

Independent Auditor's Report

To the Members of Pratham Education Foundation

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Pratham Education Foundation ('the Company'), which comprise the Balance Sheet as at 31 March 2021, 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.
2. 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 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2021, and its Surplus and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board 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 in the audit or otherwise appears to be materially misstated.

The Board Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, Board of Directors are 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 Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing 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.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



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- 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; and
 - 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.
10. 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.

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.
12. This report does not include a statement on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order 2016 ('the Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, since in our opinion and according to the information and explanations given to us, the Order is not applicable.
13. Further to our comments in Annexure A, 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 purpose of our audit of the accompanying financial statements;
 - 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 financial statements 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 prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 7 September 2021 as per Annexure A expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:



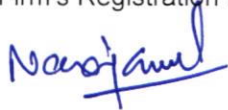
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- i. the Company, as detailed in note 24 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2021;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Neeraj Goel

Partner

Membership No.: 099514



UDIN: 21099514AAAAFQ3403

Place: Gurugram

Date: 7 September 2021

Annexure A to the Independent Auditor's Report to the members of Pratham Education Foundation on the financial statements for the year ended 31 March 2021

Annexure A

Independent Auditor's Report on the internal financial controls with reference to the financial statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Pratham Education Foundation ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI') (the "Guidance Note"). 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls with reference to financial statements, 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.
5. 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 with reference to financial statements.



Annexure A to the Independent Auditor's Report to the members of Pratham Education Foundation on the financial statements for the year ended 31 March 2021 (Cont'd)

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the company considering the essential components of internal control as stated in the Guidance issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013



Neeraj Goel
Partner
Membership No.: 099514



UDIN: 21099514AAAAFQ3403

Place: Gurugram
Date: 7 September 2021

Pratham Education Foundation

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

Balance Sheet as at 31 March 2021

(All amounts are in ₹, unless otherwise stated)

| Particulars | Notes | As at 31 March 2021 | As at 31 March 2020 |
|--|-------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Sources of funds | | | |
| Reserves and surplus | 3 | <u>1,398,180,360</u> | <u>702,996,816</u> |
| | | 1,398,180,360 | 702,996,816 |
| Current liabilities | | | |
| Trade payables | | | |
| Total outstanding dues of micro and small enterprises; and | 4 | 397,158 | 2,472,260 |
| Total outstanding dues of creditors other than micro and small enterprises | | 25,702,370 | 40,939,308 |
| Other current liabilities | 5 | 205,106,828 | 149,700,622 |
| Short-term provisions | 6 | <u>102,909,353</u> | <u>82,481,203</u> |
| | | 334,115,709 | 275,593,393 |
| TOTAL | | 1,732,296,069 | 978,590,209 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Tangible assets | 7 | 337,558,347 | 400,072,912 |
| Capital work-in-progress | | 205,704,276 | 174,793,141 |
| Long-term loans and advances | 8 | 43,277,903 | 37,222,348 |
| Other non-current assets | 9 | <u>205,698,935</u> | <u>17,543,071</u> |
| | | 792,239,461 | 629,631,472 |
| Current assets | | | |
| Cash and cash equivalents | 10 | 871,704,508 | 281,704,609 |
| Short-term loans and advances | 11 | 53,312,369 | 65,514,279 |
| Other current assets | 12 | <u>15,039,731</u> | <u>1,739,849</u> |
| | | 940,056,608 | 348,958,737 |
| TOTAL | | 1,732,296,069 | 978,590,209 |

The accompanying notes form an integral part of these financial statements.

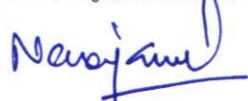
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As per our report of even date attached.

For Walker Chandio & Co LLP


Chartered Accountants

Firm's Registration No. 001076N/N500013



Neeraj Goel
Partner
Membership No.: 099514

Place: Gurugram
Date: 7 September 2021

For and on behalf of the Board of Directors of
Pratham Education Foundation

Rukmini Banerji
Director
DIN: 02877496

Madhav Chavan
Director
DIN: 02012989

Place: Delhi
Date: 7 September 2021

Place: Delhi
Date: 7 September 2021

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 31 March 2021

(All amounts are in ₹, unless otherwise stated)

| Particulars | Notes | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------|-------------------------------------|-------------------------------------|
| Income | | | |
| Donation and other receipts | 13 | 2,220,389,290 | 2,282,550,971 |
| Other income | 14 | 34,894,720 | 24,137,171 |
| | | 2,255,284,010 | 2,306,688,142 |
| Expenditure | | | |
| Expenses on programme initiatives | 15 | 313,870,670 | 952,836,460 |
| Employee benefit expense | 16 | 1,074,353,873 | 1,188,872,918 |
| Depreciation and amortisation expenses | 7 | 107,290,964 | 132,650,320 |
| Other expenses | 17 | 64,584,959 | 124,000,528 |
| Total expenses | | 1,560,100,466 | 2,398,360,226 |
| Surplus / (Deficit) for the year | | 695,183,544 | (91,672,084) |

The accompanying notes form an integral part of these financial statements.

1-28

As per our report of even date attached.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Neeraj Goel**

Partner

Membership No.: 099514

Place: Gurugram

Date: 7 September 2021

For and on behalf of the Board of Directors of
Pratham Education Foundation**Rukmini Banerji**

Director

DIN: 02877496

Place: Delhi

Date: 7 September 2021

Madhav Chavan

Director

DIN: 02012989

Place: Delhi

Date: 7 September 2021

Pratham Education Foundation

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

Cash Flow Statement for the year ended 31 March 2021

(All amounts are in ₹, unless otherwise stated)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| A. Cash flow from operating activities | | |
| Surplus/(deficit) for the year | 695,183,544 | (91,672,084) |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 107,290,964 | 132,650,320 |
| Interest income | (30,908,790) | (23,197,272) |
| Provisions/liabilities no longer required written back | (2,326,329) | (810,765) |
| Profit on sale of fixed assets | - | (22,989) |
| Operating profit before working capital changes | 769,239,389 | 16,947,210 |
| Adjustments for: | | |
| Short-term loans and advances | (226,373) | (27,078,925) |
| Long-term loans and advances | 3,803,826 | 6,037,072 |
| Trade payable | (14,985,711) | 2,967,094 |
| Other current liabilities | 58,627,408 | 14,745,951 |
| Provisions | 20,428,150 | 51,103,958 |
| Cash generated from operations post working capital changes | 836,886,689 | 64,722,360 |
| Income tax paid (net) | 11,705,188 | 12,607,958 |
| Net cash flow from operating activities (A) | 848,591,877 | 77,330,318 |
| B. Cash flow from investing activities | | |
| Purchase of fixed assets (including capital advances, capital creditors and capital work in progress) | (88,045,023) | (244,134,347) |
| Proceeds from sale of property, plant and equipment | - | 25,200 |
| Movement in bank balances not considered as cash and cash equivalents (net) | (278,822,397) | 229,801,721 |
| Interest received | 17,608,909 | 29,372,448 |
| Net cash (used) / flow from investing activities (B) | (349,258,511) | 15,065,021 |
| Net increase in cash and cash equivalents (A+B) | 499,333,366 | 92,395,339 |
| Cash and cash equivalents at the beginning of the year | 176,116,327 | 83,720,988 |
| Cash and cash equivalents at the end of the year | 675,449,693 | 176,116,327 |
| Reconciliation of cash and cash equivalents as per cash flow statement (refer note 10) | | |
| Balances with banks | | |
| -in saving accounts | 664,269,792 | 68,613,327 |
| -deposit with original maturity less than 3 months | 11,179,901 | 107,503,000 |
| | 675,449,693 | 176,116,327 |
| Bank balances not considered as cash and cash equivalents | | |
| -deposit with remaining maturity for less than 12 months | 196,254,815 | 105,588,282 |
| -deposit with remaining maturity for more than 12 months | 205,698,935 | 17,543,071 |
| | 401,953,750 | 123,131,353 |

The accompanying notes form an integral part of these financial statements.

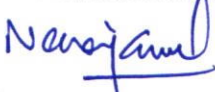
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As per our report of even date attached.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013



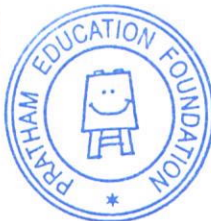
Neeraj Goel

Partner

Membership No.: 099514

Place: Gurugram

Date: 7 September 2021



For and on behalf of the Board of Directors of

Pratham Education Foundation



Rukmini Banerji

Director

DIN: 02877496

Place: Delhi

Date: 7 September 2021



Madhav Chavan

Director

DIN: 02012989

Place: Delhi

Date: 7 September 2021

Pratham Education Foundation

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

Notes to the financial statements for the year ended 31 March 2021**1. Corporate background:**

The Company is primarily engaged in imparting education including vocational and technical education in various parts of India. The Company was incorporated on 24 June 2002 as a private company limited by guarantee and not having a share capital and has 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 30 May 2002.

