



**SHIKSHA FINANCIAL SERVICES INDIA
PRIVATE LIMITED**

ANNUAL REPORT 2022-2023

TABLE OF CONTENTS

CORPORATE INFORMATION	1
NOTICE OF 10th ANNUAL GENERAL MEETING	2
DIRECTORS' PROFILE	8
SHIKSHA 2.0 – SUSTAINING THE NEW NORMAL	10
BUSINESS PERFORMANCE HIGHLIGHTS	11
MANAGEMENT DISCUSSION AND ANALYSIS	12
DIRECTORS' REPORT	16
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS	26
FORM NO. MGT-11	67

CORPORATE INFORMATION

Board of Directors	Mr. Pradeep Vasudeo Bhide, Chairman, Independent Director Mrs. Pushya Sitaraman, Independent Director Mr. V.L. Ramakrishnan, Chief Executive Officer Mr. Jacob Abraham, Chief Operating Officer Mr. Pankaj Raina, Nominee Director Mr. Mohamed Salim Asaria, Nominee Director
Registered Office	No.497, 3rd Floor, Kattima Isana Mall, Poonamallee High Road Arumbakkam, Chennai- 600 106, Tamil Nadu, India
Management Team	Mr. S. Karthik, National Collection & Legal Head Mr. R. Gururaj, National Credit Head Mr. Sampath Kumar T A, National Head-Operations Mr. Suresh Sakthivel, Head-Human Resource and Administration
Company Secretary	Ms. Sornamukhi Nitharsana J
Statutory Auditors	N.C.Rajagopal & Co., Chartered Accountants No. 22, Krishnaswamy Avenue, Luz Church Rd, Mylapore, Chennai, Tamil Nadu 600004.
Internal Auditors	Sundaram & Srinivasan 23 C P Ramaswamy Road, Alwarpet, Chennai 600 018
Bankers	HDFC Bank ICICI Bank IndusInd Bank RBL Bank Ltd
Lenders	MAS Financial Services Limited Northern Arc Capital Services Limited Grameen Impact Investments India Private Limited Vivriti Capital Ltd. IDFC First Bank Caspian Impact Investments India Private Limited Hinduja Leyland Finance Ltd Indusind Bank National Bank For Agriculture And Rural Development (NABARD)
Debenture Holders	Northern Arc Capital Ltd. Triodos Microfinance Fund Triodos Fair Share Fund Masala Investment S.A.R.L AAV S.A.R.L
Debenture Trustee	Catalyst Trusteeship Ltd



NOTICE OF 10th ANNUAL GENERAL MEETING

NOTICE is hereby given that the tenth Annual General Meeting of the Members of the Company will be held on Saturday, 23rd day of September 2023 at 11.00 A.M at the Registered Office of the Company situated at No. 497, 3rd Floor, Kattima Isana Mall, Poonamallee High Road, Arumbakkam, Chennai-600 106, Tamil Nadu, India, to transact the following business(s):

ORDINARY BUSINESS:

To receive, consider and adopt the Financial Statements including the Audited Balance Sheet for the Financial Year ended 31st March 2023, the Statement of Profit & Loss for the year ended as on that date along with the Cash Flow Statement, the Auditors' Report and Boards Report thereon.

SPECIAL BUSINESS(S):

Item No. 1

To approve the re-appointment of Ms. Pushya Sitaraman (DIN: 03304262) as an Independent Director of the Company for a second term of five consecutive years

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 read along with Schedule IV of the Companies Act, 2013 and the Companies (Amendment) Act, 2017 read along with the Companies (Appointment and Qualifications of Directors) Rules, 2014 ('Act') and relaxations provided to Private Limited Companies by the Ministry of Corporate Affairs (MCA) and all other applicable Rules, including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force, the provisions of the Articles of Association of the Company, in-principal approval of the Investors, subject to Article 156 of the Articles of Association, Ms. Pushya Sitaraman (DIN: 06537196) who was appointed as an Independent Director of the Company and to hold office upto 22nd July, 2024 and being eligible for re-appointment as an Independent Director under the provisions of Section 149(6) of the Act, be and is hereby elected and re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing from 23rd July, 2024 till 22nd July, 2029 (both days inclusive).

RESOLVED FURTHER THAT Mr. V. L. Ramakrishnan (DIN: 02326543), Wholetime Director of the Company and the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, things and matters necessary or desirable in connection with or incidental to give effect to the above resolutions, including signing and filing the required forms with the Registrar of Companies or any other Statutory Authorities and complying with other requirements in this regard."



Item No. 2

Re-Classification of Authorised Share Capital of the Company and Amendment to Capital Clause of the Memorandum of Association of the Company.

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of Sections 13, 14, 61 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time to time being in force), read along with the exemption notification dated 5th June 2015 to Private Limited Companies, the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, consent of the Members of the Company be and is hereby accorded that the Authorized Share Capital of the Company be and is hereby amended by reclassifying the existing Authorised Share Capital of Rs. 10,00,00,000/- (Rupees Ten Crores only).

RESOLVED FURTHER THAT pursuant to the provisions of Sections 13, 14, 61 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and applicable Articles of Association of the Company and all other approvals, consents, permissions and sanctions, if any, required from any authority, approval of the members of the Company be and is hereby accorded towards the existing clause (V) of the Memorandum of Association be altered by deletion of the existing clause and by substitution thereof with the following:

V. The Authorised Share Capital is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into Equity shares further divided into (i) 72,14,293 (Seventy two Lakhs Fourteen Thousand and Two Hundred and Ninety Three) Class-A Equity Shares of Rs.10/- each (Rupees Ten only) amounting to Rs. 7,21,42,930 (Rupees Seven Crores Twenty One Lakh Forty Two Thousand Nine Hundred and Thirty Only), (ii) 30,00,000 Class-B Equity Shares of Re.1 each (Rupee One Only) amounting to Rs. 30,00,000 (Rupees Thirty Lakhs Only) and Compulsorily Convertible Preference Shares further divided into (i) 7,67,652 (Seven Lakhs Sixty Seven Thousand Six Hundred and Fifty Two) Series B Preference Shares of Rs.10/- each (Rupees Ten only) amounting to 76,76,520 (Rupees Seventy Six Lakhs Seventy Six Thousand five Hundred and Twenty Only); (ii) 10,88,055 (Ten Lakhs Eighty Eight Thousand and Fifty Five) Series Bl Preference Shares of Rs. 10/- each (Rupees Ten only) amounting to Rs. 1,08,80,550 (Rupees One Crores Eight Lakhs Eighty Thousand Five Hundred and Fifty only) iii) 6,30,000 Series B2 Preference Shares of Rs. 10/- each (Rupees Ten only) amounting to Rs. 63,00,000 (Rupees Sixty three Lakhs only) with power to increase, reduce or modify the share capital in accordance with the provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof) and to divide all or any of the shares in the capital for the time being, and to classify and reclassify such shares from shares of one class into shares of other classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, for the time being be permitted under the provisions of the Articles of Association of the company or legislative provisions for the time being in force in this behalf.



RESOLVED FURTHER THAT Mr. V. L. Ramakrishnan, Whole time Director of the Company and the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, things and matters necessary or desirable in connection with or incidental to give effect to the above resolutions, including signing and filing the required forms with the Registrar of Companies and complying with other requirements in this regard."

By order of the Board

For **M/s. Shiksha Financial Services India Private Limited**

Sd/-

(Jacob Abraham)

Whole Time Director

DIN: 02335950

No. 60, Essel Gardens, Bileshivale off, Hennur Main Road,
Bangalore- 560 077, Karnataka, India.

NOTES:

1. A statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") setting out the material facts and reasons for the proposed Resolution, is annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the company. A person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member. Form of proxy is attached at the end of the Notice.
3. Instrument of Proxies, in order to be effective, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting.
4. Corporate Members intending to send their authorized representative to attend an Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of relevant Board resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting.
5. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. All documents referred to in the Notice as available for inspection shall be open for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 A.M. to 5:00 P.M.) from the date of circulation of this Notice up to the date of the Annual General Meeting.

Place: Chennai

Date: 23.08.2023



SHIKSHA FINANCIAL SERVICES INDIA PRIVATE LIMITED

Roadmap to AGM Venue



ABOUT

Shiksha Financial Services India Private Limited (“SHIKSHA”)

Shiksha was incorporated in 2014. Shiksha is a RBI licensed Non-Banking Financial Company (NBFC) that is pioneering much needed innovation in the education finance sector in India. It strives to finance education entrepreneurs who seek to improve access to quality education for middle and low-income communities.

The products offered are namely Study Loans and Asset Finance. Shiksha provides loans to students (for their school fees) and to educational institutions (for asset creation, working capital and build infrastructure).

The social impact that Shiksha seeks to achieve through its work is:

- (a) Better quality education infrastructure for all; and
- (b) Reduce school dropout rates.

To enrich India's human skill, focusing on the bottom of the pyramid, by creating access to relevant products and services.

To enhance access to education finance, by:

- a. Funding schools for asset creation, thereby establishing good quality education infrastructure
- b. Funding parents for school fees, thereby reducing school drop-out rates

VALUES

- Trust: Be transparent and be seen as transparent in everything we do.
- Ethical & Fair: Conduct business with sensitivity and transparency.
- Innovation & Creativity: Unlearn the past, challenge the conventional.
- Customer centric approach: Simplicity and speed.
- Leverage technology

Since 2022, the Company has been providing Loan Against Property (LAP) loans ranging from Rs 1 Lac to Rs 7 Lacs. It has also been providing Micro Finance Loans in capacity of a Banking Correspondent to Federal Bank.

Your Company presently operates in 5 States and 1 Union Territory across the Southern and Western regions of India, having a happy employee strength of 283 and Assets Under Management of INR 6,531 lakhs.



PRESENCE



DIRECTORS' PROFILE

Mr. PRADEEP V BHIDE - NON-EXECUTIVE INDEPENDENT DIRECTOR AND BOARD CHAIRMAN

Mr. Pradeep V Bhide, I.A.S. (Retd.) (73 years; DIN-03304262) is a Graduate in Science and Law. He also holds a Master's degree in Business Administration with specialization in Financial Management. He joined the Board in December, 2016. In a career spanning 39 years in the Indian Administrative Service, Mr. Bhide has held senior positions at the State and Central levels. He is on the Board of various companies including GlaxoSmithKline Pharmaceuticals Ltd, Borosil Renewables Limited, L&T Finance Holdings Limited, L&T Housing Finance Limited, NOCIL Ltd, A.P.I.D.C. Venture Capital Private Limited, TRL Krosaki Refractories Limited and L&T Finance Ltd. Mr. Bhide is associated with the company as an Independent Director since December, 2016

Mrs. PUSHYA SITARAMAN - NON-EXECUTIVE INDEPENDENT DIRECTOR

Mrs. Pushya Sitaraman (70 Years; DIN-06537196) is a Law graduate from Madras Law College and holds a Bachelor's degree in Arts from Stella Maris College. She is a designated Senior Advocate of the Madras High Court and has been practicing as an advocate for over 38 years, specializing in the field of taxation and corporate laws. She is on the Board of various companies including Asirvad Micro Finance Limited, Western India Plywoods Limited, Kohinoor Saw Mills Co Ltd, Mayabandar Doors Limited & Southern Veneers and Woodworks Limited. Mrs. Sitaraman is associated with the company as an Independent Director since July, 2019

Mr. V L RAMAKRISHNAN - WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. V L Ramakrishnan (54 years; DIN-02326543) is a Chartered Accountant with 27 years of extensive experience across BFSI and extensive expertise and knowledge in the retail lending (Auto, Housing, PL, MFI) business. He was co-founder and CFO at Suroyday Micro Finance Ltd. Prior to that, he was with DCB Bank, GE Capital, Cholamandalam Finance and Modi Xerox. He is also a member of the Institute of Company Secretaries of India. Mr Ramakrishnan is associated with the Company as a Whole Time Director since incorporation of the Company.

Mr. JACOB ABRAHAM – WHOLE-TIME DIRECTOR AND CHIEF OPERATING OFFICER

Mr. Jacob Abraham (47 Years; DIN-02335950) is a Chartered Accountant with 23 years of experience across NBFCs and Insurance. He has significant expertise in Finance, Strategy, Credit and Underwriting. Prior to Shiksha, he has worked in multiple start-up environments at Royal Sundaram Insurance, Cholamandalam Insurance, Cholamandalam Finance and PwC. Mr. Jacob is associated with the Company as a Whole Time Director since incorporation of the Company.



Mr. PANKAJ RAINA – NOMINEE DIRECTOR

Mr. Pankaj Raina (38 Years; DIN-06584042) is the Managing Director of Zephyr Peacock India. He is nominated to the Board by M/s. Zephyr Peacock India Growth Fund Ltd. He has over a decade of experience in impact and responsible investing. Before Zephyr, he worked with CapAleph Advisors, Aavishkaar Group. He holds a MSc. Finance from the London Business School and an MBA from IBS, Hyderabad. Mr. Pankaj is associated with the Company as a Nominee Director since February, 2020.

Mr. MOHAMED SALEEM ASARIA – NOMINEE DIRECTOR

Mr. Saleem Asaria (59 Years; DIN - 08880222) is a Partner at Lightrock and works with the sector teams on evaluating and underwriting new investments and portfolio value creation as well as playing a supportive role in the healthcare and education sectors. He currently serves on the Board of Lithium, Shiksha and Capital Float. Prior to this, he has spent the majority of his career in the UK building and running healthcare and education businesses of size. He was the founder CEO of the Cambian Group Plc, which grew to become one of the largest behavioural health services company in the UK and was listed on the London Stock Exchange in 2014. Saleem qualified with an honours degree in Pathology and Basic Medical Sciences from the University of London. Mr. Saleem Asaria is associated with the Company as a Nominee Director since November, 2021.



SHIKSHA 2.0 – SUSTAINING THE NEW NORMAL

There and Then...Started out in 2014 from an aspiration of two social entrepreneurs to enhance access to education finance; now operates in 5 Indian states with a dedicated feet-on-street of over 200 employees reaching 1,000+ kms across its 38 branches. Shiksha was well paced on the path of becoming a reliable education finance partner for the bottom pyramid of India's population and by the end of FY 2020 it had fulfilled dreams of about 90k+ mothers, to be able to provide quality and un-interrupted education for their wards; and of 3500 budget private school entrepreneurs, to be able to impart quality education in India's towns and cities.

Agile and Adapting...Shiksha's growth path unexpectedly halted as the pandemic significantly impacted Education sector making schools a "First to Shut and Last to Open" entity. While this was completely unforeseen, Shiksha was agile in adapting to these conditions, prioritizing on employee health and safety, besides continuing to serve its customers and communities.

In the two bygone years, Shiksha limited disbursements and immediately shifted its focus to collections which in many pockets proved to be a huge challenge due to cashflow constraints and livelihood crisis caused from a severe disruption to income generation and health. However, a strong survival instinct, a highly resilient team aided Shiksha to timely honor all its financial, regulatory, and social commitments.

New opportunities...Shiksha timely recognized the increased difficulties that crept into underwriting of the education sector; given the significant transformation in their customers sources of income. It was observed that the consumer preferences, behaviors, and routines had changed in multiple ways.

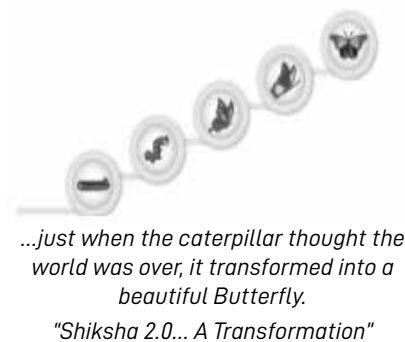
Responding to such dynamic external factors, Shiksha aligned its business synergies with available market opportunities to fast-track recovery and retrace and continue sustainable growth. After considering many business/strategic options, Shiksha embraced two new avenues to sustain operations:

- (a) Began to underwrite a fully secured product 'Small Ticket Loans Against Property (ST-LAP)' and
- (b) Entered into a Business Correspondence arrangement with Federal Bank for MFI loans.

as rightly said by Mr Anand Mahindra, *"Nobody understands how the world will change. The only way you can plan for the future is to have scenarios. You have to have the courage to take a leap of faith on one of them."*

ST-LAP...The Company targets to lend to the Indian MSME sector and also to profiles engaged in diary and agricultural activities. These profiles are often starved for credit given their low inclusion in the formal credit structure but have sustainable business models and cashflows demanding the need of a tailor-made underwriting practice. Shiksha's strong distribution network and deep understanding of the under-served and rural markets are positive drivers for penetrating this opportunity further.

The Company will lend small ticket loans to eligible borrowers to meet their business and personal needs, after due underwriting of their cashflows and backed by the collateral of their house property. The Company provides secured loans to micro-entrepreneurs and self-employed individuals for business purposes, as well as for asset creation such as home renovation or improvement, or for meeting expenses for significant economic events such as marriage, healthcare, and education.



BUSINESS HIGHLIGHTS

DISBURSEMENT		2019-20	2020-21	2021-22	2022-23
Education Portfolio	Rs in L	16 983	6 693	6 436	489
New Business Line*	Rs in L	-	-	240	5 197

* New business line includes LAP loan portfolio (own book) and MFI, BC portfolio (managed book)

OUTREACH (GEOGRAPHY)		2019-20	2020-21	2021-22	2022-23
STATES / UTs	COUNT	5 / 1	5 / 1	5 / 1	5 / 1
BRANCHES	COUNT	38	36	36	39
LOCATIONS	COUNT	74	74	74	74

OUTREACH (CUSTOMERS [^])		2019-20	2020-21	2021-22	2022-23
Educational Institutes	COUNT	2 517	3 233	3 548	3 560
Individual Women Borrowers	COUNT	62 606	80 442	93 354	94 583
MFI Customers	COUNT	-	-	601	13 543
Other Customers	COUNT	-	-	14	52

[^] Includes total counts of customers to whom the Company has disbursed loans in the given period.

EMPLOYEE STRENGTH		2019-20	2020-21	2021-22	2022-23
Feet on Street	COUNT	297	287	269	222
Support Staff(s)	COUNT	56	66	62	61
Total employment generated	COUNT	353	353	331	283



MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

The International Monetary Fund (IMF) predicted the global economy will grow by 2.8 percent this year and three percent in 2024. The global economy is recovering from the shocks of the last few years, and particularly of course the pandemic, but also the Russian invasion of Ukraine. The IMF expects global inflation to slow to seven percent this year, down from 8.7 percent last year. The picture is more positive among emerging market economies.

Looking forward, the IMF forecasts that global growth will fall to three percent in 2028, its lowest medium-term forecast since the 1990s.

INDIAN ECONOMY

The International Monetary Fund (IMF) projected that India would be the fastest-growing economy in the world, despite confronting considerable challenges such as financial sector turmoil, inflationary pressures, effects of the Russia-Ukraine war, and the persistent impact of the Covid-19 pandemic over the past three years.

The IMF in its latest World Economic Outlook report, projected that the Indian economy will grow by 5.9 per cent in the current fiscal year, making it the fastest-growing economy in the world. The IMF's bi-annual report observed that India's headline retail inflation is expected to ease up, from 6.7 per cent in the previous year to 4.9 per cent in 2023-24. This is a clear indication of India's economic prowess and its unwavering determination to overcome even the toughest of obstacles.

NBFC SECTOR OUTLOOK:

After weathering countless challenges over the past three fiscals, exacerbated by the Covid-19 pandemic, fiscal 2023 has brought growth back into focus for NBFCs. This is expected to continue into fiscal 2024, with assets under management (AUM) of NBFCs projected to increase 13-14% vis-a-vis single-digit growth over the past three fiscals (2020-22). The acceleration will ride on improving economic activity, strengthened balance sheet buffers, and better asset quality metrics.

According to ICRA Ratings, retail focused NBFCs are expected to grow 12-14 per cent while the housing finance companies may grow by 10-12 per cent. The forecast is based on the asset quality improvement and the overall pick-up in credit demand. The rating agency report also noted that the sectoral profitability will improve by 40-50 basis points (bps) this fiscal, supported by stable margins and lower credit cost, and will reach the pre-pandemic levels.

EDUCATION SECTOR MARKET PROSPECTS

The Education Sector is the first sector to be affected by the pandemic and has had the slowest of rebounds amongst all sectors; with full recovery yet to be witnessed. The pandemic has severely impacted affordable private schools (APSs), which are facing numerous challenges such as delayed fee payments, a shortage of qualified and skilled teachers, insufficient funds for infrastructure, and a lack of effective parent engagement.

India shifted to an alternative education mode (online) but that alternative was not accessible to all. Children belonging to the poor strata or even the middle class were not able to arrange the required smart phones or computers or get internet access for the online learning. They were forced to be dropout from schools. Poor children were disproportionately affected by disrupted schooling. According to the School Children's Online and Offline Learning Survey (SCHOOL survey), 26 per cent had switched to government schools due to a lack of funds.



Unified District Information System for Education (UDISE) Plus Report 2021-22 by the Ministry of Education has noted few major impacts COVID-19 had on the sector as follows:

- i. Closure of Schools: Low fee collections and student migrations caused by the pandemic, forced school entrepreneurs to discontinue running of schools causing the total number of schools to reduce to 14.89 lakhs in 2021-22 from 15.09 lakhs in 2020-21, of which private schools accounted for 24% of the total closures.
- ii. Decline in participation of teachers: Impacted school fee collections impacted school's working capital straining teacher salaries amongst other priorities. As a result, the total number of teachers decreased in 2021-22 to 95.07 lakh from 97.87 lakh in 2020-21, of which private schools accounted for 2.94% of total decreased.

MSME SECTOR LENDING OPPORTUNITY

The Micro, Small, and Medium Enterprises (MSME) sector in India contributes 33% of India's GDP and creates 120 million jobs across all industries, making it a key sector in the country's economy. Over 94% of MSMEs in India are micro businesses, 4.5% are small and only 1% are medium-sized. NBFCs are off-late playing a crucial role in financing these sectors.

In 2018 an IFC report stated that the MSME sector alone had a total credit demand of INR 69.3 trillion, growing at a CAGR of 11.5% with less than 15% of demand being catered by formal sources. The credit gap (lack of formal financiers) estimated at ₹ 58.4 trillion was met through informal sources including moneylenders, chit funds and personal sources (friends, relatives) lending at ROI between 30-60% p.a.

The credit gap is estimated to have further widened over the last 4 years due to slower economic growth in fiscal 2020, followed by the Covid-19 pandemic in fiscal 2021.

The Government too from time to time has rolled out schemes /programs to help strengthen /facilitate the flow of credit to this sector, such as: the Credit Guarantee scheme (to strengthen credit delivery system and provide access to capital for the unserved), the ECLGS scheme (to provide relief to MSME units with existing loans from a formal financial institution) and many more.

As of fiscal 2021, the MSME credit demand is estimated to be around ₹ 106 trillion, of which 20% of demand met through formal financing.

PORTFOLIO PERFORMANCE:

Own book: As of March 31, 2023 your Company's AUM stood at INR 6,531 lakhs as compared to INR 12,707 lakhs as at March 31, 2022. Disbursements in FY 2022-23 aggregated INR 642 lakhs as compared to INR 6,492 lakhs in FY 2021-22. The Disbursements of ST-LAP loans constituted ~25% of overall disbursements during FY 2022-23. The Company had made an aggregate recovery of Rs 740 lakhs from the loans it had written off in an exceptional and accelerated manner (aggregating to Rs. 2523.92 Lakhs) in FY 2021-22.

Your Company remains cautious on asset growth and looks for opportunities to enable efficient utilization of resources to grow its ST-LAP portfolio. In FY 2023 pilots were done to gain understanding about the geographies, the product market fit, etc in tier II/ III/ IV towns. LAP book created since December 2021 is free of delinquencies maintaining a 100% collection efficiency as of March 2023.

As of March 31, 2023 your Company operates in a total of 38 branches present in 5 states of Tamil Nadu, Karnataka, Maharashtra, Andhra Pradesh and Telangana and 1 Union Territory of Puducherry hosting a total of ~11,000 live customers from the overall ~100,000 customers cumulatively disbursed so far since inception.



The Company continues to undertake a risk assessment of its credit exposures to reflect deterioration in the macroeconomic outlook and uncertainty in credit evaluations. The Company held provisions aggregating to Rs 380 lakhs as per RBI regulations and an additional provision of Rs 1,800 lakhs to immune its book from the impacts of the sluggishly recovering education segment is creating on its portfolio quality and collection metrics.

Managed book: During FY 2021-2022, a Banking Correspondence (BC) arrangement was entered by the Company with Federal Bank to originate MFI loans and service their EMI collections. These operations require similar efforts made in Student Loan portfolio, while requiring only minimum outflow of funds. This arrangement has significantly increased cash inflows and enhanced the liquidity position of the company.

As of March 31, 2023 your Company is managing a MFI loan portfolio of Rs 4,276 lakhs from across 15 branches present in states of Tamil Nadu, Karnataka and Maharashtra. The cumulative disbursements made during the Financial Year 2022-23 totaled to Rs 5,045 lakhs.

FINANCIAL PERFORMANCE

The trail effect of the pandemic crisis led to shutting of schools and migration of kids to Government schools, causing lack of teachers and lack of steady cash flows to school owners (strain on fees collections). This has had a ripple effect on the Company's business operations too. Your Company has taken many efforts to mitigate this hindrance, such as:

- i. restricting disbursement in its education portfolio and concentrating on collections, thereby preserving liquidity,
- ii. concentrating on collections in written off portfolio by offering settlements and waivers.
- iii. using excess liquidity to prepay debt and save on finance and carry costs,
- iv. ramping up BC business adding significantly to top line with minimum cash outflows.

38 branches are an overall count that includes 15 branches exclusively overseeing BC operations.

Although the above strategies protected the Company's current year financials to a larger extent; RBI's upgraded norms on NPA classification and its impact on credit cost in the Profit and Loss statement coupled with the Company's decision of additional provision yielded a Loss Before Tax of INR 2,105.87 lakhs for the year ended March 2023. Correspondingly, Loss After Tax amounted to INR 1,627.39 lakhs for the period under review.

