

Annual Report 2019 - 2020



ENABLING EXCELLENCE  
उत्कृष्टता को सक्षम कराना



# 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



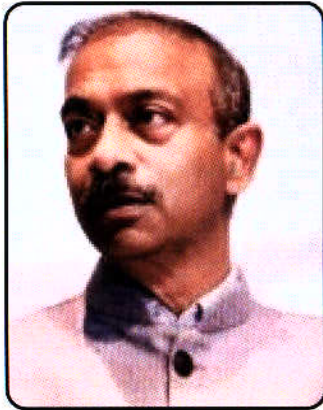


JVSHA Signed on 6-03-2017 between Ministry of HRD, GOI  
and Canara Bank for formation of HEFA



MOU Signed on 07-02-2017 between Ministry of HRD, GOI  
and Canara Bank for HEFA Formation

## **BOARD OF DIRECTORS**



**Amit Khare**  
Secretary,  
Ministry of Education, GOI  
Chairman



**Debashish Mukherjee**  
Executive Director,  
Canara Bank  
Vice Chairman



**Jayakumar C**  
Managing Director & CEO



**Preeti Sudan**  
Secretary,  
Ministry of Health & Family Welfare, GOI  
Nominee Director



**Chandra Shekhar Kumar**  
Joint Secretary,  
MoE, GOI,  
Nominee Director



**Darshana M Dabral**  
Joint Secretary,  
Financial Advisor, MoE, GOI  
Nominee Director

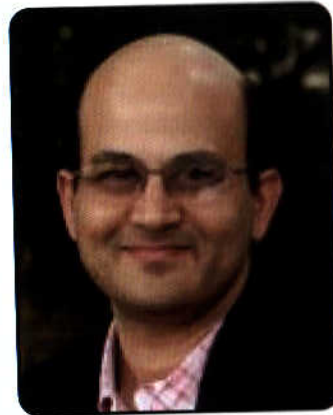


## **BOARD OF DIRECTORS**



**Dr. Bhaskar Ramamurthi**

IIT Madras – Director  
Nominee Director



**Dr. Rishikesha Thiruvengkata Krishnan**

Professor IIM Bangalore, GOI  
Nominee Director



**Dr. Virander Singh Chauhan**

UGC Member  
Independent Director



**Dr. Ashok Misra**

Independent Director





### **AUDITORS**

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

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### **BANKERS**

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

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### **REGISTERED ADDRESS**

6<sup>TH</sup> FLOOR, NAVEEN COMPLEX  
NO. 14, M G ROAD  
BANGALORE -560001



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## LIST OF DIRECTORS AS ON 31.03.2020

Sl. No.	NAME OF DIRECTORS	DESIGNATION
1	PROF. ASHOK MISRA	INDEPENDENT DIRECTOR
2	DR. RISHIKESHA THIRUVENKATA KRISHNAN	NOMINEE DIRECTOR
3	PROF. VIRANDER SINGH CHAUHAN	INDEPENDENT DIRECTOR
4	PROF. BHASKAR RAMAMURTHI	NOMINEE DIRECTOR
5	MR. DEBASHISH MUKHERJEE	NOMINEE DIRECTOR
6	MR. C. JAYAKUMAR	MD&CEO
7	MR.AMIT KHARE	CHAIRMAN
8	MR. CHANDRASEKHAR KUMAR	NOMINEE DIRECTOR
9	MS. PREETI SUDAN	NOMINEE DIRECTOR
10	MS. DARSHANA MOMAYA DABRAL	NOMINEE DIRECTOR



**NOTICE** is hereby given that the **THIRD ANNUAL GENERAL MEETING** of the Shareholders of Higher Education Financing Agency will be held on **Thursday, October 22, 2020** at **03:00 P.M.** through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') facility to transact the following businesses:

**ORDINARY BUSINESS**

1. To consider and adopt the Audited Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2020 and reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Ms. Darshana Momaya Dabral (DIN 06975127), Nominee Director, who retires by rotation and being eligible offers herself for re-appointment.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** Ms. Darshana Momaya Dabral (DIN - 06975127), 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 Mr. Debashish Mukherjee (DIN - 08193978), Nominee Director, who retires by rotation and being eligible offers himself for re-appointment.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** Mr. Debashish Mukherjee (DIN - 08193978), 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 authorise Board of Directors for fixing the remuneration of the Auditors of the Company for the Financial Year 2020-21.

**C. Jayakumar**  
Managing Director

**By Order of the Board of Directors**

**Date: 30.09.2020**  
**Place: Bangalore**





**NOTES:**

1. In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") the 03<sup>rd</sup> AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 03<sup>rd</sup> AGM shall be the Registered Office of the Company.
2. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 03<sup>rd</sup>AGM.
3. In line with the MCA Circulars, the Notice of the 03<sup>rd</sup> AGM will be available on the website of the Company at [www.hefa.co.in](http://www.hefa.co.in)
4. Members may join the 03<sup>rd</sup>AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 02:30 p.m. IST i.e. 30 minutes before the time scheduled to start the 03<sup>rd</sup> AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the AGM.
5. Attendance of the Members participating in the 03<sup>rd</sup>AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Since the company has less than 50 members, the Chairman may decide to conduct a vote by show of hands, unless a demand for poll is made by any member in accordance with section 109 of the Act.
7. Once such demand is made, the following procedure shall be followed, where a poll on any item is required, the members shall cast their vote on the resolutions only by sending emails through their email addresses which are registered with the company. The said emails shall only be sent to the designated email address circulated by the company in advance.  
Explanation:The poll will take place during the meeting, and the members may convey their assent or dissent only at such stage on items considered in the meeting by sending e-mails to the designated e-mail address of the company, which was circulated by the company in the notice sent to the members.
8. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.





## CHAIRMAN'S SPEECH

Dear shareholders,

A very warm welcome to the Third Annual General Meeting.

In the era of knowledge economy, the whole world is once again looking at India on account of both its demographic dividend and ability to innovate and adopt in an affordable manner. This clearly evolves from India's ancient culture and heritage, which always placed education at an exalted position.

India holds an important place in the global education industry. India has one of the largest networks of higher education institutions in the world. India has the world's largest population of about 500 million in the age bracket of 5-24 years, which provides a great opportunity for the education sector. The education sector in India was estimated at US\$ 91.7 billion in FY18 and is expected to reach US\$ 101.1 billion in FY19.

Number of colleges and universities in India reached 39,931 and 993, respectively, in FY19. India had 37.4 million students enrolled in higher education in FY19. Gross Enrolment Ratio in higher education reached 26.3 per cent in FY19.

The country has become the second largest market for E-learning after the US. The sector is expected to reach US\$ 1.96 billion by 2021 with around 9.5 million users.

The total amount of Foreign Direct Investment (FDI) inflow into the education sector in India stood at US\$ 3.24 billion from April 2000 to March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

However, there is still a lot of potential for further development in the education system. Moreover, the aim of the Government to raise its current gross enrolment ratio to 30 per cent by 2020 will also boost the growth of distance education in India.

In 2030, it is estimated that India's higher education will:

- combine training methods that involve online learning and games, and is expected to grow 38 per cent in the next 2-4 years
- adopt transformative and innovative approaches in Higher education
- have an augmented Gross Enrolment Ratio (GER) of 50 per cent
- reduce state-wise, gender based and social disparity in GER to 5 per cent
- emerge as the single largest provider of global talent with one in four graduates in the world being a product of the Indian higher education system
- be among the top five countries in the world in terms of research output with an annual R&D spend of US\$ 140 billion
- have more than 20 universities among the global top 200 universities

Various Government initiatives are being adopted to boost the growth of distance education market besides focusing on new education techniques, such as E-learning and M-learning.

Education sector has seen a host of reform and improved financial outlays in recent years that could possibly transform the country into a knowledge haven. With human resource increasingly gaining significance in the overall development of the country, development of education infrastructure is expected to remain the key focus in the current decade. In this scenario, infrastructure investment in the education sector is likely to see a considerable increase in the current decade.





The Government of India has taken several steps including opening of IIT's and IIM's in new locations as well as allocating educational grant for research scholars in most Government institutions. Furthermore, with online mode of education being used by several educational organisations, the higher education sector in India is set for major change and development in the years to come.

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 infra structural needs of Higher Educational Institutions like IIT, IISc, IISER, NITs, IIITs, IIMs etc., with an outlay of Rs. 20,000 crore. However, the scheme of RISE by 2022 announced in the Budget of 2018-19, expanded 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 4 years.

