Annual Report 2022 - 2023

हेफ़ा HEFA

ENABLING EXCELLENCE

उत्कृष्टता को सक्षम कराना

Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

A Joint Venture of

सत्यमेव जयते

Government of India

Ministry of Education

Canara Bank

केनरा बैंक

HEFA Team With NIT Rourkela Officials

HEFA Team with IIT Roorkee Officials

HEFA Team with NIT Calicut Officials

HEFA Team with JNU Officials

HEFA Team With IIT Chennai Officials

MD & CEO HEFA with IIM Vishakhapatnam Officials

CU Rajasthan Welcoming HEFA PMU Head

HEFA Officials at NIT uttarakhand

BOARD OF DIRECTORS

Sanjay Murthy
Secretary,
Ministry of Education, GOI
Chairman

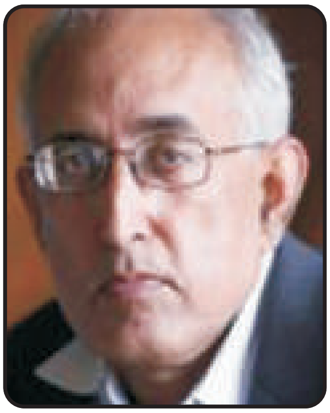
Ashok Chandra
Executive Director,
Canara Bank
Vice Chairman

Mohammad Thophic
Managing Director & CEO

Sunil Kumar Barnwal
Joint Secretary, MoE, GOI,
Nominee Director

Dr. Bhaskar Ramamurthi
IIT Madras – Director
Nominee Director

Dr. Rishikesha Thiruvenkata Krishnan
Professor IIM Bangalore, GOI
Nominee Director



Dr. Virander Singh Chauhan
UGC Member
Independent Director

Dr. Ashok Misra
Independent Director

MANAGEMENT TEAM

Sunil Dutt Verma
Senior Executive Vice President
and Chief Risk Officer

Arvind Mudwel
Senior Executive Vice President
and Project Monitoring Unit Head

Gourav Sunil
Executive Vice President
and Company Secretary

Rahul Saini
Chief Financial Officer

Srinivas Murthy V
Chief Technology Officer

AUDITORS

K. P RAO & CO
CHARTERED ACCOUNTANTS
POORNIMA, IIND FLOOR, 25, STATE BANK ROAD,
BANGLORE-560001, KARNATAKA

BANKERS

CANARA BANK
CANTONMENT BRANCH
SPENCERS TOWERS, M G ROAD
BANGALORE – 560001

REGISTERED ADDRESS

STOCK EXCHANGE TOWERS,
51, 1ST FLOOR,1ST CROSS, J.C.ROAD,
BANGALORE -560027

CONTENTS

LIST OF DIRECTORS AS ON 31.03.2023

S. No.	Director	Designation	Date Of Appt
1	Mr. K. Sanjay Murthy	Chairman	01-10-2021
2	Mr. Brij Mohan Sharma	Vice Chairman	23-06-2022
3	Mr. C. Jayakumar	Managing Director & CEO	01-06-2020
4	Mr. Vineet Joshi	Nominee Director	18-11-2020
5	Prof. Virander Singh Chauhan	Independent Director	12-06-2017
6	Prof. Bhaskar Ramamurthi	Nominee Director	12-06-2017
7	Prof. Rishikesha Thiruvenkata Krishnan	Nominee Director	12-06-2017
8	Prof. Ashok Misra	Independent Director	12-06-2017
9	Mr. Rajesh Bhushan	Nominee Director	06-08-2020

NOTICE is hereby given that the **SIXTH ANNUAL GENERAL MEETING** of the Shareholders of Higher Education Financing Agency will be held on **17th November, 2023 at 06:15** PM through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') facility totransact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2023 and reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Prof. Rishikehsa T. Krishnan, Director of the Company whoretire by Rotation in terms of Section 152 of the companies act 2013 and Article 140 of Articles of Association of the company and, being eligible proposed himself for the Reappointment on HEFA Board in terms with article 142 &128 of AOA.

   To consider and if deemed fit, to pass the following resolution as Ordinary resolution:

   "RESOLVED THAT Prof. Rishikehsa T. Krishnan (DIN: 64067), Director of the Company who retire by Rotation in terms of Section 152 of the companies act 2013 and Article 140 of Articles of Association of the company and, being eligible be and is hereby reappointed as Director of the Company in terms with article 142 & 128 of AOA."
3. To appoint a Director in place of Prof. Bhaskar Ramamurthi, Director of the Company who is retiring by Rotation in terms of Section 152 of the companies act 2013 and Article 140 of Articles of Association of the company and, being eligible proposed himself for the Reappointment on HEFA Board in terms with article 142 & 128 of AOA.

   To consider and if deemed fit, to pass the following resolution as Ordinary resolution:

   "RESOLVED THAT Prof. Bhaskar Ramamurthi (DIN: 1914155), Director of the Company who is retiring by Rotation in terms of Section 152 of the companies act 2013 and Article 140 of Articles of Association of the company and, being eligible be and is hereby reappointed as Director of the Company in terms with article 142 & 128 of AOA."
4. To authorise Board of Directors to appoint and for fixing the remuneration of the Auditors of the Company for the Financial Year 2023-24.

   To consider and if deemed fit, to pass the following resolution as Ordinary resolution:

   "RESOLVED THAT Board of Directors is hereby authorised to confirm the appointment of the auditor of the company for the FY 2023-24 which will be appointed by C&AG in terms of provisions of section 139(5) of the companies act 2013.

FURTHER RESOLVED THAT Board of Directors is hereby Authorised to fix the Remuneration of Auditors of the company for FY 2023-24."

SPECIAL BUSINESS

5. To Ratify the Appointment of MD & CEO of the Company.

   To consider and if deemed fit, to pass the following resolution as Special Resolution :

   "RESOLVED THAT the appointment of Mohammad Thophic (DIN No : 10118049) as MD & CEO of the company be and is hereby ratified.

   FURTHER RESOLVED THAT Chief Financial Officer or Company secretary is severally authorised to do all such acts and deeds for ROC filings and Disclosures to implement the resolution."

By Order of the Board of Directors

Mohammad Thophic

Date:17.11.2023 **Managing Director & CEO**

NOTES:

1. Pursuant to General Circular dated 28th Dec 2022 issued by the Ministry of Corporate Affairs ("MCA Circulars") allowing Companies to hold AGM through Video Conferencing mode till 30.09.2023, the 06th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 6th AGM shall be the Registered Office of the Company.

2. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 6th AGM.

3. In line with the MCA Circulars, the Notice of the 6th AGM will be available on the website of the Company at www.hefa.co.in

4. Members may join the 06thAGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members, 30 minutes before the time scheduled to start the 06thAGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the AGM.

5. Attendance of the Members participating in the 6th AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

6. Since the company has less than 50 members, the Chairman may decide to conduct a vote by show of hands, unless a demand for poll is made by any member in accordance with section 109 of the Act.

7. Once such demand is made, the following procedure shall be followed, where a poll on any item is required, the members shall cast their vote on the resolutions only by sending emails through their email addresses which are registered with the company. The said emails shall only be sent to the designated email address circulated by the company in advance.

Explanation: The poll will take place during the meeting, and the members may convey their assent or dissent only at such stage on items considered in the meeting by sending e-mails to the designated e-mail address of the company, which was circulated by the company in the notice sent to the members.

8. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.

Notes and Explanatory Statement as per section 102 of the Companies act 2013

Item 1: To consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2023 and reports of the Board of Directors & Auditors thereon.

Note : The Annual financial statements was approved by Board of Directors in its meeting dated 01.09.2023. The Approved Annual financial statements and Auditor's report was submitted to C&AG for their observations. The C&AG preliminary remarks were replied by the company on 26.10.2023. Final Report is yet to receive. As company has received extension in time for conducting AGM till 29.11.2023, waiting for the final report will lead to surpassing the deadline date. Final report shall be separately circulated upon receipt. As per Section 96 and Section 102 of the companies act 2013, The adoption of Annual Financial Statements of the Company for FY 2022-23 is required to be transacted in Annual General Meeting. The Annual Financial Statements, Auditor Report and Director Report has been circulated to all the members and notice in pursuant meeting has been circulated. The Annual Financial Statements, Auditor's report and Director's shall be the part of Annual report of the company for FY 2022-23.

Item 2: To appoint a Director in place of Prof. Rishikehsa T. Krishnan, Director of the Company who retire by Rotation in terms of Section 152 of the companies act 2013 and Article 140 of Articles of Association of the company and, being eligible proposed himself for the Reappointment on HEFA Board in terms with article 142 &128 of AOA.

Note : At Present company has 6 directors (Shri Brijmohan Sharma, Shri Vineet Joshi and Shri Rajesh Bhushan has demitted the office on 01.07.2023, 01.09.2023 & 01.09.2023 respectively) Out of the 6 directors, 2 are Independent Directors (Prof. Ashok Mishra & Prof Virander Singh Chauhan). As per Section 152(6) of the companies act office of Independent directors are not eligible to retire by rotation. Further, as per Article 128 of AOA, MD & CEO appointment by Canara Bank is on non-rotation Basis. Thus, out of the remaining 3 directors (Shri K Sanjay Murthy, Prof. Rishikesha T. Krishnan & Prof. Bhaskar Ramamurthy) 1/3 of the directors shall be retired annually in compliance to article 140 of the Article of association (AOA) of the company. As per Article 141 of AOA, the director who have been longest in the office since their last appointment will be retire first. As per Article 142 of AOA, a retiring director shall be eligible for re-election. The Directors Prof Rishikesha T. Krishnan & Prof. Bhaskar Ramamurthy was retired by rotation and re-elected again in September-2020 Annual General meeting. Thus, holding of office of Director by Prof Rishikesha T. Krishnan is longest among the directors eligible to retire by rotation. Being eligible, it is proposed for reappointment of Prof. Rishikesha T. Krishnan on the HEFA Board.

Item 3: To appoint a Director in place of Prof. Bhaskar Ramamurthi, Director of the Company who retire by Rotation in terms of Section 152 of the companies act 2013 and Article 140 of Articles of Association of the company and, being eligible proposed himself for the Reappointment on HEFA Board in terms with article 142 &128 of AOA.

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Item 4: To authorise Board of Directors to appoint and for fixing the remuneration of the Auditors of the Company for the Financial Year 2023-24.

Note : As per Section 139 (5) of the companies act 2013, in case of the Government company, the C&AG shall appoint the Auditor within 6 month of the commencement of financial year which shall hold the office till conclusion of next Annual General Meeting. C&AG is yet to appoint the Auditor of the company for the FY 2023-24. Since, the appointment of auditor of the company has not been informed to the company, the appointment of auditor cannot be confirmed in the present Annual General Meeting. Thus, Members are requested to Authorise the Board of Director to confirm the appointment of Auditor of the company for FY 2023-24 which will be appointed by C&AG of India. Further, Board may be Authorise to Fix the remuneration of Auditor of the company for FY 2023-24.

Item 5: To Ratify the Appointment of MD & CEO of the Company.

Notes : Mr C Jayakumar demitted the office upon completion of his tenure and Mr Mohammad Thophic has been appointed as MD & CEO of HEFA w.e.f 17.04.2023 in terms of article 128 of AOA. His appointment has been approved by board of directors through resolution by circulation through majority assent received on 04.05.2023.

The appointment was noted by the Board in its meeting dated 01.09.2023. As per Article 128 of AOA, the Canara Bank will appoint a director on non-rotational basis as Managing Director. As per section 152(2) of the Companies act 2013, every director to be appointed by company in General Meeting. Further section 161(3) Board may appoint any person as a director nominated by any institution, State Government or Central Government by virtue of any agreement time being in force. Though the appointment of MD & CEO is nominated by Canara Bank in terms of Joint Venture agreement and AOA but article is silent on the appointment of directors except for Additional Director and alternate director. HEFA is joint venture of Ministry of Education (MOE), Government of India (GOI) and, Canara Bank and MOE, GOI & Canara Bank are the promoters cum institutional shareholders of the company. Considering the section 152(2) and 161(3) of the companies act 2013, there is ambiguity on applicability of provision of section 161(3) of the companies act 2013 on Nomination of directors by MOE, GOI & Canara Bank on the Board of HEFA. Thus, in order to comply the applicable provisions of the companies act 2013 in a harmonious way, it is proposed to obtain the consent of Shareholder on the appointment of MD & CEO in General Meeting.

By Order of the Board of Directors

Mohammad Thophic
Managing Director & CEO
DIN No. 10118049

CHAIRMAN'S SPEECH

Dear shareholders,

A very warm welcome to the Sixth Annual General Meeting of Higher Education Financing Agency.

The Vision of HEFA is "To enable India's premier educational institutions to excel and to reach the top in global rankings by financing building world class infrastructure including R&D Infra".

Breaking into top 100 global university rankings takes time and cannot happen overnight, there is no timeline. I think the change has started. Everyone is conscious of the need to do research that has greater weightage in such types of rankings. In 2014, only nine institutions took part in QS rankings and in 2023, the number rose to 41. This itself is a big jump. More institutions are working on improving their accreditation spheres and these numbers will grow steadily.

We do work in an environment where we provide education to a large population at very reasonable fees in the institutions of national importance. Providing adequate Infrastructure support to these institutions would enable them to come in the rankings. Our vision is also reflected in G20 seminar and exhibition at IIT Madras which focused on technology-enabled learning. It demonstrates the best practices deployed by G20 countries.

In Pursuit of excellence, Finance Minister in Budget speech 2023-24 has announced setting up of three centres of excellence for Artificial Intelligence in top educational institutions. The Department of Higher Education has been allocated Rs 44,095 crore for 2023-24, an increase of 8% over the revised estimates for 2022-23.

Post-pandemic we have seen that technology deployment has helped in bridging the learning loss. There is need to further calibrate how the technology is being deployed. The deliberations in these workshops are the step towards the direction. Government is focusing on three or four aspects of the National Education Policy."Ensuring curriculum, teaching in local languages, use of technology for deliverance of these courses, making sure there is proper documentation of credits through academic bank of credits".

Another revolutionary initiative by MoE is introduction of Common University Entrance Test (CUET) for UG admissions to the central and many other (state, deemed, and private) universities across the country. The common university entrance test (CUET) is voluntary and not mandatory."Depending on the need, the universities can join. The advantage for students is availability of single platform to join any university with just one application and one entrance exam. It will also cater the Universities in procuring the best prodigies across the nation. In CUET 2023 a total of 250 universities (including 47 central universities) participated and took UG admissions based on the CUET scorecard of the candidates. The number of participating universities is expected to grow even more in the coming years. This whole initiative of CUET (a common admission test for all the universities participating in it) has revamped the entire UG admission scenario in the country.

Finance Minister in his Budget speech of 2016-17, announced setting up of Higher Education Financing Agency (HEFA), a not-for-profit organisation with an initial capital base of Rs. 1000 crore, to leverage funds from the market and supplement them with donations and CSR funds to finance improvement in infrastructure in top institutions. HEFAreceived the licence under section 8 on 30.05.2017 and the company was incorporated under the Companies Act 2013 on 31.05.2017. It received NBFC registration from RBI on 21.11.2017. Since Inception, HEFA acted as catalyst in supporting educational infrastructure and supporting the vision of RISE 2022.

In the Rise by 2022 announced by H'ble FM in his budget speech of 2017-18, HEFA's role was expanded to cover all centrally funded institutions. The scheme RISE by 2022 was initially launched upto 2022 only and now it is under renewal process. In this renewal MoE is going to expand the scope of the scheme and more institutions like IIIT (PPP Model), Old IIM, non-technical institutions established prior to 2014, Central Universities and non-technical institutions established after 2014 and Technical Institutions established after 2014 are being covered in the scheme.

HEFA's performance as at 30.03.2023 at a glance:

- As at 31.03.2023, HEFA,s paid–up capital stood at Rs. 5293.75 Crore. No fresh capital was infused during the year. HEFA has accumulated reserve & surplus of Rs. 1682.78 crore as on 31.03.2023.
- The no of institutions financed as at March 2023 stood at 101.
- The total disbursement during the financial year 2022-23 was Rs. 2909.86 Crore and the Cumulative disbursement upto 31.03.2023 were aggregating to Rs. 16845.21 Crore.
- HEFA has sanctioned 19 new loans aggregating to Rs. 2612.55 crores and the Cumulative sanctions upto 31.03.2023 were aggregating to Rs. 36091.66 Crore.
- The interest income on loans was Rs. 401.94 Crore. The surplus for the FY 2022-23 is Rs. 397.26 Crore and will form part of HEFA resources for lending.
- RISE by 2022 Scheme was valid upto 31.03.2022 and now same is being renewed for next 3 years with revised target of Rs. 58000.00 crore in next 3 years.

HEFA is committed to changing the face of Higher Education in India through pursuit of excellence, commitment of its employees, co-operation of borrower institutions and support of investors and shareholders.

Before concluding, I would also like to thank all my colleagues on the Board who are steering HEFA in achieving its laudable objective and shareholders MoE, GoI and Canara Bank for their firm commitment to the cause.

Thank you,

K. SANJAY MURTHY

DIRECTORS' REPORT

To
The Members,

The Directors are pleased to present the Sixth Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2023.

I FINANCIAL HIGHLIGHTS

(a) Summarized Financial Results

The comparative position of working results of the company for the financial year 2022-23vis-a-vis previous year is as mentioned below:

(Rs. in crore.)

Particulars	**2022-23**	**2021-22**	**2020-21**
Revenue from operations:			
- Interest on loans	401.94	586.32	593.82
- Interest on Deposit with Bank	43.54	3.02	3.53
- Other Income	0.33	-	0.06
Total Revenue:	**445.81**	**589.34**	**597.41**
Less: Total expenditure	48.55	141.82	155.82
(Deficit)/Surplus before Tax	397.26	447.52	441.59
*Tax Expenses	-	-	-
(Deficit)/Surplus for the year	**397.26**	**447.52**	**441.59**

******Our Company is registered under section 12AA of Income Tax Act, 1961 and income is exempted from Income Tax and hence no provision for tax has been made in the accounts.*

(a) Transfer To Reserves

The Company is holding an amount of Rs. 1326.84 Crorein Reserves, Rs. 336.55 Crorein Statutory Reserves and Rs. 19.39 Crorein Impairment Reserves respectively. As a Section 8 company, no dividend is distributed and hence the entire surplus amount in Income & Expenditure Account is transferred to Reserves.

(b) Share Capital

The Authorized Share Capital of the Company and the Paid up Capital of the Company as on 31st March 2023 stood at Rs. 10,000 Crore and Rs. 5293.75 Crore respectively.

OPERATIONAL PERFORMANCE

(a) RISE by 2022' scheme- expansion of the scope of HEFA

The scheme of RISE by 2022 is approved by the Cabinet on 04.07.2018, expanding the scope of Higher Education Financing Agency (HEFA) by enhancing its capital base to Rs. 10,000 crore and tasking it to mobilise Rs. 1,00,000 crore.