CAPITAL PROFILE

During the Financial Year 2022-23, the existing investor of the Company, M/s Aspada Investment Company completed its investment tranche of Rs. 4.50 Crores in the Company. The total paid up capital and securities premium of the Company increased from INR 9274.11 lakhs in March 2022 to INR 9719.53 lakhs in March 2023. The Company has maintained a healthy capital adequacy ratio of 76.74% in March 2023, 46.52% in March 2022 and 42.90% in March 2021

DEBT PROFILE:

Despite having a tough financial year, the Company managed to raise debt of INR 3 Crores from an existing NBFC for onward lending of LAP loans. The lenders had their own limitations and constraints in advancing loans to education sector as the same has been viewed as a stressed sector, however the Company received few soft commitments from prospective lenders for LAP product. Lenders are attracted mainly due to the large MSME market opportunity, the presence of an experienced team of credit professionals and Shiksha's proven quality metrics.



During the Financial Year 2022-23 the Company repaid a significant portion of its outstanding debt and as on 31st March 2023 it had an outstanding debt of INR 657 lakhs as against a total outstanding of INR 10,069 lakhs as on 31st March 2022.

ASSET LIABILITY MANAGEMENT

The Company ensures adherence to the risk tolerance/limits and liquidity buffer. The Management oversees the Company's short, medium and long-term funding and liquidity management requirements. It also reviews the liquidity position based on future cash flows.

With challenges arising from liquidity constraints and ALM mismatches plaguing the wider NBFC in the last 12 months, your Company has been proactive by suspending disbursements and concentrating on collection of outstanding dues.

These proactive measures enabled the Company to see through this challenging phase.

INFORMATION TECHNOLOGY – SYSTEMS AND AUTOMATION

Your Company has been taking several measures to promote and encourage digital collections. The Company is saving borrowers time by digitising its business processes. More digital channels facilitate communication, which leads to increased customer retention, and more consistent, on-time payments.

REPORTING AND COMPLIANCES CULTURE

Your Company has fully complied with all the periodic guidelines issued by the RBI and other regulators and adhered strictly to Capital Adequacy, Fair Practice Codes, RBI Reporting, Asset Classification and Provisioning Norms, etc. to ensure zero-tolerance on the non-compliance aspect. Stringent review systems to ensure compliance with the statutory guidelines and norms of the NBFC industry are also in place. Apart from RBI, the Company strictly complies with the other applicable regulations.

INTERNAL CONTROL SYSTEMS

Your Company has put in place adequate internal control mechanisms to safeguard all its assets and to ensure operational excellence. The mechanism also meticulously records all transaction details and ensures regulatory compliance. Further, lender/investor covenants have been tracked and are periodically updated from time to time. At periodic intervals, the management team and statutory auditors check and ensure that the controls are adequate and operative.

The Company has a dedicated team of internal auditors to conduct internal audit. This team defines the audit agenda for the year, which is implemented. They also ensure that all transactions are correctly authorized and reported in accordance with the relevant regulatory framework.

HUMAN RESOURCES

Your Company recognizes that employees are at the center of all our operations; their collaborative skill and expertise are essential for our growth. There exists a structured framework which nurtures the functional and leadership capabilities of all employees across verticals. Reward & Recognition programs takes place in the Company every quarter. It also has a policy to recognize and celebrate young talents for extraordinary performance at work with a cash reward.

The Company invests in training and development of its employees on a continual basis. As on March 31, 2023, the Company had 283 employees.



DIRECTORS' REPORT

Dear Members,

Your directors have pleasure in presenting the Tenth Annual Report together with the audited Financial Statements of the Company for the financial year ended March 31, 2023.

1. Financial Highlights:

PARTICULARS	Amount (Indian Rupees in Lacs)	
	FY 2022-2023	FY 2021-2022
Total Income	2959.89	3406.65
Total Expenses	5065.39	3813.62
Profit/(Loss) before exceptional and extraordinary items & Tax	(2105.50)	(406.98)
Exceptional and extraordinary items	0	2,306.85
Profit/(Loss) Before Tax (PBT)	(2105.50)	(2,713.83)
Current tax	0	-
Reversal of current tax pertaining to earlier years	0	(43.39)
Deferred tax	(417.23)	(3.92)
Tax expenses	(417.23)	(47.31)
Net Profit/(Loss) (PAT)	(1688.27)	(2666.52)
Brought forward from last year	(2472.75)	193.77
Current Year Profit / (Loss)	(1688.27)	(2666.52)

2. Operations:

Unlike other sectors the education sector was slow to revive after COVID-19 even in the financial year 2022-2023. The sector encountered a tough time due to stoppage of classroom education and a frequent stop-start-stop-start pattern of school re-open. Study loan customers' cashflow was also impacted by income loss, mobility restrictions & health care emergencies. As a result, customers began to delay payments of EMIs. Furthermore, due to various schemes and benefits offered, many students migrated from private schools to Government schools and the reverse migration poses challenges to education institutions. Teacher attritions too is witnessed across many schools where the Company operates.

The Company's response to the above challenges were focused to strengthen its collection efforts so as to maximize cash flows and better the liquidity prospects of the Company. Such efforts taken include:

- conscious and continuous customer follow ups to maximize regular demand collections,
- actively encouraging negotiated settlements in delinquent loans and voluntary pre-closures.
- deploying of more staffs, increased tele-calling activity, surprise visits, increased ACH mode (tracking RTE funds) of collections and so on.

During this period, your company continued to hold a strong liquidity position all through the year. The Asset Liability Management (ALM) position was comfortable with no negative cumulative mismatches.



Total disbursements for the year 2022-23 was Rs.642 lacs as compared with Rs.6,492 lacs in the previous year. As at March 31st 2023, the assets under management stood at Rs. 6,531 lacs from Rs. 12,706 lacs in the previous year. Gross Income of the Company during the year ended March 31, 2023 was Rs.2,959.89 lacs, over Rs.3,406.65 lacs in the previous year. During the year under review, the Company has registered Loss after tax (LAT) of Rs. 1,688.27 lacs as against loss of Rs.2,666.52 lacs in the previous year.

As a diversification strategy from its education, the Company also began disbursing Small Ticket LAP loans (Business Loans and Small Mortgage loans) to eligible borrowers to meet their business and personal needs, after due underwriting of their cashflows and backed by the collateral of their residential house property. The Company provides secured loans to micro-entrepreneurs and self-employed individuals for business purposes, as well as for asset creation such as home renovation or improvement, or for meeting expenses for significant economic events such as marriage, healthcare and education.

Apart from its own portfolio, the Company in late 2021 entered into an arrangement to function as a Business Correspondent partner for Federal Bank (the Bank) so as to originate MFI loans on behalf of the Bank. The arrangement offered the Company a share in the interest income in exchange for its services of origination and collection services of MFI loans on behalf of the Bank. The arrangement provided a meaningful opportunity for the Company to grow its top-line using existing Study loan resources /infrastructure and with limited investment outlay.

Given the Company's local distribution network, its deep understanding of under-served markets and a fleet of experienced manpower, this arrangement has yielded a pristine quality book close to Rs 50 crores with collection efficiencies reaching 99.99% every month. Further, given India's large MFI market opportunity the Company further aspires to scale up this book (and corresponding income stream) significantly.

CORPORATE DEVELOPMENTS

During the year, the Company raised debt funding for lending operations, as follows:

Source of Debt	Amount Raised (Amount in Rs. Lacs)	
	2022-23	2021-22
From Banks	-	1000.00
From Other than Banks	300.00	-
From issuance of NCD	-	-
Total	300.00	1000.00

- 2.1 Asset Quality:** Risk assessment of customers is made at the time of initial appraisal for pricing and granting loans. The Company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism. The business had also undertaken a conservative underwriting approach to preserve asset quality during the past year.
- 2.2 Transfer to Reserves:** As per Section 45-IC of the Reserve Bank of India Act, 1934, every non-banking financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared. Since, the Company incurred a loss at the close of Financial Year, it has not transferred any amount to statutory reserve.



2.3 Dividend: As the Company has incurred a loss during the Financial Year 2022-2023, the Board of Directors of your company has not declared any Dividend for the year.

3. Change in nature of business:

Besides catering to Educational sector, the Company has been into LAP Business and also into BC operations.

4. Material Changes and Commitments, if any affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

5. Management of The Company

5.1 Directors and Key Managerial Personnel:

During the year under the purview, the Board was duly constituted. As on report date, the Directors on the Board are:

S.No.	Name of Director	DIN	Directorship Status
1.	Mr. Pradeep Vasudeo Bhide	03304262	Independent Director
2.	Mr. Vadakkancherry Lakshminarayanan Ramakrishnan	02326543	Whole- time Director
3.	Mr. Jacob Abraham	02335950	Whole- time Director
4.	Ms. Pushya Sitaraman	06537196	Independent Director
5.	Mr. Pankaj Raina	06584042	Nominee Director
6.	Mr. Mohamed Salim Asaria	08880222	Nominee Director

During the year, re-appointment of Mr. Pradeep Vasudeo Bhide as Independent Director was approved by the Shareholders at the Extra Ordinary General Meeting till 06th December, 2026.

5.2 Declaration by Independent Directors and statement on compliance of code of conduct:

- (i) Necessary declaration with respect to independence has been received from all the Independent Directors of the company;
- (ii) the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

5.3 Board Meetings

The Board of Directors of the Company duly met in the manner as tabulated below and the Directors who were present for the meeting are as under:



Directors' presence in the meeting	Date of the Meeting					
	08-06-2022	07-07-2022	25-08-2022	17-11-2022	03-02-2023	06-03-2023
Mr. Pradeep Vasudeo Bhide	Yes	No	Yes	Yes	No	Yes
Mr. V. L. Ramakrishnan	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Jacob Abraham	Yes	Yes	Yes	Yes	Yes	LOA
Ms. Pushya Sitaraman	Yes	No	Yes	Yes	No	Yes
Mr. Pankaj Raina	LOA	No	Yes	Yes	No	Yes
Mr. Mohamed Salim Asaria	Yes	No	Yes	LOA	LOA	Yes
Total Directors entitled to attend as on date of Meeting	6	6	6	6	6	6

*LOA – Leave of Absence

5.4 Directors' Responsibility Statement

Your Directors' confirm:

- that in the preparation of the Annual Accounts, the applicable Accounting Standards has been followed along with proper explanation in relation to material departures.
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that 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 and the profit of the Company for that year.
- that the Directors had taken proper and sufficient care 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.
- that the Directors have prepared the Annual Accounts on a Going Concern Basis.
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5.5 INTERNAL FINANCIAL CONTROLS

The Company has adequate Internal Financial Controls with reference to the Financial Statements.

5.6 Fraud Reported by Auditor

The Statutory Auditor of the Company has not reported any instances of Fraud under sub-section 12 of Section 143 of the Companies Act, 2013.

5.7 Disclosures Relating to Subsidiaries, Associates and Joint Ventures of the Company:

During the period in preview, the Company is neither a Holding Company nor a Subsidiary Company of any other Company.

6. Details of Deposits

The Company is registered with Reserve Bank of India as a Non-Deposit Accepting Non-Banking Financial Company. During the period in purview, the Company has not accepted any deposits from the public.



7. Particulars of Loans, Guarantees or Investments

As on the date of this report, the Company is a Non-Banking Financial Company and the requirements under Section 186 of the Companies Act, 2013 relating to Loans, Guarantees or Investments are not applicable to the Company.

8. Particulars of Contracts / Arrangements with Related Parties

The transactions with related parties are reported under AS-18 of the financial statements. The particulars of contracts or arrangements with related parties in Form AOC-2 (as Annexure - B) are annexed and forms part of this report.

9. Corporate Social Responsibility

The Company is not required to undertake any Corporate Social Responsibilities under the provisions of the Companies Act, 2013.

10. Conservation of Energy, Technology Absorption & Foreign Exchange Earnings Outgo

Details of Conservation of Energy

Steps taken or impact on conservation of energy	: NIL
Steps taken by the Company for utilizing alternate sources of energy	: NIL
Capital investment on energy conservation equipment	: NIL

Technology Absorption

(i) Efforts made towards technology absorption	: NIL
(ii) Benefits derived as a result of the above efforts :	: NIL

e.g., product improvements, cost reduction, product development, import substitution, etc.

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)

(a) Details of technology imported	: NIL
(b) Year of import	: NIL
(c) Whether the technology been fully absorbed	: NIL
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	: NIL
(iv) Expenditure incurred on Research and Development	: NIL

Foreign Exchange Earnings and Outgo:

Foreign Exchange earned in terms of actual inflows during the year	: NIL
Foreign Exchange outgo during the year in terms of actual outflows	: NIL

11. INTERNAL AUDIT

The Company has an independent internal audit department that evaluates the adequacy of control measures on a periodic basis. The Internal Audit team plays a vital role in monitoring effectiveness and efficiency of the controls and adherence to Standard Operating Procedures. In addition, the Company has appointed an external



Chartered Accountant firm (M/s. Sundaram & Srinivasan, Chartered Accountants) who carry out periodical audit. Care is taken to ensure that the work done by these two teams does not overlap.

12. RISK MANAGEMENT POLICY:

The Company has a well-established internal financial control and risk management framework to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure.

The Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks.

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including Cyber Security and related risks as well as those risks which in the opinion of the Board may threaten the existence of the Company. The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives.

13. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant and material orders were passed by the regulators, courts, or tribunals against the Company, impacting its going concern status or its future operations.

14. STATUTORY AUDITORS

M/s. N.C. RAJAGOPAL & CO., Chartered Accountants, Chennai, were appointed as the Company's Statutory Auditor at the Annual General Meeting of the Company held during FY 2020-2021 for a period of three (3) consecutive Financial Years. Accordingly, M/s. N.C. RAJAGOPAL & CO., Chartered Accountants conducted the Statutory Audit for the FY 2022-2023.

15. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards as amended from time to time.

16. ANNUAL RETURN

Pursuant to the amendments to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return (Form MGT-7) for the financial year ended March 31, 2023, is available on the Company's website and can be accessed at www.shikshafinance.com.

17. EXPLANATION OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION, ADVERSE REMARK OR DISCLAIMER MADE BY THE STATUTORY AUDITOR

The Statutory Auditors have not made any qualification, reservation, adverse remark or disclaimer in their report for the Financial Year ended 31st March 2023.

18. SHARE CAPITAL, DEBENTURES AND CHANGES DURING THE FINANCIAL YEAR

During the year in purview, the Company has issued 207,387 Series B2 Compulsorily Convertible Preference Shares ("Series B2 CCPS") aggregating to an amount of Rs.4,50,00,905.13/- on Preferential Basis through Private Placement to Aspada Investment Company.



Further Company has not increased the authorized Share Capital. The authorized share capital of the Company as on 31st March 2023 is tabulated in the following manner:

Class A Equity Shares	Rs. 7,21,42,930 consists of 72,14,293 Equity Shares of Rs. 10/- each.
Class B Equity Shares	Rs. 30,00,000 consists of 30,00,000 Equity Shares of Re.1/- each
Preference Shares Series B, B1, B2	Rs. 2,48,57,070 consists of 24,85,707 Compulsorily Convertible Preference Shares of Rs. 10/- each

18.1 Details of Employee Stock Option Plan:

The Company has formulated Shiksha Employees Stock Option Plan, 2017 for the benefit of the employees of the Company. The objective of this scheme is to:

- i. Enhance employee motivation,
- ii. Enable employees to participate in the long-term growth and financial success of the Company,
- iii. To act as a retention mechanism for employee

For effective administration of this scheme, the Company has established Shiksha Employees Welfare and Stock Options Trust ("Trust") in the year ended March 31, 2018, with an initial allotment of 10,000 Class-B equity shares of Re.1 each. During the year ended March 31, 2018, the Trust has been allotted by way of Bonus issue- 29,90,000 fully paid Class-B Equity Shares having face value of Re.1 each per equity share to ESOP trust by capitalizing securities premium.

Detailed disclosures as per requirement of the Act is provided as an Annexure-A to this report

19. CAPITAL ADEQUACY

Your Company is adequately capitalized and has a capital adequacy ratio of 88.85% as at March 31, 2023 (46.52% as at March 31, 2022) compared to the regulatory minimum requirement of 15%.

20. FRAUD REPORTED BY AUDITOR

The Statutory Auditor of the Company has not reported any instances of Fraud under sub-section 12 of Section 143 of the Companies Act, 2013.

21. PARTICULARS OF EMPLOYEES

There was no employee drawing remuneration in excess of limits prescribed under the Companies Act, 2013 read along with the applicable Rules and provisions made thereunder.

22. DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016

During the year under review, there were no applications made or proceedings pending in the name of the company under the Insolvency Bankruptcy Code, 2016.

23. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOANS FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there were no one time settlement of loans taken from banks and Financial institutions.



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

The Company is committed to provide and promote a safe and healthy work environment for all its employees. The Company has zero tolerance towards sexual harassment at the workplace and has in place an Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

No complaints were received during the financial year nor were any pending unresolved as on 31st March 2023.

Acknowledgement

Your Directors take this opportunity in placing on record the valuable contribution and continued support received from the Customers, Investors, Bankers, Lenders, Business Associates and the Shareholders. The Directors also whole-heartedly recognize, acknowledge and commend the dedication and commitment of the Team. The Directors are also grateful to the Company's stakeholders and partners including its lawyers, valuers, professional consultants and all the vendors/ suppliers, for their consistent and constant support. The Chairman would also like to thank all his colleagues in the Board for their support and encouragement.

By order of the Board

For **M/s. Shiksha Financial Services India Private Limited**

Sd/-

(V.L.Ramakrishnan)

Whole Time Director

DIN: 02326543

Sd/-

(Jacob Abraham)

Whole Time Director

DIN: 02335950

Place: Chennai

Date: 23.08.2023

Annexure A - Particulars of Shiksha Employees Stock Option Plan, 2019

Annexure B - Particulars of contracts or arrangements with related parties in Form AOC-2



ANNEXURE – A
SHIKSHA EMPLOYEES STOCK OPTION PLAN
(Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014)

The details of the Shiksha Employees Stock Option Plan, 2017 as on March 31, 2023 are:

1	Options granted	23,64,750
2	Options vested	23,64,750
3	Options exercised	8,40,000
4	The total number of shares arising as a result of exercise of option	8,40,000
5	Options lapsed (vested but not exercised during the Year)	7,20,250
6	Variation of terms of options	There were no variations of terms of options during the financial year 2022-23
7	Money realized by exercise of options during the year 2022-23	3,15,500
8	Total number of options in force	2,364,750

1. Employee wise details of options granted to:

Key Managerial Personnel	NIL
Any other employee who receives a grant of options in the year 2021-2022 of option amounting to 5 percent or more of options granted during that year	NIL
Identified employees who were granted option, during the year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL

By order of the Board
For **M/s. Shiksha Financial Services India Private Limited**

Sd/-
(V.L.Ramakrishnan)
Whole Time Director
DIN: 02326543

Sd/-
(Jacob Abraham)
Whole Time Director
DIN: 02335950

Place: Chennai
Date: 23.08.2023



ANNEXURE B
FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

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

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of the Related Party	Nature of Relationship	Duration of Contract	Date of approval by board	Salient terms	Amount in INR
<u>Nature of Contract</u>					
<u>1. Managerial Remuneration</u>					
Mr. V.L.Ramakrishnan	Key Managerial Personnel	On a going concern basis	N/A	N/A	63,98,000
Mr. Jacob Abraham	Key Managerial Personnel	On a going concern basis	N/A	N/A	53,11,000
<u>2. Investments in Equity Shares of the Company</u>					
Mr. V.L.Ramakrishnan / Ms. Annapurni R	Key Managerial Personnel and Relative of Key Managerial Personnel	N/A	N/A	N/A	1,00,00,000
Mr. Jacob Abraham / Ms. Nandini Raj	Key Managerial Person and Relative of Key Managerial Personnel	N/A	N/A	N/A	61,00,000

By order of the Board

For **M/s. Shiksha Financial Services India Private Limited**

Sd/-

(V.L. Ramakrishnan)

Whole Time Director

DIN: 02326543

Sd/-

(Jacob Abraham)

Whole Time Director

DIN: 02335950

Place: Chennai

Date: 23.08.2023



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHIKSHA FINANCIAL SERVICES INDIA PRIVATE LIMITED

Report on the Audit of the Financial Statements

1. Opinion

We have audited the financial statements of SHIKSHA FINANCIAL SERVICES INDIA PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2023 and the Statement of Profit and Loss, and the Statement of Cash Flows 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 financial statements give the information required by the Companies Act, 2013 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 31st March, 2023, and loss, and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit 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 opinion.

3. Emphasis of Matter

We draw attention to Note No. 33(i) of Financial Statements regarding the incremental provision created during the year.

Our opinion is not modified in respect of this matter.

4. Information Other than the Financial Statements and the Auditor's report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, including Annexures to Board's Report and Shareholder's Information, but does not include the financial statements and our auditors' report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our 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.



5. Responsibility of Management for 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 financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

6. Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.
- 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 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 auditors' report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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.

7. Report on Other Legal and Regulatory Requirements

- I. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- II. 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, and the Statement of Cash Flows dealt with by this Report agree with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e) Based on the written representations received from the Directors as on 31st March, 2023 taken on record by the Board of Directors, none of the Directors have been disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company and the operating effect of such controls, refer to our separate Report in "Annexure B."
 - 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 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 its knowledge and belief, as disclosed in the note 36 (xiii) to the accounts, 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(s) or entity(ies), 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 its knowledge and belief, as disclosed in the note 36 (xiii) to the accounts, no funds have been received by the company from any person(s) or entity(ies), 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; and
- (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) of the Companies (Audit and Auditors) Rules, 2014 contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April, 2023, and hence our reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 as to whether the Company has used such accounting software is not furnished.

For **N.C. Rajagopal & Co.,**
Chartered Accountants
Firm Reg No: 003398S

Sd/-

Arjun S
(Partner)

M. No: 230448

UDIN: 22230448ALTDEV4699

Place: Chennai

Date: 05.06.2023



ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT
[Referred to in Para 7(I) of our Report of Even Date]

- i.
- (a) A. The Company is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
B. The Company is maintaining proper records showing full particulars of intangible assets.
 - (b) These Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
 - (c) The Company does not own any immovable property and hence, reporting under Clause (i) (c) of the Companies (Auditor's Report) Order, 2020 does not arise.
 - (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.
 - (e) Based on the information and explanations given to us, there have been no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii.
- (a) Based on the books and records verified by us, the Company does not hold any inventory. Hence, reporting under Clause (ii) (a) of the Companies (Auditor's Report) Order, 2020 does not arise.
 - (b) Based on the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions based on security of current assets at any point of time of the year. Hence, reporting under Clause (ii) (b) of the Companies (Auditor's Report) Order, 2020 does not arise.
- iii.
- (a) Since the Company's principal business is to give loans, reporting under Clause (iii) (a) of the Companies (Auditor's Report) Order, 2020 does not arise.
 - (b) In our opinion and based on the information and explanations given to us, the Company has not provided any guarantees, securities, or advances in the nature of loans, and the investments made and the terms and conditions of the grant of all loans are not prejudicial to the company's interest.
 - (c) and (d) The company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal or payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting.
 - (e) Since the Company's principal business is to give loans, reporting under Clause (iii) (e) of the Companies (Auditor's Report) Order, 2020 does not arise.
 - (f) According to the information and explanation 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.



- iv. There are no guarantees or security given by the Company under the provisions of Section 185 and 186 of Companies Act, 2013. In respect of loans and investments, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with, wherever applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under or under the directives of the Reserve Bank of India. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal during the year. Hence, reporting under clause (v) of the Companies (Auditor's Report) Order, 2020 does not arise.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost record under Section 148(1) of the Companies Act, 2013 in respect of the company.
- vii.
- a. According to the information and explanations given to us and as per our verification of the records of the Company, in our opinion, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, Employees' Provident Fund, Professional Tax, Income Tax and other statutory dues applicable to it and there are no statutory dues outstanding for a period of more than six months from the date they become payable as on the last day of the financial year.
- b. According to the information and explanation given to us and in our opinion, there are no dues on account including Income Tax, Goods and Services Tax, Duty of Customs, Duty of Excise, and other Statutory dues applicable to the Company which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us and as per the records of the Company, there have been no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year and no tax assessments under the Income Tax Act, 1961 (43 of 1961) have been received during the year.
- ix.
- (a) The Company has not made any defaults in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Hence, reporting under clause (ix)(a) of the Companies (Auditor's Report) Order, 2020 does not arise.
- (b) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
- (c) Based on our verification of the books and records, the Company has applied the Term Loans for the purpose which they were obtained.
- (d) In our opinion and according to the information and explanations given to us, the funds raised on a short-term basis have not been utilised for long term purposes.
- (e) Based on the books and records verified by us, the Company does not have any subsidiaries, associates, or joint ventures. Hence, reporting under clauses (ix) (e) and (f) of the Companies (Auditor's Report) Order, 2020 does not arise.
- x.
- (a) Based on the information and explanations given to us, the Company has not raised moneys by way of Initial Public Offer or Further Public Offer (including debt instruments) during the year. Hence, reporting under clause (x) (a) of the Companies (Auditor's Report) Order, 2020 does not arise.



- (b) According to the information and explanation given to us, the Company has made a Private Placement of Compulsorily Convertible Preference Shares during the year and the requirements of Section 42 of the Companies Act, 2013 have been complied with.
- xi.
- (a) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year;
- (b) No report under section 143 (12) of the Companies Act, 2013 has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the information and explanation given to us, there have been no whistle blower complaints received by the Company during the year. Hence, reporting under clause (xi) (c) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Hence, reporting under clauses (xii) (a) to (c) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards. The provisions of Section 177 of the Companies Act, 2013 are not applicable since it is a Private Limited Company.
- xiv.
- (a) Based on the information and explanations given to us and in our opinion, the Company has an internal audit system commensurate with the size and nature of its business;
- (b) The reports of the Internal Auditor for the period under Audit were considered by us.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Hence, reporting under Clause (xv) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xvi.
- (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and such registration has been obtained.
- (b) Based on the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance Activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) In our opinion, the Company is not a Core Investment Company (CIC) and hence, reporting under Clause (xvi) (c) of the Companies (Auditor's Report) Order, 2020 does not arise.
- (d) According to the information and explanations given to us, the Group does not have more than one CIC as part of the Group.
- xvii. According to the information and explanations given to us and based on our examination of the records of the Company, the company has incurred cash losses only during the immediately preceding financial year amounting to Rs. 2,622.73 lakhs but not incurred any cash losses during the current financial year.



- xviii. Based on the information and explanations given to us, there has been no resignation of the Statutory Auditors during the year. Hence, reporting under clause (xviii) of the companies (Auditor's Report) order, 2020 does not arise.
- xix. On the basis of the financial ratios, 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, in our opinion, no material uncertainty exists as on the date of the audit report that the Company is capable of meeting its liabilities existing on the balance sheet date as and when they fall due within a period of one year from the balance sheet date.
- xx. According to the information and explanations given to us and based on our examination of the records of the Company, the provisions of section 135 (5) of the Companies Act, 2013 are not applicable to the Company. Hence, reporting under Clause (xx) of the Companies (Auditor's Report) Order, 2020 does not arise.
- xxi. In our opinion, the company does not have to prepare consolidated financial statements. Hence, reporting under Clause (xxi) of the Companies (Auditor's Report) Order, 2020 does not arise.

For **N.C. Rajagopal & Co.,**
Chartered Accountants
Firm Reg No: 003398S

Sd/-

Arjun S

(Partner)

M. No: 230448

UDIN: 22230448ALTDEV4699

Place: Chennai

Date: 05.06.2023



ANNEXURE - B REFERRED TO PARAGRAPH 7(II)(f) OF OUR REPORT OF EVEN DATE

We have audited the Internal Financial Controls over financial reporting of Shiksha Financial Services India Private Limited ("the Company") as of 31st March, 2023 in conjunction with our audit of the 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 "the 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply the 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 aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control 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 judgment, including the assessment of the risks of material misstatement of the 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 opinion on the Company's internal financial control system over financial reporting.

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 financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directions of the company; and



- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 the financial reporting to future periods are subject to the risk that the internal financial control over the financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over the financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal control over the 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 the Financial Reporting issued by the Institute of Chartered Accountants of India.

For **N.C. Rajagopal & Co.,**
Chartered Accountants
Firm Reg No: 003398S

Sd/-

Arjun S

(Partner)

M. No: 230448

UDIN: 22230448ALTDEV4699

Place: Chennai

Date: 05.06.2023



Shiksha Financial Services India Private Limited**CIN: U74900TN2014PTC094623****Balance Sheet as at March 31, 2023**

(All amounts are in Indian Rupees in Lacs except share data and otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
A Equity And Liabilities			
1. Shareholders' funds			
a) Share capital	3	938.26	917.52
b) Reserves and Surplus	4	4,702.25	5,965.84
2. Non Current liabilities			
a) Long term Borrowings	5	170.00	3,116.96
b) Long term Provisions	6	1,089.18	55.86
3. Current Liabilities			
a) Short term borrowings	7	486.67	6,951.77
b) Other Current liabilities	8	279.94	564.06
c) Short Term Provisions	9	1,114.41	178.88
Total		8,780.71	17,750.89
B Assets			
1. Non Current Assets			
a) Property, Plant and Equipment & Intangible Assets (net)	10		
(i) Property Plant & Equipment		91.22	148.28
(ii) Intangible assets		30.57	36.05
(iii) Intangible Assets Under Development		-	-
b) Deferred Tax Assets (net)	11	581.26	164.02
c) Long term receivables under Financing activities	12	3,809.23	6,210.90
d) Long term Loans and advances	13	224.30	82.50
2. Current assets			
a) Current Investments	14	772.00	1,274.85
b) Cash and Bank Balances	15	273.43	2,790.11
c) Short Term Receivables under Financing activities	16	2,722.15	6,495.66
d) Short Term Loans and advances	17	45.49	316.00
e) Other current assets	18	231.06	232.52
		8,780.71	17,750.89
Significant Accounting policies	1-2		
Accompanying notes forming part of the financial statements	27 - 39		

As per our report of even date attachedFor **N.C.Rajagopal & Co**

Chartered Accountants

Firm Registration Number 003398S

Sd/-

Arjun S

Partner

Membership No: 230448

Place : Chennai

Date : 05-06-2023

**For and on behalf of Board of Directors
Shiksha Financial Services India Private Limited**

Sd/-

V.L.Ramakrishnan

Director

Sd/-

Jacob Abraham

Director

Sd/-

Sornamukhi Nitharsana J

Company Secretary



Shiksha Financial Services India Private Limited**CIN: U74900TN2014PTC094623****Profit and Loss Account for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lacs except share data and otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
1 Revenue from operations	19	2,692.11	3,145.86
2 Other Income	20	267.78	260.79
3 Total Income (1+2)		2,959.89	3,406.65
4 Expenses			
Finance Cost	21	835.46	1,675.66
Employee Cost	22	1,424.94	1,568.91
Administrative and Other expenses	23	566.79	477.84
Provisions and Write off	24	2,151.27	0.11
Depreciation and Amortisation	10	86.93	91.10
Total Expenses		5,065.39	3,813.62
5 Profit / (Loss) before exceptional and extraordinary items and tax (3-4)		(2,105.50)	(406.98)
6 Exceptional and extraordinary items (refer note 35)		-	2,306.85
7 Profit / (Loss) before tax (5-6)		(2,105.50)	(2713.83)
8 Tax expenses:	25		
Current tax		-	-
Reversal of Current Tax pertaining to earlier years			(43.39)
Deferred tax		(417.23)	(3.92)
		(417.23)	(47.31)
9 Profit / (Loss) for the year (7-8)		(1,688.27)	(2,666.51)
10 Earnings per share	26		
Basic (Rs 10/-)		(24.20)	(38.22)
Diluted (Rs 10/-)		(18.14)	(29.87)
Significant Accounting policies	1-2		
Accompanying notes forming part of the financial statements	27 – 37		

As per our report of even date attachedFor **N.C.Rajagopal & Co**

Chartered Accountants

Firm Registration Number 003398S

Sd/-

Arjun S

Partner

Membership No: 230448

Place : Chennai

Date : 05-06-2023

**For and on behalf of Board of Directors
Shiksha Financial Services India Private Limited**

Sd/-

V.L.Ramakrishnan

Director

Sd/-

Jacob Abraham

Director

Sd/-

Sornamukhi Nitharsana J

Company Secretary



Shiksha Financial Services India Private Limited**CIN: U74900TN2014PTC094623****Cash flow statement for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lacs except share data and otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash flow from Operating Activities:		
Net Profit before tax and after extraordinary items	(2,105.50)	(2,713.83)
<u>Adjustments for</u>		
Depreciation & Amortisation	86.93	91.10
(Gain) / Loss on sale of Property, Plant and Equipment	(0.11)	(1.15)
Finance costs	835.46	1,675.66
Provision on Loans	1,971.78	(245.96)
Loans Written off	94.41	2,524.02
Provision for Leave encashment	(2.93)	(6.59)
Reversal of Contingency Provision	-	-
Gain on sale of Mutual fund investments	(48.70)	(49.46)
Operating profit/(loss) before working capital changes	831.34	1,273.79
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Loans and advances, Financing Operations	6080.77	2,690.62
Long term Loans and advances, Others	(141.80)	127.92
Short term Loans and advances, Others	270.51	(15.39)
Other current assets	1.46	(67.97)
Adjustments for increase / (decrease) in operating liabilities:		
Short Term Provisions & Other Current Liabilities	(85.52)	177.00
Cash used in Operations	6,956.76	4,185.97
(A) Net cash used in Operating Activities	6,956.76	4,185.97
Cash flow from Investing Activities:		
Capital expenditure on Property, Plant and Equipment	(24.29)	(63.14)
Purchase of Investments - Mutual funds	(15,968.00)	(16,454.48)
Sale of investments - Mutual funds	16,519.55	16,802.73
(B) Net cash from Investing Activities	527.26	285.11
Cash flow from Financing Activities:		
Proceeds from issue of Equity Shares	-	-
Proceeds from issue of Preference Shares	450.01	909.02
Share issue expenses	(4.59)	(11.71)
Redemption of Non-Convertible Debentures	(7,110.00)	-
Proceeds from Term loans from financial institutions	300.00	1,000.00
Repayment of Borrowings from financial institutions	(2,602.06)	(4,440.25)
Finance cost paid	(1,034.06)	(1,692.56)
(C) Net cash flow from Financing Activities	(10,000.70)	(4,235.50)
Net (Decrease)/Increase in Cash and Cash equivalents (A+B+C)	(2516.68)	235.58
Cash and Cash equivalents at the beginning of the year	2,790.11	2,554.53
Cash and Cash equivalents at the end of the year	273.43	2,790.11
Note: Cash and Cash equivalents at the end of the year comprises:		
(a) Cash in Hand	5.77	1.05
(b) Balance in Current Accounts	44.56	49.06
(c) Current Maturities of Bank Deposits	223.10	2740.00
	273.43	2,790.11

See accompanying notes forming part of the financial statements

As per our report of even date attachedFor **N.C.Rajagopal & Co**

Chartered Accountants

Firm Registration Number 003398S

Sd/-

Arjun S

Partner

Membership No: 230448

Place : Chennai

**For and on behalf of Board of Directors
Shiksha Financial Services India Private Limited**Sd/-
V.L.Ramakrishnan
DirectorSd/-
Jacob Abraham
DirectorSd/-
Sornamukhi Nitharsana J

Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

1. Company overview

Shiksha Financial Services India Private Limited (The Company) is an Non Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI). The Company follows RBI guidelines applicable to NBFCs. The Company is a Private Limited company with registered office in Chennai, Tamil Nadu. The Company is primarily engaged in the business of providing education finance and loan against property.

2. The accounting policies set out below have been applied consistently to the periods presented in these financial statements.**2.1 Basis of preparation**

The financial statements of the Company have been prepared and presented in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Reserve Bank of India / Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013, to the extent applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The Assets and Liabilities have been classified as Non Current and Current based on 12 month operating cycle.

The Company follows the Prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India (RBI) for Non-Banking Financial Company, Base Layer [NBFC-BL] (earlier, Non-Banking Financial Company Non-Systemically Important Non-Deposit taking Company [NBFC-Non-SI-ND]).

2.2 Use of estimates

The preparation of the financial statements is in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from estimates. Revisions to accounting estimates are recognized prospectively in current and future periods.

2.3 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).



Shiksha Financial Services India Private Limited

Notes to financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

2.4 Revenue recognition

- a) Interest income is recognized on a time proportion basis based on the interest rates implicit in the contracts. Income on Non-Performing assets is recognised only when realised
- b) Fees and commission income are recognised on an accrual basis.
- c) Recovery from bad debts written off, Loan Processing Fees, Legal & Technical Fees, Cheque dishonour charges etc., are recognised on receipt basis.
- d) Income from fixed deposits are recognised on accrual basis.
- e) Income from Mutual funds are recognised when it is realised. Profit or loss on sale of mutual fund units are accounted on First in First out basis.

2.5 Receivables under Financing Activity, Provisioning and De-recognition

All loan exposures to borrowers with installment structure are stated at the full agreement value after netting off unearned income and Installments appropriated up to the Balance Sheet date

The Company provides for standard assets at 0.40%. This is higher than the minimum provisioning norm of 0.25%, as specified by Reserve Bank of India (RBI) for Non-Banking Financial Company - Base Layer (NBFC-BL).

Provision for Non-Performing Assets are based on management estimates, which is higher than the minimum provisioning requirements specified by the Reserve Bank of India (RBI) for Non-Banking Financial Company in the Base Layer (NBFC-BL)

The Company creates an overarching Contingency Provision as a matter of prudence and abundant caution.

Any interest accrued on Non-Performing Assets until the said asset became a Non performing Asset and remaining overdue is de-recognised by reversing the interest income

2.6 Property Plant and Equipment and depreciation

Tangible assets

Fixed assets are carried at cost less accumulated depreciation and impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use including the subsequent expenditure after their purchase/completion if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Intangible assets

Intangible assets are recorded at the consideration paid for acquisition.

Depreciation

Depreciation on tangible assets are provided on straight line method. Depreciation is provided based on the useful life as prescribed in Part C of Schedule II to the Companies Act, 2013 or Company's estimate whichever is lower. The useful life estimated is as follows:

Category	Useful Life (years) as per Companies Act, 2013	Useful life (years), as per Company
Computers	3	3
Office Equipment	5	3
Furniture, Fixtures, Electrical Equipment	10	5
Vehicles	8	3
Software	5	5



Shiksha Financial Services India Private Limited

Notes to financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

Improvements to leasehold premises are depreciated over the primary lease period or 5 years, whichever is lower. Intangible assets are amortized over their estimated useful life (presently, 5 years), on a straight line basis.

2.7 Foreign currency transactions and translations

Transactions in foreign currencies, if any, entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

2.8 Investments

Investments are classified as Current and NonCurrent based on their nature and intended holding period. Non Current Investments are valued at cost, Current Investments are valued at lower of cost or net realisable value

2.9 Retirement and other employee benefits

a) Defined contribution plans

Provident Fund: The Company makes contributions to the Employees' Provident Fund Scheme maintained by the Government of India and Company's contributions to the fund are recognised as an expense in the Profit and Loss account in the period when services are rendered by the employees.

Employee State Insurance: The Company contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Profit and Loss account in the period when services are rendered by the employees.

b) Defined benefit plans

Gratuity: The Company's liability under The Payment of Gratuity Act is recognised based on an actuarial valuation and the same has been expensed in the Profit and Loss account.

Compensated absences: The liability towards accumulated leave balances, in accordance with the Company's policy are actuarially valued and the same has been recognised as an expense in the Profit and Loss account.

Short term employment benefits:

All short term employee benefit plans such as salaries, wages, incentives, special awards and medical benefits which fall due within 12 months of the financial year are recognized on an undiscounted basis and charged to the statement of profit and loss.

2.10 Finance costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Ancillary costs incurred in connection with the arrangement of borrowings are expensed in the year of occurrence.



