


**AUDITORS' REPORT TO THE MEMBERS OF PRATHAM EDUCATION FOUNDATION**

1. We have audited the attached Balance Sheet of Pratham Education Foundation (Formerly known as Pratham - India Education Initiative) (the "Company"), as at March 31, 2010 and the related Income and Expenditure Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not contain a statement on the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
4. Further to our comments in paragraph 3 above, we report that:
  - (a) We have 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 appears from our examination of those books;
  - (c) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and the Income and Expenditure Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors of the Company *except for three directors of the Company* as on March 31, 2010 and taken on record by the Board of Directors of the Company no Director is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and schedules 1 to 8 attached thereto give, in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
    - (ii) in the case of the Income and Expenditure Account, of the excess income over expenditure for the year ended on that date.

Place: Mumbai  
Date: 30-09-2010

For Price Waterhouse  
Firm Registration Number: 007568S  
Chartered Accountants

  
Vasant Gujarathi  
Partner  
Membership No. 17866

**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)  
(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**BALANCE SHEET AS AT MARCH 31, 2010**

Particulars	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b><u>SOURCES OF FUNDS</u></b>			
<b>Reserves and Surplus</b>			
Income and Expenditure Account Balance		31,458,187	1,707,528
<b>TOTAL</b>		<u>31,458,187</u>	<u>1,707,528</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>FIXED ASSETS</b>			
Gross Block	1	172,345	172,345
Less : Depreciation		<u>168,607</u>	<u>162,997</u>
<b>Net Block</b>		<b>3,738</b>	<b>9,348</b>
<b>CURRENT ASSETS, LOANS and ADVANCES</b>			
Cash and Bank	2	34,348,140	2,186,367
Loans and Advances	3	<u>74,370</u>	<u>78,500</u>
		<b>34,422,510</b>	<b>2,264,867</b>
<b>Less : Current Liabilities and Provisions</b>			
Liabilities	4	<u>2,968,061</u>	<u>566,687</u>
		<b>2,968,061</b>	<b>566,687</b>
<b>NET CURRENT ASSETS</b>		<u>31,454,449</u>	<u>1,698,180</u>
<b>TOTAL</b>		<u>31,458,187</u>	<u>1,707,528</u>
<b>NOTES TO THE ACCOUNTS</b>	8		

The Schedules 1 to 4 and 8 referred to above form an integral part of the Balance Sheet

In terms of our report of even date

For Price Waterhouse  
Firm Registration No.007568S  
Chartered Accountants

Vasant Gujarathi  
Partner  
Membership No. 17866

Place : Mumbai  
Date : 30-09-2010

For Pratham Education Foundation

Director

Director

Date : Mumbai  
Date : 30-09-2010

**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)**  
**(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

Particulars	Schedule	April 1, 2009 to	April 1, 2008 to
		March 31, 2010	March 31, 2009
		Rupees	Rupees
<b>INCOME</b>			
Donations Received	5	227,316,161	27,224,975
Bank Interest [Tax deducted at source Rs. 9,889 (Previous Year Rs. 1,940)]		2,109,992	569,548
Reimbursement of expenses charged in prior years		173,922	-
Provision no longer required written back		53,401	-
<b>TOTAL</b>		<b>229,653,476</b>	<b>27,794,523</b>
<b>EXPENDITURE</b>			
Donations Made	6	193,660,500	35,811,062
Administrative Expenses	7	3,316,432	3,870,332
Expenditure on the object - Educational (Refer Note 6 on Schedule 8)		2,920,275	-
Depreciation		5,610	14,021
<b>TOTAL</b>		<b>199,902,817</b>	<b>39,695,415</b>
Excess / (Short) of Income over Expenditure		29,750,659	(11,900,892)
Balance Brought Forward from the Previous Year		1,707,528	13,608,420
<b>Total carried over to Balance Sheet</b>		<b>31,458,187</b>	<b>1,707,528</b>
<b>NOTES TO THE ACCOUNTS</b>	8		

The Schedules 5 to 8 referred to above form an integral part of the Income and Expenditure Account

In terms of our report of even date

For Price Waterhouse  
 Firm Registration No.007568S  
 Chartered Accountants

Vasant Gujarathi  
 Partner  
 Membership No. 17866

Place : Mumbai  
 Date : 30.09.2010

For Pratham Education Foundation

Director

Director

Place : Mumbai  
 Date : 30.09.2010



**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)  
(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

**Schedule 1**

**Fixed Assets**

(Refer Note 2(b) on Schedule 8)

Particulars	Gross Block (at Cost)				Depreciation		Net Block	
	Opening Balance as on April 1, 2009	Additions during the year	Closing balance as on March 31, 2010	Opening Balance as on April 1, 2009	Depreciation for the year	Closing balance as on March 31, 2010	As on March 31, 2010	As on March 31, 2009
Computers	165,650	-	165,650	156,302	5,610	161,912	3,738	9,348
Office Equipments	6,695	-	6,695	6,695	-	6,695	-	-
<b>TOTAL</b>	<b>172,345</b>	<b>-</b>	<b>172,345</b>	<b>162,997</b>	<b>5,610</b>	<b>168,607</b>	<b>3,738</b>	<b>9,348</b>
Previous Year	172,345	-	172,345	148,976	14,021	162,997	9,348	-



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**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)  
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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Schedule 2 : Cash and Bank</b>		
Balances in		
- Scheduled Banks	5,148,135	3,598
- Fixed Deposits (Quantum)	29,200,005	2,182,769
<b>TOTAL</b>	<b>34,348,140</b>	<b>2,186,367</b>
<b>Schedule 3 : Loans and Advances</b>		
Advances receivable in cash or in kind or value to be received	5,252	19,271
Tax Deducted at Source	69,118	59,229
<b>TOTAL</b>	<b>74,370</b>	<b>78,500</b>
<b>Schedule 4: Liabilities</b>		
Sundry Creditors	2,930,561	566,687
Other Liabilities	37,500	-
<b>TOTAL</b>	<b>2,968,061</b>	<b>566,687</b>



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**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)  
(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED MARCH 31, 2010**

**Schedule 5 : Donations Received**

Donors	Rupees	Rupees	April 1, 2009 to	April 1, 2008 to
	(FCRA)	(INR)	March 31, 2010	March 31, 2009
			Rupees	Rupees
American Organisation	337,260	-	337,260	-
Centre for Management Development Limited	75,625	-	75,625	-
Chitra Talwar	320,397	-	320,397	-
Hewlett Foundation	143,272,080	-	143,272,080	-
Mobile Creche	2,358,000	-	2,358,000	-
Pratham UK	17,474,999	-	17,474,999	-
Pratham USA	32,748,214	-	32,748,214	-
Rockdale Foundation	1,204,500	-	1,204,500	-
The American India Foundation	5,257,350	-	5,257,350	-
The TIDES Foundation	4,638,975	-	4,638,975	-
Paul Pandian	1,204,500	-	1,204,500	-
Pratham Mumbai Education Initiative	-	-	-	586,590
Pratham UAE	-	-	-	1,333,861
Deutsche Bank	-	-	-	11,264,200
Western Union	-	-	-	396,200
Ballarpur Industries Limited	-	-	-	5,800,000
J P Morgan	7,231,291	-	7,231,291	5,557,500
Give India	-	3,858,400	3,858,400	-
Letz Dream Foundation	-	3,850,000	3,850,000	-
PricewaterhouseCoopers India Foundation	-	854,700	854,700	-
Kamal Agarwal	481,800	-	481,800	-
Pratham Canada	1,635,794	-	1,635,794	1,965,422
Others	111,414	400,862	512,276	321,202
<b>TOTAL</b>	<b>218,352,199</b>	<b>8,963,962</b>	<b>227,316,161</b>	<b>27,224,975</b>



**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)**  
**(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**Schedule 6 : Donations Made**

Receivers	Rupees (FCRA)	Rupees (INR)	April 1, 2009 to March 31, 2010	April 1, 2008 to March 31, 2009
			<b>Rupees</b>	<b>Rupees</b>
Aid India	-	-	-	96,200
Pratham Delhi Education Initiative	-	-	-	720,000
Pratham Mumbai Education Initiative	180,000,000	8,000,000	188,000,000	34,344,862
Mobile Creches	2,358,000	-	2,358,000	-
Tamana	2,302,500	-	2,302,500	-
Pratham Mysore	1,000,000	-	1,000,000	-
Pratham Infotech Foundation	-	-	-	650,000
<b>TOTAL</b>	<b>185,660,500</b>	<b>8,000,000</b>	<b>193,660,500</b>	<b>35,811,062</b>



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**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)  
(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE INCOME AND EXPENDITURE ACCOUNT FOR THE  
YEAR ENDED MARCH 31, 2010**

**Schedule 7: Administrative Expenses**

	<b>April 1, 2009 to March 31, 2010</b>	<b>April 1, 2008 to March 31, 2009</b>
Professional and Consultancy Fees (Refer Note 4 on Schedule 8)	2,991,913	2,793,991
Fund Raising Expenses - International Travel (Refer Note 5 on Schedule 8)	-	36,533
Honorarium	29,000	42,750
Printing and Stationary	8,396	8,806
Postage and Telegram	-	7,209
Communication Expenses	45,061	70,055
Travelling and Conveyance	215,961	347,242
Repairs and Maintenance	5,397	19,068
Internal Audit Fee Reimbursed	-	500,000
Interest on late payment of of Tax Deducted at Source	339	1,956
Bank Charges	6,319	1,897
ROC Fees	1,100	2,000
Meeting and Training Expenses	2,278	5,729
Computer Consumables and Software	-	1,300
Miscellaneous Expenses	10,668	31,796
<b>TOTAL</b>	<b>3,316,432</b>	<b>3,870,332</b>



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**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)**  
**(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE 8 - NOTES TO THE ACCOUNTS**

1 The Company has been incorporated on June 24, 2002 as a private company limited by guarantee and not having a share capital and has been granted a license under Section 25 of the Companies Act, 1956 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 FCR Act on May 22, 2006 and Registration No is 083781058. 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. The Company is registered under Section 80 G of the Income Tax Act, 1961 vide letter No. DIT (E) / MC/80G/1895/2009-10 dated July 20, 2009 and the registration is valid up to March 31, 2012.

**2 Significant Accounting Policies**

**(a) Basis of Accounting**

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a SMC.

**(b) Fixed Assets and Depreciation**

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation.

Depreciation is calculated on written down value method at the rate of 60% on computers on a prorata basis from the month of purchase.

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

**(c) Donations**

Donations received in foreign currency are accounted on the date of realisation. Donations received in local currency are accounted on the date of receipt.

	April 1, 2009 to March 31, 2010 Rupees	April 1, 2008 to March 31, 2009 Rupees
<b>3 (a) Expenditure in Foreign Currency:</b>		
Travelling Expenditure	-	29,197
<b>(b) Earnings in Foreign Currency:</b>		
Donations	218,352,199	21,103,773
<b>4</b>	Professional and Consultancy Fees in Schedule 7 mainly represent fees paid to the consultants, who have been deputed to various affiliated trusts for execution of the educational programmes.	
<b>5</b>	Fund Raising Expenses in Schedule 7 in previous year represents expenditure incurred in the nature of foreign travel, boarding and lodging, insurance, handling and other costs for aiding certain programmes / exhibitions for raising funds.	
<b>6</b>	Expenditure on the object represents expenditure incurred for telecasting an educational programme on Doordarshan.	
<b>7</b>	Information with regard to other matters specified in paragraphs 3, 4, 4-A, 4-C and 4-D of Part II of Schedule VI to the Companies Act, 1956 are either Nil or not applicable to the Company for the year ended March 31, 2010.	
<b>8</b>	Provision for taxation has not been made in accounts as the Company has been recognised and registered under Section 12-AA of the Income Tax Act, 1961.	



