

INDEPENDENT AUDITOR'S REPORT

To The Members of Pratham Education Foundation Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pratham Education Foundation ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Income and Expenditure Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its excess of income over expenditure and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' report, but does not include the financial statements and our auditor's 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 during the course of our audit or otherwise appears to be materially misstated.

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- 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 Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 in accordance with the Accounting Standards and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Income and Expenditure Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

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**Deloitte
Haskins & Sells LLP**

- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a Section 8 company, section 197 of the Act related to the managerial remuneration not applicable.
 - h) 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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)
UDIN: 19105828AAAABE3320

Place: Mumbai

Date: 19 SEP 2019

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S 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 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, 2019 in conjunction with our audit of 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 of the Company 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.

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, 2019, based on the criteria for internal financial control over financial reporting established by the respective 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's Registration No.117366W / W-100018)



Mohammed Bengali
Partner
(Membership No. 105828)
UDIN: 19105828AAAABE3320

Place: Mumbai

Date: 19 SEP 2019

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

BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note No.	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018 (In Rupees)
EQUITY AND LIABILITIES			
Sources of funds			
(a) Reserves and surplus	3	794,668,900	612,180,888
		794,668,900	612,180,888
Current liabilities			
(a) Trade payables			
(i) Total outstanding dues of Micro enterprises and small enterprises	4	-	-
(ii) Total outstanding dues of creditors other than Micro enterprises and small enterprises	4	60,481,408	58,020,613
(b) Other current liabilities	5	125,205,321	98,126,916
(c) Short-term provisions	6	31,377,245	17,326,725
		217,063,974	173,474,254
TOTAL		1,011,732,874	785,655,142
ASSETS			
Non-current assets			
(a) Property, plant and equipment			
(i) Tangible assets	7	393,956,035	289,094,276
(ii) Intangible assets	7	-	-
(iii) Capital work-in-progress		75,998,398	34,183,603
		469,954,433	323,277,879
(b) Long-term loans and advances	8	58,774,001	54,573,445
		528,728,434	377,851,324
Current assets			
(a) Cash and bank balances	9	436,654,062	359,947,022
(b) Short-term loans and advances	10	38,435,354	40,763,033
(c) Other current assets	11	7,915,024	7,093,763
		483,004,440	407,803,818
TOTAL		1,011,732,874	785,655,142
See accompanying notes forming part of the financial statements	1-23		

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Mohammed Bengali

Mohammed Bengali
Partner



Place: Mumbai
Date: 19 SEP 2019

For and on behalf of the Board of Directors



Sanjay Nayar
Sanjay Nayar
Director
DIN: 00002615

Madhav Chavan

Madhav Chavan
Director
DIN: 02012989

Place: Mumbai
Date: 18 SEP 2019

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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, 2019

Particulars	Note No.	Current Year (In Rupees)	Previous Year (In Rupees)
Donations		1,975,506,287	2,049,459,089
Other income	12	238,656,953	32,013,032
Total revenue		2,214,163,240	2,081,472,121
Expenses			
Donation Made		63,780,000	108,300,000
Professional Fees		96,271,073	92,864,703
Teaching Learning Material		126,830,288	122,739,299
Training Expenses		202,695,807	173,542,491
Rent		116,568,155	113,196,308
Employee Benefit Expenses	13	933,041,187	869,910,710
Finance Cost	14	13,471,522	-
Other Expenses	15	354,507,831	277,047,080
Depreciation and amortisation expense	7	124,509,365	99,868,104
Total expenses		2,031,675,228	1,857,468,695
Excess of Income over Expenditure before/after tax		182,488,012	224,003,426
See accompanying notes forming part of the financial statements	1-23		

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Mohammed Bengali

Mohammed Bengali
Partner



For and on behalf of the Board of Directors



Sanjay Nayar
Sanjay Nayar
Director
DIN: 00002615

Madhav Chavan

Madhav Chavan
Director
DIN: 02012989

Place: Mumbai






Date: 19 SEP 2019

Place: Mumbai

Date: 18 SEP 2019

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Cash Flow Statement for the year ended March 31, 2019

