

Annual Report 2020 - 2021



Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

A Joint Venture of



Government of India
Ministry of Education



Canara Bank
केनरा बैंक

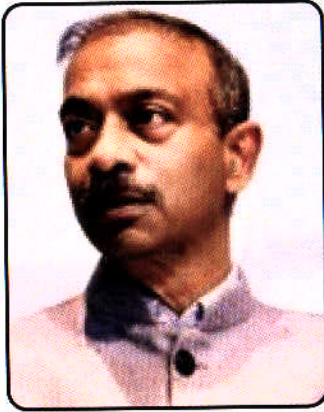


C. JAYAKUMAR, MD & CEO, HEFA,
Along with other team members of HEFA



HEFA Team with IIT Guwahati Officials

BOARD OF DIRECTORS



Amit Khare
Secretary,
Ministry of Education, GOI
Chairman



Debashish Mukherjee
Executive Director,
Canara Bank
Vice Chairman



Jayakumar C
Managing Director & CEO



Rajesh Bhushan
Secretary,
Ministry of Health & Family Welfare, GOI
Nominee Director

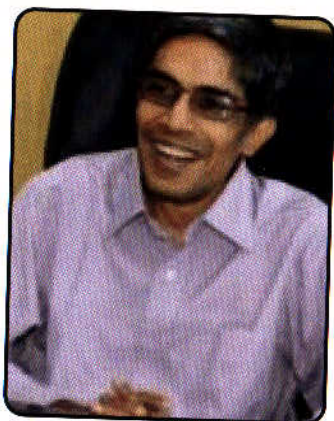


Vineet Joshi
Additional Secretary,
MoE, GOI,
Nominee Director



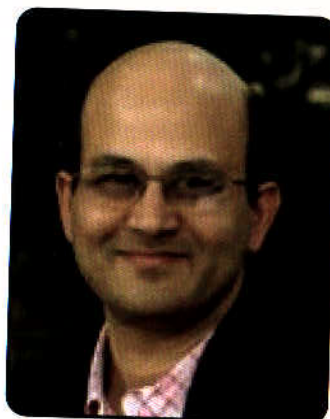
Darshana M Dabral
Joint Secretary,
Financial Advisor, MoE, GOI
Nominee Director

BOARD OF DIRECTORS



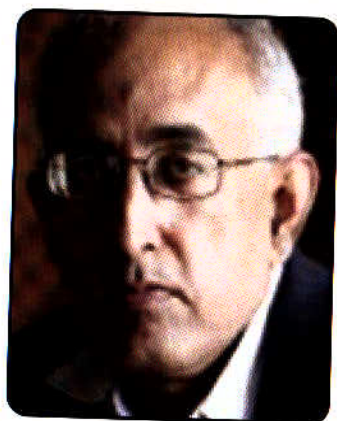
Prof. Bhaskar Ramamurthi

IIT Madras – Director
Nominee Director



Prof. Rishikesha Thiruvankata Krishnan

Professor IIM Bangalore, GOI
Nominee Director



Prof. Virander Singh Chauhan

Independent Director



Prof. Ashok Misra

Independent Director

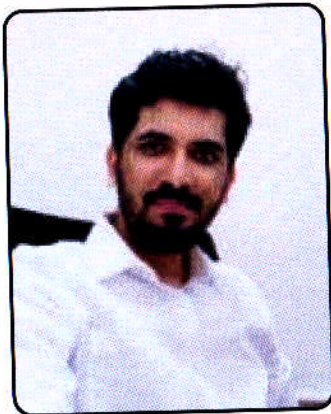
MANAGEMENT TEAM



Sunil Dutt Verma
Senior Executive Vice President



Santosh Kumar Barik
Company Secretary



Shailesh Jadhav
Chief Financial Officer



Santosh Naik
Senior Vice-President



AUDITORS

VIJAY PANCHAPPA & CO
28/26, 18TH MAIN ROAD
VIJAYNAGAR
BENGALURU-560040, KARNATAKA

BANKERS

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

REGISTERED ADDRESS

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



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LIST OF DIRECTORS AS ON 31.03.2021

Sl. No.	NAME OF DIRECTORS	DESIGNATION	DATE OF APPOINTMENT
1	Prof. Ashok Misra	Independent Director	12.06.2017
2	Dr. Rishiksha Thiruvankata Krishnan	Nominee Director	12.06.2017
3	Prof. Virander Singh Chauhan	Independent Director	12.06.2017
4	Prof. Bhaskar Ramamurthi	Nominee Director	12.06.2017
5	Mr. Debashish Mukherjee	Nominee Director	01.02.2019
6	Mr. C. Jayakumar	Managing Director	01.06.2020
7	Mr. Amit Khare	Nominee Director	16.12.2019
8	Mr. Vineet Joshi	Nominee Director	18.11.2020
9	Mr. Rajesh Bhushan	Nominee Director	31.07.2020
10	Ms. Darshana Momaya Dabral	Nominee Director	01.10.2018



NOTICE is hereby given that the **FOURTH ANNUAL GENERAL MEETING** of the Shareholders of Higher Education Financing Agency will be held on **21st September, 2021 at 4: PM** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") facility to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2021 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 2021-22.

By Order of the Board of Directors

C. Jayakumar
Managing Director

Date : 26.08.2021
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 04thAGM 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 04thAGM 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 04thAGM.
3. In line with the MCA Circulars, the Notice of the 04thAGM will be available on the website of the Company at www.hefa.co.in
4. Members may join the 04thAGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 03:30 p.m. IST i.e. 30 minutes before the time scheduled to start the 04thAGM 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 04thAGM 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 Fourth Annual General Meeting.

Higher education plays an extremely important role in promoting human as well as societal wellbeing and in developing India as envisioned in its Constitution - a democratic, just, socially conscious, cultured, and humane nation upholding liberty, equality, fraternity, and justice for all. Higher education significantly contributes towards sustainable livelihoods and economic development of the nation. As India moves towards becoming a knowledge economy and society,

more and more young Indians are likely to aspire for higher education.

This National Education Policy 2020 unveiled by Government of India (GoI), is the first education policy of the 21st century and envisions a complete overhaul and re-energising of the higher education system to overcome the challenges currently faced by the higher education system in India and thereby deliver high-quality higher education, with equity and inclusion.

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 in India reached 39,931 in FY19. As of May 17, 2021, number of universities in India reached 981. India had 37.4 million students enrolled in higher education in FY19. In FY20, Gross Enrolment Ratio in higher education in India was 27.1%.

In 2020-21, there were 9,700 total AICTE approved institutes. Of the total, there were 4,100 undergraduate, 4,951 postgraduate and 4,514 diploma courses in AICTE approved institutes. According to the National Institutional Ranking Framework, 7 positions were bagged by prominent Indian Institutes of Technology out of the top 10 institution rankings in 2020. As per QS World University Rankings, 12 Indian institutes made it to the top 100 list.

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. In India, the online education market is forecasted to reach ~US\$ 11.6 billion by 2026.

Government Initiatives

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.

Some of the initiatives taken by the Government are:

In December 2020, the Ministry of Skill Development and Entrepreneurship, in collaboration with the Tata Indian Institute of Skills, launched two short-term courses in factory automation.

In January 2021, in order to mitigate the impact of challenges created due to COVID-19 pandemic, the Ministry of Education issued guidelines for identification, admission and continued education of migrant children.



On January 15, 2021, the third phase of Pradhan Mantri Kaushal Vikas Yojana (PMKVY) was launched in 600 districts with 300+ skill courses. Spearheaded by the Ministry of Skill Development and Entrepreneurship, the third phase will focus on new-age and COVID-related skills. PMKVY 3.0 aims to train eight lakh candidates.

The challenges of having aging inadequate infrastructure, low grade research facilities etc., have been to a large extent addressed by setting up of Higher Education Financing Agency (HEFA) in May 2017 a truly Landmark and a significant step in the annals of Higher Education in India in particular and Education sector in general.

HEFA was initially conceived to cater to the infrastructural needs of Higher Educational Institutions like IIT, IISc, IISER, NITs, IIITs, IIMs etc., with an outlay of Rs. 20,000 crore. However, the 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 31.03.2021 at a glance;

- ❖ As at 31.03.2021, HEFA's paid -up capital stood at Rs. 5293.75 Crore.
- ❖ The no of institutions financed as at March 21 stood at 92.
- ❖ During the year, HEFA has sanctioned 19 new loans aggregating to Rs. 2843.33 crores. The total disbursements made during financial year 2020-21 were Rs. 3677.97 Crores and the cumulative disbursements upto 31.03.2021 were aggregating to Rs. 11308.07 crores.
- ❖ HEFA is a 'Systemically Important Non-Banking Financial Company Not accepting Public Deposits and (NBFC-ND-SI)'.
- ❖ HEFA has held 3 Board meetings during the FY 2020-21 and sanctioned 19 new loans aggregating to Rs. 2843.33 crores.
- ❖ The interest income on loans was Rs. 593.82 crore. The surplus for the FY 2020-21 is Rs. 441.59 Crores and will form part of HEFA resources for lending.
- ❖ Project Monitoring Committee (PMC), a Board sub-committee is reviewing the physical and financial progress of projects funded by HEFA at regular intervals.

The progress we have made in the FY 2020-21 in sanctions is very encouraging, though the disbursement is not upto budgeted level. The lower disbursement can be attributed to delay in construction activity due to the challenges posed by Covid-19 pandemic and various other 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 MoEGoI 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 Fourth Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2021.

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

The comparative position of working results of the company for the financial year

(Rs. in crore.)

Particulars	2020-21	2019-20	2018-19
Revenue from operations:			
- Interest on loans	593.82	339.13	33.26
- Interest on Deposit with Bank	3.53	39.96	76.11
- Other Income	0.06	10.09	0.00
Total Revenue:	597.41	389.18	109.37
Less: Total expenditure	155.82	73.36	37.27
(Deficit)/Surplus before Tax	441.59	315.82	72.10
*Tax Expenses	-	-	-
(Deficit)/Surplus for the year	441.59	315.82	72.10

*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. 347,06,00,000 to Reserves, Rs. 88,32,00,000/- to Statutory Reserves and Rs. 6,21,00,000/- 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 2021 stood at Rs. 10,000 Crore and Rs. 5293.75 Crore respectively. Allotment worth Rs. 200,00,00,000/- was made against the equity capital received from the Ministry of Education, Government of India and Allotment worth Rs. 20,00,00,000/- was made against the equity capital received from the Canara Bank, during the financial year 2020-21.



OPERATIONAL PERFORMANCE

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

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

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

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

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

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



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

Ministry of Education (MOE) vide letter F.No. 41 -04/2020-TS.VI I (Pt.I) dated 22.09.2020 advised:

- ◆ No project approvals will be given under HEFA windows IV and V beyond those already approved.
- ◆ All future projects which were intended to be funded under windows IV & V shall hereafter follow normal appraisal and approval procedures of Government projects.
- ◆ Windows I, II, and II may continue without change. HEFA may leverage the equity already provided to meet fund requirements for the projects under these windows.
- ◆ As regards the projects already approved under HEFA windows IV & V, (including in-principle sanctions), further funding will be provided from the Budget, as needed.
- ◆ No further borrowings shall be undertaken by HEFA in respect of these projects.
- ◆ Funds already disbursed under windows IV & V will be paid to HEFA from the Budget. The timing and manner of settlement will be advised later.

(b) SANCTIONED LOANS AND DISBURSEMENT

During the year, Company has sanctioned 19 new loans aggregating to Rs. 2843.33 crores. The total disbursements made during financial year 2020-21 were Rs. 3677.97 Crores and the cumulative disbursements upto 31.03.2021 were aggregating to Rs. 11308.07 crores. Company made its first disbursement in the Month of June, 2018. The company has sanctioned loans to 92 institutions as on 31.03.2021.

(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. 50,73,75,00,000 to Rs. 52,93,75,00,000.
- ◆ 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 2020-21**◆ 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. Rajesh Bhushan, The Secretary, MoH FW , GoI	31.07.2020
Mr. Vineet Joshi, Additional Secretary, MoE GoI	11.11.2020

➤ Capital infusion

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

Ministry of Education, Government of India	Rs. 200,00,00,000
Canara Bank	Rs. 20,00,00,000

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

Ministry of Education, Government of India	20,00,00,000
Canara Bank	2,00,00,000



◆ Ratings

ICRA has maintained an issuer rating of AA- and revised outlook from Stable to Positive based on the company financials as on 31.03.2020.

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 31.03.2021:

- I. Prof. Ashok Misra, Independent Director and Chairman of the Committee
- II. Mr. Vineet Joshi, Nominee Director and Member of the Committee
- III. Mr. C Jayakumar, Managing Director and Member of the Committee
- IV. Dr. Rishikesh Thiruvankata 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. Vineet Joshi	Nominee Director- Joint Secretary ,MoE, GoI	11.11.2020	
2.	Mr. Chandra Shekhar Kumar	Nominee Director- Joint Secretary (IISERs), MoE, GoI	25.02.2020	11.11.2020

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

Mr. C. Jayakumar appointed as MD & CEO w.e.f. 01-06-2020.

Mr. Santosh Kumar Barik appointed as Company Secretary w.e.f. 26-06-2020

Mr. Sunil Dutt Verma appointed as Chief Risk Officers w.e.f. 24-02-2021

**V BOARD MEETINGS**

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

Particulars	Date of Board Meeting
1 st Board Meeting	22.06.2020
2 nd Board Meeting	19.08.2020
3 rd Board Meeting	22.12.2020

Above Board Meetings were attended by the Directors as under:

S.No.	Name of Members	Meeting(s) held	Meeting(s) Attended
1	Mr. Amit Khare	3	3
2	Mr. Chandra Shekhar Kumar	2	2
3	Ms. Preeti Sudan	2	-
4	Mr. Vineet Joshi	1	1
5	Ms. Darshana Momaya Dabral	3	3
6	Mr. Debashish Mukherjee	3	3
7	Mr. C Jayakumar	3	3
8	Dr. Rishikesha Thiruvankata Krishnan	3	3
9	Prof. Bhaskar Ramamurthi	3	3
10	Prof. Ashok Misra	3	3
11	Prof. Virander Singh Chauhan	3	3
12	Mr. Rajesh Bhushan	1	-

The composition of Board of Directors of the company as on 31.03.2021 as follows:

S.No.	Name	Designation	DIN
1	Mr. Amit Khare	Chairman - Nominee Director - Secretary, MoE, Government of India	07225648
2	Mr. Rajesh Bhushan	Nominee Director - Secretary, MoHFW, Government of India	01425921
3	Mr. Vineet Joshi	Nominee Director - Additional Secretary, MoE, Government of India	07078936
4	Ms. Darshana Momaya Dabral	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. C Jayakumar	Managing Director & CEO		08750890
7	Dr. Rishikesh Thiruvankata Krishnan	Nominee Director		00064067
8	Prof. Bhaskar Ramamurthi	Nominee Director		01914155
9	Prof. Ashok Misra	Independent Director		00006051
10	Prof. Virandar Singh Chauhan	Independent Director		00454113

VI. STATUTORY AUDITORS

M/s. VIJAY PANCHAPPA & CO, Chartered Accountants, Bangalore were appointed as Statutory Auditors of the Company for the financial year 2020-21 by the Comptroller & Auditor General of India pursuant to the provisions of Section 139 (5) of the Companies Act, 2013.

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

VII DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period ended March 31st, 2021.
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.
- (v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.



VIII ANNUAL RETURN

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

IX AUDIT COMMITTEE

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

The Composition of Audit Committee as on 31.03.2021:

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 01st, 2019 for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Committee met three times during the reported financial year.

The composition of Nomination & Remuneration Committee as on 31.03.2021 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 01st, 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 31.03.2021 was as follows:

1. Rishikesh Thiruvankata Krishnan, Director and Chairman of the Committee.
2. Mr. Sunil Dutt Verma, Senior Executive Vice President, HEFA and Member of the Committee.
3. Mr. 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

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

XVII PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

XIX PARTICULARS OF EMPLOYEES

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

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

Amit Khare
Chairman
DIN: 07225648

C. Jayakumar
Managing Director
DIN: 08750890

Place:
Date:

**Composition of CSR Committee as on 31.03.2021**

1. Prof. Ashok Misra - 'Chairman'
2. Mr. Vineet Joshi - 'Member'
3. Mr. C Jayakumar - 'Member'
4. Dr. Rishikesh Thiruvankata Krishnan - 'Member'

CSR Projects approved in the FY 2020-21

Sl. No.	Name of Institute (Project Incharge)	Title of the Project	Objective & Time Frame	Project Cost (Rs.)	Approved Cost (Rs.)	Social Impact
1	IIT Guwahati (Prof. T.G. Sitharam, Director)	Systematic & Real Time Monitoring of Quality and Quantity of Surface Water using Geospatial technology	To generate algorithms to extrapolate field measurements to derive spatial maps on water quality parameters in large dams and reservoirs. (16 months)	60 lakhs	50 lakhs	The aim of the proposed project is to have a GIS based real time monitoring system on water quality & quantity for surface water bodies especially dams & reservoirs in India. Therefore, the main potential user will be Ministry of Jal Shakti and Central Water Commission. It will also help State & District Water Authorities in ensuring clean drinking water to urban & rural areas.
2	NIT Calicut (Dr. Praveen Sankaran)	A learned machine for early breast cancer detection	Development of a data base combining mammogram and histopathology images in collaboration with the MVR Cancer centre and Research Institute to enable the Research Institute to do a co-relation analysis of BIRADS scoring with histopathological image information.	29 lakhs	25 lakhs	The CAD system will take an image, detect, segment and classify visual object (breast lesion) using a single model and a unified training process. It will help in early detection of breast cancer.



3	IIT Gandhinagar (Dr.Sharad Gupta)	Functional Peptides and DNA based nano-assemblies for therapeutic intervention in Alzheimer's disease and related Neurodegenerative Disorders.	Synthesis, purification and development of peptides to achieve different intermolecular interactions between peptide based monomers thereby controlling the supramolecular nanostructures. (3 years)	140 lakhs	55 lakhs	The custom made peptide based materials can diagnose early events in Alzheimers and Parkinsons and using the same scaffolds, have therapeutics materials for delivery and regeneration of brain cells which will act as a regenerative medicine in curing Alzheimer and Parkinsons.
4	IIT Jodhpur (Dr.Anand K. Plappally)	UF Membrane Assisted Sorption Based Water Purification Systems in Rural Village Schools of Jodhpur District, Rajasthan	Design and develop a decentralized water purification unit based on the Ultra Filtration(UF) membrane assisted sorption process. (3 years)	40 lakhs	40 lakhs	The water purification technology is a low carbon water purification solution as it consumes less energy, hence more eco friendly and sustainable.
5	Dr. B R Ambedkar National Institute of Technology, Jalandhar (Prof.Arun Khosla)	Development and Evaluation of Virtual Reality Interventions for Improving Cognitive and Vocational Skills in individuals with Autism Spectrum Disorder.	Designing the framework for real life and naturalistic VR environment for improving Cognitive and Vocational Skills. Development of proposed framework into real system. (2 years)	10 lakhs	10 lakhs	The system will help in measurement of physiological signal in measuring emotional related characteristics of individuals with ASD. The enhancement in cognitive skills will improve the confidence of individuals with ASD while interacting with others & performing daily life task.



6	NIT Raipur (Dr.Varsha Singh &Dr.SwapnajitPattnaik)	Design and Development of photovoltaic interface compact single stage multilevel inverter using wideband devices.	To develop a high density DC-DC converter for PV application using wideband gap devices. To propose a cost effective DC-DC converter and study its performance with real time photovoltaic interface. (3 years)	29.00 lakhs	25 lakhs	This project will contribute towards energy sustainability, energy efficiency and supply reliability in state and at national and global level. This will also help to reduce carbon footprint and provide a clean source of energy.
7	MANIT Bhopal (Dr. Vijay BhaskarSemwal)	Development of Heterogeneous Computing Model for Post Injury Walking Pattern Restoration and Postural Stability: Cognitive Robotics Approach.	Design of heterogeneous computing model for analysis and restoration of human walking deformity and posture instability. (3 years)	31.92 lakhs	25 lakhs	The model will be utilized for development of exoskeleton based assistive technology for physically disabled and elderly subject for walking.
8	NIT Calicut (Prof.Naseer M.A)	Development of a Cost -effective and Sustainable Thermal Insulation Technique for Retrofitting RCC Roofs in Warm Humid Climate.	Experimental study to understand and analyze the thermal behaviour of existing RCC roofs and to identify significant performance parameters. (3 years)	56.37 lakhs	40 lakhs	A thermal retrofit of concrete roofs by passive means can greatly improve the existing uncomfortable conditions and reduce the electricity consumption for space cooling.



प्रवीर पाण्डेय, भा.ले.प.ए.ले.से.

Pravir Pandey, IA&AS



No. AMG-I/PSU/HEFA/9-8/2021-22/ 868

महानिदेशक लेखापरीक्षा

(गृह, शिक्षा एवं कौशल विकास)

भारतीय लेखा परीक्षा एवं लेखा विभाग

Director General of Audit

(Home, Education and Skill Development)

Indian Audit and Accounts Department

दिनांक : 08.10.2021

Dear Sh. Jayakumar

इस कार्यालय के पत्र दिनांक 08.10.2021 द्वारा Higher Education Financing Agency के 31.03.2021 को समाप्त हुए वर्ष से सम्बंधित वार्षिक लेखों पर Comments जारी किये गए थे, के संदर्भ में, मैं वार्षिक लेखों के लेखापरीक्षण के दौरान मिली विसंगतियों पर आपका ध्यान आकर्षित करना चाहूँगा तथा निवेदन करूँगा कि इनकी समीक्षा करने के पश्चात निम्नांकित बिन्दुओं पर उचित उपचारात्मक कार्यवाही की जाए:-

1. The nature of security provided by the Company for the above term loan availed from bank has not been disclosed as required under Schedule III of the Companies Act 2013. (AQ-2)
2. Resolution (Item No.28) passed by the 21st Board Meeting held on 30th June 2021, wherein the annual financial statements for the year 2020-21 were approved, it is omitted to mention the Cash Flow Statement and Statement of Changes in Equity as part of the Annual Financial Statements. (AQ 5)

चूँकि उपरोक्त मुद्दे महत्वपूर्ण हैं, अतः यह अनुरोध है कि इनको अगली निदेशक मण्डल की बैठक और लेखापरीक्षण समिति की बैठक में रखा जाए। इन विषयों पर लिए गए निर्णय से भी इस कार्यालय को अवगत करायें।

Best wishes

Yours sincerely,

8-10-2021

Sh. Chellamuthu Jayakumar,
Managing Director & CEO,
Higher Education Financing Agency,
No. 14, 6th Floor, Naveen Complex,
MG Road, Bangalore – 560001.



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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 31st March, 2021, 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 31st March 2021, 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.

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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

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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.



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- 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 disclosure's 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

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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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 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



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explanations given to us:

- i. As explained to us by the management, the Company do not have any pending litigations as at 31st March 2021 which has an impact on its financial position in its financial statements;
 - ii. As explained to us by the management, the Company do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. As explained to us by the management, there were no amounts which were required to transfer to Investors Education and Protection Fund by the Company.
2. As required by Section 143 (5) of the Act with regard to additional reporting on the directions issued by the C&AG has been annexed to this report in "Annexure - B" as part of the Independent Auditors Report.
3. As the companies (Auditor's Report) Order, 2016 ("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.

Date: 30th June 2021
Place: Bengaluru.



For VIJAY PANCHAPPA & CO
Chartered Accountants
Firm Reg. No 004693S

[Signature]
CA P. M. MUDIGODAR
Partner M. No. 204096



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Annexure - A to the Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Higher Education Financing Agency ("the Section 8 Company") as of 31st March 2021 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

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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 in 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 report.

Meaning of Internal Financial Controls over Financial Reporting

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

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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
- 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.



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Website: cavijaypanchappaco.com

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 is at 31st March 2021 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.

Date: 30th June 2021

Place: Bengaluru.



For VIJAY PANCHAPPA & CO.
Chartered Accountants
Firm Reg.No 004693S

[Signature]
CA P. M. MUDIGODAR
Partner M. No.204096



VIJAY PANCHAPPA & CO.,
CHARTERED ACCOUNTANTS



Head Office: # 28/26, 2nd Floor, 18th Main Road,
Vijay Nagar, Bengaluru: 560040.
Telefax: 080-23384038, 9686502870.
e-mail: vijaypanchappaco@gmail.com
Website: cavijaypanchappaco.com

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.**

Date: 30th June 2021

Place: Bengaluru.



For Vijay PANCHAPPA & CO.
Chartered Accountants
Firm Reg.No 004693S

(Signature)

CA P. M. MUDIGOUUDAR
Firm Reg.No 204096

Admn Office: #2,3,4, 2nd Floor, Krishna Building, Opposite Vijaya Talkies, Dharwad 580001. Ph: 08362745148, Fax: 08362444724,
Cell: 9686502872, 9686502874, 9686502884 e-mails: pmmca@rediffmail.com, siddubetageri@gmail.com
Branches: Belagavi(9686502875), Dharwad(9686502870), Gangavathi(9686502873), Kalaburagi(9686502877), Mysuru(9686502872),
Mumbai(9823263226), Solapur(8149159550) & Latur(7385422733) Working Office: Audit House, II Floor, Near CBT, Dharwad(0836-2447266)



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CHARTERED ACCOUNTANTS



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e-mail: vijaypanchappaco@gmail.com
Website: cavijaypanchappaco.com

OBSERVATIONS:

- The company is registered under GST bearing number 29AAECH2051B1Z2, there is ITC reflected in GSTR2A having input of Rs 9,17,90,746.98. GSTR 3B are filed as NIL returns regularly, wherein ITC is not declared. The same is supposed to be shown as ineligible input while filing GST3B.
- The company has not filed GSTR-1 as NIL since its service does not come under purview of GST.
- TDS – In some cases, the Company has not deducted TDS at reduced rates due to COVID-19 (25%) in respect of contract and professional fees payments under 194-C and 194J.



Admn Office: #2,3,4, 2nd Floor, Krishna Building, Opposite Vijaya Talkies, Dharwad:580001. Ph: 08362745148, Fax: 08362444724,
Cell:9686502872, 9686502874, 9686502884 e-mail:pmmca@rediffmail.com, siddubetageri@gmail.com

Branches: Belagavi(9686502875), Dharwad(9686502870), Gangavathi(9686502873), Kalaburagi(9686502877), Mysuru(9686502872),
Mumbai(9823263226), Solapur(8149159550) & Latur(7385422733) Working Office: Audit House, II Floor, Near CBT, Dharwad(0836-2447266)



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)	52937500000.00
Number of Members(Applicable in case of company without Share Capital)	0
Date of Incorporation	31/05/2017
Registered Address	STOCK EXCHANGE TOWERS, No. 51 1st FLOOR, 1st CROSS, JC ROAD BANGALORE URBAN Bangalore KA 560027 IN
Email Id	info@hefa.co.in
Whether Listed or not	Unlisted
Date of last AGM	22/10/2020
Date of Balance Sheet	31/03/2021
Company Status(for efilling)	Active

Charges				
Assets under charge	Charge Amount	Date of Creation	Date of Modification	Status
Book Debts	20000000000	12/05/2020		OPEN
Book debts; Floating charge	30000000000	16/12/2020		OPEN

Directors/Signatory Details			
DIN/PAN	Name	Begin date	End date
6051	ASHOK MISRA	12/06/2017	-
64067	RISHIKESHA THIRUVENKATA KRISHNAN	12/06/2017	-
454113	VIRANDER SINGH CHAUHAN	12/06/2017	-
1914155	BHASKAR RAMAMURTHI	12/06/2017	-
6975127	DARSHANA MOMAYA DABRAL	01/10/2018	-
8750890	CHELLAMUTHU JAYAKUMAR	01/06/2020	-
7225648	AMIT KHARE	03/02/2020	-
8193978	DEBASHISH MUKHERJEE	01/02/2019	-
1425921	RAJESH BHUSHAN	31/07/2020	-
07078936	VINEET JOSHI	18/11/2020	-
AIPPJ1091H	SHAILESH JALINDAR JADHAV	03/02/2020	-
ANSPB4757E	SANTOSH KUMAR BARIK	26/06/2020	-



**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, 2021

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

	Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
	ASSETS			
(1)	Financial Assets			
(a)	Cash and Cash Equivalents	3	0.15	0.04
(b)	Bank Balance other than (a) above	4	77.32	71.84
(c)	Loans	5	7,855.44	6,334.05
(d)	Other Financial Assets	6	152.26	120.62
	Total Financial Assets		8,085.17	6,526.55
(2)	Non-financial Assets			
(a)	Current Tax Assets (Net)	7	4.23	1.91
(b)	Property, Plant and Equipment		-	-
(c)	Other Non-Financial Assets		-	-
	Total Non-Financial Assets		4.23	1.91
	Total Assets		8,089.40	6,528.46
	LIABILITIES AND EQUITY			
(1)	LIABILITIES			
(a)	Financial Liabilities			
	Payables	8		
	(I) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		43.36	55.04
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
(b)	Borrowings (Other than Debt Securities)	9	1,911.40	995.71
(c)	Other Financial Liabilities	10	0.13	2.42
	Total Financial Liabilities		1,954.89	1,053.17
(2)	Non-Financial Liabilities			
(a)	Contingent Provisions Against Standard Assets	11	-	-
(b)	Other Non-Financial Liabilities	12	2.76	5.13
	Total Non-Financial Liabilities		2.76	5.13
(3)	Equity			
(a)	Equity Share Capital	13(A)	5,293.75	5,073.75
(b)	Other Equity	13(B)	838.00	396.41
	Total Equity		6,131.75	5,470.16
	Total Liabilities and Equity		8,089.40	6,528.46
	Corporate Information and Significant Accounting Policies	1 & 2		

Notes form an integral part of the financial statements

In terms of our report attached.

FOR VIJAY PANCHAPPA & CO.

Chartered Accountants

Firm's Registration No. 004693

P M Mudigoudar
Partner

M. No.- 204096

For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCYChellamuthu Jayakumar
Managing Director & CEO
DIN-08750890Amit Khare
Chairman
DIN-07225648Shailesh Jadhav
Chief Financial Officer
AIPPJ1091HSantosh Kumar Barik
Company Secretary
ANSPB4757EPlace : Bengaluru
Date: 30th June 2021



HIGHER EDUCATION FINANCING AGENCY (CIN:U74999KA2017NPL103474) (A Non Banking Finance Company Licensed under Section 8 of the Companies Act,2013) [Private Limited & Government Company] (All amounts are in crore of Indian Rupees, unless otherwise stated)				
STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2021				
	Particulars	Note No.	For the year ended 31.03.2021	For the year ended 31.03.2020
(I)	Income :			
	Revenue from Operations			
	Interest Income	14	597.35	379.09
	Total Revenue from Operations		597.35	379.09
(II)	Other Income	15	0.06	10.09
(III)	Total Income (I+II)		597.41	389.18
(IV)	Expenditure			
(a)	Finance Costs	16	109.46	5.64
(b)	Impairment on Financial Instruments	17	-	-
(c)	Employee Benefits Expenses		-	-
(d)	Depreciation, Amortization and Impairment	18	46.36	67.72
(e)	Others Expenses		-	-
	Total Expenses (IV)		155.82	73.36
(V)	Excess of Income over Expenditure(Surplus) before Exceptional Items and Tax (III- IV)		441.59	315.82
(VI)	Exceptional items		-	-
(VII)	Surplus Before Tax (V -VI)		441.59	315.82
(VIII)	Tax Expense:			
	(1) Current Tax	21	-	-
	(2) Deferred Tax	21	-	-
(IX)	Excess of Income over Expenditure(Surplus) for the year (VII - VIII)		441.59	315.82
(X)	Other Comprehensive Income			
	(i) Items that will not be reclassified to Surplus or Deficit		-	-
	(ii) Income tax relating to items that will not be reclassified to Surplus or Deficit		-	-
	Other Comprehensive Income		-	-
(XI)	Total Comprehensive Income for the year (IX+X) (Comprising Surplus and other Comprehensive Income for the year)		441.59	315.82
	Earnings per Equity Share	19		
	Basic (Rs.)		0.84	0.72
	Diluted (Rs.)		0.84	0.72
	Corporate Information and Significant Accounting Policies	1 & 2		

Notes form an integral part of the financial statements

In terms of our report attached.
FOR VIJAY PANCHAPPA & CO.
 Chartered Accountants
 Firm's Registration No. 00469

P M Mudgoudar
 Partner
 M. No.- 204096



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

Chellamuthu Jayakumar
 Managing Director & CEO
 DIN-08750890

Shailesh Jadhav
 Chief Financial Officer
 AIPPJ1091H

Amit Khare
 Chairman
 DIN-07225648

Santosh Kumar Barik
 Company Secretary
 ANSPB4757E

Place : Bengaluru
 Date: 30th June 2021



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, 2021

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
A. Cash Flow from Operating Activities		
Net Surplus before Taxation	441.59	315.82
Adjustments for:		
Interest Income from Banks	(3.53)	(39.96)
Provision no longer required	0.00	(10.09)
Finance Costs	109.46	5.64
Impairment on Financial Instruments	-	-
Operating Surplus before working capital changes	547.52	271.41
Changes in Working Capital:		
(Increase)/Decrease in Other Non-Financial Assets	-	-
(Increase)/Decrease in Other Financial Assets	(31.38)	(95.39)
(Increase)/Decrease in Loans	(1521.39)	(3837.34)
Increase/(Decrease) in Trade Payables	-11.68	29.67
Increase / (decrease) in Other Financial Liabilities	-2.29	2.42
Increase/(Decrease) Provisions	-	-
Increase/(Decrease) in Other Non-Financial Liabilities	-2.37	5.13
Cash generated from Operations	(1021.59)	(3624.10)
Net Income Taxes Paid	(2.32)	(1.02)
Net cash generated from operating activities - A	(1023.91)	(3625.12)
B. Cash Flow from Investing Activities		
Bank Balances not considered as Cash and Cash Equivalent	-5.48	284.63
Interest Received	3.27	40.46
Net Cash from Investing Activities-B	-2.21	325.09
C. Cash flow from Financing Activities		
Proceed from Term Loan	915.69	995.71
Repayment of Term Loan	-	-
Proceeds from issue of Equity Share	220.00	2,310.00
Share premium on Equity Shares Allotted	-	-
Finance Cost Paid	(109.46)	(5.64)
Net Cash raised in Financing Activities-C	1,026.23	3,300.07
Net Increase in Cash and Cash Equivalents (A+B+C)	0.11	0.04
Cash and Cash Equivalents at the beginning of the year	0.04	0.00
Cash and Cash Equivalents at the end of the year	0.15	0.04

Notes form an integral part of the financial statements

In terms of our report attached.

FOR VIJAY PANCHAPPA & CO.

Chartered Accountants

Firm's Registration No. 004693 S

P M Mudigoudar

Partner

M. No. - 204096

Place : Bengaluru

Date: 30th June 2021



For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY

Chellamuthu Jayakumar

Managing Director & CEO

DIN-08750890

Shailesh Jadhav

Chief Financial Officer

AIPPJ1091H

Amit Khare

Chairman

DIN-07225648

Santosh Kumar Barik

Company Secretary

ANSPB4757E

**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

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

[Private Limited & Government Company]

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

STATEMENT OF CHANGES IN EQUITY**A. EQUITY SHARE CAPITAL**

Particulars	As at 31.03.2021	As at 31.03.2020
Balance at the beginning of the reporting Year	5,073.75	2,763.75
Issued during the year	220.00	2,310.00
Balance at the end of the reporting period	5,293.75	5,073.75

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	-	79.28	25.82	291.31	396.41
Surplus for the year	-	-	-	441.59	441.59
Other comprehensive income for the year (net of tax)	-	-	-	-	-
Transfer to special reserve u/s 45 IC of the RBI Act, 1934	-	88.32	-	-88.32	-
Transfer to Impairment Reserve	-	-	6.21	-6.21	-
Balance at the end of the reporting period	0	167.6	32.03	638.37	838

Notes form an integral part of the financial statements

In terms of our report attached.

FOR VIJAY PANCHAPPA & CO.

Chartered Accountants

Firm's Registration No. 004693 S

For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY

P M Mudigoudar
P M Mudigoudar
Partner
M. No.- 204096



Place : Bengaluru
Date: 30th June 2021

Chellamuthu Jayakumar
Chellamuthu Jayakumar
Managing Director & CEO
DIN-08750890

Shailesh Jadhav
Shailesh Jadhav
Chief Financial Officer
AIPPI1091H

Amit Khare
Amit Khare
Chairman
DIN-07225648

Santosh Kumar Barik
Santosh Kumar Barik
Company Secretary
ANSPB4757E



HIGHER EDUCATION FINANCING AGENCY

(CIN:U74999KA2017NPL103474)

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

[Private Limited & Government Company]

1 CORPORATE INFORMATION

HIGHER EDUCATION FINANCING AGENCY (Referred as HEFA or the Company) has been incorporated as a Private limited company under section 8 of the Companies Act, 2013 & Government Company as a Joint Venture Company of Ministry of Education 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 Education 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 managed 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 1st Floor, Stock Exchange Towers, No. 51, 1st Cross, J.C.Road, Bengaluru, KA 560027 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 Education which will be calculated on the basis of outstanding balance. Interest Income for all financial instruments are calculated at gross carrying amount, are recognised in interest income as interest on deposits with banks and Interest on Loan in the Statement of Income and Expenditure using effective rate of Interest (EIR).

d) Other Income

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

e) Cash and Cash Equivalents

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

f) Cash Flow Statement

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

g) Property, Plant and Equipment(PPE)

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

h) Intangible Assets

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

i) Leases

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

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

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

j) Provisions

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

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of 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 & Government Company]

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31,2021**3 CASH AND CASH EQUIVALENTS**

Particulars	As at 31.03.2021	As at 31.03.2020
Cash and Cash equivalents		
Cash on hand	-	-
Balances with Banks		
In Savings Account	-	-
in Current Account	0.15	0.04
Bank deposit with maturity of less than 3 months	-	-
Total	0.15	0.04

4 BANK BALANCE OTHER THAN ABOVE

Particulars	As at 31.03.2021	As at 31.03.2020
Deposits with original maturity for more than 3 months but less than 12 months	77.32	71.84
Total	77.32	71.84

The deposits maintained by the company with banks are in the form of Canflexi deposits with original maturity of less than 12 months. On premature withdrawal interest will be paid at rate applicable short term deposits.

6 OTHER FINANCIAL ASSETS

Particulars	As at 31.03.2021	As at 31.03.2020
Interest accrued on loan portfolio (Secured, considered good)	151.59	120.39
Interest accrued on loan portfolio (Unsecured, considered good)	-	-
Interest accrued on fixed deposits and investment	0.49	0.23
Other Receivables *	0.18	-
Total	152.26	120.62

*Excess TDS remitted, receivable from IT Dept.

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

Particulars	As at 31.03.2021	As at 31.03.2020
Advance tax and tax deducted at source (net of provisions)	4.23	1.91
Total	4.23	1.91





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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

5. LOAN

Particulars	As at 31.03.2021					As at 31.03.2020				
	At Fair Value			Total Designated at fair value through Surplus or Deficit	Total	At Fair Value			Total Designated at fair value through Surplus or Deficit	Total
	Amortised Cost	Through Other Comprehen sive Income	Through Surplus or Deficit			Amortised Cost	Through Other Comprehe nsive Income	Through Surplus or Deficit		
	(1)	(2)	(3)	(4)	5 = (1+2+3+4)	(6)	(7)	(8)	(9)	10 = (6+7+8+9)
(A)										
(i) Term Loans (Civil works & Plant and Equipment)	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
(ii) Others to be Specified										
Total (A) - Gross	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
Less : Impairment Loss Allowance	-	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
Total (A) - Net	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
(B)										
(i) Secured by receivables and Escrow account and equipment and furniture's purchased *	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
(ii) Covered by Bank/Government Guarantees	-	-	-	-	-	-	-	-	-	-
(iii) Unsecured	-	-	-	-	-	-	-	-	-	-
Total (B) - Gross	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
Less : Impairment Loss Allowance	-	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
Total (B) - Net	-	-	-	-	-	-	-	-	-	-
(C I) Loans in India										
(i) Public Sector	-	-	-	-	-	-	-	-	-	-
(ii) Others - Higher Education Institutions	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
Total (C I) - Gross	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
Less : Impairment Loss Allowance	-	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
Total (C I) - Net	7,855.44	-	-	-	7,855.44	6,334.05	-	-	-	6,334.05
(C II) Loans Outside India										
Total (C II) - Gross	-	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-
Total (C II) - Net	-	-	-	-	-	-	-	-	-	-

Refer Note 23 for classification of Current and non Current

*Security - Charge created by the Government of India

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 31.03.2021			As at 31.03.2020		
	No of Projects	Sanction amount	Disbursed Amount	No of Projects	Sanction amount	Disbursed Amount
Project fully disbursed	1	35.00	35.00	1	15.00	15.00
Project partially disbursed	96	24,206.82	11,273.07	83	21,916.77	7,615.10
Project not disbursed	27	7,171.98	-	35	7,302.07	-
Total	124	31,413.80	11,308.07	119	29,233.84	7,630.10

Summary of ECL provisions

Particulars	As at 31.03.2021	As at 31.03.2020
Allowance for Impairment on Term Loans		
(i) Term Loans (Civil works & Plant and Equipment)	-	-
Total	-	-





Provision as per RBI Prudential Norms (Refer Note 11)

Particulars	As at 31.03.2021	As at 31.03.2020
Performing Assets		
Standard Assets	32.03	25.82
Non-Performing Asset (NPA)		-
Total	32.03	25.82

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-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Term Loans						
Performing Assets						
Standard Assets	7,855.44	6,334.05	32.03	25.82	7,823.41	6,308.23
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 to 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 Education. HEFA would finance only the infrastructure requirements of higher educational Institutions under Ministry of Education, 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 31,2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Provisions as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Diff between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard Asset	Stage 1	7,855.44	-	7,855.44	32.03	(32.03)
Subtotal		7,855.44	-	7,855.44	32.03	(32.03)
Non-Performing Assets(NPA)						
Substandard, Doubtful, Loss Assets	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope	Stage 1	-	-	-	-	-
Total	Stage 1	7,855.44	-	7,855.44	32.03	(32.03)

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	Stage 1	-	-	-	-	-
Total	Stage 1	6,334.05	-	6,334.05	25.82	(25.82)



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021**8 TRADE PAYABLE**

Particulars	As at 31.03.2021	As at 31.03.2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	43.36	55.04
Total	43.36	55.04

9 BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31.03.2021	As at 31.03.2020
At amortised cost:		
(a) Term Loan - Indian Rupee Loan from Banks (Secured)	1911.40	-
(b) Working Capital Demand Loan		
Indian rupee loan from banks (Unsecured)*	-	995.71
(c) Loans from related parties	-	-
Total	1,911.40	995.71
Borrowings in India	1,911.40	995.71
Borrowings outside India	-	-
Total	1,911.40	995.71

* 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.

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

As at 31 March, 2021		
Terms of repayment		
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	6.65%	1,486.31
Due within 1-2 years	6.65%	200.00
Due within 3 month - 1 years	6.65%	100.00
Due within 3 Month*	6.30%-6.65%	125.09
Total		
Effective interest rate adjustment**		-
Net Amount		1,911.40

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

** Effective interest rate adjustment is Nil because there is no processing fee or other charges on Term Loan. There is no default as on the balance sheet date in repayment of borrowings and interest.





(b) Working Capital Demand Loan

As at 31 March, 2020		
Terms of repayment		
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*	7.25%	995.71
Total		
Effective interest rate adjustment**		-
Net Amount		995.71

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

10 OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2021	As at 31.03.2020
Interest accrued on Borrowings	0.13	2.42
Total	0.13	2.42

11 CONTINGENT PROVISIONS AGAINST STANDARD ASSETS

Particulars	As at 31.03.2021	As at 31.03.2020
Provisions on Standard Assets	-	-
Total	-	-

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 extend of 0.40% on the Standard Asset.