Shiksha Financial Services India Private Limited

Notes to financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

2.11 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. Currently the company is operating in only one reportable business segment i.e., financing and hence reporting segment wise is not warranted for.

2.12 Leases

Leases where the Lessor effectively retains substantially all the risks and benefits of ownership over the lease term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on accrual basis.

2.13 Basic earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

2.14 Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences, being the difference between taxable and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

2.15 Impairment

The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such condition exists, the Company estimates the recoverable amount (defined as higher of cash generating unit's net selling price and its value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciated historical cost.

2.16 Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.



Shiksha Financial Services India Private Limited

Notes to financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

	As at March 31, 2023	As at March 31, 2022		
3. Share Capital				
Authorised				
72,14,293 (Previous year 68,44,293) Class A equity shares of Rs.10 each	721.43	721.43		
30,00,000 (Previous year 30,00,000) Class B equity shares of Re.1 each	30.00	30.00		
24,85,707 (Previous year 18,55,707) Series B, B1 and B2 Compulsorily Convertible preference shares of Rs.10 each	248.57	185.57		
	1,000.00	1,000.00		
Issued, subscribed and paid up				
66,76,052 (Previous year 66,76,052) Class A equity shares of Rs.10 each	667.60	667.60		
30,00,000 (Previous year 30,00,000) Class B equity shares of Re 1 each	30.00	30.00		
5,19,601 (Previous year 5,19,601) Series B 0.1% Compulsorily Convertible preference shares of Rs. 10 each	51.96	51.96		
12,60,674 (Previous year 12,60,674) Series B1 0.1% Compulsorily Convertible preference shares of Rs. 10 each	126.07	126.07		
626,308 (Previous year 418,921) Series B2 0.01% Compulsorily Convertible preference shares of Rs. 10 each	62.63	41.89		
	938.26	917.52		
a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period				
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares - Class A				
At the beginning of the year	66,76,052	667.60	66,76,052	667.60
Add: Shares issued during the year				
At the end of the year	66,76,052	667.60	66,76,052	667.60
Equity Shares - Class B				
At the beginning of the year	30,00,000	30.00	30,00,000	30.00
At the end of the year	30,00,000	30.00	30,00,000	30.00
b) Reconciliation of preference shares outstanding at the beginning and at the end of the reporting period				
i) Preference Shares - Series B 0.1% Compulsorily Convertible preference shares				
At the beginning of the year	5,19,601	51.96	5,19,601	51.96
Less: Shares converted into equity shares during the year				
At the end of the year	5,19,601	51.96	5,19,601	51.96



Shiksha Financial Services India Private Limited

Notes to financial statements for the period ended March 31, 2023

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

ii) Preference Shares - Series B1 0.1% Compulsorily Convertible preference shares

At the beginning of the year	12,60,674	126.07	12,60,674	126.07
Less: Shares converted into equity shares during the year			12,60,674	126.07
At the end of the year	12,60,674	126.07	12,60,674	126.07

iii) Preference Shares - Series B2 0.01% Compulsorily Convertible preference shares

At the beginning of the period	4,18,921	41.89	-	-
Add: Shares issued during the period	2,07,387	20.74	4,18,921	41.89
At the end of the period	6,26,308	62.63	4,18,921	41.89

c) Details of shareholders holding more than 5% shares of the Company

Equity Shares - Class A	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	%	No. of Shares	%
Aspada Investment Company	20,06,457	30.05%	20,06,457	30.05%
Zephyr Peacock India Growth Fund, (Trust)	18,73,883	28.07%	18,73,883	28.07%
Individually held by V L Ramakrishnan	1,29,500	14.98%	1,29,500	14.98%
V L Ramakrishnan / Annapurni	8,70,500		8,70,500	
Individually held by Jacob Abraham	55,000	9.14%	55,000	9.14%
Jacob Abraham / Nandini Raj	5,55,000		5,55,000	
Zephyr Peacock India Growth Fund Ltd	4,35,674	6.53%	4,35,674	6.53%

Equity Shares - Class B

Shiksha ESOP Trust	21,60,000	72.00%	24,75,500	82.52%
ESOP Employees	8,40,000	28.00%	5,24,500	17.48%

Series B 0.1% Compulsorily Convertible Preference Shares

Michael and Susan Dell Foundation	5,19,601	100.00%	5,19,601	100.00%
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Series B1 0.1% Compulsorily Convertible Preference Shares

Aspada Investment Company	2,48,051	19.68%	2,48,051	19.68%
Zephyr Peacock India Growth Fund	2,21,051	17.53%	2,21,051	17.53%
Michael and Susan Dell Foundation	7,91,572	62.79%	7,91,572	62.79%

Series B2 0.01% Compulsorily Convertible Preference Shares

Aspada Investment Company	3,31,819	52.98%	1,24,432	29.70%
Michael and Susan Dell Foundation	1,79,274	28.62%	1,79,274	42.80%
Zephyr Peacock India Growth Fund	1,15,215	18.40%	1,15,215	27.50%

d) Rights, preferences and restrictions attached to shares

Equity shares

The Company has issued Class A and Class B equity shares.



Shiksha Financial Services India Private Limited

Notes to financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

Class A Shares

The face value of Class A Shares is Rs. 10 per share. All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each holder of equity shares is entitled to one vote per share. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Class B Shares

The face value of Class B Shares is Re. 1 per share. All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each holder of equity shares is entitled to one vote per share. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Preference Shares

The Company has issued Compulsorily Convertible Preference Shares:

Series B Compulsorily Convertible Preference Shares

The Series B 0.1% CCPS shall be automatically converted into equity shares, at the earlier of a) 10 years from the date of issuance b) prior to a qualified IPO c) at the option of the shareholder. The Series B CCPS allotted, have priority with respect to payment of dividend.

In a liquidation event, the holders of the Series B CCPS shall have priority over the other shareholders of the Company. The proceeds of a liquidation event shall be distributed such that the holder of a Series B CCPS shall be paid the higher of a) total amount invested b) pro rata entitlement.

Series B1 Compulsorily Convertible Preference Shares

The Series B1 0.1% CCPS shall be automatically converted into equity shares, at the earlier of a) 20 years from the date of issuance b) prior to a qualified IPO c) at the option of the investor. The Series B1 CCPS shall rank senior in preference to all other Securities (other than the existing compulsorily convertible preference shares being Series B CCPS, issued to Aspada Investment Company and Michael & Susan Dell Foundation, which will be treated pari passu with the Series B1 CCPS) of the Company, including the Equity Shares as regards payments of any dividends declared by the Company.

In a liquidation event, prior to payments to any class of shareholders including holders of any other preference shares, the holders of the Series B1 CCPS shall have priority over the other shareholders of the Company. The proceeds of a liquidation event shall be distributed such that the holder of a Series B1 CCPS shall be paid the higher of a) total amount invested b) pro rata entitlement.

Series B2 Compulsorily Convertible Preference Shares

The Series B2 CCPS shall be automatically converted into equity shares, at the earlier of a) 20 years from the date of issuance b) prior to a qualified IPO c) at the option of the investor. The Series B2 CCPS shall rank senior in preference to all other securities of the Company, including Equity Shares as regards payments of any dividends declared by the Company.

In a liquidation event, prior to payments to any class of shareholders including holders of any other preference shares, the holders of the Series B2 CCPS shall have priority over the other shareholders of the Company. The proceeds of a liquidation event shall be distributed such that the holder of a Series B2 CCPS shall be paid the higher of a) total amount invested b) pro rata entitlement.



Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

- e) In the financial year ended March 31, 2018, The Company established Shiksha Employee Stock Options Trust (Shiksha ESOP Trust) for grant of shares to Eligible employees, under a duly approved ESOP scheme. The ESOP Trust, purchased 10,000 Class B Equity Shares having face value of Re 1 per equity share fully paid through a loan extended to the Trust by the Company. This loan, has since been repaid. Further, 29,90,000 fully paid Class B Equity shares were allotted to Shiksha ESOP trust by a bonus share issuance by capitalising securities premium.
- f) Details of Bonus shares issuance in the last five years: NIL
- g) During the year 2022-23, the Company has allotted 2,07,387 Series B2 Compulsorily Convertible Preference Shares of Rs. 10 each.

h) **Details of Shares held by promoters****Equity shares - Class A**

S.No	Promoter Name	No of Shares	% of total shares	% Change during the year
1	V.L. Ramakrishnan	1,29,500	1.94%	Nil
2	Jacob Abraham	55,000	0.82%	Nil
3	VL Ramakrishnan jointly with Annapurni R.	8,70,500	13.04%	Nil
4	Jacob Abraham jointly with Nandini Raj	5,55,000	8.32%	Nil
	Total	16,10,000	24.12%	

4. Reserves and Surplus

	As at March 31, 2023	As at March 31, 2022
(i) Statutory Reserve		
Balance at the beginning of the year	82.00	82.00
Add: Additions during the period	-	-
Balance at the end of the year	82.00	82.00
(ii) Securities Premium		
Balance at the beginning of the year	8,356.59	7,501.17
Securities Premium received during the period	429.27	867.13
Less: Capital raising costs	(4.59)	(11.71)
Balance at the end of the year	8,781.27	8,356.59
(iii) Surplus/Loss (Profit and loss balance)		
Balance at the beginning of the year	(2,472.75)	193.77
Add: Profit /(Loss) for the period	(1,688.27)	(2,666.52)
Less: Transferred to statutory reserve	-	-
Balance at the end of the year	(4,161.02)	(2,472.75)
Total	4,702.25	5,965.84



Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

5. Long term Borrowings

	As at March 31, 2023	As at March 31, 2022
Secured		
Loans, from banks (Note 5.1)	-	-
Loans, from other than banks (Note 5.2)	170.00	116.67
Non-convertible debentures (Note 5.3)	-	3,000.29
	170.00	3,116.96
5.1 Term Loans, from banks		
IDFC First Bank Limited	-	64.10
IndusInd Bank Limited	-	510.15
NABARD	-	500.00
		1,074.25
<u>Out of the above</u>		
Long term maturities (maturities beyond 12 months)	-	-
Current maturities (maturities within next 12 months)	-	1,074.25
5.2 Term Loans, from other than banks		
MAS Financial Services Ltd	406.67	720.83
Northern Arc Capital Services Ltd		309.25
Hinduja Leyland Finance Ltd		196.95
Vivriti Capital Pvt Ltd		190.93
Caspian Impact Investments Private Ltd		156.25
Grameen Impact Investments India Private Ltd		60.27
	406.67	1,634.48
<u>Out of the above</u>		
Long term maturities (maturities beyond 12 months)	170.00	116.67
Current maturities (maturities within next 12 months)	236.67	1,517.81

Note:

- a) Principal and Interest are payable monthly in respect of all lenders.
- b) Secured against hypothecation of specified receivables under Financing Activity.
- c) Interest rates on above borrowings, range between 13.85% p.a. to 14.70% p.a.
- d) Defaults if any - Nil (Previous Year - Nil)



Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

5.3 Non-convertible debentures**As at 31st March 2023**

	< 1 year	1 - 2 years	2 - 6 years	Total
From Parties, other than related parties	250.00	-	-	250.00
	250.00	-	-	250.00

As at 31st March 2022

	< 1 year	1 - 2 years	2 - 6 years	Total
From Parties, other than related parties	4,359.71	-	3,000.29	7,360.00
	4,359.71	-	3,000.29	7,360.00

a) Interest is payable Half Yearly to debenture holders

b) These debentures are secured against specified receivables under Financing Activity

c) Interest rates on above NCDs, is 13.44% p.a

d) An Independent debenture trustee manages the interest of the debentures holders

e) Defaults if any - Nil (Previous Year - Nil)

f) Out of the above

	As at March 31 2023	As at March 31 2022
Long term maturities (maturities beyond 12 months)	-	3,000.29
Current maturities (maturities within next 12 months)	250.00	4,359.71

6. Long Term Provisions

	As at March 31 2023	As at March 31 2022
Provision for Loan Assets		
Provision for Standard Assets	7.20	22.06
Provision for Restructured Assets	22.04	-
Provision for Sub Standard, Doubtful Assets	1019.97	16.86
Provision for Contingency	25.42	-
	<u>1,074.63</u>	<u>38.92</u>
Provision for Employee Benefits		
Provision for Leave Encashment	14.55	16.94
	<u>1,089.18</u>	<u>55.86</u>

7. Short Term Borrowings*Secured*

Current maturities of long term borrowings from banks	-	1,074.25
Current maturities of long term borrowings from others	236.67	1517.81
Current maturities of NCD	250.00	4359.71
	<u>486.67</u>	<u>6951.77</u>



Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

8. Other Current liabilities

	As at March 31 2023	As at March 31 2022
Interest accrued and not due on Loans	2.44	1.81
Interest accrued and not due on Non Convertible Debentures	2.52	201.75
Statutory dues payable	26.92	24.58
Trade Payables ^	115.38	52.55
Employee Payables	57.02	34.68
Advance EMI from customers	75.66	248.69
	279.94	564.06

^ Particulars	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	-	-	-	-	-
(ii) Others	115.38				115.38
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

9. Short Term Provisions**Provision for Loan Assets**

	As at March 31 2023	As at March 31 2022
Provision for Standard Assets	5.92	23.86
Provision for Sub Standard, Doubtful Assets	1073.97	72.16
Provision for Restructured Assets	1.18	75.50
Provision for Contingency	26.52	-
	1,107.59	171.52

Others

Provision for Tax (net of Advance tax and TDS)	-	-
Provision for Leave Encashment	6.82	7.36
	1,114.41	178.88



Shiksha Financial Services India Private Limited

Notes to financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

11. Deferred Tax Assets (Net)	As at March 31 2023		As at March 31 2022	
<u>Deferred Tax Asset</u>				
Employee costs	5.38		4.26	
Provision for Loan Losses	549.22	554.60	142.55	146.81
Less:				
<u>Deferred Tax Liability</u>				
Depreciation	(26.66)	<u>(26.66)</u>	(17.21)	<u>(17.21)</u>
		<u>581.26</u>		<u>164.02</u>
12. Long Term receivables under Financing activities				
Secured, considered good - Standard		1,136.88		2,807.51
Secured, Sub Standard and Doubtful		792.61		137.22
Unsecured, considered good - Standard		937.88		3,265.78
Unsecured, substandard and doubtful		941.86		0.39
		<u>3,809.23</u>		<u>6,210.90</u>
13. Long Term loans and advances				
Cash collateral with Financial institutions		208.30		65.00
Rental deposit		16.00		17.50
		<u>224.30</u>		<u>82.50</u>

* Note: Cash collateral includes Rs 208.28 lakh, (previous year, Rs 50 Lakh) FLDG placed with a bank, in respect of BC lending activity.