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**Pratham Education Foundation (Formerly known as Pratham India Education Initiative)**  
**(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE 8 - NOTES TO THE ACCOUNTS**

**9 Related parties disclosures - As required by Accounting Standard -18, "Related Party Disclosures"**  
 (As identified by the management)

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

Ballarpur Industries Limited, Pratham Mumbai Education Initiative, Deutsche Bank, GIVE India Foundation, Pratham Canada, Pratham UAE, Pratham USA, Pratham Mysore, Aid India, Pratham Delhi Education Initiative, Pratham Infotech Foundation, The American India Foundation.

Particulars of Related parties	Current Year 2009-10 Rs.	Current Year 2008-09 Rs.
<b>1. Donations received</b>		
Ballarpur Industries Limited	-	5,800,000
Pratham Mumbai Education Initiative	-	586,590
Deutsche Bank	-	11,264,200
GIVE India Foundation	3,858,400	-
Pratham Canada	1,635,794	1,965,422
Pratham UK	17,474,999	-
Pratham USA	32,748,214	-
Pratham UAE	-	1,333,861
The American India Foundation	5,257,350	-
	<b>55,717,407</b>	<b>20,950,073</b>
<b>2. Donations granted</b>		
Pratham Mumbai Education Initiative	188,000,000	34,344,862
Aid India	-	96,200
Pratham Mysore	1,000,000	-
Pratham Delhi Education Initiative	-	720,000
Pratham Infotech Foundation	-	650,000
	<b>189,000,000</b>	<b>35,811,062</b>
<b>3. Reimbursement of expenses to</b>		
Pratham Mumbai Education Initiative	2,920,275	500,000
	<b>2,920,275</b>	<b>500,000</b>
<b>4. Balance Payable to</b>		
Pratham Mumbai Education Initiative	2,920,275	-
	<b>2,920,275</b>	<b>-</b>

**10** Previous year figures are regrouped wherever necessary.

Signatures to Schedule 1 to 8 forming part of the Balance Sheet and Income and Expenditure Account.

For Price Waterhouse  
 Firm Registration No.0075685  
 Chartered Accountants

Vasant Gujarathi  
 Partner  
 Membership No. 17866

Place : Mumbai  
 Date : 30.09.2010

For Pratham - Education Foundation

  
 Director

  
 Director

Place : Mumbai  
 Date : 30.09.2010

**Pratham Education Foundation (Formerly known as Pratham - India Education Initiative)  
(A Private Company Limited by Guarantee under Section 25 of the Companies Act, 1956)**

**Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956**

**I Balance Sheet Abstract and Company's General Business Profile**

Registration No.	U 80101 MH 2002 NPL 136300
State Code	11
Balance Sheet Date	March 31, 2010

**II Capital Raised during the Year**

	<b>Rupees (000's)</b>
Public Issue	Not Applicable
Rights Issue	Not Applicable
Bonus Issue	Not Applicable
Private Placement	Not Applicable

**III Position of Mobilisation and Deployment of Funds Rupees (000's)**

Total Liabilities	31,458
Total Assets	31,458

**Sources of Funds**

	<b>Rupees (000's)</b>
Paid-Up Capital	Not Applicable
Reserves and Surplus	31,458
Secured Loan	Nil
Unsecured Loans	Nil

**Application of Funds**

	<b>Rupees (000's)</b>
Net Fixed Assets	4
Investments	Nil
Net Current Assets	31,454
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

**IV Performance of Company**

	<b>Rupees (000's)</b>
Income	229,653
Total Expenditure	199,903
Excess of Income over Expenditure before tax	29,751
Excess of Income over Expenditure after tax	29,751
Earning per share in Rs.	Not Applicable
Dividend Rate %	Not Applicable

**V Generic Names of three principal products / Services of the Company ( As per monetary terms)**

Item Code No.(ITC Code)	Not Applicable
Product Description	

**For Pratham Education Foundation**

 Director	 Director
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Place : Mumbai

Date : 30-09-2010