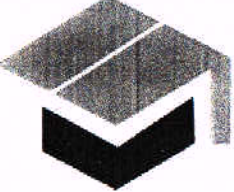


Annual Report 2021 - 2022

हे.फ़ा.  HEFA

ENABLING EXCELLENCE
उत्कृष्टता को सक्षम कराना

Higher Education Financing Agency

A Section 8, Union Government Company, an NBFC

A Joint Venture of

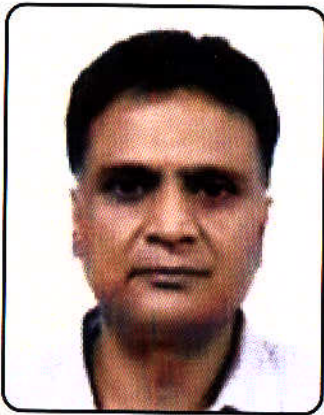


Government of India
Ministry of Education



Canara Bank
केनरा बँक

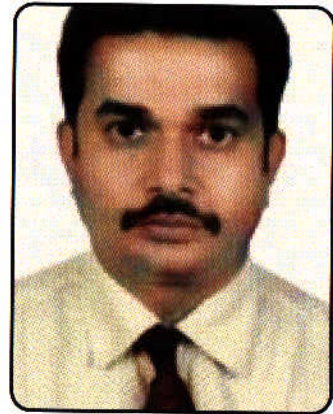
BOARD OF DIRECTORS



Sanjay Murthy
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

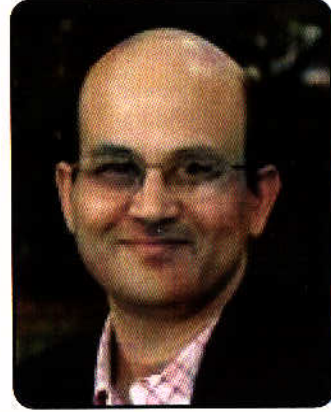


Darshana M Dabral
Joint Secretary,
Financial Advisor, MoE, GOI
Nominee Director

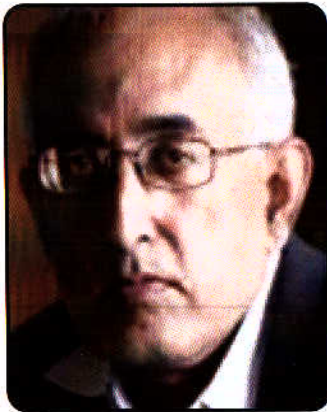
BOARD OF DIRECTORS



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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2. CHAIRMAN'S SPEECH
3. DIRECTORS' REPORT
4. FINANCIAL STATEMENTS
5. AUDITOR'S REPORT
6. CAG COMMENTS



LIST OF DIRECTORS AS ON 31.03.2022

Sl. No.	NAME OF DIRECTORS	DESIGNATION	DATE OF APPOINTMENT
1	Prof. Ashok Misra	Independent Director	12.06.2017
2	Dr. Rishiksha Thiruvengkata Krishnan	Nomine 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. Sanjay Murthy	Nominee Director	01.10.2021
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 **FIFTH ANNUAL GENERAL MEETING** of the Shareholders of Higher Education Financing Agency will be held on **30th September, 2022 at 4:00 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, 2022 and reports of the Board of Directors & Auditors thereon.

2. To re-appoint Prof. Ashok Misra as Independent Director of the Company

To consider and if thought fit, to pass the following resolution as a Special Resolution.

“RESOLVED THAT Prof. Ashok Misra (DIN-00006051), Independent Director of the Company be and is hereby re-appointed as Independent Director of the Company for a period of five years from the date of the Annual General Meeting”.

3. To re-appoint Prof. V S Chauhan as Independent Director of the Company

To consider and if thought fit, to pass the following resolution as a Special Resolution.

“RESOLVED THAT Prof. V S Chauhan (DIN-00454113), Independent Director of the Company be and is hereby re-appointed as Independent Director of the Company for a period of five years from the date of the Annual General Meeting”.

4. To authorise Board of Directors for fixing the remuneration of the Auditors of the Company for the Financial Year 2022-23.

By Order of the Board of Directors

C. Jayakumar
Managing Director

Date : 28.09.2022

Place : Bangalore



NOTES:

1. Pursuant to General Circular dated 5th May 2022 issued by the Ministry of Corporate Affairs ("MCA Circulars") allowing Companies to hold AGM through Video Conferencing mode, the 05th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 05th AGM shall be the Registered Office of the Company.
2. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 05th AGM.
3. In line with the MCA Circulars, the Notice of the 05th AGM will be available on the website of the Company at www.hefa.co.in
4. Members may join the 05th AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members, 30 minutes before the time scheduled to start the 05th AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the AGM.
5. Attendance of the Members participating in the 05th AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Since the company has less than 50 members, the Chairman may decide to conduct a vote by show of hands, unless a demand for poll is made by any member in accordance with section 109 of the Act.
7. Once such demand is made, the following procedure shall be followed, where a poll on any item is required, the members shall cast their vote on the resolutions only by sending emails through their email addresses which are registered with the company. The said emails shall only be sent to the designated email address circulated by the company in advance.

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

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

Explanatory Statement

Prof. Ashok Misra and Prof. V S Chauhan Independent Directors will be re-appointed as Independent Directors of the Company for a period of five years from the date of the Annual General Meeting. In the opinion of the Board, the independent directors proposed to be appointed fulfils the conditions specified in the Companies Act and the rules made there under.



CHAIRMAN'S SPEECH

Dear shareholders,

A very warm welcome to the Fifth Annual General Meeting.

The Department of Higher Education, MoE, is responsible for the overall development of the basic infrastructure of Higher Education sector, both in terms of policy and planning in India. Under a planned development process, the Department looks after expansion of access and qualitative improvement in the Higher Education, through world class Universities, Colleges and other Institutions.

India has one of the largest higher education systems in the world that stands second in terms of the higher education network. The term 'higher education' with respect to India denotes the tertiary level education that is imparted after 12 years of schooling (10 years of primary education and 2 years of secondary education). The entire higher education ecosystem in India comprises around 1000+ universities and 42,000+ colleges imparting exceptional education. All these institutions fall under the purview of the Ministry of Education.

The number of institutions has expanded by more than 400 percent since 2001, with much of the growth taking place in the private education sector, according to a major 2019 report from the Brookings Institution, Reviving Higher Education in India. This growth continued through 2019–20, according to the 2019–20 AISHE report.

India has produced many noteworthy higher education institutions, including those specializing in sciences and business, though none of them take the top spots in global rankings. Its highest-ranked institution, the Indian Institute of Science, was in the 301–350 range among institutions worldwide in 2022, according to the Times Higher Education 2022 World University Rankings.

The National Education Policy 2020 unveiled by Government of India (GoI, to meet the changing dynamics of the population's requirement with regards to quality education, innovation, and research, aiming to make India a knowledge superpower by equipping its students with the necessary skills and knowledge and to eliminate the shortage of manpower in science, technology, academics, and industry.

To address the challenges and steer the overall Indian tertiary sector, the Indian government released the NEP 2020 and the Education Quality Upgradation and Inclusion Programme (EQUIP), a five-year education plan announced in 2019. 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 31.03.2022 at a glance;

- ❖ As at 31.03.2022, HEFA's paid-up capital stood at Rs. 5293.75 Crore.
- ❖ The no of institutions financed as at March 22 stood at 99.
- ❖ The total disbursements made during financial year 2021-22 were Rs. 2627.29 Crores and the cumulative disbursements upto 31.03.2022 were aggregating to Rs. 13935.37 crores.
- ❖ HEFA is a 'Systemically Important Non-Banking Financial Company Not accepting Public Deposits and (NBFC-ND-SI)'.
- ❖ HEFA has held 4 Board meetings during the FY 2021-22 and sanctioned 13 new loans aggregating to Rs. 2072.57 crores.
- ❖ The interest income on loans was Rs. 586.32 crore. The surplus for the FY 2021-22 is Rs. 447.52 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.