14. Current Investment

In Mutual Funds (unquoted, non trade, at cost)

HSBC (erstwhile L&T), Liquid Fund Growth Fund plan (21,062.386 units with NAV of Rs.2,242.1310 as on 31st March, 2023 as against 13,727.376 units with NAV of Rs.2914.9581 as March, 2022)	472.00	400.04
HSBC (earstwhile L&T), Overnight Fund Growth Fund plan (8,526.521 units with NAV of Rs.1,172.9962 as on 31st March, 2023 as against NIL as on 31st March, 2022)	100.00	-
HDFC Liquid Fund, Growth Fund plan (4,524.424 units with NAV of Rs.4,423.2004 as on 31st March, 2023 as against 20,913.327 units with NAV of Rs.4,184.7424 as on 31st March, 2022)	200.00	874.81
	<u>772.00</u>	<u>1274.85</u>

Fair market value of above investment as on 31st March, 2023 is Rs. 772.39 Lakhs (Previous year Rs. 1,275.32 Lakhs)





Note 10 - Property, Plant and Equipment & Intangible Assets (Net):

Description	GROSS BLOCK				DEPRECIATION RESERVE				NET BLOCK	
	As at 01.04.2022	Additions	Disposal/ Adjustment	As at 31.03.2023	Upto 31.03.2022	For the year	Disposal/ Adjustment	Upto 31.03.2023	31.03.2023	31.03.2022
(i) PROPERTY, PLANT & EQUIPMENT										
Office Equipments	85.66	13.13	0.79	98.00	58.60	24.00	0.76	81.84	16.16	27.06
Furnitures and Fittings	80.86	3.10	-	83.96	43.97	14.74	-	58.71	25.25	36.89
Premises	72.80	-	-	72.80	29.10	14.56	-	43.66	29.14	43.70
Computers	110.82	1.21	1.36	110.66	70.18	21.09	1.27	90.00	20.67	40.63
Total	350.14	17.44	2.15	365.43	201.86	74.39	2.03	274.21	91.22	148.28
Previous Year	323.50	4.61	19.97	350.14	139.99	81.38	19.51	201.86	148.28	183.51
(ii) INTANGIBLE ASSETS										
Software	63.13	7.07	-	70.21	27.08	12.54	-	39.63	30.57	36.05
Previous Year	63.13	7.07	-	70.21	27.08	12.54	-	39.63	30.57	36.05
Previous Year	44.34	18.79	-	63.13	17.37	9.72	-	27.08	36.04	26.97
(iii) INTANGIBLE ASSETS UNDER DEVELOPMENT										
Software	-	-	-	-	-	-	-	-	-	-
Previous Year	0.66	-	0.66	-	-	-	-	-	-	0.66
Total (i+ii+iii)										
Current Year	413.27	24.51	2.15	435.64	228.94	86.93	2.03	313.84	121.79	184.33
Previous Year	368.50	65.40	20.63	413.27	157.36	91.10	19.51	228.94	184.32	211.14

Note: During the year no revaluation was made for fixed assets.

Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

15. Cash and Bank Balances

	As at March 31, 2023	As at March 31, 2022
<u>a) Cash and cash equivalents</u>		
i) Cash -in-hand	5.77	1.05
ii) Balance with banks In current accounts	44.56	49.06
iii) Current maturities of bank deposits with original maturity of < 3 months	82.10	400.00
<u>b) Other Bank Balances</u>		
Bank deposits with original maturity of > 3 months*	141.00	2340.00
	<u>273.42</u>	<u>2,790.11</u>

16. Short term receivables under Financing activities

Secured, considered good - Standard	178.70	460.19
Secured, Sub Standard and doubtful	127.61	57.16
Unsecured, considered good - Standard	1050.95	4,962.33
Unsecured, Sub Standard and Doubtful	172.88	40.94
	<u>1,530.14</u>	<u>5,520.62</u>
Loan instalment overdue, secured, considered good - Standard	69.84	67.64
Loan instalment overdue, unsecured, considered good - Standard	280.11	411.39
Loan instalment overdue, secured, sub standard and doubtful	224.75	292.48
Loan instalment overdue, unsecured, sub standard and doubtful	575.66	23.18
	<u>1150.36</u>	<u>794.69</u>
Interest accrued but not due (considered good) - Standard	41.65	180.35
	<u>2,722.15</u>	<u>6,495.66</u>



Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

17. Short Term Loans and Advances

	As at March 31, 2023	As at March 31, 2022
Cash collateral with Financial institutions	15.00	289.09
Other Advances	17.17	5.47
Balances with Govt Authorities	13.32	21.44
	<u>45.49</u>	<u>316.00</u>

18. Other current assets

Interest accrued on Fixed Deposits/Cash collaterals	6.80	63.82
Rental deposit	47.79	37.11
Prepaid Expenses	37.37	51.97
Gratuity Fund - Balance with Trust	20.21	9.94
Advance Income Tax, TDS (net of Provision for Tax)	7.85	69.68
Other Recoverable	111.04	-
	<u>231.06</u>	<u>232.52</u>

19. Revenue from operations

Interest Income from Lending operations	1,589.35	2,934.61
Fees and Charges from Lending Operations	362.73	211.25
	<u>740.03</u>	<u>-</u>
Bad Debts Recovered	<u>2,692.11</u>	<u>3,145.86</u>

20. Other income

Treasury Operations income			
- Interest on Bank Deposits	129.74	180.11	
- Income on Mutual Fund Investment	<u>48.70</u>	<u>49.46</u>	229.57
Interest on Income tax refund	3.00		-
Other income	1.26		2.31
Provision Writtenback (refer note 24)	85.09		28.90
	<u>267.78</u>		<u>260.79</u>



Shiksha Financial Services India Private Limited**Notes to financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees in Lakhs except share data and otherwise stated)

21. Finance Cost

	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest on debentures	634.59	1,012.23
Interest on Term loans - Non Banks	95.99	461.14
Interest on Term loans - Banks	58.87	181.26
Interest on Overdraft Facility/CC	-	0.01
Other Borrowing Costs	46.01	21.02
	<u>835.46</u>	<u>1,675.66</u>

22. Employee cost

Salaries, wages and bonus	1,330.24	1,457.72
Contribution to Provident Fund, ESI and Gratuity	70.84	74.91
Staff welfare expenses	23.86	36.28
	<u>1,424.94</u>	<u>1,568.91</u>

23. Administrative and Other expenses

Rent	94.92	88.18
Electricity, Office maintenance and repairs	44.43	30.50
Insurance expense - Others	31.08	16.79
Insurance expense - Loans	39.91	21.54
Rates and taxes	38.66	34.34
Travelling & Conveyance	125.22	113.88
Information Technology Expenses	45.41	31.67
Legal and Professional fees	62.18	64.95
Collection and Recovery Costs	4.56	0.00
Credit and Loan origination costs	5.11	0.00
Printing, Stationery and Communication Costs	22.17	20.92
Bank and Collection Charges	16.56	21.47
Audit fees		
Stutory Audit	5.50	5.50
Tax audit	1.25	1.25
Certifications	1.90	2.55
Director's Sitting Fees	6.80	4.20
Other expenses	21.13	20.10
	<u>566.79</u>	<u>477.84</u>



Shiksha Financial Services India Private Limited**Notes to financial statements for the period ended March 31, 2023**

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

24. Provisions

	As at March 31, 2023	As at March 31, 2022
Provision, Standard Assets *	-	-
Provision, Sub Standard, Doubtful, Restructured assets *	2,004.92	-
Provision for contingency	51.94	-
Loans/Assets Written off	94.41	0.11
	<u>2,151.27</u>	<u>0.11</u>
* Reversal of provision in respect of		
- Standard assets	32.81	18.38
- Sub Standard, Doubtful and Restructured assets	52.28	10.52
Total reversal of provision (refer note 20)	<u>85.09</u>	<u>28.90</u>

25. Income Tax

Current Tax	-	-
Reversal of Current Tax pertaining to earlier years	-	(43.39)
Deferred Tax	(417.23)	(3.92)
	<u>(417.23)</u>	<u>(47.31)</u>

26. Earning per Share

Profit after tax	(1,688.27)	(2,666.52)
Weighted average number of Equity Shares (Basic)	69.76	69.76
Add: Dilutive effect relating to CCPS	23.32	19.52
Weighted average number of Equity Shares (Diluted)	93.08	89.28
Earning per Share - Basic (`) *	(24.20)	(38.22)
Earning per Share - Diluted (`)	(18.14)	(29.87)
Face value per Share (`)	10.00	10.00

*Note: Earnings per Share calculations are as per Accounting standard 20 (AS 20) "Earnings per Share"



Shiksha Financial Services India Private Limited**Notes to financial statements for the period ended March 31, 2023**

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

27 Additional disclosures pursuant to the Reserve Bank of India's Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016

Particulars	Amount Outstanding	Amount Overdue
Liabilities side:		
a Loans and advances availed by the NBFC ^		
i) Debentures : Secured	252.52	-
: Unsecured	-	-
ii) Deferred Credits	-	-
iii) Term Loans	409.11	-
iv) Inter-Corporate loans and borrowings	-	-
v) Commercial Paper	-	-
vi) Public Deposits	-	-
vii) Other Loans	-	-
- Bank Borrowings	-	-
^ Includes interest accrued thereon but not due and hence not paid		
b Break up of (a) (v) above (public deposits)		
i) In the form of Unsecured debentures	-	-
ii) In the form of partly secured debentures	-	-
iii) Other public deposits	-	-
Assets side:		
c Break-up of Loans and Advances including bills receivables		
i) Secured	2,544.65	-
ii) Unsecured	3,986.73	-
d Break up of Leased Assets and stock on hire and other assets counting		
counting towards asset financing activities		
i) Lease assets including lease rentals		
- Financial lease	-	-
- Operating lease	-	-
ii) Stock on hire including hire charges		
- Assets on hire	-	-
- Repossessed Assets	-	-
iii) Other loans counting towards asset financing activities		
- Loans where assets are repossessed	-	-
- Loans other than (a) above	-	-



Shiksha Financial Services India Private Limited**Notes to financial statements for the period ended March 31, 2023**

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

e Break-up of Investments

Current Investments

i) Quoted

- Shares	-	-
- Equity	-	-
- Preference	-	-
- Debentures and Bonds	-	-
- Units of mutual funds	772.00	-
- Government Securities	-	-
- Others	-	-

ii) Unquoted

- Shares	-	-
- Equity	-	-
- Preference	-	-
- Debentures and Bonds	-	-
- Units of mutual funds	-	-
- Government Securities	-	-
- Others	-	-

Long Term investments

- Debentures and Bonds	-	-
- Equity	-	-
- Preference	-	-
- Debentures and Bonds	-	-
- Units of mutual funds	-	-
- Government Securities	-	-
- Others	-	-

ii) Unquoted

- Shares	-	-
- Equity	-	-
- Preference	-	-
- Debentures and Bonds	-	-
- Units of mutual funds	-	-
- Government Securities	-	-
- Others	-	-



Shiksha Financial Services India Private Limited

Notes to financial statements for the period ended March 31, 2023

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

Borrower group-wise classification of assets financed		Amount net of provisions	
f	i) Related Parties	Secured	Unsecured
	- Subsidiaries	-	-
	- Companies in the same group	-	-
	- Other related parties	-	-
	ii) Other than related parties	1,659.86	2,689.30
g	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	Market Value / Fair value or NAV	Book Value (Net of Provisions)
	i) Related Parties		
	- Subsidiaries	-	-
	- Companies in the same group	-	-
	- Other related parties	-	-
	ii) Other than related parties	772.39	772.00
h	Other information		
	Particulars		Amount
	(i) Gross Non-Performing Assets		
	- related parties		-
	- other than related parties		2,835.36
	(ii) Net Non-Performing Assets		
	- related parties		-
	- other than related parties		689.48
	(iii) Assets acquired in satisfaction of debt		-

28. The Company is a Non-Banking Financial Company in the Base Layer (NBFC-BL), Company. In addition to the disclosures being made vide Note 27 above, the following disclosure in the Financials Statement are being made

a	Capital Adequacy	As at March 31, 2023	As at March 31, 2022
	CRAR - Tier I Capital (%)	88.21%	46.20%
	CRAR - Tier II Capital (%)	0.64%	0.32%
	CRAR (%)	88.85%	46.52%