Particulars	For the year ended 31 March, 2019 (In Rupees)	For the year ended 31 March, 2018 (In Rupees)
A. Cash flow from operating activities		
Excess of Income over Expenditure	182,488,012	224,003,426
Adjustments for:		
Depreciation and amortisation	124,509,365	99,868,104
Gratuity expenses	15,502,377	6,523,328
Interest income	(27,322,142)	(14,696,808)
Liabilities / provisions no longer required written back	(970,455)	(1,844,985)
Profit on sale of Fixed Assets	(180,485)	-
Operating profit before working capital changes	294,026,672	313,853,065
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Short-term loans and advances	2,327,679	1,244,664
Long-term loans and advances	(4,848,048)	(745,609)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade Payable	3,431,250	7,406,356
Other current liabilities	19,151,861	(41,334,630)
Provisions	(1,451,857)	(1,492,819)
Net income tax (paid) / refunds (net of refunds)	(4,314,278)	(2,693,227)
Net cash flow from operating activities (A)	308,323,279	276,237,800
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(258,304,120)	(183,941,190)
Proceeds from sale of fixed assets	187,000	-
Movements in Bank balances not considered as Cash and cash equivalents (net)	(138,893,911)	(80,472,457)
Interest received	26,500,881	14,161,138
Net cash used in investing activities (B)	(370,510,150)	(250,252,509)
Net (decrease)/increase in Cash and cash equivalents (A+B)	(62,186,871)	25,985,291
Cash and cash equivalents at the beginning of the year	145,907,859	119,922,568
Cash and cash equivalents at the end of the year	83,720,988	145,907,859
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 9)	436,654,062	359,947,022
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	352,933,074	214,039,163
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 9	83,720,988	145,907,859
Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash flow statement :		
Call and Short Term Deposit Accounts Original maturity of more than 3 months and less than 12 months	318,777,396	180,261,491
Earmarked bank deposit for Special Assistance Fund	28,968,678	27,332,672
Balance held as margin money or security against guarantee	5,187,000	6,445,000
Notes:		
(1) The above Cash Flow Statement has been prepared using the Indirect Method as per Accounting Standard (AS) 3 - 'Cash Flow Statements' specified under Section 133 of the Companies Act, 2013.		
(2) Cash and cash equivalents (refer note 9)		
Balances with banks:-		
(i) In Saving accounts	31,418,988	115,607,859
(ii) Call and Short Term Deposit Accounts (Original Maturity upto 3 months)	52,302,000	30,300,000
	83,720,988	145,907,859
(3) Previous year's figures have been regrouped/ restated wherever necessary.		
See accompanying notes forming part of the financial statements (1-23)		
In terms of our report attached. For Deloitte Haskins & Sells LLP Chartered Accountants		
 Mohammed Bengali Partner		
		
	 Sanjay Nayar Director DIN: 00002615	 Madhav Chavan Director DIN: 02012989
Place: Mumbai Date: 19 SEP 2019		Place: Mumbai Date: 18 SEP 2019

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 previous 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.



Pratham Education Foundation

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Notes forming part of the financial statements

Estimated useful lives of assets are as follows:

Class of Assets	Estimated Useful Life*
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.

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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

f. Contribution received as re-imburement 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 determined its operating cycles as 12 month for the purpose of classification of its assets and liabilities as current and non-current.

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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 3 Reserve & Surplus

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018
(a) General Reserve		
Balance at beginning of the year	607,441,850	373,949,845
Add: Excess of Income over Expenditure as per Income and Expenditure Account	182,488,012	224,003,425
Add:- Transfer from Special Assistance fund	9,739,038	14,488,580
Less: Appropriation towards Special Assistance Fund	(5,000,000)	(5,000,000)
	794,668,900	607,441,850
(b) Special Assistance Fund		
Balance at beginning of the year	4,739,038	14,227,618
Add: Transfer during the year from general reserve	5,000,000	5,000,000
Less: Utilized during the year (transfer back to general reserve)	(9,739,038)	(14,488,580)
	-	4,739,038
Total	794,668,900	612,180,888

Note 4 Trade payables

Trade Payables consists of the following:

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018
Creditors for Expenses:-		
Total outstanding dues of Micro & Small Enterprises (Refer Note 21)	-	-
Total outstanding dues of creditors other than Micro & Small Enterprises	60,481,408	58,020,613
Total	60,481,408	58,020,613

Note 5 Other current liabilities

Other Current Liabilities consist of the following:

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018
Statutory Remittance	26,450,548	20,816,201
Unutilised amount from Earmarked Funds received	82,415,422	57,909,482
Deffered Income	2,877,804	13,866,230
Capital Creditors	13,461,547	5,535,003
Total	125,205,321	98,126,916

Note:- The amount unutilised from earmarked funds represent amount received from various donors and sponsors for specific projects undertaken/to be undertaken by the Company which have remained unutilised as at the Balance Sheet Date.