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OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31.03.2021	As at 31.03.2020
Statutory Dues Payable	2.76	5.10
Other Payables	-	0.03
Total	2.76	5.13





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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

13(A) EQUITY SHARE CAPITAL

Particulars	As at 31.03.2021	As at 31.03.2020
Authorised (10000000000 (31.03.2020 - 1000,00,00,000) equity shares of Rs.10 each)		
Issued and Subscribed and fully Paid-up (5,293,750,000 (31.03.2020 : 507,37,50,000) equity shares of Rs.10 each issued & fully paid)	10,000.00 5,293.75	10,000.00 5,073.75
Total Issued and Subscribed and fully Paid-up	5,293.75	5,073.75

Reconciliation of number of Shares

Equity Shares:	As at 31.03.2021		As at 31.03.2020	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	5,073,750,000	5,073.75	2,763,750,000	2,763.75
Add: Shares issued during the year	220,000,000	220.00	2,310,000,000	2,310.00
Balance as at the end of the year	5,293,750,000	5,293.75	5,073,750,000	5,073.75

Terms/ rights attached to equity shares

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

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

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

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of shares	% holding in	No. of shares	% holding in
1. Ministry of Education, Department of Higher Education (Government of India)	4,812,500,000	90.91	4,612,500,000	90.91
2. Canara Bank	481,250,000	9.09	461,250,000	9.09
	5,293,750,000	100.00	5,073,750,000	100.00

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

13(B) OTHER EQUITY

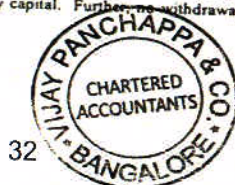
Particulars	As at 31.03.2021	As at 31.03.2020
1. Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934 (Refer Note 1 below)		
Opening balance	79.28	16.12
Add: Transfer from surplus balance in the Statement of Income and Expenditure	88.32	63.16
Balance as at the end of the year	167.60	79.28
2. Impairment Reserve (Refer Note 2 below)		
Opening balance	25.82	-
Add: Transfer from surplus balance in the Statement of Income and Expenditure	6.21	25.82
Balance as at the end of the year	32.03	25.82
3. Retained Earnings		
Opening balance	291.31	64.47
Add: Surplus for the year	441.59	315.82
Less: Appropriation	-	-
Transfer to Statutory Reserve	88.32	63.16
Transfer to Impairment Reserve	6.21	25.82
Balance as at the end of the year	638.37	291.31
4. Other Comprehensive Income		
Opening balance	-	-
Movements during the year	-	-
Balance as at the end of the year	-	-
Total	838.00	396.41

Nature and purpose of Reserves

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

Section 45IC of Reserve Bank of India Act, 1934 ("RBI Act, 1934") defines that every non banking finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net surplus every year as disclosed in the statement of Income and Expenditure before any dividend is declared. The Company has transferred an amount of Rs.88.32 Crores (2020- 63.16 Crores) to Statutory reserve pursuant to Section 45-IC of RBI Act, 1934

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





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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2021

14 INTEREST INCOME

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
On financial assets measured at amortised cost:		
Interest on Loans	597.35	379.09
Total*	597.35	379.09

* 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 2021 and 31 March, 2020 by nature of products sold. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
Revenue by products / services		
Interest on Loans	593.82	339.13
Others-Interest on Deposits with Bank	3.53	19.96
Total Revenue from operations	597.35	379.09

15 OTHER INCOME

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
Provision no longer required	-	10.09
Others	0.06	-
Total	0.06	10.09

16 FINANCE COSTS

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
On financial assets measured at amortised cost:		
Interest on borrowings	109.46	5.64
Total	109.46	5.64

17 IMPAIRMENT / PROVISION ON FINANCIAL INSTRUMENTS

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
On financial assets measured at amortised cost:		
Loans:		
- Standard assets	-	-
Total	-	-

18 OTHER EXPENSES

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
Audit Fees	0.02	0.02
Management Fees*	36.78	60.12
Rates and taxes	6.83	7.53
Legal and professional charge	-	-
Other expenditure	0.03	0.05
CSR Expenditure & Provisions	2.70	-
Total	46.36	67.72

* Refer Note No. 28

Note (i) Payment to auditor:

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
As auditors:		
Statutory audit fee	0.02	0.02
Taxation matters	-	-
Company law matters	-	-
Other services	-	-
Reimbursement of expense	-	-
Total	0.02	0.02

Note (ii) Details of CSR expenditure

Particulars	For Year Ended 31.03.2021	For Year Ended 31.03.2020
Gross Amount required to be spent by the Company	5.53	2.70

Particulars	In cash	Yet to be paid in cash	Total
(i) Amount to be spent during F.Y 2021-22			
a) Construction/acquisition of assets	-	5.53	5.53
b) On purpose other than (a) above	-	-	-

Particulars	In cash	Yet to be paid in cash	Total
(ii) Amount to be spent during F.Y 2020-21			
a) Construction/acquisition of assets	-	2.70	2.70
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 31.03.2021	Year Ended 31.03.2020
Net surplus for calculation of basic earnings per share	441.59	315.82
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	524.98	437.92
Nominal Value per share (Rs.)	10.00	10.00
Basic Earnings Per Share (Rs.)	0.84	0.72
Diluted Earnings Per Share (Rs.)	0.84	0.72

NOTE 20: CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
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]	-	-
Total	271.00	383.60

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. Subsequently, the status of the Company has been changed from 'Not Accepting Public Deposits and Non Systemically Important Non-Banking Financial Company (NBFC-ND-TYPE II)' to 'Not Accepting Public Deposits And Systemically Important Non-Banking Financial Company (NBFC-ND-SI)' on crossing of asset size of Rs. 500 crore as on 29th December, 2018.

As 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 carried out the same on commercial basis and hereby claim to be eligible for Tax Exemption.

NOTE 22: EMPLOYEES BENEFIT PLAN

As of March 31, 2021 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 31.03.2021			As at 31.03.2020		
	Within 12 months (current)	After 12 months (non-current)	Total	Within 12 months (current)	After 12 months (non-current)	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	0.15	-	0.15	0.04	-	0.04
Bank Balance other than (a) above	77.32	-	77.32	71.84	-	71.84
Loans	1,885.96	5,969.48	7,855.44	2,036.85	-	6,334.05
Other Financial Assets	152.26	-	152.26	120.62	4,297.20	120.62
Non-financial Assets						
Current Tax Assets (Net)	-	4.23	4.23	-	1.91	1.91
Property, Plant and Equipment	-	-	-	-	-	-
Other Non-Financial Assets	-	-	-	-	-	-
Total Assets	2,115.69	5,973.71	8,089.40	2,229.35	4,299.11	6,528.46
LIABILITIES						
Financial Liabilities						
Payables	43.36	-	43.36	55.04	-	55.04
Borrowings (Other than Debt Securities)	225.09	1,686.31	1,911.40	995.71	-	995.71
Other Financial Liabilities	0.13	-	0.13	2.42	-	2.42
Non-Financial Liabilities						
Provisions	-	-	-	-	-	-
Other Non-Financial Liabilities	2.76	-	2.76	5.13	-	5.13
Total Liabilities	271.34	1,686.31	1,957.65	1,058.30	-	1,058.30
Net	1,844.35	4,287.40	6,131.75	1,171.05	4,299.11	5,470.16



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

Particulars	As at 31.3.2021	Cash Flow	As at 31.3.2020	Cash Flow
Borrowings (Other than Debt Securities)	1,911.40	1,911.40	995.71	995.71
Total	1,911.40	1,911.40	-	995.71

NOTE 25 - LEASING ARRANGEMENTS

The Company is carrying out its operation at Canara bank premise. The Company has taken over an area of 3500 sq. feet on sub lease basis from Canara Bank for functioning of its office and the lease deed was executed between them for four years w.e.f 27th of October 2020, with a monthly rent of Rs. 217,000/- and it was also agreed in the lease deed that the sub lease shall punctually pay the rent to the sub lessor on the 5th day of every succeeding month clear of all deductions without any demand. In addition to this, the electricity, water charges, property and other applicable taxes for the premises shall be payable by the sub lessee. The Company is paying the Management Fees i.e 1% on disbursement for managing entire company operations including Premises provided. As per JV Agreement, 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 entity is domiciled in India and operates only in India. So geographical information is not required and No single customers contributed 10% or more to the Group's revenue for both 2019-2020 and 2020-2021.

