

Annual Report 2023 - 2024



Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

A Joint Venture of



Government of India
Ministry of Education





TEAM HEFA WITH NIT CALICUT OFFICIALS



TEAM HEFA WITH IIT ROORKEE OFFICIALS



TEAM HEFA WITH IIT CHENNAI OFFICIALS



TEAM HEFA WITH CU RAJASTHAN OFFICIALS



TEAM HEFA WITH NIT GOA OFFICIALS



NIT RAIPUR WELCOMING HEFA OFFICIALS



TEAM HEFA WITH CU DELHI OFFICIALS



IISER PUNE WELCOMING HEFA OFFICIAL



IIT PATNA WELCOMING HEFA OFFICIALS



Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

'Stock Exchange Tower', # 51, 1st Floor, 1st Cross, J.C. Road, Bengaluru-560 027.

Ph.: 080-43705895, E-mail : info@hefa.co.in

BOARD OF DIRECTORS



Sanjay Murthy
Secretary,
Ministry of Education, GOI
Chairman



Ashok Chandra
Executive Director,
Canara Bank
Vice Chairman



Mohammad Thopic
Managing Director & CEO



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



Dr. Bhaskar Ramamurthi
IIT Madras – Director
Nominee Director



Dr. Rishikesh Thiruvankata Krishnan
Professor IIM Bangalore, GOI
Nominee Director



Dr. Virander Singh Chauhan
UGC Member
Independent Director



Dr. Ashok Misra
Independent Director

MANAGEMENT TEAM



Amit Garg

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



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LIST OF DIRECTORS AS ON 31.03.2024

S. No.	Director	Designation	Date Of Appt
1	Mr. K. Sanjay Murthy	Chairman	01-10-2021
2	Mr Ashok Chandra	Vice Chairman	18.10.2023
3	Mr Mohammad Thopic	Managing Director & CEO	17-04-2023
4	Prof. Virander Singh Chauhan	Independent Director	12-06-2017 Reappointed on 28.09.2022 For Term of 5 Years
5	Prof. Bhaskar Ramamurthi	Nominee Director	12-06-2017
6	Prof. Rishikesha Thiruvankata Krishnan	Nominee Director	12-06-2017
7	Prof. Ashok Misra	Independent Director	12-06-2017 Reappointed on 28.09.2022 For Term of 5 Years
8	Mr Sunil Kumar Barnwal	Nominee Director	18.10.2023



NOTICE is hereby given that the **SEVENTH ANNUAL GENERAL MEETING** of the Shareholders of Higher Education Financing Agency will be held on **30th September, 2024 at 12:30 PM** through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') facility to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2024 and reports of the Board of Directors & Auditors thereon along with Provisional comments of C&AG.
2. To authorise Board of Directors to appoint and for fixing the remuneration of the Auditors of the Company for the Financial Year 2024-25.

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 2024-25 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 2024-25."

3. To appoint a Director in place of Shri Sunil Kumar Barnwal, 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.

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

"RESOLVED THAT Shri Sunil Kumar Barnwal (DIN: 07610634), 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."

By Order of the Board of Directors

Date: 30.09.2024

Place : Bangalore

**Mohammad Thopic
Managing Director & CEO**



NOTES:

1. Pursuant to General Circular 09/2024 dated 19.09.2024 issued by the Ministry of Corporate Affairs ("MCA Circulars") allowing Companies to hold AGM through Video Conferencing mode till 30.09.2025, the 07th 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 7th 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 07th AGM.
3. In line with the MCA Circulars, the Notice of the 07th AGM will be available on the website of the Company at www.hefa.co.in
4. Members may join the 07th AGM 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 07th AGM 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 07th 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, 2024 and reports of the Board of Directors & Auditors thereon along with Provisional comments of C&AG.

Note : The Annual financial statements was approved by Board of Directors in its meeting dated 30.05.2024. The Approved Annual financial statements and Auditor's report was submitted to C&AG for their observations. The C&AG commenced supplementary Audit on 15.07.2024 And issued Provisional Comments on Annual

Accounts/financial Statements on 19.09.2024. As per Section 96 and Section 102 of the companies act 2013, The adoption of Annual Financial Statements of the Company for FY 2023-24 is required to be transacted in Annual General Meeting.

Further, as per Section 143(6) of the Companies Act, the C&AG shall, within 60 days of the receipt of the annual report, comment on/supplement such an audit report, and the comments of the C&AG must be placed before the Annual General Meeting of the company along with the Auditor's Report. As the final comments of the C&AG are not yet available and the company has to convene its Annual General Meeting before 30.09.2024, we are presenting the provisional comments along with our reply to the members at the Annual General Meeting. The final comments shall be presented to the members at an EGM upon receipt from the C&AG.

The Annual Financial Statements, Auditor's Report, along with the provisional comments of the C&AG, and the Director's Report, have been circulated to all the members. The Annual Financial Statements, Auditor's Report, along with the provisional comments of the C&AG and the Director's Report, shall form part of the company's Annual Report for FY 2023-24. The provisional comments of the C&AG shall be substituted with the final comments and the C&AG certificate in the Annual Report after placing the same before the EGM, if received before the publication of the Annual Report for FY 2023-24.

Item 2: To authorise Board of Directors to appoint and for fixing the remuneration of the Auditors of the Company for the Financial Year 2024-25.

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 2024-25. In this regard we have already requested the C&AG vide our letter dated 04.09.2024. 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 2024-25 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 2024-25.



Item 3: To appoint a Director in place of Shri Sunil Kumar Barnwal, 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 8 directors. Out of the 8 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 and Chairman (Shri K Sanjay Murthy) and Vice Chairman (Shri Ashok Chandra) is director by virtue of ex-officio position.

Thus, out of the remaining 3 directors (Shri Sunil Barnwal, Prof. Rishiksha 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 Rishiksha T. Krishnan & Prof. Bhaskar Ramamurthy was retired by rotation and re-elected again in Annual General meeting held on 17.11.2023. Thus, holding of office of Director by Shri Sunil Kumar Barnwal (Since 18.10.2023) is longest among the directors eligible to retire by rotation. Being eligible, it is proposed for reappointment of Shri Sunil Kumar Barnwal on the HEFA Board.

By Order of the Board of Directors

**Mohammad Thopic
Managing Director & CEO**



CHAIRMAN'S SPEECH

Dear Shareholders, Members of HEFA, Directors, and Distinguished Guests,

A very warm welcome to the Seventh Annual General Meeting of the Higher Education Financing Agency (HEFA). It is my great privilege to address you today as we reflect on the milestones we've achieved and discuss our strategic vision for the future of higher education in India.

1. Setting the Stage: HEFA's Foundation and Vision In 2016-17, the Finance Minister announced the establishment of HEFA, a not-for-profit organization aimed at financing the improvement of infrastructure in top educational institutions across India. With an initial capital base of Rs. 1000 crore, HEFA was tasked with leveraging market funds, supplemented by donations and CSR contributions, to bring world-class infrastructure to India's leading academic institutions.

Since then, HEFA has steadily grown. We were licensed under Section 8 on 30.05.2017 and incorporated under the Companies Act on 31.05.2017. Later that year, on 21.11.2017, we received NBFC registration from the Reserve Bank of India.

Our mission was expanded in the 2017-18 budget under the Revitalising Infrastructure and Systems in Education (RISE) by 2022 initiative. This broadened HEFA's role to cover all centrally funded institutions. Currently, the scheme is renewed for another three years (upto 2026), targeting infrastructure development worth Rs. 58,000 crore. This expansion will now cover a Broader range of institutions, including IIITs (PPP Model), older IIMs, non-technical institutions, and technical institutions established after 2014 for full payment including interest.

HEFA's vision remains clear: "To enable India's premier educational institutions to excel and reach the top in global rankings by financing world-class infrastructure, including R&D facilities." This vision aligns with the national objective of strengthening India's position as a global knowledge hub.

2. HEFA's Performance: A Year in Review As of 31.03.2024, I am proud to report HEFA's key performance highlights:

- HEFA's paid-up capital stands at Rs. 5293.75 crore, with no fresh capital infusion this year and reserve upto Rs. 2027.60 Crore.
- A total of 103 institutions have been financed, with disbursements during FY 2023-24 amounting to Rs. 3123.04 crore, bringing cumulative disbursements to Rs. 19,968.26 crore.
- 18 new loans amounting to Rs. 3620.83 crore were sanctioned, bringing cumulative sanctioned to Rs. 39,719.75 crore. Sanctions increased BY 38.59% during the year.
- Interest income from loans was Rs. 380.16 crore, and the surplus for FY 2023-24 was Rs. 344.82 crore, which will form part of HEFA's resources for future lending.
- In addition to above, HEFA has also supported the research initiatives of the Institutes by spending/allocating Rs. 8.03 Crore.
- 2 new institutions are added during the year and lead sourced for 40 Institutions.

These achievements reflect the tireless efforts of our team and the cooperation of our partner institutions. Our commitment to financing critical infrastructure has driven the growth and global competitiveness of many educational institutions.



- 3. Higher Education in India: A New Era** We are witnessing a dynamic shift in India's higher education landscape, especially with the visionary National Education Policy (NEP) 2020. This policy emphasizes inclusivity, accessibility, and multi disciplinary learning, creating a framework for India to emerge as a global knowledge leader. Several key developments align with HEFA's objectives:
- **Autonomy and Internationalization:** There has been a significant push towards granting more autonomy to institutions and encouraging international collaborations. HEFA has supported this by facilitating funding for cutting-edge research facilities and global academic partnerships.
 - **Technology Integration:** With the digitalization of education, institutions are rapidly incorporating technology to provide blended learning environments. HEFA has supported this by offering financial assistance for the development of digital Infrastructure at the Institutes, and research in emerging technologies such as artificial intelligence and data science.
 - **Research and Innovation:** India is gradually making its mark in global research. The establishment of centres of excellence, research labs, and incubation centres, Research Parks funded by HEFA has given a boost to innovation across multiple domains, from engineering to life sciences.
 - **Equity and Inclusion:** HEFA has funded institutions in farflung regions at the length and Breadth of the country, ensuring access to quality education for all sections of society.
- 4. Strategic Initiatives for the Future :** As we look ahead, HEFA is committed to:
- **Innovation Funding:** We will continue to support research-driven institutions, contributing to indigenous innovation.
 - **Digital Infrastructure:** HEFA sees tremendous potential in financing development of Digital Infrastructure in the Institutes' campus especially in Artificial Intelligence driven facilities, research facilities in emerging technologies etc.
 - **Inclusive Growth:** We will focus on financing educational institutions in rural and North eastern region, ensuring that quality education reaches every corner of the country.
- 5. Gratitude and Acknowledgments :** I extend my heartfelt thanks to our shareholders, the Ministry of Education, the Government of India, and Canara Bank for their unwavering support. I would also like to express my deep gratitude to our partner institutions for their commitment to academic excellence and for embracing our vision.
- Lastly, my sincere appreciation goes to my colleagues on the Board and the entire team at HEFA for their dedication and hard work. It is through your efforts that we continue to achieve new milestones and exceed expectations.
- 6. Conclusion :** As we stand at the crossroads of India's education revolution, HEFA remains steadfast in its mission to empower educational institutions. Together, we will shape the future of higher education in India, contributing to the nation's growth as a global knowledge economy.

Thank you for your attention, and I look forward to a fruitful and engaging session ahead.

With Best Wishes,
K. Sanjay Murthy

**DIRECTORS' REPORT**

To
The Members,

The Directors are pleased to present the Seventh Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2024.