Note 6 Short Term Provisions

Short Term provisions consist of the following:

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018
Provision for Employee Benefits		
Gratuity Payable (Refer note 17)	31,377,245	17,326,725
Total	31,377,245	17,326,725



Pratham Education Foundation
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Notes forming part of the financial statements

Note 7 Property, plant and equipment

Particulars	Gross Block (at Cost)				Depreciation			Net Block As on March 31, 2019
	Opening Balance as on April 1, 2018	Additions during the year	Deletions during the year	Closing balance as on March 31, 2019	Opening Balance as on April 1, 2018	Depreciation for the year	Deletions during the year	
Tangible Assets								
Computers	279,526,356 171,396,610	79,330,110 108,129,746	- -	358,856,466 279,526,356	178,594,415 110,451,915	85,557,737 68,142,500	- -	264,152,152 178,594,415
Office Equipments	102,565,445 88,435,408	16,700,912 14,130,037	- -	119,266,357 102,565,445	70,787,440 57,707,740	15,266,572 13,079,700	- -	86,054,012 70,787,440
Furnitures & Fixtures	58,254,092 51,144,722	10,764,874 7,109,370	- -	69,018,966 58,254,092	44,893,417 35,791,621	11,583,803 9,101,796	- -	56,477,220 44,893,417
Vehicles	18,929,426 18,315,756	704,067 613,670	205,000 -	19,428,493 18,929,426	12,246,734 8,670,445	3,313,876 3,576,289	198,485 -	15,362,125 12,246,734
Land	61,001,759 61,001,759	33,271,279 -	- -	94,273,038 61,001,759	- -	- -	- -	- -
Leasehold Improvement	14,975,368 14,975,368	- -	- -	14,975,368 14,975,368	2,863,600 2,308,957	554,643 554,643	- -	3,418,243 2,863,600
Building	73,352,167 38,066,660	88,606,397 35,285,507	- -	161,958,564 73,352,167	10,124,731 4,711,554	8,232,734 5,413,177	- -	18,357,465 10,124,731
TOTAL Tangible assets	608,604,613	229,377,639	205,000	837,777,252	319,510,337	124,509,365	198,485	443,821,217
<i>Previous Year</i>	443,336,283	165,268,330	-	608,604,613	219,642,231	99,868,105	-	319,510,337
Intangible Assets								
Computer Software	635,544 635,544	- -	635,544 -	- 635,544	635,544 635,544	- -	635,544 -	- 635,544
TOTAL Intangible assets	635,544	-	635,544	-	635,544	-	635,544	-
<i>Previous Year</i>	635,544	-	-	635,544	635,544	-	-	635,544
Total	609,240,157	229,377,639	840,544	837,777,252	320,145,881	124,509,365	834,029	443,821,217
<i>Previous Year</i>	443,971,827	165,268,330	-	609,240,157	220,277,775	99,868,105	-	320,145,881



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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 consist of the following:

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018 (In Rupees)
Security deposits, unsecured considered good	28,183,023	23,334,975
Capital Advance	15,069,621	20,031,391
Advance Income Tax (TDS Recoverable)	15,521,357	11,207,079
Total	58,774,001	54,573,445

Note 9 Cash and Bank Balances

Cash and Bank Balance consist of the following:

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018 (In Rupees)
Cash and Cash equivalents as defined in Accounting Standard (AS-3)		
(a) Cash on hand	-	-
(b) Balances with banks		
(i) In Saving accounts	31,418,988	115,607,859
(ii) Call and Short Term Deposit Accounts (Original Maturity upto 3 months)	52,302,000	30,300,000
	83,720,988	145,907,859
Other Balances with Banks (Refer note below):		
(a) Call and Short Term Deposit Accounts Original maturity of more than 3 months	318,777,396	180,261,491
(b) Earmarked bank deposit for Special Assistance Fund	28,968,678	27,332,672
(c) Balance held as margin money or security against guarantee	5,187,000	6,445,000
	352,933,074	214,039,163
Total	436,654,062	359,947,022

Note- Balance with Banks includes deposits with remaining maturity of more than 12 months from the balance sheet date aggregating Rs.41,24,028/- (Previous Year Rs.1,70,46,000/-)



Notes forming part of the financial statements

Note 10 Short-term loans and advances

Short-term loans and advances consist of the following:

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018 (In Rupees)
Unsecured, Considered Good		
(a) Loans and Advances to Others	18,657,845	24,814,359
(b) Advances to Related Parties	16,213,493	12,816,465
(c) Prepaid Expenses	3,564,016	3,132,209
Total	38,435,354	40,763,033

Note 11 Other Current Assets

Other Current Assets consist of the following:

Particulars	As at 31 March, 2019 (In Rupees)	As at 31 March, 2018 (In Rupees)
(a) Interest accrued on Fixed deposits	7,915,024	7,093,763
Total	7,915,024	7,093,763

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Notes forming part of the financial statements

Note 12 Other income

Other Income consists of the following:

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
(a) Interest from banks on		
Fixed Deposits	25,449,349	12,974,336
Saving Accounts	1,872,793	1,722,472
(b) Interest on Income Tax Refund	-	208,341
(c) Prize Money from Award	186,608,000	-
(d) Profit on sale of Fixed Assets	180,485	-
(e) Receipts from Vocational Training	22,159,210	14,913,994
(f) Liabilities / provisions no longer required written back	970,455	1,844,985
(g) Other Miscellaneous Receipts	1,416,661	348,904
Total	238,656,953	32,013,032

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Notes forming part of the financial statements

Note 13 Employee Benefit Expense

Employee Benefit Expenses consist of the following:

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
Salaries & Wages	855,311,824	801,188,564
Contribution for Provident Fund	46,694,864	47,710,238
Gratuity Expense (Refer Note 17)	15,502,377	6,523,328
Staff welfare expenses	15,532,122	14,488,580
Total	933,041,187	869,910,710

Note 14 Finance Cost

Finance Cost consist of the following:

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
Interest on delayed payment of statutory dues	13,471,522	-
Total	13,471,522	-

Note 15 Other Expenses

Other Expenses consist of the following:

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
Repair & Maintenance	32,951,142	32,655,270
Communication	18,334,342	24,364,702
Travel & Conveyance	175,867,734	136,530,613
Audit Fees (inclusive of Indirect taxes)	2,301,000	2,301,000
Electricity Charges	19,079,869	17,606,094
Insurance Charges	1,263,589	719,346
Printing & Stationery	13,193,755	10,608,233
Software & Computer consumables	43,261,278	14,668,336
Miscellaneous Expenses	48,255,122	37,593,486
Total	354,507,831	277,047,080



Pratham Education Foundation

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Notes forming part of the financial statements**16. Earnings and Expenditure in foreign Currency**

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
(a) Earnings in Foreign Currency:		
Donations	1,32,47,13,788	1,09,15,91,188
Note: 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	-	-
(b) Expenditure in Foreign Currency:		
Travelling Expenditure	25,71,496	15,24,268

17. 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 :

Particulars	(In Rupees)	
	As at March 31, 2019	As at March 31, 2018
Present Value of Funded Obligation	3,34,04,135	2,05,88,912
Fair value of Plan Assets	(20,26,890)	(32,62,187)
Net Liability recognised in the Balance Sheet	3,13,77,245	1,73,26,725

ii. Expenses recognised in the Income and Expenditure Account :

Particulars	(In Rupees)	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Current Service Cost	45,13,960	40,08,625
Net Interest Cost	13,51,484	8,71,802
Actuarial (Gains)/Losses	96,36,933	16,42,901
Net expenses included in payments to and provision of employees	1,55,02,377	65,23,328



Pratham Education Foundation

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Notes forming part of the financial statements

iii. Reconciliation of Benefit Obligation :

(In Rupees)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Opening Defined Benefit Obligation	2,05,88,912	1,52,96,965
Current Service Cost	45,13,960	40,08,625
Interest Cost	16,05,935	10,84,555
Actuarial (Gain)/Losses on obligation (due to change in financial assumptions)	9,43,656	(24,64,716)
Actuarial (Gain)/Losses on obligation (due to experience)	73,40,841	28,90,144
Liability transferred In / Acquisitions	60,877	3,88,804
(Liability transferred out / Divestments)	(189)	(1,17,536)
Benefits Paid	(16,49,857)	(4,97,929)
Closing Defined Benefit Obligation	3,34,04,135	2,05,88,912

iv. Reconciliation of Fair Value of Plan Assets :

