

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRATHAM EDUCATION FOUNDATION

### Report on the Financial Statements

We have audited the accompanying financial statements of Pratham Education Foundation ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Income and Expenditure Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

### Auditor's Responsibility

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 Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 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 obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its excess of income over expenditure and its cash flows for the year ended on that date.

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## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Income and Expenditure Account, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.
2. This Report does not include a statement on matters specified in paragraphs 3 and 4 of the Order of Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Companies Act, 2013 as the said order does not apply to a company licensed to operate under section 8 of the Companies Act, 2013.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)



Mohammed Bengali

(Partner)

(Membership No. 105828)

Place: Mumbai

Date: September 19, 2017

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Internal Financial Controls Over Financial Reporting 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 Pratham Education Foundation ("the Company") as of March 31, 2017 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. 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.

#### **Auditor's 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Mohammed Bengali  
(Partner)  
(Membership No.105828)

Place: Mumbai

Date: September 19, 2017

**Pratham Education Foundation**

(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

**BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	As at March 31, 2017 (In Rupees)	As at March 31, 2016 (In Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>Sources of funds</b>			
(a) Reserves and surplus	3	388,177,463	280,771,311
		<b>388,177,463</b>	<b>280,771,311</b>
<b>Current liabilities</b>			
(a) Trade payables (includes amount due to micro and small enterprises Rs. NIL (P.Y. Rs. NIL)	4	52,459,242	52,317,673
(b) Other current liabilities	5	139,536,211	217,862,572
(c) Short-term provisions	6	12,296,216	6,008,557
		<b>204,291,669</b>	<b>276,188,802</b>
<b>TOTAL</b>		<b>592,469,132</b>	<b>556,960,113</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	7	223,694,051	186,480,848
(ii) Intangible assets	7	-	-
(iii) Capital work-in-progress		28,443,743	23,803,750
		<b>252,137,794</b>	<b>210,284,598</b>
(b) Long-term loans and advances	8	38,276,274	31,333,877
		<b>290,414,068</b>	<b>241,618,475</b>
<b>Current assets</b>			
(a) Cash and bank balances	9	253,489,274	275,487,572
(b) Short-term loans and advances	10	42,007,697	37,652,563
(c) Other current assets	11	6,558,093	2,201,503
		<b>302,055,064</b>	<b>315,341,638</b>
<b>TOTAL</b>		<b>592,469,132</b>	<b>556,960,113</b>

See accompanying notes forming part of the financial

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In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

For and on behalf of the Board of Directors

*Mohammed Bengali*



**Mohammed Bengali**  
Partner

*Rukmini Banerji*

**Rukmini Banerji**  
Director



*Madhav Chavan*

**Madhav Chavan**  
Director

Place : Mumbai

Date : 19 SEP 2017

Place : New York

Date : September 15, 2017

**Pratham Education Foundation**  
**(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)**


**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017**

Particulars	Note No.	Current Year (In Rupees)	Previous Year (In Rupees)
Donation Income		2,002,749,415	1,558,394,171
Other income	12	25,642,950	15,207,701
<b>Total revenue</b>		<b>2,028,392,365</b>	<b>1,573,601,872</b>
<b>Expenses</b>			
(a) Donation made		135,817,643	200,123,374
(b) Professional Fees		136,377,538	200,621,689
(c) Teaching learning Material		124,054,156	129,939,939
(d) Training Expenses		188,269,559	137,320,466
(e) Rent		106,434,687	80,920,552
(f) Employee Benefit Expenses	13	818,555,924	588,853,346
(g) Other Expenses	14	336,691,748	254,655,730
(h) Depreciation and amortisation expense	7	74,784,958	55,305,004
<b>Total expenses</b>		<b>1,920,986,213</b>	<b>1,647,740,100</b>
<b>Excess of Income over Expenditure before/after tax</b>		<b>107,406,152</b>	<b>(74,138,228)</b>
<b>See accompanying notes forming part of the financial statements</b>	<b>1-21</b>		