I FINANCIAL HIGHLIGHTS**(A) SUMMARIZED FINANCIAL RESULTS**

The comparative position of working results of the company for the financial year 2023-24 vis-a-vis previous year is as mentioned below:

Particulars	2023-24	2022-23	2021-22
Revenue from operations:			
- Interest on loans	380.16	401.94	586.32
- Interest on Deposit with Bank	16.51	43.54	3.02
- Other Income	0.00	0.33	-
Total Revenue:	396.67	445.81	589.34
<i>Less:</i> Total expenditure	51.85	48.55	141.82
(Deficit)/Surplus before Tax	344.82	397.26	447.52
*Tax Expenses	-	-	-
(Deficit)/Surplus for the year	344.82	397.26	447.52

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

(B) TRANSFER TO RESERVES

The Company is holding an amount of Rs. 1600.65 Crore in Reserves, Rs. 405.51 Crore in Statutory Reserves and Rs. 21.44 Crore in 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.

(C) SHARE CAPITAL

The Authorized Share Capital of the Company and the Paid up Capital of the Company as on 31st March 2024 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 was 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.

As per RISE by 2022, following five financing windows were 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.
- 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 letter No: 13(04)/PFC-II/2016 dated 07.09.2020 communicated to Ministry of Education that Projects which were sanctioned under Window IV & V shall 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 directed HEFA to Cease the further disbursements of loan under window IV & V category of institutions.

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 was also closed on 31.03.2023.



The scheme is recently renewed for another three years (upto 2026), targeting infrastructure development worth Rs. 58,000 crore. The Revised scheme has introduced revised HEFA Windows which was conveyed to HEFA by MoE vide their LETTER F.NO. 41-01/2023 TS-VII (PT. 1) MoE dated 19.12.2023. The revised Scheme shall now cover a Broader range of institutions, including IIITs (PPP Model), older IIMs, non-technical institutions, and technical institutions established after 2014 for full payment including interest. The revised HEFA scheme is furnished as below :

Window	Institute Type	Repayment period	Principal Payment	Interest Payment
I	Technical Institutions established prior to 2008	10 years	100% by institute	10% by Institute and 90% by Govt.
II	Technical Institutions established between 2008 and 2014	10 years	25% by institute and 75% Govt.	10% by Institute and 90% by Govt.
III	(a) Central Universities and non technical institutions established prior to 2014.	10 years	10% by institute and 90% Govt.	100% by Govt.
	(b) Central Universities and non technical institutions established after 2014	15 years	10% by institute and 90% Govt.	100% by Govt.
	(c) Technical Institutions established after 2014.	15 years	10% by institute and 90% Govt.	5% by Institute and 95% by Govt.
IV	IIIT (PPPs) and IIMs	10 years	100% by institute	100% by institute

The revised HEFA scheme is aimed to sanction Rs. 58000.00 crore by FY 2025-26.

**(a) SANCTIONED LOANS AND DISBURSEMENT**

During the year, Company has sanctioned 18 new loans aggregating to Rs. 3620.83 crores. The total disbursements made during financial year 2023-24 were Rs. 3123.04 Crores and the cumulative disbursements upto 31.03.2024 were aggregating to Rs. 19968.25 crores. The company has sanctioned loans to 103 institutions as on 31.03.2024. The position of cumulative window wise sanctioned & disbursement is as under:

FY	WINDOW I		WINDOW II		WINDOW III		WINDOW IV		WINDOW V		TSA	TDA
	SA	DA	SA	DA	SA	DA	SA	DA	SA	DA		
2017-18	1804.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1804.30	0.00
2018-19	2140.70	529.56	5481.80	246.99	0.00	0.00	2700.00	440.65	5250.00	1317.80	15573.00	2535.00
2019-20	769.80	780.86	1153.40	851.92	2063.40	289.95	4167.10	556.01	3040.00	2616.40	11194.00	5095.10
2020-21	611.93	880.51	141.88	1097.00	1258.90	419.70	0.00	506.84	823.33	773.93	2836.10	3678.00
2021-22	438.07	839.61	240.00	1240.90	1394.50	545.64	0.00	1.13	0.00	0.00	2072.60	2627.30
2022-23	575.91	718.28	1558.80	1495.50	477.87	696.12	0.00	0.00	0.00	0.00	2612.60	2909.90
2023-24	1509.65	791.91	1507.03	1654.46	604.15	676.66	0.00	0.00	0.00	0.00	3620.83	3123.03
Total	7850.36	4540.73	10082.91	6586.77	5798.82	2628.07	6867.10	1504.63	9113.33	4708.13	39713.43	19968.33
FY- FINANCIAL YEAR, SA-SANCTIONED AMOUNT, DA-DISBURSED AMOUNT,TSA -TOTAL SANCTIONED AMOUNT,TDA -TOTAL DISBURSED AMOUNT												

(c) RECOVERIES

- Recoveries under loans are up to date and there are no overdues.
- 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.

II. SIGNIFICANT DEVELOPMENTS DURING THE FINANCIAL YEAR 2023-24

- Directors inducted on the Board
 - The following nominee directors has been inducted in the HEFA Board during the FY 2023-24:



Name of the Nominee Director	Date of Appointment
Shri Mohammad Thophic, (DGM, Canara Bank on the Board of the company)	17-04-2023
Shri Ashok Chandra, (Executive Director, Canara Bank on the Board of the company)	18-10-2023
Shri Sunil Kumar Barnwal, (Additional Secretary MoE)	18-10-2023

➤ Capital infusion

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

➤ Ratings

ICRA has upgraded issuer rating to AA+(stable) from AA(stable) based on the company financials as on 31.03.2023.

III 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 26.03.2024 during the reported financial year. The HEFA has invited the Research Projects to be sanctioned under CSR from all the institutes of Higher Education. HEFA has received 134 proposals. These Proposals were scrutinized by the experts and were placed before the Committee. The Committee finally sanctioned 18 Projects (Furnished in Annexure-A)

THE COMPOSITION OF CSR COMMITTEE AS ON 31.03.2024:

- I. Prof. Ashok Misra, Independent Director and Chairman of the Committee
- II. Mr. Sunil Kumar Barnwal, Nominee Director and Member of the Committee
- III. Mr. Mohammad Thophic, Managing Director and Member of the Committee
- IV. Dr. Rishiksha Thiruvankata Krishnan, Director and Member of the Committee

**IV. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Change in Directors :During the Financial year 2023-24, the Following changes in Directors and Key Managerial Persons took Place:

Sr. No.	Name of the Director	Designation	Date of Appointment	Ceased to be Director w.e.f.
1.	Shri Ashok Chandra	Vice-Chairman Executive Director, Canara Bank	18-10-2023
2.	Shri Sunil Kumar Barnwal	Nominee Director, Additional Secretary MoE, Government of India	18-10-2023	-----
3	Shri Vineet Joshi	Nominee Director, MoE , Government of India (Additional Secretary , MoE)	18-11-2020	01.09.2023
4	Shri Rajesh Bhushan	Nominee Director, MoH & FW, Government of India	06-08-2020	01.09.2023

The aforementioned changes were already recorded in Previous Director's Report placed in Annual General Meeting of the Company for FY 2022-23 held on 17.11.2023. There are no changes in directorship since last Annual General Meeting to till the date of this Report.

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 Gourav Sunil was appointed Company Secretary of the Company w.e.f 17.06.2023. The Change was also disclosed in Previous Director's Report placed in Annual General Meeting of the Company for FY 2022-23 held on 17.11.2024.
- Mr Amit Garg is appointed as Chief Risk officer of the Company W.e.f 22.04.2024 (Approved by the Board in its meeting dated 30.05.2024) in place of Mr Sunil Dutt Verma who demitted the office on 19.04.2024.

There are no other changes in Key Managerial Persons since last Annual General Meeting to till the date of this Report.

**V. BOARD MEETINGS**

The Board of Directors of the Company duly met Three (3) times during the period under review; details are as follows:

Particulars	Date of Board Meeting
1 st Board Meeting	01.09.2023
2 nd Board Meeting	17.11.2023
3 rd Board Meeting	12.03.2024

Above Board Meetings were attended by the Directors as under:

S.No.	Name of Members	Meeting(s) held	Meeting(s) Attended
1	Mr. K Sanjay Murthy	3	3
2	Mr. Ashok Chandra	2	2
3	Mr. Sunil Kumar Barnwal	2	2
4	Mr. Mohammad Thopic	3	3
5	Dr. Rishikesh Thiruvankata Krishnan	3	3
6	Prof. Bhaskar Ramamurthi	3	3
7	Prof. Ashok Misra	3	3
8	Prof. Virander Singh Chauhan	3	3

*Mr Vineet Joshi and Mr Rajesh Bhushan Demitted the office on 01.09.2024

The composition of Board of Directors of the company as on 31.03.2024 as follows:

S.No.	Name	Designation	DIN
1	Mr. K Sanjay Murthy	Chairman -Nominee Director-(Secretary, MoE Government of India)	03532374
2	Mr. Ashok Chandra	Vice-Chairman - Nominee Director - (Executive Director, Canara Bank)	09322823
3	Mr. Mohammad Thopic	Managing Director & CEO	10118049
4	Mr. Sunil Kumar Barnwal	Nominee Director -Additional (Secretary, MoE, Government of India)	07610634



5	Dr. Rishikesh Thiruvenkata Krishnan	Nominee Director, MoE (Government of India)	00064067
6	Prof. Bhaskar Ramamurthi	Nominee Director, MoE (Government of India)	01914155
7	Prof. Ashok Misra	Independent Director	00006051
8	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 2023-24 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 period ended March 31st, 2024.
- (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>

**XI 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 31.03.2024:

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. Ashok Chandra, Vice Chairman and Member of the Committee.
4. Dr. Rishikesh Thiruvankata 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. As per the RBI Master directions, the Nomination committee so constituted shall function as per section 178 of the Companies act. However, As per the provisions of the Companies act 2013, the Provisions of section 178 is not applicable to Section 8 Companies. The RBI also observed the same in its select scope Inspection for FY 2020-21. Thus, HEFA being section 8 companies are exempted from the applicability of Nomination & Remuneration Committee (NRC). The Discontinuation of NRC was given to effect by the Board in its meeting dated 30.05.2024 by suitably modifying the Corporate Governance policy of HEFA.

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 Quarterly during the reported financial year.



The composition of Risk Management Committee as on 31.03.2024 was as follows:

1. Rishiksha Thiruvankata 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. Mrs. Roopa K, Vice President, HEFA and Member of the Committee.

With Change in Chief Risk officer (CRO) w.e.f 22.04.2024, Mr Amit Garg is part of Risk Management Committee of HEFA in place of Mr Sunil Dutt Verma.

XII RELATED PARTY TRANSACTIONS

During the Financial Year 2023-24, HEFA has availed Rs 500.00 as term Loan from Canara Bank. The Audit Committee in its meeting held on 03.08.2024 has approved term Loan of Rs. 500.00 Crore from Canara Bank with tenure of 10 years and rate of interest of 8.25%. Board of Directors has approved the same in its meeting held on 01.09.2023.

During the Financial year, HEFA has Paid Rs 31.23 Crore as Management fee to the Canara Bank in terms with the Management Service agreement executed on 12.06.2017.

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.
- **The Annual General Meeting of HEFA for FY 2022-23 was convened on 17.11.2023. The extension to convene Annual General meeting was Granted for 2 Months by Registrar of Companies vide SRN No F64921950 (RoC letter dated 10.10.2023). The Extension was sought as C&AG comments were not available with HEFA. However, considering the significant delay in receipt of C&AG comments, and fast approaching last date, we have convened Annual General Meeting of the Company with C&AG observations on 17.11.2023. The C&AG Comments were received on 25.01.2024 and was placed to the members in Extraordinary General Meeting dated 12.03.2024. As directed in the EGM dated 12.03.2024, we have made the Disclosure for the same in Directors' report for FY 2023-24.**

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.

XIX 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.

XX 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.

XXI 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.



XXII APPRECIATION AND ACKNOWLEDGEMENT

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 Thopic

Managing Director

DIN: 10118049

Place: Bengaluru

Date:30.09.2024



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HIGHER EDUCATION FINANCING AGENCY FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of **Higher Education Financing Agency** for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 25 October 2023 which supersedes their earlier audit report dated 01 September 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Higher Education Financing Agency** for the year ended 31 March 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. The Audit Report has been revised by the statutory auditor to give effect to some of my audit observations raised during supplementary audit.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. Comments on Financial Position

A.1 Balance Sheet

Non-financial Assets

Current Assets (Net)- Note 7: ₹11.33 crore

The Company has not accounted for TDS on accrual basis and accounted for ₹11.33 crore instead of ₹12.39 crore shown in Form 26AS. This has resulted in understatement of current assets by ₹1.06 crore.



B. Other Comments

B.1 The Ind AS financial statements comprise Balance Sheet, Statement of Income and Expenditure, Statement of Changes in Equity and Cash Flow Statement but while according approval on financial statements, the Board resolution regarding approval of the same does not mention 'Statement of Changes in Equity' and 'Cash Flow Statement'. Thus, the approval of financial statements is deficient to that extent.

No comment was made by the Statutory Auditors regarding this although they have expressed opinion on the entire set of Ind AS financial statements.

**For and on Behalf of
Comptroller and Auditor General of India**

Date: 25.01.2024

Place: New Delhi

(Rajiv Kumar Pandey)

**Director General of Audit
(Central Expenditure), New Delhi**



ANNEXURE-A
Ongoing CSR proposals sanctioned in FY 2023-24

S No	Name of the Institute	Purpose/Title of Research Project	Project Cost	Approved Amount
1	AIIMS GUWAHATI	Exploring Altered Gene Expression Signatures in children with developmental epileptic encephalopathy using NanoString'snCounter Technology	59.60	59.60
2	IIT GANDHINAGAR	IndoULI: An Urban Livability Index for Sustainable Environmental Monitoring of Indian Cities	42.00	42.00
3	IIT HYDERABAD	"Platelet Rich Plasma (PRP) based allogenic "off-the-shelf" cosmeceutical product for chronic/diabetic wound healing".	49.90	49.90
4	IIT INDORE	Development of innovative surface treatment and graphene -based nanocoating/film strategies for the preservation of tangible cultural heritage in India	59.93	59.93
5	IIT MADRAS	Anti-cancer drug Camptothecin via Novel Microbial Fermentation Route	58.97	58.97
6	IIT ROORKEE	Sustainable recycling of critical metal from discarded mobile devices	46.20	46.20
7	AIIMS NCI JHAJJAR	Life Course Approach to Women's Health: A sustainable strategy for effective cancer prevention in India.	59.46	59.46
8	NIT JAMSHEDPUR	Smart and Effective IoT and GNSS Technology based Tea farming and Tourism for Tea Community Development	48.43	48.43
9	NIT UTTARAKHAND	Study of drainage pattern in srinagargarhwal city and its influence on hill slope stability	38.88	38.88
10	UNIVERSITY OF MADRAS	Cardiometabolic risk in PCOS:Role of SNPs, neuro-immuno-endocrine axis and gut microbiota.	48.90	48.90
11	IIIT LUCKNOW	Vidya samriddhi initiative	43.90	43.90
12	IIT JODHPUR	Promoting science education in rural western Rajasthan through laboratory based hands -on activities and outside classroom learning.	68.40	68.40
13	SPA BHOPAL	Designing Safe and Independent Hybrid (battery & manual) Stair-climbing Wheelchair for Person with Locomotor Disability	50.05	50.05
14	ALIGARH MUSLIM UNIVERSITY (AMU)	Effect of Millet Supplementation On Anthropometric Indices, Biochemical, Inflammatory and Body Composition Indices in Patients with Pred iabetes and Type 2 Diabetes Mellitus.	41.79	41.79
15	IISER PUNE	Developing a simple, low -cost bioassay kit to estimate vitamins in food	51.78	51.78
16	IIM SIRMAUR	Evaluating the Socio -Economic Impact ofVillage Tourism on Community Development:A Comparati ve Analysis of Diverse Villages ofHimanchal Pradesh	18.00	18.00
17	IIT PALAKKAD	Development of multifunctional MXene based drug delivery system for efficient delivery of cyclic AMP to the human dendritic cells towards the treatment of inflammatory diseases	41.59	41.59
18	NAGALAND UNIVERSITY	"Slope stability evaluation of AH 1 for the socioeconomic development of NE India".	30.22	30.22

Board vide First Board meeting for F.Y. 2023-24 dated 01.09.2023 had approved the CSR expenditure budget of Rs. 858.00 Lakhs for F.Y. 2023-24. The Committee approved above project nos. 1 to 18 for an amount of Rs. 858.00 Lakhs.



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 31.03.2024

[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 31.03.2024 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 31.03.2024 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).



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'):-
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the company during the reporting period).
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not applicable to the company during the reporting period).
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company during the reporting period).
 - 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).
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the reporting period).
 - 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).
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company during the reporting period) and
 - 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 :-
- Prudential Norms & guidelines issued by the Reserve Bank of India

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- 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 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 : 09.08.2024

Place : JAIPUR

For **JAIN ANKIT & ASSOCIATES**

Company Secretary

FCS ANKIT JAIN

M.No- F10305

CP No -13503

UDIN :- F010305F000936164



JAIN ANKIT & ASSOCIATES

Company Secretary

402, OKAY PLUS DP METRO, NEW SANGANER ROAD, JAIPUR

Cell 08955083942
Email:- jainankit232@gmail.com

Annexure A - 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

Date : 09.08.2024

Place : JAIPUR

For **JAIN ANKIT & ASSOCIATES**

Company Secretary

FCS ANKIT JAIN

M.No- F10305

CP No -13503

UDIN :- F010305F000936164



K. P. RAO & CO.
CHARTERED ACCOUNTANTS

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

K. P. RAO
H.N. ANIL
MOHAN R LAVI

K. VISWANATH
S. PRASHANTH
P. RAVINDRANATH

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

To the Members of HIGHER EDUCATION FINANCING 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 2024, the Statement of Income and Expenditure (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2024, 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 of India together with the ethical requirements that are relevant to our audit of the standalone 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.



Branches

Hyderabad : 3rd Floor, D1, 6-3-652, Kautilya, Somajiguda, Hyderabad - 500 082. Ph.: 040-23322310
Mysore : 74, 2nd Main, First Stage, Vijayanagar, Mysore - 570 017. Ph.: 0821-4271908
Chennai : Flat 2-A, Second Floor, Shruthi 3/7, 8th Cross Street, Shastrinagar, Adayar, Chennai - 600 020. Ph.: 044- 24903137 / 45511564

**K. P. RAO & CO.**
CHARTERED ACCOUNTANTS

Continuation Sheet....

Emphasis of Matter**We draw attention to:**

- Note no. 18 to the financial statements which includes CSR expenditure provision for the year amounting to Rs.8.58 crore, out of which the whole amount is kept unspent and has been set apart in a separate bank account within the stipulated time period.
- Note no. 5 & 17 to the financial statements states that provision on standard assets is calculated as per Income Recognition, Asset Classification and Provisioning (IRACI) 0.4% on standard assets i.e., Rs 30.66 crore. Whereas the Company estimates the impairment loss allowance of Rs 9.22 crore which is charged 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 Management Discussion and Analysis, Board's Report and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the 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.





K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet....

Management's Responsibilities for the Standalone 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.

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.





K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet

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.
- 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.





K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet.....

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 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 the 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 Financial Statement 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.





K. P. RAO & CO.
CHARTERED ACCOUNTANTS

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- e) In terms of circular No. GSR 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being 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 2024 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 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





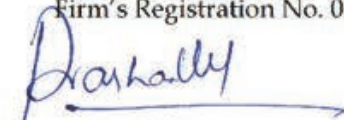
K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet

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. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
- 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.

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


Prashanth S
Partner
Membership No. 228407



UDIN:24228407BKFYKF5382

Place: Bengaluru
Date: 30th May 2024



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, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 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 assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



**K. P. RAO & CO.**
CHARTERED ACCOUNTANTS

Continuation Sheet

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 on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Company's internal financial 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. A company's internal financial control over financial reporting includes these 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
- 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





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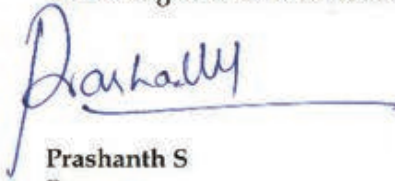
Continuation Sheet

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, 2024, 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



Prashanth S
Partner
Membership No. 228407



UDIN: 24228407BKFYKF5382

Place: Bengaluru
Date: 30th May 2024



K. P. RAO & CO.
CHARTERED ACCOUNTANTS

Continuation Sheet

Annexure B the Independent Auditors' Report

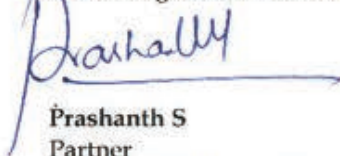
Compliance Report on the direction issued by C&AG under Sub section 5 of Section 143 of the Companies Act, 2013 ("the Act")

- 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 does 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 loan in case 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


Prashanth S

Partner

Membership No. 228407



UDIN: 24228407BKFYKF5382

Place: Bengaluru

Date: 30th May 2024

**K. P. RAO & CO.**
CHARTERED ACCOUNTANTS**'Poornima', 11nd Floor, 25, State Bank Road,
Bangalore - 560 001, Karnataka, India.**K. P. RAO
H.N. ANIL
MOHAN R. LAVIK. VISWANATH
S. PRASHANTH
P. RAVINDRANATHPhone : 080 - 25587385 / 25586914
Fax : 080 - 25594661
E-mail : info@kprao.co.in**NON-BANKING FINANCIAL COMPANIES AUDITOR'S ADDITIONAL REPORT**

To,
Board of Directors
Higher Education Financing Agency
Stock Exchange Towers,
No.51, 1st Floor, 1st Cross,
J C Road, Bengaluru, Karnataka-560027

This report is issued in accordance with the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("Para 3(A) and 3(C)")

We have audited the accompanying financial statements of Higher Education Financing Agency (hereinafter referred to as the "Company") comprising Balance Sheet as at March 31, 2024, the related Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement for the year ended on that date.

Management's responsibility 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 standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards Rules), 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.

The Management is also responsible for compliance with the Reserve Bank of India (hereinafter referred to as "RBI" or "Bank") Act, 1934 and other relevant RBI circulars and guidelines applicable to Non-Banking Financial Companies, as amended from time to time, and for providing all the required information to RBI.

Auditor's Responsibility

Pursuant to the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) directions, 2016 as consolidated in RBI master circular (the "Directions"),

**Branches**

Hyderabad : 3rd Floor, D1, 6-3-652, Kautilya, Somajiguda, Hyderabad - 500 082. Ph.: 040-23322310
Mysore : 74, 2nd Main, First Stage, Vijayanagar, Mysore - 570 017. Ph.: 0821-4271908
Chennai : Flat 2-A, Second Floor, Shrutthi 3/7, 8th Cross Street, Shastrinagar, Adayar, Chennai - 600 020. Ph.: 044- 24903137 / 45511564

**K. P. RAO & CO.**
CHARTERED ACCOUNTANTS

Continuation Sheet.....

our responsibility to examine the audited books and records of the Company for the year ended 31st March 2024 and report on the matters specified in the Directions to the extent applicable to the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the audited books and records of the Company for the year ended 31st March 2024 as produced for our examination and the information and explanations given to us, we report that:

1. The Company is engaged in the business of non-banking financial institution and has obtained a certificate of registration (CoR) no.02.00289 dated 21st November 2017 from the Bank's Department of Non-Banking Supervision, Bengaluru Regional Office. The Company is entitled to continue to hold such CoR in terms of its asset/income pattern as on March 31, 2024.
2. The Company is meeting the required net owned funds requirement as laid down in Master Direction-Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
3. The company is registered as non-deposit accepting Loan Company with RBI. The Board of Directors of the Company have passed a resolution in its meeting held on 15th April 2023 for non-acceptance of public deposits during FY 2023-24.
4. The Company has not accepted any public deposits during the financial year 2023-24.
5. The Company has complied with the prudential norms relating to income recognition, Indian accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
6. As per information and explanation given to us, the quarterly statement of capital funds, risk assets / exposures and risk asset ratio (DNBS - 3) has been filed by the company for all the quarters of FY 2023-24 based on provisional financial results of respective quarters, drawn



**K. P. RAO & CO.**
CHARTERED ACCOUNTANTS

Continuation Sheet.....

on the date of filing with in the stipulated period including CRAR in compliance with RBI norms.