HEFA's performance as at 31.03.2020 at a glance;

- As at 31.03.2020, HEFA's paid-up capital stood at Rs. 5073.75 crore.
- The no of institutions financed as at March 20 stood at 84.
- HEFA has sanctioned loans to 84 institutions aggregating to Rs. 29233.84 crores, (Project cost Rs. 40192.25 Crores) and the aggregate disbursement as at 31.03.2020 stood at Rs. 7630.10 crores.
- HEFA is a 'Systemically Important Non-Banking Financial Company Not accepting Public Deposits and (NBFC-ND-SI)'.
- HEFA has held 5 Board meetings during the FY 2019-20 and sanctioned loans to the tune of Rs. 13651.13 crores.
- The interest income on loans was Rs. 339.13 crore. The entire surplus of Rs. 315.82 Crores for the FY 2019-20 has been transferred to Reserves and will form part of HEFA resources for lending.
- A Board sub-committee committee to monitor the projects funded by HEFA was formed.

The progress we have made in the FY 2019-20 in sanctions is very encouraging, though the disbursement is not upto budgeted level. The lower disbursement can be attributed to delay in construction activity for various reasons. The monitoring committee will identify the bottle necks and advise remedial measures to speed up the projects.

I am sure that the disbursements will pick –up, in the coming year 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 lenders and 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 Govt and Canara Bank for their firm commitment to the cause.

Thank you,

Yours Sincerely  
AMIT KHARE



**DIRECTORS' REPORT**

To  
The Members,

The Directors are pleased to present the Third Annual Report and the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2020.

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

Particulars	(Rs. in crore.)		
	2019-20	2018-19	2017-18
Revenue from operations:			
- Interest on loans	339.13	33.26	-
- Interest on Deposit with Bank	39.96	76.11	11.36
- Other Income	10.09	0.00	0.00
Total Revenue:	<b>389.18</b>	<b>109.37</b>	<b>11.36</b>
Less: Total expenditure	73.36	37.27	2.87
(Deficit)/Surplus before Tax	315.82	72.10	8.49
*Tax Expenses	-	-	-
(Deficit)/Surplus for the year	<b>315.82</b>	<b>72.10</b>	<b>8.49</b>

\*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. 291,31,00,000 to Reserves, Rs. 63,16,00,000/- to Statutory Reserves and Rs. 25,82,00,000/- to Impairment Reserves respectively. As a Section 8 company, no dividend is distributed and hence entire balance of Profit & Loss Account is transferred to Reserves.

**(c) Share Capital**

The Authorized Share Capital of the Company and the Paid up Capital of the Company as on 31st March 2020 stood at Rs. 10,000 Crore and Rs. 5073.75Crore respectively. Allotment worth Rs. 2100,00,00,000/- was made against the equity capital received from the Ministry of Education, Government of India and Allotment worth Rs. 210,00,00,000/- was made against the equity capital received from the Canara Bank, during the financial year 2019-20.





## OPERATIONAL PERFORMANCE

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

In the Union Budget 2019-20, Union Finance Minister announced a major expansion in the scope of the HEFA.

Government has made available Rs.15,000 Cr through extra-budgetary resources through Higher Education Financing Agency (HEFA). Government has provided an additional equity of Rs 2,100 Cr to HEFA to enable it to mobilise the required funds for building high quality infrastructure in higher educational institutions.

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

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

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

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

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





- ❖ Central Universities started prior to 2014: Repay 10% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.
- ❖ Newly established Institutions (started after 2014), for funding construction of permanent campuses: Grant would be provided for complete servicing of loan through OH-31. Other Institutions of MoE with no scope for fee revision or internal resource generation would figure in this category.
- ❖ 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 50 new loans aggregating to Rs. 11846.58 crores. The total disbursements made during financial year 2019-20 were Rs. 5105.10 Crores and the cumulative disbursements upto 31.03.2020 were aggregating to Rs. 7630.10 crores. Company made its first disbursement in the Month of June, 2018. The company has sanctioned loans to 84 institutions as on 31.03.2020.

**Details of Sanctions made during the financial year 2019-20**

S.No	Institute Name	(Amount in Cr.)
		Amt Sanctioned
1	IIT KANPUR II	180.30
2	IIT KANPUR 3 (EWS)	65.56
3	IIT MADRAS 3	6.20
4	IIT DELHI III	63.08
5	IIT GUWAHATI	99.49
6	IIT(BHU) VARANASI	117.47
7	IIT ROPAR II	168.13
8	IIT HYDERABAD (EWS)	14.38
9	IIT JODHPUR	32.00
10	IIT INDORE -2	140.84
11	IIT BHILAI-2	708.95
12	IIT DHARWAD-2	787.83
13	IIT JAMMU-2	810.04
14	IIT TIRUPATI-2	701.89
15	IIT PALAKKAD-2	942.40
16	AIIMS DEOGHAR	963.00
17	VMCC	351.03





18	LADY HARDINGE MEDICAL COLLEGE & HOSPITAL	464.00
19	AIIMS JAMMU	1613.00
20	NIT SURATHKAL (EWS)	43.00
21	MNNIT ALLAHABAD	39.66
22	NIT GOA	282.39
23	NIT RAIPUR	17.00
24	NIT TIRUCHIRAPALLI	51.60
25	NIT PATNA	499.21
26	NIT ROURKELA	64.00
27	Dr. AMBEDKAR NATIONAL INSTITUTE OF TECHNOLOGY	63.47
28	TEZPUR UNIVERSITY	153.71
29	CENTRAL UNIVERSITY OF SOUTH BIHAR	182.84
30	UNIVERSITY OF HYDERABAD	127.33
31	UNIVERSITY OF HYDERABAD (EWS)	33.90
32	GG UNIVERSITY, BILASPUR	82.76
33	CENTRAL UNIVERSITY JHARKHAND	256.72
34	CENTRAL UNIVERSITY OF JAMMU	123.00
35	BANARAS HINDU UNIVERSITY	356.03
36	CENTRAL UNIVERSITY KERALA	129.76
37	CENTRAL UNIVERSITY OF HARYANA	96.00
38	ASSAM UNIVERSITY, SILCHAR	38.97
39	CENTRAL UNIVERSITY OF TAMIL NADU	95.20
40	CENTRAL UNIVERSITY OF RAJASTHAN	97.80
41	CENTRAL UNIVERSITY OF KARNATAKA	131.89
42	RAJIV GANDHI UNIVERSITY	66.59
43	IISC BANGALORE II	67.53
44	NIFFT RANCHI	30.82
45	IISER BHOPAL	71.33
46	VISVA BHARATI SANTINIKETAN	67.99
47	IITDM KURNOOL	218.00
48	RASHTRIYA SANSKRIT VIDYAPEETHA	56.79
49	CENTRAL INSTITUTE OF KOKRAJHAR	36.70
50	NERIST ARUNACHAL	35.00
	TOTAL	11846.58

**(c) RECOVERIES**

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

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

- ❖ During the year, Company has increased its Subscribed and Paid up Share Capital from Rs. 27,63,75,00,000 to Rs. 50,73,75,00,000.
- ❖ 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.

**II SIGNIFICANT DEVELOPMENTS DURING THE FINANCIAL YEAR 2019-20**❖ Directors inducted on the Board

- ❖ Appointment of Two Nominee Directors of MoE- GoI on the Board of the company in place of Nominee Directors of MoE- Golas under:

Name of the Nominee Director – MoE, GoI	Date of Appointment
Mr.AmitKhare, The Secretary (HE), MoE, GoI	16.12.2019
Mr. Chandra Shekhar Kumar , Joint Secretary (IISERs), MoE, GoI	25.02.2020

❖ Capital infusion

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

Ministry of Education, Government of India	Rs. 21,00,00,00,000
Canara Bank	Rs. 2,10,00,00,000

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

Ministry of Education, Government of India	2,10,00,00,000
Canara Bank	21,00,00,000





### ❖ Ratings

ICRA has continued an issuer rating of AA- (stable).

### ❖ Other Major developments

- \* Adoption of Corporate Social Responsibility policy
- \* Adoption of Information Technology (IT) policy
- \* Switched the Board meeting Agenda to digital mode for accessing Agenda Papers

## III CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The Composition of CSR Committee as on 31.03.2020:

- I. Prof. Ashok Misra, Independent Director and Chairman of the Committee
- II. Mr.Chandrasekhar Kumar, Nominee Director and Member of the Committee
- III. Mr.GovardhanUmajirao, Managing Director and Member of the Committee
- IV. Dr.RishikeshThiruvenkata Krishnan, Director and Member of the Committee

## IV CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Name of the Director	Designation	Date of Appointment	Ceased to be Director w.e.f.
1.	Mr. AmitKhare	Chairman - Nominee Director - Secretary, MoE, GoI	16.12.2019	
2.	Mr. Chandra Shekhar Kumar	Nominee Director- Joint Secretary (IISERs), MoE, GoI	25.02.2020	



3.	Mr. C. Jayakumar	Managing Director & CEO	01.06.2020	
4.	Mr. Rajesh Bhushan	Nominee Director - Secretary, MoHFW, GoI	31.07.2020	
5.	Mr. Subrahmanyam Reddi	Chairman - Nominee Director - Secretary, MoE, GoI	01.03.2018	16.12.2019
6.	Ms. Preeti Sudan	Nominee Director - Secretary, MoHFW, GoI	01.10.2018	31.07.2020
7.	Mr. SubbaRaoLalithaVenkata Surya SatyaVedula	Nominee Director - Additional Secretary & Senior Economic Advisor, MoE, GoI	20.07.2018	25.02.2020
8.	Mr. GovardhanUmajirao	Managing Director & CEO	31.05.2017	31.05.2020

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

- ❖ In terms of the provisions of Companies Act, 2013; Mr. ShaileshJadavappointed as Chief Financial Officer of the Company w.e.f. 03.02.2020.
- ❖ In terms of the provisions of Companies Act, 2013; Shri. Santosh Kumar Barik appointed as Company Secretary of the Company w.e.f. 26.06.2020 in place of Ms. Pooja Verma, Ex-Company Secretary.

## V BOARD MEETINGS

The Board of Directors of the Company duly met Five (5) times during the period under review; details are as follows:

Particulars	Date of Board Meeting
1 <sup>st</sup> Board Meeting	21.05.2019
2 <sup>nd</sup> Board Meeting	31.07.2019
3 <sup>rd</sup> Board Meeting	06.09.2019
4 <sup>th</sup> Board Meeting	21.10.2019
5 <sup>th</sup> Board Meeting	03.02.2020





Above Board Meetings were attended by the Directors as under:

S.No.	Name of Members	Meeting(s) held	Meeting(s) Attended
1	Mr. AmitKhare	1	1
2	Mr. SubrahmanyamReddi	4	4
3	Ms. Preeti Sudan	5	-
4	Mr. SubbaRaoLalithaVenkata Surya SatyaVedula	5	5
5	Ms. DarshanaMomayaDabral	5	4
7	Mr. Debashish Mukherjee	5	5
8	Mr. GovardhanUmajirao	5	5
9	Dr. RishikshaThiruvankata Krishnan	5	3
10	Prof. BhaskarRamamurthi	5	3
11	Prof. Ashok Misra	5	4
12	Prof.Virandar Singh Chauhan	5	5

The composition of Board of Director s of the company as on 31.03.2020 as follows:

S.No.	Name	Designation	DIN
1	Mr. AmitKhare	Chairman - Nominee Director - Secretary, MoE, Government of India	07225648
2	Ms. Preeti Sudan	Nominee Director -Secretary, MoHFW, Government of India	08199087
3	Mr. Chandra Shekhar Kumar	Nominee Director- Joint Secretary (IISERs), MoE, Government of India	06519925
4	Ms. DarshanaMomayaDabral	Nominee Director -Joint Secretary & Financial Advisor, MoE, Government of India	06975127
5	Mr. Debashish Mukherjee	Vice-Chairman - Nominee Director - Executive Director, Canara Bank	08193978
6	Mr. GovardhanUmajirao	Managing Director & CEO	07544347
7	Dr. RishikshaThiruvankata Krishnan	Nominee Director	00064067
8	Prof. BhaskarRamamurthi	Nominee Director	01914155
9	Prof. Ashok Misra	Independent Director	00006051
10	Prof.Virandar Singh Chauhan	Independent Director	00454113





## **VI STATUTORY AUDITORS**

M/s. Janardhan & Associates, Chartered Accountants, Bangalore were appointed as Statutory Auditors of the Company for the financial year 2019-20 by the Comptroller & Auditor General of India pursuant to the provisions of Section 139 (5) of the Companies Act, 2013.

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

## **VII DIRECTORS RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period ended March 31, 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

## **VIII ANNUAL RETURN**

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

## **IX AUDIT COMMITTEE**

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





The Composition of Audit Committee as on 31.03.2020 :

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. Dr. Rishikesh Thiruvankata Krishnan, Director and Member of the Committee.

#### **X NOMINATION & REMUNERATION COMMITTEE**

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

The composition of Nomination & Remuneration Committee as on 31.03.2020 was as follows:

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

#### **XI RISK MANAGEMENT**

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

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





The composition of Risk Management Committee as on 31.03.2020 was as follows:

1. Rishikesh 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, Senior Executive Vice President, HEFA and Member of the Committee.
5. Mr. Shailesh Jadav, Chief Financial Officer, HEFA and Member of the Committee.

## **XII 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.

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

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

## **XIV DECLARATIONS AND CONFIRMATIONS**

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

## **XV STATUTORY COMPLIANCE & RBI COMPLIANCE**

During the period under review company has strictly complied with

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



**XVI FIXED DEPOSITS**

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.

**XVII PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

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

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

**XIX PARTICULARS OF EMPLOYEES**

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

**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 Education, Government of India, Canara Bank and the Educational Institutions - our Borrowers and Company's staff and executives during the year under review.

For and on behalf of the Board

AmitKhare

Chairman

DIN: 07225648

C. Jayakumar

Managing Director

DIN: 08750890

Place: New Delhi

Date: 30.09.2020





**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

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF HIGHER EDUCATION FINANCING AGENCY**

**Report on the audit of the accompanying Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of **HIGHER EDUCATION FINANCING AGENCY** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2020, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, its Excess of income over expenditure, Other Comprehensive Income, its cash flows and the statement of changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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.







#### Emphasis of Matter

we draw attention to: -

- Note no. 41 to the financial statements which describes the extent of COVID-19 Pandemic's impact on company's financial performance depends on future developments, which are highly uncertain.

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

#### Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board Report and Shareholder Information, but does not include the Financial Statements and our auditors' report thereon.

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

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

#### Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.







In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.







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

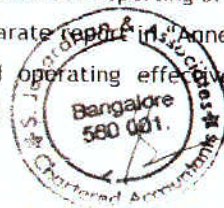
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

#### 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 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 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 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:
- As explained to us by the management, the Company do not have any pending litigations as at 31<sup>st</sup> March 2020 which has an impact on its financial position in its financial statements;
  - 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
  - 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.
- 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.
  - As the companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the said Act are not applicable to the company as it is registered under Section 8 of Companies Act, 2013 and hence, the requirements of disclosure under the said Order do not arise.

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



Balakrishna S Bhat  
Partner

Membership Number: 202976  
UDIN: 20202976AAAACJ4800

June 22, 2020  
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 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020 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: 20202976AAAACJ4800

June 22, 2020  
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. 005310S



Balakrishna S Bhat

Partner

Membership Number: 202976

UDIN: 20202976AAAACJ4800

June 22, 2020  
Bengaluru



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)	50737500000.00
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	9/20/2019
Date of Balance Sheet	3/31/2020
Company Status(for efilling)	Active

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

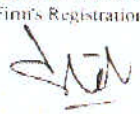

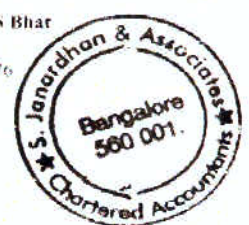
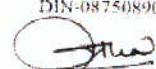
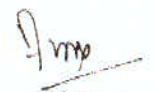
Directors/Signatory Details			
DIN/PAN	Name	Begin date	End date
6051	ASHOK MISRA	6/12/2017	-
64067	RISHIKESHA THIRUVENKATA KRISHNAN	6/12/2017	-
454113	VIRANDER SINGH CHAUHAN	6/12/2017	-
1914155	BHASKAR RAMAMURTHI	6/12/2017	-
3262481	CHANDRA SHEKHAR KUMAR	2/25/2020	-
6975127	DARSHANA MOMAYA DABRAL	10/1/2018	-
8750890	CHELLAMUTHU JAYAKUMAR	6/1/2020	-
7225648	AMIT KHARE	2/3/2020	-
8193978	DEBASHISH MUKHERJEE	2/1/2019	-
8199087	PREETI SUDAN	10/1/2018	-
AIPPJ1091H	SHAILESH JALINDAR JADHAV	2/3/2020	-





HIGHER EDUCATION FINANCING AGENCY (CIN:U74999KA2017NPL103474) (A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) (Private Limited & Government Company)				
BALANCE SHEET AS AT MARCH 31, 2020				
(All amounts are in crore of Indian Rupees, unless otherwise stated)				
	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
	<b>ASSETS</b>			
(1)	<b>Financial Assets</b>			
(a)	Cash and Cash Equivalents	3	0.04	-
(b)	Bank Balance other than (a) above	4	71.84	356.47
(c)	Loans	5	6,334.05	2,496.71
(d)	Other Financial Assets	6	120.62	25.73
	<b>Total Financial Assets</b>		<b>6,526.55</b>	<b>2,878.91</b>
(2)	<b>Non-financial Assets</b>			
(a)	Current Tax Assets (Net)	7	1.91	0.89
(b)	Property, Plant and Equipment		-	-
(c)	Other Non-Financial Assets		-	-
	<b>Total Non-Financial Assets</b>		<b>1.91</b>	<b>0.89</b>
	<b>Total Assets</b>		<b>6,528.46</b>	<b>2,879.80</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
(1)	<b>Financial Liabilities</b>			
(a)	Payables	8		
	(i) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		55.04	25.37
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
(b)	Borrowings (Other than Debt Securities)	9	995.71	-
(c)	Other Financial Liabilities	10	2.42	-
	<b>Total Financial Liabilities</b>		<b>1,053.17</b>	<b>25.37</b>
(2)	<b>Non-Financial Liabilities</b>			
(a)	Contingent Provisions Against Standard Assets	11	-	10.09
(b)	Other Non-Financial Liabilities	12	5.13	-
	<b>Total Non-Financial Liabilities</b>		<b>5.13</b>	<b>10.09</b>
(3)	<b>Equity</b>			
(a)	Equity Share Capital	13(A)	5,073.75	2,763.75
(b)	Other Equity	13(B)	396.41	80.59
	<b>Total Equity</b>		<b>5,470.16</b>	<b>2,844.34</b>
	<b>Total Liabilities and Equity</b>		<b>6,528.46</b>	<b>2,879.80</b>
	Corporate Information and Significant Accounting Policies	1 & 2		
Notes form an integral part of the financial statements				
In terms of our report attached, <b>FOR S. JANARDHAN &amp; ASSOCIATES</b> Chartered Accountants Firm's Registration No. 005310S			For and on behalf of the Board of <b>HIGHER EDUCATION FINANCING AGENCY</b>	
 Balakrishna S Bhat Partner M No.- 202976 			 Chellamuthu Jayakumar Managing Director & CEO DIN-08750890  Amit Khare Chairman DIN-07225648  Shailesh Jadhav Chief Financial Officer AIPPJ1091H	
Place : Bengaluru Date: 22nd June 2020			Place : Bengaluru Date: 22nd June 2020	



HIGHER EDUCATION FINANCING AGENCY (CIN:U74999KA2017NPL103474) (A Non Banking Finance Company Licensed under Section 8 of the Companies Act, 2013) (Private Limited & Government Company) (All amounts are in crore of Indian Rupees, unless otherwise stated)				
STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31ST 2020				
	Particulars	Note No.	For the year ended 31.03.2020	For the year ended 31.03.2019
	<b>Income :</b>			
(I)	<b>Revenue from Operations</b>			
	Interest Income	14	339.13	33.26
	<b>Total Revenue from Operations</b>		<b>339.13</b>	<b>33.26</b>
(II)	<b>Other Income</b>	15	50.05	76.11
(III)	<b>Total Income (I+II)</b>		<b>389.18</b>	<b>109.37</b>
(IV)	<b>Expenditure</b>			
(a)	Finance Costs	16	5.64	-
(b)	Impairment on Financial Instruments	17	-	10.09
(c)	Employee Benefits Expenses		-	-
(d)	Depreciation, Amortization and Impairment		-	-
(e)	Others Expenses	18	67.72	27.18
	<b>Total Expenses (IV)</b>		<b>73.36</b>	<b>37.27</b>
(V)	<b>Excess of Income over Expenditure(Surplus) before Exceptional Items and Tax (III-IV)</b>		<b>315.82</b>	<b>72.10</b>
(VI)	<b>Exceptional Items</b>		-	-
(VII)	<b>Surplus Before Tax (V - VI)</b>		<b>315.82</b>	<b>72.10</b>
(VIII)	<b>Tax Expense:</b>			
	(1) Current Tax	21	-	-
	(2) Deferred Tax	21	-	-
(IX)	<b>Excess of Income over Expenditure(Surplus) for the year (VII - VIII)</b>		<b>315.82</b>	<b>72.10</b>
(X)	<b>Other Comprehensive Income</b>			
	(i) Items that will not be reclassified to Surplus or Deficit		-	-
	(ii) Income tax relating to items that will not be reclassified to Surplus or Deficit		-	-
	<b>Other Comprehensive Income</b>		-	-
(XI)	<b>Total Comprehensive Income for the year (IX+X)</b> (Comprising Surplus and other Comprehensive Income for the year)		<b>315.82</b>	<b>72.10</b>
	<b>Earnings per Equity Share</b>	19		
	Basic (Rs.)		0.72	0.58
	Diluted (Rs.)		0.72	0.58
	<b>Corporate Information and Significant Accounting Policies</b>	1 & 2		
Notes form an integral part of the financial statements				
In terms of our report attached. <b>FOR S. JANARDHAN &amp; ASSOCIATES</b> Chartered Accountants Firm's Registration No. 005310S		For and on behalf of the Board of <b>HIGHER EDUCATION FINANCING AGENCY</b>		
 <b>Balakrishna S Bhar</b> Partner M. No- 202976		 <b>Chellamuthu Jayakumar</b> Managing Director & CEO DIN-08750890		
		 <b>Shailesh Jadhav</b> Chief Financial Officer AIPPJ1091H		
 <b>Amit Khare</b> Chairman DIN-07225648				
Place : Bengaluru Date: 22nd June 2020		Place : Bengaluru Date: 22nd June 2020		





**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

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

(Private Limited & Government Company)

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

**CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH 31, 2020**

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>A. Cash Flow from Operating Activities</b>		
Net Surplus before Taxation	315.82	72.10
<b>Adjustments for:</b>		
Interest Income from Banks	(39.96)	(76.11)
Provision no longer required	(10.09)	-
Finance Costs	5.64	-
Impairment on Financial Instruments	-	10.09
<b>Operating Surplus before working capital changes</b>	<b>271.41</b>	<b>6.08</b>
<b>Changes in Working Capital:</b>		
(Increase)/Decrease in Other Non-Financial Assets	-	-
(Increase)/Decrease in Other Financial Assets	(95.39)	(25.00)
(Increase)/Decrease in Loans	(3837.34)	(2496.71)
Increase/(Decrease) in Trade Payables	29.67	25.37
Increase/(decrease) in Other Financial Liabilities	2.42	-
Increase/(Decrease) Provisions	-	-
Increase/(Decrease) in Other Non-Financial Liabilities	5.13	-
<b>Cash generated from Operations</b>	<b>(3624.10)</b>	<b>(2490.26)</b>
Net Income Taxes Paid	(1.02)	(0.26)
<b>Net cash generated from operating activities - A</b>	<b>(3625.12)</b>	<b>(2490.52)</b>
<b>B. Cash Flow from Investing Activities</b>		
Bank Balances not considered as Cash and Cash Equivalent	284.63	(51.58)
Interest Received	40.46	78.34
<b>Net Cash from Investing Activities-B</b>	<b>325.09</b>	<b>26.76</b>
<b>C. Cash flow from Financing Activities</b>		
Proceed from Term Loan	995.71	-
Repayment of Term Loan	-	-
Proceeds from issue of Equity Share	2,310.00	2,463.75
Share premium on Equity Shares Allotted	-	-
Finance Cost Paid	(5.64)	-
<b>Net Cash raised in Financing Activities-C</b>	<b>3,300.07</b>	<b>2,463.75</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>0.04</b>	<b>(0.01)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>0.00</b>	<b>0.01</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>0.04</b>	<b>(0.00)</b>

Notes form an integral part of the financial statements

In terms of our report attached.

**FOR S. JANARDHAN & ASSOCIATES**

Chartered Accountants

Firm's Registration No. 005310S

Balakrishna S Bhat  
Partner  
M. No - 202976



For and on behalf of the Board of

**HIGHER EDUCATION FINANCING AGENCY**

Chellamuthu Jayakumar  
Managing Director & CEO  
DIN-08750890

Amit Khare  
Chairman  
DIN-07225648

Shailesh Jadhav  
Chief Financial Officer  
AIPPJ109111

Place: Bengaluru  
Date: 22nd June 2020

Place: Bengaluru  
Date: 22nd June 2020



### HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NP1103474)

(A Non Banking Finance Company licensed under Section 8 of the Companies Act, 2013)

[Private Limited & Government Company]

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

### STATEMENT OF CHANGES IN EQUITY

#### A. EQUITY SHARE CAPITAL

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the reporting Year		
Issued during the year	2,763.75	300.00
<b>Balance at the end of the reporting period</b>	<b>2,310.00</b>	<b>2,463.75</b>
	<b>5,073.75</b>	<b>2,763.75</b>

#### B. OTHER EQUITY

Particulars	Share Application Money Pending Allotment	Reserves and Surplus			Total
		Statutory Reserves	Impairment Reserve	Retained Earnings	
Balance at the beginning of the reporting period	-	-	-	-	-
Surplus for the year	-	16.12	-	64.47	80.59
Other comprehensive income for the year (net of tax)	-	-	-	315.82	315.82
Transfer to special reserve u/s 45 IC of the RBI Act, 1934	-	-	-	-	-
Transfer to Impairment Reserve	-	63.16	-	(63.16)	-
<b>Balance at the end of the reporting period</b>	-	-	25.82	(25.82)	-
	-	<b>79.28</b>	<b>25.82</b>	<b>291.31</b>	<b>396.41</b>

Notes form an integral part of the financial statements

In terms of our report attached

**FORS. JANARDHAN & ASSOCIATES**

Chartered Accountants

Firm's Registration No. 0053108

*[Signature]*

Balakrishna S Bhat  
Partner  
M. No.- 202976



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

*[Signature]*  
Chellamuthu Jayakumar  
Managing Director & CEO  
DIN: 05750890

*[Signature]*  
Amit Khare  
Chairman  
DIN: 07225648

*[Signature]*  
Shantesh Jadhav  
Chief Financial Officer  
AIFP-1109111  
Place: Bengaluru  
Date: 22nd June 2020



**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

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

[Private Limited &amp; Government Company]

**1 CORPORATE INFORMATION**

HIGHER EDUCATION FINANCING AGENCY (Referred as HEFA or the Company) has been incorporated as a Private limited company under section 8 of the Companies Act, 2013 & Government Company as a Joint Venture Company of Ministry of Human Resource Development (HRD), and Canara Bank, pursuant to Certificate of Incorporation issued by the Registrar of companies dated 31st May 2017 (CIN:U74999KA2017NPL103474) with an object of financing 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 Corporate social responsibility (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 functionally managing by Canara Bank.

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

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

The Company has obtained registration with Reserve Bank of India as a 'Non-deposit taking non-systemically important NBFC' i.e. (i.e. NBFC-ND-Type II) vide COR No. 02.00289 dated 21st November, 2017 for the purpose of carrying out Non Banking Finance business. Subsequently, the status of the Company has been changed from 'Not Accepting Public Deposits and Non Systemically Important Non-Banking Financial Company (NBFC-ND-TYPE II)' to 'Not Accepting Public Deposits And Systemically Important Non-Banking Financial Company (NBFC-ND-SI)' on crossing of asset size of Rs. 500 crore as on 29th December, 2018. The company's registered office is at 6th Floor, Naveen Complex, No 14, MG Road, Bengaluru, KA 560001 INDIA.

**2 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS****2.1 Basis of Preparation of Financial Statements**

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

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

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

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

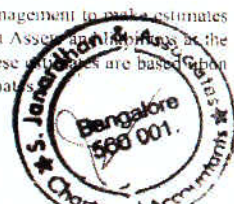
These financial statements include the Balance Sheet, the Statement of Changes in Equity, the Statement of Income and Expenditure, the Statement of Cash flows and Notes, comprising a summary of significant accounting policies and other explanatory information and comparative information in respect of the preceding period.

**2.2 Presentation of Financial Statements**

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

**2.3 Significant accounting Policies, Judgements, Estimates and Assumptions****a) Use of Estimates**

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







### b) Revenue Recognition

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

### c) Income from Operations

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

### d) Other Income

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

### e) Cash and Cash Equivalents

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

### f) Cash Flow Statement

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

### g) Property, Plant and Equipment(PPE)

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

### h) Intangible Assets

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

### i) Leases

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

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

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

### j) Provisions

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

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

### k) Earnings Per Share

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

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





**l) Segment Reporting**

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

**m) Financial Instruments**

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

**Financial Assets**

All recognised Financial Assets are subsequently measured in their entirety at amortised cost.

A Financial Asset shall be measured at amortised cost if both of the following conditions are met:

i. The Financial Asset is held within a business model whose objective is to hold Financial Assets in order to collect contractual cash flows and

ii. The contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income on Financial Asset measured at amortised cost, is measured at effective interest rate on the gross carrying amount.

**Financial Liabilities**

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

**n) Impairment of Asset**

Impairment of financial assets: The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. In addition to that the Company has provided provision as per Prudential Norms of RBI.

The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account. The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the financial assets that are not measured at fair value through Surplus or Deficit.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL: For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired: For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired: Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. Determining the stage for impairment: At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowances reverts from lifetime ECL to 12-months ECL.

**o) Income Tax**

The Company has been incorporated as a 'Not for Profit Company' under section 25 of the Companies Act, 1956 (now section 8 of Companies Act 2013), and granted registration under section 12AA of the Income Tax Act, 1961. The Company is prohibited by its objects to carry out any activity on commercial basis and thereby claims to be eligible for tax exemption.

**p) Contingent Liabilities and Commitments**

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

**q) Borrowing Costs**

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

**r) Operating Cycle**

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





**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

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

[Private Limited &amp; Government Company]

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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31,2020****3 CASH AND CASH EQUIVALENTS**

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Cash and Cash equivalents</b>		
Cash on hand	-	-
Balances with Banks	-	-
In Savings Account	-	-
in Current Account*	0.04	-
Bank deposit with maturity of less than 3 months	-	-
<b>Total</b>	<b>0.04</b>	<b>-</b>

\*The above account is Swipe in and Swipe out Account, the Current account balance becomes negative then the amount will Swipe in from deposit account and if balance exceeded of Rs.0.0025 crores then Swipe out to Deposit account.

**4 BANK BALANCE OTHER THAN ABOVE**

Particulars	As at 31.03.2020	As at 31.03.2019
Deposits with original maturity for more than 3 months but less than 12 months	71.84	356.47
<b>Total</b>	<b>71.84</b>	<b>356.47</b>

The deposits maintained by the company with banks comprises time deposits with original maturity of six months, which can be withdrawn by the company at any point without any prior notice or penalty on the principal. On premature withdrawal interest will be paid at rate applicable short term deposits.





**HIGHER EDUCATION FINANCING AGENCY**

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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31,2020****6 OTHER FINANCIAL ASSETS**

Particulars	As at 31.03.2020	As at 31.03.2019
Interest accrued on loan portfolio (Secured, considered good)	120.39	24.73
Interest accrued on loan portfolio (Unsecured, considered good)	-	-
Interest accrued on fixed deposits and investment	0.23	0.73
Other Receivables *	-	0.27
<b>Total</b>	<b>120.62</b>	<b>25.73</b>

\*Stamp Duty charges receivable from the Institute

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

Particulars	As at 31.03.2020	As at 31.03.2019
Advance tax and tax deducted at source (net of provisions)	1.91	0.89
<b>Total</b>	<b>1.91</b>	<b>0.89</b>





HIGHER EDUCATION FINANCING AGENCY  
(CIN:U74999KA2017NPL103474)

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

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

#### 5. LOAN

Particulars	As at 31.03.2020					As at 31.03.2019				
	At Fair Value			Total		At Fair Value			Total	
	Amortised Cost	Through Other Comprehensive Income	Through Surplus or Deficit			Amortised Cost	Through Other Comprehensive Income	Through Surplus or Deficit		
	(1)	(2)	(3)	(4)	5 = (1+2+3+4)	(7)	(8)	(9)	(10)	11 = (7+8+9+10)
(A) Term Loans (Civil works & Plant and Equipment) (ii) Others to be Specified	6,334.05	-	-	-	6,334.05	2,496.71	-	-	-	2,496.71
<b>Total (A) - Gross</b>	<b>6,334.05</b>	-	-	-	<b>6,334.05</b>	<b>2,496.71</b>	-	-	-	<b>2,496.71</b>
Less: Impairment Loss Allowance	-	-	-	-	-	-	-	-	-	-
<b>Total (A) - Net</b>	<b>6,334.05</b>	-	-	-	<b>6,334.05</b>	<b>2,496.71</b>	-	-	-	<b>2,496.71</b>
(B) Secured by receivables and Escrow account and equipment and furniture's purchased *	6,334.05	-	-	-	6,334.05	2,496.71	-	-	-	2,496.71
(i) Covered by Bank Government Guarantees	-	-	-	-	-	-	-	-	-	-
(ii) Unsecured	-	-	-	-	-	-	-	-	-	-
<b>Total (B) - Gross</b>	<b>6,334.05</b>	-	-	-	<b>6,334.05</b>	<b>2,496.71</b>	-	-	-	<b>2,496.71</b>
Less: Impairment Loss Allowance	-	-	-	-	-	-	-	-	-	-
<b>Total (B) - Net</b>	<b>6,334.05</b>	-	-	-	<b>6,334.05</b>	<b>2,496.71</b>	-	-	-	<b>2,496.71</b>
(C) Loans in India	-	-	-	-	-	-	-	-	-	-
(i) Public Sector	-	-	-	-	-	-	-	-	-	-
(ii) Others: Higher Education Institutions	6,334.05	-	-	-	6,334.05	2,496.71	-	-	-	2,496.71
<b>Total (C) - Gross</b>	<b>6,334.05</b>	-	-	-	<b>6,334.05</b>	<b>2,496.71</b>	-	-	-	<b>2,496.71</b>
Less: Impairment Loss Allowance	-	-	-	-	-	-	-	-	-	-
<b>Total (C) - Net</b>	<b>6,334.05</b>	-	-	-	<b>6,334.05</b>	<b>2,496.71</b>	-	-	-	<b>2,496.71</b>
(C II) Loans Outside India	-	-	-	-	-	-	-	-	-	-
<b>Total (C II) - Gross</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-
<b>Total (C II) - Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer Note 23 for classification of Current and non Current

\*Security: Charge over the Receivables and Escrow account balance which is opened jointly and Hypothecation of equipment and furniture's values for which loan is availed. Receivables shall mean all receivables of the Loan Borrowers from: (a) the fees and other academics proceeds collected by students enrolled with Loan Borrowers, and (b) all receivables in the form of grant and/or aid received by the Borrower from the Government of India or any State Government.