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

K. SANJAY MURTHY

**DIRECTORS' REPORT**

**To
The Members,**

The Directors are pleased to present the Fifth Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2022.

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

The comparative position of working results of the company for the financial year 2021-22 vis-a-vis previous year is as mentioned below:

(Rs. in crore.)			
Particulars	2021-22	2020-21	2019-20
Revenue from operations:			
- Interest on loans	586.32	593.82	339.13
- Interest on Deposit with Bank	3.02	3.53	39.96
- Other Income	-	0.06	10.09
Total Revenue:	589.34	597.41	389.18
Less: Total expenditure	141.82	155.82	73.36
(Deficit)/Surplus before Tax	447.52	441.59	315.82
*Tax Expenses	-	-	-
(Deficit)/Surplus for the year	447.52	441.59	315.82

**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 is holding an amount of Rs. 1009,03,00,000 in Reserves, Rs. 257,10,00,000/- in Statutory Reserves and Rs. 19,39,00,000/- in Impairment Reserves respectively. As a Section 8 company, no dividend is distributed and hence the entire surplus amount in Income & Expenditure Account is transferred to Reserves.

(c) Share Capital

The Authorized Share Capital of the Company and the Paid up Capital of the Company as on 31st March 2022 stood at Rs. 10,000 Crore and Rs. 5293.75 Crore respectively.



OPERATIONAL PERFORMANCE'

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

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

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

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

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

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



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

(b) SANCTIONED LOANS AND DISBURSEMENT

During the year, Company has sanctioned 13 new loans aggregating to Rs. 2072.57 crores. The total disbursements made during financial year 2021-22 were Rs. 2627.29 Crores and the cumulative disbursements upto 31.03.2022 were aggregating to Rs. 13935.37 crores. Company made its first disbursement in the Month of June, 2018. The company has sanctioned loans to 99 institutions as on 31.03.2022.

(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.

I SIGNIFICANT DEVELOPMENTS DURING THE FINANCIAL YEAR 2021-22

➤ Directors inducted on the Board

- ❖ Appointment of Shri K Sanjay Murthy Secretary, (HE) MoE, GoI on the Board of the company in place of Shri. Amit Khare, Secretary, (HE) MoE, GoI as under:

Name of the Nominee Director – MoE, GoI	Date of Appointment
Shri K Sanjay Murthy, Secretary, (HE) MoE, GoI on the Board of the company	01.10.2021

➤ Capital infusion

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



➤ **Ratings**

ICRA has upgraded issuer rating to AA and revised outlook based on the company financials as on 31.03.2021.

III CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors in its meeting held on 07.03.2019, constituted Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 prescribing the roles and responsibilities of CSR committee. The Committee met on 27.01.2022 and 24.03.2022 during the reported financial year.

The Composition of CSR Committee as on 31.03.2022:

- 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 since last Annual General Meeting to till the date of this Report:

Sr. No.	Name of the Director	Designation	Date of Appointment	Ceased to be Director w.e.f.
1.	Shri K Sanjay Murthy	Nominee Director - Secretary, (HE) MoE, GoI	01.10.2021	
2.	Shri. Amit Khare	Nominee Director - Secretary, (HE) MoE, GoI	16.12.2019	30.09.2021

Changes in Key Managerial Personnel during the period since last Annual General Meeting:

There are no changes in Key Managerial Personnel during the period.

**V BOARD MEETINGS**

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

Particulars	Date of Board Meeting
1 st Board Meeting	30.06.2021
2 nd Board Meeting	26.08.2021
3 rd Board Meeting	21.12.2021
4 th Board Meeting	03.03.2022

Above Board Meetings were attended by the Directors as under:

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



The composition of Board of Directors of the company as on 31.03.2022 as follows:

S.No.	Name	Designation	DIN
1	Mr. K Sanjay Murthy	Chairman - Nominee Director - Secretary, MoE, Government of India	03532374
2	Mr. Rajesh Bhushan	Nominee Director -Secretary, MoHFW, Government of India	01425921
3	Mr. Vineet Joshi	Nominee Director - Additional Secretary, MoE, Government of India	07078936
4	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 2021-22 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:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period ended March 31st, 2022.



- (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 annual return is available in Company's website: www.hefa.co.in

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 31.03.2022:

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. Rishikesha 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 composition of Nomination & Remuneration Committee as on 31.03.2022 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. Rishikesha 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 twice during the reported financial year.

The composition of Risk Management Committee as on 31.03.2022 was as follows:

1. Rishiksha Thiruvankata Krishnan, Director and Chairman of the Committee.
2. Mr. Sunil Dutt Verma, Senior Executive Vice President, HEFA and Member of the Committee.
3. Mr. Shailesh Jadav, Chief Financial Officer, HEFA and Member of the Committee.
4. Mr. Santosh Naik S, Senior Vice President, HEFA and Member of the Committee.

XII RELATED PARTY TRANSACTIONS

The Audit Committee in its meeting held on 16.12.2021 had approved term loan of Rs. 1700 crores from Canara Bank with tenor of 5 years and rate of interest of 5.95%. Board of Directors had approved the same in its meeting held on 21.12.2021.

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

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

XIV DECLARATIONS AND CONFIRMATIONS

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



XV STATUTORY COMPLIANCE& RBI COMPLIANCE

During the period under review company has strictly complied with

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

XVI FIXED DEPOSITS

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

XVII PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

XIX PARTICULARS OF EMPLOYEES

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

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

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



XXI APPRECIATION AND 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

K Sanjay Murthy

Chairman

DIN: 03532374

C. Jayakumar

Managing Director

DIN: 08750890

Place: Bangalore

Date: 28.09.2022

**Composition of CSR Committee as on 31.03.2022**

1. Prof. Ashok Misra, Independent Director and Chairman of the Committee.
2. Mr. Vineet Joshi, Nominee Director and Member of the Committee.
3. Mr. C Jayakumar, MD & CEO, HEFA and Member of the Committee.
4. Dr. Rishikesh Thiruvankata Krishnan, Director and Member of the Committee.

CSR Projects approved in the FY 2021-22

Sl. No.	Name of Institute/ Organization	Details of the Project	Objective	Project Cost (Rs.)	Approved (Rs.)	Remarks
I	Central University of Karnataka (Dr. R. S. Hegadi)	Cost Effective and Fully automated intelligent pesticide spraying UAVs in the Agriculture field using Quadcopter and Deep Learning	Design of drone and hardware to control its operation and development of AI based software to operate the entire system.	33.42 lakhs	31.00 lakhs	The developed network model for pesticides spraying in agriculture field will identify environmental conditions and take decision automatically according to the conditions. It will help in proper nozzles deposition of pesticides on the crops.
II	Central University of Karnataka (Dr. Sangamesh)	Design and Development of cladding composites for Indian military using natural materials	Preparation of hybrid composites from nano & micro materials, characterization of prepared composites for mechanical property evaluation etc	19.00 lakhs	19.00 lakhs	The present investigation attempts to develop an advanced hybrid nano - composite materials using natural resources.
III	NIT Surathkal (Dr. Keyur Raval)	Chito-oligosaccharides production from the enzymatic route.	To isolate chitinase from a marine source and develop a clone library. The chitinase would be utilized for the production of the chito-oligosaccharides from locally available chitin.	19.80 lakhs	18.00 lakhs	Isolation of the marine chitinase producing micro-organisms by microbiology techniques (completed using standard laboratory equipment)



IV	Mizoram University (Prof. Diwakar Tiwari)	Development of Sustainable Composite Beads for the removal of various emerging micro pollutants from Municipal Wastewaters	Development of highly efficient novel clay based composite beads and to employ it for the treatment of emerging micro - pollutants from municipal wastewater.	54.66 lakhs	47.00 lakhs	The proposed method will provide novel technique in the remediation of aqueous waste contaminated with micro - pollutants.
V	Central University of Karnataka (Dr. Arunkumar Patil)	Development of Intelligent Algorithms for Energy Analytics and Visualization in Smart Distribution Grid	Monitoring Energy flow and consumption patterns at the Distribution system, developing solar energy forecasting techniques using Machine learning and AI etc	25.91 lakhs	23.00 lakhs	A web based real time energy consumption management system will be created in terms of dashboard charts, graphs, and reports that can be accessed remotely by the CUK staff and students for developing algorithms.
	TOTAL			182.89 lakhs	138.00 lakhs	

Board vide First Board meeting for F.Y 2021-22 dated 30.06.2021 had approved the CSR expenditure budget of Rs. 553.00lakhs for F.Y 2021-22. The Committee approved above project nos. 1 to 5 for an amount of Rs. 138.00 lakhs out of Rs. 553.00 lakhs. There were no suitable proposals for spending the balance CSR amount of Rs. 415.00 lakhs. The Committee decided to transfer balance amount of Rs. 415.00 lakhs to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) specified in Schedule VII of the Companies Act, 2013 for the purpose of CSR contribution.



राजीव कुमार पाण्डेय, भा.ले.प. & ले.से.
Rajiv Kumar Pandey, IA&AS



AMG-III/PSU/HEFA/9-6/2022-23/ 80

महानिदेशक लेखापरीक्षा
(केन्द्रीय व्यय)
भारतीय लेखा परीक्षा एवं लेखा विभाग
Director General of Audit
(Central Expenditure)
Indian Audit and Accounts Department

दिनांक: 29.08.2022

Dear Sir,

इस कार्यालय के पत्र दिनांक 23.08.2022 द्वारा Higher Education Financing Agency के 31.03.2022 को समाप्त हुए वर्ष से सम्बंधित वार्षिक लेखों पर टिप्पणियाँ जारी की गई थी, मैं वार्षिक लेखों के लेखापरीक्षण के दौरान मिली निम्नलिखित विसंगतियों पर आपका ध्यान आकर्षित करना चाहूँगा तथा निवेदन करूँगा कि इसकी समीक्षा करने के पश्चात उचित उपचारात्मक कार्रवाही की जाए:-

1. Non-disclosure of arrangement between HEFA and the Canara bank, for meeting petty expenses, in the Notes to Accounts and non-accounting of the balance of the 'Advances for petty Expenses' in the Cash and Cash Equivalents. {Ref: PC 1.1.1 (ii)}
2. Non-bifurcation of Loan security between tangible assets and intangible assets in Note No. 5. (Ref: PC 1.1.2)
3. Non-disclosure of the amount of ₹267.96 crore borrowed from a related party i.e, Canara Bank. (Ref: PC 1.2.1)
4. Non-accounting of CSR expenditure as 'Separate line item' in the Statement of Income and Expenditure'. (Ref: PC 2.1)
5. Reference to Note No.1 and 2 missing in the Balance Sheet and Statement of Income and Expenditure. Note No. 21 is referred twice in the Statement of Income and Expenditure. (Ref: PC 3.1)
6. Incorrect transition date mentioned in Note 1 & 2.1. (Ref: PC 3.2)
7. Removal of the sentence 'A renewal application for 12AB has been made on 10.03.2022' from Significant Accounting Policy relating to Income Tax. (Ref: PC 3.4.1)

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।

Yours sincerely,

Sh. K Sanjay Murthy,
Chairman,
Higher Education Financing Agency,
No. 14, 6th Floor, Naveen Complex,
MG Road, Bangalore - 560001.



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REVISED INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HIGHER EDUCATION FINANCING AGENCY

Report on the audit of the accompanying Financial Statements

Opinion

We have audited the accompanying Financial Statements of HIGHER EDUCATION FINANCING AGENCY ("the Company"), which comprises the Balance Sheet as at 31 March, 2022, 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. Subsequently the audit report has gone for revision in light of observations of Comptroller and Audit General of India. This report supersedes our earlier report dated, 07 Jun 2022 (UDIN: 22204096AKLGWJ5676). We provide a summary of statement of revision to the report dated 07 Jun 2022, in Annexure-I.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, 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. 42 to the financial statements which describes the extent of COVID-19 pandemic impact on company's financial performance. The related probable events which could impact the Company's estimates of impairment of assets, which are highly uncertain.
- Note no. 42 to the financial statements which describes the impact of COVID-19 pandemic and based on our verification, the company carried its main objectives without any interruptions. There is no material evidence to prove that the going concern assumption is affected due to pandemic.
- Note no. 42 to the financial statements which describes the impact of COVID-19 pandemic and based on our verification, Company has not faced any revenue loss due to pandemic.
- Note no. 18 to the financial statements include CSR expenditure provision for the year amounting to Rs.5.53 crore, out of which Rs.4.15 crore spent towards the objective for which it is kept. Unspent CSR expenditure provision to the tune of Rs.1.38 crore has set apart in a separate bank account within the stipulated time-period.
- Note no. 5 & 17 to the financial statements – states that provision on standard assets is calculated as per Income Recognition, Asset Classification and Provisioning (IRACP) 0.4% on standard assets i.e., Rs.20.95 crore. Whereas the Company estimated the impairment value of Rs.1.56 crore which is transferred to Statement of Income and Expenditure and balance shown as an Impairment Reserve which is forming part of the Other Equity.

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



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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's Report and Shareholder's 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 Companies Act, 2013 read with the Rules specified in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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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 responsibility is to express an opinion on these Financial Statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Companies Act, 2013 and the Rules made there under.

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design our audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Companies Act, 2013 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

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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 accounts;
- (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Rules specified in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time;
- (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013
- (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 explanations given to us:
- As explained to us by the management, the Company do not have any pending litigations as at 31st March, 2022 which has an impact on its financial position in its financial statements;
 - As explained to us by the management, the Company do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - As explained to us by the management, there were no amounts which were required to be transferred to Investors Education and Protection Fund by the Company.

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2. As required by Section 143 (5) of the Companies Act, 2013 with regard to additional reporting on the directions issued by the C&AG has been annexed to this report in "Annexure - B" as part of the Independent Auditors Report.
3. As the companies (Auditor's Report) Order, 2020 ("the Order") issued by the central government in terms of section 143(11) of the said Companies Act, 2013 are not applicable to the company as it is registered under Section 8 of Companies Act, 2013 and hence, the requirements of disclosure under the said Order does not arise.

Date: 19.07.2022

Place: Bengaluru

UDIN: 22204096ANFVVV7351



For VIJAY PANCHAPPA & CO.
Chartered Accountants
Firm Reg. No. 004693S
[Signature]
CA P. M. MUDIGOUDAR
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, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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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 reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

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.

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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022 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: 19.07.2022

Place: Bengaluru

UDIN: 22204096ANFVVV7351



For VIJAY PANCHAPPA & CO.
Chartered Accountants
Firm Reg. No. 0046935

[Signature]
CA P. M. MUDIGOUDAR
Partner M. No: 204096

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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.

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

Date: 19.07.2022

Place: Bengaluru

UDIN: 22204096ANFVVV7351



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

CA P. M. MUDIGODAR
Partner M. No: 204096

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

**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-1 to the Independent Auditor's Report

(Referred to in Paragraph 1 under the heading "Opinion" of our report of even date)

Sl.	Reference to the report	Revision
1.	I. Report on Other Legal and Regulatory Requirements d). Independent Auditor reported that "In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Rules specified in the 'Companies (Indian Accounting Standards) Rules, 2017' as amended from time to time". The 'Companies (Indian Accounting Standards) Rules, 2017' reported in the above sentence may be corrected as the 'Companies (Indian Accounting Standards) Rules, 2015'.	Corrected the sentence as: Independent Auditor reported that "In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Rules specified in the 'Companies (Indian Accounting Standards) Rules, 2015' as amended from time to time".
2.	II. Annexure-A to the Auditor's Report Opinion Independent Auditor reported that "In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021 based.....". The date reported in the above sentence as 31st March 2021 may be corrected as '31 March 2022'.	Corrected the sentence as: Opinion Independent Auditor reported that "In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022 based.....".



For VIJAY PANCHAPPA & CO.
Chartered Accountants
Firm Reg. No. 0046935

CA P. M. MUDIGOUDAR
Partner M. 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), Solapuri(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	cfo@hefa.co.in
Whether Listed or not	Unlisted
Date of last AGM	21/09/2021
Date of Balance Sheet	31/03/2022
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
Book debts	17000000000	29/12/2021	-	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	-
8193978	DEBASHISH MUKHERJEE	01/02/2019	-
8750890	CHELLAMUTHU JAYAKUMAR	01/06/2020	-
1425921	RAJESH BHUSHAN	31/07/2020	-
7078936	VINEET JOSHI	18/11/2020	-
3532374	SANJAY MURTHY KONDRU	01/10/2021	-
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]

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

BALANCE SHEET AS AT MARCH 31, 2022

	Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
ASSETS				
(1)	Financial Assets			
(a)	Cash and Cash Equivalents	3	2,652.07	0.15
(b)	Bank Balance other than (a) above	4	-	77.32
(c)	Loans	5	5,138.55	7,855.44
(d)	Other Financial Assets	6	97.12	152.26
	Total Financial Assets		7,887.74	8,085.17
(2)	Non-financial Assets			
(a)	Current Tax Assets (Net)	7	8.52	4.23
(b)	Property, Plant and Equipment		-	-
(c)	Other Non-Financial Assets		-	-
	Total Non-Financial Assets		8.52	4.23
	Total Assets		7,896.26	8,089.40
LIABILITIES AND EQUITY				
LIABILITIES				
(1)	Financial Liabilities			
(a)	Payables	8		
	(I) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises			
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		30.66	43.36
(b)	Borrowings (Other than Debt Securities)	9	1,282.57	1,911.40
(c)	Other Financial Liabilities	10	1.13	0.13
	Total Financial Liabilities		1,314.36	1,954.89
(2)	Non-Financial Liabilities			
(a)	Contingent Provisions Against Standard Assets	11	-	-
(b)	Other Non-Financial Liabilities	12	2.63	2.76
	Total Non-Financial Liabilities		2.63	2.76
(3)	Equity			
(a)	Equity Share Capital	13(A)	5,293.75	5,293.75
(b)	Other Equity	13(B)	1,285.52	838.00
	Total Equity		6,579.27	6,131.75
	Total Liabilities and Equity		7,896.26	8,089.40

The accompanying notes are 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 Mudigoudar

Partner

M. No.- 204096

Place : Bengaluru

Date : 2nd June 2022

For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY**Chellamuthu Jayakumar**

Managing Director & CEO

DIN-08750890

K. Sanjay Murthy

Chairman

DIN-3532374

Shalish Jadhav

Chief Financial Officer

DIN-09111

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 INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Note No.	For the year ended 31.03.2022	For the year ended 31.03.2021
Income :			
(I) Revenue from Operations			
Interest Income	14	589.34	597.35
Total Revenue from Operations		589.34	597.35
(II) Other Income	15	-	0.06
(III) Total Income (I+II)		589.34	597.41
(IV) Expenditure			
(a) Finance Costs	16	103.54	109.46
(b) Impairment on Financial Instruments	17	1.56	-
(c) Employee Benefits Expenses		-	-
(d) Depreciation, Amortization and Impairment		-	-
(e) Others Expenses	18	36.72	46.36
Total Expenses (IV)		141.82	155.82
(V) Excess of Income over Expenditure(Surplus) before Exceptional Items and Tax (III- IV)		447.52	441.59
(VI) Exceptional items		-	-
(VII) Surplus Before Tax (V -VI)		447.52	441.59
(VIII) Tax Expense:			
(1) Current Tax	21	-	-
(2) Deferred Tax	21	-	-
(IX) Excess of Income over Expenditure(Surplus) for the year (VII - VIII)		447.52	441.59
(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)		447.52	441.59
(Comprising Surplus and other Comprehensive Income for the year)			
Earnings per Equity Share	19		
Basic (Rs.)		0.85	0.84
Diluted (Rs.)		0.85	0.84

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

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

P. M. Madigoudar
Partner
M. No.- 204096

Place : Bengaluru
Date : 2nd June 2022

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

Chellamuthu Jayakumar
Managing Director & CEO
DIN-08750890

Shreshth Jadhav
Chief Financial Officer
AIPPJ1091H

K. Sanjay Murthy
Chairman
DIN-3532374

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)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
A. Cash Flow from Operating Activities		
Net Surplus before Taxation	447.52	441.59
Adjustments for:		
Interest Income from Banks	(3.02)	(3.53)
Finance Costs	103.54	109.46
Impairment on Financial Instruments	1.56	-
Operating Surplus before working capital changes	549.60	547.52
Changes in Working Capital:		
(Increase)/Decrease in Other Non-Financial Assets	-	-
(Increase)/Decrease in Other Financial Assets	54.65	(31.38)
(Increase)/Decrease in Loans	2715.33	(1521.39)
Increase/(Decrease) in Trade Payables	-12.70	-11.68
Increase / (decrease) in Other Financial Liabilities	1.00	-2.29
Increase/(Decrease) Provisions	-	-
Increase/(Decrease) in Other Non-Financial Liabilities	(0.13)	(2.37)
Cash generated from Operations	3307.75	(1021.59)
Net Income Taxes Paid	(4.29)	(2.32)
Net cash generated from operating activities - A	3303.46	(1023.91)
B. Cash Flow from Investing Activities		
Bank Balances not considered as Cash and Cash Equivalent	77.32	-5.48
Interest Received	3.51	3.27
Net Cash from Investing Activities-B	80.83	-2.21
C. Cash flow from Financing Activities		
Proceed from Term Loan	-628.83	915.69
Repayment of Term Loan	-	-
Proceeds from issue of Equity Share	-	220.00
Share premium on Equity Shares Allotted	-	-
Finance Cost Paid	(103.54)	(109.46)
Net Cash raised in Financing Activities-C	-732.37	1,026.23
Net Increase in Cash and Cash Equivalents (A+B+C)	2651.92	0.11
Cash and Cash Equivalents at the beginning of the year	0.15	0.04
Cash and Cash Equivalents at the end of the year	2652.07	0.15

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

In terms of our report attached.

FOR VUAY PANCHAPPA & CO.

Chartered Accountants

Firm's Registration No. 004693

P M Modigoudar
Partner

M. No.- 204096

Place : Bengaluru
Date : 2nd June 2022

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

Chellamuthu Jayakumar
Managing Director & CEO
DIN-08750890

Shalish Jadhav
Chief Financial Officer
AIPPJ1091H

Sanjay Murthy
Chairman
DIN-3532374

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 31.03.2022	As at 31.03.2021
Balance at the beginning of the reporting Year	5,293.75	5,073.75
Issued during the year	-	220.00
Balance at the end of the reporting period	5,293.75	5,293.75

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	-	167.60	32.03	638.37	838.00
Surplus for the year	-	-	-	447.52	447.52
Other comprehensive income for the year (net of tax)	-	-	-	-	-
Transfer to special reserve u/s 45 IC of the RBI Act, 1934	-	89.50	-	(89.50)	-
Released to Impairment Reserve	-	-	(12.64)	12.64	-
Balance at the end of the reporting period	-	257.1	19.39	1,009.03	1285.52

The accompanying notes are 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

[Signature]
P M. Mudigoudar
 Partner
 M. No.- 204096



Place : Bengaluru
 Date : 2nd June 2022

For and on behalf of the Board of

HIGHER EDUCATION FINANCING AGENCY

[Signature]
Chellamuthu Jayakumar
 Managing Director & CEO
 DIN-08750890

[Signature]
Shalish Jadhav
 Chief Financial Officer
 AIPPJ1091H

[Signature]
K. Sanjay Murthy
 Chairman
 DIN-3532374

[Signature]
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 (MOE) and Canara Bank, pursuant to Certificate of Incorporation issued by the Registrar of Companies dated 31st May 2017 (CIN:U74999KA2017NPL103474) with an object of financing India's higher education institutions.

HEFA is engaged in providing timely finance at competitive interest rates for capital assets creation in India's higher educational institutions and supplement it with grants by channelizing CSR funds from the corporate and donations from others. At present, the company is functionally managed by Canara Bank.