Shiksha Financial Services India Private Limited

Notes to financial statements for the period ended March 31, 2023

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

b	Asset classification	As at March 31, 2023		
		Gross Loans	Provisions	Net Loans
	Standard	3,696.02	36.34	3,659.69
	Sub-standard	2,526.06	2,000.37	525.69
	Doubtful	309.29	93.57	215.72
	Total	6,531.38	2130.28	4,401.10
	Provision for Contingencies			51.94
	Net Assets			4,349.16

	As at March 31, 2023	As at March 31, 2022
c Provisions for loan assets		
Provision for Standard Assets	13.12	45.92
Provision for Sub Standard and Doubtful Assets	2,093.94	89.02
Provision for Restructured Assets	23.22	75.50
Provision for Contingencies	51.94	
Total	2,182.22	210.44

d The Company, as a prudent measure, has made a provision at 0.40% (Previous year 0.40%) for Standard Assets on the Balance Sheet

e Date as against the RBI requirement of 0.25% provision. The Company, as a prudent measure, has created an additional provision for Contingencies of Rs 51.94 lakhs (previous year NIL) This is in addition to RBI requirements and as per Company policy

29. Related Party Disclosures

Key Management personnel	V L Ramakrishnan	Promoter and Whole time Director
Relatives of Key Management Personnel	a) Mrs. Annapurni R	Wife
Key Management personnel	Jacob Abraham	Promoter and Whole time Director
Relatives of Key Management Personnel	a) Mrs. Nandini Raj	Wife

Transactions	As at March 31 2023	As at March 31 2022
V.L. Ramakarishnan		
- Remuneration	63.98	56.94
Jacob Abraham		
- Remuneration	53.11	47.29
Year end balances		
- Equity Share Capital - V L Ramakrishan / Annapurni	100.00	100.00
- Equity Share Capital - Jacob Abraham / Nandini Raj	61.00	61.00



Shiksha Financial Services India Private Limited

Notes to financial statements for the period ended March 31, 2023

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

30. Micro, Small and Medium Enterprises Development Act, 2006

There have been no overdue amounts payable to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company. Further the Company has not paid any interest to Micro, Small and Medium Enterprises during the year ended Mar 31, 2023 hence, the disclosure relating to the same are not applicable.

31. Pursuant to Reserve Bank of India circular DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021 read with circular DOR.STR. REC.85/21.04.048/2021-22 dated 15 February 2022, the Company has implemented the necessary changes in Income Recognition, Asset Classification and Provisioning (IRACP) norms.

32. During the previous year ended 31st March 2022, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI.

a) Disclosure pursuant to RBI Circular No. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19 and Notification RBI/2021- 2022/32/DOR. STR.REC.12 /21.04.048/2021-22 dated May 5, 2021 pursuant to resolution framework 2.0: Resolution of Covid -19 related stress of Individuals and Small Businesses.

Type of Borrower	Personal Loans	Corporate persons*	Of which MSMEs	Others	Total
(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan, as at the end of the previous year	62.29	-	-	-	62.29
(B) Of (A), aggregate debt that slipped into NPA in the year	13.36	-	-	-	13.36
(C) Of (A) amount written off the year	-	-	-	-	-
(D) Of (A) amount paid by the borrowers during the year	48.93	-	-	-	48.93
(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan, as at the end of this year	-	-	-	-	-

-* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

b) Disclosure on Resolution Framework 2.0 implemented in terms of RBI circular no. RBI/2021-22/32 DOR. STR.REC.11/21.04.048/2021-22 dated 5 May 2021 (Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs), as at 31st March 2023

No. of accounts restructured	Amount (Rs in Lakhs)
32	354.30

33. Having regard to the devastating consequential impact of the COVID pandemic on the Company's customers and its impact on their cashflows/repayment, i.e. a) Lockdowns and mobility restrictions imposed by the central and various state governments due to COVID, impacted smooth functioning of educational institutions b) Customers livelihood, health and cashflows were impacted, affecting their ability to repay loans. the Company has:-



Shiksha Financial Services India Private Limited**Notes to financial statements for the period ended March 31, 2023**

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

i) During the year ended 31 March 2023, as a prudent measure, created an additional provision for Contingencies of Rs 51.94 lakhs (previous year NIL) and an additional provision for NPA, of Rs 1,748.06 Lakhs (Previous Year NIL), in addition to RBI requirements and as per Company policy/estimate.

ii) During the previous year ended 31 March 2022, accelerated write offs of loans whose repayment have been severally impacted by the unprecedented consequences of COVID, of Rs 2,306.85 lakhs i.e.,

	2022-23
- Aggregate value of loans written off	2,523.92
- of which, provisions maintained as per RBI regulations	(217.07)
- Aggregate value of loans charged to P&L account as exceptional item	2,306.85

34. Employee Benefits

Defined Benefit Scheme - Leave Encashment: The Company has defined benefit scheme in the form of Leave Encashment to employees The disclosure under AS – 15 (Revised) in this regard is given hereunder:

Assumptions	2022-23	2021-22
Discount Rate	7.20%	5.55%
Attrition Rate	30.00%	30.00%
Salary Escalation	8.00%	8.00%

Table showing changes in Present Value of Obligations	2022-23	2021-22
Present value of obligations at the beginning of the year	24,30,421	30,89,052
Interest Cost	1,34,793	2,09,289
Current Service Cost	5,34,101	4,19,798
Benefits Paid	-5,32,298	-6,02,335
Actuarial (Gain) / Loss on obligations	-4,30,036	-6,85,383
Present value of obligations as at end of the year	21,36,981	24,30,421

Actuarial Gain/Loss Recognized	2022-23	2021-22
Actuarial gain / (loss) on obligations	4,30,036	6,85,383
Actuarial gain / (loss) for the year – plan assets	-	-
Total gain / (loss) for the year	-4,30,036	-6,85,383
Actuarial gain / (loss) recognized in the year	-4,30,036	-6,85,383



Shiksha Financial Services India Private Limited
Notes to financial statements for the period ended March 31, 2023

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

Amounts to be recognized in Balance Sheet	As at 31st Mar 2023	As at 31st Mar 2022
Present value of obligations as at the end of the year	21,36,981	24,30,421
Fair value of plan assets as at the end of the year	-	-
Funded Status	-21,36,981	-24,30,421
Net asset/(liability) recognized in balance sheet	-21,36,981	-24,30,421

Expenses Recognized In Statement of Profit and Loss	2022-23	2021-22
Current Service Cost/Past Service Cost(Vested)	5,34,101	4,19,798
Interest Cost	1,34,793	2,09,289
Expected return on plan assets	-	-
Net Actuarial (gain) / loss recognized in the year	-4,30,036	-6,85,383
Expenses recognized in profit and loss statement	2,38,858	-56,296

Defined Benefit Scheme - Gratuity: The Company has defined benefit scheme in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund as per the scheme framed by the Corporation. The disclosure under AS - 15 (Revised) in this regard is given hereunder

Assumptions	2022-23	2021-22
Discount Rate	7.20%	5.55%
Attrition Rate	30.00%	30.00%
Salary Escalation	8.00%	8.00%
Expected return on plan assets	7.20%	5.55%

Table showing changes in Present Value of Obligations	2022-23	2021-22
Present value of obligations at the beginning of the year	45,25,808	31,30,019
Interest Cost	2,51,005	2,12,690
Current Service Cost	13,18,458	15,11,307
Benefits Paid	-1,85,708	-3,45,952
Actuarial (Gain) / Loss on obligations	-3,99,119	17,744
Present value of obligations as at end of the year	55,10,444	45,25,808



Shiksha Financial Services India Private Limited**Notes to financial statements for the period ended March 31, 2023**

(All amounts are in Indian Rupees Lakh except share data and otherwise stated)

Actuarial Gain/Loss Recognized	2022-23	2021-22
Actuarial gain / (loss) on obligations	-4,95,932	68,231
Actuarial gain / (loss) for the year – plan assets	-	-
Total gain / (loss) for the year	4,95,932	-68,231
Actuarial gain / (loss) recognized in the year	4,95,932	-68,231

Amounts to be recognized in Balance Sheet	2022-23	2021-22
Present value of obligations as at the end of the year	55,10,444	45,25,808
Fair value of plan assets as at the end of the year	75,50,484	55,19,360
Funded Status	20,40,040	9,93,552
Net asset / (liability) recognized in balance sheet	20,40,040	9,93,552

Expenses Recognized In Statement of Profit and Loss	2022-23	2021-22
Current Service Cost/Past Service Cost(Vested)	13,18,458	15,11,307
Interest Cost	2,51,005	2,12,690
Interest Earned	-3,06,109	-3,27,449
Net Actuarial (gain) / loss recognized in the year	-4,95,932	-68,231
Expenses recognized in profit and loss statement	7,67,422	13,28,317

35. Other disclosures: -

- There are no pending litigations against the Company, as at Mar 31, 2023.--
- Complaints received by the NBFCs from customers and from the Offices of Ombudsman-

Complaints received by the NBFC from its customers

Particulars	As at March 31 2023	As at March 31 2022
No. of Complaints pending as at beginning of the year	0	0
No. of Complaints received during the year	4	6
No. of Complaints redressed during the year	4	6
No. of Complaints pending as at end of the year	0	0

Maintainable complaints received by the NBFC from Office of Ombudsman

Particulars	As at March 31 2023	As at March 31 2022
No. of maintainable complaints received by the NBFC from Office of Ombudsman	3	1
No. of complaints resolved in favour of the NBFC by Office of Ombudsman	0	1



No. of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman	3	1
No. of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	1	0

c) During the year, the Company reversed a sum of Nil (previous year Rs. 43.39 lakhs) on account of excess tax provision made in the previous financial years.

36. Additional disclosures under Schedule III

- (i) Title deeds of Immovable Property not held in name of the Company - Nil
- (ii) During the year no revaluation was made for Fixed Assets.
- (iii) The company had not granted any loans or advances to promoters, Directors, KMP's and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person.
- (iv) Capital-Work-in Progress (CWIP) - Nil
- (v) Intangible assets under development - Nil
- (vi) Details of Benami Property held: No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (vii) Wilful Defaulter - The company is not declared as a wilful defaulter by any bank or financial institution or other lender.
- (viii) Relationship with Struck off Companies - Nil
- (ix) Registration of charges or satisfaction with Registrar of Companies beyond the statutory period - Nil
- (x) Compliance with number of layers of companies - Not Applicable
- (xi) Ratios:-

Name of the Ratio	2022-23	2021-22	Variation	Reason for Variance
(a) Current ratio	NA	NA		
(b) Debt Equity ratio	0.12	1.49	92%	
(c) Debt Service Coverage ratio	-0.11	0.22	150%	
(d) Return on Equity ratio	-27%	-5%	-439%	*
(e) Inventory turnover ratio	NA	NA		
(f) Trade Receivables turnover ratio	NA	NA		
(g) Trade payables turnover ratio	NA	NA		
(h) Net capital turnover ratio	NA	NA		
(i) Net profit ratio	-57%	-11%	-419%	*
(j) Return on Capital employed	NA	NA		
(k) Return on investment	NA	NA		



*Due to reduction in loss during the current year

(xii) Compliance with approved Scheme(s) of Arrangements - Not Applicable

(xiii) Utilisation of Borrowed funds and share premium - Not Applicable

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(s) or entity(ies), including foreign entities("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.

(xiv) Details of any transaction 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 - Nil

(xv) Corporate Social Responsibility (CSR) : The Provisions of section 135 of the Companies Act is not Applicable to the company.

(xvi) Details of Crypto Currency or Virtual Currency - Nil

37. Previous year figures have been regrouped, to align with current year disclosure, where relevant. The figures have been rounded off to Indian Rupees Lakhs.

As per our report of even date attached

For **N.C.Rajagopal & Co**

Chartered Accountants

Firm Registration Number 003398S

For and on behalf of the Board of Directors
Shiksha Financial Services India Private Limited

Sd/-

Arjun S

Partner

Membership No 230448

Sd/-

V.L.Ramakrishnan

Director

Sd/-

Jacob Abraham

Director

Place : Chennai

Date : 05-06-2023

Sd/-

Sornamukhi Nitharsana J

Company Secretary





FORM NO. MGT-11

PROXY FORM

**[Pursuant to Section 105(6) of the Companies Act,
2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]**

CIN: U74900TN2014PTC094623

Name of the Company: Shiksha Financial Services India Private Limited

Registered office: No. 497, 3rd Floor, Kattima Isana Mall, Poonamallee High Road, Arumbakkam, Chennai-600 106, Tamil Nadu, India I/We, being member(s) of _____ shares of the above-named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:
or failing him
2. Name:
Address:
E-mail Id:
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company, to be held on the Saturday, the 23rd day of September 2023 at 11.00 A.M. at the Registered Office of the Company situated at No. 497, 3rd Floor, Kattima Isana Mall, Poonamallee High Road, Arumbakkam, Chennai-600 106, Tamil Nadu, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above Proxy to vote in the manner as indicated in the Box Below: -

S. No.	Resolutions: -	For	Against
1.	To consider and adopt the Financial Statements for the financial year ended 31st March 2023		

Signed this _____ day of 2023

Signature of shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. This is only optional. Please put an 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes



