



Indian School Finance Company Private Limited

CORPORATE LENDING POLICY-VERSION: 1.01/11th November 2024

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| Policy Name | Corporate Lending Policy |
| Product Name | Term Loan or General-Purpose Corporate Loan |
| Product Type | Secured (loan assets in case of NBFCs/Present and future current assets in case of other entities) |
| Loan Amount Band | Rs.50Lakhs to Rs.5 Crs Maximum |
| Maximum Group Exposure | Maximum Rs.5Crs to the individual or the Group companies together |
| Pricing | Avg. ISFC ROI 13% to 18% basis internal risk assessment Plus PF Case-to-case approval will be sought from the RMC |
| Tenure | Up to 12 to 48 Months |
| Repayment Terms | Either of the below: ➤ EMI ➤ Monthly interest servicing with quarterly principal payments ➤ Monthly interest servicing with half yearly principal payments |
| Target Segment | ➤ NBFCs/MFIs/MSMEs with Clear Impact Milestone ➤ Other companies provide Employability/Skilling with clear Impact Milestone |
| Sourcing | This product can be sourced directly or through sourcing channels or targeting customers of group companies with clear Impact Milestone. |
| Security | ➤ Proposed exposure to be secured by charge on receivables/ear-marked portfolio of the borrowing entity ➤ Personal guarantee of Key promoter/ director of the borrowing entity whenever deemed fit by the RMC. |
| No Go Conditions | ➤ The BOD of the borrowing entity should not have PEP officials (Politically exposed persons) as defined in the applicable norms |
| Process Flow | ➤ Data and document collection ➤ Discussions with promoters/ management ➤ Performing Due Diligence and Preparation of the proposal ➤ Presentation to RMC ➤ Acceptance of terms & conditions by borrower (If deal gets approved) ➤ Disbursement documents completion |

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| | <ul style="list-style-type: none"> ➤ ROC charge creation ➤ Disbursement |
| Due Diligence | <ul style="list-style-type: none"> ➤ Check on entity as well as BOD ➤ Credit Bureau Check of the Board of Directors and the borrowing entity ➤ MCA check in case of company ➤ Bankers reference check (Primary lenders) ➤ Due Diligence on the earmarked portfolio of the borrowing entity as per the annexed format ➤ CERSAI Check ➤ CKYCR Check ➤ LEI Check ➤ GST Check ➤ PAN Check |
| Underwriting Parameters | <ul style="list-style-type: none"> ➤ Management DD: <ul style="list-style-type: none"> ○ Qualification & Experience of the promoters of the borrowing entity ○ Background check / Market Reference Check of the promoters ○ Vintage of association with the borrowing entity ○ Shareholding pattern of the borrowing entity ○ PE partners & their background ➤ Business DD: <ul style="list-style-type: none"> ○ Relevant approvals & compliances in place ○ Vintage in business ○ Business model & viability ○ Sourcing tie-ups ○ Future plans ○ Off- book arrangements, if any ➤ Financial DD: <ul style="list-style-type: none"> ○ Growth in Loan book YOY ○ Increase in total income YOY ○ Networth ○ Net Interest Margin trend ○ Capital Adequacy ratio ○ Gross and Net NPA ratios ○ Delinquency trend analysis ○ ROE and ROA ○ Gearing ratios, viz., TOL/TNW, Debt/Equity ○ ALM statement analysis ○ Other financial ratios: <ul style="list-style-type: none"> ▪ Growth in Topline & Bottomline ▪ EBITDA margin |

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| | <ul style="list-style-type: none"> ▪ PBT and PAT ▪ Working capital cycle ▪ No negative remarks in the audit report where ever applicable. <p>➤ Operational DD:</p> <ul style="list-style-type: none"> ○ Lenders and their relationship vintage ○ Borrowing Cost ○ Technology aids & investment in the same ○ Various Processes followed |
| Underwriting Norms | <p>➤ Marquee PE investors</p> <p>➤ Minimum Capital Adequacy Ratio of 50%</p> <p>➤ Positive bureau check of the borrowing entity as well as of the BOD</p> <p>➤ Positive reference check of the BOD</p> <p>➤ PAR (>90 dpd) should not be more than 3%</p> <p>➤ No loan defaults of the borrowing entity</p> |
| Documentation | <p>➤ Loan Application Form</p> <p>➤ KYC documents (All documents to be self-attested):</p> <ul style="list-style-type: none"> ○ MOA, AOA of Borrowing entity ○ Certificate of Incorporation& Certificate of Registration ○ PAN Card ○ Address Proof of the entity & guarantor (Aadhar card/ Voter card/ bank statement/ latest utility bill) ○ Bank signature verification of entity & guarantor/s ○ KYC of directors: PAN Card, Address proof & passports <p>➤ List of Directors: To be provided on Borrower Letterhead</p> <p>➤ List of Shareholders and shareholding pattern: To be provided on Borrower Letterhead</p> <p>➤ Networth statement (CA certified) of the person providing guarantee, for the immediately preceding financial year</p> <p>➤ Last 3 years filed ITR, Computation & audited financials (Along with tax audit report & schedules) of the borrowing entity</p> <p>➤ Last 3 years filed ITR, Computation and financials of the guarantor/s</p> <p>➤ Last 1 year bank statement of the company & 6 months bank statement of the BOD</p> <p>➤ GST returns of last 2 quarters</p> |
| Disbursement Documentation | <p>➤ Accepted Sanction Letter</p> <p>➤ Facility Agreement</p> |

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| | <ul style="list-style-type: none"> ➤ Letter of Undertaking & Deed of Hypothecation for lien-marking on the ear-marked portfolio taken as security/ present and future current asset with required asset coverage ➤ DPN ➤ DRF ➤ POA ➤ Guarantee form on stamp paper ➤ Board Resolution ➤ CA & CS certificate/s for borrowing and compliance ➤ NACH and Security Cheques ➤ End Use Undertaking ➤ ROC charge creation form ➤ NOC from consortium lenders or investors |
| Approval level | RMC |
| Deviation Approvals | RMC |
| Portfolio | <p>Target Portfolio: NBFC or MFIs segment maximum 50% of incremental AUM for the year as per AOP or 15 Crs whichever is higher.</p> <p>Other companies with clear Impact Milestone 50% of the incremental AUM for the year as per AOP or 15Crs whichever is higher.</p> |

Portfolio DD (Collateral audit) format:

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| LAN | To be provided by borrower |
| Customer Name | To be provided by borrower |
| Loan Amount Sanctioned | To be provided by borrower |
| State | To be provided by borrower |
| Nature of business | To be provided by borrower |
| EBIDTA | To be provided by borrower |
| FOIR/ DBR | To be provided by borrower |
| Eligibility related Comments | Internally verified |
| RTR Observation | Internally verified |
| Cibil Score | To be provided by borrower |
| CIBIL Observation | Internally verified |
| SOA Check | Internally verified |
| Property Type (Resi/ Commercial/ Industrial/ School/ Plot) | To be provided by borrower |
| Approval Plan (Authority) | Internally verified |

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| Property occupancy (Vacant/Self occupied/rented) | Internally verified |
| Land Area | To be provided by borrower |
| Land Value | To be provided by borrower |
| Building Area | To be provided by borrower |
| Building Value | To be provided by borrower |
| Total Value | To be provided by borrower |
| Distress Value | To be provided by borrower |
| LTV | To be provided by borrower |
| Legal Comments | Internally verified |
| Technical Comments | Internally verified |
| Comments on Mortgage Deed executed and Original Doc collected | Internally verified |
| Other Key Points Observed | |
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |