

Annual Report 2018 - 2019



Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

A Joint Venture of



Government of India
Ministry of Human Resource
Development



Canara Bank
केनरा बैंक



Directors present at the Second AGM held in Bangalore.



Felicitations of Mrs. P.V. Bharathi, Ex-Vice Chairperson of HEFA, resigned w.e.f. 31-1-2019 on her elevation as MD & CEO of Corporation Bank

BOARD OF DIRECTORS



Subrahmanyam Reddi
Secretary (H.E.) MHRD, GoI
Chairman



P V Bharathi
former Executive Director
Canara Bank
Ex-Vice Chairperson
(Till 31-01-2019)



Debashish Mukherjee
Executive Director
Canara Bank
Vice-Chairman



Govardhan Umajirao
Managing Director & CEO



Preeti Sudan
Secretary, MoHFW, GoI
Nominee Director



VLVSS Subba Rao
Senior Economic Advisor
MHRD, GoI
Nominee Director

BOARD OF DIRECTORS



Darshana M. Dabral
Joint Secretary &
Financial Advisor, MHRD, GoI
Nominee Director



Dr. Rishikesha T. Krishnan
Professor, IIM-Bangalore
Nominee Director



Prof. Bhaskar Ramamurthi
Director, IIT-Madras
Nominee Director



Prof. V S Chauhan
Independent Director



Prof. Ashok Misra
Independent Director



AUDITORS

M/S S JANARDHAN AND ASSOCIATES
CHARTERED ACCOUNTANTS
APARTMENT #103, EMBASSY CENTRE
NO.11, CRESCENT ROAD
BANGALORE -560001

BANKERS

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

REGISTERED OFFICE :

6TH FLOOR, NAVEEN COMPLEX
NO. 14, M G ROAD
BANGALORE -560001



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NOTICE is hereby given that the **SECOND ANNUAL GENERAL MEETING** of the members of Higher Education Financing Agency will be held at shorter notice on **Friday, 20th day of September, 2019 at 10:00 A.M. at the Canara Bank, Head Office, 112, J C Road, Bengaluru, Karnataka-560 002**, 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, 2019 and reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Prof. Bhaskar Ramamurthi, Nominee Director, who retires by rotation and being eligible offers himself for re-appointment in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

“RESOLVED THAT Prof. Bhaskar Ramamurthi, Nominee Director, who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible be and is hereby re-appointed as Nominee Director of the Company whose office shall be liable to retirement by rotation”.

3. To appoint a Director in place of Dr. Rishikesh Thiruvankata Krishnan, Nominee Director, who retires by rotation and being eligible offers himself for re-appointment in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

“RESOLVED THAT Dr. Rishikesh Thiruvankata Krishnan, Nominee Director, who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible be and is hereby re-appointed as Nominee Director of the Company whose office shall be liable to retirement by rotation”.

4. To appoint a Director in place of Mr. Subrahmanyam Reddi, Nominee Director & Chairman, who retires by rotation and being eligible offers himself for re-appointment in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

“RESOLVED THAT Mr. Subrahmanyam Reddi, Nominee Director & Chairman, who retire by rotation in terms of Section 152 of Companies Act, 2013 and being eligible be and is hereby re-appointed as Nominee Director & Chairman of the Company whose office shall be liable to retirement by rotation”.



5. To authorise Board of Directors for fixing the remuneration of the Auditors of the Company for the Financial Year 2019-20.

SPECIAL BUSINESS

6. ALTERATION OF ARTICLES OF ASSOCIATION (AOA) OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014, below mentioned Article 160 of the Articles of Association (AOA) of the Company be and is hereby deleted:

160. CONSENT OF COMPANY NECESSARY FOR EXERCISE OF CERTAIN POWERS

THE BOARD SHALL EXERCISE THE POWERS AS SPECIFIED IN SUB-SECTION (1) OF SECTION 180 OF THE ACT, ONLY WITH THE CONSENT OF THE COMPANY BY A SPECIAL RESOLUTION.”

RESOLVED FURTHER THAT the Managing Director of the Company, be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.”

7. **Any Other matter with the permission of Chairman.**

By Order of the Board


Govardhan Umajirao
Managing Director
DIN: 07544347

Date:09.09.2019
Place:Bangalore



NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT ONE OR MORE PROXY / PROXIES TO ATTEND AND VOTE IN HER/HER PLACE. THE PROXY SHALL BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY FILLED IN SHOULD REACH THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.**
2. Members/Proxies/Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers are requested to write their Folio Number in the attendance slip for attending the Meeting.
3. The 'Attendance Slip' and 'Proxy Form' is hereby attached and forms part of the notice.
4. The explanatory statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:****Item No. 6:**

In the Articles of Association of the Company, Company intends to delete Article 160 of the Articles of Association of the Company, under head '**Powers of Directors**' sub-head '**Consent of Company necessary for exercise of certain powers**'


As per the provisions of **section 180 of the Companies Act, 2013 - 'Restrictions on Powers of Board'**; the Board of Directors of a company shall exercise the certain powers only with the consent of the company by a special resolution. However, the provisions of Section 180 of the Companies Act, 2013 are **exempted for a Private Company**, by virtue of MCA exemption Notification GSR464E dated 05.06.2015. HEFA being a private company exempted from the provision of section 180 of the Companies Act, 2013.

The Board has vide their resolution in the meeting dated 06.09.2019, consented to seek approval of the Members of the Company for deletion of Article 160 (**Consent of Company necessary for exercise of Certain Powers**). As required, Company had applied to the Registrar of Companies- Bangalore on 26.04.2019 seeking prior approval and has received the prior approval of ROC on 16.05.2019 for deletion of Article 160 of its Articles of Association. Further, in pursuance to the provisions of section 14 of the Companies Act, 2013, the Articles of Association of the Company may be altered by the company subject to the approval of its members by a special resolution passed in a General Meeting.

Hence, the Board recommended the Special Resolution as set out in Item No.06 of the Notice for approval of the Members.

None of the Directors and Key Management Personnel of the Company (or their relatives), whether directly or indirectly are concerned or interested either financially or otherwise, in passing of resolution as set out at item No.06.

By Order of the Board


Govardhan Umajirao
Managing Director
DIN: 07544347

Date:09.09.2019

Place:Bangalore



CHAIRMAN'S SPEECH

Dear shareholders,

A very warm welcome to the Second Annual General Meeting.

The outlook for Higher Education in India looks really promising. As per some reports, by 2030 India will be a leading global player in education and amongst the youngest nations in the world, with nearly 140 million people in the college-going age group. With one in every four graduates in the world will be a product of the Indian higher education system. This can be achieved only by educating and empowering youth through a sound education system with a clear vision, a time-bound roadmap and adequate infrastructure.

Over the last two decades, India has remarkably transformed its higher education landscape. India has not only bettered its enrolment numbers but has enhanced its learning outcomes. In order to realize the goals adopting a transformative and innovative approach is critical across all the levers of higher education: from curricula and pedagogy to the use of technology to partnerships, governance and funding. Making rapid progress over the next two decades would require a committed and concerted effort from all stakeholders involved i.e., academia, industry, and government."

The GoI has undertaken massive structural and systemic changes that have started to yield encouraging results. The challenges of having aging inadequate infrastructure, low grade research facilities etc., have been to a large extent addressed by setting up of Higher Education Financing Agency (HEFA) in May 2017 a truly Landmark and a significant step in the annals of Higher Education in India in particular and Education sector in general.

HEFA was initially conceived to cater to the infrastructural needs of Higher Educational Institutions like IIT, IISc, IISER, NITs, IIITs, IIMs etc., with an outlay of Rs. 20,000 crore.

However, the developments in the FY 2018-19 were far reaching and significant. I would like to recall a few of them;

- In the **Union Budget 2018-19**, Union Finance Minister announced a major expansion in the scope of the 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. By leveraging this, HEFA to raise resources through market borrowings to meet the budgeted lending target of Rs. 1,00,000 crore over the next 3 years.
- As at 31.03.2019, HEFA's paid-up capital stood at Rs. 2763.75 crore.
- As per RISE by 2022, the borrowing institutions were classified into 5 / windows / categories depending on their ability to service the full principal / part principal repayment obligation. The balance principal and interest in all cases to be borne by GoI.



- The Company made its first disbursement in the Month of June, 2018 and during the financial year 2018-19, HEFA has sanctioned loans to 50 institutions aggregating to Rs. 15582.71 crores, (Project cost Rs. 29,529.55) of this loans of Rs. 4,725 crore are to 9 new generations AIIMS and the aggregate disbursement as at 31.03.2019 stood at Rs. 2,535 crore.
- With the crossing of the asset size of Rs. 500 crore as on 29th December, 2018 HEFA became a 'Systemically Important Non-Banking Financial Company Not accepting Public Deposits and (NBFC-ND-SI)'.
- HEFA had a surplus (excess of Income over Expenditure) of Rs. 72.10 crore. No dividend is paid by the Company. The entire surplus has been transferred to retained earnings in the Balance Sheet.

The progress we have made in the FY 2018-19 though not to the budgeted level, is still very encouraging. The lower achievement can be attributed to initial hiccups in transition from grants to lending model and some mis-conceptions by the borrowing institutions. However, having addressed all the tickling issues, I am sure that the sanctions and disbursements will pick-up, in the coming years and we will be able to meet the budgeted targets with the support of all of you.

HEFA is committed to transforming the Higher Education in India in particular and Public Education sector in general through pursuit of excellence, commitment of its employees, co-operation of borrower institutions and support of investors and all shareholders.

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

Thank you,

Yours Sincerely


R. SUBRAHMANYAM

**DIRECTORS' REPORT**

To

The Members,

The Directors are pleased to present the Second Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2019.

I FINANCIAL HIGHLIGHTS**(a) Summarized Financial Results**

The comparative position of working results of the company for the financial year 2018-19 vis-a-vis previous year is as mentioned below:

(Rs. in crore)

Particulars	2018-19	2017-18
Revenue from operations:		
- Interest on loans	33.26	-
- Interest on Deposit with Bank	76.11	11.36
Total Revenue	109.37	11.36
Less: Total expenditure	37.27	2.87
(Deficit)/Surplus before Tax	72.10	8.49
*Tax Expenses	-	-
(Deficit)/Surplus for the year	72.10	8.49

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

(b) Transfer To Reserves

The Company transferred an amount of Rs. 72,10,00,000/- to the General Reserves. As a Section 8 company, no dividend is distributed and hence entire balance of Profit & Loss Account is transferred to General Reserve.

(c) Share Capital

The Authorized Share Capital of the Company as on 31st March 2019 stood at Rs. 10,000 Crore. Allotment worth Rs. 22,62,50,00,000/- was made against the equity capital received from the Ministry of Human Resource Development, Government of India and Allotment worth Rs. 2,01,25,00,000/- was made against the equity capital received from the Canara Bank, during the financial year 2018-19. The subscribed & paid up capital as on 31.03.2019 stood at Rs. 27,63,75,00,000/- and share application money pending for allotment as on 31.03.2019 was NIL.



II OPERATIONAL PERFORMANCE'

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

In the **Union Budget 2018-19**, Union Finance Minister announced, a major expansion of the scope of the HEFA and made it responsible for mobilisation of funds for improving infrastructure in the entire education sector:

"51. To step up investments in research and related infrastructure in premier educational institutions, including health institutions, I propose to launch a major initiative named "Revitalising Infrastructure and Systems in Education (RISE) by 2022" with a total investment of Rs. 1,00,000 crore in next four years. Higher Education Financing Agency (HEFA) would be suitably structured for funding this initiative."

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

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

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

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

- Technical Institutions more than 10 years old: Repay the whole Principal Portion from the internally generated budgetary resources.
- Technical Institutions started between 2008 and 2014: Repay 25% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.
- Central Universities started prior to 2014: Repay 10% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.



- Newly established Institutions (started after 2014), for funding construction of permanent campuses: Grant would be provided for complete servicing of loan through OH-31. Other Institutions of MHRD 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.

(b) SANCTIONED LOANS AND DISBURSEMENT

During the year, Company has sanctioned loans aggregating to Rs. 15582.71 crores, out of which disbursements were made aggregating to Rs. 2,535.00 crores to the 42 loan accounts. Company made its first disbursement in the Month of June, 2018

Details of Sanctions made during the financial year 2018-19

S.No	Institute Name	Project cost	Amount Sanctioned
1	IIT ROORKEE	275.94	275.94
2	IIT DHANBAD	390.00	269.41
3	IIT ROORKEE -II	87.43	87.43
4	IIT DELHI II	482.27	321.40
5	IIT MADRAS 2	493.30	493.30
6	IIT ROPAR	443.13	275.00
7	IIT HYDERABAD	500.00	275.00
8	IIT JODHPUR	220.00	220.00
9	IIT PATNA	365.00	275.00
10	IIT BHUBANESWAR	550.00	275.00
11	IIT GANDHINAGAR	280.00	275.00
12	IIT MANDI	447.31	275.00
13	IIT INDORE	437.12	437.12
14	IIT BHILAI	983.95	275.00
15	IIT DHARWAD	1062.83	275.00
16	IIT JAMMU	1058.04	275.00
17	IIT TIRUPATI	976.89	275.00
18	IIT PALAKKAD	1217.40	275.00
19	AIIMS KALYANI-WB	1754.00	525.00



20	AIIMS NAGPUR	1577.00	525.00
21	AIIMS MANGALAGIRI	1618.00	525.00
22	AIIMS GORAKHPUR	1011.00	525.00
23	AIIMS GUWAHATI	1123.00	525.00
24	AIIMS BILASPUR	1351.00	525.00
25	AIIMS BHATINDA	925.00	525.00
26	NCI JHAJJAR	1927.00	525.00
27	AIIMS RAEBARELI	823.00	525.00
28	NIT JAMSHEDPUR	98.00	98.00
29	MNNIT ALLAHABAD	85.00	85.00
30	MANIT BHOPAL	76.00	76.00
31	MNIT JAIPUR	49.82	49.82
32	NIT SRINAGAR	85.00	85.00
33	NIT DURGAPUR	97.00	97.00
34	NIT SURATHKAL	48.00	48.00
35	NIT CALICUT	88.00	88.00
36	NIT ANDHRA PRADESH	365.23	275.00
37	NIT AP		10.23
38	IIM VISHAKAPATNAM	445.00	445.00
39	IIM NAGPUR	379.68	379.68
40	IIM SAMBALPUR	401.94	401.94
41	IIM BODHGAYA	411.72	411.72
42	IIM SIRMAUR	392.51	392.51
43	IIM JAMMU	424.93	424.93
44	IIM AMRITSAR	348.31	348.31
45	IISC BANGALORE I	29.15	29.15
46	SANT LONGOWAL IET	36.98	36.98
47	SPA DELHI	370.84	370.84
48	IISER TIRUPATI	1137.16	525.00
49	IISER BEHRAMPUR	1229.32	525.00
50	KVS	550.35	525.00
TOTAL		29529.55	15582.71

**(c) RECOVERIES**

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

(d) IMPLEMENTATION OF 'RISE BY 2022' SCHEME-

- During the year, Company has increased its Authorised Share Capital from Rs. 2,000 crore to Rs. 10,000 crore.
- The Main Objects of the Company were amended to enable the company to service the requirements of educational institutions under higher education, school education and institutions under the Ministry of Health.
- As per the scheme, Company has sanctioned loans of Rs. 4,725 crore to 9 new generation AIIMS including NCI, Jhajjar and Disbursement of Rs. 1297.77 crore has been made.

III SIGNIFICANT DEVELOPMENTS DURING THE FINANCIAL YEAR 2018-19➤ **Change in status of the Company as Systemically Important.**

Company has crossed an asset size of Rs. 500 crore as on 29th December, 2018 and 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)'.

➤ **Directors inducted on the Board**

- Appointment of Three New Nominee Directors of MHRD- GOI on the Board of the company as under:

Name of the Nominee Director –MHRD, GoI	Date of Appointment
Mr. Subba Rao Lalitha Venkata Surya Satya Vedula, Additional Secretary & Senior Economic Advisor, MHRD, GoI	20.07.2018
Ms. Preeti Sudan, Secretary, MoHFW, GoI	01.10.2018
Ms. Darshana Momaya Dabral, Joint Secretary & Financial Advisor, MHRD, GoI	01.10.2018

- Replacement of Nominee Director of Canara Bank & Vice Chairman of the Company:

Mr. Debashish Mukherjee, Executive Director of Canara Bank was appointed as Nominee Director of Canara Bank & Vice- Chairman of the Board w.e.f. 01.02.2019 in place of Mrs. P V Bharathi, former Executive Director of Canara Bank.

➤ **Capital infusion**

Promoters of the Company have infused Equity Capital into the Company as under:

Ministry of Human Resource Development, Government of India	Rs. 22,62,50,00,000
Canara Bank	Rs. 2,01,25,00,000

Equity shares of Rs. 10/- each have been allotted to them as under:

Ministry of Human Resource Development, Government of India	2,26,25,00,000
Canara Bank	20,12,50,000

➤ **Ratings**

ICRA has continued issuer rating of AA- (stable) on 26.12.2018 based on Financials as at 31.03.2018

➤ **Major decisions taken by the board**▪ **Policies approved**

Board has so far approved the following policies:

Policy approved	Date of the Board Meeting
Credit Policy (<i>Revised</i>)	20.07.2018
Information Technology (IT) policy	17.11.2018
Know Your Customer (KYC) Policy	07.01.2019
Risk Management Policy	07.03.2019
Asset Liability Management Policy	07.03.2019
Fit and Proper Criteria policy for Directors	07.03.2019
Internal guidelines on corporate governance	07.03.2019

▪ **Constitution of Committees of the Board**

Name of committee	Date of the Board Meeting
Audit committee	07.03.2019
Nomination and Remuneration Committee	07.03.2019
Risk Management Committee	07.03.2019
Corporate Social Responsibility Committee	07.03.2019
IT Strategy Policy	07.03.2019

**IV 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 Composition of CSR Committee as on 31.03.2019:

- I. Prof. Ashok Misra, Independent Director and Chairman of the Committee
- II. Mr. V.L.V.S.S Subba Rao, Nominee Director and Member of the Committee
- III. Mr. Govardhan Umajirao, Managing Director and Member of the Committee
- IV. Dr. Rishiksha Thiruvankata Krishnan, Director and Member of the Committee

The CSR policy of the Company has been approved by the Board. The meeting of the CSR committee was not held during the year under review.

During its second financial year 2018-19, the Company has not undertaken any initiatives under Corporate Social Responsibility.

V CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

The following changes have taken place in the Directors and the Key managerial Personnel of your Company during F.Y. 2018-19:

Sr. No.	Name of the Director	Designation	Date of Appointment	Ceased to be Director w.e.f.
1.	Mr. Subrahmanyam Reddi	Chairman -Nominee Director -Secretary, MHRD, GOI	01.03.2018	-
2.	Ms. Preeti Sudan	Nominee Director -Secretary, MoHFW, GoI	01.10.2018	-
3.	Mr. Subba Rao Lalitha Venkata Surya Satya Vedula	Nominee Director -Additional Secretary & Senior Economic Advisor, MHRD, GoI	20.07.2018	-
4.	Ms. Darshana Momaya Dabral	Nominee Director -Joint Secretary & Financial Advisor, MHRD, GoI	01.10.2018	-
5.	Mrs. P V Bharathi	Vice-ChairpersonNominee Director – Executive Director, Canara Bank	31.05.2017	31.01.2019
6.	Mr. Debashish Mukherjee	Vice-Chairman -Nominee Director – Executive Director, Canara Bank	01.02.2019	-
7.	Mr. Govardhan Umajirao	Managing Director & CEO	31.05.2017	-
8.	Dr. Rishiksha Thiruvankata Krishnan	Nominee Director	12.06.2017	-
9.	Prof. Bhaskar Ramamurthi	Nominee Director	12.06.2017	-
10.	Prof. Ashok Misra	Independent Director	12.06.2017	-
11.	Prof. Virander Singh Chauhan	Independent Director	12.06.2017	-



Key Managerial Personnel appointed during the period under review:

- In terms of the provisions of Companies Act, 2013; Ms. Pooja Verma, an Associate Member of the Institute of Company Secretaries of India, was appointed as the Company Secretary of the Company w.e.f. 04.01.2019 on contractual basis for a period of one year.

VI BOARD MEETINGS

The Board of Directors of the Company duly met Eight (8) times during the period under review; details are as follows:

Particulars	Date of Board Meeting
1 st Board Meeting	02.04.2018
2 nd Board Meeting	18.06.2018
3 rd Board Meeting	20.07.2018
4 th Board Meeting	01.10.2018
5 th Board Meeting	02.11.2018
6 th Board Meeting	17.11.2018
7 th Board Meeting	07.01.2019
8 th Board Meeting	07.03.2019

Above Board Meetings were attended by the Directors as under:

S.No.	Name of Members	Meeting(s) held	Meeting(s) Attended
1	Mr. Subrahmanyam Reddi	8	8
2	Ms. Preeti Sudan	4	1
3	Mr. Subba Rao Lalitha Venkata Surya Satya Vedula	5	4
4	Ms. Darshana Momaya Dabral	4	2
5	Mrs. P V Bharathi	7	7
6	Mr. Debashish Mukherjee	1	1
7	Mr. Govardhan Umajirao	8	8
8	Dr. Rishikesha Thiruvankata Krishnan	8	7
9	Prof Bhaskar Ramamurthi	8	5
10	Prof Ashok Misra	8	7
11	Prof.Virander Singh Chauhan	8	5



The composition of Board of Directors of the company as on 31.03.2019 as follows:

S.No.	Name	Designation	DIN
1	Mr. Subrahmanyam Reddi	Chairman - Nominee Director - Secretary, MHRD, GOI	08097235
2	Ms. Preeti Sudan	Nominee Director -Secretary, MoHFW, GoI	08199087
3	Mr. Subba Rao Lalitha Venkata Surya Satya Vedula	Nominee Director -Additional Secretary & Senior Economic Advisor, MHRD, GoI	02466537
4	Ms. Darshana Momaya Dabral	Nominee Director -Joint Secretary & Financial Advisor, MHRD, GoI	06975127
5	Mr. Debashish Mukherjee	Vice-Chairman - Nominee Director - Executive Director, Canara Bank	08193978
6	Mr. Govardhan Umajirao	Managing Director & CEO	07544347
7	Dr. Rishiksha Thiruvankata Krishnan	Nominee Director	00064067
8	Prof. Bhaskar Ramamurthi	Nominee Director	01914155
9	Prof. Ashok Misra	Independent Director	00006051
10	Prof. Virander Singh Chauhan	Independent Director	00454113

VII STATUTORY AUDITORS

The Company being a Government Company, M/s. Janardhan & Associates, Chartered Accountants, Bangalore were appointed as Statutory Auditors of the Company for the financial year 2018-19 by the Comptroller & Auditor General of India vide letter No./ CA. V/ COY/ CENTRAL GOVERNMENT, HEFA (1) /536 dated 09/08/2018, 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.

VIII 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:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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, 2019.



- (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

IX ANNUAL RETURN

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

X 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 and no meetings were held in this financial year.

The Composition of audit Committee as on 31.03.2019:

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. Debashish Mukherjee, Vice Chairman and Member of the Committee.
4. Ms. Darshana Dabral, Nominee Director and Member of the Committee.
5. Mr. Govardhan Umajirao, Managing Director and invitee to the Committee.

XI 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 and no meetings were held in this financial year.

The composition of Nomination & remuneration Committee as on 31.03.2019 was as follows:

1. Prof. Virandar Singh Chauhan, Independent Director and Chairman of the Committee.
2. Prof. Ashok Misra, Independent Director and Member of the Committee.
3. Mr. Debashish Mukherjee, Vice Chairman and Member of the Committee.
4. Dr. Rishiksha Thiruvankata Krishnan, Director and Member of the Committee.

**XII 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 and no meetings were held in this financial year.

The composition of Risk Management Committee as on 31.03.2019 was as follows:

1. Rishikesha Thiruvengkata Krishnan, Director and Chairman of the Committee.
2. Mr. Govardhan Umajirao, Managing Director and Member of the Committee.
3. Mr. Prashanth Kumar K N, Senior Credit Analyst, HEFA and Member of the Committee.
4. Mr. Anand Kumar, Executive Vice President, HEFA and Member of the Committee.
5. Mr. Midhun S Noble, Assistant Vice President, HEFA and Member of the Committee.

XIII RELATED PARTY TRANSACTIONS

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

XIV 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.

XV 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



Provisions of Section 204 with respect to Secretarial Audit are not applicable to the Company.

XVI 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.

XVII FIXED DEPOSITS

Your 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.

XVIII PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, were given during the period under review.

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.

XXVII 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.



XXVIII APPRECIATION AND ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the support and co-operation received from the Ministry of Human Resource Development, 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,

R Subrahmanyam
Chairman
DIN: 08097235

Govardhan Umajirao
Managing Director
DIN: 07544347

Place: New Delhi
Date: 06.09.2019



S. JANARDHAN & ASSOCIATES CHARTERED ACCOUNTANTS

VIJAY BHATIA, B.com., F.C.A.,
BALAKRISHNA S.BHAT, B.com., F.C.A.,
B. ANAND, B.Sc., F.C.A.,



Apt. No.103 & 106
Embassy Centre
No.11, Crescent Road
Bangalore - 560 001

Phone :22265438, 22260055
22202709 Fax: 22265572
E-mail :ca.sjassociates@gmail.com

REVISED INDEPENDENT AUDITOR'S REPORT

To the members of HIGHER EDUCATION FINANCING AGENCY

Report on the accompanying Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **HIGHER EDUCATION FINANCING AGENCY** ("the Company"), being a Section 8 Company incorporated under the Companies Act, 2013, which comprise the Balance Sheet as at 31st March, 2019, the Statement of Income and Expenditure including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

The C&AG Audit have pointed out subsequent to our completion of audit on certain matters as highlighted in the 'Emphasis of Matter' paragraph below, which were supposed to have been disclosed as part of the notes forming part of the accompanying financial statements. As such, the Independent Auditor's Report is revised to rectify the same.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, its Excess of income over expenditure, Other Comprehensive Income, its cash flows and the changes in equity for the year ended on that date, *except for the matters as briefed under 'Emphasis of Matters' paragraph below.*

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following: -

- Non-disclosure of additional information as part of the notes to the financial statements with regard to 'monies deposited in the Escrow accounts of various borrowers towards one installment payment that would become due every six months as it was stated that the deposited amount could not be withdrawn either by the borrowers or the Company before the due date'. The same was deposited as a surety against the subsequent instalments of loan, the amount invested/available in Escrow account of each project as on March 31, 2019.





- b. Non-disclosure of additional information as part of the notes to the financial statements with regard to 'arrangement made between the promoter shareholders, i.e. Ministry of Human Resource Development, Government of India and Canara Bank Limited as part of the 'Management service agreement', wherein, Canara Bank has agreed to provide requisite Infrastructure, Man power, Assets (be it tangible / intangible in nature) including payment of rentals of leased property for the purpose of carrying out the business functions of the Company for a consideration of one percent of loans disbursed as on the balance sheet date'. During the year, the Company has disbursed amounts aggregating to Rs. 2,535.00 crores against which Rs. 25.35 crores towards Management fee payable to Canara Bank which is accounted in the books of accounts as disclosed under note no. 13 in the accompanying financial statements.
- c. Non-disclosure of additional information as part of the notes to the financial statements with regard to details of sanctioned and disbursement of loan i.e.
- "During the year ending March 31, 2019, the Company has sanctioned loans to 49 projects aggregating to Rs. 13,126.93 crores, out of which disbursements were made to the extent of amount aggregating to Rs. 2,535.00 crore against 42 projects. Further, no disbursement of has been made for seven projects out of the sanctioned amount aggregating to Rs. 1,415.41 crores, being sanctioned during the year."
- d. It was to our notice, that instead of disclosing Rs. 2,496.71 crore in (A) (iii) under Term loans in Note 4, Loans (Secured), Rs. 2,506.80 crores have been disclosed erroneously which is an apparent mistake in the notes forming part of the financial statements. However, the value considered in Balance sheet was found to be correct owing to separate disclosure of Loans advanced as on balance sheet date amounting to Rs. 2,496.71 crore shown under Financial Assets (Note no. 4) in the Balance Sheet as against, provision made against such loan advanced amounting to Rs. 10.10 crore shown under Non-financial liabilities (Note no. 7) in the Balance Sheet.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





Responsibility of Management for the Ind AS 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 Ind AS 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 Act read with the Rules specified in the Companies (Indian Accounting Standards) Rules, 2017 as amended from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility for the Audit of the Ind AS Financial Statements

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncement require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order





to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion on the Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Income and Expenditure including Other Comprehensive Income, the Cash Flow Statement and Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rules specified in the Companies (Indian Accounting Standards) Rules, 2017 as amended from time to time;
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. As explained to us by the management, the Company do not have any pending litigations as at 31st March 2019 which has an impact on its financial position in its financial statements;
 - ii. As explained to us by the management, the Company do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. As explained to us by the management, there were no amounts which were required to be transferred to Investors Education and Protection Fund by the Company.





2. As required by Section 143 (5) of the Act with regard to additional reporting on the directions issued by the C&AG has been annexed to this report in "Annexure - B" as part of the Independent Auditors Report.
3. As the companies (Auditor's Report) Order 2016 (as amended from time to time) is not applicable to a company registered under Section 8 of Companies Act, 2013 as amended, the requirements of disclosure under the said Order do not arise.

For S Janardhan & Associates

Chartered Accountants

Firm Registration No. 0053105



Balakrishna S Bhat

Partner

Membership Number: 202976

UDIN: 19202976 AAAA CW 1472

22nd August 2019
Bengaluru



Annexure - A to the Auditors' Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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 2019 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(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to 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.

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 internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019 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.

For S Janardhan & Associates

Chartered Accountants

Firm Registration No. 0053105



Balakrishna S Bhat
Partner

Membership Number: 202976

UDIN: 19202976AAAA CW 1442

22nd August 2019
Bengaluru



Annexure - B to the Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Compliance Report on the directions 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 on the integrity of the accounts do not arise.
- II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.
 - No instances of restructuring of an existing loans or cases 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.
 - As explained to us by the management of the Company, we have not seen any cases of funds received / receivable for specific schemes from central / state agencies other than, Infusion of Equity by the Ministry of Human Resource & Development on behalf of Government of India which has been used or to be used for funding to educational/medical institutions by way of lending with interest bearing on the loans advanced during the year and as on the balance sheet date. As such, comments on the cases of deviation do not arise.

For S Janardhan & Associates

Chartered Accountants

Firm Registration No. 0053105



Balakrishna S Bhat

Partner

Membership Number: 202976

UDIN: 19202976 AAAACW1442

22nd August 2019
Bengaluru



कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-IV, नई दिल्ली
Office of the Principal Director of Commercial
Audit & Ex-Officio Member Audit Board-IV, New Delhi



गोपनीय

स. 808-PDCA/MAB-IV/Company/A/cs/HEFA/19-20/4267
दिनांक :- 23.09.2019

सेवा में,

The Chairman,
Higher Education Financing Agency,
No. 14, 6th Floor, Naveen Complex,
MG Road, Bangalore - 560001.

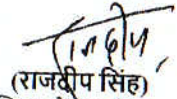
विषय: भारत के नियन्त्रक एवं महालेखापरीक्षक द्वारा कम्पनी अधिनियम 2013 के अनुच्छेद 143(6)(b) के अंतर्गत Higher Education Financing Agency के 31 मार्च 2019 को समाप्त वर्ष के वित्तीय खातों पर टिप्पणियां

महोदय,

इस पत्र के साथ कम्पनी अधिनियम, 2013 अनुच्छेद 143(6)(b) के अंतर्गत Higher Education Financing Agency के 31 मार्च 2019 को समाप्त वर्ष के वित्तीय खातों पर Nil प्रमाणपत्र भेजा जा रहा है।
कृपया इस पत्र की पावती भेजने की कृपा करें।

संलग्न : यथोपरि

भवदीय


(राजदीप सिंह)

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड - IV



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HIGHER EDUCATION FINANCING AGENCY FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Higher Education Financing Agency for the year ended 31 March 2019 accordance with the financial reporting framework prescribed under the Companies Act, 2013 (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 Revised Audit Report dated 22nd August 2019 which supersedes their earlier Audit Report dated 21st May 2019.

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 2019 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.

In view of the revision(s) made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Place: New Delhi

Date: 23.09.2019


(राजदीप सिंह)

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड - IV



Company Master Data	
CIN	U74999KA2017NPL103474
Company / LLP Name	HIGHER EDUCATION FINANCING AGENCY
ROC Code	RoC-Bangalore
Registration Number	103474
Company Category	Company limited by Shares
Company SubCategory	Union Govt company
Class of Company	Private
Authorised Capital(Rs)	100000000000.00
Paid up Capital(Rs)	27637500000
Number of Members(Applicable in case of company without Share Capital)	0
Date of Incorporation	31/05/2017
Registered Address	6th Floor, Naveen Complex, No 14, MG Road, Bangalore KA 560001 IN
Email Id	info@hefa.co.in
Whether Listed or not	Unlisted
Date of last AGM	17/11/2018
Date of Balance Sheet	31/03/2018
Company Status(for efilling)	Active

Charges				
Assets under charge	Charge Amount	Date of Creation	Date of Modification	Status
No Charges Exists for Company/LLP				

Directors/Signatory Details			
DIN/PAN	Name	Begin date	End date
0000006051	ASHOK MISRA	12/06/2017	-
0000064067	RISHIKESHA KRISHNAN THIRUVENKATA	12/06/2017	-
0000454113	VIRANDER SINGH CHAUHAN	12/06/2017	-
0001914155	BHASKAR RAMAMURTHI	12/06/2017	-
0002466537	SUBBA RAO LALITHA VENKATA SURYA SATYA VEDULA	20/07/2018	-
0006975127	DARSHANA MOMAYA DABRAL	01/10/2018	-
0007544347	GOVARDHAN UMAJIRAO	31/05/2017	-
0008097235	SUBRAHMANYAM REDDI	01/03/2018	-
0008193978	DEBASHISH MUKHERJEE	01/02/2019	-
0008199087	PREETI SUDAN	01/10/2018	-
AJKPV8417H	POOJA VERMA	04/01/2018	-





HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NPL103474)

6th Floor, Naveen Complex, No 14, MG Road, Bengaluru, Karnataka 560001

(A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) [Private Limited & Government Company]

BALANCE SHEET AS AT MARCH 31, 2019

(INR in crores)

	Particulars	Note No.	31.03.2019	31.03.2018	31.05.2017
	ASSETS				
(1)	Financial Assets				
(a)	Cash and cash equivalents	3	356.47	304.90	-
(b)	Bank Balance other than (a) above		-	-	-
(c)	Derivative financial instruments		-	-	-
(d)	Receivables		-	-	-
(e)	Loans	4	2,496.71	-	-
(f)	Investments		-	-	-
(g)	Other Financial assets	5	25.46	2.96	-
(2)	Non-financial Assets				
(a)	Inventories		-	-	-
(b)	Current tax assets (Net)		-	-	-
(c)	Deferred tax Assets (Net)		-	-	-
(d)	Investment Property		-	-	-
(e)	Biological assets other than bearer plants		-	-	-
(f)	Property, Plant and Equipment		-	-	-
(g)	Capital work-in-progress		-	-	-
(h)	Intangible assets under development		-	-	-
(i)	Goodwill		-	-	-
(j)	Other Intangible assets		-	-	-
(k)	Other non-financial assets	6	1.14	0.63	-
	Total Assets		2,879.79	308.49	-





	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial Liabilities			
(a)	Derivative financial instruments			
(b)	Payables			
	(i) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises			
	(ii) total outstanding dues of creditors other than micro			
	(ii) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises			
	(ii) total outstanding dues of creditors other than micro			
(c)	Debt Securities			
(d)	Borrowings (Other than Debt Securities)			
(e)	Deposits			
(f)	Subordinated Liabilities			
(g)	Other financial liabilities			
2.	Non-Financial Liabilities			
(a)	Current tax liabilities (Net)			
(b)	Provisions	7	10.101	0.003
(c)	Deferred tax liabilities (Net)			
(d)	Other non-financial liabilities	8	25.35	
3.	EQUITY			
(a)	Equity Share capital	9	2,763.75	300.00
(b)	Other Equity	10	80.59	8.49
	Total		2,879.79	308.49
	CORPORATE INFORMATION	1		
	SIGNIFICANT ACCOUNTING POLICIES	2		

Notes form an integral part of the financial statements

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

(Govardhan Umaji Rao)
Managing Director
DIN-07544347

(Subrahmanyam Reddi)
Chairman
DIN-08097235

(Pooja Verma)
Company Secretary
M.No. 30378

Place: New Delhi
Date: 21st May 2019

As per our report of even date attached

For S. Janardhan & Associates
Chartered Accountants
Firm's Registration No. 005310S



Balakrishna S Bhat
Partner
M. No. - 202976





HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NPL103474)

6th Floor, Naveen Complex, No 14, MG Road, Bengaluru, Karnataka 560001

(A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) [Private Limited & Government Company]

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST MARCH 2019

(INR In crores)

