and cash equivalents at the beginning of the year	35.66	160.92
Cash and cash equivalents at the end of the year	10.50	35.66
Components of cash and cash equivalents as at the end of the year		
Cash on hand	10.50	26.16
Deposits with original maturity of less than or equal to 3 months	-	9.50
Total cash and cash equivalents	10.50	35.66

As per our report of even date
For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration number : 002391C/N500069

Mr. Jaspreet Singh Bedi
Partner
Membership No. 601788

For and on behalf of the Board of Directors of
Indian School Finance Company Private Limited
CIN: U65921TG1994PTC065392

Sandeep Wirkhare
Managing Director & CEO

Rakesh Rewari
Director

Vipul Patel
Chief Financial Officer

Harsha Joshi
Company Secretary

Place: Mumbai
Date: May 30, 2022

Place: Mumbai
Date: May 30, 2022

Indian School Finance Company Private Limited
Notes to financial statements for the year ended 31 March 2022
(All amounts are in INR millions, unless otherwise stated)

1. Corporate information

Indian School Finance Company Private Limited, hereinafter referred to as 'ISFC' 'the Company' is a Non-Banking Financial Company ('NBFC') registered with the Reserve Bank of India. The company started its operations in the year 2008 and has its registered office located at Unit no. 8-2-269/2/52, Plot no 2, Sagar society, road no 2, Banjara hills, Hyderabad, Andhra Pradesh-500034. The name of the Company has been changed to Indian School Finance Company Private Limited from Corporate Deposits and Investments Private Limited w.e.f. January 1, 2014.

The company started by extending loans exclusively to Affordable Private Schools and over the period has also started extending loans to degree colleges, vocational colleges, coaching centers, play schools and also has entered into the eco system of education by introducing loans to Teachers. ISFC's loans are helping the education sector especially Affordable Private Schools with lower student strength and lower fees who were earlier struggling to obtain finance from organized financial sector. The company is well respected and recognized among schools and colleges.

Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act.

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. The fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 2.17 - Significant accounting judgements, estimates and assumptions. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

The management has performed a detailed assessment of its cash inflows and outflows for next 12 months and concluded that it will be able to meet its obligations as and when these fall due and is in the process of taking various actions including but not limited to negotiation for new securitization transactions, entering into co-lending arrangements, assessing the need for incremental borrowings, seeking further extension from its lenders in respect of repayment of loans, waiver of financial covenant breaches etc. While the Company expects to be able sustain its ability to repay liabilities in the normal course of its activities, the principal shareholder has also provided unconditional financial support as and when necessary to the Company so that it is able to discharge its repayment of liabilities as and when these falls due. Accordingly, these financial statements have been prepared on a going concern basis.

Presentation of financial statements

The Company presents its balance sheet in order of liquidity.

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 (the Act) applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Financial assets and financial liabilities are reported on a gross basis in the balance sheet except when there is an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:



Indian School Finance Company Private Limited
Notes to financial statements for the year ended 31 March 2022
(All amounts are in INR millions, unless otherwise stated)

- A. The normal course of business.
- B. The event of default.
- C. The event of insolvency or bankruptcy of the Company and/or its counterparties.

Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

2. Significant accounting policies

2.1 Recognition of income and expense

- 2.1.1** Revenue (other than for those items to which Ind AS 109 *Financial Instruments* are applicable) is measured at fair value of the consideration received or receivable. *Ind AS 115 Revenue from contracts with customers* outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation.

2.1.2 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL except credit impaired assets. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through *Interest income* in the statement of profit and loss.



Indian School Finance Company Private Limited
Notes to financial statements for the year ended 31 March 2022
(All amounts are in INR millions, unless otherwise stated)

2.1.3 Interest income

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The interest income for all financial instruments measured either at amortized cost or at fair value through other comprehensive income is recorded using the effective Interest Rate ('EIR').

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than the credit impaired assets.

Interest income on all financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate in net gain on fair value changes.

2.1.4 Fees and Commission Income

Fees and commissions are recognised when the company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out above. The loan processing fees collected towards processing of loan is amortised on EIR basis over the life of the loan.

2.1.5 Dividend income

Dividend income is recognized when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

2.1.6 Net gain on derecognition of financial instruments under amortized cost category

Where derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. Income from assignment transactions, i.e. present value of excess interest spread is recognized. Refer Note 2.5 for policy on derecognition of financial assets.

2.1.7 Income from interest on deposits

Income from interest on deposits is recognized on a time proportion basis considering the amount outstanding and the rate applicable.

2.1.8 Interest Expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method (EIR). These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

2.2 Financial Instruments— initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

2.2.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the



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instrument. Loans are recognized when funds are disbursed to the customer's accounts. The Company recognizes debt securities, deposits and borrowings when funds reach the Company.

2.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit or loss (FVTPL), transaction costs are added to, subtracted from, this amount. Trade receivables are measured at the transaction price.

2.2.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note 2.3.1.
- FVOCI
- FVTPL

The Company classifies and measures its trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied, as explained in Note 2.3.4

2.3 Financial assets and liabilities

2.3.1 Bank balances, Loans, Trade receivables and financial investments at amortized cost

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.3.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.



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- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.3.1.2 The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the solely payments of principal and interest (the 'SPPI test').

For the purposes of this test, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

'Interest' within a lending arrangement is typically the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Where the business model is to hold assets to collect contractual cash flows (i.e., measured at amortized cost) or to collect contractual cash flows and sell (i.e., measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from ECL impairment are recognized in the profit or loss.

2.3.2 Financial assets or financial liabilities held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognized in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are equity instruments and mutual funds and that have been acquired principally for the purpose of selling or repurchasing in the near term.



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2.3.3 Debt securities and other borrowed funds

After initial measurement, debt issued, NCD and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Company had issued financial instruments with equity conversion rights and call options. When establishing the accounting treatment for these non-derivative instruments, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. Once the Company has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for.

2.3.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis
Or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy
Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

2.4 Reclassification of financial asset and liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2021-22 and 2020-21.

2.5 Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.



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2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously ('the offset criteria').

2.7 Impairment of Financial Assets

2.7.1 Overview of principles for measuring expected credit loss ('ECL') on financial assets.

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 41

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company categorizes its loans into Retail and Non-Retail. The loans are further segregated as Secured and Unsecured. Thereafter, these loans are classified into Stage 1, Stage 2, Stage 3, as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. When loans are first recognized, the Company recognizes an allowance based on 12mECLs. The Company has assessed that all standard exposure up to 30 days (0 to 30 days) overdues fall under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues from 31 days to 90 days at each reporting date under this Stage. The Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. The Company records an allowance for the LTECLs. All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.



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Collateral repossessed

In its normal course of business, the Company does not physically repossess properties or other assets but encourage its employees to recover funds and settle outstanding loans. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Collateral Valuation:

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, letters of credit/guarantees, etc. In normal circumstances, the fair value of collateral affects the calculation of ECLs. While forecasting EAD the Company has taken into account the collateral value.

2.7.2 Methodology for calculating ECL

The Company calculates ECL based on a probability weighted outcome of factors indicated below to measure the expected cash shortfalls. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Exposure at default (EAD) – It is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and collateral value, whether scheduled by contract or otherwise.

Loss given default (LGD) – It is an estimate of the loss arising when the event of default occurs. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarized below:

- Stage 1:** The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. The Company calculates 12mECL by applying 12-month PD on the forecasted EAD and multiplied by expected LGD.
- Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.
- Stage 3:** For loans considered credit-impaired, the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.7.3 Forward looking information

The Company incorporates forward looking information in both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL as explained in Note no.41.1



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The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

2.7.4 Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has very low expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-offs. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries against such loan are credited to the statement of profit and loss.

2.7.5 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.8 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price at the measurement date that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.



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• **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

• **Level 3 financial instruments** – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

2.9 Foreign Currency transactions

2.9.1 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.9.2 Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

2.10 Leasing

The Company assesses contract at inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and



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adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Estimate of lease period

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised

iv) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.11 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash flows are reported using the indirect method, whereby profit before tax by using is adjusted for the effects for the effects of transactions of a non-cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.



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2.12 Property, Plant and Equipment (PPE)

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation as adjusted for impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment. Any gain on disposal of property, plant and equipment is recognized in statement of Profit and loss.

Leasehold improvements are amortized on straight line basis over the primary period of the lease or the estimated useful life of the assets, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the statement of profit and loss in the year the asset is derecognized.

Depreciation on property, plant and equipment provided on written down value method at the rate arrived based on useful life of the assets, prescribed under schedule II of the act, which also represents the estimate of the useful life of the assets by the management.

Depreciation on assets sold during the year is charged to the statement of Profit and Loss up to the date of sale.

The Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Asset category	Useful life (in years)
Furniture & Fixture	10
Computers & Printers	2-3
Office Equipment	5
Leasehold Improvements	Over the period of Lease
Vehicles	8

2.13 Intangible assets

The Company's intangible assets mainly include the value of computer software which are carried at cost less accumulated amortization and adjusted for any accumulated impairment losses, if any. Any gain on disposal of intangible asset is recognised in statement of Profit and loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life.

Amortization is calculated using the written down method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software - 3-6 years



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2.14 Retirement and other Employee benefits

2.14.1 Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.14.2 Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

2.14.3 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Retirement benefit in the form of provident fund and ESIC are defined contribution schemes

The Company has no obligation, other than the contribution payable to the provident fund and ESIC. The Company recognizes contribution payable to the provident fund scheme and ESIC as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.14.4 Defined benefit plans

The Company has Non-Funded gratuity plan. The Company's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.14.5 Other long-term employee benefits



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Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognised in the statement of profit and loss.

2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

2.16 Taxes

2.16.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Significant judgements are involved in determining the provisions of income taxes including judgement on whether

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.16.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax is recognized for all temporary differences, except:

- On the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future



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Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized .

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, using tax rates (and tax laws) that have enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets/deferred tax liabilities are calculated @ 25.17% as per section 115BAA of the Income Tax Act, 1961.

2.16.3 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

2.17 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affects the reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures, , as well as the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements



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In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

b. Fair value of financial instrument

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c. Effective Interest Rate (EIR) method

The Company's EIR methodology, as explained in Note 2.1.2, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

d. Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment



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- The segmentation of financial assets when their ECL is assessed on a collective basis
 - Development of ECL models, including the various formulas and the choice of inputs
- It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown/restrictions, due to the contraction in industrial and services output across small and large businesses. The impact of the resurgence of COVID -19 pandemic on the Company's results, including credit quality and provisions, gain/loss on fair value changes, investment, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government, RBI and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

In assessing the recoverability of loans and receivables, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Given the dynamic and evolving nature of the pandemic, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results.

e. Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

f. Share Based Payment

Estimating fair value for share-based payment transactions requires determining of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

g. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

h. Other Estimates

- Note 2.16.2 - Recognition of deferred tax assets: availability of future taxable profit
- Note 2.12 - Useful life and residual value of property, plant and equipment and intangible assets

2.18 Earning per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity



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shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The CEO of the Company has been identified as the chief operating decision maker for the Company.

2.20 Contingent Liabilities and Contingent Assets

A Contingent Liability a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the company takes into account a number of factors including the legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

	As at	
	March 31, 2022	March 31, 2021
3 Cash and cash equivalents		
Cash in hand	5.90	2.91
Balances with Banks		
On current accounts	4.60	23.25
Deposits with original maturity of less than three months	-	9.50
Total	10.50	35.66
Short term deposits are made for varying periods of between one day and three months, depending upon the immediate cash requirements of the company and earn interest at the respective short term deposit rates. The company has not taken Bank overdrafts therefore cash and cash equivalents for Cash flow statement is same as Cash and cash Equivalents that are mentioned above.		
4 Bank balance other than cash and cash equivalents		
Deposits with remaining maturity less than 12 months*	19.35	377.28
Long term deposits with maturity of more than 12 months	-	18.66
Margin money with financial institution towards securitised borrowings	61.09	138.32
Total	80.44	534.26
* Includes lien free fixed deposits as at March 31, 2022 Rs. NIL Mn, (March 31, 2021: Rs. 3.43 Mn)		
5 Loans Portfolio		
Loans to schools	1,964.10	2,796.99
Total - Gross	1,964.10	2,796.99
Less: Impairment loss allowance	98.71	310.28
Total - Net	1,865.39	2,486.71
(i) Secured	1,917.80	2,608.86
(ii) Unsecured	46.30	188.13
Total - Gross	1,964.10	2,796.99
Less: Impairment loss allowance	98.71	310.28
Total - Net	1,865.39	2,486.71
Above amount includes:		
(i) Public Sector	-	-
(ii) Others		
-in India	1,964.10	2,796.99
-Outside India	-	-
Total - Gross	1,964.10	2,796.99
Less: Impairment loss allowance	98.71	310.28
Total - Net	1,865.39	2,486.71

Overview of the loan portfolio of the Company

The company is primarily in the business of providing loans to affordable private school, colleges and personal loans to teachers with its operation spread out in different parts of India. The table below discloses credit quality of the Company's exposures (net of impairment loss allowances) as at reporting dates.