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors**

  
**Mohammed Bengali**  
Partner



  
**Rukmini Banerji**  
Director

  
**Madhav Chavan**  
Director



Place : Mumbai






Date : **19 SEP 2017**

Place : New York

Date : September 15, 2017

**Pratham Education Foundation**  
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

**Cash Flow Statement for the year ended MARCH 31, 2017**

Particulars	For the year ended 31 March, 2017 (In Rupees)	For the year ended 31 March, 2016 (In Rupees)
<b>A. Cash flow from operating activities</b>		
Excess of Income over Expenditure	107,406,152	(74,138,228)
<i>Adjustments for:</i>		
Depreciation and amortisation	74,784,958	55,305,004
Gratuity expenses	6,287,659	2,395,260
Interest income	(14,449,966)	(15,166,745)
Provisions for Liabilities reversed		
Interest expenses	-	-
proceeds received on acquisition of portion of land by National Highway Authority of India (Refer Note 20)	(10,985,802)	-
Operating profit / (loss) before working capital changes	163,043,001	(31,604,709)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets.</i>		
Short-term loans and advances	(4,355,135)	(7,886,169)
Long-term loans and advances	(1,921,920)	2,830,302
<i>Adjustments for increase / (decrease) in operating liabilities.</i>		
Trade Payable	141,569	19,202,669
Other current liabilities	(82,208,213)	25,435,792
Provisions	-	(1,003,217)
Net income tax (paid) / refunds	(4,137,354)	(1,981,888)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>70,561,948</b>	<b>4,992,780</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(113,639,424)	(107,758,794)
Proceeds from sale of fixed assets	-	707,227
Receipt from National Highway Authority of India ( Refer Note 20 )	10,985,802	-
Bank balances not considered as Cash and cash equivalents		
- Placed	(190,906,067)	(909,958,036)
- Matured	176,182,461	811,851,352
Interest received	10,093,376	13,569,427
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(107,283,852)</b>	<b>(191,588,824)</b>
<b>C. Cash flow from financing activities</b>		
Amount received in Special assistance fund	-	110,661
Repayment of long-term borrowings	-	-
Repayment of interest on borrowings	-	-
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>-</b>	<b>110,661</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(36,721,904)</b>	<b>(186,485,383)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>156,644,472</b>	<b>343,129,855</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>119,922,568</b>	<b>156,644,472</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 9)	253,489,274	275,487,572
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	133,566,706	118,843,100
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 9	119,922,568	156,644,472
<b>Net Cash and cash equivalents (as defined in AS 3 Cash flow statement) included in Note 9</b>	<b>119,922,568</b>	<b>156,644,472</b>
<b>Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash flow statement</b>		
Call and Short Term Deposit Accounts Original maturity of more than 3 months and less than 12 months	107,613,389	100,172,374
Earmarked bank deposit for Special Assistance Fund	14,227,618	18,670,726
Balance held as margin money or security against guarantee	11,725,699	-
In terms of our report attached.		
For Deloitte Haskins & Sells LLP Chartered Accountants		For and on behalf of the Board of Directors
 Mohammed Bengali Partner		 Rukmini Banerji Director
Place : Mumbai Date : 19 September, 2017		 Madhav Chavan Director
		
		Place : New York Date : September 15, 2017

## **Pratham Education Foundation**

(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

### **Notes forming part of the financial statements**

#### **1. Corporate Background:**

The Company is primarily engaged in imparting education including vocational and technical education in various part of India. The Company was incorporated on June 24, 2002 as a private company limited by guarantee and not having a share capital and had been granted a license under 8 of the Companies Act, 2013 by Government of India, vide its letter No. 59/(25/N)/3/02/3720 dated May 30, 2002.

The Company is registered under Section 6(1) (a) of Foreign Contribution (Regulation) Act, 1976 on May 22, 2006 vide Registration No 083781058. During the year, Ministry of Home Affairs has renewed the FCRA certificate for the period starting from November 01, 2016 to October 31, 2021 dated October 28, 2016.

The Company is registered under Section 12AA of the Income Tax Act, 1961 vide Letter No. DIT (E)/12A/36899/2002-2003 dated December 18, 2002 as well as under Section 80 G of the Income Tax Act, 1961 vide letter no. DIT (E) / MC/80G/1895/2009-10 dated July 20, 2009. The Company is established to conduct various projects and programs in connection with or relating to education.

#### **2. Significant Accounting Policies:**

##### **a. Basis of accounting and preparation of financial statements:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

##### **b. Use of estimates**

The preparation of financial statements requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

##### **c. Fixed Assets and Depreciation:**

Fixed assets are carried at cost less accumulated depreciation / amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates and other taxes, any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, anticipated technological changes. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are different from those prescribed in Schedule II of the Companies Act, 2013.



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Estimated useful lives of assets are as follows:

<b>Class of Assets</b>	<b>Estimated Useful Life*</b>
Computers	2 years
Furniture and Fixtures	4 years
Building	10 years
Office Equipment	4 years
Vehicles	5 years

\*The estimated useful life of assets considered for the calculation of depreciation are consistent with those followed in the previous year.

Fixed assets, whose cost is Rs. 5,000 or less, are fully depreciated in the year of purchase.

Fixed assets purchased for specific projects are depreciated over project's period or the estimated useful life of the assets whichever is lower.

**d. Intangible assets and amortization:**

Intangible assets are reported at acquisition value with deductions for accumulated amortization and any impairment losses. These generally comprise of costs incurred to acquire computer software licenses and implement the software for internal use (including software coding, installation, testing and certain data conversion).

Amortization takes place on a Straight Line Method (SLM) basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years. Based on current estimates of useful life, software licenses are being amortized at a SLM rate of 50%. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

**e. Donations:**

Donations are recognized as income in the Income and Expenditure Account in the period in which the collections are actually received. Earmarked donations and grants are initially credited to a liability account in the Balance Sheet and are transferred to Income and Expenditure Account in the year in which and to the extent to which the Company complies with the conditions attached to them. Donations related to depreciable assets are treated as deferred income which is recognized in the Income and Expenditure Account on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. However, if a grant related to a non-depreciable asset requires the fulfillment of certain obligations, the grant is credited to income over the same period over which the cost of meeting such obligations is charged to income.

**f. Contribution received as re-imbusement of expenses:**

In respect of projects sponsored by other organizations, where the expenditure on the project are reimbursable by those organizations are accounted as recoverable expenses and carried as



receivable till such time it is recovered. In the event recovery becomes uncertain, the amount so carried forward is charged to the Income and Expenditure Account.

**g. Foreign currency transactions and translations**

Foreign currency receipts on account of donations and grants are translated at spot rates prevailing at the time of receipt into the designated accounts of the Company. Foreign currency expenditure is recorded using the spot rates prevailing on the date of transaction based on FIRC document.

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

**h. Employee Benefits:**

**Short Term Plan**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

**Long Term Plan**

Defined Benefit plan:

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

**i. Lease Accounting:**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income and Expenditure Account on a straight line basis over the period of the lease unless another systematic basis is more representative of the time pattern of the company's benefit.

**j. Income Tax:**

The Company is registered under section 12AA of the Income Tax Act, 1961 which entitles it to exemption from income tax, provided certain conditions laid down in the Income Tax Act, 1961 are complied with. Provision for income tax would be made only in the year in which the Company is unable to establish reasonable certainty of its ability to fulfill these conditions. The Company has not accounted the impact of deferred tax as there is no provision for income tax.

**k. Operating Cycle**

The company has determine its operating cycles as 12 month for the purpose of classification of its assets and liabilities as current and non-current.



**Pratham Education Foundation**

(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

**Notes forming part of the financial statements****Note 3 Reserve and Surplus**

Particulars	As at March 31, 2017 (In Rupees)	As at March 31, 2016 (In Rupees)
<b>(a) General Reserve</b>		
Balance at beginning of the year	262,100,585	336,598,878
Add: Excess of Income or Expenses as per Income and Expenditure Account	107,406,152	(74,138,228)
Add:- Transfer from Special Assistance fund	9,443,108	4,639,935
Less: Appropriations Special Assistance Fund	(5,000,000)	(5,000,000)
	<b>373,949,845</b>	<b>262,100,585</b>
<b>(b) Special Assistance Fund</b>		
Balance at beginning of the year	18,670,726	18,200,000
Add: Transfer during the year from general reserves	5,000,000	5,000,000
Add: Amount received during the year	-	110,661
Less : Utilization during the year (Transfer Back to General Reserve)	9,443,108	4,639,935
	<b>14,227,618</b>	<b>18,670,726</b>
<b>Total</b>	<b>388,177,463</b>	<b>280,771,311</b>

**Note 4 Trade payables**

Trade payables consists of the following:

Particulars	As at March 31, 2017 (In Rupees)	As at March 31, 2016 (In Rupees)
Creditors for Expenses:		
Creditors for Expenses	52,459,242	52,317,673
<b>Total</b>	<b>52,459,242</b>	<b>52,317,673</b>

**Note 5 Other Current Liabilities**

Other Current Liabilities consists of the following:

Particulars	As at March 31, 2017 (In Rupees)	As at March 31, 2016 (In Rupees)
Statutory Remittance	55,882,799	73,309,751
Unutilised amount from Earmarked Funds received (Refer Note below)	50,034,998	142,446,569
Deferred Income	28,008,746	378,435
Capital Creditors	5,609,668	1,727,817
<b>Total</b>	<b>139,536,211</b>	<b>217,862,572</b>

**Note:** The amount unutilised from Earmarked Funds represent amount received from various donor and sponsors for specific projects under taken/ to be undertaken by the company which have remained unutilized as at the Balance Sheet date.

**Note 6 Short-term provisions**

Short-term provisions consists of the following:

Particulars	As at March 31, 2017 (In Rupees)	As at March 31, 2016 (In Rupees)
Provision for Employee Benefit Gratuity (Refer Note 16)	12,296,216	6,008,557
<b>Total</b>	<b>12,296,216</b>	<b>6,008,557</b>



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**Pratham Education Foundation**  
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

**Notes forming part of the financial statements**

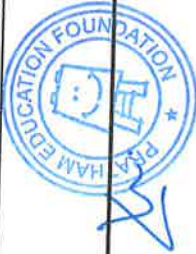
**Note 7**

**Fixed Assets**

Particulars	Gross Block (at Cost)				Depreciation			Net Block As on March 31, 2017
	Opening Balance as on April 1, 2016	Additions during the year	Deletion during the year	Closing balance as on March 31, 2017	Depreciation for the year	Deletion during the year	Closing balance as on March 31, 2017	
<b>Tangible Assets</b>								
Computers	115,726,263	55,670,347	-	171,396,610	50,019,472	-	110,451,915	60,944,695
	58,149,818	57,576,445	-	115,726,263	25,215,704	(7,698)	60,432,443	55,293,820
Office Equipment	67,401,076	21,034,332	-	88,435,408	10,767,244	-	57,707,740	30,727,668
	50,313,395	17,087,681	-	67,401,076	14,822,421	-	46,940,496	20,460,580
Furnitures & Fixtures	40,700,900	10,443,822	-	51,144,722	7,821,272	-	35,791,621	15,353,101
	27,259,845	13,441,055	-	40,700,900	9,856,717	-	27,970,349	12,730,551
Vehicle	15,974,862	2,340,894	-	18,315,756	3,360,477	-	8,670,445	9,645,311
	13,386,480	3,654,870	1,066,488	15,974,862	2,895,082	359,261	5,309,968	10,664,894
Land (Refer Note 20)	55,530,139	5,471,620	-	61,001,759	-	-	-	61,001,759
	55,530,139	-	-	55,530,139	-	-	-	55,530,139
Leasehold Improvement	14,975,368	-	-	14,975,368	599,015	-	2,308,957	12,666,411
	14,975,368	-	-	14,975,368	600,656	-	1,709,942	13,265,426
Buildings	21,029,514	17,037,146	-	38,066,660	2,217,478	-	4,711,554	33,355,106
	16,294,909	4,734,605	-	21,029,514	1,822,905	-	2,494,076	18,535,438
<b>TOTAL Tangible</b>	<b>331,338,122</b>	<b>111,998,161</b>	-	<b>443,336,283</b>	<b>74,784,958</b>	-	<b>219,642,232</b>	<b>223,694,051</b>
Previous Year	235,909,954	96,494,656	1,066,488	331,338,122	55,213,485	351,563	144,857,274	186,480,848
<b>Intangible Assets</b>								
Computer Software	635,544	-	-	635,544	-	-	635,544	-
	635,544	-	-	635,544	91,519	-	635,544	-
<b>TOTAL Intangible</b>	<b>635,544</b>	-	-	<b>635,544</b>	-	-	<b>635,544</b>	-
Previous Year	635,544	-	-	635,544	91,519	-	635,544	-
<b>Total</b>	<b>331,973,666</b>	<b>111,998,161</b>	-	<b>443,971,827</b>	<b>74,784,958</b>	-	<b>220,277,776</b>	<b>223,694,051</b>
Previous Year	236,545,498	96,494,656	1,066,488	331,973,666	55,305,004	351,563	145,492,818	186,480,848

Note:-

1. Previous year's figure are in italics



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**Pratham Education Foundation**  
**(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)**

**Notes forming part of the financial statements**

**Note 8 Long-term loans and advances**

Long-term loans and advances consists of the following:

Particulars	As at March 31, 2017 (In Rupees)	As at March 31, 2016 (In Rupees)
(a) Security deposits, unsecured, considered good	22,589,367	20,667,449
(b) Capital Advance	7,173,055	6,289,930
(c) Advance Income Tax (TDS Recoverable)	8,513,852	4,376,498
<b>Total</b>	<b>38,276,274</b>	<b>31,333,877</b>

**Note 9 Cash and Bank Balances**

Cash and Bank Balance consists of the following:

Particulars	As at March 31, 2017 (In Rupees)	As at March 31, 2016 (In Rupees)
<b>Cash and Bank Balance as defined in Accounting Standard (AS-3)</b>		
(a) Cash on hand	-	-
(b) Balances with banks		
(i) In current accounts	-	-
(ii) In Saving accounts	89,911,568	145,644,472
(iii) Call and Short Term Deposit Accounts (Original Maturity upto 3 months)	30,011,000	11,000,000
	<b>119,922,568</b>	<b>156,644,472</b>
<b>Other Balances with Banks:</b>		
(a) Call and Short Term Deposit Accounts Original maturity of more than 3 months and less than 12 months from the balance sheet date	107,613,389	100,172,374
(b) Earmarked bank deposit for Special Assistance Fund	14,227,618	18,670,726
(c) Balance held as margin money or security against guarantee (refer Note below)	11,725,699	-
	<b>133,566,706</b>	<b>118,843,100</b>
<b>Total</b>	<b>253,489,274</b>	<b>275,487,572</b>

Note :- Balance with banks includes deposits with remaining maturity of more than 12 months from the balance sheet dated aggregating Rs. 7,839,116 (PY NIL)



**Pratham Education Foundation**

**(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)**

**Notes forming part of the financial statements**

**Note 10 Short-term loans and advances**

<b>Particulars</b>	<b>As at March 31, 2017 (In Rupees)</b>	<b>As at March 31, 2016 (In Rupees)</b>
<b>Unsecured, considered good</b>		
(a) Loans and Advances to Others	27,731,870	20,562,041
(b) Advances to related parties (Refer Note 18)	11,533,684	13,360,662
(c) Prepaid expenses	2,742,143	3,729,860
<b>Total</b>	<b>42,007,697</b>	<b>37,652,563</b>

**Note 11 Other Current Assets**

Other Current Assets consists of the following:

<b>Particulars</b>	<b>As at March 31, 2017 (In Rupees)</b>	<b>As at March 31, 2016 (In Rupees)</b>
(a) Interest accrued on fixed deposit	6,558,093	2,201,503
<b>Total</b>	<b>6,558,093</b>	<b>2,201,503</b>



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**Pratham Education Foundation**

**(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)**

**Notes forming part of the financial statements**

**Note 12 Other income**

Other income consists of the following:

<b>Particulars</b>	<b>Current Year (In Rupees)</b>	<b>Previous Year (In Rupees)</b>
(a) Interest from banks on: Fixed Deposits	11,765,311	11,086,043
Saving Accounts	2,684,655	4,080,702
(b) Interest on Income Tax Refund	207,182	-
(c) Receipt on acquisition of portion of land by National Highway Authority of India (Refer Note 19)	10,985,802	40,956
<b>Total</b>	<b>25,642,950</b>	<b>15,207,701</b>



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**Pratham Education Foundation**

(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

**Notes forming part of the financial statements**

**Note 13 Employee Benefit Expense**

Employee Benefit Expense consists of the following:

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
Salaries	754,301,334	509,281,562
Contributions to provident fund	47,323,823	72,536,589
Gratuity expense	7,487,659	2,395,260
Staff welfare	9,443,108	4,639,935
<b>Total</b>	<b>818,555,924</b>	<b>588,853,346</b>

**Note 14 Other Expenses**

Other Expenses consists of the following:

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
Repair & Maintenance	38,512,470	29,737,893
Communication	25,573,920	19,425,271
Travel & Conveyance	176,952,316	142,060,741
Audit Fees (inclusive of Indirect Tax)	2,301,000	2,012,500
Electricity Charges	15,845,680	9,869,518
Insurance Charges	999,598	916,871
Printing & Stationery	14,467,315	11,805,460
Software & Computer consumables	21,247,903	4,957,310
Miscellaneous Expenses	40,791,546	33,870,166
<b>Total</b>	<b>336,691,748</b>	<b>254,655,730</b>



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**Pratham Education Foundation**  
**(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)**  
**Notes forming part of financial statements**

**15. Earnings and Expenditure in foreign Currency**

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
<b>(a) Earnings in Foreign Currency:</b>		
Donations	1,038,753,963	890,803,903
<b>Note:</b> The above includes funds received from various donors and sponsors for specific projects undertaken by the Company, which have remained unutilized at the balance sheet date	11,605,351	25,134,641
<b>(b) Expenditure in Foreign Currency:</b>		
Travelling Expenditure	1,653,920	1,747,313

**16. Details of Gratuity Plans are as follows:**

The Company has a funded scheme and is investing the Gratuity liability into a Gratuity Trust, which is being managed by Life Insurance Corporation Limited. The Company accounts for gratuity benefit liability based on an independent actuarial valuation, using the projected unit credit method carried out annually as at the Balance Sheet date, which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight-line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Income and Expenditure as income or expense.

- i. Amount to be recognised in Balance Sheet and Movement in net liability :  
(In Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Present Value of Funded Obligation	15,296,965	8,941,087
Fair value of Plan Assets	(3,000,749)	(2,932,530)
<b>Net Liability recognised in the Balance Sheet</b>	<b>(12,296,216)</b>	<b>(6,008,557)</b>

- ii. Expenses recognised in the Income and Expenditure Account :  
(In Rupees)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Current Service Cost	2,541,344	2,641,694
Interest on Defined Benefit Obligation	471,071	371,168
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) recognised during the year	447,524	(617,602)
<b>Net expenses included in payments to and provision of employees</b>	<b>7,487,659</b>	<b>2,395,260</b>



iii. Reconciliation of Benefit Obligation :  
(In Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Defined Benefit Obligation	8,941,087	7,352,885
Current Service Cost	2,541,344	2,641,694
Interest Cost	700,981	591,172
Actuarial Loss (due to experience)	1,759,068	280,670
Actuarial Loss (due to change in financial assumptions)	1,624,454	(1,876,757)
Benefits Paid	(269,969)	(48,577)
Closing Defined Benefit Obligation	<b>15,296,965</b>	<b>8,941,087</b>

iv. Reconciliation of Fair Value of Plan Assets :  
(In Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Fair Value of Plan Assets	2,932,530	2,736,371
Expected Return on Plan Assets	229,910	220,004
Actuarial Gain	(1,091,722)	(978,485)
Contributions by Employer	1,200,000	1,003,217
Benefits Paid	(269,969)	(48,577)
Closing Fair Value of Plan Assets	<b>3,000,749</b>	<b>2,932,530</b>

v. Actual Return of Plan Assets :  
(In Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Expected Return on plan assets	229,910	220,004
Actuarial Gain (loss) on plan assets	(1,091,722)	(978,485)
Actual return on plan assets	(861,812)	(758,481)

vi. Details of description of plan assets are not available with the Company.