The annual statement of capital funds, risk assets/ exposure and risk asset ratio DNBS-03 returns as on 31st March 2024 has been filed by the company on 7th June 2024 on the basis on the audited financial results,

Restriction on Use

1. Our obligations in respect of this report are entirely separate from, and our responsibility and liability are in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing said in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
2. This report is issued pursuant to our obligations under the Directions to submit a report on additional matters as stated in the Directions, to the Board of Directors of the Company and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For K P Rao & Co
Chartered Accountants
Firm's Registration No. 0031355

**Prashanth S**

Partner
Membership No. 228407
UDIN: 24228407BKFYMJ6555

Place: Bangalore
Date: 26th September 2024



Company Master Data	
CIN	U74999KA2017NPL103474
Company / LLP Name	HIGHER EDUCATION FINANCING AGENCY
	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	17-11-2023
Date of Balance Sheet	31-03-2024
Company Status (for E-Filing)	Active

Charges				
Assets under charge	Charge Amount	Date of Creation	Date of Modification	Status
Book Debts	5,00,00,00,000	02-09-2023	-	Open
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 KONDURU	01-10-2021	-
00064067	RISHIKESHA THIRUVENKATA KRISHNAN	12-06-2017	-
00454113	VIRANDER SINGH CHAUHAN	12-06-2017	-
01914155	RAMAMURTHI BHASKAR	12-06-2017	-
10118049	MOHAMMAD THOPHIC	17-04-2023	-
00006051	ASHOK MISRA	12-06-2017	-
07610634	SUNIL KUMAR BARNWAL	18-10-2023	-
09322823	ASHOK CHANDRA	18-10-2023	-
EYTPS9366E	RAHUL SAINI	01-02-2023	-
DWMP2003G	GOURAV SUNIL	17-06-2023	-



**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

(A Non Banking Financial 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, 2024

	Particulars	Note No.	As at 31.03.2024	As at 31.03.2023
I	ASSETS			
(1)	Financial Assets			
(a)	Cash and Cash Equivalents	3	169.27	734.39
(b)	Bank Balance other than (a) above	4	-	-
(c)	Loans	5	7,555.32	6,159.39
(d)	Other Financial Assets	6	101.67	110.42
	Total Financial Assets		7,826.26	7,004.20
(2)	Non-financial Assets			
(a)	Current Tax Assets (Net)	7	19.97	11.33
(b)	Property, Plant and Equipment		-	-
(c)	Other Non-Financial Assets		-	-
	Total Non-Financial Assets		19.97	11.33
	Total Assets		7,846.23	7,015.53
II	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial Liabilities			
(a)	Payables	8		
	(i) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		33.73	31.43
(b)	Borrowings (Other than Debt Securities)	9	475.00	-
(c)	Other Financial Liabilities	10	11.33	4.45
	Total Financial Liabilities		520.06	35.88
(2)	Non-Financial Liabilities			
(a)	Contingent Provisions Against Standard Assets	11	-	-
(b)	Other Non-Financial Liabilities	12	4.82	3.12
	Total Non-Financial Liabilities		4.82	3.12
(3)	Equity			
(a)	Equity Share Capital	13(A)	5,293.75	5,293.75
(b)	Other Equity	13(B)	2,027.60	1,682.78
	Total Equity		7,321.35	6,976.53
	Total Liabilities and Equity		7,846.23	7,015.53

The accompanying notes (1-46) 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. 0031358

Prashanth S

Partner

M. No.- 228407

Place: Bengaluru

Date: 30/05/2024



For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY**Mohammad Thophic**

Managing Director & CEO

DIN-10118049

Rahul Saini

Chief Financial Officer

EYTPS9366E

K. Sanjay Murthy

Chairman

DIN-3532374

Gourav Sunil

Company Secretary

DWMP2003G

**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

(A Non Banking Financial 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, 2024

	Particulars	Note No.	For the year ended 31.03.2024	For the year ended 31.03.2023
	Income :			
(I)	Revenue from Operations			
	Interest Income	14	396.67	445.48
	Total Revenue from Operations		396.67	445.48
(II)	Other Income	15	-	0.33
(III)	Total Income (I+II)		396.67	445.81
(IV)	Expenditure			
(a)	Finance Costs	16	4.03	0.64
(b)	Impairment on Financial Instruments	17	2.19	5.47
(c)	Employee Benefits Expenses		-	-
(d)	Depreciation, Amortization and Impairment		-	-
(f)	Management Fees		31.23	29.10
(g)	CSR Expenditure	18	8.58	8.03
(h)	Others Expenses	18	5.82	5.31
	Total Expenses (IV)		51.85	48.55
(V)	Excess of Income over Expenditure(Surplus) before Exceptional Items and Tax (III- IV)		344.82	397.26
(VI)	Exceptional items		-	-
(VII)	Surplus Before Tax (V -VI)		344.82	397.26
(VIII)	Tax Expense:			
	(1) Current Tax	21	-	-
	(2) Deferred Tax		-	-
(IX)	Excess of Income over Expenditure(Surplus) from continuing operations (VI - VII)		-	-
(X)	Excess of Income over Expenditure(Surplus) from discontinued operations		-	-
(XI)	Tax Expense of discontinued operations		-	-
(XII)	Excess of Income over Expenditure(Surplus) from discontinued operations (After tax) (X - XI)		-	-
(XIII)	Excess of Income over Expenditure(Surplus) for the year (VII - VIII)		344.82	397.26
(XIV)	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		-	-
	Total Comprehensive Income for the year (IX+X)		344.82	397.26
	(Comprising Surplus and other Comprehensive Income for the year)			
(XV)	Earnings per Equity Share	19		
	Basic (Rs.)		0.65	0.75
	Diluted (Rs.)		0.65	0.75

The accompanying notes (1-46) 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. 0031358

Prashanth S

Partner

M. No.- 228407

Place: Bengaluru

Date: 30/05/2024



For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY**Mohammad Thopic**

Managing Director & CEO

DIN-10118049

Rahul Saini

Chief Financial Officer

EYTPS9366E

K. Sanjay Murthy

Chairman

DIN-3532374

Goutav Sunil

Company Secretary

DWMP52003G

**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

(A Non Banking Financial 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, 2024

Particulars	For the year ended 31.03.2024	For the year ended 31.03.2023
A. Cash Flow from Operating Activities		
Net Surplus before Taxation	344.82	397.26
Adjustments for:		
Interest Income from Banks	(16.51)	(43.54)
Finance Costs	4.03	0.64
Impairment on Financial Instruments	2.19	5.47
Operating Surplus before working capital changes	334.53	359.83
Changes in Working Capital:		
(Increase)/Decrease in Other Non-Financial Assets	-	-
(Increase)/Decrease in Other Financial Assets	3.43	(7.97)
(Increase)/Decrease in Loans	(1398.12)	(1026.31)
Increase/(Decrease) in Trade Payables	2.30	3.06
Increase/(Decrease) in Other Financial Liabilities	6.88	1.05
Increase/(Decrease) Provisions	-	-
Increase/(Decrease) in Other Non-Financial Liabilities	1.70	0.47
Cash generated from Operations	(1049.28)	(669.87)
Net Income Taxes Paid	(8.65)	(2.81)
Net cash generated from operating activities - A	(1057.93)	(672.68)
B. Cash Flow from Investing Activities		
Bank Balances not considered as Cash and Cash Equivalent	0.00	0.00
Interest Received	21.84	38.21
Net Cash from Investing Activities-B	21.84	38.21
C. Cash flow from Financing Activities		
Proceed from Term Loan	500.00	-
Repayment of Term Loan	(25.00)	(1282.57)
Proceeds from issue of Equity Share	-	-
Share premium on Equity Shares Allotted	-	-
Finance Cost Paid	(4.03)	(0.64)
Net Cash raised in Financing Activities-C	470.97	(1283.21)
Net Increase in Cash and Cash Equivalents (A+B+C)	(565.12)	(1917.68)
Cash and Cash Equivalents at the beginning of the year	734.39	2652.07
Cash and Cash Equivalents at the end of the year	169.27	734.39

The accompanying notes (1-46) 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: 30/05/2024

For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY**Mohammad Thopic**

Managing Director & CEO

DIN-10118049

Rahul Saini

Chief Financial Officer

EYTPS9366E

K. Sanjay Murthy

Chairman

DIN-3532374

Gourav Sunil

Company Secretary

DWMPS2003G

**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

(A Non Banking Financial 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 FOR THE YEAR ENDED MARCH 31, 2024**A. EQUITY SHARE CAPITAL****1. Current Reporting Period**

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
5,293.75	-	-	-	5,293.75

2. Previous Reporting Period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
5,293.75	-	-	-	5,293.75

B. OTHER EQUITY

Particulars	Application Money Pending Allotment	Reserves and Surplus			Total
		Statutory Reserves	Impairment Reserve	Retained Earnings	
Balance at the beginning of the reporting period	-	336.55	19.39	1,326.84	1,682.78
Surplus for the year	-	-	-	344.82	344.82
Other comprehensive income for the year (net of tax)	-	-	-	-	-
Transfer to special reserve u/s 45 IC of the RBI Act, 1934	-	68.96	-	(68.96)	-
Transfer to Impairment Reserve	-	-	2.05	(2.05)	-
Balance at the end of the reporting period	-	405.51	21.44	1,600.65	2027.60

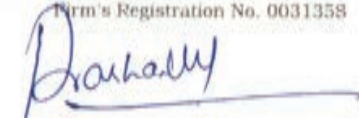
The accompanying notes (1-46) are an integral part of the financial statements.

In terms of our report attached.

For K.P.RAO & CO.

Chartered Accountants

Firm's Registration No. 0031358


Prashanth S
 Partner
 M. No.- 228407



Place: Bengaluru

Date: 30/05/2024

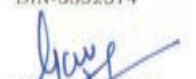
For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY


Mohammad Thophic
 Managing Director & CEO
 DIN-10118049


Rahul Saini
 Chief Financial Officer
 EYT189366E


K. Sanjay Murthy
 Chairman
 DIN-3532374


Gourav Sunil
 Company Secretary
 DWMP82003G

**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

(A Non Banking Financial 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. 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 12AB of the Income Tax Act, 1961 as a Public Charitable Company with effect from 2nd February 2018 and a renewal application made on 10.03.2022 has been approved and valid till AY 2026-27.

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 MATERIAL 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 - Material accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

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 material 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 2023-24 is considered to be Nil as no such transactions under the Company complying with Ind AS provisions for the preparation of financial statements have taken place.



**2.3 Material 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 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 diluted 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.

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 8 of Companies Act 2013, and granted registration under section 12AB 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.



**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

(A Non Banking Financial 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)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024**3 CASH AND CASH EQUIVALENTS**

Particulars	As at 31.03.2024	As at 31.03.2023
Cash and Cash equivalents		
Cash on hand	-	-
Balances with Banks		
In Savings Account @	166.84	482.79
In Current Account	0.00	0.01
In CSR Unspent Account*	2.43	1.59
Deposits with original maturity for less than 3 months **	-	250.00
Total	169.27	734.39

@ includes an amount of Rs. 8.58 crore for FY 2023-24 (Rs.2.86 Cr for FY 2022-23) relating to unspent amount of CSR expenditure, subsequently transferred to Unspent CSR Account on 24.04.2024 (on 26.04.2023 for FY)

* 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 for short term deposits.