HEFA would incentivise better internal resource generation and at the same time allow substantial investments through market borrowings that can be repaid over a longer period.

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

The Company has also been granted Registration under Section 12AA of the Income Tax Act, 1961 as a Public Charitable Company with effect from 2nd February 2018 and a renewal application has been made on 10.03.2022.

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

The company's registered office is at 1st Floor Stock Exchange Tower No.51 1st Cross J. C. Road Bangalore -560027 Karnataka

2 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS

2.1 Basis of Preparation of Financial Statements

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

The Company has adopted Indian Accounting Standards ("Ind AS") with effect from 1 April, 2018 and the effective date of transition being 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 circumstances, actual results may differ from these estimates.





b) Revenue Recognition

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

c) Income from Operations

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

d) Other Income

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

e) Cash and Cash Equivalents

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

f) Cash Flow Statement

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

g) Property, Plant and Equipment(PPE)

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

h) Intangible Assets

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

i) Leases

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

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

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

j) Provisions

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

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

k) Earnings Per Share

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

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





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. A renewal application for 12AB has been made on 10.03.2022. The Company is prohibited by its objective to carry out any activity on commercial basis and thereby claims to be eligible for tax exemption.

p) Contingent Liabilities and Commitments

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

q) Borrowing Costs

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

r) Operating Cycle

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



**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

(A Non Banking 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 31,2022**3 CASH AND CASH EQUIVALENTS**

Particulars	As at 31.03.2022	As at 31.03.2021
Cash and Cash equivalents		
Cash on hand	-	-
Balances with Banks		
In Savings Account	2,650.08	-
in Current Account	1.10	0.15
In CSR Unspent Account*	0.89	-
Bank deposit with maturity of less than 3 months	-	-
Total	2,652.07	0.15

* CSR fund available in CSR Unspent Account is towards ongoing projects sanctioned under CSR by the company.

4 BANK BALANCE OTHER THAN ABOVE

Particulars	As at 31.03.2022	As at 31.03.2021
Deposits with original maturity for more than 3 months but less than 12 months	-	77.32
Total	-	77.32

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 31.03.2022	As at 31.03.2021
Interest accrued on loan portfolio (Secured, considered good)	96.71	151.59
Interest accrued on loan portfolio (Unsecured, considered good)	-	-
Interest accrued on fixed deposits and investment	-	0.49
Other Receivables *	0.41	0.18
Total	97.12	152.26

*Excess TDS remitted to IT Dept. - Rs. 0.18 Cr.

Excess Interest charged on bank borrowings to be refunded- Rs. 0.23 Cr.

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

Particulars	As at 31.03.2022	As at 31.03.2021
Advance tax and tax deducted at source (net of provisions)	8.52	4.23
Total	8.52	4.23





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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2022

5. LOAN

Particulars	As at 31.03.2022				Total	As at 31.03.2021				Total
	At Fair Value			Designated at fair value through Surplus or Deficit		At Fair Value			Designated at fair value through Surplus or Deficit	
	Amortised Cost	Through Other Comprehensive Income	Through Surplus or Deficit			Amortised Cost	Through Other Comprehensive Income	Through Surplus or Deficit		
	(1)	(2)	(3)			(4)	(5 = (1+2+3+4))	(6)		
(A)										
(i) Term Loans (Civil works & Plant and Equipment)	5,140.11	-	-	-	5,140.11	7,855.44	-	-	-	7,855.44
(ii) Others to be Specified										
Total (A) - Gross	5,140.11	-	-	-	5,140.11	7,855.44	-	-	-	7,855.44
Less : Impairment Loss Allowance	1.56	-	-	-	1.56	-	-	-	-	-
Total (A) - Net	5,138.55	-	-	-	5,138.55	7,855.44	-	-	-	7,855.44
(B)										
(i) Secured by receivables and Escrow account and equipment and furniture's purchased *	5,140.11	-	-	-	5,140.11	7,855.44	-	-	-	7,855.44
(ii) Covered by Bank/Government Guarantees	-	-	-	-	-	-	-	-	-	-
(iii) Unsecured	-	-	-	-	-	-	-	-	-	-
Total (B) - Gross	5,140.11	-	-	-	5,140.11	7,855.44	-	-	-	7,855.44
Less : Impairment Loss Allowance	1.56	-	-	-	1.56	-	-	-	-	-
Total (B) - Net	5,138.55	-	-	-	5,138.55	7,855.44	-	-	-	7,855.44
(C I) Loans in India										
(i) Public Sector	-	-	-	-	-	-	-	-	-	-
(ii) Others - Higher Education Institutions	5,140.11	-	-	-	5,140.11	7,855.44	-	-	-	7,855.44
Total (C I) - Gross	5,140.11	-	-	-	5,140.11	7,855.44	-	-	-	7,855.44
Less : Impairment Loss Allowance	1.56	-	-	-	1.56	-	-	-	-	-
Total (C I) - Net	5,138.55	-	-	-	5,138.55	7,855.44	-	-	-	7,855.44
(C II) Loans Outside India										
Total (C II) - Gross	-	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-
Total (C II) - Net	-	-	-	-	-	-	-	-	-	-

*Security : Charge over the Receivables and Escrow account balance which is opened jointly and Hypothecation of equipment and furniture's values for which loan is availed.

Receivables - Shall mean all receivables of the Loan Borrowers from: (a) the fees and other academics proceeds collected from students enrolled with loan Borrowers; and (b) all receivables in the form of grant and / or aid received by the Borrower from the Government of India or any State Government.

Impairment Loss Allowance- The Company's impairment allowance is derived from estimates including default on interest payments. The company has considered a PD of 0.004 for calculating the impairment allowance.

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

	As at 31.03.2022			As at 31.03.2021		
	No of Projects	Sanction amount	Disbursed Amount	No of Projects	Sanction amount	Disbursed Amount
Project fully disbursed	6	1,241.98	1,241.98	1	35.00	35.00
Project partially disbursed	105	24,767.25	12,693.39	96	24,206.82	11,273.07
Project not disbursed	26	7,477.14	-	27	7,171.98	-
Total	137	33,486.37	13,935.37	124	31,413.80	11,308.07

Summary of ECL provisions

Particulars	As at 31.03.2022	As at 31.03.2021
Allowance for Impairment on Term Loans		
(i) Term Loans (Civil works & Plant and Equipment)	1.56	-
Total	1.56	-





Provision as per RBI Prudential Norms

Particulars	As at 31.03.2022	As at 31.03.2021
Performing Assets		
Standard Assets	20.95	32.03
Non-Performing Asset (NPA)	-	-
Total	20.95	32.03

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-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Term Loans						
Performing Assets						
Standard Assets	5,140.11	7,855.44	20.95	32.03	5,119.16	7,823.41
Non-Performing Asset(NPA)	-	-	-	-	-	-

Note :

ECL Provisions

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

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

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

Exposure at Default (EAD)

The outstanding balance of penal charged accounts during F.Y 2021-22 at the reporting date is considered as EAD by the Company including accrued interest.

Loss Given Default

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

Probability of default (PD):

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

Based on the past trend, the company had not come across any default or delay in principal repayment by borrower Institutions. Though there has been delay in prompt payment of Interest on loans. The company has worked out ECL as per the past trend and the nature of loan. As per workings the Company's impairment allowance is derived from estimates including default on interest payments. Collective impairment allowances are calculated using ECL model which approximate credit conditions on portfolios of loans. Thus, a minimum PD of 0.004 is considered taking into account the outstanding liability of penal charged accounts to the total outstanding liability as on 31.03.2022. As the Impairment allowance is lower than the provisioning of standard assets required under IRACP, the difference is appropriated to a separate Impairment Reserve.

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

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

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 of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
Total	Stage 1	7,855.44	-	7,855.44	32.03	(32.03)



**HIGHER EDUCATION FINANCING AGENCY**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31,2022**8 TRADE PAYABLE**

Particulars	As at 31.03.2022	As at 31.03.2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	30.66	43.36
Total	30.66	43.36

* Management Fees payable excluding TDS - Rs. 23.65 Cr.

GST on Management Fees payable - Rs. 4.73 Cr.

CSR Unspent Account - Rs. 2.27 Cr.

Audit Fees payable- Rs. 0.02 Cr.

Particulars	Less than 1 year	1-2 year	2-3 year	2-3 year	Total
1. Dues of micro enterprises and small enterprises	-	-	-	-	-
2. Others	29.66	0.80	0.20	-	30.66
3. Disputed dues - MSME	-	-	-	-	-
4. Disputed dues - Others	-	-	-	-	-
Total	29.66	0.80	0.20	-	30.66

9 BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31.03.2022	As at 31.03.2021
At amortised cost:		
(a) Term Loan -Indian Rupee Loan from Banks (Secured)	1,282.57	1,911
(b) Working Capital Demand Loan		
Indian rupee loan from banks (Unsecured)*	-	-
(c) Loans from related parties	-	-
Total	1,282.57	1,911.40
Borrowings in India	1,282.57	1,911.40
Borrowings outside India	-	-
Total	1,282.57	1,911.40

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

The company has closed all the secured Term Loans from banks on 04.04.2022

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

As at 31 March, 2022		
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount
Above 2 year	5.50% - 6%	894.61
Due within 1-2 years	5.50% - 6%	60.00
Due within 3month - 1 years	5.50% - 6%	127.96
Due within 3 Month*	5.50% - 6%	200.00
Total		1282.57
Effective interest rate adjustment**		-
Net Amount		1282.57

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

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

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





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

As at 31 March, 2021		
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 1 years	6.65%	100.00
Due within 3 Month*	6%-6.65%	125.09
Total		1,911.40
Effective interest rate adjustment**		-
Net Amount		1,911.40

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

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

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

10 OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2022	As at 31.03.2021
Interest accrued on Borrowings	1.13	0.13
Total	1.13	0.13

11 CONTINGENT PROVISIONS AGAINST STANDARD ASSETS

Particulars	As at 31.03.2022	As at 31.03.2021
Provisions on Standard Assets	-	-
Total	-	-

12 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31.03.2022	As at 31.03.2021
Statutory Dues Payable		
TDS On Management Fee	2.63	2.76
Other Payables	-	-
Total	2.63	2.76





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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31,2022

13(A) EQUITY SHARE CAPITAL

Particulars	As at 31.03.2022	As at 31.03.2021
Authorised (10000000000(31.3.2021 - 1000,00,00,000) equity shares of Rs.10 each)	10,000.00	10,000.00
Issued and Subscribed and fully Paid-up (5,293,750,000 (31.3.2021 : 5,293,750,000) equity shares of Rs 10 each issued & fully paid)	5,293.75	5,293.75
Total Issued and Subscribed and fully Paid-up	5,293.75	5,293.75

Reconciliation of number of Shares

Equity Shares:	As at 31.03.2022		As at 31.03.2021	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	5,293,750,000	5,293.75	5,073,750,000	5,073.75
Add: Shares issued during the year	-	-	220,000,000	220.00
Balance as at the end of the year	5,293,750,000	5,293.75	5,293,750,000	5,293.75

Terms/ rights attached to equity shares

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

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

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

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of shares	% holding in	No. of shares	% holding in
1. Ministry of Education (Government of India)	4,812,500,000	90.91	4,812,500,000	90.91
2. Canara Bank	481,250,000	9.09	481,250,000	9.09
	5,293,750,000	100.00	5,293,750,000	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. There is no movement in Shareholding of Promoter.

13(B) OTHER EQUITY

Particulars	As at 31.03.2022	As at 31.03.2021
1. Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934 (Refer Note 1 below)		
Opening balance	167.60	79.28
Add: Transfer from surplus balance in the Statement of Income and Expenditure	89.50	88.32
Balance as at the end of the year	257.10	167.60
2. Impairment Reserve (Refer Note 2 below)		
Opening balance	32.03	25.82
Add: Released to surplus balance in the Statement of Income and Expenditure	-12.64	6.21
Balance as at the end of the year	19.39	32.03
3. Retained Earnings		
Opening balance	638.37	291.31
Add: Surplus for the year	447.52	441.59
Less: Appropriation	-	-
Transfer to Statutory Reserve	89.50	88.32
Released from Impairment Reserve	-12.64	6.21
Balance as at the end of the year	1,009.03	638.37
4. Other Comprehensive Income		
Opening balance	-	-
Movements during the year	-	-
Balance as at the end of the year	-	-
Total	1,285.52	838.00

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 89.51 Crores (2021-88.32 Cr.) to Statutory reserve pursuant to Section 45-IC of RBI Act, 1934

2. Impairment Reserve As Per RBI circular (RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20) Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net surplus or deficit after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be made 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 31,2022

14. INTEREST INCOME

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
On financial assets measured at amortised cost:		
Interest on Loans	586.32	593.82
Interest On Deposits/Savings	3.02	3.53
Total*	589.34	597.35

* 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 2022 and 31 March, 2021 by nature of products sold. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
Revenue by products / services		
Interest on Loans	586.32	593.82
Others-Interest on Deposits with Bank	2.31	3.53
Interest on Savings with Bank	0.71	-
Total Revenue from operations	589.34	597.35

15. OTHER INCOME

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
Others	-	0.06
Total	-	0.06

16. FINANCE COSTS

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
On financial assets measured at amortised cost:		
Interest on Borrowings	103.54	109.46
Total	103.54	109.46

17. IMPAIRMENT / PROVISION ON FINANCIAL INSTRUMENTS

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
On financial assets measured at amortised cost:		
Loans :		
- Standard assets	1.56	-
Total	1.56	-

18. OTHER EXPENSES

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
Audit Fees	0.02	0.02
Management Fees*	26.27	36.78
Rates and taxes	4.83	6.83
Legal and professional charge	-	-
Other expenditure	0.07	0.03
CSR Expenditure	5.53	2.70
Total	36.72	46.36

* Refer Note No. 28

Note (i) Payment to auditor:

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
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) Detail of CSR expenditure

Particulars	For Year Ended 31.03.2022	For Year Ended 31.03.2021
Gross Amount required to be spent by the Company during the year	5.53	2.70

Financial Year	Gross Amount to be spent in the Financial Year	Amount spent in the reporting Financial Year		Amount remaining to be spent in succeeding Financial Years
		2020-21	2021-22	
2021-2022	5.53	0.00	4.15	1.38
2020-2021	2.70	0.00	1.81	0.89
Total	8.23	0.00	5.96	2.27





Note (iii) Disclosure of CSR expenditure		
	F.Y 2021-22	F.Y 2020-21
Amount Required to be spent by the company	5.53	2.70
Amount of Expenditure incurred	5.53	2.70
Shortfall at the end of the year	Nil	Nil
Total of previous years shortfall	Nil	Nil
Reason for Shortfall	NA	NA
Nature of CSR Activities	PM Cares contribution - Rs. 4.15 Cr. Promoting Research in Centrally funded higher education Institutes- Rs. 1.38 Cr.	Promoting Research in Centrally funded higher education Institutes- Rs. 2.70 Cr.
Details of related party transaction e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	Provision is made for an amount of Rs. 1.38 Cr. and credited to CSR Unspent Account as the amount is sanctioned for ongoing research projects in centrally funded Institutes.	Provision is made for an amount of Rs. 2.70 Cr. and credited to CSR Unspent Account as the amount is sanctioned for ongoing research projects in centrally funded Institutes.



**HIGHER EDUCATION FINANCING AGENCY**

(CIN:U74999KA2017NPL103474)

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

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

NOTE 19: EARNINGS PER SHARE

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

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

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Net surplus for calculation of basic earnings per share	447.52	441.59
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	529.38	524.98
Nominal Value per share (Rs.)	10.00	10.00
Basic Earnings Per Share (Rs.)	0.85	0.84
Diluted Earnings Per Share (Rs.)	0.85	0.84

NOTE 20: CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Claims not acknowledged as debts	-	-
Guarantees given on behalf of constituents - in India	-	-
Undisbursed Commitment	7,461.75	7,899.17
LC Commitment to vendor on behalf of Institute [Refer Note Below]	178.13	271.00
Total	7,639.88	8,170.17

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

The Undisbursed commitment amount pertains to loan accounts wherein loan documents have been executed. As disbursements under Window IV & V have been discontinued w.e.f.01.10.2020, the amount sanctioned to the Institutions under Window IV & V is not included in the undisbursed commitment amount.

NOTE 21: INCOME TAX

The Company was incorporated as a 'Not for Profit Company' under Section 8 of the Companies Act, 2013 and The Company has been granted Registration under Section 12AA of the Income Tax Act, 1961 as a Public Charitable Company with effect from 2nd February 2018. The Company was granted license by RBI under Non-deposit taking non-systemically important NBFC' i.e. (i.e. NBFC-ND- Type II) vide CoR no. 02/00289 dated 21st November, 2017 for the purpose of carrying out Non Banking Finance business. The Company has applied for renewal of the Registration under Section 12AA of the Income Tax Act on 10.03.2022.

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

NOTE 22: EMPLOYEES BENEFIT PLAN

As of March 31, 2022 there is no Employee on the Roll of the Company and all the operations are managed by the employees deputed from Canara Bank.

NOTE 23: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Particulars	As at 31.03.2022			As at 31.03.2021		
	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	2,652.07	-	2,652.07	0.15	-	0.15
Bank Balance other than (a) above	-	-	-	77.32	-	77.32
Loans	1,984.33	3,154.22	5,138.55	1,885.96	5,969.48	7,855.44
Other Financial Assets	97.12	-	97.12	152.26	-	152.26
Non-financial Assets						
Current Tax Assets (Net)	-	8.52	8.52	-	4.23	4.23
Property, Plant and Equipment	-	-	-	-	-	-
Other Non-Financial Assets	-	-	-	-	-	-
Total Assets	4,733.52	3,162.74	7,896.26	2,115.69	5,973.71	8,089.40
LIABILITIES						
Financial Liabilities						
Payables	30.66	-	30.66	43.36	-	43.36
Borrowings (Other than Debt Securities)	327.96	954.61	1,282.57	225.09	1,686.31	1,911.40
Other Financial Liabilities	1.13	-	1.13	0.13	-	0.13
Non-Financial Liabilities						
Provisions	-	-	-	-	-	-
Other Non-Financial Liabilities	2.63	-	2.63	2.76	-	2.76
Total Liabilities	362.38	954.61	1,316.99	271.34	1,686.31	1,957.65
Net	4,371.14	2,208.13	6,579.27	1,844.35	4,287.40	6,131.75



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

Particulars	As at 31.3.2022	Cash Inflow	Cash Outflow	As at 31.3.2021
Borrowings (Other than Debt Securities)	1,282.57	517.00	1,145.83	1,911.40
Total	1,282.57	517.00	1,145.83	-

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 on 27th of October 2020 with term for three years w.e.f 2nd November 2020 for a Monthly rent of Rs. 217,000/- and it was also agreed in the lease deed that the sub lease shall punctually pay the rent to the sub lessor on the 5th day of every succeeding month clear of all deductions without any demand. In addition to this, the electricity, water charges, property and other applicable taxes for the premises shall be payable by the sub lessor. 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 2020-2021 and 2021-2022.

NOTE 27: RELATED PARTY DISCLOSURES

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

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

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

Name of related party	Nature of transaction	For the year ended 31.03.2022	For the year ended 31.03.2021
Transactions with related parties			
Canara Bank	Management Service Fee	26.27	36.78
	Capital Contribution	-	20.00
	Borrowings during the year	268.00	-
	Interest Paid on Borrowings	2.80	-
Amount payable to related parties:			
Canara Bank	Borrowings (Outstanding)	267.96	-
Canara Bank	Trade Payable	26.27	40.64
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.

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

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

- 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 and to end.

LIST OF TANGIBLE ASSETS PROVIDED BY CANARA BANK

Sl.No	Particulars	Quantity
1	Personal Computer's	8
2	Printer buthub	1
3	HP Scanner - Printer	3
4	Lenovo Tablet	15
5	ERP Software	2



**NOTE 29: LIQUIDITY COVERAGE RATIO (LCR) DISCLOSURE**

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

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

As per RBI guidelines, the company has been monitoring the LCR at daily intervals for the period from April 2021 to March 2022.

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

The disclosure on Liquidity Coverage Ratio of the Company for the F.Y ended March 31, 2022 is as under:

The disclosure on Liquidity Coverage Ratio and Compliance with the Liquidity Coverage Ratio (LCR) for the reporting period									
		Mar. 22		Dec. 21		Sep. 21		Jun-21	
Sl.No.	Particulars	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets (HQLA)	172.15	172.15	74.69	74.69	144.77	144.77	158.42	158.42
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which:	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	326.67	375.67	224.67	258.37	276.67	318.17	296.66	341.16
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	326.67	375.67	224.67	258.37	276.67	318.17	296.66	341.16
Cash Inflows									
9	Secured lending	1506.91	1129.51	644.86	483.65	211.3	158.48	250	187.5
10	Inflows from fully performing exposures	187.54	140.66	236.54	177.41	207.78	155.84	214.92	161.19
11	Other cash inflows	-	-	-	-	-	-	-	-
12	TOTAL CASH INFLOWS	1693.55	1270.16	881.4	661.05	419.08	314.31	464.92	348.69
13	TOTAL HQLA		172.15		74.69		144.77		158.42
14	TOTAL NET CASH OUTFLOWS		93.92		64.59		79.54		85.29
15	LIQUIDITY COVERAGE RATIO (%)		183.30%		115.63%		182.00%		185.74%

Mar. 21			
		Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets			
1	**Total High Quality Liquid Assets (HQLA)	108.58	108.58
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which:	-	-
i)	Outflows related to derivative exposures and other collateral requirements	-	-
ii)	Outflows related to loss of funding on debt products	-	-
iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	193	221.95
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	193	221.95
Cash Inflows			
9	Secured lending	288.6	216.45
10	Inflows from fully performing exposures	357.01	275.76
11	Other cash inflows	-	-
12	TOTAL CASH INFLOWS	645.61	492.21
13	TOTAL HQLA		108.58
14	TOTAL NET CASH OUTFLOWS		55.39
15	LIQUIDITY COVERAGE RATIO (%)		195.68%

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

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

* Company for purpose of computing outflows, have considered: (1) all the contractual debt repayments, (2) committed credit facilities contracted with the customers.

* Inflows comprises of: (1) expected receipt from all performing loans, and (2) lines of credit available from sanctioned lenders.

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



**NOTE 30: CAPITAL MANAGEMENT**

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

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

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Capital Fund		
Tier - I	6,559.88	6,131.75
Tier - II	-	-
Total Capital Fund	6,559.88	6,131.75
Risk weighted assets (along with the adjusted value of Balance sheet items including Accrued Interest)*	9,145.83	12,227.62
CRAR	71.73%	50.15%
CRAR - Tier I Capital	71.73%	50.15%
CRAR - Tier II Capital	0.00%	0.00%

*Risk Weighted Assets includes Loan outstanding, Accrued interest on loan, Undisbursed Commitment and amount towards I.C commitment.

NOTE 31: FINANCIAL INSTRUMENTS**FAIR VALUE MEASUREMENT**

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

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

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

Particulars	Carrying Value		Fair Value	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Financial Assets				
Cash and Cash Equivalents	2,652.07	0.15	2,652.07	0.15
Bank Balance other than (a) above	-	77.32	-	77.32
Loans	5,138.55	7,855.44	5,138.55	7,855.44
Other Financial Assets	97.12	152.26	97.12	152.26
Total Financial Assets	7,887.74	8,085.17	7,887.74	8,085.17
Financial Liabilities				
Payables	30.66	43.36	30.66	43.36
Borrowings (Other than Debt Securities)	1,282.57	1,911.40	1,282.57	1,911.40
Other Financial Liabilities	1.13	0.13	1.13	0.13
Total Financial Liabilities	1,314.36	1,954.89	1,314.36	1,954.89

Note :

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

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

NOTE 32: RISK MANAGEMENT

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

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

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

Credit risk

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

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

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

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

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Revenue from top customer	35.31	36.90
Revenue from top 5 customers	152.90	171.91



**Credit risk exposure**

Existing expected credit loss (ECL) model of the company was primarily based on historical data and related factors. The increased delay in payment of interest by Institutes has necessitated a consideration of additional scenarios while measuring ECL.

The Management estimates impairment provision using Expected Credit Loss (ECL) model for the loan exposure.

The Company's impairment allowance is derived from estimates including delay in interest payments. Collective impairment allowances are calculated using ECL model which approximates credit conditions on portfolios of loans.

Asset & Liability management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities of a company. A 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 capital of the company. It is necessary for a company 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 provides details regarding the contractual maturities of significant financial assets and liabilities as on:

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

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)	-	200.00	-	-	127.96	60.00	894.61	1,282.57
Loans	216.30	232.79	549.02	987.78	1,028.04	1,028.04	1,268.14	5,140.11

The tenure of the loans is for 11 years having 20 equal installments i.e. Sanction amount divided by 20 installments and interest will accrue monthly and paid quarterly.

Maturity pattern of assets and liabilities as on 31 March, 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)	-	155.39	-	-	400.00	400.00	888.33	1,343.72
Loans	148.41	371.25	294.32	942.98	1,228.60	1,228.60	3,571.45	7,885.44

Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market is very minimal due to interest rate are fixed and paid to 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 or reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

NOTE 33: PROVISIONS AND CONTINGENCIES

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Provision for Standard Assets	-	-
Provision made for credit default loss	-	-

NOTE 34: DRAW DOWN FROM RESERVES

For the year ended March 31, 2022 the Company has withdrawn Rs. 1,164 Crores from Impairment Reserves. The company has received approval from the Reserve Bank of India vide their email dated 06/05/2022 for withdrawal from Impairment Reserves. The details of draw down from Impairment Reserves are provided in Statement of Changes in Equity to these financial statements.

NOTE 35: CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs**i) Concentration of Advances**

Particulars	As at 31.03.2022	As at 31.03.2021
Total advances to twenty largest borrowers	5,161.22	7,194.69
Percentage of advances to twenty largest borrowers to total advances of the Company	21.13%	24.70%

ii) Concentration of Exposures

Particulars	As at 31.03.2022	As at 31.03.2021
Total exposures to twenty largest borrower customers	5,821.19	6,548.74
Percentage of exposures to twenty largest borrower customers to total exposure of the Company on borrower customers	22.18%	19.73%

iii) Concentration of NPAs

Particulars	As at 31.03.2022	As at 31.03.2021
Total exposure to top four NPA accounts	-	-

iv) Sector-wise NPAs

Particulars	As at 31.03.2022	As at 31.03.2021
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%





31 Movement of NPAs

Particulars	As at 31.03.2022	As at 31.03.2021
I) Net NPAs to Net Advances (%)	0%	0%
II) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Addition during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
III) Movement of NPAs (Net)		
a) Opening balance	-	-
b) Addition during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provision made during the year	-	-
c) Write-back/writeback of excess provisions	-	-
d) Closing balance	-	-

NOTE 36: CUSTOMER COMPLAINTS

Particulars	As at 31.03.2022	As at 31.03.2021
Number of complaints pending at the beginning of the year	-	-
Number of complaints received during the year	-	-
Number of complaints redressed during the year	-	-
Number of complaints pending at the end of the year	-	-

NOTE 37: DERIVATIVES DISCLOSURES AS PER RBI

The Company has no transactions / exposure in derivatives in the current and previous year.
The Company has no unhedged foreign currency exposures as on March 31, 2022 / March 31, 2021. Nil.

NOTE 38: MISCELLANEOUS

- No penalties have been imposed by RBI and other Regulators during the year ended 31 March, 2022 / 31 March, 2021.
- 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) - FINO 1523
- Others Registrations
 - Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) - IN28-5
 - Legal Entity Identifier (LEI) - 9843002B06251513X0063

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

Credit rating Agency	Type of Facility	As at 31.03.2022	As at 31.03.2021
CRISIL	Term Loan	AA (Stable)	AA- (Positive)
ICRA	Asset Rating	AA (Stable)	AA- (Positive)

NOTE 39: EXPENDITURE IN FOREIGN CURRENCY

There is no expenditure incurred in foreign currency during the financial year 2021-22 and 2020-21.

NOTE 40: FRAUD

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

NOTE 41: BALANCE OF INSTITUTE ESCROW ACCOUNT WITH BANK

Particulars	As at 31.03.2022	As at 31.03.2021
Balance in principal Repayment Account		
After waiting the proposed loan, every institute (borrower) has to open an escrow account with the Lender bank by crediting the one advance instalment to the Principal Repayment account. The Escrow amount received in the principal repayment account with Lender bank is to be invested first in short term deposit as per the borrower's instruction till the period for the purpose of servicing with the due date of term loan repayment.	1,316.28	1,785.00





NOTE 42: SUBSEQUENT EVENT - IMPACT OF COVID-19

The Company was able to maintain growth despite facing several challenges on account of COVID-19 impacted macro-economic environment. The Company was able to raise the necessary resources all through the year to match the business and operational requirements, leveraging its relationships with banks as well as forming new lender relationships. There was not much impact on loan collection, however loan disbursements were delayed as construction and other civil work was stopped due to lockdown. The Company continued to maintain best-in-class operating efficiency, healthy liquidity and capital position.

NOTE 43: 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 IV Agreement where Canara Bank has to manage the entire operation including bringing asset required in such operation. All assets are owned by the Canara Bank & hence not capitalized by the Company.

NOTE 44: ANALYTICAL RATIOS

Sl.No.	Ratio		Current Period	Previous Period	% Variance	Reason for variance
1	Current Ratio	Current Assets / Current Liabilities	13.06	7.80	67.53%	The company had received lumpsum amount towards closure of Window IV & V accounts on 31.03.2022. Thus there was an exponential increase in Cash Balance on 31.03.2022 which has led to a sharp increase in Current Ratio.
2	Debt-Equity Ratio	Total Debt / Total Equity	0.19	0.31	-37.46%	The DER ratio has reduced as the company received advance installment from few borrowers which was utilized towards advance repayments of long term debts.
3	Debt Service Coverage Ratio	Net operating Income / Debt Service	1.52	2.63	-42.38%	Due to decrease in long term debt, the DSCR has reduced y-o-y basis.
4	Return on Equity Ratio	Net Income / Total Average Shareholders Equity	6.80%	7.20%	-5.55%	
5	Inventory turnover ratio	NA	NA	NA	NA	
6	Trade receivables turnover ratio	Sales / Loan Receivable	0.11	0.08	50.76%	The loan book of the company has reduced due to closure of term loan accounts on account of withdrawal of Window IV & V accounts by MoE.
7	Trade payables turnover ratio	Credit Operating Expenses / Accounts Payable	1.20	1.07	12.02%	
8	Net capital turnover ratio	Sales/Working Capital	0.13	0.32	-58.38%	On account of lumpsum amount received towards closure of Window IV & V accounts, the Working capital showed an approx. 58% growth y-o-y basis which reduced the NCTR by 58%.
9	Net profit ratio	Net Profit/Net Sales	0.76	0.74	2.73%	
10	Return on Capital employed	Earning before Tax / Average Capital Employed	5.94%	5.65%	5.17%	
11	Return on Total Asset	EBIT / Total Assets	5.67%	5.46%	3.82%	

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

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

CA P. M. MUDIGOUДАР
Partner M. No. 204096



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

Chellamuthu Jayakumar
Managing Director & CEO
(DIN-08750690)

Shashish Jadhav
Chief Financial Officer
(APPP110911)

K. Sampat Murthy
Chairman
(DIN-3532374)

Santosh Kumar Barik
Company Secretary
(ANSPB4757F)

Place: Bengaluru
Date: 2nd June 2022