The objectives of 'RISE by 2022" are as follows:

- Substantially increasing funding for creating quality educational infrastructure in the school, higher and medical education under Government of India.
- To shift from a system of block budgetary grants to a project-based approach, so as to build more accountability and instill financial discipline in the educational institutions availing the funds. All projects should be appraised and approved by the Competent Authority in Government.
- Timely completion of the infrastructure projects by addressing issues of shortfall of funds, and by regular project monitoring systems.
- Avoid parking of funds by ensuring just-in-time release of funds as per the actual expenditure incurred.
- To take into account the requirements of all categories of institutions and their differential levels of internal earnings so that they can benefit by the funding through HEFA.

As per RISE by 2022, following five financing windows have been identified to address the requirements of various categories of institutions to be financed:

- Technical Institutions more than 10 years old: Repay the whole Principal Portion from the internally generated budgetary resources.
- Technical Institutions started between 2008 and 2014: Repay 25% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.
- Central Universities started prior to 2014: Repay 10% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.
- Newly established Institutions (started after 2014), for funding construction of permanent campuses: Grant would be provided for complete servicing of loan through OH-31. Other Institutions of MoE with no scope for fee revision or internal resource generation would figure in this category.

- <u>Other educational institutions and grant-in-aid institutions of Ministry of Health</u>: Sponsoring Department/Ministry to give a commitment for complete servicing of the principal and interest by ensuring adequate funds in the OH-31 for the institution.

Ministry of Finance vide letter No: 13(04)/PFC-II/2016 dated 07.09.2020 communicated to Ministry of Education that Projects which are sanctioned under Window IV & V will be directly funded from budgetary grants. Accordingly, Ministry of Education vide letter No: F.NO.41-04/2020-TS.VII (Pt.1) dated 22.09.2020 has communicated to HEFA further disbursement under window IV & V category of institutions will be stopped from HEFA and will be funded directly from the budgetary grants. Subsequently MoE & MoHFW had remitted Rs. 2752.57 crores towards closure of 27 accounts coming under Window IV & Window V in March 2022. All the accounts coming under Window IV & Window V were closed except NCI, Jhajjar for an amount of Rs. 297.50 crores, which is also closed on 31.03.2023.

(a) SANCTIONED LOANS AND DISBURSEMENT

During the year, Company has sanctioned 19 new loans aggregating to Rs. 2612.55 crores. The total disbursements made during financial year 2022-23 were Rs. 2909.84 Crores and the cumulative disbursements upto 31.03.2023 were aggregating to Rs. 16845.21 crores. Company made its first disbursement in the Month of June, 2018. The company has sanctioned loans to 101 institutions and total cumulative sanctioned amounting to Rs 36091.66 Cr as on 31.03.2023.

(b) RECOVERIES

- Recoveries under loans are up to date and there are no over dues.
- All the loan accounts are standard and there are no Non-performing Assets (NPA).
- The escrow mechanism for recovery of Principal and Interest is working well.

I SIGNIFICANT DEVELOPMENTS DURING THE FINANCIAL YEAR 2022-23

➢ **Directors inducted on the Board**

- Appointment of Shri Brijmohan Sharma, Executive Director, Canara Bank on the Board of the company in place of Shri. Debashish Mukherjee, Executive Director, Canara Bank as under:

Name of the Nominee Director – MoE, GoI	Date of Appointment
Shri Brijmohan Sharma, Executive Director, Canara Bank on the Board of the company	23.06.2022

➢ **Capital infusion**

There was no infusion of Equity Capital into the Company during the year.

➢ **Ratings**

ICRA has reaffirmedissuer rating to AA based on the company financials as on 31.03.2022.

I CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors in its meeting held on 07.03.2019, constituted Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 prescribing the roles and responsibilities of CSR committee. The Committee met on 15.03.2023 and 23.03.2023 during the reported financial year.

The Composition of CSR Committee as on 31.03.2023:

I. Prof. Ashok Misra, Independent Director and Chairman of the Committee

II. Mr. Vineet Joshi, Nominee Director and Member of the Committee

III. Mr. C Jayakumar, Managing Director and Member of the Committee

IV. Dr. Rishikesha Thiruvenkata Krishnan, Director and Member of the Committee

II CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

The following changes have taken place in the Directors and the Key managerial Personnel of your Company since last Annual General Meeting to till the date of this Report:

Sr. No.	Name of the Director	Designation	Date of Appointment	Ceased to be Director w.e.f.
1.	Shri BrijmohanSharma	Vice-Chairman Executive Director, Canara Bank	23.06.2022	01.07.2023
2.	Shri. Debashish Mukherjee	Vice-Chairman Executive Director, Canara Bank	01.02.2019	22.06.2022
3.	Ms. DarshanaMomayaDabral	Nominee Director Joint Sectetary& Financial advisor, MoE, Government of India	01.10.2018	14.11.2022
4	Mr Vineet Joshi	Nominee Director, MoE, Government of India	18.11.2020	01.09.2023
5	Mr Rajesh Bhushan	Nominee Director, MoH&FW, Government of India	06.08.2020	01.09.2023
6	Mr C Jayakumar	MD & CEO	01-06-2020	17.04.2023
7	Mr Mohammad Thophic	MD & CEO	17.04.2023	---------------
8	Mr Sunil Kumar Barnwal	Nominee Director Additional Secretary, MoE, GOI	18.10.2023	---------------
9	Mr Ashok Chandra	Nominee Director, (Canara Bank) & Vice Chairperson of Board	18.10.2023	---------------

Changes in Key Managerial Personnel during the period since last Annual General Meeting to till the date of this Report:

- In terms of the provisions of Companies Act, 2013; Mr. Rahul Saini appointed as Chief Financial Officer of the company w.e.f. 01.02.2023 in place of Mr. Shailesh Jalindar Jadhav.
- In terms of the provisions of Companies Act, 2013; Mr. Gourav Sunil appointed as Company Secretary of the company w.e.f. 17.06.2023 in place of Mr. Santosh Kumar Barik.

V BOARD MEETINGS

The Board of Directors of the Company duly met Four (4) times during the period under review; details are as follows:

Particulars	Date of Board Meeting
1st Board Meeting	02.06.2022
2nd Board Meeting	28.09.2022
3rd Board Meeting	28.12.2022
4th Board Meeting	24.03.2023

Above Board Meetings were attended by the Directors as under (FY 2022-23):

S.No.	Name of Members	Meeting(s) held	Meeting(s) Attended
1	Mr. K Sanjay Murthy	4	4
2	Mr. Vineet Joshi	4	3
3	Ms. DarshanaMomayaDabral	3	0
4	Mr. Debashish Mukherjee	1	1
5	Mr. Brijmohan Sharma	3	3
6	Mr. C Jayakumar	4	4
7	Dr. RishikeshaThiruvenkata Krishnan	4	4
8	Prof. BhaskarRamamurthi	4	3
9	Prof. Ashok Misra	4	3
10	Prof. Virander Singh Chauhan	4	4
11	Mr. Rajesh Bhushan	4	0

The composition of Board of Directors of the company as on 31.03.2023 as follows:

S.No.	Name	Designation	DIN
1	Mr. K Sanjay Murthy	Chairman - Nominee Director - Secretary, MoE, Government of India	03532374
2	Mr. Rajesh Bhushan	Nominee Director - Secretary, MoHFW, Government of India	01425921
3	Mr. Vineet Joshi	Nominee Director - Additional Secretary, MoE, Government of India	07078936
4	Mr. Brijmohan Sharma	Vice-Chairman - Nominee Director – Executive Director, Canara Bank	0009646943
5	Mr. C Jayakumar	Managing Director & CEO	08750890
6	Dr. Rishikesha Thiruvenkata Krishnan	Nominee Director	00064067
7	Prof. Bhaskar Ramamurthi	Nominee Director	01914155
8	Prof. Ashok Misra	Independent Director	00006051
9	Prof. Virandar Singh Chauhan	Independent Director	00454113

VI STATUTORY AUDITORS

M/s.K.P.RAO & CO., Chartered Accountants, Bangalore were appointed as Statutory Auditors of the Company for the financial year 2022-23 by the Comptroller & Auditor General of India pursuant to the provisions of Section 139 (5) of the Companies Act, 2013.

The report of the Statutory Auditors is appended with the Balance sheet.

VII DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, the Directors to the best of their knowledge and belief confirm that:

(i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the directors have 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 of the profit and loss of the Company for the periodended March 31st, 2023.

(iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the directors have prepared the annual accounts on a going concern basis.

(v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently

VIII ANNUAL RETURN

The web-link of annual return: http://hefa.co.in/invest-in-us/#notifications

IX AUDIT COMMITTEE

The Board of Directors in its meeting held on 07.03.2019 constituted the Audit Committee (AC) as required under Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01st, 2019 for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Committee met three times during the reported financial year.

The Composition of Audit Committee as on 31.03.2023:

1. Prof. Ashok Misra, Independent Director and Chairman of the Committee.
2. Prof. Virander Singh Chauhan, Independent Director and Member of the Committee.
3. Mr. Brijmohan Sharma, Vice Chairman and Member of the Committee.
4. Dr. Rishikesha Thiruvenkata Krishnan Director and Member of the Committee.

X NOMINATION & REMUNERATION COMMITTEE

The Board of Directors in its meeting held on 07.03.2019 constituted a Nomination & Remuneration Committee (NRC) as required under Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01st, 2019 for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The composition of Nomination & Remuneration Committee as on 31.03.2023 was as follows:

1. Prof. Virander Singh Chauhan, Independent Director and Chairman of the Committee.
2. Prof. Ashok Misra, Independent Director and Member of the Committee.
3. Mr. Brijmohan Sharma, Vice Chairman and Member of the Committee.
4. Dr. Rishikesha Thiruvenkata Krishnan, Director and Member of the Committee.

XI RISK MANAGEMENT

The elements of risk threatening the Company's existence are very minimal. The Company has Board approved Risk Management Policy in place which covers the mechanism to identify, assess, monitor and mitigate various key business risks in its business operations.

The Board of Directors in its meeting held on 07.03.2019 constituted Risk Management Committee (RMC) as required under Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01st, 2019 for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Committee met twice during the reported financial year.

The composition of Risk Management Committee as on 31.03.2023 was as follows:

1. Mr. Rishikesha Thiruvenkata Krishnan, Director and Chairman of the Committee.
2. Mr. Sunil Dutt Verma, Senior Executive Vice President, HEFA and Member of the Committee.
3. Mr. Rahul Saini, Chief Financial Officer, HEFA and Member of the Committee.
4. Mr. Santosh Naik S, Senior Vice President, HEFA and Member of the Committee.

XII RELATED PARTY TRANSACTIONS

Company has not entered into any contract or arrangement with related parties as set out under section 188(1) of the companies Act, 2013.

XIII MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this Report.

XIV DECLARATIONS AND CONFIRMATIONS

1) The Company has adequate internal financial control system in place which operates effectively.
2) There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

XV STATUTORY COMPLIANCE& RBI COMPLIANCE

During the period under review company has strictly complied with

- Compliances applicable under the Companies Act, 2013
- RBI Master Directions DNBR.PD.007/03.10.119/2016-17 dated 01.09.2016 applicable to Non-deposit taking and non-systemically important NBFC until December, 2018.
- On becoming systemically important NBFC in December, 2018 Quarter, Company has complied with the RBI Master Directions DNBR.PD.008/03.10.119/2016-17 dated 01.09.2016 applicable to Non-deposit taking and systemically important NBFC.

XVI FIXED DEPOSITS

The Company is a non deposit taking Non-Banking Financial Company as per the terms of the certificate of registration issued by the Reserve Bank of India (RBI). The Company has not accepted any fixed deposit during the year under review.

XVII PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions of Section 186 of the Companies Act, 2013 is not applicable to the Company.

XVIII PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ARE GIVEN IN THE PRESCRIBED FORMAT UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

The Company is not engaged in any manufacturing activity, hence the provisions of section 134(3)(m) of the Companies Act, 2013 are not applicable. The Company is not carrying any activity relating to export and has not used or earned any Foreign Exchange.

XIX PARTICULARS OF EMPLOYEES

There are no employees on the rolls of the Company and the information required under Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

XX DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the period under review, no complaints/cases were filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

XXI APPRECIATION AND ACKNOWLEDGMENT

Your Directors would like to express their sincere appreciation for the support and co-operation received from the Ministry of Education, Government of India, Canara Bank and the Educational Institutions - our Borrowers and Company's staff and executives during the year under review.

For and on behalf of the Board

Mohammad Thophic
Managing Director
DIN: 10118049

Place: Bengaluru
Date:17.11.2023

COMPOSITION OF CSR COMMITTEE AS ON 31.03.2023

1. Prof. Ashok Mishra - Independent Director & Chairman
2. Mr. Vineet Joshi - Nominee Director and Member of the Committee
3. Mr. C Jayakumar - MD & CEO HEFA and Member of the Committee
4. Dr. Rishikesha T. Krishnan - Independent Director and Member of the Committee

	Name of the Institute	Purpose/Title of Research Project	Project Cost	Approved Amount	Remark
1	CENTRAL UNIVERSITY OF RAJASTHAN	All solution -processed MoS2 nano -bio-composite flexible electronic sensor for environmental monitoring	42.365	42.365	The proposed work is designed to develop a 2D nano-bio-composite flexible FET device to detect the toxic elements in water. This will help in removing toxic material from water. This wil l ensure availability of pure drinking water for the society.
2	IIT BOMBAY	ShapeDx - A HIGH ACCURACY, POINT-OF-CARE SICKLE CELL TEST	25	25	The proposed study is for developing Shape Dx - A HIGH ACCURACY, POINT-OF-CARE SICKLE CELL TEST, it provides accurate results in an hour (compared to the current 48 hours for results from commercial labs), is highly cost effective (Rs 2500 per test for HPLC v/s Rs 250 a test for SpaaheDx) and can be administered at point of care without the need of a highly skill ed technician. it will be highly beneficial for the society.
3	IIT BOMBAY	Personalized Digital Therapeutics for Tinnitus	18	18	AI/ML based intelligent Clinical Disease Support System (CDSS) proposed by is expected to help the medical fraternity better understand the correlation of various causes with the tinnitus, tinnitus classification, and effects of multimodal treatment and fu rther in decision -making for more efficient tinnitus management resulting in considerable cost and time savings.
4	IIT HYDERABAD	Developing a Microalgae-aided Constructed Wetland for Rural Communities for Treatmentand Reuse of Household Wastewater: A Pilot-scale Demonstration on Field	54.835	54.835	The research will help in treatment and reuse of household waste water. This will reduce the water pollution also. This will be helpful for the society.
5	IIT PATNA	Poroelasticity Based Modelling of Blood Cell Migration through Stenosed Arteries	12	12	The proposed project aims at investigation of underlying dynamics of migration of poroelastic cells through stenosed microchannel. Deeper and thorough understanding of this phenomena can greatly benefit medical science and healthcare system. Novel methods and technique can be found to avoid the condition of stroke. Thus, the proposed project can immensely benefit human life, which is the topmost priority for the society.

6	Indira Gandhi National Tribal University, Amarkantak	Enhancing the agricultural production in acidic soil of tribal-dominated region of Central India	42.12	42.12	The outcome of the present project will provide solutions to soil acidity under fluctuating climatic conditions and therefo re it will significantly improve the crop production in the proposed area. This will benefit the farmers.
7	NIT ROURKELA	Two-stage treatment of household laundry wastewater for recycle and reuse	39.6	39.6	The proposed project will aim to address the water scarcity and the water pollution – the two major problems faced by todays' society. Access to the safe and pure water is basic need of every human. A large contributing factor to the pollution due to the w ashing machine effluent is the detergent, composed mainly of surfactants. The presence of surfactants in water can cause damage to the ecosystem thereby affecting the environment. Consumption of surfactants above 0.5 mg/ L can be harmful to health. This will be helpful for health of the society.
8	UNIVERSITY OF HYDERABAD	Developing a Wearable, Light - Concentrating, Photonic Micro - SpherePatch for On -the-Go Outdoor/Indoor Photodynamic Therapy	52.44	52.44	This will help in treating the skin cancer patient. Thid Is beneficial for the health of the society.
	Total		**286.36 Lakhs**	**286.36 Lakhs**	

Board vide First Board meeting for F.Y. 2022-23 dated 02.06.2022 had approved the CSR expenditure budget of Rs. 803.00 Lakhs for F.Y. 2022-23. The Committee approved above project nos. 1 to 8 for an amount of Rs. 286.36 Lakhs out of Rs. 803.00 Lakhs. There were no suitable proposals for spending the balance CSR amount of Rs. 516.64 lakhs. The Committee decide the transfer balance amount of Rs. 516.64 Lakhs to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) specified in Schedule VII of the Companies Act, 2013 for the purpose of CSR contribution.

JAIN ANKIT & ASSOCIATES
Company Secretary
402, OKAY PLUS DP METRO, NEW SANGANER ROAD, JAIPUR

Cell 08955083942
Email:- jainankit232@gmail.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
HIGHER EDUCATION FINANCING AGENCY
(CIN- U74999KA2017NPL103474)
STOCK EXCHANGE TOWERS, No. 51 1st FLOOR,
1st CROSS, JC ROAD BANGALORE URBAN BANGALORE KA 560027

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HIGHER EDUCATION FINANCING AGENCY**(hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our Opinion thereon.

Based on our verification of the **HIGHER EDUCATION FINANCING AGENCY** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31.03.2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **HIGHER EDUCATION FINANCING AGENCY** ("The Company") for the financial year ended on 31.03.2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;.
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the company during the reporting period).**
(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not applicable to the company during the reporting period).**

Reg. Office: - B-3, Trade Centre 11-12, Sahkar Marg, Lal Kothi, Jaipur

Jain Ankit & Associates * Company Secretaries *

JAIN ANKIT & ASSOCIATES
Company Secretary
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(iv)Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings; **(Not applicable to the company during the reporting period).**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the company during the reporting period).**
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the company during the reporting period).**
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the company during the reporting period).**
(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the company during the reporting period).**
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the company during the reporting period).**
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the company during the reporting period).**
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the company during the reporting period)** and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the company during the reporting period).**

(vi) Other laws specifically applicable to the company as identified by me and informed to me by the management of company :-

1. **Prudential Norms & guidelines issued by the Reserve Bank of India**

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India.
b) The Company has not entered into Listing Agreements with any Stock Exchanges;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in

Jain Ankit & Associates Company Secretaries

JAIN ANKIT & ASSOCIATES
Company Secretary
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compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes book of the company majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not made any right issue to its existing share holders.

Our report is to be read along with the representations disclosed in Annexure A

Date : 06.09.2023

Place : JAIPUR

For JAIN ANKIT & ASSOCIATES
Company Secretary

Jain Ankit & Associates * Company Secretaries *

FCS ANKIT JAIN
M.No- F10305
CP No -13503
UDIN :- F010305E000958065

JAIN ANKIT & ASSOCIATES
Company Secretary
402, OKAY PLUS DP METRO, NEW SANGANER ROAD, JAIPUR
Cell 08955083942
Email:- jainankit232@gmail.com

Annexure B - Responsibility Statement

To,
The Members,
HIGHER EDUCATION FINANCING AGENCY
(CIN- U74999KA2017NPL103474)
STOCK EXCHANGE TOWERS, No. 51 1st FLOOR,
1st CROSS, JC ROAD BANGALORE URBAN BANGALORE KA 560027

Our report is to be read along with the following:

Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on the secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.

We have not verified the correctness and appropriateness of financial records and books of accounts of the company.

Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.

The secretarial audit report is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Date : 06.09.2023

Place : JAIPUR

For JAIN ANKIT & ASSOCIATES
Company Secretary

Jain Ankit & Associates * Company Secretaries *

FCS ANKIT JAIN
M.No- F10305
CP No -13503
UDIN :- F010305E000958065

Reg. Office: - B-3, Trade Centre 11-12, Sahkar Marg, Lal Kothi, Jaipur

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

'Poornima', IInd Floor, 25, State Bank Road, Bangalore - 560 001. Karnataka, India.

K. P. RAO | K. VISWANATH
H.N. ANIL | S. PRASHANTH
MOHAN R LAVI | P. RAVINDRANATH

Phone : 080 - 25587385 / 25586814
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REVISED INDEPENDENT AUDITOR'S REPORT

To the Members of HIGHER EDUCATION FINANANCING AGENCY

Opinion

We have audited the accompanying Financial Statements of HIGHER EDUCATION FINANCING AGENCY ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Income and Expenditure (including Other Comprehensive Income), the cash flow statement and Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. Subsequently the audit report has gone for revision in the light of observations of Comptroller and Audit General of India. This report supersedes our earlier report dated 01 Sept 2023 (UDIN: 23228407BGXGSX6717). We provide a summary of statement of revision to the report dated 01 Sept 2023, in Annexure -1.

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its excess of Income over expenditure other comprehensive income, changes in equity and its cash flows for the year ended on that date.

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

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

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CHARTERED ACCOUNTANTS

Continuation Sheet.....

of India together with the ethical requirements that are relevant to our audit of the Ind AS 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 on the financial statements.

Emphasis of Matter

We draw attention to:

i. Note no. 18 & 3 to the financial statements include CSR expenditure provision for the year amounting to Rs.8.03 core, out of which Rs 5.17 crore spent towards the objective. The company has set apart the Unspent CSR expenditure provision to the tune of Rs 2.86 crore in a separate bank account within the stipulated time period.

ii. Note no. 5 & 17 to the financial statements states that provision on standard sets is calculated as per Income Recognition, Asset Classification and Provisioning (IRACI) 0.4% on standard assets i.e., Rs. 25.09 crore. Whereas the Company estimates the impairment value of Rs.7.03 crore which is transferred to Statement of Income and Expenditure and balance shown as an Impairment Reserve which is forming part of the Other Equity.

Our opinion is not modified in respect of the above matters.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and Extract of Annual Return and Secretarial Audit Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Continuation Sheet.....

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

Management's Responsibilities for the 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 including Other Comprehensive Income, cash flows and changes in Equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind As) prescribed under Section 133 of the companies Act, read with Rules specified in the companies(Indian Accounting Standards) Rules,2015 as amended from time to time. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the companies Act 2013, for safeguarding of the assets of the Company and for preventing and detecting the 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 statements 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.

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Continuation Sheet.....

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

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 judgement and maintain professional scepticism 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

I. As the companies (Auditor's Report) Order, 2020 the Order issued by the central government in terms of section 143(11) of the said Companies Act, 2013 are not applicable to the company as it is registered under Section 8 of Companies Act, 2013 and hence, the requirements of disclosure under the said Order does not arise.

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 purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet, Statement of Income and Expenditure including Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule specified in the Companies (Indian accounting Standards) Rules, 2015 as amended.

e) In terms of circular No. GSR 463(E) dated 05th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being

K.P. RAO & CO.
BENGALURU
FRN:003135S
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Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.

f) With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "**Annexure A**."

g) The provisions of section 197 of the Act does not apply to the Company, hence reporting under Section 143(3)(g) is not required.

h) 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. As explained by the management, the Company does not have any pending litigations as at 31st march 2023 which has an impact on its financial position in its financial statements.

ii. As explained by the management, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. As explained by the management, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. The Management has represented that, to the best of its knowledge and belief that 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

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet.....

by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

v. The Management has represented, that, to the best of its knowledge and belief that 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.

vi. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.

vii. The company has neither declared nor paid interim dividend or final dividend during the year. Therefore, reporting under Rule 11(f) of Companies (Audit and Auditors) Rules, 2014 is not applicable.

viii. As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company with effect from April 01, 2023, reporting under this clause is not applicable.

III. As required by Section 143 (5) of the Companies Act, 2013 with regard to additional reporting on the directions issued by the C&AG has been annexed to this report an **"Annexure B"** as part of the Independent Auditors Report.

K. P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet.....

Other Matter

The Financial Statements for the year ended 31st March 2022 were audited by a predecessor auditor. The predecessor auditor has provided an unqualified opinion on the audit of financial statements for the year ended 31st March 2022 and the report was dated as on 19th July 2022.

For **K.P. Rao & Co**
Chartered Accountants
Firm's Registration No. 003135S

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

Prashanth S
Partner
Membership Number: 228407

UDIN: 23228407BGXGUF5558

Place: Bengaluru
Date: 25th Oct 2023

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet.....

Annexure - A to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of Higher Education Financing Agency ("the Section 8 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 sued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of retable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

K.P. RAO & CO.
BENGALURU
FRN:003135S
CHARTERED ACCOUNTANTS

assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit Involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of financial controls over financial reporting included obtaining an understanding of internal financial controls under financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based 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 in 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 controls system over financial report.

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. This includes those policies and procedures that:

i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

ii) 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 directors of the company; and

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

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iii) 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 financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023 based on the internal control over financial position 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.

For **K.P. Rao & Co**
Chartered Accountants
Firm's Registration No. 003135S

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

Prashanth S
Partner
Membership Number: 228407

UDIN: 23228407BGXGUF5558

Place: Bengaluru
Date: 25th Oct 2023

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet.....

Annexure - B to the Independent Auditors' Report
Compliance Report on the direction issued by C&AG under Sub section 5 of Section 143 of the Companies Act, 2013 ("the Act")

i. **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the Integrity of the accounts along with the financial implications, if any, may be stated.**

Yes, the Company has system in place to process all the accounting transactions through IT system and as such we have not come across cases of processing of accounting transactions outside IT system and hence comments, on the implication and its financial impact, if any the integrity of the accounts do not arise.

ii. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's Inability to repay the loan? If yes, the financial impact may be stated.**

No instances of restructuring of an existing loss of care of waiver / write off of debts/loans/interest etc, were found during the year or as at the balance sheet date and hence, comments on the financial impact do not arise.

iii. **Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

Based on the verification of the books of accounts, we have not found any transactions received/ receivable for specific schemes from central/ state agencies. Hence question of deviation is not applicable.

For **K.P. Rao & Co**
Chartered Accountants
Firm's Registration No. 003135S

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

Prashanth S
Partner
Membership Number: 228407

UDIN: 23228407BGXGUF5558

Place: Bengaluru
Date: 25th Oct 2023

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet.....

Annexure-I to the Independent Auditor's Report

(Referred to in Paragraph under the heading "opinion" of our report of even date)

Sl. No.	Reference to the report	Revision
1	Report on Other Legal and Regulatory Requirements I. Independent Auditor reported that "As the companies (Auditor's Report) Order, 2001 the Order issued by the central government in terms of section 143(11) of the said Companies Act, 2013 are not applicable to the company as it is registered under Section 8 of Companies Act, 2013 and hence, the requirements of disclosure under the said order does not arise".	The sentence is corrected as - 'As the Companies (Auditor's Report) Order, 2020, the Order issued by the Central Government in terms of Section 143 (11) of the Companies Act, 2013 are not applicable to the Company as it is registered under Section 8 of Companies Act, 2013 and hence, the requirements of disclosure under the said order does not arise'.
2	Annexure – A to the Independent Auditor's Report Independent Auditor reported that "Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 113 of the Companies Act, 2013 ("the Act")".	The sentence has been corrected as "Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")".
3	Opinion Independent Auditor reported that "In our opinion, the Company has, in all maternal respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022…".	The sentence has been corrected as "In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023..."
4	Annexure – B to the Independent Auditors' Report Independent Auditor reported that "Compliance Report on the direction issued by C&AG under Sub section 3 of the Section 143 of the Companies Act, 2013 ("the Act").	The sentence is corrected as - " Compliance Report on the direction issued by C&AG under Sub section 5 of the Section 143 of the Companies Act, 2013 ("the Act")

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet.....

5	Other Matter Paragraph	**Other Matter** The Financial Statements of the year ended 31st March 2022 were audited by a predecessor auditor. The predecessor auditor has provided an unqualified opinion on the audit of financial statements of year ended 31st March 2022 and the report was dated as on 19th July 2022.

K.P. RAO & CO. BENGALURU FRN:003135S CHARTERED ACCOUNTANTS

Company Master Data	
CIN	U74999KA2017NPL103474
Company / LLP Name	HIGHER EDUCATION FINANCING AGENCY
ROC Code	RoC-Bangalore
Registration Number	103474
Company Category	Company limited by Shares
Company Subcategory	Union Govt company
Class of Company	Private
Authorised Capital (Rs)	1,00,00,00,00,000
Paid up Capital (Rs)	52,93,75,00,000
Number of Members (Applicable in case of company without Share Capital)	-
Date of Incorporation	31-05-2017
Registered Address	Stock Exchange Towers, No. 51, 1st Floor, 1st Cross, J C Road, Bengaluru, Karnataka, India - 560027
Email ID	info@hefa.co.in
Whether Listed or not	Unlisted
Date of last AGM	30-09-2022
Date of Balance Sheet	31-03-2022
Company Status (for E-Filing)	Active

Charges				
Assets under charge	Charge Amount	Date of Creation	Date of Modification	Status
Book Debts	20,00,00,00,000	12-05-2020	-	Closed
Book debts; Floating charge	3,00,00,00,000	16-12-2020	-	Closed
Book debts	17,00,00,00,000	29-12-2021	-	Closed

Directors/Signatory Details			
DIN/PAN	Name	Begin date	End date
03532374	SANJAY MURTHY KONDRU	01-10-2021	-
00064067	RISHIKESHA THIRUVENKATA KRISHNAN	12-06-2017	-
00454113	VIRANDER SINGH CHAUHAN	12-06-2017	-
01914155	RAMAMURTHI BHASKAR	12-06-2017	-
8750890	C JAYAKUMAR	01-06-2020	21-04-2023
10118049	MOHAMMAD THOPHIC	17-04-2023	-
01425921	RAJESH BHUSHAN	06-08-2020	-
07078936	VINEET JOSHI	18-11-2020	-
00006051	ASHOK MISRA	12-06-2017	-
09646943	BRIJMOHAN SHARMA	23-06-2022	30-06-2023
EYTPS9366E	RAHUL SAINI	01-02-2023	-
ANSPB4757E	SANTOSH KUMAR BARIK	03-02-2020	19-04-2023
DWMPS2003G	GOURAV SUNIL	17-06-2023	-

K.P. RAO & CO.
BANGALORE
FRN: 003135S
CHARTERED ACCOUNTANTS

HIGHER EDUCATION FINANCING AGENCY
(CIN:U74999KA2017NPL103474)
(A Non Banking Finance Company Licensed under Section 8 of the Companies Act,2013)
[Private Limited & Government Company]
(All amounts are in crore of Indian Rupees, unless otherwise stated)

BALANCE SHEET AS AT MARCH 31, 2023

	Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and Cash Equivalents	3	734.39	2,652.07
(b)	Bank Balance other than (a) above	4	-	-
(c)	Loans	5	6,159.39	5,138.55
(d)	Other Financial Assets	6	110.42	97.12
	Total Financial Assets		**7,004.20**	**7,887.74**
(2)	**Non-financial Assets**			
(a)	Current Tax Assets (Net)	7	11.33	8.52
(b)	Property, Plant and Equipment		-	-
(c)	Other Non-Financial Assets		-	-
	Total Non-Financial Assets		**11.33**	**8.52**
	Total Assets		**7,015.53**	**7,896.26**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Payables	8		
	(I)Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		0.02	0.02
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		31.43	28.37
(b)	Borrowings (Other than Debt Securities)	9	-	1,282.57
(c)	Other Financial Liabilities	10	4.45	3.40
	Total Financial Liabilities		**35.90**	**1,314.36**
(2)	**Non-Financial Liabilities**			
(a)	Contingent Provisions Against Standard Assets	11	-	-
(b)	Other Non-Financial Liabilities	12	3.10	2.63
	Total Non-Financial Liabilities		**3.10**	**2.63**
(3)	**Equity**			
(a)	Equity Share Capital	13(A)	5,293.75	5,293.75
(b)	Other Equity	13(B)	1,682.78	1,285.52
	Total Equity		**6,976.53**	**6,579.27**
	Total Liabilities and Equity		**7,015.53**	**7,896.26**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached.
For K.P.RAO & CO.
Chartered Accountants
Firm's Registration No. 003135S

Prashanth S
Partner
M. No.- 228407

Place: Bengaluru
Date: 01/09/2023

For and on behalf of the Board of
HIGHER EDUCATION FINANCING AGENCY

Mohammad Thophic
Managing Director & CEO
DIN-10118049

K. Sanjay Murthy
Chairman
DIN-3532374

Rahul Saini
Chief Financial Officer
EYTPS9366E

Gourav Sunil
Company Secretary
DWMPS2003G

HIGHER EDUCATION FINANCING AGENCY
(CIN:U74999KA2017NPL103474)
(A Non Banking Finance Company Licensed under Section 8 of the Companies Act,2013)
[Private Limited & Government Company]

(All amounts are in crore of Indian Rupees, unless otherwise stated)

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2023

	Particulars	Note No.	For the year ended 31.03.2023	For the year ended 31.03.2022
	Income :			
(I)	**Revenue from Operations**			
	Interest Income	14	445.48	589.34
	Total Revenue from Operations		**445.48**	**589.34**
(II)	**Other Income**	15	0.33	-
(III)	**Total Income (I+II)**		**445.81**	**589.34**
(IV)	**Expenditure**			
(a)	Finance Costs	16	0.64	103.54
(b)	Impairment on Financial Instruments	17	5.47	1.56
(c)	Employee Benefits Expenses		-	-
(d)	Depreciation, Amortization and Impairment		-	-
(e)	Others Expenses	18	42.44	36.72
	Total Expenses (IV)		**48.55**	**141.82**
(V)	**Excess of Income over Expenditure(Surplus) before Exceptional**		397.26	447.52
(VI)	**Exceptional items**		-	-
(VII)	**Surplus Before Tax (V -VI)**		**397.26**	**447.52**
(VIII)	**Tax Expense:**			
	(1) Current Tax	21	-	-
	(2) Deferred Tax		-	-
(IX)	**Excess of Income over Expenditure(Surplus) for the year (VII - VIII)**		**397.26**	**447.52**
(X)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Surplus or Deficit		-	-
	(ii) Income tax relating to items that will not be reclassified to Surplus or Deficit		-	-
	Other Comprehensive Income		-	-
(XI)	**Total Comprehensive Income for the year (IX+X)**		**397.26**	**447.52**
	(Comprising Surplus and other Comprehensive Income for the year)			
	Earnings per Equity Share	19		
	Basic (Rs.)		0.75	0.85
	Diluted (Rs.)		0.75	0.85

The accompanying notes are an integral part of the financial statements.

In terms of our report attached.
For K.P.RAO & CO.
Chartered Accountants
Firm's Registration No. 003135S

Prashanth S
Partner
M. No.- 228407

K.P. RAO & CO. CHARTERED ACCOUNTANTS BANGALORE FRN: 003135S

Place: Bengaluru
Date: 01/09/2023

For and on behalf of the Board of
HIGHER EDUCATION FINANCING AGENCY

Mohammad Thophic
Managing Director & CEO
DIN-10118049

K. Sanjay Murthy
Chairman
DIN-3532374

Rahul Saini
Chief Financial Officer
EYTPS9366E

Gourav Sunil
Company Secretary
DWMPS2003G

No. 51, J.C. Road, Bengaluru - 27. HIGHER EDUCATION FINANCING AGENCY

HIGHER EDUCATION FINANCING AGENCY
(CIN:U74999KA2017NPL103474)
(A Non Banking Finance Company Licensed under Section 8 of the Companies Act,2013)
[Private Limited & Government Company]
(All amounts are in crore of Indian Rupees, unless otherwise stated)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
A. Cash Flow from Operating Activities		
Net Surplus before Taxation	397.26	447.52
Adjustments for:		
Interest Income from Banks	(43.54)	(3.02)
Finance Costs	0.64	103.54
Impairment on Financial Instruments	5.47	1.56
Operating Surplus before working capital changes	359.83	549.60
Changes in Working Capital:		
(Increase)/Decrease in Other Non-Financial Assets	-	-
(Increase)/Decrease in Other Financial Assets	(7.97)	54.65
(Increase)/Decrease in Loans	(1026.31)	2715.33
Increase/(Decrease) in Trade Payables	3.06	(14.99)
Increase / (decrease) in Other Financial Liabilities	1.05	3.27
Increase/(Decrease) Provisions	-	-
Increase/(Decrease) in Other Non-Financial Liabilities	0.47	(0.13)
Cash generated from Operations	(669.87)	3307.73
Net Income Taxes Paid	(2.81)	(4.29)
Net cash generated from operating activities - A	(672.68)	3303.44
B. Cash Flow from Investing Activities		
Bank Balances not considered as Cash and Cash Equivalent	0.00	77.32
Interest Received	38.21	3.51
Net Cash from Investing Activities-B	**38.21**	**80.83**
C. Cash flow from Financing Activities		
Proceed from Term Loan	-	-
Repayment of Term Loan	(1282.57)	(628.83)
Proceeds from issue of Equity Share	-	-
Share premium on Equity Shares Allotted	-	-
Finance Cost Paid	(0.64)	(103.54)
Net Cash raised in Financing Activities-C	**(1283.21)**	**(732.37)**
Net Increase in Cash and Cash Equivalents (A+B+C)	(1917.68)	2651.90
Cash and Cash Equivalents at the beginning of the year	2652.07	0.15
Cash and Cash Equivalents at the end of the year	**734.39**	**2652.05**

The accompanying notes are an integral part of the financial statements.

In terms of our report attached.
For K.P.RAO & CO.
Chartered Accountants
Firm's Registration No. 003135S

Prashanth
Prashanth S
Partner
M. No.- 228407

K.P. RAO & CO. BANGALORE FRN: 003135S CHARTERED ACCOUNTANTS

Place: Bengaluru
Date: 01/09/2023

For and on behalf of the Board of
HIGHER EDUCATION FINANCING AGENCY

Mohammad Thophic
Managing Director & CEO
DIN-10118049

K. Sanjay Murthy
Chairman
DIN-3532374

Rahul Saini
Chief Financial Officer
EYTPS9366E

Gourav Sunil
Company Secretary
DWMPS2003G

HIGHER EDUCATION FINANCING AGENCY No. 51, J.C. Road, Bengaluru - 27

HIGHER EDUCATION FINANCING AGENCY
(CIN:U74999KA2017NPL103474)
(A Non Banking Finance Company Licensed under Section 8 of the Companies Act,2013)
[Private Limited & Government Company]
(All amounts are in crore of Indian Rupees, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

Particulars	As at 31.03.2023	As at 31.03.2022
Balance at the beginning of the reporting Year	5,293.75	5,293.75
Issued during the year	-	-
Balance at the end of the reporting period	**5,293.75**	**5,293.75**

B.OTHER EQUITY

Particulars	Share Application Money Pending	Reserves and Surplus			Total
		Statutory Reserves	Impairment Reserve	Retained Earnings	
Balance at the beginning of the reporting period	-	257.10	19.39	1,009.03	1,285.52
Surplus for the year	-	-	-	397.26	397.26
Other comprehensive income for the year (net of tax)	-	-	-	-	-
Transfer to special reserve u/s 45 IC of the RBI Act, 1934	-	79.45	-	(79.45)	-
Released to Impairment Reserve	-	-	-	-	-
Balance at the end of the reporting period	**-**	**336.55**	**19.39**	**1,326.84**	**1682.78**

The accompanying notes are an integral part of the financial statements.

n terms of our report attached.
For K.P.RAO & CO.
Chartered Accountants
Firm's Registration No. 003135S

Prashanth S
Partner
M. No.- 228407

Place: Bengaluru
Date: 01/09/2023

For and on behalf of the Board of
HIGHER EDUCATION FINANCING AGENCY

Mohammad Thophic
Managing Director & CEO
DIN-10118049

K. Sanjay Murthy
Chairman
DIN-3532374

Rahul Saini
Chief Financial Officer
EYTPS9366E

Gourav Sunil
Company Secretary
DWMPS2003G

HIGHER EDUCATION FINANCING AGENCY
(CIN:U74999KA2017NPL103474)
(A Non Banking Finance Company Licensed under Section 8 of the Companies Act,2013)
[Private Limited & Government Company]

1 CORPORATE INFORMATION

HIGHER EDUCATION FINANCING AGENCY(Referred as HEFA or the Company) has been incorporated as a 'Private limited company under Section 8 of the Companies Act, 2013 & Government Company as a Joint Venture Company of Ministry of Education (MOE) and Canara Bank, pursuant to Certificate of Incorporation issued by the Registrar of Companies dated 31st May 2017 (CIN:U74999KA2017NPL103474) with an object of financing India's higher education institutions.
HEFA is engaged in providing timely finance at competitive interest rates for capital assets creation in India's higher educational institutions and supplement it with grants by channelizing CSR funds from the corporate and donations from others. At present, the company is functionally managed by Canara Bank .
HEFA would incentivise better internal resource generation and at the same time allow substantial investments through market borrowings that can be repaid over a longer period.
The Company has received its Licence no. 109468 dated 30th May 2017 under Section 8 of Companies Act, 2013.
The Company has also been granted Registration under Section 12AA of the Income Tax Act, 1961 as a Public Charitable Company with effect from 2nd February 2018 and a renewal application has been made on 10.03.2022
The Company has obtained registration with Reserve Bank of India as a `Non-deposit taking non-systemically important NBFC' i.e. (i.e. NBFC-ND-Type II) vide COR No. 02.00289 dated 21st November, 2017 for the purpose of carrying out Non Banking Finance business. Subsequently, the status of the Company has been changed from 'Not Accepting Public Deposits and Non Systemically Important Non-Banking Financial Company (NBFC-ND-TYPE II)' to 'Not Accepting Public Deposits And Systemically Important Non-Banking Financial Company (NBFC-ND-SI)" on crossing of asset size of Rs. 500 crore as on 29th December, 2018.
The company's registered office is at 1st Floor Stock Exchange Tower No.51 1st Cross J. C.Road Bangalore -560027 Karnataka

2 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS

2.1 Basis of Preparation of Financial Statements

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The Company has adopted Indian Accounting Standards ("Ind AS") with effect from 1 April, 2018 and the effective date of transition being 31 May, 2017. Accordingly, the above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies – ND-SI.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 2.3 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores, except when otherwise indicated.
These financial statements include the Balance Sheet, the Statement of Changes in Equity, the Statement of Income and Expenditure, the Statement of Cash flows and Notes, comprising a summary of significant accounting policies and other explanatory information and comparative information in respect of the preceding period.

2.2 Presentation of Financial Statements

a)

These financial statements include the Balance Sheet, the Statement of Changes in Equity, the Statement of Income and Expenditure, the Statement of Cash flows and Notes, comprising a summary of significant accounting policies and other explanatory information and comparative information in respect of the preceding year. The Balance Sheet and the Statement of Income and Expenditure are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of Cash Flow has been prepared and presented as per the requirements of Ind-AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Income and Expenditure, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standard

b)

Other Comprehensive Income for the period 2022-23 is considered to be Nil as no such transactions under the specified group complying with Ind AS provisions for the preparation of financial statements have not taken place.

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2.3 Significant accounting Policies, Judgements, Estimates and Assumptions

a) Use of Estimates

The preparation of financial statements in conformity with Indian Accounting Standard requires Management to make estimates and assumptions that affect the reported amounts of Assets and liabilities and disclosure of contingent Assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results may differ from these estimates.

b) Revenue Recognition

Revenue is recognised based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable.

c) Income from Operations

The Company derives revenue primarily from financial assistance for creation of educational infrastructure and R&D in India's premier educational Institutions. Interest will be accrued on monthly basis as interest is paid by the Ministry of Education and Ministry of Health and Family Welfare which will be calculated on the basis of outstanding balance. Interest Income for all financial instruments are calculated at gross carrying amount, are recognised in interest income as interest on deposits with banks and Interest on Loan in the Statement of Income and Expenditure using effective rate of Interest (EIR).

d) Other Income

In case of other Income, revenue is recognized during the period in which the services are rendered. Interest income is recognized on a time proportion basis, taking into account the amount outstanding and at an effective interest rate, as applicable.

e) Cash and Cash Equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes). For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

f) Cash Flow Statement

Cash flows are reported using the indirect method, whereby surplus for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

g) Property, Plant and Equipment (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can have measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use as estimated by the management. Any trade discounts and rebates are deducted in arriving at the purchase price. PPE not ready for the intended use, on the date of the Balance Sheet are disclosed as "Capital Work-in-Progress".

h) Intangible Assets

Intangible Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Intangible Assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible Assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible Assets under development".

i) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

i. Finance Leases: There are no Finance leases entered into by the Company.

ii. Operating Leases: Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease rentals/payments are charged as an expense in the Income and Expenditure account on a straight-line basis over the lease term.

j) Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of Statement of Income and Expenditure net of any reimbursement.

k) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net surplus or deficit for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the year.

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

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l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Directors (BOD) of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The BOD, which has been identified as being the chief operating decision maker. The Company is engaged in the single business operation of "financial assistance for creation of educational infrastructure and R&D in India's premier educational Institutions".

m) Financial Instruments

Financial Assets and Financial Liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial Assets and Financial Liabilities are initially measured at fair value.

Financial Assets

All recognised Financial Assets are subsequently measured in their entirety at amortised cost.
A Financial Asset shall be measured at amortised cost if both of the following conditions are met:
i. The Financial Asset is held within a business model whose objective is to hold Financial Assets in order to collect contractual cash flows and
ii. The contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Interest income on Financial Asset measured at amortised cost, is measured at effective interest rate on the gross carrying amount.

Financial Liabilities

Financial Liabilities are subsequently carried at amortised cost using the effective interest method for trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

n) Impairment of Asset

Impairment of financial assets The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Company has created a reserve as per prudential norms of RBI. The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs. The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the financial assets that are not measured at fair value through Surplus or Deficit:
Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:
Stage 1: 12-months ECL For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
Stage 2: Lifetime ECL – not credit impaired For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.
Stage 3: Lifetime ECL – credit impaired Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. Determining the stage for impairment At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowances reverts from lifetime ECL to 12-months ECL.

o) Income Tax

The Company has been incorporated as a 'Not for Profit Company' under section section 8 of Companies Act 2013, and granted registration under section 12AA of the Income Tax Act, 1961. The Company is prohibited by its objective to carry out any activity on commercial basis and thereby claims to be eligible for tax exemption.

p) Contingent Liabilities and Commitments

Contingent Liabilities, if any, are disclosed in the Notes to Accounts. Provision is made in the Accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
Commitments are future liabilities for contractual expenditure.

q) Borrowing Costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Other borrowing costs are recognised as an expense in the period in which they are incurred.

r) Operating Cycle

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non- current.

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(All amounts are in crore of Indian Rupees, unless otherwise stated)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

3 CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2023	As at 31.03.2022
Cash and Cash equivalents		
Cash on hand		
Cash on hand	-	-
Balances with Banks		
In Savings Account @	482.79	2,650.08
In Current Account	0.01	1.10
In CSR Unspend Account*	1.59	0.89
Deposits with original maturity for less than 3 months	250.00	-
Total	**734.39**	**2,652.07**

@ The above balance in savings accounts includes an amount of Rs. 2.86 crore relating to unspent amount of CSR expenditure for the period 2022-23. Subsequently on 26.04.2023 the amount has been transferred to separate CSR Unspend Account.
* CSR fund available in CSR Unspent Account is towards ongoing projects sanctioned under CSR by the company.
The deposits maintained by the company with banks with original maturity of less than 3 months. On premature withdrawal interest will be paid at rate applicable short term deposits.

4 BANK BALANCE OTHER THAN ABOVE
Deposits with maturity for more than 12 months

Particulars	As at 31.03.2023	As at 31.03.2022
Deposits with original maturity for more than 3 months but less than 12 months	-	-
Total	**-**	**-**

6 OTHER FINANCIAL ASSETS

Particulars	As at 31.03.2023	As at 31.03.2022
Interest accrued on loan portfolio (Secured, considered good)	105.09	96.71
Interest accrued on loan portfolio (Unsecured, considered good)	-	-
Interest accrued on fixed deposits and investment	5.33	-
Other Receivables*	-	0.41
Total	**110.42**	**97.12**

*Excess TDS remitted to IT Dept. - Rs. 0.18 Cr.
*Excess Interest charged on bank borrowings to be refunded- Rs. 0.23 Cr.

NON-FINANCIAL ASSETS

7 CURRENT TAX ASSETS (NET)

Particulars	As at 31.03.2023	As at 31.03.2022
Advance tax and tax deducted at source (net of provisions)	11.33	8.52
Total	**11.33**	**8.52**

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

5. LOAN

Particulars	As at 31.03.2023					As at 31.03.2022				
	At Fair Value			Total		At Fair Value			Total	
	Amortised Cost	Through Other Comprehensive Income	Through Surplus or Deficit	Designated at fair value through Surplus or Deficit	Total	Amortised Cost	Through Other Comprehensive Income	Through Surplus or Deficit	Designated at fair value through Surplus or Deficit	Total
	(1)	(2)	(3)	(4)	5 = (1+2+3+4)	(1)	(2)	(3)	(4)	5 = (1+2+3+4)
(A)										
(i) Term Loans (Civil works & Plant and Equipment)	6,166.42	-	-	-	6,166.42	5,140.11	-	-	-	5,140.11
(ii) Others to be Specified					-					
Total (A) - Gross	**6,166.42**	-	-	-	**6,166.42**	**5,140.11**	-	-	-	**5,140.11**
Less : Impairment Loss Allowance	7.03	-	-	-	7.03	1.56	-	-	-	1.56
Total (A) - Net	**6,159.39**	-	-	-	**6,159.39**	**5,138.55**	-	-	-	**5,138.55**
(B)										
I Secured by Intangible Assets										
II Secured by Tangible Assets: Secured by receivables and Escrow account and equipment and furniture's purchased *	6,166.42	-	-	-	6,166.42	5,140.11	-	-	-	5,140.11
(iii) Covered by Bank/Government Guarantees	-	-	-	-	-	-	-	-	-	
(iv) Unsecured	-	-	-	-	-	-	-	-	-	
Total (B) - Gross	**6,166.42**	-	-	-	**6,166.42**	**5,140.11**	-	-	-	**5,140.11**
Less : Impairment Loss Allowance	7.03	-	-	-	7.03	1.56	-	-	-	1.56
Total (B) - Net	**6,159.39**				**6,159.39**	**5,138.55**				**5,138.55**
(C I) Loans in India										
(i) Public Sector	-	-	-	-	-	-	-	-		
(ii) Others - Higher Education Institutions	6,166.42	-	-	-	6,166.42	5,140.11	-	-	-	5,140.11
Total (C I) - Gross	**6,166.42**	-	-	-	**6,166.42**	**5,140.11**	-	-	-	**5,140.11**
Less : Impairment Loss Allowance	7.03	-	-	-	7.03	1.56	-	-	-	1.56
Total (C I) - Net	**6,159.39**	-	-	-	**6,159.39**	**5,138.55**	-	-	-	**5,138.55**
(C II) Loans Outside India	-	-	-	-	-	-	-	-	-	-
Total (C II) - Gross	-	-	-	-	-	-	-	-	-	
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-
Total (C II) - Net	-	-	-	-	-	-	-	-	-	-

*Security : Charge over the Receivables and Escrow account balance which is opened jointly and Hypothecation of equipment and furniture's values for which loan is availed. Receivables
Impairment Loss Allowance- The Company's impairment allowance is derived from estimates including default on interest payments. The company has considered a PD of 0.004 for

Details of No. of Projects, Sanctioned and Disbursement of Loans

	As at 31.03.2023			As at 31.03.2022		
	No of Projects	Sanction amount	Disbursed Amount	No of Projects	Sanction amount	Disbursed Amount
Project fully disbursed	10	1,636.22	1,636.22	6	1,241.98	1,241.98
Project partially disbursed	123	28,052.81	15,208.99	105	24,767.25	12,693.39
Project not disbursed	24	6,402.63	-	26	7,477.14	-
Total	**157.00**	**36,091.66**	**16,845.21**	**137**	**33,486.37**	**13,935.37**

Summary of ECL provisions

Particulars	As at 31.03.2023	As at 31.03.2022
Allowance for Impairment on Term Loans		
(i) Term Loans (Civil works & Plant and Equipment)	7.03	1.56
Total	**7.03**	**1.56**

Provision as per RBI Prudential Norms

Particulars	As at 31.03.2023	As at 31.03.2022
Performing Assets		
Standard Assets	25.09	20.95
Non-Performing Asset (NPA)	-	-
Total	**25.09**	**20.95**

Loan Portfolio Classification and Provision for Non Performing Assets (As per RBI Prudential Norms)

Particulars	Gross Loan Outstanding		Provision/Transfer to		Net Loan Outstanding	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Term Loans						
Performing Assets						
Standard Assets	6,166.42	5,140.11	25.09	20.95	6,141.33	5,119.16
Non-Performing Asset (NPA)	-	-	-	-	-	-

Note :

ECL Provisions

Ind AS 109 requires management, when determining whether the credit risk on a financial asset has increased significantly, to consider reasonable and supportable information available, in order to compare the risk of a default occurring at the balance sheet date with the risk of a default occurring at initial recognition of the financial Assets.

When estimating ECL, management should consider information that is reasonably available, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions. The degree of judgement that is required for the estimates depends on the availability of detailed information.

Since inception, the company has not come across any default or any delay in repayment for more than 60 days. The company follows a strong escrow mechanism wherein the borrower escrows one advance instalment in their escrow account on the date of first disbursement. The interest charged on all loans are paid by the Ministry of Education. The Company finances only the infrastructure requirements of higher educational Institutions under Ministry of Education, hence the chances of default is very minimal.

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Exposure at Default (EAD)

The outstanding balance of penal charged accounts during F.Y 2022-23 at the reporting date is considered as EAD by the Company including accrued Interest.

Loss Given Default

LGD is an estimate of the loss from a transaction given that a default occurs. Based on past performance, the recovery rate has been 100% and all accounts are Standard assets.

Probability of default (PD):

PD is defined as the probability of whether borrowers will default on their obligations in the future. For Assets in Stage 1, a 12 month PD is required.

Based on the past trend, the company had not come across any default or delay in principal repayment by borrower Institutions. Though there has been delay in prompt payment of Interest on loans.The company has worked out ECL as per the past trend and the nature of loan. As per workings the Company's impairment allowance is derived from estimates including default on interest payments. Collective impairment allowances are calculated using ECL model which approximate credit conditions on portfolios of loans. Thus, a minimum PD of 0.004 is considered taking into account the outstanding liability of penal charged accounts to the total outstanding liability as on 31.03.2023. As the Impairment allowance is lower than the provisioning of standard assets required under IRACP, the difference is appropriated to a separate Impairment Reserve.

Asset classification and Provision Disclosure of Loan for March 31, 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Provisions as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Diff between Ind AS 109 provisions and IRACP norms*
Performing Assets						
Standard Asset	Stage 1	6,166.42	7.03	6,159.39	25.09	(18.06)
Subtotal		**6,166.42**	**7.03**	**6,159.39**	**25.09**	**(18.06)**
Non-Performing Assets (NPA)						
Substandard, Doubtful, Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
Total	**Stage 1**	**6,166.42**	**7.03**	**6,159.39**	**25.09**	**(18.06)**

* The difference between Ind AS 109 and IRACP norms the company has maintained impairment reserve to the extent of Rs.19.39 Cr.

Asset classification and Provision Disclosure of Loan for March 31, 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Provisions as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Diff between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard Asset	Stage 1	5,140.11	1.56	5,138.55	20.95	(19.39)
Subtotal		**5,140.11**	**1.56**	**5,138.55**	**20.95**	**(19.39)**
Non-Performing Assets(NPA)						
Substandard, Doubtful, Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
Total	**Stage 1**	**5,140.11**	**1.56**	**5,138.55**	**20.95**	**(19.39)**

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

8 TRADE PAYABLE

Particulars	As at 31.03.2023	As at 31.03.2022
Total outstanding dues of micro enterprises and small enterprises $	0.02	0.02
Total outstanding dues of creditors other than micro enterprises and small enterprises*	31.43	28.37
Other Provisions		
Provision for proposed Dividend on Equity Shares		
Total	**31.45**	**28.39**

* Management Fees payable excluding TDS - Rs. 29.19 Cr.
GST on Management Fees payable - Rs. 5.24 Cr.
$ Audit Fees payable- Rs. 0.02 Cr.

As at 31.03.2023

Particulars	Less then 1 year	1-2 year	2-3 year	2-3 year	Total
1. Dues of micro enterprises and small enterprises	0.02	-	-	-	0.02
2. Others	31.43	-	-	-	31.43
3. Disputed dues – MSME	-	-	-	-	-
4. Disputed dues - Others	-	-	-	-	-
Total	**31.45**	-	-	-	**31.45**

As at 31.03.2022

Particulars	Less then 1 year	1-2 year	2-3 year	2-3 year	Total
1. Dues of micro enterprises and small enterprises	0.02	-	-	-	0.02
2. Others	28.37	-	-	-	28.37
3. Disputed dues – MSME	-	-	-	-	-
4. Disputed dues - Others	-	-	-	-	-
Total	**28.39**	-	-	-	**28.39**

9 BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31.03.2023	As at 31.03.2022
At amortised cost:		
(a) Term Loan -Indian Rupee Loan from Banks (Secured)		
Canara Bank	-	267.96
State Bank of India	-	800.52
HDFC Bank	-	214.09
	-	**1,282.57**
(b) Working Capital Demand Loan		
Indian rupee loan from banks (Unsecured)*	-	-
(c) Loans from related parties	-	
Total	-	**1,282.57**
Borrowings in India	-	1,282.57
Borrowings outside India		
Total	-	**1,282.57**

Security : Hypothecation of receivables in respect of the specified standard loan assets of the Company with an asset coverage ratio of 1.00 times
The company has closed all the secured Term Loans from banks on 04.04.2022

(a) Term Loan -Indian Rupee Loan from Banks (Secured)

As at 31 March, 2023		
Tenure (from the date of Balance Sheet)	**Rate of Interest**	**Amount**
Above 2 year	-	-
Due within 1-2 years	-	-
Due within 3month - 1 years	-	-
Due within 3 Month*	-	-
Total	-	-
Effective interest rate adjustment**	-	-
Net Amount	-	-

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(b) Term Loan -Indian Rupee Loan from Banks (Secured)

As at 31 March, 2022		
Tenure (from the date of Balance Sheet)	**Rate of Interest**	**Amount**
Above 2 year	5.50% - 6%	894.61
Due within 1-2 years	5.50% - 6%	60.00
Due within 1 years	5.50% - 6%	127.96
Due within 3 Month*	5.50% - 6%	200.00
Total		**1,282.57**
Effective interest rate adjustment**		-
Net Amount		**1,282.57**

*Interest is paid monthly while principal to be repaid half year after the date of first disbursement.

** Effective interest rate adjustment is Nil because there is no processing fee or other charges on Term Loan .

There is no default as on the balance sheet date in repayment of borrowings and interest.

10 **OTHER FINANCIAL LIABILITIES**

Particulars	As at 31.03.2023	As at 31.03.2022
Interest accrued on Borrowings	-	1.13
CSR Unspent Account	4.45	2.27
Total	**4.45**	**3.40**

11 **CONTINGENT PROVISIONS AGAINST STANDARD ASSETS**

Particulars	As at 31.03.2023	As at 31.03.2022
Provisions on Standard Assets	-	-
Total	-	-

12 **OTHER NON-FINANCIAL LIABILITES**

Particulars	As at 31.03.2023	As at 31.03.2022
Statutory dues payable	-	-
TDS On Management Fee	2.91	2.63
Other Payables	0.19	-
Total	**3.10**	**2.63**

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

13(A) EQUITY SHARE CAPITAL

Particulars	As at 31.03.2023	As at 31.03.2022
Authorised Share Capital		
(10000000000 equity shares of Rs.10 each)	10,000.00	10,000.00
Issued and Subscribed and fully Paid-up	5,293.75	5,293.75
(5293750000 equity shares of Rs.10 each issued & fully paid)		
Total Issued and Subscribed and fully Paid-up	**5,293.75**	**5,293.75**

Reconciliation of number of Shares

Equity Shares:	As at 31.03.2023		As at 31.03.2022	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	5,29,37,50,000	5,293.75	5,29,37,50,000	5,293.75
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	**5,29,37,50,000**	**5,293.75**	**5,29,37,50,000**	**5,293.75**

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Re.10/-. Each holder of equity shares is entitled to one vote per share held.

Company is a Not for profit Company licensed under section 8 of the Companies Act, 2013 and hence no portion of the surplus, other income or property shall be paid or transferred, directly or indirectly, by way of dividend or bonus or otherwise by way of surplus to the members of the company. Upon winding up or dissolution of the company, the remaining property after the satisfaction of all the debts and liabilities shall not be distributed amongst the members of the company, but shall be given or transferred to such other company having similar objects; and also if that remaining property is sold on order of any authority, the proceeds of it will be credited to the Rehabilitation and Insolvency Fund.

Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company and Shareholding of Promoter.

Particulars	As at 31.03.2023		As at 31.03.2022	
	No. of shares	% holding in	No. of shares	% holding in
1. Ministry of Education (Government of India)	4,81,25,00,000	90.91	4,81,25,00,000	90.91
2. Canara Bank	48,12,50,000	9.09	48,12,50,000	9.09
	5,29,37,50,000	**100.00**	**5,29,37,50,000**	**100.00**

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares. There is no movement in Shareholding of Promoter.

13(B) OTHER EQUITY

Particulars	As at 31.03.2023	As at 31.03.2022
1. Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934 (Refer Note 1 below)		
Opening balance	257.10	167.60
Add: Transfer from surplus balance in the Statement of Income and Expenditure	79.45	89.50
Balance as at the end of the year	**336.55**	**257.10**
2. Impairment Reserve (Refer Note 2 below)		
Opening balance	19.39	32.03
Add: Released to surplus balance in the Statement of Income and Expenditure	-	(12.64)
Balance as at the end of the year	**19.39**	**19.39**
3. Retained Earnings		
Opening balance	1,009.03	638.37
Add: Surplus for the year	397.26	447.52
Less: Appropriation		
Transfer to Statutory Reserve	79.45	89.50
Released from Impairment Reserve	-	(12.64)
Balance as at the end of the year	**1,326.84**	**1,009.03**
4. Other Comprehensive Income		
Opening balance	-	-
Movements during the year	-	-
Balance as at the end of the year		
Total	**1,682.78**	**1,285.52**

Nature and purpose of Reserves

1. Statutory Reserve (Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934):
Section 45IC of Reserve Bank of India Act, 1934 ("RBI Act, 1934") defines that every non banking finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net surplus every year as disclosed in the statement of Income and Expenditure before any dividend is declared. The Company has transferred an amount of Rs. 79.45 Corers (2022 - 89.50 Cr.) to Statutory reserve pursuant to Section 45-IC of RBI Act, 1934

2. Impairment Reserve As Per RBI circular (RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20) Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net surplus or deficit after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

14 INTEREST INCOME

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
On financial assets measured at amortised cost:		
Interest on Loans	401.94	586.32
Interest On Deposit/Savings	43.54	3.02
Total*	**445.48**	**589.34**

* The revenue from operations is earned in India and accrued at effective interest rate on assets measured at amortised cost.

Disaggregated revenue disclosures:
The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2023 and 31 March, 2022 by nature of products sold. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
Revenue by products / services		
Interest on Loans	401.94	586.32
Others-Interest on Deposits with Bank	37.49	2.31
Interest on Savings with Bank	6.05	0.71
Total Revenue from operations	**445.48**	**589.34**

15 OTHER INCOME

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
Others (Interest on IT Refund)	0.33	-
Total	**0.33**	**-**

16 FINANCE COSTS

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
On financial assets measured at amortised cost:		
Interest paid on borrowings	0.64	103.54
Total	**0.64**	**103.54**

17 IMPAIRMENT / PROVISION ON FINANCIAL INSTRUMENTS

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
On financial assets measured at amortised cost:		
Loans :		
- Standard assets	5.47	1.56
Total	**5.47**	**1.56**

18 OTHER EXPENSES

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
Audit Fees	0.02	0.02
Management Fees*	29.10	26.27
Rates and taxes	5.24	4.83
Legal and professional charge	-	-
Other expenditure	0.05	0.07
CSR Expenditure (Refer Note II)	8.03	5.53
Total	**42.44**	**36.72**

* Refer Note No. 28

Note (i) Payment to auditor:

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
As auditors:		
Statutory audit fee	0.02	0.02
Taxation matters	-	-
Company law matters	-	-
Other services	-	-
Reimbursement of expense	-	-
Total	**0.02**	**0.02**

Note (ii) Details of CSR expenditure

Particulars	For Year Ended 31.03.2023	For Year Ended 31.03.2022
Gross Amount required to be spent by the Company during the year	**8.03**	**5.53**

Financial Year	Gross Amount to spent in the Financial Year	Amount spent till the reporting financial year	Amount remaining to be spent in the reporting financial year
2022-23	8.03	5.17	2.86
2021-22	5.53	4.60	0.93
2020-21	2.70	2.04	0.66
Total	16.26	11.81	4.45

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Note (iii) Disclosure of CSR expenditure

	F.Y 2022-23	F.Y 2021-22
Amount Required to be spent by the company	8.03	5.53
Amount of Expenditure incurred	8.03	5.53
Shortfall at the end of the year	NIL	NIL
Total of previous years shortfall	NIL	NIL
Reason for Shortfall	NA	NA
Nature of CSR Activities	PMNRF contribution - Rs. 5.17 Cr.	PM Cares contribution - Rs. 4.15 Cr.
	Promoting Research in Centrally funded higher education Institutes - Rs. 2.86 Cr.	Promoting Research in Centrally funded higher education Institutes- Rs. 1.38 Cr.
Details of related party transaction e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	Provision is made for an amount of Rs. 2.86 Cr. and credited to CSR Unspent Account as the amount is sanctioned for ongoing research projects in centrally funded Institutes.	Provision is made for an amount of Rs. 1.38 Cr. and credited to CSR Unspent Account as the amount is sanctioned for ongoing research projects in centrally funded Institutes.

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NOTE 19: EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the surplus for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the surplus attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Net surplus for calculation of basic earnings per share	397.26	447.52
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	529.38	529.38
Nominal Value per share (Rs.)	10.00	10.00
Basic Earnings Per Share (Rs.)	0.75	0.85
Diluted Earnings Per Share (Rs.)	0.75	0.85

NOTE 20: CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Claims not acknowledged as debts	-	-
Guarantees given on behalf of constituents - in India	-	-
Undisbursed Commitment	9,465.95	7,461.75
LC Commitment to vendor on behalf of Institute [Refer Note Below]	12.80	178.13
Total	**9,478.75**	**7,639.88**

Note: The LC commitment shall be met out of future term loan disbursement.
The Undisbursed commitment amount pertains to loan accounts wherein loan documents have been executed. As disbursements under Window IV & V have been discontinued w.e.f 01.10.2020, the amount sanctioned to the Institutions under Window IV & V is not included in the undibursed commitment amount.

NOTE 21: INCOME TAX

The Company was incorporated as a 'Not for Profit Company' under Section 8 of the Companies Act, 2013 and The Company has been granted Registration under Section 12AA of the Income Tax Act, 1961 as a Public Charitable Company with effect from 2nd February 2018. The Company was granted license by RBI under Non-deposit taking non-systemically important NBFC i.e. (i.e. NBFC-ND-Type II) vide CoR no. 02.00289 dated 21st November, 2017 for the purpose of carrying out Non Banking Finance business.

As per Memorandum and Articles of Association of the Company, no objects shall be carried out on a commercial basis. The Management is of the view that the income received from financial assistance for creation of educational infrastructure and R&D in India's premier educational Institutions is only incidental as the Company has not carried out the same on commercial basis and hereby claim to be eligible for Tax Expemption.

NOTE 22: EMPLOYEES BENEFIT PLAN

As of March 31, 2023 there are no employees on the roll of the company and all the operations are managed by the employees deputed from Canara Bank.

NOTE 23: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Particulars	As at 31.03.2023			As at 31.03.2022		
	Within 12 months (current)	After 12 months (non-current)	Total	Within 12 months (current)	After 12 months (non-current)	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	734.39		734.39	2,652.07		2,652.07
Bank Balance other than (a) above	-		-	-		
Loans	1,531.11	4,628.28	6,159.39	1,984.33	3,154.22	5,138.55
Other Financial Assets	110.42		110.42	97.12		97.12
			-			-
Non-financial Assets						
Current Tax Assets (Net)	-	11.33	11.33	-	8.52	8.52
Property, Plant and Equipment	-	-	-	-	-	-
Other Non-Financial Assets	-	-	-	-	-	-
Total Assets	**2,375.92**	**4,639.61**	**7,015.53**	**4,733.52**	**3,162.74**	**7,896.26**
LIABILITIES						
Financial Liabilities						
Payables	31.43	-	31.43	28.37	-	28.37
Borrowings (Other than Debt Securities)	-	-	-	327.96	954.61	1,282.57
Other Financial Liabilities	4.45	-	4.45	3.40	-	3.40
		-	-		-	-
Non-Financial Liabilities		-	-		-	-
Provisions	-	-	-	-	-	-
Other Non-Financial Liabilities	3.10	-	3.10	2.63	-	2.63
Total Liabilities	**38.98**	**-**	**38.98**	**362.36**	**954.61**	**1,316.97**
Net	**2,336.94**	**4,639.61**	**6,976.55**	**4,371.16**	**2,208.13**	**6,579.29**

NOTE 24: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities

Particulars	As at 31.3.2023	Cash Inflow	Cash Outflow	As at 31.3.2022
Borrowings (Other than Debt Securities)	-	-	1,282.57	1,282.57
Total	-	-	1,282.57	1,282.57

NOTE 25 - LEASING ARRANGEMENTS

The Company is carring out its operation at Canara bank premise. The Company has taken over an area of 3500 sq.feet on sub lease basis from Canara Bank for functioning of its office and the lease deed was executed on 27th of October 2020 with them for three years w.e.f 2nd November 2020 for a Monthly rent of Rs. 217,000/- and it was also agreed in the lease deed that the sub lease shall punctually pay the rent to the sub lessor on the 5th day of every succeeding month clear of all deductions without any demand. In addition to this, the electricity, water charges, property and other applicable taxes for the premises shall be payable by the sub lessee. The Company is paying the Management Fees i.e 1% on disbursement for managing entire company operations including Premises provided. As per JV Agreement, Managment Fees charged all service put together consolidatedly but not defined for each categories therefore no bifurcated lease amount shown seperately.

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NOTE 26: SEGMENT REPORTING

1. Operating segment/s are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. The Company's Chief Operating Decision Maker (CODM) is the Managing Director and Chief Executive Officer. The Company has only one identified business segments (industry practice) namely "financial assistance for creation of educational infrastructure and R&D in India's premier educational Institutions". The Financial Statements itself may be considered to be the segment result as per disclosure requirement of Indian Accounting Standard 108.

2. Geographical segment : The entity is domiciled in India and operates only in India. So geographical information is not required and No single customers contributed 10% or more to the Group's revenue for both 2021-2022 and 2022-2023.

NOTE 27: RELATED PARTY DISCLOSURES

Related party disclosures, as required by notified Ind AS 24 - 'Related Party Disclosures' are given below:

Ind AS 24 exempts Reporting Entity (RE) from disclosure requirements in relation to related party transactions and balances with:

Name of related parties	Relationship
Ministry of Education	Entity having joint control/significant influence over the Company
Canara Bank	Entity having joint control/significant influence over the Company and Entity with common director
Canarabank Computer Services Limited	Subsidary of Entity having joint control/significant influence over the Company and Entity with common director

Name of related party	Nature of transaction	For the year ended 31.03.2023	For the year ended 31.03.2022
Transactions with related parties			
Canara Bank	Management Service Fee	29.10	26.27
	Capital Contribution		-
	Borrowings during the year	-	268.00
	Interest Paid on Borrowings	0.13	2.80
Amount payable to related parties:			
Canara Bank	Borrowings (Outstanding)	-	267.96
Canara Bank	Trade Payable	29.10	26.27
Canara bank Computer Services Limited	Trade Payable	-	-

Items \ Related Party	Parent (as per ownership or control) For the year ended 31.03.2023	Parent (as per ownership or control) For the year ended 31.03.2022
Borrowings	-	267.96
Deposits	250.00	-
Placement of deposits	-	-
Advances	-	-
Investments	-	-
Purchase of fixed/other assets	-	-
Sale of fixed/other assets	-	-
Interest paid	0.13	2.80
Interest received	43.54	3.02
Others *	29.10	26.27

* Other related party transaction pertains to management fees payable by the company for mangement services obtained.

All transactions with these related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

NOTE 28: DISCLOSURE OF THE ASSETS, WHETHER TANGIBLE OR INTANGIBLE, PROVIDED BY CANARA BANK

The Company is paying 1% of total disbursements made in a financial year to Canara Bank as Management Fees as per master JV Agreement between Ministry of Education & Canara Bank. Canara bank is providing following service under the management service and Fee charged all service put together and not defined for each categories of the service.

a) Premises for office

b) Required Computer and Other Office Equipment (referred below).

c) Software and other intangible Asset required for operation.

d) Manpower for running the business.

e) Management of finance operation end to end.

LIST OF TANGIBLE ASSETS PROVIDED BY CANARA BANK

Sl.No	Particulars	Quantity
1	Personal Computer's	18
2	Printer bizhub	1
3	HP Scanner + Printer	3
4	Lenovo Tablet	15
5	ERP Software	2

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NOTE 29: LIQUIDITY COVERAGE RATIO (LCR) DISCLOSURE

Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

The RBI has issued guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies on November 04, 2019. As per the said guidelines, LCR requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹ 5,000 crore and above from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

As per RBI guidelines, the company has been monitoring the LCR at daily intervals for the period from April 2022 to March 2023.

The Company follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises cash and balance with other banks in current and savings account. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

The disclosure on Liquidity Coverage Ratio of the Company for the F.Y ended March 31, 2023 is as under:

		Mar. 23		Dec. 22		Sep. 22		Jun-22	
SL.No.	Particulars	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets (HQLA)	179.31	179.31	140.77	140.77	161.1	161.1	296.33	296.33
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	283.33	325.83	210	241.5	200	230	250.33	287.88
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**283.33**	**325.83**	**210**	**241.5**	**200**	**230**	**250.33**	**287.88**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	45.53	34.15
10	Inflows from fully performing exposures	166.04	124.53	98.18	73.64	160.01	120.01	106.15	79.61
11	Other cash inflows	88.26	66.2	180.33	135.25	239.22	179.42	91.87	68.9
12	**TOTAL CASH INFLOWS**	**254.3**	**190.73**	**278.51**	**208.89**	**399.23**	**299.43**	**243.55**	**182.66**
13	TOTAL HQLA		179.31		140.77		161.1		296.33
14	TOTAL NET CASH OUTFLOWS		135.1		60.38		57.5		105.22
15	**LIQUIDITY COVERAGE RATIO (%)**		**132.72%**		**233.16%**		**280.17%**		**281.64%**

		Mar. 22	
		Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets			
1	**Total High Quality Liquid Assets (HQLA	550.03	550.03
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	-	-
i)	Outflows related to derivative exposures and other collateral requirements	-	-
ii)	Outflows related to loss of funding on debt products	-	-
iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	1124.67	1293.37
7	Other contingent funding obligations	-	-
8	**TOTAL CASH OUTFLOWS**	**1,124.67**	**1,293.37**
Cash Inflows			
9	Secured lending	2612.17	1959.14
10	Inflows from fully performing exposures	846.78	635.1
11	Other cash inflows	-	-
12	**TOTAL CASH INFLOWS**	**3458.95**	**2594.24**
13	TOTAL HQLA		550.03
14	TOTAL NET CASH OUTFLOWS		323.34
15	**LIQUIDITY COVERAGE RATIO (%)**		**170.11%**

Unweighted values calculated as outstanding balances maturing or callable within one month (for inflows and outflows). Averages are calculated on basis of simple average of day-end
Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

HQLA consists of cash balances maintained in Savings and Current account without any haircut. All the HQLA are in rupee terms and there is no currency mismatch.

Company for purpose of computing outflows, have considered: (1) all the contractual debt repayments, (2) committed credit facilities contracted with the customers
Inflows comprises of: (1) expected receipt from all performing loans, and (2) lines of credit available from sanctioned lenders.

To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 115%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

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NOTE 30: CAPITAL MANAGEMENT

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may issue capital securities. No changes have been made to the objectives, Capital management related policies and processes from the previous years. However, they are under constant review by the Board.

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Capital Fund		
Tier -1	6,957.14	6,559.88
Tier -2	-	-
Total Capital Fund	6,957.14	6,559.88
Risk weighted assets (along with the adjusted value of Balance sheet items including Accrued Interest)*	11,017.29	9,145.83
CRAR	63.15%	71.73%
CRAR – Tier I Capital	63.15%	71.73%
CRAR – Tier II Capital	0.00%	0.00%

*Risk Weighted Assets includes Loan oustanding, Accrued interest on loan, Undisbursed Commitment and amount towards LC commitment.

NOTE 31: FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

i) Valuation principles : Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

ii) Valuation governance : The Company's process to determine fair values is part of its periodic financial close process. The Board exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units . Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

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

Particulars	Carrying Value		Fair Value	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Financial Assets				
Cash and Cash Equivalents	734.39	2,652.07	734.39	2,652.07
Bank Balance other than (a) above	-	-		
Loans	6,159.39	5,138.55	6,159.39	5,138.55
Other Financial Assets	110.42	97.12	110.42	97.12
Total Financial Assets	**7,004.20**	**7,887.74**	**7,004.20**	**7,887.74**
Financial Liabilities				
Payables	31.43	28.37	31.43	28.37
Borrowings (Other than Debt Securities)	-	1,282.57	-	1,282.57
Other Financial Liabilities	4.45	3.40	4.45	3.40
Total Financial Liabilities	**35.88**	**1,314.34**	**35.88**	**1,314.34**

Note :

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Borrowings: floating rate loans, the carrying values are a reasonable approximation of their fair value.

NOTE 32: RISK MANAGEMENT

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

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.
The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

The company gives loan only to higher educational institutions under Ministry of Education. The company has a robust accounts receivable collection mechanism which has ensured zero level of credit risk since inception. The company maintains an appropriate credit administration and loan review system.

The following table gives details in respect of % of revenue generated from top customer and top 5 customers:

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Revenue from top customer	20.15	35.31
Revenue from top 5 customers	91.87	152.99

Credit risk exposure

Existing expected credit loss (ECL) model of the company was primarily based on historical data and related factors. The increased delay in payment of Interest by Institutes has necessitated a consideration of additional scenarios while measuring ECL.
The Management estimates impairment provision using Expected Credit loss (ECL) model for the loan exposure.
The Company's impairment allowance is derived from estimates including delay on interest payments. Collective impairment allowances are calculated using ECL model which approximate credit conditions on portfolios of loans.

Asset & Liability management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Company's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and surplus of the company. It is necessary for Company's to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

Liquidity Risk :

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

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BANGALORE
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Maturity pattern of assets and liabilities as on 31 March, 2023

Particulars	1 - 30 days	31D - 3M	3M - 6M	6M - 1Y	1Y - 3Y	3Y - 5Y	Over 5Y	Total
Borrowings (Other than Debt Securities)	-	-	-	-	-	-	-	-
Loans	114.18	211.55	443.34	769.07	2,331.29	1,453.79	843.20	6,166.42

The tenure of the loans is for 10 years having 20 equal installments i.e. Sanciton amount divided by 20 installments and interest will accrue monthly and paid quarterly.

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

Particulars	1 - 30 days	31D - 3M	3M - 6M	6M - 1Y	1Y - 3Y	3Y - 5Y	Over 5Y	Total
Borrowings (Other than Debt Securities)	-	200.00	-	127.96	60.00	894.61	-	1,282.57
Loans	216.30	232.86	549.02	987.78	1,028.04	1,028.04	1,098.14	5,140.18

Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Company exposure to market is very minimal due to Interest rate are fixed and paid by the Ministry of Education.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

NOTE 33: PROVISIONS AND CONTINGENCIES

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Provision for Standard Assets	7.03	1.56
Provision made towards Current Tax	-	-

NOTE 34: DRAW DOWN FROM RESERVES

For the year ended March 31, 2023 the Company has not withdrawn any amount from Impairment Reserves. The details of draw down from Impairment Reserves are provided in Statement of Changes in Equity to these financial statements.

NOTE 35: CONCENTRATION OF ADVANCES, EXPOSURES AND NPAS

i) Concentration of Advances

Particulars	As at 31.03.2023	As at 31.03.2022
Total advances to twenty largest borrowers	6,548.31	5,662.21
Percentage of advances to twenty largest borrowers to total advances of the Company	61.69%	40.63%

ii) Concentration of Exposures

Particulars	As at 31.03.2023	As at 31.03.2022
Total exposure to twenty largest borrowers/customers	4,065.80	3,821.61
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	64.82%	72.98%

iii) Concentration of NPA's

Particulars	As at 31.03.2023	As at 31.03.2022
Total exposure to top four NPA accounts		

iv) Sector-wise NPAs

Percentage of NPAs to Total Advances in that Sector

Particulars	As at 31.03.2023	As at 31.03.2022
Agriculture & allied activities	0%	0%
MSME	0%	0%
Corporate borrowers	0%	0%
Services	0%	0%
Unsecured personal loans	0%	0%
Auto loans	0%	0%
Other personal loans	0%	0%

v) Movement of NPAs

Particulars	As at 31.03.2023	As at 31.03.2022
I) Net NPAs to Net Advances (%)	0%	0%
II) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Addition during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
III) Movement of NPAs (Net)		
a) Opening balance	-	-
b) Addition during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provision made during the year	-	-
c) Write-off/write-back of excess provisions	-	-
d) Closing balance	-	-

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NOTE 36: CUSTOMER COMPLAINTS

Sl.No	Particulars	As at 31.03.2023	As at 31.03.2022
	Compliants received by the NBFC from its customers		
1	Number of complaints pending at the beginning of the year	-	-
2	Number of complaints received during the year	-	-
3	Number of complaints disposed during the year	-	-
	3.1 Of which, number of complaints rejected by the NBFC	-	-
4	No. of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
6*	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

NOTE 37: DERIVATIVES DISCLOSURES AS PER RBI

The Company has no transactions / exposure in derivatives in the current and previous year.
The Company has no unhedged foreign currency exposure as on March 31, 2023 (March 31, 2022: NIL)

NOTE 38: MISCELLANEOUS

i) No penalties have been imposed by RBI and other Regulators during the year ended 31 March, 2023, 31 March, 2022
ii) The Company is registered with the following Financial Sector Regulators (Financial Sector Regulators as described by Ministry of Finance)

a) Reserve Bank of India
b) Ministry of Finance (Financial Intelligence Unit) - FINBF15251

Others Registrations
a) Central Registry of Securitisation Asset Reconstruction and Security Interest of India(CERSAI) - IN2805
b) Legal Entity Identifier (LEI) - 984500DB0605E5D5B063

iii) Ratings assigned by credit rating agencies and migration of ratings during the year

Credit rating Agency	Type of Facility	As at 31.03.2023	As at 31.03.2022
ICRA	Term Loan	AA (Stable)	AA (Stable)
ICRA	Issuer Rating	AA (Stable)	AA (Stable)

NOTE 39: EXPENDITURE IN FOREIGN CURRENCY

There is no expenditure incurred in foreign currency during the financial year 2022-23 and 2021-22

NOTE 40: FRAUD

During the year and previous year there have been no fraud reported or identified by the management.

NOTE 41: BALANCE OF INSTITUTE ESCROW ACCOUNT WITH BANK

Particulars	As at 31.03.2023	As at 31.03.2022
Balance in principal Repayment Account (For availing the proposed loan, every institute (borrowers) has to open an escrow account with the Canara bank by crediting the one advance instalment to the "Principal Repayment account "The Escrow amount received in the principal repayment account with Canara bank is to be invested first in short term deposit as per the borrower's instruction till the period for the purpose of coinciding with the due date of term loan repayment.)	1,890.24	1,316.28

NOTE 42: PROPERTY, PLANT AND EQUIPMENT(PPE)

Company does not own any asset however Company use the tangible and intangible Assets of Canara bank which is the part of management service as per master JV Agreement where Canara Bank has to manage the entire operation including bringing asset required in such operation. All assets are owned by the Canara Bank & hence not capitalized by the Company.

K.P. RAO & CO. BANGALORE FRN: 003135S CHARTERED ACCOUNTANTS

हायर एजुकेशन फाइनेंसिंग एजेंसी नं. 51, जे.सी. रोड, बेंगलोर - 27. No. 51, J.C. Road, Bengaluru - 27. HIGHER EDUCATION FINANCING AGENCY

NOTE 43: ANALYTICAL RATIOS

SL.No.	Ratio		Current Period	Previous Period	% Variance	Reason for variance
1	Current Ratio	Current Assets / Current Liabilities	61.97	13.06	374.41%	Due to decrease current liabililty (bank borrowing) ratio has increased.
2	Debt-Equity Ratio	Total Debt / Total Equity	0.00	0.19	-100.00%	The DER ratio is zero as the company has received advance installment from few borrowers which was utilized towards advance repayments of long term debts. As on 31.03.2023 no borrowing is outstanding.
3	Debt Service Coverage Ratio	Net operating Income / Debt Service	0.00	1.52	-100.00%	Due to closure of long term debt, the DSCR become 0.
4	Return on Equity Ratio	Net Income / Total Average Shareholders Equity	5.69%	6.80%	-16.28%	Due to reduction in ROI, RoE has reduced y-o-y basis.
5	Inventory turnover ratio	NA	NA	NA	NA	
6	Trade receivables turnover ratio	Sales / Loan Receivable	0.07	0.11	-36.99%	Due to reduction in ROI income has reduced and due to disbursement during the year loan receivable has increased which has led to reduction in ratio.
7	Trade payables turnover ratio	Credit Operating Expenses / Accounts Payable	1.18	1.20	-1.32%	
8	Net capital turnover ratio	Sales/Working Capital	0.21	0.13	57.45%	Due to reduction in working capital ratio has increased.
9	Net profit ratio	Net Profit/Net Sales	0.89	0.76	17.44%	
10	Return on Capital employed	Earning before Tax /Average Capital Employed	5.68%	5.94%	-4.30%	
11	Return on Total Asset	EBIT / Total Assets	5.66%	5.67%	-0.18%	

Note 44: Sectoral exposure

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (. crore)	Gross NPAs (. crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs (. crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities						
2. Industry						
i....						
ii....						
Others						
Total of Industry (i+ii+...+Others)						
3. Services						
Term Loans	6,159.39	-	0.00%	5,138.55	-	0%
Others	-	-	0.00%	-	-	0%
Total of Services (i+ii+...+Others)	**6,159.39**	-	**0.00%**	**5,138.55**	-	**0%**
4. Personal Loans						
i...						
ii...						
Others						
Total of Personal Loans (i+ii+...+Others)						
5. Others, if any (please specify)						

NOTE 45: Previous year's figures have been regrouped, reclassified & rearranged to conform to current period presentation wherever necessary.

NOTE 46: Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences

Since the effective date for adoption of the above amendments is annual periods beginning on or after April 1, 2023, there is no impact on the financial statements for the year ended 31st March 2023.

K.P. RAO & CO. BANGALORE FRN: 003135S CHARTERED ACCOUNTANTS

Place: Bengaluru
Date: 01/09/2023

No. 51, J.C. Road, Bengaluru - 27 HIGHER EDUCATION FINANCING AGENCY

For and on behalf of the Board of
HIGHER EDUCATION FINANCING AGENCY

Mohammad Thophic
Managing Director & CEO
DIN-10118049

K. Sanjay Murthy
Chairman
DIN-3532374

Rahul Saini
Chief Financial Officer
EYTPS9366E

Gourav Sunil
Company Secretary
DWMPS2003G

C & AG AUDITOR'S OBSERVATIONS AND COMPANY'S REPLY

Observations raised by CAG on accounts of HEFA ,Bangalore for the year 2022 -23

#1 (OBS - 994719)	Independent Auditor's Report A. Other Information Reference is invited to para 17 of SA 710 - Comparative Information - Corresponding Figures and Comparative Financial Statements, which states "if the financial statements of the prior period were audited by a predecessor auditor, in addition to expressing an opinion on the current period's financial statements, the auditors shall state in Other Matter paragraph; a. That the financial statements of the prior period were audited by a predecessor auditor; b. The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reason therefor; and c. The date of the report," The above said matters were not included under Other matters in independent auditor's report. As Provisions of SA 710 were not complied with the Independent auditor's report is deficient to that extent. B. Report on Other Legal and Regulatory Requirements I. Independent Auditor reported that "As the companies (Auditor's Report) Order, 2001 the Order issued by the central government in terms of section 143(11) of the said Companies Act, 2013 are not applicable to the comp any as it is registered under Section 8 of Companies Act, 2013 and hence, the requirements of disclosure under the said order does not arise". The sentence 'As the companies (Auditor's Report) Order, 2001 the Order issued by the central government in terms of section 143(11) of the said Companies Act, 2013 are not applicable to the company' may be corrected as the 'As the Companies (Auditor's Report) Order, 2020, the Order issued by the Central Government in terms of Section 143 (11) of the Companies Act, 2013 are not applicable to the Company' C. Annexure – A to the Independent Auditor's Report Independent Auditor reported that "Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 113 of the Companies Act, 2013 ("the Act")". The words 'Section 113 of the Companies Act, 2013' reported in the above sentence may be corrected as 'Section 143 of the Companies Act, 2013'. Opinion Independent Auditor reported that "In our opinion, the Company has, in all maternal respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31sMt arch, 2022…". The words 'in all maternal respects' reported in the above sentence may be c orrected as 'in all material respects'. The date reported in the above sentence as '31st March 2022' may be corrected as '31st March 2023'. D. Annexure – B to the Independent Auditors' Report Independent Auditor reported that "Compliance Report on the dire ction issued by C&AG under Sub section 3 of the Section 143 of the Companies Act, 2013 ("the Act"). The words 'Sub section 3 of the Section 143' reported in the above sentence may be corrected as 'Sub section 5 of the Section 143'.	We concur with the observations of Statutory Auditor.	The required changes have been made in the Revised Audit report.

#2 (OBS - 994732)	Statement of Income and Expenditure for the year ended March 31, 2023 (IV) Expenditure – (e) Other Expenses (Note 18) - ₹42.44 crore. A. Management Fees (Note No. 18) - ₹29.10 crore This represents Management fees on account of establishment and administrative charges on behalf of the Company. Out of the total expenditure of ₹48.55 crore, Management fees alone amounted to ₹29.10 crore, which is 59.94 percent of total expenditure and this expense is not a minor/miscellaneous item which can be shown under the head 'other expense' but is an highest and important expenditure directly related to the core business operations of the company, is of recurring nature necessitating the depiction of the same as a major line item in Statement of Income and Expenditure. Moreover, as per MCA notification dated 6th April, 2016 'any item of income or expenditure which exceeds one per cent of the revenue from operations or Rs.10,00,000, whichever is higher' shall be disclosed. Hence Management Fees should have been included as a separate line item in the expenditure section of the Statement of Income and Expenditure for the year ended 31st March, 2023 on account of its materiality, being relating to the core business of the Company, instead of clubbing the same in the nature of an insignificant expense under the head Other Expense. B. From the perspective of better financial reporting and in line with the requirements of Schedule III to Companies Act 2013, ICAI recommended that all the expenditure on CSR activities should be recognized as a separate line item as 'CSR expenditure' in the Statement of Profit and Loss (Paragraph 34 of 'Technical Guide on Accounting for Expenditure on Corporate Social Responsibility Activities issued by ICAI - June 2020 edition). Paragraph 85 of Ind As 1 (Presentation of Financial Statements) also state that an entity shall present additional line items, heading and subtotals in the Statement of Profit and Loss, when such presentation is relevant to an understanding of the entity's financial performance. In the Statement of Income and Expenditure for the year 2022-23, out of the total expenditure of ₹48.55 crore, CSR expenditure alone amounted to ₹8.03 crore. The expense is not a minor/miscellaneous item which can be shown under the head 'other expense', which is 16.54 percent of total expenditure presentation of the same as a major line item in Statement of profit and loss. HEFA a Section 8 Company which prepares 'Statement of Income and Expenditure' instead of 'Statement of Profit and loss', should comply with the recommendation of ICAI (vide Paragraph 34 of 'Technical Guide on Accounting for Expenditure on Corporate Social Responsibility Activities issued by ICAI - June 2020 edition) by disclosing CSR expenditure in separate line item as 'CSR expenditure' in the 'Statement of Income and Expenditure', for exhibiting a true and fair presentation of financial statements. The Management letter dated 29 August, 2022 vide reference no. 4 also pointed out the same for proper remedial action, but the same was not complied with in previous year Annual Report (i.e. 2021-22) as well as this year Financial statement.	We concur the observations of Statutory Auditor.	A. MCA Notification dated 6th April, 2016 states that: A Company shall disclose by way of notes, additional information regarding aggregate expenditure and income on the following items: (c) any item of income or expenditure which exceeds one per cent of the revenue from operations or Rs.10,00,000, whichever is higher, in addition to the consideration of 'materiality' as specified in clause 7 of the General Instructions for Preparation of Financial Statements of a Company; Accordingly, the management has disclosed Management Fees as a separate line item in the way of notes to Other Expenses (Note 18), hence the management is in compliance with the MCA Notification. B. As per the 'Technical Guide on Accounting for Expenditure on Corporate Social Responsibility Activities' issued by ICAI – June 2020, it states that - from the perspective of better financial reporting and in line with the requirements of Schedule III in this regard, it is recommended that all expenditure on CSR activities should be recognized as a separate line item as 'CSR expenditure' in the statement of profit and loss. Further, the relevant note should disclose the break-up of various heads of expenses based on nature and materiality included in the line item 'CSR expenditure'. This is recommendatory in nature and is solely for achieving a better presentation of financial reporting. The ICAI does not mandatorily require an entity to disclose such expenditure as a separate line item in the Statement of Income and Expenditure. However, in order to achieve a better presentation, the same shall be incorporated from subsequent years.

#3 (OBS - 995204)	Disaggregation of Revenue Statement of profit or loss Income Note 14 - Interest Income - Rs 445.48 crore A reference is invited to para 114 of Ind AS 115 as per which an entity shall disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An enti ty shall apply the guidance in paragraphs B87 –B89 when selecting the categories to use to disaggregate revenue As per para B88 of Ind AS 115, when selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how i nformation about the entity's revenue has been presented for other purposes, including all of the following: (a) disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations); (b) infor mation regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments; and (c) other information that is similar to the types of information identified in paragraph B88(a) and (b) and that is used by the entity or users of the entity's financial statements to evaluate the entity's financial performance or make resource allocation decision. As per the credit policy of HEFA, the entities that are funded by HEFA are divided into following financing windows; Window I - Technical institutions more than 10 years old - Repay the whole principal (100 percent repayment) from I. internally generated budgetary resources. II. Window - II - Technical institutions started between 2008 and 2014 - Repay 25 percent of the principal portion from internal resources and receive grant for balance of the principal portion III. Window - III - Repay 10 percent of the principal portion from internal resources and receive grant for the balance of the principal portion. The degre e of risk associated with Window I loans is comparatively higher when compared to Window II and Window III since 100 percent principal needs to be repaid from internally generated sources by Window I institutions which could have the potential impact on th e cash flows of HEFA. Since the allocation of resources (loan sanctions) to these category of institutions is decided at the level of Ministry which is the chief operating decision maker, the Operating revenue of HEFA needs to be disaggregated into revenue received from the above three windows (as per para 114 and para B88 of Ind AS 115) for disclosure purposes. Hence the Note 14 is deficient to this extent.	As per para 5 of Ind AS 115: - An entity shall apply this Standard to all contracts with customers, e xcept the following: (a) lease contracts within the scope of Ind AS 17, Leases; (b) insurance contracts within the scope of Ind AS 104, Insurance Contracts; 591 (c) financial instruments and other contractual rights or obligations within the scope of Ind A S 109, Financial Instruments, Ind AS 110, Consolidated Financial Statements, Ind AS 111, Joint Arrangements, Ind AS 27, Separate Financial Statements and Ind AS 28, Investments in Associates and Joint Ventures; and (d) non -monetary exchanges between entiti es in the same line of business to facilitate sales to customers or potential customers. For example, this Standard would not apply to a contract between two oil companies that agree to an exchange of oil to fulfil demand from their customers in different specified locations on a timely basis. We are dealing in financial instruments within the scope of Ind AS 109, Hence the Ind AS 115 is not applicable for us. Interest Income is same for all the windows and is being borne by Government irrespective of fina ncing windows of HEFA. Whereas, principal repayment obligation only differs with the change of Windows. Since, 100 % interest component obligation is to be borned by Government grant to the institutes, the degree of risk is same for the interest component in all windows.	We Concur with the response of the management.

#4 (OBS - 995345)	TDS Advance Tax Balance Sheet Assets Current Tax Assets (Net) Note 7 - Advance Tax and TDS - Rs 11.33 crore A reference is invited to Note 2.3 (o), wherein it is stated that the Company has been incorporated as a 'Not for proft company' under secton 8 of the Companies Act 2013 and granted registraton under secton 12 AA of the Income tax act. As per secton 11 of the Income tax act 1961, these charitable trusts, or insttutons ar e exempted from income tax. An amount of Rs 11.33 crore has been disclosed under Note 7 as "Advance Tax and Tax deducted at source". Since the company is exempt from income tax, it does not have to pay any advance tax, the mention of Advance tax in the Not e gives an incorrect picture. Hence the nomenclature of the note may be modifed accordingly. Further the year wise break up of Tax deducted at source may be provided in the Note to give a more detailed picture of the positon of TDS.	HEFA has been incorpora ted as a 'Not for proft company' under secton 8 of the Companies Act 2013 and granted registraton under secton 12 AA of the Income tax act. However, HEFA has not obtained certificate for non - deduction of TDS. For non-deduction of TDS an entity need to file form 13 under section 197 to the assessing officer. The amount Rs. 11.33 crore disclosed under Note 7 as "Advance Tax and Tax deducted at source" is the TDS amount deducted by the interest paying Institutes and Banks. The amount will be refunded on fi ling and procession of the Income tax return. Additionally, we agree that providing a year -wise breakdown of TDS in the Notes to accounts would be beneficial and will incorporate this information in our upcoming financial statements.	We concur with the re sponse of the management.
#5 (OBS - 995416)	Balance Sheet as at March 31, 2023 Liabilities and Equity – Liabilities – Financial Liabilities – (a) Payables – (1) Trade Payables (Note No. – 8) ₹ 31.45 crore The total loan disbursements during the financial year 2022-23 was ₹2909.86 crore. As per Point No. 4 of Management Services Agreement between HEFA and Canara Bank, the Company shall be liable to pay and Canara Bank shall be entitled to receive a management fee of 1 percent p.a of the total amount disburs ed in the previous financial year by the Company. Accordingly Management fee for the year 2022-23 works out ₹29.10 crore. However as per the Explanatory note under Note No. 8 (Trade Payable) of financial statements for the year ending 2022-23, the Management Fees payable excluding TDS was stated as ₹ 29.19 Cr which is incorrect, hence the figure given in the Note (Rs. 29.19 Cr) needs to be corrected as ₹26.19 crore.	The figure of Management fee excluding TDS under note 8 has been mentioned inadvertently as Rs. 29.19 crore instead of Rs. 26.19 crore due to typing error. We have noted the same for compliance.	We concur with the response of the management.

<table>
<tr>
<td>#6 (OBS - 997548)</td>
<td>Notes to accounts
The list of the Institutions, where agreement is pending to be executed after sanctioned of loan by Government of India (GoI) as of 31st March, 2023 ranged from 21 to 54 months is given below: -
<table>
<tr><th>Sl No.</th><th>Name of the Institute</th><th>Loan sanctioned in Crores</th><th>Date of sanction</th></tr>
<tr><td>1</td><td>SPA Delhi</td><td>370.62</td><td>01-10-2018</td></tr>
<tr><td>2</td><td>Central University of Odisha</td><td>129.79</td><td>19-08-2020</td></tr>
<tr><td>3</td><td>JNU New Delhi</td><td>455.02</td><td>22-12-2020</td></tr>
<tr><td>4</td><td>IITDM Jabalpur</td><td>95.70</td><td>30-06-2021</td></tr>
</table>
Since delays in execution of works resulted in cost escalation of already sanctioned projects, a policy may be framed whereby projects sanctioned but agreement has not been entered into beyond a fixed period shall be cancelled.
Further, the facts that the projects cited above which were sanctioned by Government of India (GoI) but were not commenced due to nonexecution of agreement was not disclosed in Notes to accounts.</td>
<td>Out of Four loans where documents were not executed as on 31.03.2022, documents have been executed in Three Loans as on 30.09.2023, However in following Three loans documents are yet to be executed:
<table>
<tr><th>S. No</th><th>Name of the Institute/ University</th><th>Sanctioned Loan Amount (Rs in Crores)</th><th>Date of Sanction</th><th>Remarks</th></tr>
<tr><td>1</td><td>SPA NEW DELHI</td><td>370.62</td><td>01.10.2018</td><td>Institute is yet to receive the clearance from Forest Department of New Delhi</td></tr>
<tr><td>2</td><td>IIITDM JABALPUR</td><td>95.70</td><td>30.06.2021</td><td>There is a court stay order for construction work.</td></tr>
<tr><td>3</td><td>Central University of Odisha</td><td>129.79</td><td>19.08.2020</td><td>University has informed that they have taken up for considering the projects under Grant Mode instead of Loan Mode.</td></tr>
<tr><td></td><td>TOTAL</td><td>596.11</td><td></td><td></td></tr>
</table>
As per the Audit Committee meeting dated 31.08.2023, where committee has advised to withdraw the aforementioned sanctions, the same shall be placed to Board in subsequent Board meeting for withdrawal of sanction.

As per HEFA credit policy sanctions is valid for 1 year only.</td>
<td>We concur with the response of the management.</td>
</tr>
</table>

#7 (OBS - 997551)	Significant Accounting Policies forming part of Financial Statements According to the Credit Policy of the Higher Education Financing Agency, Bengaluru 'Penal interest @2% shall A. be charged from due date for the period of delay in payment of interest. However, there is no policy for levy of penal interest for delay in transfer of funds towards Principal Instalment in ESCROW accounts. Hence, the Accounting Policy is deficient to that extent. B. Principal repayment of the loan is recovered via ESCROW mechanism and the Institutions need to replenish the ESCROW account at the time of deduction of Principal repayment and similar amounts every 6 months thereafter. The due date of transfer of funds amounting to ₹ 379.80 lakh into E SCROW 3 accounts in respect of Maulana Azad National Urdu University, Hyderabad was 01-03-2023. However, Maulana Azad National Urdu University, Hyderabad transferred the amount of ₹ 379.80 lakh into ESCROW 3 account on 29-05-2023, with a delay of 90 days. Since the policy for penalty for delay in transferring Principal installment into ESCROW accounts has not been framed, considering the penal charges @ 2 percent charged by RBI for the overdue amount and overdue period, the total penal charges payable for d elay in transfer of Principal installment into ESCROW account worked out to ₹18.99 lakh. Thus, non accountal of ₹ 18.99 lakh has resulted in understatement of Revenue from operations (Penal interest) and understatement of financial assets (loans) and consequently understatement of Excess of Income over Expenditure by ₹ 18.99 lakh.	Escrow Mechanism is implemented to ensure timely repayment of Installments by the Institute and as on date of demand, sufficient funds are available in the account to meet the demand. Penal interest is applicable on Overdue. In this case one advance installment is already collected from the institute and is available for appropriation. As such in these cases delay in Escrow replenishment cannot be amounted as delay in service of dues. Thus, the penalty is not applicable for delay in escrow replenishment. As per RBI directions regulated entities (RE) can charge penal interest on overdues. However, to maintain financial discipline, RE can stimulate penal charges on material violation of sanction terms subject to reasonable quantum as decided by The Board of Directors and is transparently disclosed in sanction terms. Since the said guidelines is not obligatory and further cannot be construed as Accounting Policy is deficient to that extent. In the back drop of no such policy requirements as per HEFA policy and no mandatory guidelines as per RBI regulations, the quantum calculated in the observation is purely on apprehension and will be in violation of RBI guidelines. Hence the said observation may be dropped.	We concur with the response of the management.

<table>
<tr>
<td>#8 (OBS - 999033)</td>
<td>
Balance Sheet as at March 31, 2023
Assets – (2) Non-Financial Assets –
(a) Current Tax Asset (Net) (Note No. 7) - ₹11.33 crore
Current Tax Asset showing a total balance amounting to ₹11.33 crore as at 31st March, 2023, which pertains to the Assessment Year 2021-22 and 2023-24, whereas as per Annual Tax Statement (Form 26 AS) for the these years showing a total balance of ₹ 12.39 crore as detailed below.
<table>
<tr><th>Sl No.</th><th>Name of the Deductor</th><th>TAN of Dedcutor</th><th>TDS Deposited (AY 21-22) ₹</th><th>TDS Deposited (AY 23-24) ₹</th></tr>
<tr><td>1</td><td>Indian Institute of Management Society</td><td>AMRI11078E</td><td>3463991</td><td>3416401</td></tr>
<tr><td>2</td><td>Indin Institute of Management Jammu</td><td>AMRI11095A</td><td>32665</td><td>4271773</td></tr>
<tr><td>3</td><td>Canara Bank KA3</td><td>BLRC18598G</td><td>2703547</td><td>37486283</td></tr>
<tr><td>4</td><td>Indian Institute of Management Society Nagpur</td><td>NGPI01710C</td><td>6073809</td><td>15855437</td></tr>
<tr><td>5</td><td>Indian Institute of Technology Ropar</td><td>PTLI10858B</td><td>16142967</td><td>20901268</td></tr>
<tr><td>6</td><td>Indian Institute of Bodh Gaya Society</td><td>PTNI00822D</td><td>197757</td><td>4246776</td></tr>
<tr><td>7</td><td>Indian Institute of Management Visakhapatnam</td><td>VPNI00660</td><td>222033</td><td>8864810</td></tr>
<tr><td colspan="3">Total</td><td>28836769</td><td>95042748</td></tr>
</table>
Thus, non-accountal of ₹ 1.06 crore has resulted in understatement of non-financial assets (Current Tax assets), understatement of Revenue from Operations (Interest Income) and consequently understatement of Excess of Income over expenditure by ₹ 1.06 crore.
</td>
<td>
The difference in current tax assets is due to accounting of TDS amount in different FY. Some institutes i.e. IIM Amritsar, IIM Jammu, IIM Nagpur, IIM Vishakhapatanam has remitted the TDS on interest on accrual basis (remitted the TDS in which interest was debited) whereas HEFA has accounted the TDS on actual receipt of interest amount. Details of the same is furnished below:
<table>
<tr><th>DEDUCTOR NAME</th><th>TDS DEDUCTED IN FY 22-23 BY INST AND IN FY 23-24 BY HEFA</th></tr>
<tr><td>IIM AMRITSAR</td><td>958870</td></tr>
<tr><td>IIM JAMMU</td><td>1898899</td></tr>
<tr><td>CANARA BANK</td><td>0</td></tr>
<tr><td>IIM NAGPUR</td><td>3752879</td></tr>
<tr><td>IIT ROPAR</td><td>0</td></tr>
<tr><td>IIM BODHGAYA</td><td>1391342</td></tr>
<tr><td>IIM VISHAKHAPATNAM</td><td>2608956</td></tr>
<tr><td>TOTAL</td><td>10610946</td></tr>
</table>
We have noted the same for compliance and will pass the TDS entry on accrual basis in financial of succeeding years.

Further, the observation that non accountal of Rs 1.06 Crores has resulted in understatement of Non-financial assets during the previous financial year 2022-23, however the same has been accounted in present financial year 2023-24. This is due to 1 month time lag in respect of TDS intimation on interest payment. However every time this is being adjusted in subsequent financial years.The same has not resulted in understatement of Revenue from Operations (Interest Income) and consequently understatement of Excess of Income over expenditure by ₹ 1.06 crore.
</td>
<td>We concur with the response of the management.</td>
</tr>
</table>

#9 (OBS - 999086)	Non compliance with provisions of Management Letter The following deficiencies communicated in the Management Letter dated 29-08-2022 issued during audit of accounts for the year 2021-22 have not been rectified in the current financial year. Sl. No. 1 of the Management Letter Balance sheet as at March 31, 2023 Assets - Cash and cash equivalents Canara bank provide advance amount not exceeding ₹ 10,000 by cash at any point of time based on the joint request of Managing Director and one more Executive/Senior Manager/ Manager of the company for meeting the petty expenses of the Company approved by the budget of the Company. Subsequently the Company has to submit the summary of all expenses incurred out of this advance during the month of latest by 10th of the following month. Upon receipt of the Management fee from the Company, all the expenditure debited shall get appropriated to the Management Fees so received by Canara bank and surplus/deficit shall be reckoned as income/loss. The facts relating to petty expenses need to be disclosed in the Notes to accounts. Sl. No. 2 of the Management Letter Loans (Note – 5) – ₹ 6159.30 crore Company has disclosed the Term Loan of ₹ 6166.42 crore (before adjusting Impairment Loss Allowance of ₹ 7.03 crore) under Note 5 (Loans) which is 'secured by Receivables and Escrow account and hypothecation of equipment and furniture's value for which loan is availed'. Receivables and Escrow accounts are bank accounts opened in the name of institutions and pledged as security to HEFA. As bank accounts are considered as intangible assets, the disclosure needs to be made separately regarding tangible assets as per the Notification dated 11-10-2018 of Ministry of Corporate Affairs. Sl. No. 5 of the Management Letter There is no reference to Note No. 1 and 2 in the Balance Sheet and Note No. 20 in the Statement of Income and Expenditure	Sl. No. 1 of the Management Letter: Company has appointed Canara Bank as manager of the Company. As per the management service agreement, Canara bank is provided all required infrastructure and bearing day to day expensed of the company. In lieu of the same Company is paying 1% of total disbursements made in a financial year to Canara Bank as Management Fees . The same is disclosed in Note no 28 of the financial of the company. Petty cash Rs. 10000.00 provided in advance by Canara bank is to meet the day to day petty expenses of the company. These expenses are not part of Income & Expenditure statement of the Company. Hence not disclosed in separate note. Further the same will be accounted as expenses in the Balance sheet of Canara Bank. Sl. No. 2 of the Management Letter: Under note 5, we have incorporate specific disclosure regarding secured by tangible or intangible assets. Our Loan assets are secured by hypothecation of fee receivable, Grant receivable or any other assets purchased out of loan, which are tangible in nature. Sl. No. 5 of the management Letter: Note no 1 , 2 & 20 are part of financial of the company. Note no 1 pertain to disclosure of Corporate information, note no 2 pertain to disclosure of Significant Accounting Policies, Judgements, Estimates and Assumptions and note no 20 pertain to disclosure of contingent liabilities, commitments and leasing arrangements. These disclosures are not part of Balance sheet and Income & Expenditure statement, Hence There is no reference to Note No. 1 and 2 in the Balance Sheet and Note No. 20 in the Statement of Income and Expenditure.	We concur with the response of the management.

#10 (OBS - 999437)	Non provision of contingent liability Preliminary Observation Memorandum/HEFA Bglr/Accts./ 22-23/No.3 Balance Sheet as at March 31, 2023 Liabilities and Equity – Liabilities – Financial Liabilities Higher Education Financing Agency, Bengaluru accounted for contingent liability amounting to ₹ 9478.75 crore as at the Balance sheet date viz 31 March, 2023, out of which demand for release for loan installments amounting to ₹ 54.21 crore towards the sanction projects were received from various institutions (details in Annexure) by 31 March, 2023 and the disbursement of loans for loan installment were processed during the month of April, 2023 (FY 2023-24). As the demand for release of loan installments were received by 31 March, 2023, an amount of ₹ 54.21 Crore should have been accounted for under loan disbursable (other payables – current liability) and loan disbursable (other receivables - current asset) for the year ending 31 March, 2023. Thus non accountal of ₹ 54.21 Crore has resulted in understatement of Financial liabilities (Other payables) and understatement of Financial assets (Other receivables) by ₹ 54.21 Crore.	The matter is pertaining to disbursement of Loan and Disbursements are always subject to compliance of terms and conditions. By mere creating a disbursement demand for the loan does not create mandatory obligation. Subsequently the disbursement request has been processed in month of April 2023 and same will be accounted in current financial year.	As on 31st March 2023, there exists a contingent liability of Rs. 9,478.75 Crores which includes Rs. 54.21 Crores against which there were demands raised asking for release of loan instalments from various institutions. A contingent liability may be derecognized and treated as a liability only when there is probability of outflow of re sources, in the instant case, a mere demand does not create a probable outflow of resources and is hence recorded as a 'contingent liability' in the financial statements. As per Ind AS 37 - A provision shall be recognised when: (a) an entity has a presen t obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligatio n. If these conditions are not met, no provision shall be recognised. If these conditions are not met, no provision shall be recognised. Since the institutions who have not complied with Terms and Conditions of the company for disbursement of loan amount, it continues as a contingent liability as on 31st March 2023.
#11 (OBS - 999442)	Contingent Liabilities, Commitments and Leasing Agreements (Note – 20) Preliminary Observation Memorandum/HEFA Bglr/Accts./ 22-23/No.10 Contingent Liabilities, Commitments and Leasing Agreements (Note – 20) As per the disclosure made below Note No. 20, undisbursed commitment (Loan amount sanctioned and agreements between HEFA and Institutions have been executed) amounting to ₹ 9465.95 crore have been accounted for under Contingent liabilities. However, audit noticed that the amount accounted for as undisbursed commitment includes an amount of ₹ 1890.82 crore being the loan amount sanctioned but agreements have not been executed. Thus, the amount accounted for under Contingent liabilities is incorrect.	Inadvertently we have included an amount of ₹ 1890.82 crore where loan amount sanctioned but agreements have not been executed in undisbursed commitment (Loan amount sanctioned and agreements between HEFA and Institutions have been executed) amounting to ₹ 9465.95 crore have been accounted for under Contingent liabilities. We have noted it for compliance and will exclude the amount from undisbursed commitment in subsequent financial statements.	We concur with the response of the management.

#12 (OBS - 1000030)	General A. Significant accounting policies forming part of Financial Statements As per Credit Policy documents of HEFA 'Penal interest @2 percent shall be charged from due date from the period of delay in payment of interest'. The same has not been disclosed in the Significant accounting policy forming part of Financial Statements. Thus, the Significant accounting policy is deficient to that extent. B. Balance Sheet as at March 31, 2023 As per Schedule III of the Companies Act, 2013, Roman numerals – I and II are used for numbering Assets and Equity & Liabilities. Arabic numerals - 1, 2, 1, 2 and 3 are used for numbering Financial assets, Non-financial assets, Financial Liabilities, Non-financial liabilities and Equity, which has not been complied with. Hence, the balance sheet needs to be presented in this format forb etter clarity in presentation.	We concur with the observations of Statutory Auditor.	Paragraph 8 of Ind AS 8 - states that "Ind AS's set out the accounting poli cies that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial. The amount of penal interest levied and collect by HEFA is immaterial compared to the size of the business and the nature of its operations. Therefore, applying Paragraph 8 of Ind AS 8, an accounting policy need not be published for penal interest. We would also like to intimate that Ind AS 8 has been amended. For the year ended 31st March 2024, entities would only have to publish "material" accounting policies and not " significant" accounting policies. Publishing an accounting policy for penal interest for 31st March 2023 and not publishing it for 31st March 2024 (since it is not a material accounting policy) would not meet the requirements of Paragraph 15 of Ind AS 8.

#13 (OBS - 1002598)	Subject: Recognition of Financial Assets at fair value Balance Sheet Financial Assets Loans - Rs 6159.39 crore Other Financial Assets - Rs 110.42 crore HEFA is a joint venture of the Ministry of Education, Government of India and Canara Bank incorporated for financing creation of capital assets in premier educational institutions in India. HEFA is a not for profit organization. As per the Mission Statement of HEFA, the mission of HEFA is to provide timely finance to India's higher education institutions at low interest rates for capital assets creation . There are two aspects for rec ognizing a financial asset in the books, one is initial measurement and second is subsequent measurement. As per para 5.1.1 of Ind AS 109, at initial recognition, an entity shall measure a financial asset at its fair value. Further as per the Significant A ccounting Policy of HEFA, 2.3 (m), Financial Assets are measured at Fair value. As per para 9 of Ind AS 113, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participan ts at the measurement date. Further as per para 22 of Ind AS 113, an entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participa nts act in their economic best interest. As per para 23 of Ind AS 113, in developing those assumptions, an entity need not identify specific market participants. Rather, the entity shall identify characteristics that distinguish market participants generally, considering factors specific to all the following: (a) the asset or liability; (b) the principal (or most advantageous) market for the asset or liability; and (c) market participants with whom the entity would enter into a transaction in that market. Further as per para 24 of Ind AS 113, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (ie an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. For the purpose of initial measurement of financial asset at fair value, a reference is further invited to para B.5.1.1 of Ind AS 109, which states that the fair value of a financial instrument at initial recognition is normally the transaction price i.e the fair value of the consideration given or received. However, if part of the consideration given or received is for something other than the financial instrument, an entity shall measure the fair value of the financial instrument. For example, the fair value of a longterm loan or receivable that carries no interest can be measured as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. As per para B4 of Ind AS 113, when determining whether fair value at initial recognition equals the transaction price, an entity shall take in to account factors specific to the transaction and to the asset or liability. For example, the transaction price might not represent the fair value of an asset or a liability at initial recognition if any of the following conditions exist : a. The transact ion is between related parties, although the price in a related party transaction may be used as an input into a fair value measurement a. if the entity has evidence that the transaction was entered into at market terms. b. The transaction takes place unde r duress or the seller is forced to accept the price in the transaction. For example, that might be the case if the seller is experiencing financial difficulty. c. The unit of account represented by the transaction price is different from the unit of accou nt for the asset or liability measured at fair value. For example, that might be the case if the asset or	Ind AS 113 applies when another Ind AS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). Our approach to recognizing financial assets at fair value aligns with Ind AS 109, MCA updates, and ICAI guidelines. As per para 5.1.1 of Ind AS 109, an entity shall initially measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. As para 5.2.1 of Ind AS 109, After initial recognition, an entity shall measure a financial asset in accordance with paragraphs 4.1.1–4.1.5 at: (a) amortised cost; (b) fair value through other comprehensive income; or (c) fair value through profit or loss. Further as per para 5 .2.2 of Ind AS 109, An entity shall apply the impairment requirements in Section 5.5 to financial assets that are measured at amortised cost in accordance with paragraph 4.1.2 and to financial assets that are measured at fair value through other comprehens ive income in accordance with paragraph 4.1.2A. Para 4.1.2 says that; A financial asset shall be measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold fina ncial assets in order to collect contractual cash flows and (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further as per para 5.5.1, An entity shall recognise a loss allowance for expected credit losses on a financial asset that is measured in accordance with paragraphs 4.1.2 or 4.1.2A, a lease receivable, a contract asset or a loan commitment and a financial guarantee contr act to which the impairment requirements apply in accordance with paragraphs 2.1(g), 4.2.1(c) or 4.2.1(d).	As per Ind AS 109, para 4.1 of Classification of Financial assets - Unless paragraph 4.1.5 applies, an entity shall classify financialassets as subse quently measured at amortized cost, fair valuethrough other comprehensive income or fair value through profitor loss on the basis of both: (a) the entity's business model for managing the financial assets and (b) the contractual cash flow characteristics o f the financial asset. 4.1.2 A financial asset shall be measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contrac tual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding HEFA is in the business of providing loans to higher edu cational institutions. The business model of HEFA is to collect the interest and the principal on the loan. The repayments made by the borrowers consist of cash flows that comprise only payment of principal and interest. Hence, the SPPI (solely payment of principal and interest) test as per Ind AS 109 - Financial Instruments has been met. HEFA accounts for these financial assets at amortized cost and this has been disclosed in their accounting policy also. Due to this, Ind AS 113 - Fair Value Measurement wou ld not apply to the financial assets of HEFA.

#13 (OBS - 1002598)

liability measured at fair value is only one of the elements in the transaction (eg in a business combination), the transaction includes unstated rights and privileges that are measured separately in accordance with another Ind AS, or the transaction price includes transaction costs.

d. The market in which the transaction takes place is different from the principal market (or most advantageous market). For example, those markets might be different if the entity is a dealer that enters into transactions with customers in the retail market, but the principal (or most advantageous) market for the exit transaction is with other dealers in the dealer market.

The following are the yearwise details of interest rates at which infrastructure loans were provided by HEFA to the higher educational institutions;

Year	Month	Market rate (MCLR)* (in %)	Rate provided by HEFA (in %)
2022-23	Apr	7.40	7.00
	May	7.50	
	June	7.70	
	July	7.80	
	Aug	8.00	
	Sep	8.00	
	Oct	8.25	
	Nov	8.35	
	Dec	8.60	
	Jan	8.60	
	Feb	8.70	
	Mar	8.70	
2023-24		8.70	5.55

* Loan issuing Banks also add spread over and above the existing MCLR rate which has not been considered by audit

Since HEFA lends infrastructure loans to higher educational institutions at lower rates (off-market rates) of interest, fair value cannot be the transaction price since the rates offered by market participants in the normal observable market are higher. Moreover as per para B4 of Ind AS 113 transaction price is not equal to fair value if market in which the transaction takes place is different from the principal market or most advantageous market.

Hence fair value of the financial assets of HEFA as on 31.03.2023 needs to be arrived at by discounting the future cash flows considering the rates of infrastructural loans offered by other normal observable market participants. Hence for calculating fair value, future cash flows needs to be discounted to the present value at market rate as mentioned above as per Ind AS 109. However as per the financials of HEFA, the value of loan Financial Assets is Rs 6271.59 crore has been recorded at transaction price (rate offered by HEFA) instead of fair value (present value discounted at market rate). The fair value of the Financial Assets (loan assets) as on 31.03.2023 worked out to Rs 5168.72 crore (Details in Annexure).

Thus, non accountal of the initial recognition of Financial Assets (loans) at fair value (present value of discounted future cash flows) as per Ind AS 109 and Ind AS 113 has resulted in overstatement of Loans (Financial Asset) and understatement of Loan Discount (Expense) and consequent overstatement of profit to the tune of Rs 1102.78 crore (Rs 6271.59 crore - Rs 5168.72 crore)

<table>
<tr>
<td>#14 (OBS - 1002636)</td>
<td>Subject: Recognition of Financial Liability at fair value
Balance Sheet
Financial Liability
Loan Commitments
HEFA is a joint venture of the Ministry of Education, Government of India and Canara Bank incorporated for financing creation of capital assets in premier educational institutions in India. HEFA is a not for profit organization. As per the Mission Statement of HEFA, the mission of HEFA is to provide timely finance to India's higher education institutions at low interest rates for capital assets creation .
The following are the yearwise details of interest rates at which infrastructure loans were provided by HEFA to higher educational institutions;
<table>
<tr><th>Year</th><th>Month</th><th>Market rate (MCLR)* (in %)</th></tr>
<tr><td>2022-23</td><td>Apr</td><td>7.40</td></tr>
<tr><td></td><td>May</td><td>7.50</td></tr>
<tr><td></td><td>June</td><td>7.70</td></tr>
<tr><td></td><td>July</td><td>7.80</td></tr>
<tr><td></td><td>Aug</td><td>8.00</td></tr>
<tr><td></td><td>Sep</td><td>8.00</td></tr>
<tr><td></td><td>Oct</td><td>8.25</td></tr>
<tr><td></td><td>Nov</td><td>8.35</td></tr>
<tr><td></td><td>Dec</td><td>8.60</td></tr>
<tr><td></td><td>Jan</td><td>8.60</td></tr>
<tr><td></td><td>Feb</td><td>8.70</td></tr>
<tr><td></td><td>Mar</td><td>8.70</td></tr>
<tr><td>2023-24</td><td></td><td>8.70</td></tr>
</table>
* Loan issuing Banks also add spread over and abo ve the existing MCLR rate which has not been considered by audit
It could be seen from the above that HEFA has been issuing loans at rates which are lesser than the normal market rates. However, the company has disclosed an amount of Rs 9478.75 crore towards undisbursed loan commitments as a contingent liability under Note 20 by applying Ind AS 37 - Provisions, contingent liabilities. However as per para 2.3 (c) of Ind AS 109, commitments to provide loan at a below-market interest rate are to be included within the scope of Ind AS 109. As per para 5.1.1 of Ind AS 109, at initial recognition, an entity shall measure a financial liability at its fair value. Further as per the Significant Accounting Policy of HEFA, 2.3 (m), Financial Liabilities are measured at Fair value.</td>
<td>As explained above Our approach to recognizing financial assets at fair value aligns with Ind AS 109, MCA updates, and ICAI guidelines.</td>
<td>Paragraph 32 of Ind AS 1 - Presentation of Financial Statements states that “ An entity shall not offset assets and liabilities, income and expenses unless specifically permitted by an Ind AS”. There is no specific paragraph in Ind AS 109 - Financial Instruments permitting set off of loan commitments with income. Setting off the loan commitment of Rs 6541.04 crores with the interest income of Rs 401.94 crores would be a violation of Ind AS - Presentation of Financial Instruments.</td>
</tr>
</table>

#14 (OBS 1002636)	As per para 9 of Ind AS 113, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further as per para 22 of Ind AS 113, an entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. As per para 23 of Ind AS 113, in developing those assumptions, an entity need not identify specific market participants. Rather, the entity shall identify characteristics that distinguish market participants generally, considering factors specific to all the following: (a) the asset or liability; (b) the principal (or most advantageous) market for the asset or liability; and (c) market participants with whom the entity would enter into a transaction in that market. Further as per para 24 of Ind AS 113, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (ie an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. As per para B4 of Ind AS 113, when determining whether fair value at initial recognition equals the transaction price, an entity shall take into account factors specific to the transaction and to the asset or liability. For example, the transaction price might not represent the fair value of an asset or a liability at initial recognition if any of the following conditions exist : The transaction is between related parties, although the price in a related party transaction may be used as an input into a fair value measurement a. if the entity has evidence that the transaction was entered into at market terms. The transaction takes place under duress or the seller is forced to accept the price in the transaction. For example, that might be the case if the seller is experiencing financial difficulty. 554 The unit of account represented by the transaction price is different from the unit of account for the asset or liability measured at fair value. For example, that might be the case if the asset or liability measured at fair value is only one of the elements in the transaction (eg in a business combination), the transaction includes unstated rights and privileges that are measured separately in accordance with another Ind AS, or the transaction price includes transaction costs. The market in which the transaction takes place is different from the principal market (or most advantageous market). For example, those markets might be different if the entity is a dealer that enters into transactions with customers in the retail market, but the principal (or most advantageous) market for the exit transaction is with other dealers in the dealer market. Since HEFA lends infrastructure loans to higher educational institutions at lower rates (off-market rates) of interest, fair value cannot be the transaction price since the rates offered by market participants in the normal observable market are higher. Moreover as per para B4 of Ind AS 113 transaction price is not equal to fair value if market in which the transaction takes place is different from the principal market or most advantageous market. As per para 4.2.1 (d) of Ind AS 109, commitments to provide a loan at a below-market interest rate, an issuer of such a commitment shall subsequently measure it at the higher of: (i) the amount of the loss allowance determined in accordance with Section 5.5 and (ii) the amount initially recognized (as per paragraph 5.1.1 of Ind AS 109) less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS115. The impairment loss allowance recognized in the books as per section 5.5 of Ind AS 109 is Rs 7.03 crore. The total undisbursed loan commitment (loan agreements executed or sanctioned - amount disbursed) as on 31.03.2023 is Rs 7110.11 crore. The fair value (present value of loan commitment discounted at market rate for one year) works out to Rs 6541.04 crore (details in Annexure). The amount recognized as interest income in Statement of Profit and loss is Rs 401.94 crore. Since amount recognized at fair value as per para 5.1.1 of Ind AS 109 is more than the impairment loss allowance, the loan commitment that need to be recognized as Financial Liability as per para 4.2.1 (d) of Ind AS 109 in the financials of HEFA is Rs 6139.10 crore (Rs 6541.04 crore - Rs 401.94 crore). Thus, non recognition of the Financial Liability at fair value as per the Significant Accounting policy of company and as per Ind AS 109 has resulted in understatement of Loans (Financial Liability) and understatement of Loan Discount (Expense) and consequent overstatement of profit to the tune of Rs 6139.10 crore.		

<table>
<tr>
<td>#15</td>
<td>Notes to accounts

HEFA disburses loans to Higher Education Institutions based on the sanctions received from Ministry of Education (MoE), Government of India (GoI) and as per the guidelines of Revitalising Infrastructure and Systems in Education (RISE), a scheme implementation by Ministry of Education, Government of India for developing infrastructure in Higher Education Institutions. Under the scheme, HEFA disbursed loans under the following five windows:
Technical Institutions more than 10 years old: Repay the whole Principal portion from the internally generated budgetary resources.
Technical Institutions started between 2008 and 2014: Repay 25% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.
Central Universities started prior to 2014: Repay 10% of the principal portion from internal resources and receive grant for the balance of the Principal portion.
Newly established institutions (started after 2014): for funding construction of permanent campus: Grant would be provided for complete servicing of loan through OH-31. Other Institutions of MOE with no scope for fee revision or internal resource generation would also figure in this category.
Other educational institutions and grant-in-aid institutions of Ministry of Health: Sponsoring Department/Ministry to give a commitment for complete servicing of the principal and interest by ensuring adequate funds in the OH-31 for the institution.
Ministry of Finance vide their Official Memorandum (OM) dated 7-9-2020 decided that further sanctions to the projects under window IV & V were to be discontinued and settlement of funds disbursed prior to this date will be repaid to HEFA.
Accordingly the principal amount and interest in respect of loans (Principal and Interest) disbursed prior to issue of the OM were repaid to HEFA during the years 2021-22 and 2022-23. During the year 2022-23 loans in respect of 3 institutions were repaid (Principal - ₹321.97 crore and Interest - ₹29.66 crore to HEFA as detailed below.
<table>
<tr><th>Sl No.</th><th>Name of the Institute</th><th>Principal received (₹)</th></tr>
<tr><td>1</td><td>National Cancer Institute, Jhajjar</td><td>295,79,00,000</td></tr>
<tr><td>2</td><td>All India Institute of Medical Science, Kalyani</td><td>26,17,74,574</td></tr>
<tr><td>3</td><td>All India Institute of Medical Sciences, Gorakhpur</td><td>-</td></tr>
<tr><td colspan="2">Total</td><td>321,96,74,574</td></tr>
</table>

In this connection audit noticed that the details relating to
the windows I to V of the RISE scheme
the fact regarding discontinuation of windows IV and V as per OM dated 07-09-2020 were not disclosed in Notes to accounts.
Further, the amount of ₹ 351.63 crore repaid (Principal and Interest) to HEFA towards loans disbursed under windows IV and V during the year 2022-23 should have been disclosed in Notes to accounts as the amount repaid was material.</td>
<td>The details required in with regard to windows I to V of RISE scheme will be mentioned in director’s report. Further disclosure regarding discontinuation of window IV & V, which was discontinued in 2020-21, were disclosed in director’s report of FY 2020-21 and the same will be the part of director’s report of FY 2022-23.

The above disclosures and information has no relevance with the financial performance which required statutory disclosure these are mere information relevant to operational performance of the company and will be informed to stake holders through the director’s report.</td>
<td>We concur with the response of the management.</td>
</tr>
</table>

Date: 25.10.2023
Place: Bangalore

For Higher Education Financing Agency **For K P Rao & Co (Statutory Auditor)**