4 BANK BALANCE OTHER THAN ABOVE

Particulars	As at 31.03.2024	As at 31.03.2023
Deposits with original maturity for more than 3 months but less than 12 months	-	-
Deposits with maturity for more than 12 months	-	-
Total	-	-

6 OTHER FINANCIAL ASSETS

Particulars	As at 31.03.2024	As at 31.03.2023
Interest accrued on loan portfolio (Secured, considered good)	100.53	105.09
Interest accrued on loan portfolio (Unsecured, considered good)	-	-
Interest accrued on fixed deposits and investment	-	5.33
Other Receivables*	1.14	-
Total	101.67	110.42

*Amount debitted twice by branch which has been recovered on 19th April 2024

NON-FINANCIAL ASSETS**7 CURRENT TAX ASSETS (NET)**

Particulars	As at 31.03.2024	As at 31.03.2023
Tax deducted at source *	19.97	11.33
Total	19.97	11.33

* Year wise break up of TDS

Financial Year	As at 31.03.2024	As at 31.03.2023
2020-21 @	2.89	2.89
2022-23 @	8.44	8.44
2023-24	8.64	-
	19.97	11.33

@ ITR has been processed with refund by IT department however refund yet to be credited to our account





HIGHER EDUCATION FINANCING AGENCY
 (CIN:U74999KA2017NPL100474)
 (A Non Banking Financial 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)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

5. LOANS

Particulars	As at 31.03.2024					As at 31.03.2023				
	At Fair Value		Through Surplus or Deficit	Designated at fair value through Surplus or Deficit	Total	At Fair Value		Through Surplus or Deficit	Designated at fair value through Surplus or Deficit	Total
	Amortised Cost	Through Other Comprehensive Income				Amortised Cost	Through Other Comprehensive Income			
	(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)	7,564.54	-	-	-	7,564.54	6,166.42	-	-	-	6,166.42
(ii) Others to be specified	-	-	-	-	-	-	-	-	-	-
Total (A) - Gross	7,564.54	-	-	-	7,564.54	6,166.42	-	-	-	6,166.42
Less: Impairment Loss Allowance	9.22	-	-	-	9.22	7.03	-	-	-	7.03
Total (A) - Net	7,555.32	-	-	-	7,555.32	6,159.39	-	-	-	6,159.39
(B)										
(i) Secured by Intangible Assets	-	-	-	-	-	-	-	-	-	-
(ii) Secured by Tangible Assets: Secured by receivables and Escrow account and equipment and furniture's purchased +	7,564.54	-	-	-	7,564.54	6,166.42	-	-	-	6,166.42
(iii) Covered by Bank/Government Guarantees	-	-	-	-	-	-	-	-	-	-
(iv) Unsecured	-	-	-	-	-	-	-	-	-	-
Total (B) - Gross	7,564.54	-	-	-	7,564.54	6,166.42	-	-	-	6,166.42
Less: Impairment Loss Allowance	9.22	-	-	-	9.22	7.03	-	-	-	7.03
Total (B) - Net	7,555.32	-	-	-	7,555.32	6,159.39	-	-	-	6,159.39
(C I) Loans in India										
(i) Public Sector	-	-	-	-	-	-	-	-	-	-
(ii) Others - Higher Education Institutions	7,564.54	-	-	-	7,564.54	6,166.42	-	-	-	6,166.42
Total (C I) - Gross	7,564.54	-	-	-	7,564.54	6,166.42	-	-	-	6,166.42
Less: Impairment Loss Allowance	9.22	-	-	-	9.22	7.03	-	-	-	7.03
Total (C I) - Net	7,555.32	-	-	-	7,555.32	6,159.39	-	-	-	6,159.39
(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 for which loan is availed.
 Receivables - shall mean all receivables of the Loan Borrowers from (a) the fees and other academics proceeds collected from students enrolled with loan Borrowers; and (b) all receivables in the form of grant and / or aid received by the Borrower from the Government of India or any State Government.
 Impairment Loss Allowance: The Company's impairment allowance is derived from estimates including default on interest payments. The company has considered a PD of 0.4% for calculating the impairment allowance.

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

	As at 31.03.2024			As at 31.03.2023		
	No of Projects	Sanction amount	Disbursed Amount	No of Projects	Sanction amount	Disbursed Amount
Project fully disbursed	12	1,903.73	1,903.67	10	1,636.22	1,636.20
Project partially disbursed	143	31,369.99	18,064.59	123	28,052.81	15,208.99
Project not disbursed	19	6,446.03	-	24	6,409.53	-
Total	174	39,719.75	19,968.26	157	36,098.56	16,845.19

Above figures includes sanction and disbursement of term loan made under window iv & v (Sanctioned: Rs. 15980.42 Crore & Disbursed: Rs. 6212.71 Crore) which has been closed by MoE, further it also includes sanction of Rs. 596.11 Cr (BPA Delhi, IIT DM, Jabalpur & CU Odisha) which has been cancelled by HEPA board meeting dated 17.11.2023 due to non-commencement of project and non-execution of loan agreement.

Summary of ECL provisions

Particulars	As at 31.03.2024	As at 31.03.2023
Allowance for Impairment on Term Loans		
(i) Term Loans (Civil works & Plant and Equipment)	9.22	7.03
Total	9.22	7.03

Provision as per RBI Prudential Norms

Particulars	As at 31.03.2024	As at 31.03.2023
Performing Assets	-	-
Standard Assets	30.66	25.09
Non-Performing Asset (NPA)	-	-
Total	30.66	25.09

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-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
Term Loans						
Performing Assets						
Standard Assets	7,564.54	6,166.42	30.66	25.09	7,533.88	6,141.33
Non-Performing Asset (NPA)	-	-	-	-	-	-

Note :

ECL (Expected Credit Loss) 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 instalment in advance in their escrow account on the date of first disbursement. The interest charged on all loans are paid by the Ministry of Education as per specified window for financing. The Company finances only the infrastructure requirements of higher educational institutions under Ministry of Education, hence the chances of default are minimal.





HIGHER EDUCATION FINANCING AGENCY

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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, 2024

Exposure at Default (EAD)

The outstanding balance of penal charged accounts during F.Y 2023-24 at the reporting date is considered as EAD by the Company including accrued Interest.

Loss Given Default (LGD)

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 0.4% is considered taking into account the outstanding liability of penal charged accounts to the total outstanding liability as on 31.03.2024. 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, 2024

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	7,564.54	9.22	7,555.32	30.66	(21.44)
Subtotal		7,564.54	9.22	7,555.32	30.66	(21.44)
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	7,564.54	9.22	7,555.32	30.66	(21.44)

* For the difference between Ind AS 109 and IRACP norms the company has maintained impairment reserve to the extent of Ra. 21.44 Cr.

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)

* For the difference between Ind AS 109 and IRACP norms the company has continued earlier impairment reserve of Ra. 19.39 Cr against requirement of Ra. 18.06 Cr





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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, 2024

8 TRADE PAYABLE

Particulars	As at 31.03.2024	As at 31.03.2023
Total outstanding dues of micro enterprises and small enterprises §	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	33.73	31.43
Total	33.73	31.43

§ Management Fees payable to Canara Bank - Rs. 31.23 Cr (1% of Disbursement Rs. 3,123.01 Cr) plus GST @ 18% Rs. 5.62 Cr minus TDS @ 10% Rs. 3.12 Cr i.e Rs. 33.73 Cr for FY 2023-24

* (For FY 2022-23 Management Fees payable to Canara Bank - Rs. 29.10 Cr (1% of Disbursement Rs. 2,909.86 Cr) plus GST @ 18% Rs. 5.24 Cr minus TDS @ 10% Rs. 2.91 Cr i.e Rs. 31.43 Cr)

As at 31.03.2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1. Dues of micro enterprises and small enterprises	-	-	-	-	-
2. Others	33.73	-	-	-	33.73
3. Disputed dues - MSME	-	-	-	-	-
4. Disputed dues - Others	-	-	-	-	-
Total	33.73	-	-	-	33.73

As at 31.03.2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1. Dues of micro enterprises and small enterprises	-	-	-	-	-
2. Others	31.43	-	-	-	31.43
3. Disputed dues - MSME	-	-	-	-	-
4. Disputed dues - Others	-	-	-	-	-
Total	31.43	-	-	-	31.43

9 BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31.03.2024	As at 31.03.2023
At amortised cost:		
(a) Term Loan - Indian Rupee Loan from Banks (Secured) Canara Bank	475.00	-
	475.00	-
(b) Working Capital Demand Loan Indian rupee loan from banks (Unsecured)*	-	-
(c) Loans from related parties	-	-
At Fair Value through profit or loss:		
(a) Term Loan - Indian Rupee Loan from Banks (Secured)	-	-
(b) Working Capital Demand Loan Indian rupee loan from banks (Unsecured)*	-	-
(c) Loans from related parties	-	-
Designated at Fair Value through profit or loss:		
(a) Term Loan - Indian Rupee Loan from Banks (Secured)	-	-
(b) Working Capital Demand Loan Indian rupee loan from banks (Unsecured)*	-	-
(c) Loans from related parties	-	-
Total	475.00	-
Borrowings in India	475.00	-
Borrowings outside India	-	-
Total	475.00	-

Security : Hypothecation of receivables in respect of the specified standard loan assets of the Company with an asset coverage ratio of 1.00 times



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

As at 31 March, 2024		
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	8.40%	375.00
Due within 1-2 years	8.40%	50.00
Due within 3month - 1 years	8.40%	50.00
Due within 3 Month*	8.40%	-
Total		475.00
Effective interest rate adjustment**		-
Net Amount		-

(b) 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	0.00%	-
Due within 1-2 years	0.00%	-
Due within 1 years	0.00%	-
Due within 3 Month*	0.00%	-
Total		-
Effective interest rate adjustment**		-
Net Amount		-

*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 default¹¹ as on the balance sheet date in repayment of borrowings and interest.

10 OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2024	As at 31.03.2023
Interest accrued on Borrowings	0.33	-
CSR Unspent Account	11.00	4.45
Total	11.33	4.45

11 CONTINGENT PROVISIONS AGAINST STANDARD ASSETS

Particulars	As at 31.03.2024	As at 31.03.2023
Provisions on Standard Assets	-	-
Total	-	-

12 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31.03.2024	As at 31.03.2023
Provision for Audit Fees	0.02	0.02
Provision for TDS receivable	1.67	-
Statutory dues payable	-	-
TDS Payable *	3.13	2.91
Other Payables	-	0.19
Total	4.82	3.12

* TDS Payable includes on Management Fees Rs. 3.12 Cr (1st Y 2.91 Cr) and on Audit Fees 0.002 Cr





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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2024

13(A) EQUITY SHARE CAPITAL

Particulars	As at 31.03.2024	As at 31.03.2023
Authorised Share Capital (1000,00,00,000 equity shares of Rs.10 each)	10,000.00	10,000.00
Issued and Subscribed and fully Paid-up (529,37,50,000 equity shares of Rs.10 each issued & fully paid)	5,293.75	5,293.75
Total Issued and Subscribed and fully Paid-up	5,293.75	5,293.75

Equity Shares:	As at 31.03.2024		As at 31.03.2023	
	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 31.03.2024		As at 31.03.2023	
	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 31.03.2024	As at 31.03.2023
1. Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934 (Refer Note 1 below)		
Opening balance	336.55	257.10
Add: Transfer from surplus balance in the Statement of Income and Expenditure	68.96	79.45
Balance as at the end of the year	405.51	336.55
2. Impairment Reserve (Refer Note 2 below)		
Opening balance	19.39	19.39
Add: Transfer from surplus balance in the Statement of Income and Expenditure	2.05	-
Balance as at the end of the year	21.44	19.39
3. Retained Earnings		
Opening balance	1,326.84	1,009.03
Add: Surplus for the year	344.82	397.26
Less: Appropriation	-	-
Transfer to Statutory Reserve	68.96	79.45
Transfer to Impairment Reserve	2.05	-
Balance as at the end of the year	1,600.65	1,326.84
4. Other Comprehensive Income		
Opening balance	-	-
Movements during the year	-	-
Balance as at the end of the year	-	-
Total	2,027.60	1,683.78

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. 68.96 Crores (2023 : 79.45 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 as 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, 2024

14 INTEREST INCOME

Particulars	For Year Ended 31.03.2024	For Year Ended 31.03.2023
On financial assets measured at fair value through OCI:		
Interest on Loans	-	-
Interest On Deposit/Savings	-	-
On financial assets measured at amortised cost: *		
Interest on Loans	380.16	401.94
Interest On Deposit/Savings	16.51	43.54
Interest Income on Financial Assets Classified at fair value through profit or loss		
Interest on Loans	-	-
Interest On Deposit/Savings	-	-
Total*	396.67	445.48

* The revenue from operations is earned in India and accrued at effective interest rate on assets, further interest rate will be decided as per the interest policy of the HEFA board.