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

	As at 31.03.2020			As at 31.03.2019		
	No of Projects	Sanction amount	Disbursed Amount	No of Projects	Sanction amount	Disbursed Amount
Project fully disbursed	1	15.00	15.00	-	-	-
Project partially disbursed	83	21,916.77	7,615.10	43	12,506.40	2,535.00
Project not disbursed	35	7,302.07	-	14	4,880.86	-
<b>Total</b>	<b>119</b>	<b>29,233.84</b>	<b>7,630.10</b>	<b>57</b>	<b>17,387.26</b>	<b>2,535.00</b>

#### Summary of ECL provisions

Particulars	As at 31.03.2020	As at 31.03.2019
Allowance for Impairment on Term Loans	-	-
(i) Term Loans (Civil works & Plant and Equipment)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Provision as per RBI Prudential Norms (Refer Note 11)

Particulars	As at 31.03.2020	As at 31.03.2019
Performing Assets	-	-
Standard Assets	-	-
Non-Performing Asset (NPA)	25.82	10.09
<b>Total</b>	<b>25.82</b>	<b>10.09</b>







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

Particulars	Gross Loan Outstanding		Provision/Transfer to Reserve For Assets		Net Loan Outstanding	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Term Loans						
Performing Assets						
Standard Assets	6,334.05	2,496.71	25.82	10.09	6,308.23	2,486.62
Non-Performing Asset(NPA)						

**Note:**

**ECL Provisions**

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

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

From the First disbursement till now, the company has not come across any default or exposure for default and also company has not come across any delay in repayment more than 60 days. Also note that the company has ESCROW account with all its customer and 60% to 70% of the loans & 100% interests are reimbursed by Ministry of Human Resource Development. HEFA would finance only the infrastructure requirements of higher educational Institutions under Ministry of Human Resource, hence the chances of default is very very minimal.

**Exposure at Default (EAD)**

The outstanding balance at the reporting date is considered as EAD by the Company including accrued Interest. Considering that the Risk factors in amount at default, there is no separate requirement to estimate EAD.

**Loss Given Default**

LGD is an estimate of the loss from a transaction given that a default occurs. There is no default till now from the incorporation of company and there is no probability of Loss given default that are possible in the next 12 months.

**Probability of default (PD):**

PD is defined as the probability of whether borrowers will default on their obligations in the future. There is no default till now from the incorporation of company and there is no probability of default that are possible in the next 12 months.

Based on the past trend, the company has not come across default or delay in repayment. The company has worked out ECL as per the past trend and the nature of loan. As per workings, there is no impairment of assets or provision is required. However Company followed Prudential Norms of RBI and classified all the loans under "Standard Asset" based on the definition defined in Prudential Norms of RBI. Company also created provision to the extent of 0.40% on the "Standard Asset".

Asset classification and Provision Disclosure of Loan for March 31,2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Provisions as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Diff between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard Asset	Stage 1	6,334.05	-	6,334.05	25.82	(25.82)
Subtotal		6,334.05	-	6,334.05	25.82	(25.82)
Non-Performing Assets(NPA)						
Substandard, Doubtful, Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
<b>Total</b>	<b>Stage 1</b>	<b>6,334.05</b>	<b>-</b>	<b>6,334.05</b>	<b>25.82</b>	<b>(25.82)</b>

Asset classification and Provision Disclosure of Loan for March 31,2019

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Provisions as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Diff between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard Asset	Stage 1	2,496.71	-	2,496.71	10.09	(10.09)
Subtotal		2,496.71	-	2,496.71	10.09	(10.09)
Non-Performing Assets(NPA)						
Substandard, Doubtful, Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
<b>Total</b>	<b>Stage 1</b>	<b>2,496.71</b>	<b>-</b>	<b>2,496.71</b>	<b>10.09</b>	<b>(10.09)</b>







**HIGHER EDUCATION FINANCING AGENCY**  
(CIN:U74999KA2017NPL103474)

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

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

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

#### 8 TRADE PAYABLE

Particulars	As at 31.03.2020	As at 31.03.2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	55.04	25.37
<b>Total</b>	<b>55.04</b>	<b>25.37</b>

#### 9 BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost:</b>		
(a) Working Capital Demand Loan		
Indian rupee loan from banks (Unsecured)*		
(b) Loans from related parties	995.71	-
<b>Total</b>	<b>995.71</b>	<b>-</b>
Borrowings in India	995.71	-
Borrowings outside India	-	-
<b>Total</b>	<b>995.71</b>	<b>-</b>

\* Working Capital Demand Loan - Indian rupee loan from banks (unsecured): These are unsecured Working Capital Demand Loan obtained for meeting working capital requirement /onward lending requirements and total Sanction amount is Rs 1000 Crore.

#### Indian rupee loan from banks (Unsecured)\*

Terms of repayment	As at 31 March, 2020	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year		-
Due within 1-2 years		-
Due within 1 years		-
Due within 3 Month*		-
<b>Total</b>	7.25%	995.71
Effective interest rate adjustment**		-
<b>Net Amount</b>		<b>995.71</b>

\* Interest is paid monthly while principal be repaid as bullet repayment in the 3rd month after the first disbursement.

\*\* Effective interest rate adjustment is Nil because there is no processing fee or other charges on Working Capital Demand Loan and the Interest rate is fixed through the tenure of Borrowings.

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

#### 10 OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2020	As at 31.03.2019
Interest accrued on Borrowings	2.42	-
<b>Total</b>	<b>2.42</b>	<b>-</b>

#### 11 CONTINGENT PROVISIONS AGAINST STANDARD ASSETS

Particulars	As at 31.03.2020	As at 31.03.2019
Provisions on Standard Assets	-	10.09
<b>Total</b>	<b>-</b>	<b>10.09</b>

Note: Company followed Prudential Norms of RBI and classified all the loans under "Standard Asset" based on the definition defined in Prudential Norms of RBI and also created provision to the extent of 0.40% on the Standard Asset.

#### 12 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory Dues Payable	5.10	-
Other Payables	0.03	-
<b>Total</b>	<b>5.13</b>	<b>-</b>

Note: Stamp Duty charges received excess and repayable to institute.







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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

13(A) EQUITY SHARE CAPITAL

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Authorised</b> (10000000000(31.3.2019 - 1000,00,00,000) equity shares of Rs.10 each)	10,000.00	10,000.00
<b>Issued and Subscribed and fully Paid-up</b> (5,073,750,000 (31.3.2019 - 276,37,50,000) equity shares of Rs.10 each issued & fully paid)	5,073.75	2,763.75
<b>Total Issued and Subscribed and fully Paid-up</b>	<b>5,073.75</b>	<b>2,763.75</b>

Reconciliation of number of Shares

Equity Shares:	As at 31.03.2020		As at 31.03.2019	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	2,763,750,000	2,763.75	300,000,000	300.00
Add: Shares issued during the year	2,310,000,000	2,310.00	2,463,750,000	2,463.75
<b>Balance as at the end of the year</b>	<b>5,073,750,000</b>	<b>5,073.75</b>	<b>2,763,750,000</b>	<b>2,763.75</b>

Terms/ rights attached to equity shares

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

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

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

Particulars	As at 31.03.2020		As at 31.03.2019	
	No. of shares	% holding in	No. of shares	% holding in
1. Ministry of Human Resource Development, Department of Higher Education (Government of India)	4,612,500,000	90.91	2,312,500,000	90.91
2. Canara Bank	461,250,000	9.09	251,250,000	9.09
	<b>5,073,750,000</b>	<b>100.00</b>	<b>2,763,750,000</b>	<b>100.00</b>

As per the records of the Company, including its register of shareholders, members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

13(B) OTHER EQUITY

Particulars	As at 31.03.2020	As at 31.03.2019
<b>1. Statutory Reserve pursuant to Section 45-4C of the RBI Act, 1934 (Refer Note 1 below)</b>		
Opening balance	16.12	1.70
Add: Transfer from surplus balance in the Statement of Income and Expenditure	63.16	14.42
<b>Balance as at the end of the year</b>	<b>79.28</b>	<b>16.12</b>
<b>2. Impairment Reserve (Refer Note 2 below)</b>		
Opening balance	-	-
Add: Transfer from surplus balance in the Statement of Income and Expenditure	25.82	-
<b>Balance as at the end of the year</b>	<b>25.82</b>	<b>-</b>
<b>3. Retained Earnings</b>		
Opening balance	64.47	6.79
Add: Surplus for the year	415.82	72.10
Less: Appropriation	-	-
Transfer to Statutory Reserve	63.16	14.42
Transfer to Impairment Reserve	25.82	-
<b>Balance as at the end of the year</b>	<b>291.31</b>	<b>64.47</b>
<b>4. Other Comprehensive Income</b>		
Opening balance	-	-
Movements during the year	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>306.41</b>	<b>80.59</b>

Nature and purpose of Reserves

1. Statutory Reserve (Statutory Reserve pursuant to Section 45-4C of The RBI Act, 1934):

Section 45(1C) of Reserve Bank of India Act, 1934 ("RBI Act, 1934") defines that every non banking finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net surplus every year as disclosed in the statement of Income and Expenditure before any dividend is declared. The Company has transferred an amount of Rs.63.16 Crores (2019 Rs.14.42 crores) to Statutory reserve pursuant to Section 45-4C of RBI Act, 1934.

**2. Impairment Reserve** As Per RBI circular (RBI/2019-20/170 DOR (NBFC) CC/PD/No.109/22 10.106/2019-20) Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs will appropriate the difference from their net surplus or deficit after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission of the Department of Supervision, RBI.







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### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

#### 14 INTEREST INCOME

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
On financial assets measured at amortised cost		
Interest on Loans	339.13	33.26
<b>Total*</b>	<b>339.13</b>	<b>33.26</b>

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

#### Disaggregated revenue disclosures:

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2020 and 31 March, 2019 by nature of products sold. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
Revenue by products / services		
Interest Income	339.13	33.26
Others		
<b>Total Revenue from operations</b>	<b>339.13</b>	<b>33.26</b>

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

#### 15 OTHER INCOME

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
Interest on Deposits with Bank		
Provision no longer required	30.96	76.11
	10.09	
<b>Total</b>	<b>50.05</b>	<b>76.11</b>

#### 16 FINANCE COSTS

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
On financial assets measured at amortised cost:		
Interest on borrowings		
<b>Total</b>	<b>5.64</b>	

#### 17 IMPAIRMENT / PROVISION ON FINANCIAL INSTRUMENTS

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
On financial assets measured at amortised cost:		
Loans:		
Standard assets		10.09
<b>Total</b>		<b>10.09</b>

#### 18 OTHER EXPENSES

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
Audit Fees		
Management Fees*	0.02	0.02
Rates and taxes	60.12	25.35
Legal and professional charge	7.53	1.81
Other expenditure		
<b>Total</b>	<b>0.05</b>	<b>27.18</b>

\* Refer Note No. 28

#### Note (i) Payment to auditor:

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
As auditors:		
Statutory audit fee		
Taxation matters	0.02	0.02
Company law matters		
Other services		
Reimbursement of expense		
<b>Total</b>	<b>0.02</b>	<b>0.02</b>

#### Note (ii) Details of CSR expenditure

Particulars	For Year Ended 31.03.2020	For Year Ended 31.03.2019
(i) Gross Amount required to be spent by the Company during the year	6.32	1.44
(ii) Amount spent during the year ended on 31 March, 2020		
a) Construction/acquisition of assets		
b) On purpose other than (a) above		
(iii) Amount spent during the year ended on 31 March, 2019		
a) Construction/acquisition of assets		
b) On purpose other than (a) above		







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#### NOTE 19: EARNINGS PER SHARE

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

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

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Net surplus for calculation of basic earnings per share	315.82	72.10
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	437.92	124.46
Nominal Value per share (Rs.)	10.00	10.00
Basic Earnings Per Share (Rs.)	0.72	0.58
Diluted Earnings Per Share (Rs.)	0.72	0.58

#### NOTE 20: CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Claims not acknowledged as debts	-	-
Guarantees given on behalf of constituents - in India	-	-
Capital commitments not provided	-	-
LC Commitment to vendor on behalf of Institute [Refer Note Below]	383.60	92.78
<b>Total</b>	<b>383.60</b>	<b>92.78</b>

Note: The above commitment shall be met out of future term loan disbursement

#### NOTE 21: INCOME TAX

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

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

#### NOTE 22: EMPLOYEES BENEFIT PLAN

As of March 31, 2020 there is no Employee on the Roll of the Company and all the operations are managed by the Canara Bank employees for which they are getting the Management Fee based on the amount disbursed during the year.

#### NOTE 23: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Particulars	As at 31.03.2020			As at 31.03.2019		
	Within 12 months (current)	After 12 months (non-current)	Total	Within 12 months (current)	After 12 months (non-current)	Total
<b>ASSETS</b>						
Financial Assets						
Cash and Cash Equivalents	0.04	-	0.04	-	-	-
Bank Balance other than (a) above	71.84	-	71.84	356.47	-	356.47
Loans	2,036.85	4,297.20	6,334.05	941.17	1,555.54	2,496.71
Other Financial Assets	120.62	-	120.62	25.73	-	25.73
Non-financial Assets						
Current Tax Assets (Net)	-	1.91	1.91	-	0.89	0.89
Property, Plant and Equipment	-	-	-	-	-	-
Other Non-Financial Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,229.35</b>	<b>4,299.11</b>	<b>6,528.46</b>	<b>1,323.37</b>	<b>1,556.43</b>	<b>2,879.80</b>
<b>LIABILITIES</b>						
Financial Liabilities						
Payables	55.04	-	55.04	75.37	-	75.37
Borrowings (Other than Debt Securities)	995.71	-	995.71	-	-	-
Other Financial Liabilities	2.42	-	2.42	-	-	-
Non-Financial Liabilities						
Provisions	-	-	-	3.87	6.22	10.09
Other Non-Financial Liabilities	5.13	-	5.13	-	-	-
<b>Total Liabilities</b>	<b>1,058.30</b>	<b>-</b>	<b>1,058.30</b>	<b>79.24</b>	<b>6.22</b>	<b>85.46</b>
<b>Net</b>	<b>1,171.05</b>	<b>4,299.11</b>	<b>5,470.16</b>	<b>1,244.13</b>	<b>1,550.21</b>	<b>2,794.34</b>





**NOTE 24: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES****Changes in liabilities arising from financing activities**

Particulars	As at 31.3.2018	Cash Flow	As at 31.3.2019	Cash Flow	Others	As at 31.3.2020
Borrowings (Other than Debt Securities)	-	-	-	995.71	-	995.71
<b>Total</b>	-	-	-	<b>995.71</b>	-	<b>995.71</b>

**NOTE 25 - LEASING ARRANGEMENTS**

The Company is carrying out its operation at Canara bank premise. The Company has taken over an area of 2016 sq feet on sub lease basis from Canara Bank for functioning of its office and the lease deed was executed between them for three years w.e 1st May 2017, with a monthly rent of Rs. 1,00,800 and it was also agreed in the lease deed that the sub lease shall personally pay the rent to the sub lessor on the 5th day of every succeeding month clear of all deductions without any demand. In addition to this, the electricity, water charges, property and other applicable taxes for the premises shall be payable by the sub lessee. The Company is paying the Management Fees i.e 1% on disbursement for managing entire company operations including Premises provided. As per JV Agreement, Management Fees charged all service put together consolidatedly but not defined for each categories therefore no bifurcated lease amount shown separately.

**NOTE 26: SEGMENT REPORTING**

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

2. Geographical segment: The entry is domiciled in India and operates only in India. So geographical information is not required and No single customers contributed 10% or more to the Group's revenue for both 2018-2019 and 2019-2020.

**NOTE 27: RELATED PARTY DISCLOSURES**

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

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

Government has control / joint control or significant influence over RE. Another entity that is related party because the same government has control/joint control or significant influence over RE and another entity.

Name of related parties	Relationship
Ministry of Human Resource Development	Entity having joint control/significant influence over the Company.
Canara Bank	Entity having joint control/significant influence over the Company and Entity with common director.
Canarabank Computer Services Limited	Subsidiary of Entity having joint control/significant influence over the Company and Entity with common director.

Name of related party	Nature of transaction	Year ended 31st March 2020	Year ended 31st March 2019
<b>Transactions with related parties</b>			
Canara Bank	Receiving of Management Service	60.12	25.35
	Capital Contribution	210.00	201.15
Canara bank Computer Services Limited	R T I - Annual Maintenance	0.00	
<b>Amount payable to related parties:</b>			
Canara Bank	Trade Payable	55.02	35.15
Canara bank Computer Services Limited	Trade Payable	-	-

All transactions with these related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances (excluding collateralized borrowings) at the year end are unsecured and settlement occurs in cash.