Portfolio classification as at March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Performing	1,467.29	204.32	-	1,671.60
Non performing	-	-	292.50	292.50
Total	1,467.29	204.32	292.50	1,964.10

Portfolio classification as at March 31, 2021

Particulars	Stage I	Stage II	Stage III	Total
Performing	2,074.49	284.13	-	2,358.62
Non performing	-	-	438.37	438.37
Total	2,074.49	284.13	438.37	2,796.99

Gross Portfolio Movement for the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2021	2,074.49	284.13	438.37	2,796.99
Inter-stage movements				
Stage I	172.09	(104.46)	(67.63)	-
Stage II	(152.62)	171.20	(18.58)	0.00
Stage III	(179.75)	(44.30)	224.06	-
Total	(160.28)	22.43	137.85	-
Assets written off during the year	-	-	(181.40)	(181.40)
New assets originated, repaid and derecognised during the year	(446.92)	(102.25)	(102.32)	(651.49)
Gross carrying amount as at March 31, 2022	1,467.29	204.32	292.50	1,964.10



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Gross Portfolio Movement for the year ended March 31, 2021

Particulars	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Gross carrying amount as at April 1, 2020	3,130.89	264.29	372.29	3,767.48
Inter-stage movements				
Stage I	47.68	(47.68)	-	-
Stage II	(260.19)	266.88	(6.69)	-
Stage III	(211.83)	(65.55)	277.37	0.00
Total	(424.34)	153.65	270.68	(0.00)
Assets written off during the year	-	-	(223.04)	(223.04)
New assets originated, repaid and derecognised during the year	(632.06)	(133.81)	18.43	(747.45)
Gross carrying amount as at March 31, 2021	2,074.49	284.13	438.37	2,796.99

Reconciliation of loss allowance provision from beginning to end of reporting period

Particulars	Stage			Total	
	Stage I	Stage II	Stage III	Other Financial Assets	
ECL Allowance as on April 1, 2020	13.98	28.97	132.89	175.84	0.10
New assets originated during the year, netted off for the repayments, and derecognised portfolio	40.30	13.97	145.21	199.48	0.01
Assets written off during the year	-	-	(65.03)	(65.03)	-
Movement between stages					
Transfer from stage I	3.97	(3.97)	-	-	-
Transfer from stage II	(3.41)	5.50	(2.09)	-	-
Transfer from stage III	(1.69)	(8.17)	9.86	-	-
Impact on ECL on account of movement between stages/updates to ECL Model	(1.13)	(6.64)	7.77	-	-
ECL Allowance as on March 31, 2021	53.14	36.31	220.83	310.28	0.11
New assets originated during the year, netted off for the repayments, and derecognised portfolio	(74.30)	(14.17)	(61.78)	(150.24)	(0.09)
Assets written off during the year	-	-	(61.33)	(61.33)	-
Movement between stages					
Transfer from stage I	37.54	(12.99)	(24.55)	-	-
Transfer from stage II	(7.28)	13.96	(6.68)	(0.00)	-
Transfer from stage III	(7.46)	(6.01)	13.48	0.00	-
Impact on ECL on account of movement between stages/updates to ECL Model	22.79	(5.04)	(17.75)	0.00	-
ECL Allowance as on March 31, 2022	1.63	17.10	79.97	98.71	0.02

6 Investments

Recorded at Fair Value through Profit & Loss account

Investments in Security Receipts of Asset Reconstruction Company
(i) Outside India
(ii) In India

Total

Investments in Security Receipts of Asset Reconstruction Company	165.96	-
(i) Outside India	-	-
(ii) In India	165.96	-
Total	165.96	-

7 Other financial assets

A. Security deposits

Unsecured, considered good

(A)

Unsecured, considered good	3.86	5.05
Total (A)	3.86	5.05

B. Other Assets

Interest accrued but not due

- on fixed deposits with banks

EIS Receivable

Receivable from Govt. of India towards ex-gratia*

Advances against Creditors

(B)

Interest accrued but not due	5.00	20.91
- on fixed deposits with banks	32.69	48.35
EIS Receivable	-	11.11
Receivable from Govt. of India towards ex-gratia*	2.47	3.96
Advances against Creditors	40.16	84.33
Total (B)	80.32	168.66

Total (A+B)

Total (A+B)	84.18	173.71
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* Receivable vide notification F.No. 2/12/2020-BOAI dated October 23, 2020, issued by Ministry of Finance, Government of India.

8 Current tax asset

Advance tax (net of provision)

Total

Advance tax (net of provision)	8.22	3.74
Total	8.22	3.74

9 DEFERRED TAX

A) Deferred tax assets:

Impairment on financial instruments

Measurement of financial assets at amortised cost

Differences of written down value of Property, plant and equipment

Provision for employee benefits

Provision for Bad And Doubtful Debts

Total deferred tax assets (A)

Impairment on financial instruments	12.71	9.27
Measurement of financial assets at amortised cost	6.34	8.81
Differences of written down value of Property, plant and equipment	2.86	3.21
Provision for employee benefits	1.20	1.28
Provision for Bad And Doubtful Debts	24.84	78.09
Total deferred tax assets (A)	47.95	100.66

B) Deferred tax liabilities:

Re-recognition of securitization arrangement (net)

Impact of recognition of Right of use assets and lease liability

Measurement of financial liabilities at amortised cost

Unamortized Borrowing Cost

Other temporary difference

Total deferred tax liabilities (B)

Re-recognition of securitization arrangement (net)	(25.97)	(27.37)
Impact of recognition of Right of use assets and lease liability	(1.03)	(0.52)
Measurement of financial liabilities at amortised cost	(2.98)	(1.89)
Unamortized Borrowing Cost	(0.54)	(1.31)
Other temporary difference	(0.37)	(0.25)
Total deferred tax liabilities (B)	(30.89)	(31.34)

Net deferred tax assets/(liabilities) (A-B)

Net deferred tax assets/(liabilities) (A-B)	17.07	69.32
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INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)
As at
March 31, 2022 As at
March 31, 2021

C) Movement in Deferred Tax

Particulars	As at	(Charge)/credit in Statement of profit and Loss	Recognized in other comprehensive income	Recognized in other equity	As at
	April 1, 2021				March 31, 2022
Assets					
Impairment allowance for financial instruments	9.27	3.44	-	-	12.71
Financial assets measured at amortised cost	8.81	(2.46)	-	-	6.36
Depreciation	3.21	(0.35)	-	-	2.86
Provision for employee benefits	1.28	0.29	(0.37)	-	1.21
Provision For Bad And Doubtful Debts	78.09	(53.25)	-	-	24.84
Other temporary difference	-	-	-	-	-
Liabilities					
Re-recognition of securitization arrangement (net)	(27.37)	1.39	-	-	(25.98)
Impact of recognition of Right of use assets and lease liability	(0.52)	(0.50)	-	-	(1.02)
Impairment allowance for financial instruments	-	-	-	-	-
Financial assets measured at amortised cost	(1.89)	(1.09)	-	-	(2.98)
Unamortized Borrowing Cost	(1.31)	0.77	-	-	(0.54)
Other temporary difference	(0.25)	(0.12)	-	-	(0.37)
Total (net)	69.32	(51.89)	(0.37)	-	17.07

Particulars	As at	(Charge)/credit in Statement of profit and Loss	Recognized in other comprehensive income	Recognized in other equity	As at
	April 1, 2020				March 31, 2021
Assets					
Impairment allowance for financial instruments	2.91	6.36	-	-	9.27
Financial assets measured at amortised cost	12.90	(4.09)	-	-	8.81
Depreciation	3.34	(0.13)	-	-	3.21
Provision for employee benefits	2.03	(0.75)	-	-	1.28
Provision For Bad And Doubtful Debts	43.43	34.66	-	-	78.09
Other temporary difference	-	-	-	-	-
Liabilities					
Re-recognition of securitization arrangement (net)	(7.01)	(20.36)	-	-	(27.37)
Impact of recognition of Right of use assets and lease liability	(0.32)	(0.20)	-	-	(0.52)
Impairment allowance for financial instruments	-	-	-	-	-
Financial assets measured at amortised cost	(1.30)	(0.59)	-	-	(1.89)
Unamortized Borrowing Cost	(2.84)	1.53	-	-	(1.31)
Other temporary difference	(0.17)	(0.08)	-	-	(0.25)
Total (net)	52.97	16.34	-	-	69.32

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INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

10A: Property, plant and equipment

Particulars	Leasehold improvements	Furniture & Fixtures	Office Equipment	Computers	Total
Gross block (at cost)					
At April 1, 2021	1.23	1.81	3.30	9.06	15.41
Addition	-	-	0.01	0.01	0.01
Disposals	-	-	-	-	-
At March 31, 2022	1.23	1.81	3.31	9.07	15.43
Depreciation					
At April 1, 2021	0.86	1.49	2.70	8.20	13.24
Charge for the year	0.02	0.09	0.26	0.31	0.69
Disposals	-	-	-	-	-
At March 31, 2022	0.88	1.58	2.96	8.51	13.93
Net Carrying Amount					
At April 1, 2021	0.38	0.32	0.59	0.86	2.18
At March 31, 2022	0.35	0.24	0.34	0.56	1.50

10B: Intangible assets under development

Ageing schedule as at 31 March 2022

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	7.20	-	-	-	7.20
Total	7.20	-	-	-	7.20

Ageing schedule as at 31 March 2021

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Projects in progress	0.08	-	-	-	0.08
Total	0.08	-	-	-	0.08

10C: Intangible assets

Particulars	Computer	
	Software	Total
Gross block (at cost)	9.84	9.84
Addition	0.46	0.46
Disposals	-	-
At March 31, 2022	10.30	10.30
Amortization		
At April 1, 2021	7.68	7.68
Charge for the year	1.14	1.14
Disposals	-	-
At March 31, 2022	8.82	8.82
Net Carrying Amount		
At April 1, 2021	2.16	2.16
At March 31, 2022	1.48	1.48



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Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
11 Right to use assets		
Asset on lease	17.69	20.86
Total	17.69	20.86
12 Other non-financial assets		
Unsecured, considered good		
Balance with Income tax Authorities	6.23	6.23
Balance with Central Excise Authorities	7.74	3.86
Prepaid expenses	3.42	1.97
Others	-	0.09
Total	17.37	12.15
13 Payables		
Trade Payables		
(i) Total outstanding dues to micro, small and medium enterprises	0.04	0.31
(ii) Total outstanding dues of creditors other than micro, small and medium enterprises	10.42	9.48
	10.46	9.79
Other Payables		
(i) Total outstanding dues to micro, small and medium enterprises	-	-
(ii) Total outstanding dues of creditors other than micro, small and medium enterprises	-	-
	-	-
Total	10.46	9.79

Trade Payable ageing schedule

As at March 31, 2022	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	0.04	-	-	-	0.04
(ii) Others	6.50	3.93	-	-	10.42
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	6.54	3.93	-	-	10.46
As at March 31, 2021	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	0.31	-	-	-	0.31
(ii) Others	2.70	6.78	-	-	9.48
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	3.01	6.78	-	-	9.79

14 Debt Securities		
Non Convertible debentures*	448.50	672.75
Compulsory convertible debentures (Liability component of compound financial instrument)	54.75	62.14
Total	503.25	734.89
Debt Securities in India	503.25	734.89
Debt Securities outside India	-	-
Total	503.25	734.89

*After discussing with non-convertible debentures (NCDs) holders repayment is rescheduled and extended from June 21 to June 23 and outstanding principal amounts shall be payable in 18 monthly equal instalments starting on October 30, 2021 as per Term Sheet dated August 10, 2021.

