



Gray Matters Capital Set to Sell its Stake in Indian School Finance Company (ISFC) to Manappuram Finance

The Deal values the 100% Equity Shares of ISFC at INR 248.50 Crore

During its investment in ISFC, Gray Matters Capital has positively impacted the lives of over 2.6 million Students in 4000+ Affordable Private Schools with 23% borrowers being Women

BENGALURU / NEW DELHI, 3rd July, 2018: Gray Matters Capital (GMC), an impact investor with a gender lens focused on enterprises working to improve access to affordable quality education and employability in India, has today announced that it has decided to sell its entire 81.92% stake in Delhi based Non-Banking Financial Company (NBFC) - Indian School Finance Company (ISFC). The entire stake will be sold to Manappuram Finance Ltd., which is one of the leading gold finance NBFCs in India, based out of Kerala. Caspian, an impact focused investor which has advised ISFC since its inception will also exit the Company, selling its 3.48% stake.

The Sellers and ISFC have entered into binding agreements with Manappuram Finance Ltd. and the deal, which values the 100% equity shares of ISFC at INR 248.50 crore, is subject to customary closing conditions and regulatory approvals.

Deloitte Touche Tohmatsu India LLP acted as exclusive financial advisor and Wadia Ghandy & Co. acted as legal advisor to Gray Matters Capital, Caspian and ISFC.

Incubated in 2009 by Gray Matters Capital, ISFC is the first company in the world to exclusively fund education institutions to meet their infrastructure requirements and the first niche financier to affordable private schools (APS) in India. It had raised \$ 6 million as part of Series A funding from Gray Matters Capital in October 2016.

ISFC Loan Portfolio : Quantifying the GMC Investment Impact

- ISFC has assets under management (AUM) of INR 522.59 crore as of 31 March 2018. Currently ISFC serves over 2.6 million students through 4,000+ institutional clients.
- It has a country-wide footprint spanning 116 locations across 15 states through a hub and spoke model and with over 300 employees.
- 79% of customers run affordable private schools with monthly fees under Rs.1200
- 23% of borrowers are women
- 20% of all loans made to schools in rural areas
- 2600 loans made to teachers with low salaries
- Besides educational institutional loans for infrastructure, the loan portfolio has been diversified to loans for ecosystem players in education (book publishers, content companies, computer providers, stationery vendors, furniture providers, uniform providers etc.) and student education loans under the 'Shishya Finance' scheme.



Recounting the genesis of ISFC, **Bob Pattillo, Founder, Gray Matters Capital** said, “We’ve been funding loans to women in India for 17 years. 9 years ago we asked our clients how they invested their savings and they said “Education”. They took us to see their neighbourhood schools run by entrepreneurs. Since the mothers were good consumers, we believed that their kids might be, and an industry was born.”

ISFC AND ISFC spinoff VARTHANA together serve 90% of the market in India.

“With ISFC, Gray Matters Capital pioneered the private school finance sector in India. With our investment in ISFC, we enabled a dynamic ecosystem of borrowers and lenders in the private school sector with its focus on quality and access, underscoring our credence of being ecosystem investors”, said **Ragini Bajaj Chaudhary, India CEO, Gray Matters Capital**.

“ISFC was able to demonstrate that affordable private schools can be a bankable and high impact asset class. With affordable private schools flourishing, the entire ecosystem of products and services to improve education outcomes has evolved. The expectation is that all of these initiatives will enable inter-generational impact.” said **Ravi Narasimham, Investment Director at Caspian Impact Investment Adviser**.

Neeraj Sharma, Managing Director and CEO, Indian School Finance Company commented, “Being the pioneer in an industry often comes with its unique set of difficult challenges, the primary among them being raising capital from institutional investors / lenders. With GMC by our side, its experience in microfinance and its understanding of the Affordable Private Schools (APS) segment, helped us tremendously in achieving rapid growth, and strong financial performance over the years.”

Rajeev Suneja, partner and leader banking and financial services at Deloitte Financial Advisory said, “ISFC has been a pioneer in the field of affordable school finance in India, Manappuram parentage will provide further impetus to growth, wider reach and reduced liability cost for ISFC”

Notes to the Editor

About Gray Matters Capital

Gray Matters Capital (GMC) is an Atlanta based impact investor with a mission to *support “An education leading to a more purposeful life for 100 million women by 2036.”* In India, it invests in for-profit education ventures with a focus on access to affordable quality education and on employability leading to a future job ready workforce with 21st century skills. Investments in education focused funds; enterprises with break through solutions in education with its edLABS initiative; building markets through ecosystem development and providing value beyond capital through portfolio management constitute the key focus areas of its India strategy.

Gray Matters Capital is the anchor investor in CBA Capital’s \$ 20 million education sector focused fund – Education Catalyst Fund which has invested in edtech start-ups such as Buddy4Study, Simulanis and Kopykitab. In April this year, it launched India’s first education and skilling sector focused accelerator program – GMC Calibrator for improving user engagement on mobile edtech apps and help bridge gender gaps in education and the workplace. To know more about Gray Matters Capital and its initiatives across the globe, visit: <http://graymatterscap.com/>



About Indian School Finance Company

ISFC is a Non-Banking Financial Company engaged in the business of lending to educational institutions and entrepreneurs managing such institutions. It is the first company in the world to exclusively fund education institutions. The company is widely recognized and appreciated in the education segment for its impact on schools and focus on improvement in quality of education. The objective of ISFC is to assist the Schools and other education institutions in capacity building through infrastructure improvements, thereby enabling students to access quality education. For more details, visit: <https://isfc.in/>

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