* To further support the infrastructure activities of higher education institutions, the company has reduced ROI to 5.55% p.a during FY 2023-24 (FY 7% p.a) leading to reduction in overall interest income despite substantial increase in loan book.

Disaggregated revenue disclosures:

The company being a Non Banking Financial Company is dealing in Financial Instruments within the scope of Ind AS 109 and provisions of Ind AS 115 are not applicable to the company as such disaggregated revenue disclosures (Window-wise revenue disaggregation) are not given. Further Interest Income is same for all the windows and is being borne by Government primarily irrespective of financing windows of HEFA, thereby carrying similar degree of risk.

Particulars	For Year Ended 31.03.2024	For Year Ended 31.03.2023
Revenue by products / services		
Interest on Loans	380.16	401.94
Others-Interest on Deposits with Bank	8.55	37.40
Interest on Savings with Bank	7.96	6.05
Total Revenue from operations	396.67	445.48

15 OTHER INCOME

Particulars	For Year Ended 31.03.2024	For Year Ended 31.03.2023
Others (Interest on IT Refund)	-	0.33
Total	-	0.33

16 FINANCE COSTS

Particulars	For Year Ended 31.03.2024	For Year Ended 31.03.2023
On financial liabilities measured at fair value through profit or loss:		
Interest paid on borrowings	-	-
On financial liabilities measured at amortised cost:		
Interest paid on borrowings	4.03	0.64
Total	4.03	0.64

17 IMPAIRMENT / PROVISION ON FINANCIAL INSTRUMENTS

Particulars	For Year Ended 31.03.2024	For Year Ended 31.03.2023
On financial liabilities measured at fair value through profit or loss:		
Loans :		
- Standard assets	-	-
On financial assets measured at amortised cost:		
Loans :		
- Standard assets	2.19	5.47
Total	2.19	5.47





18 OTHER EXPENSES

Particulars	For Year Ended 31.03.2024	For Year Ended 31.03.2023
Audit Fees	0.02	0.02
Rates and taxes	5.73	5.24
Legal and professional charge	-	-
Other expenditure	0.07	0.05
Total	5.82	5.31

Note (i) Payment to auditor:

Particulars	For Year Ended 31.03.2024	For Year Ended 31.03.2023
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 31.03.2024	For Year Ended 31.03.2023
Gross Amount required to be spent by the Company during the year	8.58	8.03

Financial Year	Gross Amount to spent in the Financial Year	Amount spent till the reporting financial year	Amount remaining to be spent as on reporting Financial year
2023-24	8.58	-	8.58
2022-23	8.03	6.05	1.98
2021-22	5.53	5.20	0.33
2020-21 *	2.70	2.59	0.11
Total	24.84	13.84	11.00

* FY 2020-21 CSR Unspent balance will be transferred to Govt notified fund under Sch 7 within 6 months from 31.03.2024

Note (iii) Disclosure of CSR expenditure

	F.Y 2023-24	F.Y 2022-23
Amount Required to be spent by the company	8.58	8.03
Amount of Expenditure Incurred	Nil	5.17
Shortfall at the end of the year	8.58	2.86
Total of previous years shortfall	2.42	1.89
Reason for Shortfall	Provision is made for an amount of Rs. 8.58 Cr. and credited in CSR Unspent Account as the amount is sanctioned for ongoing research projects in centrally funded Institutes.	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.
Nature of CSR Activities	Promoting Research in Centrally funded higher education Institutes - Rs. 8.58 Cr.	PMNRF contribution - Rs. 5.17 Cr. Promoting Research in Centrally funded higher education Institutes - Rs. 2.86 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. 8.58 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. 2.86 Cr. and credited to CSR Unspent Account as the amount is sanctioned for ongoing research projects in centrally funded Institutes. (Out of which Rs. 0.88 Cr used during the FY 2023-24 towards ongoing projects)





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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 31.03.2024	For the year ended 31.03.2023
Net surplus for calculation of basic earnings per share	344.82	397.26
Weighted average number of equity shares in calculating basic earnings per share (Nos in Crs.)	529.38	529.38
Nominal Value per share (Rs.)	10.00	10.00
Basic Earnings Per Share (Rs.)	0.65	0.75
Diluted Earnings Per Share (Rs.)	0.65	0.75

NOTE 20: CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

Particulars	For the year ended 31.03.2024	For the year ended 31.03.2023
Claims not acknowledged as debts	-	-
Guarantees given on behalf of constituents - in India	-	-
Undisbursed Commitment excluding LC Commitment*	8,940.30	9,465.95
LC Commitment to vendor on behalf of Institute [Refer Note Below]	12.50	12.80
Total	8,952.80	9,478.75

Note: The LC commitment shall be met out of future term loan disbursement.
The Undisbursed commitment amount for FY 2023-24 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 in the Institutions under Window IV & V is not included in the undisbursed commitment amounts.

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 13AB 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-NDI-Type II) vide CoB 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 Exemption.

NOTE 22: EMPLOYEES BENEFIT PLAN

As of March 31, 2024 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 31.03.2024			As at 31.03.2023		
	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	169.27	-	169.27	734.39	-	734.39
Bank Balances other than (a) above	-	-	-	-	-	-
Loans	1,838.93	5,696.40	7,535.32	1,531.11	4,628.28	6,159.39
Other Financial Assets	101.67	-	101.67	110.42	-	110.42
Non-financial Assets						
Current Tax Assets (Net)	19.97	-	19.97	11.33	-	11.33
Property, Plant and Equipment	-	-	-	-	-	-
Other Non-Financial Assets	-	-	-	-	-	-
Total Assets	2,149.84	5,696.40	7,846.24	3,387.25	4,628.28	7,015.53
LIABILITIES						
Financial Liabilities						
Payables	33.73	-	33.73	31.43	-	31.43
Borrowings (Other than Debt Securities)	30.00	423.00	473.00	-	-	-
Other Financial Liabilities	11.33	-	11.33	4.45	-	4.45
Non-Financial Liabilities						
Provisions	-	-	-	-	-	-
Other Non-Financial Liabilities	4.82	-	4.82	3.12	-	3.12
Equity						
Equity Share Capital	-	5,293.75	5,293.75	-	5,293.75	5,293.75
Other Equity	-	2,027.60	2,027.60	-	1,682.78	1,682.78
Total Liabilities	99.88	7,746.35	7,846.23	39.00	6,976.53	7,015.53
Net	2,049.96	-2,049.95	-	2,348.25	-2,348.25	-

NOTE 24: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	As at 31.3.2024	Cash Inflow	Cash Outflow	As at 31.3.2023
Borrowings (Other than Debt Securities)	473.00	509.00	25.00	-
Total	473.00	509.00	25.00	-

NOTE 25 - LEASING ARRANGEMENTS

The Company is carrying out its operation at Canara bank premise. The Company has taken over an area of 3000 sq.ft 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 lessee shall punctually pay the rent to the sub lessee 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, Management Fees is charged for all services put together and the same is not defined for each category therefore bifurcated lease amount is not shown separately.





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 Company's revenue for both 2022-2023 and 2023-2024.

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	Subsidiary 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 31.03.2024	For the year ended 31.03.2023
Transactions with related parties			
Canara Bank	Management Service Fee	31.23	29.10
	Capital Contribution	-	-
	Deposits Created	700.19	2,150.00
	Deposits Withdrawn	950.19	1,900.00
	Borrowings during the year	500.00	-
	Borrowings repaid during the year	25.00	1,262.87
	Interest Received on Savings A/c	7.96	6.05
	Interest received on Deposits	8.55	37.49
	Interest Paid on Borrowings	4.03	0.64
Amount payable to related parties:			
Canara Bank	Deposits Outstanding	-	-
Canara Bank	Borrowings (Outstanding)	475.00	-
Canara Bank	Trade Payable	33.73	31.43
Canara bank Computer Services Limited	Trade Payable	-	-
Amount receivable from related parties:			
Canara Bank	Deposits Outstanding	-	280.00

Items	Related Party	Parent (as per ownership or control)	
		For the year ended 31.03.2024	For the year ended 31.03.2023
Borrowings		475.00	-
Deposits		-	280.00
Placement of deposits		-	-
Advances		-	-
Investments		-	-
Purchase of fixed/other assets		-	-
Sale of fixed/other assets		-	-
Interest paid		4.03	0.64
Interest received		16.51	43.54
Others*		31.23	29.10

* Other related party transaction pertains to management fees payable by the company for management 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 & INTANGIBLE ASSETS PROVIDED BY CANARA BANK

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





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 2023 to March 2024.

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, 2024 is as under:

Sl.No.	Particulars	Mar. 24		Dec. 23		Sep. 23		Jun. 23	
		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)	165.74	165.74	270.29	270.29	216.48	216.48	342.94	342.94
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
ii	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
iii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iiii	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	373.48	429.5	331.75	381.51	333.33	383.33	331.88	381.66
7	Other contingent funding obligations	7.03	8.08	0.01	0.01	-	-	-	-
8	TOTAL CASH OUTFLOWS	380.51	437.58	331.76	381.52	333.33	383.33	331.88	381.66
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	147.78	110.84	128.63	96.47	136.79	102.59	118.92	89.19
11	Other cash inflows	355.95	274.46	89.42	67.07	84.18	63.14	181.70	136.28
12	TOTAL CASH INFLOWS	513.73	385.30	218.05	163.54	220.97	165.73	300.62	225.47
13	TOTAL HQLA	165.74	165.74	270.29	270.29	216.48	216.48	342.94	342.94
14	TOTAL NET CASH OUTFLOWS	109.40	109.40	217.99	217.99	217.6	217.6	156.20	156.20
15	LIQUIDITY COVERAGE RATIO (%)		152.00%		124.00%		99.48%		219.56%

		Mar. 23	
		Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets			
1	**Total High Quality Liquid Assets (HQLA)	179.31	179.31
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	-	-
ii	Outflows related to derivative exposures and other collateral requirements	-	-
iii	Outflows related to loss of funding on debt products	-	-
iiii	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	283.33	325.83
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	283.33	325.83
Cash Inflows			
9	Secured lending	0	0
10	Inflows from fully performing exposures	166.04	124.53
11	Other cash inflows	88.26	66.20
12	TOTAL CASH INFLOWS	254.3	190.73
13	TOTAL HQLA	179.31	179.31
14	TOTAL NET CASH OUTFLOWS	131.10	131.10
15	LIQUIDITY COVERAGE RATIO (%)		132.72%

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 observations for 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%.





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 31.03.2024	For the year ended 31.03.2023
Capital Fund		
Tier -1	7,209.91	6,967.14
Tier -2	-	-
Total Capital Fund	7,209.91	6,967.14
Risk weighted assets (along with the adjusted value of Balance sheet items including Accrued Interest)*	12,172.02	11,017.39
CRAR	59.97%	63.18%
CRAR = Tier I Capital	59.97%	63.13%
CRAR = Tier II Capital	0.00%	0.00%

*Risk Weighted Assets includes Loan outstanding, Accrued interest on loan, Undisclosed 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 31.03.2024	As at 31.03.2023	As at 31.03.2024	As at 31.03.2023
Financial Assets				
Cash and Cash Equivalents	169.27	734.39	169.27	734.39
Bank Balance other than (a) above	-	-	-	-
Loans	7,555.32	6,109.39	7,555.32	6,109.39
Other Financial Assets	101.67	110.43	101.67	110.43
Total Financial Assets	7,826.26	7,004.20	7,826.26	7,004.20
Financial Liabilities				
Payables	33.73	31.43	33.73	31.43
Borrowings (Other than Debt Securities)	475.00	-	475.00	-
Other Financial Liabilities	11.33	4.45	11.33	4.45
Total Financial Liabilities	520.06	35.88	520.06	35.88

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 31.03.2024	For the year ended 31.03.2023
Revenue from top customer	18.82	20.13
Revenue from top 5 customers	80.02	81.87

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 portfolio 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:





Maturity pattern of assets and liabilities as on 31 March, 2024

Particulars	1 - 30 days	31D - 3M	3M - 6M	6M - 1Y	1Y - 3Y	3Y - 5Y	Over 5Y	Total
Borrowings (Other than Debt Securities)	-	-	25.00	25.00	100.00	100.00	225.00	475.00
Loans	137.33	283.68	491.15	959.98	3,193.73	2,018.98	876.67	7,864.94

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

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	211.39	443.34	769.07	2,531.29	1,433.79	843.20	6,166.94

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's 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 31.03.2024	For the year ended 31.03.2023
Provision for Standard Assets under Impairment Loss Allowance	9.32	7.03
Provision made towards Current Tax	-	-

NOTE 34: DRAW DOWN FROM RESERVES

For the year ended March 31, 2024 the Company has not withdrawn any amount from Impairment Reserves. The details of 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 31.03.2024	As at 31.03.2023
Total advances to twenty largest borrowers	6,342.67	6,548.31
Percentage of advances to twenty largest borrowers to total advances of the Company	60.65%	61.69%

ii) Concentration of Exposures

Particulars	As at 31.03.2024	As at 31.03.2023
Total exposure to twenty largest borrowers/customers	4,706.01	4,065.80
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	61.40%	64.62%

iii) Concentration of NPAs

Particulars	As at 31.03.2024	As at 31.03.2023
Total exposure to top four NPA accounts	-	-

iv) Sector-wise NPAs

Percentage of NPAs to Total Advances in that Sector

Particulars	As at 31.03.2024	As at 31.03.2023
Agriculture & allied activities	0%	0%
MSEME	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 31.03.2024	As at 31.03.2023
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	-	-





NOTE 36: CUSTOMER COMPLAINTS

Sl.No	Particulars	As at 31.03.2024	As at 31.03.2023
	Complaints received by the NHFC 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 NHFC	-	-
4	No. of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NHFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NHFC from Office of Ombudsman	-	-
	5.1 Of 5, number of complaints resolved in favour of the NHFC 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, 2024 (March 31, 2023: Nil)

NOTE 38: MISCELLANEOUS

i) No penalties have been imposed by RBI and other Regulators during the year ended 31 March, 2024, 31 March, 2023
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) - PINBP15251

Other Registrations

- a) Central Registry of Securitisation Asset Reconstruction and Security Interest of India(CERSSAI) - IN2805
- b) Legal Entity Identifier (LEI) - 984500DB0605E5D5B063 Valid till 23rd May 2024.

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

Credit rating Agency	Type of Facility	As at 31.03.2024	As at 31.03.2023
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 2023-24 and 2022-23

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 31.03.2024	As at 31.03.2023
Balance in principal Repayment Account		
(For availing the proposed loan, every institute (borrower) 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.)	2,685.08	1,890.24

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.





NOTE 43: ANALYTICAL RATIOS

Sl.No.	Ratio		Current Period	Previous Period	% Variance	Reasons for variance
1	Current Ratio	Current Assets / Current Liabilities	24.19	61.07	-60.97%	Due to increase current liability (current portion of bank borrowing) ratio has decreased.
2	Debt-Equity Ratio	Total Debt / Total Equity	0.06	0.00	100.00%	New borrowing (term loan) has been taken
3	Debt Service Coverage Ratio	Net operating Income / Debt Service	12.02	0.00	100.00%	New borrowing (term loan) has been taken
4	Return on Equity Ratio	Net Income / Total Average Shareholders Equity	4.71%	5.69%	-17.29%	Due to reduction in Rate of Interest, Return on Equity has reduced y-o-y basis.
5	Inventory turnover ratio	NA	NA	NA	NA	
6	Trade receivables turnover ratio	Sales / Loan Receivable	0.05	0.07	-27.41%	Due to reduction in Rate of Interest 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	1.10	1.18	-7.08%	
8	Net capital turnover ratio	Sales/Working Capital	0.19	0.21	-9.53%	
9	Net profit ratio	Net Profit/Net Sales	0.87	0.89	-2.52%	
10	Return on Capital employed	EBIT /Average Capital Employed	4.50%	5.69%	-20.97%	Due to reduction in EBIT and increase in Capital Employed, Ratio has decreased
11	Return on Total Asset	EBIT / Total Assets	4.45%	5.66%	-21.48%	Due to reduction in EBIT and increase in Capital Employed, Ratio has decreased

Note 44: Sectoral exposure

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities						
2. Industry						
i. Term Loans						
ii. Others						
Total of Industry (i+ii+...+Others)						
3. Services						
i. Term Loans	7,555.32	-	0.00%	6,159.39	-	0%
ii. Others	-	-	0.00%	-	-	0%
Total of Services (i+ii+...+Others)	7,555.32	-	0.00%	6,159.39	-	0%
4. Personal Loans						
i. Term Loans						
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: For the financial year ending March 31, 2024, the company's accounting software has an audit trail functionality. This feature remained operational throughout the year, capturing a chronological record of all relevant transactions processed within the software. The audit trail has not been tampered with during the year.

Drashaly

Place: Bengaluru
Date: 30/05/2024

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

Mohammad Thopfie
Managing Director & CEO
DIN: 0110349

Rahul Jain
Chief Financial Officer
ICTP99366E

K. Banjay Murthy
Chairman
DIN: 3533374

Gourav Sukil
Company Secretary
DW: MPS2003G





कार्यालय महानिदेशक लेखापरीक्षा (केन्द्रीय व्यय)
Office of the Director General of Audit (Central Expenditure)
डी जी ए सी खार भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110 002
DGACR Building, Indraprastha Estate, New Delhi -110 002

No.CW/2-48/HEFA/2024-25/314.

Date: 19.09.2024

To,

Managing Director
Higher Education Financing Agency
1st Floor, Stock Exchange Towers,
51, 1st Cross Road, J.C. Road, Bengaluru - 560027

20 SEP 2024

Subject: Provisional Comments on the financial statements of Higher Education Financing Agency, Bengaluru for the year ended 31st March 2024.

Sir,

Please find attached along with this letter the provisional comments on the financial statements of Higher Education Financing Agency, Bengaluru for the financial year ended 31st March 2024. You are requested to reply to these Provisional Comments within 3 days of receipt of this communication in consultation with the Independent Auditor. Please forward the electronic copies (pdf & docx) of your replies on e-mail id: anjanika.ket.au2@cag.gov.in.

Please acknowledge the receipt of this letter.

Encl.: As above.

Sincerely,

(Ekta Singh)
Dy. Director (CAW)





Provisional Comments on the Financial Statements of Higher Education Financing Agency, Bengaluru for the year ended 31st March 2024

A. Balance Sheet:

I. Asset: Financial Asset

Loans: ₹7,555.32 Crore

As per para B5.1.1 of Ind AS 109: Financial Instruments, if part of the consideration given is for something other than the financial instrument, an entity shall measure the fair value of the financial instrument as per Ind AS 113. As such, a loan given at concessional rate should be initially recognized at its fair value which shall be calculated as the present value of all future cash receipts discounted using the prevailing market interest rate(s) of interest for a similar instrument. Further para B5.1.2A (b), an entity shall account for such instrument (for which fair value differs from the transaction price) at the measurement required, if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets.

In this context, it was observed that HEFA borrowed an amount of ₹500 crore from CANARA bank @ 3 months MCLR plus Spread charged by the bank (which at the time was 8.15+0.05). These funds were then lent to Higher Education Institutions (HEIs) at the rate of 5.55% p.a. (Interest rate subject to revision by the Board of HEFA). However, the company did not measure the fair value of the asset in line with requirements of the standard and the asset was shown at the transaction price. Audit calculated the present value of all future cash flows on the asset after discounting at the market rate of a similar financial instrument which in the instance has been taken to be 8.2% (Rate of borrowing the funds from CANARA Bank i.e., data from observable markets). The fair value of the asset has been calculated to be ₹287.05 crore. The difference between the transaction price (₹500 crore) and the fair value (₹287.05 crore) of the asset should be recognized in Statement of Income & expenditure by showing it under a separate head of expense [Para B5.1.2A (a)]

Further, the company has also not disclosed the policy of initial recognition of financial instruments in the Material Accounting policies [Note No. 2.3(m)].

As such, Current Financial Assets (Loans) are overstated by ₹212.95 crore and Expenses (to be shown under a separate line item) for the year is understated by ₹212.95 crore, further resulting in overstatement of excess of Income over Expenditure for the year by ₹212.95 core.

(AO #13 Revised & Modified)



2. Asset: Current Asset

Non-financial Asset: Current Tax Asset (Note No. 7) - ₹19.97 crore.

(i) The above did not include an amount of ₹0.52 crore, being amount of interest receivable under section 244A of the Income Tax Act, 1961 on refund of Tax Deducted at Source pertaining to Assessment Year 2021-22 (Previous Year 2020-21) for which Scrutiny Order u/s 143(3) (20.12.2022) of Income tax act, 1961 confirmed the refund amount at ₹2.89 crore after assessment order was passed on 04.07.2022.

(AO #5)

(ii) The above did not include an amount of ₹0.57 crore (From April 2023 to May 2024) being amount of interest receivable on refund of Tax Deducted (Calculated as per 244A of the Income tax Act, 1961) at Source related to Assessment year 2023-24 (Financial Year 2022-23) as on 31.03.2024. The refund was also completed on 28.05.2024 after intimation on 09.05.2024. The receipt of the interest amount should have been accounted for in line with Paragraph 8 of Ind AS 10: Events occurring after Reporting Period (Adjusting Events).

Non-inclusion of the interest on refund of TDS for Assessment Year 2021-22 & 2023-24 has thus resulted in understatement of Current Tax Asset and Other Equity by ₹1.09 crore.

(AO #9)

(iii) In the notes to accounts for Current Tax Assets, the company has disclosed ₹8.64 crore against financial year 2022-23. However, an amount of ₹1.06 crore out of this amount pertains to TDS refund receivable for financial year 2022-23. As such, a suitable disclosure should have been made in the notes to accounts.

(AO #4)

B. Other Comments:

1. The company has not prepared the Statement of Changes in Equity in the format as prescribed under Division III of Schedule III to the Companies Act, 2013 as they have not reported on Other Equity component for the previous financial year.

(AO #2)

C. Independent Auditor's Report:

1. As per Chapter II of the Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016, in addition to the report made by the auditor under

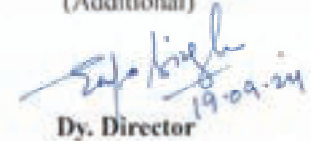


section 143 of the Companies Act, 2013, the auditor should include a statement on Para 3 (as applicable) – Material to be included in the Auditor’s Report {Para 3(A) & 3(C) for HEFA}.

(Additional)

2. In effect of the provisional comment A.1, the excess of Income over Expenditure of the company is overstated by an amount of ₹212.95 crore, 161.48% of the actual surplus i.e., ₹131.87 crore (₹344.82 crore - ₹212.95 crore). As such, the true & fair view of the statutory auditor on the excess of Income over Expenditure is not sustainable.

(Additional)


Dy. Director
19-09-24

(CAW)



1st Floor, Stock Exchange Towers,
No. 51, 1st Cross, J.C.Road,
Bengaluru- 560 027.
Tel- 080 43705895
Email- info@hefa.co.in

REF: HEFA/CAG/PC/2023-24

Date: 21.09.2024

To:

The Deputy Director,
Office of the Director General of Audit,
(Home Education and Skill Department),
Indraprastha Estate, New Delhi – 110002.

Sub: Reply to Provisional Comments on the accounts of Higher Education Financing Agency for the year ended 31st March 2024.

Ref: Your letter CW/2-48/HEFA/2024-25/314 dated 19.09.2024.

With reference to above, please find enclosed our point wise replies to the Provisional Comments made on the accounts of Higher Education Financing Agency for the year 2023-24.

Kindly acknowledge receipt of this letter.

Yours faithfully

**MOHAMMAD THOPIC
MANAGING DIRECTOR & CEO**

Encl: As stated above.



1st Floor, Stock Exchange Towers,
No. 51, 1st Cross, J.C.Road,
Bengaluru- 560 027.
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Reply to Provisional Comments on Financial Statements of Higher Education Financing Agency (HEFA), Bengaluru for the year 2023-24.

A. Balance Sheet:

**1. Asset: Financial Asset
Loans: ₹7,555.32 Crore**

As per para B5.1.1 of Ind AS 109: Financial Instruments, if part of the consideration given is for something other than the financial instrument, an entity shall measure the fair value of the financial instrument as per Ind AS 113. As such, a loan given at concessional rate should be initially recognized at its' fair value which shall be calculated as the present value of all future cash receipts discounted using the prevailing market interest rate(s) of interest for a similar instrument. Further para B5.1.2A (a), an entity shall account for such instrument (for which fair value differs from the transaction price) at the measurement required, if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets.

In this context, it was observed that HEFA borrowed an amount of ₹500 crore from CANARA bank @ 3 months MCLR plus Spread charged by the bank (which at the time was 8.15+0.05). These funds were then lent to Higher Education Institutions (HEIs) at the rate of 5.55% p.a. (Interest rate subject to revision by the Board of HEFA). However, the company did not measure the fair value of the asset in line with requirements of the standard and the asset was shown at the transaction price. Audit calculated the present value of all future cash flows on the asset after discounting at the market rate of a similar financial instrument which in the instance has been taken to be 8.2% (Rate of borrowing the funds from CANARA Bank i.e., data from observable markets). The fair value of the asset has been calculated to be ₹287.05 crore. The difference between the transaction price (₹500 crore) and the fair value (₹287.05 crore) of the asset should be recognized in Statement of Income & expenditure by showing it under a separate head of expense [Para B5.1.2A (a)]

Further, the company has also not disclosed the policy of initial recognition of financial instruments in the Material Accounting policies [Note No. 2.3(m)].

As such, Current Financial Assets (Loans) are overstated by ₹212.95 crore and Expenses (to be shown under a separate line item) for the year is understated by ₹212.95 crore, further resulting in overstatement of excess of Income over Expenditure for the year by ₹212.95 crore

HEFA Reply: 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).



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Our approach to recognizing financial assets at fair value aligns with Ind AS 109, MCA updates, and ICAI guidelines.

As per paragraph B5.1.1 of IND AS 109, 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, see also paragraph B5.1.2A and Ind AS113). 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 long-term 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** (similar as to currency, term, type of interest rate and other factors) with a similar credit rating.

Since HEFA is not granting interest free loan and HEFA is collecting the interest at competitive rates and the principal on the loan. Hence, the fair value of a financial instrument at initial recognition is equal to the transaction price and fair value measurement as per para B5.1.2A of IND AS is not applicable for HEFA.

In view of the above the observation may be dropped.

2. Asset: Current Asset

Non-financial Asset: Current Tax Asset (Note No. 7) - ₹19.97 crore.

- (i) The above did not include an amount of ₹0.52 crore, being amount of interest receivable under section 244A of the Income Tax Act, 1961 on refund of Tax Deducted at Source pertaining to Assessment Year 2021-22 (Previous Year 2020-21) for which Scrutiny Order u/s 143(3) (20.12.2022) of Income tax act, 1961 confirmed the refund amount at ₹2.89 crore after assessment order was passed on 04.07.2022.

HEFA Reply: As per INDAS 115 recognition of revenue requires that the same shall be certain and measurable.

As in the instance case, interest on TDS for FY 2020-21 (AY 2021-22) is neither certain nor measurable. Hence interest on TDS deducted for FY 2020-21 (AY 2021-22) shall be recognized upon receipt.

In view of the above the observation may be dropped.

- (ii) The above did not include an amount of ₹0.57 crore (From April 2023 to May 2024) being amount of interest receivable on refund of Tax Deducted (Calculated as per 244A of the Income tax Act, 1961) at Source related to Assessment year 2023-24 (Financial Year 2022-23) as on 31.03.2024. The refund was also completed on 28.05.2024 after intimation on 09.05.2024. The receipt of the interest amount should



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have been accounted for in line with Paragraph 8 of Ind AS 10: Events occurring after Reporting Period (Adjusting Events).

Non-inclusion of the interest on refund of TDS has resulted in understatement of Current Tax Asset and Other Equity as at the end of the year by ₹0.57 crore.

HEFA Reply: As per IND AS 10 adjusting & non-adjusting events can be identified as under:

Adjusting events after the reporting period:- Those that provide evidence of conditions that existed at the end of the reporting period.

Non-adjusting events after the reporting period:- Those that are indicative of conditions that arose after the reporting period.

TDS receivable shown under books of HEFA is self-assessed and refund is subject to condition of the IT Authority approval. IT Authority approval (Intimation order) has been received on 09.05.2024. Hence same shall be non-adjusting events after the reporting period. Status of the pending refund has been shown under note 7 of the financials.

In view of the above the observation may be dropped.

- (iii) In the notes to accounts for Current Tax Assets, the company has disclosed ₹8.64 crore against financial year 2022-23. However, an amount of ₹1.06 crore out of this amount pertains to TDS refund receivable for financial year 2022-23. As such, a suitable disclosure should have been made in the notes to accounts.

HEFA Reply: We have noted it for compliance and suitable disclosure will be made in subsequent financial statements.

B. Other Comments:

1. The company has not prepared the Statement of Changes in Equity in the format as prescribed under Division III of Schedule III to the Companies Act, 2013 as they have not reported on Other Equity component for the previous financial year.
HEFA Reply: While drafting the financial, the table for previous reporting period under Statement of Changes in Equity for the year ended 31st March 2024 was missed. However, the same was disclosed under Note 13(B) "other equity".

We have noted the audit observation for compliance in ensuing financials.



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C. Independent Auditor's Report:

1. As per Chapter II of the Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016, in addition to the report made by the auditor under section 143 of the Companies Act, 2013, the auditor should include a statement on Para 3 (as applicable) – Material to be included in the Auditor's Report (Para 3(A) & 3(C) for HEFA).

HEFA Reply: Addition report as per Chapter II of the Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016 will be obtained from the Statutory Auditor for the FY 2023-24 and subsequent years.

2. In effect of the provisional comment A.1, the excess of Income over Expenditure of the company is overstated by an amount of ₹212.95 crore, 161.48% of the actual surplus i.e., ₹131.87 crore (₹344.82 crore - ₹212.95 crore). As such, the true & fair view of the statutory auditor on the excess of Income over Expenditure is not sustainable.

HEFA Reply: As explained under comment no. A.1, Para B 5.1.1. of Ind AS 109 is not applicable to the company. Para B 5.1.1 is applicable if part of the consideration given is for something other than the financial instrument. The paragraph cites an example "For example, the fair value of a long-term 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 (similar as to currency, term, type of interest rate and other factors) with a similar credit rating"

Since HEFA is not granting interest free loan and HEFA is collecting the interest at competitive rates and the principal on the loan. Hence, the fair value of a financial instrument at initial recognition is equal to the transaction price and fair value measurement as per para B5.1.2A of IND AS is not applicable for HEFA. HEFA has not given any long-term loans or receivables that do not carry any interest.

Also, A plain reading of Ind AS 109 would suggest that classification of financial assets has to be done first and the measurement provisions would apply later. As per Paragraph 4.1 of Ind AS 109, classification of financial assets an entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) the entity's business model for managing the financial assets

And



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(b) the contractual cash flow characteristics of the financial asset.

In this regard, we would like to draw reference to Paragraph (m) of the accounting policies of HEFA. As per this accounting policy, all recognized financial assets are measured in their entirety at their amortized cost. HEFA measures their financial assets at amortized cost because:

- a) The financial asset is held with a business model whose objective is to hold financial assets to collect contractual cash flows
- b) The contractual cash flows of the financial asset give rise on specific dates to cash flows that are solely payment of principal and interest (SPPI test). Since the SPPI test is satisfied, HEFA has opted for a policy of accounting for all their financial assets at amortized cost. Since the financial assets are measured at amortized cost, the necessity for fair valuation does not arise. Therefore, Para B5.1.1. of Ind AS 109 is not applicable to the financial assets held by HEFA.

Hence Based on the above explanation, the Income over Expenditure has not been overstated and gives a true & fair view as it is in conformity with the Indian Accounting Standards.

In view of the above the observation may be dropped.



कार्यालय महानिदेशक लेखापरीक्षा (केन्द्रीय व्यय)
Office of the Director General of Audit (Central Expenditure)
डी जी ए सी आर भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110 002
DGACR Building, Indraprastha Estate, New Delhi -110 002

No. CW/I-19/HEFA2024-25/393

Date: 29.10.2024

सेवा में,

मुख्य कार्यकारी अधिकारी
हाइयर एजुकेशन फाइनैसिंग एजेंसी,
1^म फ्लोर, स्टॉक एक्सचेंज टावर्स,
51, 1^म क्रॉस रोड, जे. सी. रोड, बंगलुरु - 560 027

विषय: वर्ष 2023-24 के लिए हाइयर एजुकेशन फाइनैसिंग एजेंसी, बंगलुरु के वित्तीय खातों पर 'शून्य टिप्पणियां प्रमाणपत्र'।

महोदय,

इस पत्र के साथ भारत के नियंत्रक एवं महालेखापरीक्षक द्वारा कंपनी अधिनियम, 2013 की धारा 143(6)(बी) के अंतर्गत हाइयर एजुकेशन फाइनैसिंग एजेंसी, बंगलुरु के 31 मार्च 2024 को समाप्त वर्ष के वित्तीय खातों पर 'शून्य टिप्पणियां प्रमाणपत्र' भेजी जा रही है। आपसे प्रकाशित वार्षिक रिपोर्ट की 5 प्रतियां भेजने का अनुरोध किया जाता है।

कृपया इस पत्र की पावती प्रदान करें।

संलग्न: उपरिलिखित।

भवदीय

(एकता सिंह)

उप निदेशक (वा.ले.प.)



COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT ON THE ACCOUNTS OF HIGHER EDUCATION FINANCING AGENCY, BENGALURU FOR THE YEAR ENDING 31ST MARCH 2024.

The preparation of financial statements Higher Education Financing Agency, Bengaluru for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (The Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15.07.2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Higher Education Financing Agency, Bengaluru for the year ended 31 March 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller and Auditor General of India**

Place: New Delhi

Date: 29.10.2024

(Rajiv Kumar Pandey)
Director General of Audit
(Central Expenditure), New Delhi