As at March 31, 2022

Particulars	Rate of interest	Maturity	Amount
(a) Non-Convertible Debentures			
Blue Orchard Series I	14%	31 March 2023	128.50
Blue Orchard Series II	14%	31 March 2023	32.00
MEF (Microfinance Enhancement Facility)	14%	31 March 2023	160.00
Symbiotics (AAV Sarl)	14%	31 March 2023	128.00
			448.50
(b) Compulsory Convertible Debentures			
Blayfort Capital I	12.70%	4 June 2026	20.20
Blayfort Capital II	12.70%	11 July 2027	34.55
			54.75
Total			503.25

As at March 31, 2021

Particulars	Rate of interest	Maturity	Amount
(a) Non-Convertible Debentures			
Blue Orchard Series I	14%	30 June 2022	192.75
Blue Orchard Series II	14%	29 July 2022	48.00
MEF (Microfinance Enhancement Facility)	14%	10 Feb 2023	240.00
Symbiotics (AAV Sarl)	14%	16 June 2021	192.00
			672.75
(b) Compulsory Convertible Debentures			
Blayfort Capital I	12.70%	4 June 2026	23.55
Blayfort Capital II	12.70%	11 July 2027	38.59
			62.14
Total			734.89

Total

Note:

Secured redeemable non-convertible debentures which have been privately placed are secured by hypotheciation against loan receivable.



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
14A & 15A. Terms of principal repayment of borrowings as at March 31, 2022

Particulars	Original Payment	Original Maturity	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total	
				No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)		
Debt Securities	Bullet repayment	1 - 3 years	13.51% - 14.00%	12	128.50	-	-	-	-	-	-	128.50	
			13.51% - 14.00%	12	32.00	-	-	-	-	-	-	32.00	
			13.51% - 14.00%	12	160.00	-	-	-	-	-	-	160.00	
Borrowings (other than debt securities)	Above 3 years		12.51% - 13.00%	-	-	-	-	-	-	1	20.20	20.20	
			12.51% - 13.00%	-	-	-	-	-	-	1	34.55	34.55	
			9.51% - 11.00%	3	7.08	-	-	-	-	-	-	7.08	
			13.51% - 14.00%	3	3.62	-	-	-	-	-	-	3.62	
			13.51% - 14.00%	1	1.94	-	-	-	-	-	-	1.94	
	1 - 3 years	Monthly repayment		13.51% - 14.00%	8	12.81	-	-	-	-	-	-	12.81
				14.01% - 14.50%	11	33.32	-	-	-	-	-	-	33.32
				14.01% - 14.50%	12	16.67	12	16.67	6	8.33	-	-	41.67
				15.01% - 15.50%	3	8.42	-	-	-	-	-	-	8.42
				15.01% - 15.50%	4	3.48	-	-	-	-	-	-	3.48
1 - 3 years	Quarterly repayment		15.01% - 15.50%	5	3.04	-	-	-	-	-	-	3.04	
			11.01% - 11.50%	3	40.67	-	-	-	-	-	-	40.67	
			11.51% - 12.00%	2	8.33	-	-	-	-	-	-	8.33	
	Cash Credit		8.00% - 8.50%	-	46.51	-	-	-	-	-	46.51		
	Securitisation Borrowings		10.20% - 11.70%	36	148.81	36	119.69	-	-	-	-	268.50	
Total					783.20		136.36		8.33		54.75	982.65	
Impact of EIR												(2.16)	
Grand Total												980.49	



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

	As at	
	March 31, 2022	March 31, 2021
15 Borrowings (other than debt securities)		
Secured		
Term loan		
- from bank	47.73	203.81
- from other parties	116.65	316.75
Cash credit from bank	46.52	325.23
Borrowings under securitization arrangements	266.34	402.24
Total	477.24	1,248.02
Borrowings in India	477.24	1,248.02
Borrowings outside India	-	-
Total	477.24	1,248.02
Note:		
Undrawn committed borrowing facilities is Rs. 170 Mn (Previous year is Rs. 200 Mn)		
Term loan from bank and other parties are secured by hypothecation of Loans receivable of the company.		
The borrowings have not been guaranteed by directors and others. Also the company has not defaulted in repayment of borrowing / interest during the current year / previous year.		
16 Lease Liability		
Lease Liability	21.10	23.81
Total	21.10	23.81
17 Other financial liabilities		
Salaries and bonus payable	6.31	7.80
Other payable	45.71	26.46
Payable for Services towards securitized contracts	50.42	30.35
Interest Accrued but not Due(Liab)	2.93	11.21
Total	105.37	75.82
18 Provisions		
Provision for gratuity	3.45	4.10
Provision for compensated expenses	1.33	0.97
Other Provision	-	-
Total	4.78	5.07
(Refer Note 38 for employee benefits)		
19 Other non-financial liabilities		
Statutory dues payable	2.63	3.29
Others	0.08	-
Total	2.71	3.29
20 Issued capital and reserves		
Authorized		
Equity shares		
8,000,000 (Previous year 8,000,000) Equity Shares of Rs. 10/- each	80.00	80.00
Preference shares		
7,000,000 (Previous year 7,000,000) Compulsory Convertible Preference Shares of Rs. 10/- each (CCPS)	70.00	70.00
Total	150.00	150.00
Issued, subscribed and paid-up		
Equity shares		
14,63,106 (Previous year 14,63,106) Equity Shares of Rs. 10/- each	14.63	14.63
Less: Amount Recoverable from ESOP Trust(face value of 150,000 Equity Shares allotted to Trust)	(1.50)	(1.50)
819,893 (Previous year 819,893) Equity Shares of Rs. 10/- each paid up Re 0.01/- each forfeited during the year	0.01	0.01
819,893 (Previous year NIL) Equity Shares of Rs. 10/- each paid up Re 0.01/- each Cancelled during the year	(0.01)	-
	13.13	13.14
Preference shares		
283,283 (Previous year 283,283) 0.5% Compulsory Convertible Preference Shares of Rs. 10/- each	2.83	2.83
3,484,367 (Previous year 3,484,367) 0.5% Series A Compulsory Convertible Preference Shares of Rs. 10/- each	34.85	34.85
3,185,106 (Previous year 3,185,106) 10% Series A Compulsory Convertible Preference Shares of Rs. 10/- each	31.85	31.85
	69.53	69.53
Total	82.66	82.67

(a) The reconciliation of the number of equity shares outstanding as at the beginning and the end of the reporting period is set out below:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	14,63,106	13.14	22,82,999	13.14
Shares forfeited but not cancelled during the year	-	-	8,19,893	-
Shares cancelled during the year	-	(0.01)	-	-
At the end of the year	14,63,106	13.13	14,63,106	13.14

(b) Reconciliation of the number of preference shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Preference shares				
At the commencement of the year	69,52,756	69.53	37,67,650	37.68
Issued during the year	-	-	31,85,106	31.85
At the end of the year	69,52,756	69.53	69,52,756	69.53

(c) Terms / rights attached to equity shares

The Company has only one class of Equity Shares having par value of Rs. 10/- per share. Each holder of Equity share is entitled to one vote per share. In the event of liquidation of company, the holders of Equity Shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts.

The CCPS holders 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



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

(d) Particulars of equity shareholder holding more than 5% equity shares:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
GGV School Financing Co. Limited	8,51,040	58.17%	8,51,040	58.17%
Caspian Impact Investment Advisors Private Limited –	3,98,536	27.24%	3,98,536	27.24%
ISFC Employee Welfare Trust	1,50,000	10.25%	1,50,000	10.25%
Preference shares				
GGV School Financing Co. Limited	16,60,118	23.88%	16,60,118	23.88%
Gray Matters Capital Inc	31,85,106	45.81%	31,85,106	45.81%
Gray Matters Capital AIF	21,07,532	30.31%	21,07,532	30.31%

(e.) Particulars of shares reserved for issue under employee stock options

(f) Shares held by promoters

No shares are held by the promoters during the financial year 2021-22 and 2020-21.

Particulars

2013 ESOP Plan

At the commencement of the year
Exercised during the year
Cancelled during the year
At the end of the year

As at 31 March 2022	As at 31 March 2021
Number of shares	Number of shares
40,000	5,44,000
-	-
25,000	5,04,000
15,000	40,000

2016 ESOP Plan

At the commencement of the year
Exercised during the year
Cancelled during the year
At the end of the year

1,50,000	1,50,000
-	-
-	-
1,50,000	1,50,000

(f) No share was allotted without payment being received in cash during the five-year period ended March 31, 2022

21 Other equity

Securities premium reserve
Less: Security Premium of ESOP
Compulsorily Convertible Preference Shares
Equity Portion of CCD
Dividend payable on Compulsorily Convertible Preference Shares
Statutory reserve (created under Section 45-1C of RBI Act, 1934)
At the commencement of the year
Add: Amount transferred
Less: Amount utilised
At the end of the year (B)

939.93	939.93
(5.08)	(5.08)
69.53	69.53
41.87	41.87
6.89	-
72.57	72.57
-	-
-	-
72.57	72.57

Retained Earning

At the commencement of the year
Add: (Loss)/Profit for the year
Add: Option lapsed during the year
Less: Amount transferred to statutory reserve
Less: Dividend on Cumulative Preference Shares
At the end of the year (C)
Total

23.84	191.93
(43.88)	(168.69)
-	0.60
-	-
(6.89)	-
(36.92)	23.84
1,098.79	1,142.67

Note:

Statutory reserve

The said reserve has been created under section 45-1C of Reserve Bank of India Act, 1934. As per the said section, every Non-banking financial company shall create a reserve fund and transfer a sum of not less than 20% of net profit every year before declaration of dividend.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Retained Earnings

The said amount represents accumulated surplus/(deficit) of the profits earned by the Company



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

		(Rupees in millions unless otherwise stated)	
		For the year ended March 31, 2022	For the year ended March 31, 2021
22	Interest Income (on the financial assets measured at amortised cost)		
	Interest income on loan portfolio	427.78	600.56
	Interest on term deposits with banks	9.43	29.46
	Total	437.21	630.02
23	Net gain on derecognition of financial instruments under amortised cost category		
	Cash Profit on Direct Assignment	-	52.19
	Total	-	52.19
24	Other Operating Income		
	Overdue Interest	3.87	9.04
	Service Charges	-	-
	Foreclosure Charges & Bounce Charges	6.36	9.78
	Total	10.23	18.82
25	Other Income		
	Miscellaneous income	2.18	3.42
	Total	2.18	3.42
26	Finance Cost		
	Interest on borrowings (other than debt securities)	103.22	203.68
	Interest on Debt securities	94.94	124.81
	Other finance costs	0.63	0.46
	Total	198.79	328.95
27	Impairment on financial instruments:		
	Loans	39.52	342.36
	Other Financial Assets	(0.09)	0.01
	Total	39.43	342.37
28	Employee benefit expenses		
	Salaries, wages and bonus	130.71	153.79
	Share based Compensation expenses		
	Gratuity	2.32	3.05
	Leave Encashment	0.90	0.60
	Contribution to Provident Fund and others*	5.35	7.63
	Staff welfare expenses	4.51	2.48
	Total	143.79	167.54
* Contribution of PF is net of Rs. NIL/- for Mar-22 and Rs 5,561/- for Mar-21 received under the scheme of "Pradhan mantri Rojgar Yojna"			
29	Depreciation and amortization		
	Depreciation of property, plant and equipment	1.82	3.52
	Depreciation on Right to use of asset	7.86	10.30
	Total	9.68	13.82



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

	(Rupees in millions unless otherwise stated)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
30 Other Expenses		
Rates and Taxes	0.23	1.16
Rent Expenses	5.92	3.17
Professional and Consultancy Charges	22.17	16.38
Audit Fee *	2.10	1.64
Travel and Conveyance	7.72	2.82
Internet Expenditure	0.43	0.43
Printing & Stationery	0.29	0.25
Technology Expenses	4.31	1.77
Electricity and Water Charges	1.03	1.22
Telephone Expenditure	0.58	0.98
Office & General Expense	0.58	1.17
Computer Maintenance	1.80	1.47
Security and Housekeeping Exp.	0.54	2.46
Business/Sales Promotion Expenses	3.01	0.79
Loss/(Profit) on fixed asset disposal	-	0.43
CSR Expenses #	0.29	2.45
Miscellaneous Expenses	0.00	0.01
Total	51.01	38.59

* Payment to auditors

As auditor:

Audit fee

Certification fee

1.95	1.39
0.15	0.25
2.10	1.64

Detail of CSR expenditure

- a) Average net profit/(Loss) of the company for the last 3 Financial years
b) Gross Amount to be spent by the company for respective Financial year
c) Amount spent during the year on purposes other than construction/ acquisition of any asset
d) Shortfall at the end of the year
e) Total of previous years shortfall
f) Reason for shortfall

10.14	122.43
0.20	2.45
0.15	-
0.05	2.45
2.45	2.49

The Company is provided with incorrect bank account details hence amount is returned and remain unpaid.

The CSR committee is not able to identify suitable project as per focus area.

g) Nature of CSR activity

Girl child school fee sponsoring

NA

h) Details of the related party transaction in relation to CSR expenditure as per relevant Accounting Standard

NA

NA

31 Tax

a. Income tax expense in the statement of profit and loss consist of:

Current income tax:

Income tax

Deferred tax:

attributable to

Origination and reversal of temporary differences

Increase/reduction in tax rate

	For the year ended March 31, 2022	For the year ended March 31, 2021
	-	-
	52.25	(16.34)
	-	-
Income tax expense reported in the statement of profit or loss	52.25	(16.34)

Income tax expense reported in the statement of profit or loss

Income tax recognised in other comprehensive income

Deferred tax arising on remeasurement gains on defined benefit plan

(0.37)	-
51.88	(16.34)

Total income tax expense

Income tax recognised in other comprehensive income

Remeasurements of the net defined benefit liability/ asset

Total

For the year ended March 31, 2022		
Before tax	Tax expense	Net of tax
1.45	(0.37)	1.08
1.45	(0.37)	1.08

Remeasurements of the net defined benefit liability/ asset

Total

For the year ended March 31, 2021		
Before tax	Tax expense	Net of tax
1.79	-	1.79
1.79	-	1.79



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)	
For the year ended March 31, 2022	For the year ended March 31, 2021

b. Reconciliation of total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2022 and 2021 is, as follows:

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Enacted tax rate	Amount	Enacted tax rate	Amount
Accounting profit before tax	25.17%	6.92	25.63%	(186.82)
Computed tax expense	25.17%	1.74	25.63%	-
Effect of:				
Non-deductible expenses	6.56%	0.45	-1.54%	2.88
Difference on account of change in tax rate	0.00%	-	0.00%	-
Amount deductible under income tax	0.00%	-	1.04%	(1.94)
Others*	717.56%	49.68	9.25%	(17.27)
Effective tax rate/income tax expense reported in statement of profit and loss	749.29%	51.88	34.37%	(16.34)

* In FY 2021-2022, Effective tax rate is 749.29% due to reversal of ECL provision.

32 Earnings per share (EPS)

a) Basic earning per share

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after tax	(51.85)	(170.48)
Profit after tax for calculation of basic EPS and diluted EPS	(51.85)	(170.48)

Weighted average number of equity shares outstanding during the year – for BEPS

	1.31	1.31
--	------	------

b) Diluted earning per share

Adjusted net profit for the year	(44.96)	(170.48)
Weighted average number of equity shares outstanding during the year – Basic	1.31	1.31

Add: Weighted average number of potential equity shares on account of employee stock options

	-	-
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Add: Weighted average number of potential equity shares on account of optionally convertible preference shares

	-	-
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Weighted average number of equity shares outstanding during the year – Diluted

	1.31	1.31
--	------	------

Earnings per share

Basic – par value of Rs.10 each	(39.48)	(129.83)
Diluted – par value of Rs.10 each	(39.48)	(129.83)

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INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

33: Segment Reporting

The Company's main business is of lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. All other activities of the Company revolve around the main business. Accordingly, there are no separate reportable segments as per Ind AS 108 dealing with Operating Segments.

The Company operates in lending to institutions and retail members who have similar risks and returns, which is considered to be the only reportable segment for the purpose of Ind AS 108 on 'Operating Segments'. Further, the Company operates in single geographic segment i.e. domestic.

Information about geographical areas:

The entire revenue from operations of the Company are made to customers which are domiciled in India.

The Company is engaged in the business within India. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

Information about major customers (from external customers):

The Company does not earn revenues from the customers which amount to 10 per cent or more of Company's revenues

34: Related parties under Ind AS 24 with whom transactions have taken place during the year.

Names of the related party and nature of relationship:-

Description of relationship	Designation	For the period ended March 31, 2022	For the period ended March 31, 2021
Key Management Personnel*	Managing Director and Chief Executive Officer	Mr. Sandeep Wirkhare	Mr. Sandeep Wirkhare (From 12th Aug, 2020)
	Managing Director and Chief Executive Officer	-	Mr. Neeraj Sharma (Till 15th May, 2020)
	Chief Financial Officer	Mr. Vipul Patel (From 20th Sept 2021)	-
	Chief Financial Officer	-	Mr. Ankur Aggarwal (Till 15th May, 2020)
	Company Secretary	Ms. Harsha Joshi	Ms. Harsha Joshi (From 16th Dec 2020)
	Company Secretary	-	Ms. Priya Goel (Till 15th Dec 2020)
	Director	Independent Director	Mr. Rakesh Rewari
		-	Mr. Sandeep Wirkhare (From 11th May, 2020 to 26th May, 2020)
		Mr. Hariharan Krishnier Padmanabhan	Mr. Hariharan Krishnier Padmanabhan (From 25th Jan, 2021)
		-	Mr. Vibha Batra (Till 2nd Apr, 2020)
	Director	Ms. Smita Sircar (From 25th March, 2022)	-
		Ms. Erika Yvette Norwood (From 15th Dec, 2020 till 25th March, 2022)	Ms. Erika Yvette Norwood (From 15th Dec, 2020)
	Additional Director	-	Ms. Erika Yvette Norwood (From 16th Sep, 2020 to 15th Dec, 2020)
	Nominee Director	-	Mr. Amit Ratanpal (Till 19th Nov 2020)
	Whole Time Director (Executive)	-	Mr. Raunak Singhvi (From 26th May, 2020 to 16th Sep, 2020)
	Whole Time Director	-	Mr. Raunak Singhvi (From 03rd Apr, 2020 to 26th May, 2020)
Entities exercising significant influence over the Company	Group Company	Gray Matters Capital Inc.	Gray Matters Capital Inc.
		Caspian Impact Investment Private Limited	Caspian Impact Investment Private Limited
		GGV School Finance Co. Limited	GGV School Finance Co. Limited
		GGV managerial Services Pvt. Ltd.	GGV managerial Services Pvt. Ltd.
		Gray Matters India Private Limited	Gray Matters India Private Limited
		Blayfort Limited	Blayfort Limited

*Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors and Executive Committee to be key management personnel for the purpose of IND AS 24 Related Party Disclosures.

Related party transactions during the year:

S. No	Related Party	Nature of Transactions	Transactions during year ended March 31, 2022	Transactions during year ended March 31, 2021	(Payable)/Receivable	
					March 31, 2022	March 31, 2021
1	Mr. Sandeep Wirkhare	Remuneration*	9.98	6.34	-	-
2	Mr. Vipul Patel	Remuneration**	2.33	-	-	-
3	Ms. Harsha Joshi	Remuneration***	0.91	0.26	-	-
4	Mr. Neeraj Sharma	Remuneration****	-	21.37	-	-
5	Mr. Ankur Aggarwal	Remuneration*****	-	13.18	-	-
6	Ms. Priya Goel	Remuneration*****	-	0.58	-	-
7	Mr. Rakesh Rewari	Sitting Fee	0.99	-	(0.03)	(0.21)
8	Mr. Hariharan Padmanabhan	Sitting Fee	0.58	0.12	-	(0.11)
9	Ms. Vibha Batra	Sitting Fee	-	0.06	-	-
10	Mr. Sandeep Wirkhare	Sitting Fee	-	1.96	-	-
11	GGV Managerial Services Pvt Ltd	Amount payable	-	-	-	(6.50)
12		Reimbursement of expenses	-	-	-	-
13	Gray Matters Capital Inc	Issue of Compulsory convertible Preference Shares including securities premium	-	374.25	-	-
14	Blayfort Limited	Interest on Compulsorily Convertible Debentures	15.21	15.23	(2.49)	-
15	Caspian Impact Investments Private Limited	Principal repayment and Interest on Term Loan	33.74	32.57	(41.93)	(21.00)

* Includes Provident Fund Contribution of Rs. 21,600 (Previous Year Rs.14,400)

** Includes Provident Fund Contribution of Rs. 12,600 (Previous Year Rs.NIL)

*** Includes Provident Fund Contribution of Rs. 21,600 (Previous Year Rs.7,200)

**** Includes Provident Fund Contribution of Rs. NIL (Previous Year Rs.60,840)

***** Includes Provident Fund Contribution of Rs. NIL (Previous Year Rs.38,759)

***** Includes Provident Fund Contribution of Rs. NIL (Previous Year Rs.23,013)

Note: The Remuneration to the Key Managerial Personnel does not include the provisions made for Gratuity and Leave Benefits, as they are determined on an actuarial basis for the company as a whole.



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended Mar 31, 2022

(Rupees in millions unless otherwise stated)

35: Contingent Liabilities not provided for

Particulars	March 31, 2022	March 31, 2021
Dividend on Compulsory Convertible Preference Shares	-	3.52
Corporate Guarantee and lien on Fixed Deposits for Securitization	61.09	138.32
Total	61.09	141.84

The Company has breached certain financial covenants as on 31st March 2022 in respect of which the Company is in the process of seeking waivers from the lenders.

36: Financial instruments-fair value and risk management

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Carrying Value as at		Fair Value as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial Assets measured at cost				
Loan Portfolio	1,865.39	2,486.71	1,929.60	2,717.23
Cash and cash equivalents	10.50	35.66	10.50	35.66
Bank Balances other than cash and cash equivalents	80.44	534.26	80.44	534.26
Investments	165.96	-	165.96	-
Other financial assets	44.01	89.38	44.01	89.38
Total Financial Assets	2,166.30	3,146.01	2,230.51	3,376.53
Financial Liabilities				
Debt securities	503.25	734.89	505.07	800.32
Borrowings (other than debt securities)	477.24	1,248.02	437.19	1,223.31
Trade Payable	10.46	9.79	10.46	9.79
Lease Liability	21.10	23.81	21.10	23.81
Other financial liabilities	105.37	75.82	105.37	75.82
Total Financial Liabilities	1,117.42	2,092.32	1,079.19	2,133.04

The management assessed that carrying value of financial asset (except loan portfolio) and financial liabilities (except debt securities, borrowings (other than debt securities)) approximate their fair value largely due to short term maturities of these instruments.

B. Fair Value Hierarchy of assets and liabilities

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2022

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level - 1	Level - 2	Level-3	Total
Loan Portfolio	1,865.39	1,929.60	-	-	1,929.60	1,929.60
Cash and cash equivalents	10.50	10.50	-	-	10.50	10.50
Bank Balances other than cash and cash equivalents FD	80.44	80.44	-	-	80.44	80.44
Investments	165.96	165.96	-	-	165.96	165.96
Other financial assets	44.01	44.01	-	-	44.01	44.01
Total	2,166.30	2,230.50	-	-	2,230.50	2,230.51

Liabilities

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level - 1	Level - 2	Level-3	Total
Debt securities	503.25	505.07	-	-	505.07	505.07
Borrowings (other than debt securities)	477.24	437.19	-	-	437.19	437.19
Trade Payable	10.46	10.46	-	-	10.46	10.46
Lease liability	21.10	21.10	-	-	21.10	21.10
Other financial liabilities	105.37	105.37	-	-	105.37	105.37
Total	1,117.42	1,079.19	-	-	1,079.19	1,079.19

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2021

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level - 1	Level - 2	Level-3	Total
Loan Portfolio	2,486.71	2,717.23	-	2,717.23	-	2,717.23
Cash and cash equivalents	35.66	35.66	-	-	35.66	35.66
Bank Balances other than cash and cash equivalents FD	534.26	534.26	-	-	534.26	534.26
Other financial assets	89.38	89.38	-	-	89.38	89.38
Total	3,146.01	3,376.53	-	2,717.23	659.30	3,376.53

Liabilities

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level - 1	Level - 2	Level-3	Total
Debt securities	734.89	800.32	-	800.32	-	800.32
Borrowings (other than debt securities)	1,248.02	1,223.31	-	1,223.31	-	1,223.31
Trade Payable	9.79	9.79	-	-	9.79	9.79
Lease liability	23.81	23.81	-	-	23.81	23.81
Other financial liabilities	75.82	75.82	-	-	75.82	75.82
Total	2,092.33	2,133.04	-	2,023.63	109.41	2,133.04

There have been no transfers between Level 1 and Level 2 during the current year and previous period.



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended Mar 31, 2022

C. Valuation framework

For Loan Portfolio

The scheduled future cash flows (including principal and interest) are discounted using the average lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month.

For Borrowing

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

For Investment in Equity Instrument

The Company has no Investment in Equity instruments for the year ended March 2022 and March 2021.

37: Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As a NDSI NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

For the purpose of Company's capital management, capital includes equity share capital and other equity. Debt includes term loans from banks, NBFC and debentures net of cash and cash equivalents and bank balances other than cash and cash equivalents. The Company monitors capital on the basis of following gearing ratio.

Gearing Ratio:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Net Debt*	972.93	1,945.53
Total equity	1,111.92	1,155.81
Net debt to equity ratio	0.87	1.68

*Net debt includes debt securities + borrowings other than debt securities + interest accrued - cash and cash equivalents - bank balances other than cash and cash equivalents.

38: Employee Benefit Plans

The Company operates the following post-employment plans -

(i) Defined contribution plan

The Company makes monthly contribution towards provident which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as expense towards such contribution are as follows:

Particulars	Year ended	Year ended
	March 31, 2022	31, 2021
Contribution to Provident Fund and other funds*	5.12	7.25
Employee state insurance	0.23	0.38
	5.35	7.63

* Contribution of PF is net of Rs. NIL for Mar-22 and Rs. 5561/- for Mar-21 received under the scheme of "Pradhan mantri Rojgar Yojna"

(ii) Defined Benefit plan

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days salary for every completed year of service or part thereof in excess of six months (subject to limit of INR 2,000,000), based on the rate of salary last drawn by the employee concerned.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Present value of obligation	3.45	4.10
Fair value of plan assets	-	-
Net defined benefit liability/(asset)	3.45	4.10

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs.2,000,000 as per The Payment of Gratuity Act, 1972.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

Particulars	March 31, 2022	March 31, 2021
	Defined benefit obligation as at the beginning of the year	4.10
Current service cost	2.19	2.80
Interest on defined benefit obligation	0.14	0.25
Remeasurements- Actuarial (gain)/ Loss on total liabilities	(1.45)	(1.79)
Benefits paid	(1.52)	(3.88)
Defined benefit obligation as at the end of the year	3.45	4.10

Movement in plan assets

Particulars	March 31, 2022	March 31, 2021
	Fair value of plan assets as at the beginning of the year	-
Actual return on plan assets	-	-
Actuarial gains	-	-
Employer contributions	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-



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Balance Sheet

Amount recognised in balance sheet

Particulars	March 31, 2022	March 31, 2021
Present value of obligations	3.45	4.10
Fair value on plan assets	-	-
Net defined benefit liability recognised in balance sheet	3.45	4.10

Expenses charged to the statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Current service cost	2.19	2.80
Interest Cost	0.14	0.25
Total	2.32	3.05

Remeasurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2022	March 31, 2021
Remeasurements- Actuarial (Gain)/ Loss	(1.45)	(1.79)
Amount recognised under Other Comprehensive Income	(1.45)	(1.79)

Funding:

The company has a non funded gratuity plan, hence fair value is taken as Nil.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Category of Assets	March 31, 2022	March 31, 2021
Fund managed by Insurer	0%	0%
Total	0%	0%

Summary of Actuarial Assumptions

Particulars	March 31, 2022	March 31, 2021
Discount rate	5.00%	4.10%
Rate of Increase in compensation levels	10%	10%
Expected average remaining working lives of employees (in years)	1.79 Years	1.81 Years
Retirement age (years)	58 Years	58 Years

Sensitivity analysis for significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2022	March 31, 2021
Discount rate (+1%)	3.39	4.03
Discount rate (-1%)	3.52	4.18
Salary Inflation (+1%)	3.48	4.14
Salary Inflation (-1%)	3.42	4.06
Withdrawal Rate (+1%)	3.43	4.08
Withdrawal Rate (-1%)	3.47	4.13

Expected maturity analysis of the defined benefit plans in future years

Since this is non funded Gratuity plan so there is no Expected maturity analysis of the defined benefit plans in future years.

Projected plan cash flow

Particulars	March 31, 2022	March 31, 2021
Year 1	0.88	1.28
Year 2	0.66	0.77
Year 3	0.57	0.61
Year 4	0.43	0.48
Year 5	0.34	0.34
After year 5	0.44	0.53

Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

Investment Risk: Since this is non funded Gratuity plan, thus there is no Investment Risk.

Mortality & disability: Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals: Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Other long-term benefits

(Compensated absences- leave encashment)

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of Profit and Loss for compensated absences is as under-

Particulars	For the period	For the period
	March 31, 2022	March 31, 2021
Amount recognised in Statement of Profit and Loss	0.90	0.60

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Amount recognized in the Balance sheet	1.33	0.97



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

39: Leases

The Company's lease asset class primarily consist of leases for buildings and office premises. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Building and office premises	March 31, 2022	March 31, 2021
Opening net carrying balance	20.86	35.24
Additions	5.46	2.46
Deletion	(6.03)	(6.55)
Accumulated Depreciation	(2.61)	(10.30)
Closing net carrying balance	17.70	20.86

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	March 31, 2022	March 31, 2021
Opening Balance	23.82	37.75
Additions	5.46	2.47
Deletions	(0.91)	(7.52)
Accretion of interest	3.04	4.15
Payments	(10.31)	(11.48)
Covid 19 Rent Concession	-	(1.55)
Closing Balance	21.10	23.82

"The Ministry of Corporate Affairs (MCA) vide notification dated 24 July 2020 amended Ind AS 116. The said amendment as a practical expedient permits lessees not to account for COVID-19 related rent concessions as a lease modification.

The company has exercised the option of not accounting for Covid related rent concessions as lease modification and has accounted for the rent concession received from the lessors of ₹ 1.55 million as income under the head "Other income".

Set out below are the undiscounted potential future rental payments relating to periods following the exercise of termination options that are not included in the lease term

Particulars	Within five years	More than five years
March 31, 2022	-	-
Termination options expected to be exercised	-	-
March 31, 2021	-	-
Termination options expected to be exercised	-	-

Amounts recognized in the Statement of Profit and Loss	March 31, 2022	March 31, 2021
Depreciation expense		
Depreciation on right of use assets	7.86	10.30
Other expenses		
Short-term lease rent expense	3.66	0.64
Finance cost		
Interest expense on lease liability	3.04	4.15
Currency translation gains on lease liability	-	-
Currency translation losses on lease liability	-	-

The Company had total cash outflows for leases of Rs. 10.31 million (previous year Rs. 11.48 millions) for the year ended March 31, 2021

Amount recognised in statement of cash flow

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) cash payments for the principal portion of the lease liability within financing activities;	7.27	7.32
b) cash payments for the interest portion of the lease liability within financing activities applying the requirements in Ind AS 7, Statement of Cash Flows, for interest paid; and	3.04	4.15
c) short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.	3.66	0.64

The following are the practical expedients availed by the Company on transition:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

40: Amount payable to micro small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

The amount payable as at March 31, 2022 was Rs. 0.04 Mn and March 31, 2021 was Rs. 0.31 Mn to suppliers who have intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

(a) Information required as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) provided based on and to the extent of information received by the Company from the suppliers regarding their status under MSMED Act:

Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.04	0.31
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than section 16)	-	-
Interest paid to suppliers under MSMED Act (section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

41: Risk Management and financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

41.1 Credit Risk

The Company is a non-deposit taking systemically important NBFC with a geographically diversified presence in India and offers Finance to affordable private school, colleges, coaching centres and vocational institutes primarily for the purposes of construction, infrastructure development, class room expansion, technology adoption and renovations, etc. Personal loans to teachers, Vehicle loans against used school buses. The Company lends via two primary products- secured and unsecured loans. The products primarily vary based on ticket size, tenor and IRR..

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The below discussion describes the Company's approach for assessing impairment as stated in note 2.7 of the significant accounting policies.

A) Probability of default (PD)

ISFC extends loans to niche customer segment consisting primarily of School and School edupreneurs. PD estimation process is done based on historical data available with the company. We have adopted a rolling yearly Forward Flow rate methodology to estimate the PD in the respective buckets backed by the performance history of the loans extended by the Company. The most recent flow rates are given the higher weightage to factor changes in macro environment and internal policies. Based on uncertainties and risks arising from its operations in different segments, the Company bifurcates the entire portfolio into three segments.

A summary of PD rates determined by the Company for its portfolio are as follows:

Business Category	March 31, 2022				March 31, 2021			
	Current	[0-30]	[30-60]	[60-90]	Current	[0-30]	[30-60]	[60-90]
Non Retail - Secured	0.14%	3.07%	11.25%	29.88%	1.00%	5.00%	20.81%	46.86%
Non Retail - Unsecured	0.14%	3.07%	11.25%	29.88%	0.33%	4.55%	15.84%	39.16%
Retail	0.08%	3.13%	10.33%	23.36%	0.54%	9.92%	27.28%	50.91%

B) Exposure at default (EAD)

EAD is seen as an estimation of the extent to which the company may expose to a counterparty in the event of, and at the time of, the counterparty's default. Hence, the purpose of EAD model is to estimate the exposure for the company or the outstanding balance for the accounts that may default in any given reporting period. EAD model is separated for into two categories into secured and unsecured portfolio.

ISFC has multiple collateral against its loan accounts which consists of residential and commercial real estate such as School Property, Agriculture open land, Residential property etc against which management has decided to take a haircut for the purpose of EAD computation.

EAD for various stages has been computed as follows:

1. Stage 1 & Stage 2- EAD is computed as the sum of Principal and Overdue Interest.
2. Stage 3- EAD is computed as the principal

C) Loss given default (LGD)

The Company determines its expectation of lifetime loss by estimating recoveries towards its entire loan portfolio segment wise through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of the first instance of loan entering into default. In estimating LGD, the Company reviews macro-economic developments taking place in the economy.

A summary of LGD rates determined by the Company are given below:

Business Category	March 31, 2022	March 31, 2021
Non Retail - Secured	47.36%	34.89%
Non Retail - Unsecured	57.90%	68.12%
Retail	64.89%	61.67%

D) Forward looking Adjustment

IND AS 109 requires the use of a PD that reflecting current forecasts of future economic conditions. In order to derive PIT PDs, the Organization will annually source macro-economic forecast data. By computing the observed default rate (ODRs) using the ISFC's historical data and performing correlation and direct regression analysis with the local macroeconomic variables (MEVs), a bivariate model has been selected.

E) Data Source

At each reporting date, the company assesses where there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether the credit risk has increased significantly since initial recognition, the company uses information that is relevant and available without undue cost or effort. This includes the company's internal credit rating grading system and forward looking information to assess deterioration in credit quality of financial assets.

F) Significant increase in credit risk

The company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

G) Expected credit loss on loans

The company has applied a three stage approach to measure expected credit losses (ECL) on loans. Assets migrate through following three stages based on the changes in credit quality.

- Stage 1: 12-month ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit impaired upon organisation, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12-months is recognised.
- Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised.
- Stage 3: Lifetime ECL, credit impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost.

Expected credit loss on Financial Assets

The company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type and other relevant factors.

The company monitors changes in the credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the company supplements this by reviewing changes in government bonds yields together with available press and regulatory information about issuers.



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
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H. Analysis of risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligation to be similarly affected by chance in economic, political or other condition. Concentration indicate the relative sensitivity of the Company's performance to development affecting a particular industry or geographical location.

The following table shows the risk concentration by industry for the components of the balance sheet.

March 31, 2022	School Financing	Secured loans	Unsecured loans	Total
Financial assets				
Cash and cash equivalents	10.50	-	-	10.50
Bank Balance other than cash and cash equivalents	80.44	-	-	80.44
Loans portfolio	-	1,819.10	46.30	1,865.39
Investments	165.96	-	-	165.96
Other financial assets	44.01	-	-	44.01
Total	300.91	1,819.10	46.30	2,166.30
March 31, 2021				
Financial assets				
Cash and cash equivalents	35.66	-	-	35.66
Bank Balance other than cash and cash equivalents	534.26	-	-	534.26
Loans portfolio	-	2,298.58	188.13	2,486.71
Investments	-	-	-	-
Other financial assets	89.38	-	-	89.38
Total	659.30	2,298.58	188.13	3,146.01

H) Collateral and other credit enhancement

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets.

Particulars	Carrying Amount before	Maximum Exposure to credit risk		Fair value of collateral
		Associated ECL	Carrying amount	
Loans				
31-Mar-22	292.50	79.98	212.52	1,461.54
31-Mar-21	438.37	220.84	217.53	3,360.30

41.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Contractual cash flow of assets and liabilities as on March 31, 2022:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings*	120.71	73.39	80.27	198.22	349.73	150.15	25.68	4.43	1,002.58
Other Financial Liabilities	70.72	0.60	0.58	1.76	49.40	7.59	2.96	3.33	136.93
Advances	68.94	67.96	84.22	198.10	378.42	651.14	937.27	402.69	2,788.74
Other Financial Assets	17.96	-	-	0.60	18.74	112.99	74.19	76.43	300.91

*Represents debt securities, borrowings (other than debt securities).

Contractual cash flow of assets and liabilities as on March 31, 2021:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings*	391.26	64.46	90.14	196.64	503.21	897.74	30.41	134.69	2,308.53
Other Financial Liabilities	58.10	2.24	0.56	1.73	29.79	9.66	2.33	5.01	109.41
Advances	81.77	83.30	82.18	296.54	502.39	1,822.63	940.93	347.90	4,157.65
Other Financial Assets	60.53	332.24	30.41	43.93	27.29	108.01	3.50	53.41	659.32

*Represents debt securities, borrowings (other than debt securities).

41.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices and Index movements. The company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. All the positions are managed and monitored using sensitivity analyses.

Particulars	As at March 31, 2022			As at March 31, 2021			Primary risk sensitivity
	Carrying	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Financial assets							
Cash and cash equivalents	10.50	-	10.50	35.66	-	35.66	
Bank balances other than cash and cash equivalents	80.44	-	80.44	534.26	-	534.26	
Loans portfolio	1,865.39	-	1,865.39	2,486.71	-	2,486.71	
Investments	165.96	-	165.96	-	-	-	Interest Rate Risk
Other Financial assets	44.01	-	44.01	89.38	-	89.38	Interest Rate Risk
Total financial assets	2,166.30	-	2,166.30	3,146.01	-	3,146.01	
Financial liabilities							
Trade Payables	10.46	-	10.46	9.79	-	9.79	
Debt securities	503.25	-	503.25	734.89	-	734.89	Interest Rate Risk
Borrowings (Other than Debt Securities)	477.24	-	477.24	1,248.02	-	1,248.02	Interest Rate Risk
Lease liability	21.10	-	21.10	23.81	-	23.81	Interest Rate Risk
Other financial liabilities	105.37	-	105.37	75.82	-	75.82	Interest Rate Risk
Total financial liabilities	1,117.42	-	1,117.42	2,092.33	-	2,092.33	



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED

Notes to Financial Statements for the year ended March 31, 2022

41.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assesses and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

Finance Cost	March 31, 2022	March 31, 2021
0.50 % Increase	1.09	2.88
0.50 % Decrease	(1.09)	(2.88)

41.3b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments. During the year, there was no investment activities.

42: Transfer of Financial assets

a. Securitisation Transactions:

During the period, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loan portfolio, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

Particulars	March 31, 2022	March 31, 2021
Carrying amount of assets	389.13	593.13
Carrying amount of associated liabilities	268.50	403.65

b. Assignment Transactions:

During the period, the Company has sold some loans and advances as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized.

The management has evaluated that the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognized financial assets and the gain on derecognition, per type of asset:

The value of Financial assets and liabilities as on :-

Particulars	March 31, 2022	March 31, 2021
Carrying amount of derecognized financial assets	53.72	79.77
Gain from derecognition	-	52.19

43: Employee Stock Option Plan (ESOP)

ESOP Scheme, 2013

The Company has instituted the following employee stock option plan for all eligible employees, pursuant to the special resolution approved by the shareholders. The plan options shall be administered by the ESOP committee, which shall determine the employees eligible for receiving options, the number of options to be granted, the exercise price, the vesting period and the exercise period.

Plan	Shareholder's special resolution date	No. of options	Vesting period	Vesting pattern
2013 ESOP Plan	December 06, 2012	16,73,893	4 Years	25% at the end of first year from the date of the grant and thereafter monthly prorated basis vesting till the end of fourth year

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
	Number of Options 2013 ESOP Plan	Number of Options 2013 ESOP Plan
Outstanding at the beginning of the year	40,000	5,44,000
Granted during the year	-	-
Forfeited during the year	-	-
Cancelled during the year	25,000	5,04,000
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year #	15,000	40,000
Vested and exercisable at the end of the year	15,000	40,000

All the options above are exercisable any time after vesting at the discretion of the employee, in part or full, during the tenor of employment with the Company. Any outstanding vested options shall expire after a period of three months from last date of employment.

Fair Valuation

The fair value of the options on the date of grant has been done by an independent valuer using weighted average of the following two methods:

- (i) Net Assets Value Method
- Method

All options outstanding at the end of the year have been granted at fair value as determined by the Company on date of grant (except stated as under):

- (i) Options in lieu of bonus are granted at the exercise price of Rs. 10 per option.



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022
ESOP Scheme, 2016

The Company has instituted the following Employee Stock Option plan for all eligible employees, pursuant to the special resolution approved by the shareholders. The plan options shall be administered by the ISFC Employee Welfare Trust, which shall determine the employees eligible for receiving options, the number of options to be granted, the exercise price, the vesting period and the exercise period as per the recommendation of the Remuneration Committee of the company.

Plan	Shareholder's special resolution date	No. of options	Vesting period	Vesting pattern
2016 ESOP Plan	September 07, 2016	1,50,000	4 Years	First vesting at the end of 12 months from date of grant and thereafter as per the grant letter

Particulars	For the Year ended March 31, 2022		For the Year ended March 31, 2021	
	Number of Options		Number of Options	
	2016 ESOP Plan	2016 ESOP Plan	2016 ESOP Plan	2016 ESOP Plan
Outstanding at the beginning of the year	1,50,000	1,50,000	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year #	1,50,000	1,50,000	-	-
Vested and exercisable at the end of the year	-	-	-	-

44: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

The Company has no Investing and financing transactions that does not require the use of cash and cash equivalents for the year ended March 31, 2022 (for the year ended March 31, 2021; Nil).

45A. Maturity analysis of assets and liabilities

The table below shows as analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regards to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating EIR. issued debt reflect the contractual coupon amortisations.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 month	After 12 month	Total	Within 12 month	After 12 month	Total
ASSETS						
Financial assets						
Cash and cash equivalents	10.50	-	10.50	35.66	-	35.66
Bank Balance other than cash and cash equivalent	19.35	61.09	80.44	377.28	156.98	534.26
Loans	420.93	1,444.47	1,865.39	397.77	2,088.94	2,486.71
Investments	33.19	132.77	165.96	-	-	-
Others	7.47	36.54	44.01	35.07	54.31	89.38
Non-financial Assets						
Current tax assets (net)	-	8.22	8.22	-	3.74	3.74
Deferred tax assets (net)	-	17.07	17.07	-	69.32	69.32
Property, plant and equipment	-	1.50	1.50	-	2.18	2.18
Other intangible assets	-	8.67	8.67	-	2.24	2.24
Right of Use assets	-	17.69	17.69	-	20.86	20.86
Others	-	17.37	17.37	-	12.15	12.15
Total assets	491.43	1,745.38	2,236.83	845.76	2,410.75	3,256.51
LIABILITIES AND EQUITY						
Liabilities						
Financial liabilities						
Payables						
Trade Payables	10.46	-	10.46	9.79	-	9.79
Debt securities	448.50	54.75	503.25	286.39	448.50	734.89
Borrowings (other than debt securities)	334.70	142.54	477.24	881.40	366.62	1,248.02
Lease Liability	7.21	13.88	21.10	6.82	16.99	23.81
Other financial liabilities	105.37	-	105.37	75.82	-	75.82
Non-financial liabilities						
Provisions	4.78	-	4.78	5.07	-	5.07
Other non-financial liabilities	2.71	-	2.71	3.29	-	3.29
Total liabilities and equity	913.74	211.17	1,124.91	1,268.58	832.11	2,100.68
Net Assets	(422.31)	1,534.21	1,111.92	(422.82)	1,578.63	1,155.84

45B. Reconciliation of liabilities arising from financing activities

The changes in the company's liabilities arising from financing activities can be classified as follows:

Particulars	Debt securities	Borrowing other than debt securities	Total	Lease Liability
April 1, 2020	965.65	2,342.60	3,308.25	37.74
Cash flows:				
Repayment	(224.25)	(1,445.69)	(1,669.94)	(5.05)
Proceeds other than overdraft facility	-	345.23	345.23	-
Non Cash:				
Amortisation of processing fee & others	(6.51)	5.88	(0.63)	(8.88)
March 31, 2021	734.89	1,248.02	1,982.91	23.81
Cash flows:				
Repayment	(224.25)	(1,010.76)	(1,235.01)	4.55
Proceeds other than overdraft facility	-	236.93	236.93	-
Non Cash:				
Amortisation of processing fee	(7.38)	3.04	(4.34)	(7.27)
March 31, 2022	503.25	477.24	980.49	21.10

46: Expenditure in Foreign Currency (On Accrual Basis)

Particulars	March 31, 2022	March 31, 2021
Interest payments on CCD	15.21	15.23
Due diligence fees	3.44	-
Processing fees	-	2.56



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended Mar 31, 2022

(Rupees in millions unless otherwise stated)

47: Additional disclosures as per the Master direction - Non Banking Financial company- Systematically Important Non- Deposit Taking company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time) issued by the RBI

a. Capital to risk assets ratio ('CRAR')

Particulars	March 31, 2022	March 31, 2021
CRAR (%)	65.47%	43.27%
CRAR-Tier I Capital (%)	62.71%	41.72%
CRAR-Tier II Capital (%)	2.76%	1.55%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

The company has considered impairment allowance towards stage I loans as 'contingent provision for standard assets' for calculating Tier II capital. The company has determined the capital adequacy ratio using the carrying value of assets and liabilities.

b. Exposure to real estate sector

Category	March 31, 2022	March 31, 2021
A. Direct exposure		
I. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	259.54	336.59
II. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	1,962.06	2,864.71
III. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential		
Commercial Real Estate		
A. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		
Total	2,221.60	3,201.31

The exposures provided in the above table consist of loans which have been extended by the Company to schools/ educational institutions/ teachers where end-use is for educational/ school purposes. In such secured loans, either school building or a residential property is being taken as security against the loans. Further, the repayment is coming from the activities of the school relating to the education/ school fee/ teaching. Thus, neither the loan is being utilised for generation of any Commercial Real Estate nor the cash flows for repayment are being generated by any real estate activity or by such mortgaged assets.

c. Exposure to capital market

Particulars	March 31, 2022	March 31, 2021
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt; *	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total	-	-

d. Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2022:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	66.87	67.14	62.55	182.26	402.18	144.74	-	54.75	980.49
Advances *	33.69	34.10	33.43	117.73	201.98	682.17	545.75	216.55	1,865.39

* Net of provision towards loans and advances.