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 outstanding balances, including commitments with:

a) a Government that has control, joint control or significant influence over RE. b) Another entity that is a related party because the same government has control, joint control or significant influence over RE and the other entity.

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

Name of related party	Nature of transaction	Year ended 31st March 2021	Year ended 31st March 2020
Transactions with related parties			
Canara Bank	Receiving of Management Service	36.78	60.12
	Capital Contribution	20.00	210.00
Canara bank Computer Services Limited	R T I - Annual Maintainance	-	0.00
Amount payable to related parties:			
Canara Bank	Trade Payable	40.64	55.02
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.

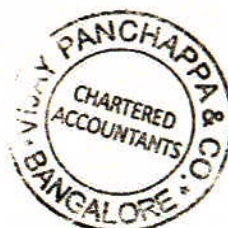
NOTE 28: DISCLOSURE OF THE ASSETS, WHETHER TANGIBLE OR INTANGIBLE, PROVIDED BY CANARA BANK

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 Education & 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

SLNo	Particulars	Quantity
1	Personal Computer's	18
2	Printer bizhub	1
3	HP Scanner + Printer	3
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 31.03.2021	Year Ended 31.03.2020
Capital Fund		
Tier - I		
Tier - II	6,131.75	5,470.16
Total Capital Fund	-	-
Risk weighted assets (along with the adjusted value of Balance sheet items including Accrued Interest)	6,131.75	5,470.16
CRAR	8,007.03	6,454.44
CRAR - Tier I Capital	76.58%	84.75%
CRAR - Tier II Capital	76.58%	84.75%
	0.00%	0.00%

**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 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Financial Assets				
Cash and Cash Equivalents				
Bank Balance other than (a) above	0.15	0.04	0.15	0.04
Loans	77.32	71.84	77.32	71.84
Other Financial Assets	7,855.44	6,334.05	7,855.44	6,334.05
Total Financial Assets	152.26	120.62	152.26	120.62
Financial Liabilities				
Payables				
Borrowings (Other than Debt Securities)	43.36	55.04	43.36	55.04
Other Financial Liabilities	1,911.40	995.71	1,911.40	995.71
Total Financial Liabilities	0.13	2.42	0.13	2.42
Note :	1,954.89	1,053.17	1,954.89	1,053.17

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. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Credit risk

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

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

Company gives Loan only to Educational institutions under higher education, school education and institutions under Ministry of Education. 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 31.03.2021	Year Ended 31.03.2020
Revenue from top customer		
Revenue from top 5 customers	36.99	28.08
	171.91	117.09



**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, 2021:

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)	-	125.09	-	100.00	400.00	400.00	886.31	1,911.40
Loans	148.41	300.25	494.32	942.98	1,225.00	1,225.00	3,519.48	7,855.44

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

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

Market Risk

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

Operational and business risk

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

NOTE 32: PROVISIONS AND CONTINGENCIES

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
Provision for Standard Assets	-	-
Provision made towards Current Tax	-	-

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 31.03.2021	As at 31.03.2020
Total advances to twenty largest borrowers (Disbursed)	7,064.66	5,480.23
Percentage of advances to twenty largest borrowers to total advances of the Company	62.47%	71.97%

ii) Concentration of Exposures

Particulars	As at 31.03.2021	As at 31.03.2020
Total exposure to twenty largest borrowers/customers	5,587.34	4,725.70
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	69.78%	74.61%

iii) Concentration of NPAs

Particulars	As at 31.03.2021	As at 31.03.2020
Total exposure to top four NPA accounts	-	-

iv) Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances	
	As at 31.03.2021	As at 31.03.2020
Agriculture & allied activities	0%	0%
MSME	0%	0%
Corporate borrowers	0%	0%
Services	0%	0%
Unsecured personal loans	0%	0%
Auto loans	0%	0%
Other personal loans	0%	0%





v) Movement of NPAs

Particulars	As at 31.03.2021	As at 31.03.2020
I) Net NPAs to Net Advances (%)		
II) Movement of NPAs (Gross)	0%	0%
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 31.03.2021	As at 31.03.2020
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, 2021 and 31 March, 2020, the Company was not having any outstanding derivatives transaction.

NOTE 37: MISCELLANEOUS

- i) No penalties have been imposed by RBI and other Regulators during the year ended 31 March, 2021, 31 March, 2020
- ii) The Company is registered with the following Financial Sector Regulators (Financial Sector Regulators as described by Ministry of Finance)
- Reserve Bank of India
 - Ministry of Finance (Financial Intelligence Unit) - FINBF15251
- Others Registrations
- Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) - IN2805
 - Legal Entity Identifier (LEI) - 984500DB0605ESD5B063

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

Credit rating Agency	Type of Facility	As at 31.03.2021	As at 31.03.2020
ICRA	Loan	[ICRA]AA- (Positive)	[ICRA]AA- (Stable)

NOTE 38: EXPENDITURE IN FOREIGN CURRENCY

There is no expenditure incurred during the year 2020-21 and 2019-20

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 31.03.2021	As at 31.03.2020
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 in 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.)	1,524.00	1,275.38



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

Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which the COVID 19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Impact on the Company Operations

Loan Repayment : As of now there is no impact on the Company business, as 70% to 80% 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 have slowed down 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 and hence are 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 VIJAY PANCHAPPA & CO.

Chartered Accountants

Firm's Registration No. 004693 S

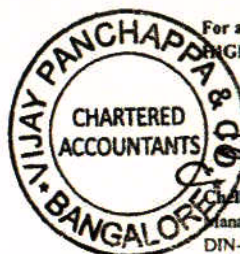
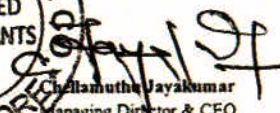

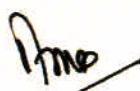

P M Mudigoudar

Partner

M. No. - 204096

Place : Bengaluru

Date: 30th June 2021

For and on behalf of the Board of
HIGHER EDUCATION FINANCING AGENCY
Chellamuthu Jayakumar
Managing Director & CEO
DIN-08750890
Shalish Jadhav
Chief Financial Officer
AIPP11091H
Amit Khare
Chairman
DIN-07225648
Santosh Kumar Barik
Company Secretary
ANSPB4757E



HEFA Team with IIT Hyderabad, officials



HEFA Team with Mizoram University officials



HEFA Team with NIT Patna Officials



First Staff Meeting for Financial Year 2020-21



Relieving of Mr. Sudheer Babu, CTO, HEFA



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.

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