	Particulars	Note No.	31.03.2019	31.03.2018
(I)	Revenue from operations			
(i)	Interest Income	11	109.38	11.35
(ii)	Dividend Income		-	-
(iii)	Rental Income		-	-
(iv)	Fees and commission Income		-	-
(v)	Net gain on fair value changes		-	-
(vi)	Net gain on derecognition of financial instruments under amortised cost category		-	-
(vii)	Sale of products(including Excise Duty)		-	-
(viii)	Sale of services		-	-
(ix)	Others (to be specified)		-	-
	Total Revenue from operations		109.38	11.35
(II)	Other Income (to be specified)		-	-
(III)	Total Income (I+II)		109.38	11.35
	Expenses			
(i)	Finance Costs		-	-
(ii)	Fees and commission expense		-	-
(iii)	Net loss on fair value changes	12	10.09	-
(iv)	Net loss on derecognition of financial instruments under amortised cost category		-	-
(v)	Impairment on financial instruments		-	-
(vi)	Cost of materials consumed		-	-
(vii)	Purchases of Stock-in-trade		-	-
(viii)	Changes in Inventories of finished goods, stock-in-trade and work-in- progress		-	-
(ix)	Employee Benefits Expenses		-	-
(x)	Depreciation, amortization and impairment		-	-
(xi)	Others expenses	13	27.19	2.87
(IV)	Total Expenses (IV)		37.27	2.87
(V)	Profit / (loss) before exceptional items and tax (III- IV)		72.10	8.49
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V -VI)		72.10	8.49
(VIII)	Tax Expense:			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
(IX)	Profit / (loss) for the period from continuing operations(VII-VIII)		72.10	8.49
(X)	Profit/(loss) from discontinued operations		-	-





(XI)	Tax Expense of discontinued operations			
(XII)	Profit/(loss) from discontinued operations (After tax) (X-XI)			
(XIII)	Profit/(loss) for the period		72.10	8.49
(XIV)	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss (specify items and amounts)			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Subtotal (A)			
	B (i) Items that will be reclassified to profit or loss (specify items and amounts)			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)			
	Other Comprehensive Income (A + B)			
(XV)	Total Comprehensive Income for the period		72.10	8.49
(XVI)	Earnings per equity share (for continuing operations)	14		
	Basic (Rs.)		0.58	0.34
	Diluted (Rs.)		0.58	0.34
(XVII)	Earnings per equity share (for discontinued operations)			
	Basic (Rs.)			
	Diluted (Rs.)			
(XVIII)	Earnings per equity share (for continuing and discontinued operations)	14		
	Basic (Rs.)		0.58	0.34
	Diluted (Rs.)		0.58	0.34
	CORPORATE INFORMATION	1		
	SIGNIFICANT ACCOUNTING POLICIES	2		

Notes form an integral part of the financial statements

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


(Govardhan Umaji Rao)
Managing Director
DIN-07544347


(Subrahmanyam Reddi)
Chairman
DIN-08097235


(Podja Verma)
Company Secretary
M.No. 30378

Place : New Delhi
Date : 21st May 2019

As per our report of even date attached

For S. Janardhan & Associates
Chartered Accountants
Firm's Registration No. 0053105


Balakrishna S Bhat
Partner
M. No. - 202976



**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

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(A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) [Private Limited & Government Company]

CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH 31, 2019

(INR in crores)

Particulars	31.03.2019	31.03.2018
A. Cash Flow from Operating Activities		
Profit before Taxation and extraordinary items	72.10	8.49
Operating Profit before working capital changes	72.10	8.49
<u>Changes in Working Capital:</u>		
Increase/(Decrease) Provisions	10.10	0.00
Increase/(Decrease) in Other non-financial liabilities	25.35	-
(Increase)/Decrease in Loans	-2,496.71	-
(Increase)/Decrease in Other non-financial assets	-0.51	-0.63
(Increase)/Decrease in Other Financial assets	-22.51	-2.96
Cash generated from Operations	-2,412.18	4.90
Taxes paid (Net of refunds)	-	-
Net cash generated from operations before extraordinary items	-2,412.18	4.90
Net cash generated from operating activities	-2,412.18	4.90
B. Cash Flow from Investing Activities		
Net Cash from Investing Activities		
C. Cash flow from Financing Activities		
Infusion of Equity funds	2,463.75	300.00
Net cash raised in Financing activities	2,463.75	300.00
Net increase in cash and cash equivalents	51.57	304.90
Cash and Cash equivalents at the beginning of the year	304.90	-
Cash and Cash equivalents at the end of the year	356.47	304.90

Notes:

1. There was no significant reconciliation items between cash flow prepared under IGAAP and those prepared under Ind AS

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

(Govardhan Uma) Rao
Managing Director
DIN-07544347

(Subrahmanyam Reddi)
Chairman
DIN-08097235

(Podja Verma)
Company Secretary
M.No. 30378

As per my report of even date
For S. Janardhan & Associates
Chartered Accountants
Firm's Registration No. 0053105

Balakrishna S Bhat
Partner
M. No. - 202976



Place : New Delhi
Date : 21st May 2019



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CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2018-19

1 Corporate Information

HIGHER EDUCATION FINANCING AGENCY (HEFA) has been incorporated as a Private limited company under section 8 of the Companies Act, 2013 as a Joint Venture Company of Ministry of HRD, and Canara Bank, pursuant to Certificate of Incorporation issued by the Registrar of companies dated 31st May 2017 with an object of financing the India's higher education institutions.

HEFA is an initiative of the Ministry of the HRD to leverage funds from the market and supplement with donations and CSR funds to finance the infrastructure in the top educational institutions. This will incentivise the institutions better internal resource generation and lead to developing into a world class institutions. At present, the company is jointly promoted by the Ministry of HRD and Canara Bank, with Canara Bank functionally managing the company.

The Company has received its Licence no. 109468 dated 30th May 2017 under section 8 of Companies Act, 2013.

The Company has been granted Registration under Section 12AA of the Income Tax Act, 1961 as a Public Charitable Company with effect from 2nd February 2018.

The Company has also 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 as noted by the Board on 07.03.2019.

Credit Rating of the Company is as assigned by ICRA i.e. [ICRA]AA- (Stable).

1A Basis of preparation of financial statements

Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Reserve Bank of India (RBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as per the format specified in Division III to Schedule III to the said Act applicable for Non Banking Financing Companies.

Basis of preparation and presentation

For the period ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2019 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2017.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest crores (up to two-three decimals).

The financial statements are approved for issue by the Company's Board of Directors on 21st May 2019.

Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.





Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes: -

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.





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2 Significant Accounting Policies

a) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.



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b) Financial Instruments**Financial assets**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Financial instruments (other than equity instruments) at amortised cost
- Financial Instruments (other than equity instruments) at Fair value through Other comprehensive income (FVTOCI)
- Other Financial Instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial instruments other than equity instruments at amortised cost

The Company classifies a financial instruments (other than equity instruments) at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial instruments other than equity instruments at FVTOCI

The Company classifies a financial instrument (other than equity instrument) at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial instruments other than equity instruments at FVTPL

The Company classifies all other financial instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.



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Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans to employees and related parties, deposits, interest receivable, unbilled revenue and other advances recoverable in cash
FVTOCI	Equity investments in companies other than Subsidiaries and Associates as an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, forward exchange contracts. (to the extent not designated as hedging instrument)

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Financial assets that are debt instruments and are measured at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.



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For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss, net of lien available on securities held against the receivables. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.





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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

6th Floor, Naveen Complex, No 14, MG Road, Bengaluru, Karnataka 560001

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.





c **Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating (operating), investing and financing activities of the Company are shown separately.

d **Revenue Recognition**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

e **Property, Plant and Equipments and depreciation on assets**

- Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their useful lives as prescribed in the Schedule II of the Companies Act 2013 using the written down value method.

- Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'

However, during the year, the Company has not purchased any Tangible / Intangible assets.

f **Investments**

As per the Investment policy, the Company can invest only in Fixed Deposits with a Banker and no other investments can be made by the company.

Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is not temporary in the opinion of the management.

On disposal of an investment, the difference between the carrying amount and net disposal proceeds is charged or credited to the Statement of Income and Expenditure Account.

Short-term investments are stated at lower of cost or market value.

g **Employee Benefits**

During the period under review, the operations of the company were managed by personnel who were deputed from Canara Bank. Accordingly, there were no employees in the Company's payroll. Hence, requirement of any specific policy do not arise

h **Earnings per share**

Basic earnings per share are calculated by dividing the surplus / deficit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.





i Taxes


The Company has received Licence dated 31st May 2017 under section 8 of Companies Act 2013. As the company has been granted registration under Section 12AA of Income Tax Act, 1961 dated 2nd Feb 2018 for claiming Income as Exempted Income. Hence, provision for income tax has not been made, as liability for tax do not arise under the provisions of the Income Tax Act, 1961 and as such deferred tax liability/asset do not arise.

j Provisions and Contingencies

Provisions are recognised only where there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made as at the Balance Sheet date. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

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


(Govardhan Umaji Rao)
Managing Director
DIN-07544347


(Subrahmanyam Reddi)
Chairman
DIN-08097235



(Pooja Verma)
Company Secretary
M.No. 30378

Place : ~~New Delhi~~
Date : 21st May 2019



For S. Janardhan & Associates
Chartered Accountants
Firm's Registration No. 0053105




Balakrishna S Bhat
Partner
M. No.- 202976





HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NPL103474)

6th Floor, Naveen Complex, No 14, MG Road, Bengaluru, Karnataka 560001

(A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) [Private Limited to Government Company]

NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS THE FINANCIAL YEAR 2018-19

(INR in crores)

3 CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2019	As at 31.03.2018
Cash and Cash equivalents		
Balances with Banks		
In Savings Account	0.005	
In Current Account	0.003	0.010
Other bank balances		
Deposits with maturity for more than 3 months but less than 12 months	356.467	304.891
TOTAL	356.47	304.90

5 OTHER FINANCIAL ASSETS

Particulars	As at 31.03.2019	As at 31.03.2018
Interest accrued but not due		
i. pertaining to Loans	24.73	
ii. pertaining to Banks	0.73	2.96
TOTAL	25.46	2.96

6 OTHER NON-FINANCIAL ASSETS

Particulars	As at 31.03.2019	As at 31.03.2018
TDS Receivables	0.89	0.63
Amounts recoverable from borrowers	0.25	
TOTAL	1.14	0.63

7 PROVISIONS

Particulars	As at 31.03.2019	As at 31.03.2018
Provision Against Standard Assets	10.09	
Audit Fees Payable	0.02	0.00
TOTAL	10.10	0.00

8 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31.03.2019	As at 31.03.2018
Management fees accrued but not due to Canara Bank	25.35	
TOTAL	25.35	-

11 INTEREST INCOME

Particulars	Year Ended 31.03.2019			Year Ended 31.03.2018		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Securities classified at fair value through profit or loss	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Securities classified at fair value through profit or loss
Interest on Loans	-	33.26		-	-	-
Interest Income from Investments	-	-	-	-	-	-
Interest on Deposits with Bank	-	76.11		-	11.35	-
Other Interest Income	-	-	-	-	-	-
Sub-Total	-	109.38	-	-	11.35	-
Total			109.38			11.35





12 NET LOSS ON FAIR VALUE CHANGES

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Provision for Standard Assets	10.09	-
TOTAL	10.09	-

13 OTHER EXPENSES

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Audit Fees	0.02	0.00
Preincorporation Expenditure	-	2.56
Management Fees	25.35	-
Stamp Duty Charges	1.82	0.30
TOTAL	27.19	2.87

14 EARNINGS PER SHARE


Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit after tax (Rs.)	72,10,16,336.22	8,48,65,992.00
Number of equity shares held (No's)	2,76,37,50,000	30,00,00,000
Weighted average number of shares (No's)	1,24,46,33,562	25,06,84,932
Nominal Value per share (Rs.)	10	10
Basic Earnings Per Share (Rs.)	0.58	0.34
Diluted Earnings Per Share (Rs.)	0.58	0.34

15 PENALTIES

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Penalties, if any levied by any regulator	Nil	Nil

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

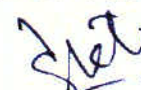

(Govardhan Umaji Rao)
Managing Director
DIN-07544347


(Subrahmanyam Reddi)
Chairman
DIN-08097235


(Pooja Verma)
Company Secretary
M.No. 30378

As per our report of even date attached
For S. Janardhan & Associates
Chartered Accountants
Firm's Registration No. 0053105





Balakrishna S Bhat
Partner
M. No. - 202976

Place: New Delhi
Date: 21st May 2019





HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NPL103474)

6th Floor, Naveen Complex, No 14, MG Road, Bengaluru, Karnataka 560001

(A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) [Private Limited & Government Company]

(INR in crores)

4 Loans (Secured)

As at 31.03.2018														
Particulars	As at 31.03.2019					Total	Sub-total	At Fair Value				Sub-total	Total	
	Amortised Cost	At Fair Value			Amortised Cost			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss				
		(1)	(2)	(3)							(4)			(5) = (2+3+4)
(A)														
(i) Bills Purchased and Bills Discounted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Loans repayable on demand	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Term Loans	2,506.80	-	-	-	-	2,506.80	-	-	-	-	-	-	-	-
(iv) Leasing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(vi) Others to be Specified	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A) - Gross	2,506.80	-	-	-	-	2,506.80	-	-	-	-	-	-	-	-
Less : Impairment Loss Allowance	10.09	-	-	-	-	10.09	-	-	-	-	-	-	-	-
Total (A) - Net	2,496.71	-	-	-	-	2,496.71	-	-	-	-	-	-	-	-
(B)														
(i) Secured by Tangible Assets & Intangible Assets	2,506.80	-	-	-	-	2,506.80	-	-	-	-	-	-	-	-
(ii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Unsecured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B) - Gross	2,506.80	-	-	-	-	2,506.80	-	-	-	-	-	-	-	-
Less : Impairment Loss Allowance	10.09	-	-	-	-	10.09	-	-	-	-	-	-	-	-
Total (B) - Net	2,496.71	-	-	-	-	2,496.71	-	-	-	-	-	-	-	-



Security Details: -

Rate of Interest:-

Repayment terms:-

Additional disclosures as required by RBI - NBFC regulations to Note no. 4 (Loans-Secured) above:-

1. Capital to Risk Assets Ratio (CRAR):-

Non-performing assets and provisions for contingency: -

The Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs) issued by the RBI and accordingly the Company has made prescribed provision for the Standard assets @0.40 per cent , as required on the outstanding Advances.





3. Exposure to real estate sector, both direct and indirect: -

This disclosure requirement is Not applicable for the Company, as the main objects of the company do not permit funding to real estate sector and the Company has adhered to its main and further objects as defined in the Memorandum of Association

4. Penalties, if any levied by any regulator: Nil

5. Maturity pattern of Assets and Liabilities:-

(INR in crores)		
Particulars	Assets	Liabilities
1 day to 30/31 days	46.80	-
Over 2 months upto 3 months	92.75	-
Over 3 months upto 6 months	452.82	-
Over 6 months upto 1 year	680.21	-
Over 1 year and above	1,248.86	-
TOTAL	2,521.44	-

Note: Repayments are considered based on repayment of instalments as per Loan repayment schedule





HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NP1103474)

6th Floor, Navreen Complex, No 14, MG Road, Bengaluru, Karnataka 560001

(A Non-Banking Finance Company licensed under Section 4 of the Companies Act, 2013) [Private Limited & Government Company]

STATEMENT OF CHANGES IN EQUITY

9 EQUITY SHARE CAPITAL			(INR in crores)
Particulars	Balance at the beginning of the reporting period - 01.04.2018	Change in equity share capital during the year	Balance at the end of the reporting period - 31.03.2019
	300.00	2,463.75	2,763.75

10 OTHER EQUITY

Particulars	Share Application Money Pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Items of Other Comprehensive Income (OCI)					Total
			Statutory Reserves	Capital Reserve	Securities Premium Reserve	Other Reserves (Specify nature)	Retained Earnings	Gain/Loss from other income	Gain/Loss from other income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation (Specify nature)	
Balance at the beginning of the reporting period	-	-	-	-	-	-	8.49	-	-	-	-	-	8.49
Changes in Accounting policies/Prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	-	-	-	80.59	-	-	-	-	-	80.59

For and on behalf of the Board of
HIGHER EDUCATION FINANCING AGENCY(Gopalakrishnan Umashankar Rao)
Managing Director
DIN-07544347(Sudhakarmanjaram Reddy)
Chairman
DIN-08097235(Poornima)
Company Secretary
M.No. 30378Place : New Delhi
Date : 21st May 2019As per our report of even date attached
For S. Janardhan & AssociatesChartered Accountants
Firm's Registration No. 0053105Balakrishna S Bhat
Partner
M. No. - 202976



HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NPL103474)

6th Floor, Naveen Complex, No 14, MG Road, Bengaluru, Karnataka 560001

(A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) (Private Limited & Government Company)

Additional disclosures to Statement of change in Equity for the year ending March 31, 2019

9(A) EQUITY SHARE CAPITAL

(INR in crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Authorised (1000,00,00,000 (Previous Year - 200,00,00,000) equity shares of Rs.10 each)		
(A) Issued and Subscribed and fully Paid-up (276,37,50,000 (Previous Year-30,00,00,000) equity shares of Rs.10 each issued & fully paid)	10,000.00	2,000.00
	2,763.75	300.00
TOTAL	2,763.75	300.00

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.

As the Company is a Not for profit Company licensed under section 8 of the Companies Act, 2013 and hence no portion of the Profits, other income or property shall be paid or transferred, directly or indirectly, by way of dividend or bonus or otherwise by way of profit 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.

Reconciliation of number of Shares

Equity Shares:	As at 31.03.2019		As at 31.03.2018	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	30,00,00,000	300.00		
Less: Reduction in Share Capital				
	30,00,00,000	300.00		
Add: Shares issued during the year	2,46,37,50,000	2,463.75	30,00,00,000	300.00
Balance as at the end of the year	2,76,37,50,000	2,763.75	30,00,00,000	300.00

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

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of shares	Percentage	No. of shares	Percentage
a. Government of India (Ministry of Human Resource Development, Department of Higher Education)	2,51,25,00,000	91	25,00,00,000	83
b. Canara Bank	25,12,50,000	9	5,00,00,000	17
	2,76,37,50,000		30,00,00,000	

10(A) OTHER EQUITY

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Statement of Profit and loss balance		
Opening balance	8.49	
Add: Profit for the year	72.10	8.49
Amount available for appropriation	80.59	8.49
Balance as at the end of the year	80.59	8.49
(b) Other Comprehensive Income		
Opening balance		
Additions during the year		
Balance as at the end of the year		
TOTAL	80.59	8.49

The significant accounting policies and the accompanying notes form an integral part of the financial statements

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

(Govardhan Umaji Rao)
Managing Director
DIN-07544347

(Subrahmanyam Reddy)
Chairman
DIN-08097235

(Pooja Verma)
Company Secretary
M.No. 30378

Place: New Delhi
Date: 21st May 2019

As per our report of even date attached
For S. Janardhan & Associates
Chartered Accountants
Firm's Registration No. 0053105



(Signature)
Balakrishna S Bhat
Partner
M. No. - 202976





Schedule to the Balance Sheet of a NBFC

Particulars		Amount outstanding	Amount overdue
Liabilities side			
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid		
	a Debentures: Secured		
	: Unsecured		
	(other than falling within the meaning of public deposits)		
	b Deferred Credits		
	c Term Loans		
	d Inter-corporate loans and borrowings		
	e Commercial Paper		
	f Public Deposits*		
	g Other Loans(specify nature)		
	*Please see Note 1 below		
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
	a In the form of Unsecured debentures		
	b In the form of partly secured debentures where there is a short fall in the value of security		
	c Other public deposits		
	*Please see Note 1 below		
Assets side		Amount outstanding	
3	Break-up of loans & Advances including bills receivables[other than those included in (4) below]:		
	a Secured	252144.33	
	b Unsecured		
4	Break-up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
	i Lease Assets including lease rentals under sundry debtors:		
	a Financial lease		
	b Operating lease		
	ii Stock on hire including hire charges under sundry debtors		
	a Assets on hire		
	b Repossessed Assets		
	iii Other loans counting towards assets financing activities		
	a Loans where assets have been repossessed		
	b Loans other than (a) above		
5	Break-up of investments		
	Current investments		
	1 Quoted		
	i Shares		
	a Equity		
	b Preference		
	ii Debentures and Bonds		
	iii Units of mutual funds		
	iv Government Securities		
	v Others(please specify)		
	2 Unquoted		
	i Shares		
	a Equity		
	b Preference		
	(III) Units of mutual funds		



(ii)	Debentures and Bonds		
(iv)	Government Securities		
(v)	others (please specify)		
Long Term Investments			
1	Quoted		
(i)	Share		
	(a) Equity		
(ii)	(b) Preference		
(iii)	Debentures and Bonds		
(iv)	Units of mutual funds		
(v)	Government Securities		
	others (please specify)		
2	Unquoted		
(i)	Share		
	(a) Equity		
	(b) Preference		
(ii)	Debentures and Bonds		
(iii)	Units of mutual funds		
(iv)	Government Securities		
(v)	others (please specify)		
(vi)			
6 Borrower group-wise classification of assets financed as in (3) and (4) above:			
see Note 2 below			
Category		Amount net of provisions	
		Secured	Unsecured
1.	Related Parties * *		
(a)	Subsidiaries		
(b)	Companies in the same group		
(c)	Other related parties		
2.	Other than related parties		
Total			
8 Investor group - wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
Please see note 3 below			
Category			
1	Related Parties * *	Market value/Break up or Fair value or NAV	Book Value (Net of provisions)
(a)	Subsidiaries		
(b)	Companies in the same group		
(c)	Other related parties		
2	Other than related parties		
Total			
As per the accounting Standard of ICAI (Please see note below)			
9 Other Information			
Particulars		Amount	
(i)	Gross Non Performing Assets		
(a)	Related Parties		
(b)	other than related parties		
(ii)	Net non - performing assets		
(a)	Related Parties		
(b)	other than related parties		
(iii)	Assets acquired in satisfaction of debt		
Notes:			
1	As defined in point xix of paragraph 3 of chapter - 2 of these Directions.		
2	Provisioning norms shall be applicable as prescribed in these Directions.		
3	All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation in investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.		





Review of Projects financed by HEFA by Hon'ble Minister of HRD, Mr. Ramesh Pokhriyal "NISHANK". The other dignitaries present were the hon'ble Minister State for HRD, Mr. Sanjay Dhotre Secretary (HE), MHRD, GOI, Mr. R. Subrahmanyam Additional Secretary, MHRD, GOI. Mr. P.S. Sandhu, Senior Economic Advisor, MHRD, GOI Mr. VLVSS Subba Rao, Additional Scretary, MOHFW, GOI, Mr. Sunil Sharma and Managing Director, HEFA, Mr. Govardhan Umaji Rao



Review of Projects financed by HEFA by the Minister of HRD Conducted on 17-09-2019 in New Delhi.



Representatives of the Institutes present at the Project Review Meeting on 17-09-2019



Second Annual General Meeting held on 20-09-2019



Members, Directors, Auditors & HEFA Staff
at Second AGM held on 20-09-2019



Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

14, 6th Floor, Naveen Complex, M.G. Road, Bengaluru-560 001.
Ph.: 080-25129471, 080-25587405 E-mail : info@hefa.co.in