Maturity pattern of assets and liabilities as on March 31, 2021:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	54.39	57.29	63.27	158.87	769.00	817.97	-	62.11	1,982.90
Advances *	30.42	49.53	1.43	106.34	210.05	800.34	833.26	455.34	2,486.71

* Net of provision towards loans and advances.

e. Information on instances of fraud

There were no instance of fraud reported during the year ended 31st March 2022 and 31st March 2021



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended Mar 31, 2022

f. Ratings assigned by credit rating agencies and migration of ratings during the year:

Sr. No.	Instrument	Rating agency	Rating assigned	Valid up to	Amount rated
1	Non convertible debentures	ICRA Ltd.	BB+ (Outlook Stable)	04-08-2023	672.80
2	Non convertible debentures	Infomerics	BB+ (Outlook Positive)	10-02-2023	500.00

Note: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

Previous year

Sr. No.	Instrument	Rating agency	Rating assigned	Valid up to	Amount rated
1	Bank Lines	ICRA Ltd.	BB+	27-05-2022	400.00
2	Non convertible debentures	ICRA Ltd.	BB+	27-05-2022	672.75

Note: The rating is subject to annual surveillance till final repayment / redemption of rated facilities.

g. Disclosure of complaints

Particulars	No. of complaints	
	March 31, 2022	March 31, 2021
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	16	18
No. of complaints redressed during the year	16	18
No. of complaints pending at the end of the year	-	-

h. Concentration of Advances, Exposures and NPAs

Particulars	March 31, 2022	March 31, 2021
Concentration of Advances*		
Total advances to twenty largest borrowers	416.82	412.53
(%) of advances to twenty largest borrowers to total advances	21%	15%
Concentration of Exposures*		
Total exposure to twenty largest borrowers	416.82	412.53
(%) of exposure to twenty largest borrowers to total exposure	21%	15%
Concentration of NPAs**		
Total exposure to top four NPA accounts	43.32	53.67

* Represents amount outstanding as per contract with customers

** Represents stage III loans including interest

i. Sector wise NPAs*

Sector	Percentage of NPAs to total advances in that sector	
	As at March 31, 2022	As at March 31, 2021
Agriculture and allied	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	0.04%	0.06%
Auto loans	-	-
Other personal loans	-	-
Others*	14.85%	15.75%

* Represents NPA towards loan provided to educational institutes

j. Prudential floor for impairment loss

Asset Classification as per RBI norms	Asset classification as per AS 109	Gross carrying amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Differences between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	1,467.29	1.64	1,465.64	41.00	(39.36)
Subtotal	Stage 2	204.32	17.10	187.22	6.97	10.12
		1,671.60	18.74	1,652.86	47.97	(29.23)
Non Performing Assets (NPA)						
Substandard	Stage 3	215.72	66.70	149.02	28.52	38.17
Doubtful-upto 1 year	Stage 3	63.28	11.02	52.25	12.75	(1.73)
1 to 3 years	Stage 3	13.50	2.25	11.25	4.07	(1.82)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		76.78	13.27	63.51	16.83	(3.55)
Loss	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Other items such as Guarantee, loan commitments etc. which are in the scope of Ind AS 109 but not covered under current income Recognition, Asset Classification and provisioning (IRACP Norms)	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	1,467.29	1.64	1,465.64	41.00	(39.36)
	Stage 2	204.32	17.10	187.22	6.97	10.12
	Stage 3	292.50	79.97	212.53	45.35	34.62
	Total	1,964.10	98.71	1,865.39	93.32	5.39

The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognizing the securitised assets which meets the de-recognition criteria under previous GAAP



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED

Notes to Financial Statements for the year ended March 31, 2022

Additional disclosures pursuant to the as per the Master direction - Non Banking Financial company- Systematically Important Non- Deposit Taking company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time) issued by the RBI

(Rupees in millions unless otherwise stated)

k. Movement of NPAs*

Particulars	March 31, 2022	March 31, 2021
Net NPAs to net advances (%)		
Movement of NPAs (gross)		
1. Opening balance	438.37	372.28
2. Additions during the year	222.94	354.21
3. Reductions during the year	368.81	288.12
4. Closing balance	292.50	438.37
Movement of Net NPAs		
1. Opening balance	217.53	239.41
2. Additions during the year	182.00	197.17
3. Reductions during the year	187.00	219.04
4. Closing balance	212.53	217.53
Movement of provision for NPAs		
1. Opening balance	220.84	132.88
2. Provisions made during the year	41.70	157.04
3. Write off/ write back of excess provisions	182.55	69.08
4. Closing balance	79.99	220.84

* Represents stage III loans.

l. Investments:

Particulars	March 31, 2022	March 31, 2021
1. Value of Investments*		
i) Gross value of Investments	165.96	-
ii) Unrealised fair value movement	-	-
iii) Fair value of Investments	165.96	-
2. Movement of unrealised fair value movement on investments		
i) Opening balance	-	-
ii) Add: increase in unrealised fair value during the year	-	-
ii) Less: decrease in unrealised fair value during the year	-	-
iv) Closing balance	-	-

*All investments are held in India.

m. Details relating to securitisation:

During the year, the Company has sold loans through securitisation. The information on securitisation activities is as under:

Particulars	March 31, 2022	March 31, 2021
Total number of loans securitized	134	58
Total book value of loans securitised net of MRR	186.92	31.46
Total book value of loans securitised (incl.MRR)	219.91	34.96
Sale consideration received for loans securitized	186.92	31.46
Excess interest spread	-	-
Credit enhancements provided and outstanding (Gross):		
Interest subordination	-	-
Principal subordination	32.99	3.50
Cash collateral	11.00	3.50
Outstanding value of loan securitized during the year	158.93	33.98

Particulars	March 31, 2022	March 31, 2021
1. No. of SPVs sponsored by the NBFC for securitisation transactions during the	2	6
2.Total amount of securitised assets as per the books of the SPVs sponsored by the	446.84	726.94
3.Total amount of exposures retained to comply with minimum retention	-	-
a) Off balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On balance sheet exposures		
- First loss (cash collateral and over collateral)	202.37	379.34
- Others	-	-
4.Amount of exposures to securitization transactions other than MRR:		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022
n. Details relating to assignment transactions:

During the year, the Company has sold loans through assignment. The information on assignment transactions is as under:

Particulars	March 31, 2022	March 31, 2021
No of accounts	-	217
Aggregate value of accounts sold	-	638.56
Aggregate consideration (amount received from DA including EIS)	-	608.10
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	52.19

o. Detail of Financial Assets sold/purchased Securitisation/Reconstruction Company for Asset reconstruction:

i. Details of non-performing asset sold to ARC:

Particulars	March 31, 2022	March 31, 2021
No. of accounts sold	252	-
Aggregate principal outstanding of loans sold to SC/RC	261.55	-
Weighted average residual tenor of the loan sold to SC/RC	2.86	-
Aggregate value (net of provisions) of accounts sold to SC/RC	179.13	-
Aggregate consideration	195.25	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-

ii. Details of non-performing asset purchased :

Particulars	March 31, 2022	March 31, 2021
No. of accounts purchased during the year	-	-
Aggregate principal outstanding of loans purchased	-	-
Of these, number of accounts restructured during the year	-	-
Aggregate outstanding	-	-

p. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2022	March 31, 2021
Provision for income tax (net)	-	-
Provision for non-performing assets*	(139.68)	85.55
Provision for standard assets**	(27.93)	4.94
Provision for restructured assets	(43.95)	43.96
Write off During the year	251.09	207.91
Provision for gratuity	2.32	3.05
Provision for leave benefits	0.90	0.60
Provision for other financial assets	(0.09)	0.01

* Represents impairment allowance on stage III loans

** Represents impairment allowance on stage I and stage II loans

q. Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning of the year		
a) Statutory reserve as per Section 45-IC of the Reserve Bank of India Act, 1934	72.57	72.57
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 45-IC of the Reserve Bank of India Act, 1934	-	-
Addition / appropriation / withdrawals during the year		
Add:		
a) Amount transferred as per Section 45-IC of the Reserve Bank of India Act, 1934	-	-
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 45-IC of the Reserve Bank of India Act, 1934	-	-
Less:		
a) Amount appropriate as per Section 45-IC of the Reserve Bank of India Act, 1934	-	-
b) Amount of withdrawn from special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 45-IC of the Reserve Bank of India Act, 1934	-	-
Balance at the end of the year		
a) Statutory reserve as per Section 45-IC of the Reserve Bank of India Act, 1934	72.57	72.57
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 45-IC of the Reserve Bank of India Act, 1934	-	-
Total	72.57	72.57

Note: During the year, the Company has not drawn down any amount from reserves

r. Financing of Parent Company Product

Particulars	March 31, 2022	March 31, 2021
Details of financing of parent company products if any	-	-

s. Details of (SGL) / Group Borrower Limit (GBL) exceeded by the Company

The Prescribed exposure limit of credit and investment concentration of single party and single group of parties has not exceeded during the year 2021-22 and 2020-21.

t. Unsecured Advances

Particulars	March 31, 2022	March 31, 2021
Amount of unsecured advances given against rights, licenses, authorizations etc.	-	-



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022
u. Disclosure on restructured accounts

(i) Disclosure pursuant to RBI notification no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 (for restructuring of accounts of Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to Rs. 25 crores).

Type of Restructuring Asset Classification	Under SME Debt Restructuring			Others			Total		
	Standard	Sub-Standard	Loss	Standard	Sub-Standard	Loss	Standard	Sub-Standard	Loss
Restructured accounts as on 01st April 2021	No. of Borrowers	348.00	-	-	1.00	-	349.00	-	-
	Amount outstanding	777.50	-	-	5.27	-	782.77	-	-
	Provision thereon	49.86	-	-	0.54	-	50.40	-	-
Fresh restructuring during the year ended 31st March 2022	No. of Borrowers	16.00	-	-	-	-	16.00	-	-
	Amount outstanding	109.78	-	-	-	-	109.78	-	-
	Provision thereon	0.03	-	-	-	-	0.03	-	-
Upgradations to restructured standard category during the year ended 31st March 2022	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the 31st March 2022 and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-
Downgradations of restructured accounts during the year ended 31st March 2022	No. of Borrowers	(48.00)	48.00	-	-	-	(48.00)	48.00	-
	Amount outstanding	(133.31)	133.31	-	-	-	(133.31)	133.31	-
	Provision thereon	-	26.05	-	-	-	-	26.05	-
Write-offs/closed restructured accounts during the year ended 31st March 2022	No. of Borrowers	69.00	-	-	-	-	69.00	-	-
	Amount outstanding	6.56	-	-	-	-	6.56	-	-
	Provision thereon	-	-	-	-	-	-	-	-
Restructured Accounts as on March 31 of 2022	No. of Borrowers	247.00	48.00	-	-	-	247.00	48.00	-
	Amount outstanding	681.62	133.31	-	-	-	681.62	133.31	-
	Provision thereon	13.25	26.05	-	-	-	13.25	26.05	-

Format B - as at March 31, 2022

Type of Borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the Previous half -	(B) Of (A), aggregate debt that slipped into NPA during the half-year	(C) Of (A), amount written off during the half-year	(D) Of (A) amount paid by the borrowers during the half-year	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the half-year
Personal Loans	-	-	-	-	-
Corporate Persons*	-	-	-	-	-
Of which, MSMEs	912.70	120.68	5.25	136.54	693.23
Others	-	-	-	-	-
Total	912.70	120.68	5.25	136.54	693.23

*As defined in section 3(7) of the Insolvency and Bankruptcy code, 2016.