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

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

- Premises for office
- Required Computer and Other Office Equipment (referred below)
- Software and other intangible Asset required for operation
- Manpower for running the business
- Management of finance operation end to end

**LIST OF TANGIBLE ASSETS PROVIDED BY CANARA BANK**

Sl.No	Particulars	Quantity
1	Personal Computer's	17
2	Printer hub	1
3	HP Scanner + Printer	1
4	Lenovo Tablet	15
5	ERP Software	2







#### NOTE 29: CAPITAL MANAGEMENT

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

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

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Capital Fund		
Tier 1	5,470.16	2,844.34
Tier 2	-	10.09
Total Capital Fund	5,470.16	2,854.43
Risk weighted assets (along with the adjusted value of Balance sheet items including Accrued Interest)	6,454.44	2,521.44
CRAR	84.75%	113.19%
CRAR - Tier I Capital	84.75%	112.79%
CRAR - Tier I Capital	0.00%	0.40%

#### NOTE 30: FINANCIAL INSTRUMENTS

##### FAIR VALUE MEASUREMENT

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

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

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

Particulars	Carrying Value		Fair Value	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>Financial Assets</b>				
Cash and Cash Equivalents	0.04	-	0.04	-
Bank Balance other than (a) above	71.84	356.47	71.84	356.47
Loans	6,334.05	2,496.71	6,334.05	2,496.71
Other Financial Assets	120.62	25.73	120.62	25.73
<b>Total Financial Assets</b>	<b>6,526.55</b>	<b>2,878.91</b>	<b>6,526.55</b>	<b>2,878.91</b>
<b>Financial Liabilities</b>				
Payables	55.04	25.37	55.04	25.37
Borrowings (Other than Debt Securities)	995.71	-	995.71	-
Other Financial Liabilities	2.42	-	2.42	-
<b>Total Financial Liabilities</b>	<b>1,053.17</b>	<b>25.37</b>	<b>1,053.17</b>	<b>25.37</b>

Note:

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

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

#### NOTE 31: RISK MANAGEMENT

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

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Minor risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

#### Credit risk

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

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

Company gives Loan only to Educational institutions under higher education, school education and institutions under Ministry of Human Resource Development (MHRD). The Company has robust accounts receivable collection mechanism which has ensured zero level of credit risk since inception. The Company maintaining an appropriate credit administration and loan review system.

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

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Revenue from top customer	28.08	3.18
Revenue from top 5 customers	117.09	7.05







### Credit risk exposure

There is no requirement for providing for expected credit loss as the Company has robust collection mechanism and has not written off any amount due to client credit risk exposure.

### Asset & Liability management

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

### Liquidity Risk:

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

#### Maturity pattern of assets and liabilities as on 31 March, 2020:

Particulars	1-30 days	31D to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Borrowings (Other than Debt Securities)	-	995.71	-	-	-	-	-	995.71
Loans	116.17	189.15	598.81	780.92	2,213.64	1,405.47	1,029.89	6,334.05

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

#### Maturity pattern of assets and liabilities as on 31 March, 2019:

Particulars	1-30 days	31D to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Borrowings (Other than Debt Securities)	-	-	-	-	-	-	-	-
Loans	46.74	100.09	356.39	437.95	1,217.33	309.47	28.74	2,496.71

### Market Risk

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

### Operational and business risk

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

### NOTE 32: PROVISIONS AND CONTINGENCE

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Provision for Standard Assets	-	-
Provision made towards Current Tax	-	10.09

### NOTE 33: DRAW DOWN FROM RESERVES

Details of Draw down from reserves, if any, are provided in Statement of Changes in Equity to these financial statements.

### NOTE 34: CONCENTRATION OF ADVANCES, EXPOSURES AND NPAS

#### i) Concentration of Advances

Particulars	As at 31.03.2020	As at 31.03.2019
Total advances to twenty largest borrowers	5,480.73	2,704.98
Percentage of advances to twenty largest borrowers to total advances of the Company	71.97%	88.00%

#### ii) Concentration of Exposures

Particulars	As at 31.03.2020	As at 31.03.2019
Total exposure to twenty largest borrowers/customers	4,725.70	2,182.77
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	72.61%	87.41%

#### iii) Concentration of NPAs

Particulars	As at 31.03.2020	As at 31.03.2019
Total exposure to top four NPA accounts	-	-

#### iv) Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in	
	As at 31.03.2020	As at 31.03.2019
Agriculture & allied activities	0%	0%
MSME	0%	0%
Corporate borrowers	0%	0%
Services	0%	0%
Unsecured personal loans	0%	0%
Auto loans	0%	0%
Other personal loans	0%	0%







c) Movement of NPAs

Particulars	As at 31.03.2020	As at 31.03.2019
I) Net NPAs to Net Advances (%)	0%	0%
II) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Addition during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
III) Movement of NPAs (Net)		
a) Opening balance	-	-
b) Addition during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provision made during the year	-	-
c) Write-off/write-back of excess provisions	-	-
d) Closing balance	-	-

NOTE 35: CUSTOMER COMPLAINTS

Particulars	As at 31.03.2020	As at 31.03.2019
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	-	-
No. of complaints redressed during the year	-	-
No. of complaints pending at the end of the year	-	-

NOTE 36: DERIVATIVES DISCLOSURES AS PER RBI

As at 31 March, 2020 and As at 31 March, 2019, the Company has not having any derivatives outstanding's and transaction.

NOTE 37: MISCELLANEOUS

- i) No penalties have been imposed by RBI and other Regulators during the year ended 31 March, 2020, 31 March, 2019
- ii) The Company is registered with the following Financial Sector Regulators (Financial Sector Regulators as described by Ministry of Finance)
- a) Reserve Bank of India
  - b) Ministry of Finance (Financial Intelligence Unit) - FINBF15251

Others Registrations

- a) Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) - IN2805
- b) Legal Entity Identifier (LEI) - 984500DH0605F5D5B063

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

Credit rating Agency	Type of Facility	As at 31.03.2020	As at 31.03.2019
ICRA	Loan	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)

NOTE 38: EXPENDITURE IN FOREIGN CURRENCY

There is no expenditure incurred during the year 2019-20 and 2018-19

NOTE 39: FRAUD

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

NOTE 40: BALANCE OF INSTITUTE ESCROW ACCOUNT WITH BANK

Particulars	As at 31.03.2020	As at 31.03.2019
Balance in principal and Interest; Repayment; Account		
(For availing the proposed loan, every institute (borrowers) has to open an escrow account with the Canara bank by crediting the instalment/interest, known as the "Principal and Interest Repayment account". The Escrow amount received on the principal and interest repayment with Canara bank is to be invested first in short term deposit as per the borrower's instruction till the period for the purpose of coinciding with the due date of term loan repayment.)	1,278.38	671.20





### NOTE 41: SUBSEQUENT EVENT - IMPACT OF COVID-19

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, NBFC, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended multiple times across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact on The Company operation will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic.

#### Impact on the Company Operations

**Loan Repayment:** There is no impact on the Company business, as 60% to 70% of the loan repayment is to be made by government & balance by Government Educational Institute and one instalment will be as advance in Escrow Account always.

**Loan Disbursement:** Disbursement of loan is impacted as construction and other civil work stopped due to lockdown.

### NOTE 42: PROPERTY, PLANT AND EQUIPMENT (PPE)

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

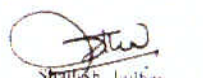
**NOTE 43:** Previous year's figures have been regrouped, reclassified & rearranged to conform to current period presentation wherever necessary.



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

  
Chellamuthu Jayakumar  
Managing Director & CEO  
DIN-08750890

  
Amit Khare  
Chairman  
DIN-02225648

  
Shreshth Tadiya  
Chief Financial Officer  
A109109114

Place: Bengaluru  
Date: 22nd June 2020





Felicitations to Mr. K.K. Sharma, Founder, Chairman, Secretary (HE) MHRD, GOI on his retirement on 26-02-2018



HEFA team with Mr. VLVSS Subba Rao, Additional Secretary, MHRD, GOI



HEFA Team with IIT Delhi Officials



HEFA Team with Director, NIT Surathkal





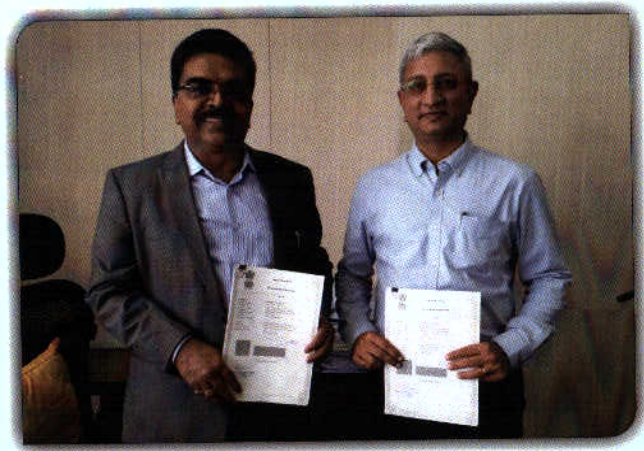
HEFA Team with Director of II Generation IIT's



HEFA Team on First Anniversary on 31-05-2018



First AGM of HEFA on 17-11-2018C



MD & CEO, HEFA with Director IIT Tirupati



## Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

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

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





HEFA Team with Director of II Generation IIT's



HEFA Team on First Anniversary on 31-05-2018



First AGM of HEFA on 17-11-2018C



MD & CEO, HEFA with Director IIT Tirupati



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