(In Rupees)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Opening Fair Value of Plan Assets	32,62,187	30,00,749
Expected Return on Plan Assets	2,54,451	2,12,753
Actuarial Gains/(Losses) on plan assets due to experience	(13,52,436)	(12,17,473)
Contributions by Employer	15,12,545	14,92,819
Benefits Paid	(16,49,857)	(4,97,929)
Assets transferred In/Acquisition	-	3,88,804
(Assets transferred out/Divestments)	-	(1,17,536)
Closing Fair Value of Plan Assets	20,26,890	32,62,187

v. Actual Return of Plan Assets :

(In Rupees)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Expected Return on plan assets	2,54,451	2,12,753
Actuarial Gain/(losses) on plan assets	(13,52,436)	(12,17,473)
Actual return on plan assets	(10,97,985)	(10,04,720)

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

vii. Experience Adjustments :

(In Rupees)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Defined Benefit Obligation	(3,34,04,135)	(2,05,88,912)	(1,52,96,965)	(89,41,087)	(73,52,885)
Plan Assets	20,26,890	32,62,187	30,00,749	29,32,530	27,36,371
Surplus/(Deficit)	(3,13,77,245)	(1,73,26,725)	(1,22,96,216)	(60,08,557)	(46,16,514)
Actuarial (Gain)/Losses on obligation - due to experience	73,40,841	28,90,144	16,24,454	(18,76,757)	19,73,623
Actuarial Gains/(Losses) on plan assets due to experience	13,52,436	12,17,473	(10,91,722)	(9,78,485)	(7,12,865)

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Pratham Education Foundation

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Notes forming part of the financial statements

viii. Summary of Actuarial Assumptions :

(In Rupees)

Particulars	As at 31.03.2019 (%)	As at 31.03.2018 (%)
Discount Rate	7.59%	7.80%
Expected Rate of Return on Assets	7.59%	7.80%
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 & 80 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 31.03.2019	As at 31.03.2018
3,13,77,245	1,73,26,725

18. 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.
19. During the year, the Hon'ble Supreme Court in another case ruled that certain allowances are to be included in computing contributions to provident fund.

The Company based on legal opinion has implemented the basis of computation in accordance with the Hon'ble Supreme Court order from 1st March, 2019.

20. 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



Pratham Education Foundation

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Notes forming part of the financial statements**Enterprise where there is Significant Influence (where transactions exist)**

Particulars of Related parties	Current Year (In Rupees)	Previous Year (In Rupees)
1. Donation Received		
Pratham Mumbai Education Initiative	-	1,25,00,000
Total	-	1,25,00,000
2. Donation made		
Pratham Mumbai Education Initiative	3,88,00,000	7,83,00,000
Total	3,88,00,000	7,83,00,000
3. Amount paid for training center service used		
Pratham Institute For Literacy Education and Vocational Training (Net)	87,36,154	78,25,291
Total	87,36,154	78,25,291
4. Advance given /(taken) during the year		
Pratham Mumbai Education Initiative (Net)	17,43,873	3,98,625
Pratham Institute For Literacy Education and Vocational Training (Net)	16,53,155	9,14,012
Total	33,97,028	13,12,637
5. Advance receivable/(Payable)		
Pratham Mumbai Education Initiative	21,12,642	3,68,769
Pratham Institute For Literacy Education and Vocational Training	1,41,00,851	1,24,47,696
Total	1,62,13,493	1,28,16,465

Remuneration paid to Key Managerial Person Rs. 95,25,000 (P.Y. Rs. 66,00,000)

21. Micro, Small and Medium Enterprises

Particulars	As at March 31, 2019	As at March 31,2018
(i) Principal amount remaining unpaid to any supplier as at end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

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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

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

22. 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

23. Previous year's figures:

Previous year's figures have also been regrouped to conform to current year's classification.

For Pratham Education Foundation



Sanjay Nayar
Director
DIN: 00002615



Madhav Chavan
Director
DIN: 02012989



Place: Mumbai

Date: 18 SEP 2019



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