(ii) Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances: Disclosure as per RBI Notification RBI/2018-19/100 DOR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020

Details of MSME accounts restructured as at March 31, 2022:

No. of accounts restructured	Amount
16	109.78

v. The Company has unhedged foreign currency exposure in respect of:

The company has no unhedged foreign currency exposure as on 31st March, 2022 and 31st March 2021.

w. Detail of penalties imposed by RBI and other regulators

Particulars	March 31, 2022	March 31, 2021
Penalty if any levied by Regulator	-	-

x. Details of unsecured advances

The company has not given any advances against the rights, licenses, authorizations etc. Our maximum unsecured loan size is Rs 20 lacs. However, our average ticket size is Rs. 26.30 lacs for non-retail secured and Rs. 3.50 lacs for retail secured and average ticket size is Rs. 4.80 lacs for non-retail unsecured and Rs. 0.80 lacs for retail unsecured.

y. Detail of single borrower limit (SGL)/Group borrower limit (GBL) exceeded by NBFCs

The company has not exceeded the prudential exposures limits during the financial year March 31, 2022 and March 31, 2021.

z. Related party transactions

Refer Note 34 for related party transactions

aa. Draw down reserves

There has been no draw down from reserves during the year ended March 31, 2022 and March 31, 2021

ab. The company has no transaction/exposure in derivatives including forward rates agreements, interest rate swaps and exchange traded interest rate derivatives. Further, the company has no unhedged foreign currency exposure as on 31st March, 2022 (31st March 2021: NIL)

ac. The company has no loans outstanding as at March 31, 2022 and March 31, 2021 that are secured against gold.

48: Public disclosure on Liquidity Risk as required by RBI circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 november 2019

(i) Funding concentration based on significant counterparty (both deposits and borrowings):

Number of significant counterparties	Amount	% of total deposits	% of total liabilities*
10	931.86	NA	41.66%

*Total liabilities represents total liabilities as per Balance sheet inclusive of total equity

(ii) Top 20 large deposits (amount and % of total deposits): NA

(iii) Total 10 borrowings (amount and % of total borrowings):

Amount	% of total borrowings
931.86	41.66%



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

(iv) Finding concentration based on significant instruments/product:

Name of instrument/Product	Amount	% of total liabilities*
Non-Convertible debentures	448.50	20%
Compulsory convertible debentures	54.75	2%
Term loans	164.38	7%
Cash credit/overdraft facilities	46.52	2%
Securitisation Borrowings	266.34	12%

*Total liabilities represents total liabilities as per Balance sheet inclusive of total equity

(v) Stock Ratios:

Particulars	% of total public funds	% of total liabilities*	% of total assets
Commercial papers	NA	0%	0%
Non Convertible debentures (original maturity of less than one year)	NA	0%	0%
Other short term liabilities#	NA	29%	29%

*Total liabilities represents total liabilities as per Balance sheet inclusive of total equity

Other short term liabilities includes debt securities embedded with options due within one year.

(vi) Institutional set-up for liquidity risk management:

The board of directors has the overall responsibility for establishing the risk management framework for the company. The board, in turn has established an ALM Committee (ALCO) for evaluating, monitoring and reviewing liquidity and interest rate risk arising in the company on both side of balance sheet. The Board on recommendations of ALCO has prescribes policies and the risk limits for the management of liquidity risk.

ALCO Committee is responsible for managing the risks arising out of Asset Liability mismatches consistent with the regulatory requirements and internal risk tolerances established by the board. Amongst other responsibilities, ALCO has been empowered to decide the funding mix for the company in light of the future business strategy and prevailing market conditions. ALCO committee is conducted at least once in a quarter and the ALCO minutes are reviewed by the Board from time to time.

49: The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown/restrictions, due to the contraction in industrial and services output across small and large businesses. The impact of the resurgence of COVID -19 pandemic on the Company's results, including credit quality and provisions, gain/loss on fair value changes, investment, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government, RBI and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

In assessing the recoverability of loans and receivables, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial statement. Given the dynamic and evolving nature of the pandemic, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial statement.

50: Reserve Bank of India on 24 February 2022 issued an inspection report for the year ended March 31, 2021, under Section 45N of the RBI Act 1934. The Board of the Company has taken cognizance of the report and responded on April 07, 2022. Further, RBI on 28 March 2022 issued a supervisory letter stating Supervisory Concerns and Risk Mitigation Plan (RMP) as of March 31, 2021 and the Company has responded to same on May 09, 2022. Based on the response submitted to RBI, management does not foresee any material impact in these financial statement and operations of the Company.

51: The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

52: Details of registration with financial and other regulators.

Regulator	Registration Number
Ministry of corporate affairs	U65921TG1994PTC065392
Reserve bank of india	B-09.00433

53: Other Additional regulatory information

53.1 Security of current asset borrowings

The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

53.2 Financial Ratios

Particulars	Ratio
1. Liquidity Ratio	NA
2. Debt - Equity Ratio as on March 31, 2022 (Refer Note 1 below)	0.89
3. Net Worth (Issued Share Capital + Reserves and Surplus) as on March 31, 2022 (Refer Note 2 below)	1,097.96
4. Net Profit After Tax	(44.96)
5. Total debts to total assets as on March 31, 2022 (Refer Note 3 below)	0.44
6. Gross Stage 3 asset (%) (Refer Note 4 below)	14.89%
7. Net Stage 3 asset (%) (Refer Note 5 below)	10.82%
8. CRAR (%)	65.47%
9. Tier - I CRAR (%)	62.71%
10. Tier - II CRAR (%)	2.76%

Note:

1. Debt-equity Ratio = Total Debt (Debt Securities + Borrowings other than debt securities) / Net worth

2. Net Worth = Equity share capital + Other equity

3. Total debts to total assets = Total Debt / Total assets

4. Gross Stage 3 ratio = Gross Stage 3 loans / Gross Loans

5. Net Stage 3 ratio = (Gross stage 3 loans - impairment loss allowance for Stage 3) / (Gross Loans - impairment loss allowance for Stage 3)



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

53.3 Disclosure of Interest as per Ind AS 112

Disclosure of Interest in unconsolidated structured entity:

1. Name of the entity	Reliance Asset Reconstruction Compnav 071 (RARC 071)
2. Principal place of business	11th Floor, North Side, R-Tech Park, Western Express Highway, Goregaon (East), Mumbai-400063
3. Nature	SPV trust
4. Size	Security Receipts issued - Rs. 195.25 Mn
5. Activity	Acquire the loan and other financial asset for the purpose of carrying the activity of Asset Reconstruction or any other form of resolution
6. Mode of Financing	Contribution from Security Receipts holder

Note:

ISFC is holding 85% amount to Rs.165.96 mn security receipts issued by SPV trust and ARC is holding balance 15% amounting to Rs.29.29 mn security receipts. But ISFC will not have any power in removal of trustee, appointment of new trustee and in the administration of trust as per amended trust deed dated March 30, 2022. Hence as per the Ind AS 110, ISFC need not to consolidate the SPV trust in its financial statement.

53.4 Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	March 31, 2022	March 31, 2021
(I) The notional principal of swap agreements	-	-
(II) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(III) Collateral required by the NBFC upon entering into swaps	-	-
(IV) Concentration of credit risk arising from the swaps.	-	-
(V) The fair value of the swap book	-	-

b. Exchange Traded Interest Rate (IR) Derivative

Particulars	March 31, 2022	March 31, 2021
(I) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-	-
(II) Notional principal amount of exchange traded IR derivatives outstanding (Instrument-wise)	-	-
(III) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
(IV) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

c. Disclosures on Risk exposure in derivative.

i. Qualitative Disclosures Not Applicable

ii. Quantitative Disclosures

Particulars	March 31, 2022	March 31, 2021
(I) Derivatives (Notional Principal Amount)	-	-
(II) Marked to Market Positions	-	-
(a) Assets	-	-
(b) Liability	-	-
(III) Credit exposure	-	-
(IV) Unhedged exposure	-	-

53.5 Overseas Assets

Particulars	March 31, 2022	March 31, 2021
Overseas assets	-	-

53.6 Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Particulars	March 31, 2022	March 31, 2021
Domestic	-	-
Overseas	-	-

53.7 Adverse remarks

Particulars	March 31, 2022	March 31, 2021
Adverse remarks if any given by Regulator	NA	NA

53.8 Area of Operations

Particulars	Details
Area and Country of Operations	India
Joint venture partners with regard to joint ventures and overseas subsidiaries	NA

53.9 Postponements of revenue recognition: Current year: Nil (Previous year: Nil)

53.10 Remuneration to non-executive Directors

Particulars	March 31, 2022	March 31, 2021
Mr Rakesh Rewari (Independent Director)	0.99	0.99
Mr. Hariharan Padmanabhan (Independent Director)	0.58	0.12

53.11 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no material prior period items other than those disclosed in Financial Statements.

Company has changed its accounting estimate with respect to provision of expected credit loss in the current year which is having an impact of Rs. 61.53 Mn for the year ended March 31, 2022. Prospective impact of the same is not quantifiable and thus it is not disclosed.

53.12 Title deeds of Immovable Properties not held in name of the Company

The Company does not have any immovable properties where title deeds are not held in the name of the company.

53.13 Loans and Advances

There are no loans or advances in the nature of loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

- (a) repayable on demand, or
- (b) without specifying any terms or period of repayment



INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2022

53.14 Details of Benami Property held

The Company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

53.15 Wilful Defaulter

The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.

53.16 Relationship with Struck off Companies

The Company does not have any transactions with companies struck off.

53.17 Registration of charges or satisfaction of charges with Registrar of Companies (ROC)

The Company does not have any charges or satisfaction of charges which is yet to be registered with ROC beyond the statutory period.

53.18 Utilisation of borrowed funds and share premium

a) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries), or,
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

b) During the year, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or,
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

53.19 Undisclosed Income

The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

53.20 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year and any of the previous financial years.

53.21 Disclosure pursuant to Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) dated September 29, 2016

Particulars	March 31, 2022	March 31, 2021
Amount of Fraud detected during the year	-	-

53.22 Overview of modified and forborne loans:

Particulars	March 31, 2022	March 31, 2021
Amortised costs of financial assets modified during the year	-	-
Net modification loss	-	-

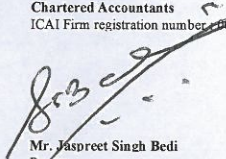
53.23 There is a minor negative mismatch in the ALM Static Liquidity Statement for the year ended March 31, 2022 in 3-6 months bucket and 6-12 months bucket. These mismatches are well within the limits approved in the ALM policy of the Company. Further there is breach of certain financial covenants with a few lenders. The Company has been intimating the breach of covenants to such lenders from time to time and none of the lenders have expressed any concern on this aspect till date. The Company has sanctioned and utilised credit lines to meet both its short term and long term commitments to the extent of 105 mn. The Company is highly capitalised with a Capital Adequacy ratio of over 65.47%. The Company has demonstrated its ability to raise the borrowings and have received support letter from Gray Matters Capital for funding the negative mismatch and for growth prospects. Basis the sanctioned and utilised credit lines, support letter and management plan to raise the borrowing, the financial statement of the Company has been prepared on going concern basis.

53.24 The Reserve Bank of India (RBI) vide its circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, dated November 12, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances - Clarifications", had clarified / harmonized certain aspects of extant regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. The above requirement is deferred via RBI Circular DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022 till September 30, 2022.

53.25 The financial statement of the Company for the year ended March 31, 2021, were audited by the previous auditors S. R. Batliboi & Associates LLP, who have expressed an qualified opinion vide report dated June 30, 2021.


54: The figures for the previous year have been regrouped/ rearranged wherever necessary to confirm to the current year presentation

As per our report of even date
For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration number: 002391C/NS000069



Mr. Jaspreet Singh Bedi
Partner
Membership No. 601788




For and on behalf of the Board of Directors of
Indian School Finance Company Private Limited
CIN: U65921TG1994PTC065392


Sandeep Wirkhare
Managing Director & CEO


Vipul Patel
Chief Financial Officer


Rakesh Rewari
Director


Harsha Joshi
Company Secretary

Place: Mumbai
Date: May 30, 2022

Place: Mumbai
Date: May 30, 2022