vii. Experience Adjustments :  
(In Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligation	(15,296,965)	(8,941,087)	(73,52,885)	(2,755,991)	(1,415,462)
Plan Assets	3,000,749	2,932,530	27,363,71	1,465,237	210,609
Surplus/(Deficit)	(12,296,216)	(6,008,557)	(4,616,514)	(1,290,754)	(1,204,853)
Experience Adjustment on Plan Liabilities	1,624,454	(1,876,757)	1,973,623	1,001,791	714,810
Experience Adjustment on Plan Assets	(1,091,722)	(978,485)	(712,865)	31,303	9,093



viii. Summary of Actuarial Assumptions :  
(In Rupees)

Particulars	As at March 31, 2017 (%)	As at March 31, 2016 (%)
Discount Rate	7.09	7.84
Expected Rate of Return on Assets	7.09	7.84
Salary Escalation Rate	5	5
<u>Attrition Rate Age (Years):</u>		
00-04 Years	40	40
05& Above	2	2
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate (LIC 1994-96 Mortality tables)	
Retirement age	60 years (Previous year 60 years)	

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets is taken on the basis of the average long term rate of return expected on investments of the Gratuity Fund during the estimated term of the obligation.

ix. Expected contribution (In Rupees)

As at March 31, 2017	As at March 31, 2016
12,296,216	6,008,557

17. The Company operates in one business segment, which is imparting education including vocational and technical education and its activities are carried out within India. This in context of AS – 17 on Segment Reporting, as specified in the Companies Act 2013, are considered to constitute one primary and secondary segment.
18. Related parties disclosures - As required by Accounting Standard -18, "Related Party Disclosures"- (As identified by the management)

**Names of related parties and nature of relationship**

a) Enterprises over which key managerial person is able to exercise significant influence:-

- Pratham Mumbai Education Initiative
- Pratham Institute for Literacy Education and Vocational Training
- Aser Centre
- Niramaya Health Foundation

b) Key Managerial Person :-

- Dr. Rukmini Banerji, CEO
- Dr. Madhav Chavan, Director



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**Enterprise where there is Significant Influence (where transactions exist)**

<b>Particulars of Related parties</b>	<b>Current Year (In Rupees)</b>	<b>Previous Year (In Rupees)</b>
<b>1. Donation Received</b>		
Pratham Mumbai Education Initiative	8,000,000	-
	<b>8,000,000</b>	-
<b>2. Donation made</b>		
Pratham Mumbai Education Initiative	96,000,000	125,000,000
Pratham Institute For Literacy Education and Vocational Training	12,000,000	33,331,500
	<b>108,000,000</b>	<b>158,331,500</b>
<b>3. Advance given /(taken) during the year</b>		
Pratham Mumbai Education Initiative (Net)	(104,167)	(215,673)
Pratham Institute For Literacy Education and Vocational Training (Net)	(1,576,662)	3,760,928
ASER Centre (Net)	(176,005)	74,958
<b>Total</b>	<b>(1,856,834)</b>	<b>3,620,213</b>
<b>4. Advance receivable/(Payable)</b>		
Pratham Mumbai Education Initiative	(29,856)	74,311
Pratham Institute For Literacy Education and Vocational Training	11,533,684	13,110,346
ASER Centre	-	176,005
<b>Total</b>	<b>11,503,828</b>	<b>13,360,662</b>

Remuneration paid to Key Managerial Person Rs. 6,600,000 (P.Y. Rs. 66,00,000)

19. During the year, land at Dhamtari, Chhattisgarh measuring 487 Sqr Mtr. out of total land measuring of 14,000 sqr mtr. has been taken over by National Authority of India (NHAI) for road widening project. The full consideration received amounting to Rs. 10,985,802/- credited to Income & Expenditure Account as Receipt from NHAI.
20. The Company is registered under section 12AA of the Income Tax Act, 1961 which entitles it to exemption from income tax, provided certain conditions laid down in the Income Tax Act, 1961 are complied with. Provision for income tax would be made only in the year in which the Company is unable to establish reasonable certainty of its ability to fulfill these conditions. Hence, no deferred tax impact has been accounted in the financial statement
21. **Previous year's figures:**  
Previous year's figures have also been regrouped to conform to this year's classification.

**For Pratham Education Foundation**



*Rukmini Banerji* *Madhav Chavan*

**Rukmini Banerji**  
Director



**Madhav Chavan**  
Director

**Place: New York**

**Date: September 15, 2017**