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

The Company is registered under Section 12AA of the Income Tax Act, 1961 vide Letter No. DIT (E)/12A/36899/2002-2003 dated 18 December 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 20 July 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.

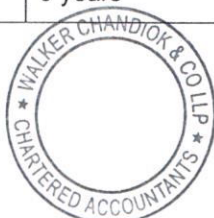
c. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation / amortization. The cost of Property, plant and equipment 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 Property, plant and equipment 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 Property, plant and equipment, which are different from those prescribed in Schedule II of the Companies Act, 2013.

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 |



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Pratham Education Foundation

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

Notes to the financial statements for the year ended 31 March 2021

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

Property, plant and equipment, whose cost is ₹5,000 or less, are fully depreciated in the year of purchase.

Leasehold improvements are amortised over the lesser of the estimated useful life of the improvement or the remaining life of the lease, whichever is lower.

Property, plant and equipment purchased for specific projects are depreciated over project's period or the estimated useful life of the assets whichever is lower.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term investments in fixed deposits with an original maturity of three months or less.

e. Donations

Donations are recognized as income in the Income and Expenditure Account in the period in which the collections are actually received. Earmarked 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-imbursment 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.

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 Income and expenditure account.

h. Employee benefits

Provident fund

Provident fund benefit is a defined contribution plan under which the Company pays fixed contribution into funds established under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature. The Company's contributions paid/payable under the scheme is recognized as an expense in the Income and Expenditure Account during the year in which the employee renders the related service.

Short term benefits

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.



RB

A handwritten signature in blue ink.

Pratham Education Foundation

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

Notes to the financial statements for the year ended 31 March 2021

Long term Plan

Defined Benefits :

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 Income and expenditure account 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. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Income and Expenditure Account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

k. 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.

m. Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- present obligation, where a reliable estimate cannot be made.

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

n. 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.



RB

A handwritten signature in blue ink, appearing to be "L. S."

Pratham Education Foundation

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

Notes to the financial statements for the year ended 31 March 2021

(All amounts are in ₹, unless otherwise stated)

3 Reserves and Surplus

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| General reserve | | |
| Balance at beginning of the year | 702,996,816 | 794,668,900 |
| Add: Surplus/(deficit) for the year | 695,183,544 | (91,672,084) |
| Add: Transfer from special assistance fund | - | 5,000,000 |
| Less: Appropriation towards special assistance fund | - | (5,000,000) |
| Balance at the end of the year | 1,398,180,360 | 702,996,816 |
| Special assistance fund | | |
| Balance at beginning of the year | - | - |
| Add: Transfer during the year from general reserve | - | 5,000,000 |
| Less: Utilized during the year (transfer back to general reserve) | - | (5,000,000) |
| Balance at the end of the year | - | - |
| | 1,398,180,360 | 702,996,816 |

4 Trade payables

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Total outstanding dues of micro and small enterprises (refer note 22) | 397,158 | 2,472,260 |
| Total outstanding dues of creditors other than micro and small enterprises | 25,702,370 | 40,939,308 |
| | 26,099,528 | 43,411,568 |

5 Other current liabilities

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Statutory dues | 25,330,665 | 35,850,040 |
| Unutilised amount from earmarked funds received* | 156,851,468 | 80,356,427 |
| Deferred income | 562,146 | 1,164,145 |
| Capital creditors | 763,525 | 3,984,727 |
| Employees related payables | 12,657,712 | 18,688,028 |
| Other liabilities | 8,941,312 | 9,657,255 |
| | 205,106,828 | 149,700,622 |

*The amount unutilised from earmarked funds represent amount received from various donors and sponsors for specific projects undertaken/to be undertaken which have remained unutilised as at the Balance Sheet date.

6 Short term provisions

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Provision for Employee Benefits | | |
| Provision for gratuity (refer note 19) | 102,909,353 | 82,481,203 |
| | 102,909,353 | 82,481,203 |



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