

Price Waterhouse & Co Chartered Accountants LLP

The Board of Directors
IDFC Foundation
The Capital Court,
6th Floor, Olof Palme Marg,
Munirka, Delhi -110067

Auditors' Certificate

1. This certificate is issued in accordance with our terms of agreement dated November 19, 2019.
2. The accompanying Balance Sheet, Income and Expenditure Account and Receipts and Payments Account with the Schedules 1 to 5 thereon for the year ended on March 31, 2019 (the "Statements") of IDFC Foundation (the "Company") (a Company registered under section 25 of the Companies Act, 1956, bearing Registration number 231661589 under Foreign Contribution (Regulation) Act, 2010 ("FCRA") insofar as those pertain to its FCRA Bank Account Number 50100048554860 (the "FCRA Account") with HDFC Bank Limited, has been prepared by the Company pursuant to the Company's obligation to submit Form No. FC-4 in accordance with Section 19 of the Foreign Contribution (Regulation) Act, 2010 read with Rule 17 of the Foreign Contribution (Regulation) Rules, 2011 (the "Requirements") as amended from time to time, to the Ministry of Home Affairs, New Delhi.

Management's Responsibility for the Statements

3. The accompanying Statements, including the preparation and maintenance of all accounting and other records supporting its contents, is solely the responsibility of the Management of the Company. The Company's Management is responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statements, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring the compliance of the Statements with the Requirements. The Management is also responsible for legal and statutory formalities and for providing all relevant information to Ministry of Home Affairs of India, New Delhi.

Auditors' Responsibilities

5. Pursuant to the Requirements, it is our responsibility to examine the Statements as at March 31, 2019 and certify whether the Statements are in accordance with the audited books of account of the Company for the year ended March 31, 2019.
6. The books of account referred to in paragraph 5 above, have been audited by us on which we issued an unmodified audit opinion vide our report dated May 14, 2019. Our audit of these financial statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of 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. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
7. We conducted our examination, on test check basis, in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. For the avoidance of doubt, our work did not include an examination of Form No. FC-4.



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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

9. Based on our examination as above, and the information and explanations given to us, we certify the matters set out in the Statements as follows::
- (i) The brought forward balance of foreign contributions in the FCRA Account as at April 1, 2018 was Rs. 13,576,611.
 - (ii) The foreign contribution of Rs. 41,975,028 was received by the Company in the FCRA Account during the period April 1, 2018 to March 31, 2019.
 - (iii) Interest accrued on foreign contribution and other income as derived from foreign contribution or interest thereon of Rs. 634,598 (excluding interest accrued of Rs. 843,918) was received by the Company during the period April 1, 2018 to March 31, 2019.
 - (iv) The balance of unutilized foreign contribution in the FCRA Account was Rs 33,508,538 as on March 31, 2019.
 - (v) The Company has maintained the accounts of foreign contribution and records relating thereto in the manner specified in section 19 of Foreign Contribution (Regulation) Act, 2010 read with rule 17 of the Foreign Contribution (Regulation) Rules, 2011.
 - (vi) The information furnished in this certificate and in the enclosed Balance Sheet, Income and Expenditure Account, Receipts and Payments Account, read together with the Schedules 1 to 6 thereon, is accurately extracted from the books of accounts for the year ended March 31, 2019.
 - (vii) The Company has utilized the foreign contribution received for the purposes it is registered under Foreign Contribution (Regulation) Act, 2010.

Emphasis of matter

10. We draw your attention to Note 6 to the financial statements regarding non laying of Consolidated Financial Statements of the Company for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under section 129(3) of the Act and consequent to which there is a non-compliance with the provisions of Section 137(1) of the Act to the extent this section is applicable to the consolidated financial statements. The consequential impact of these non-compliances is presently not ascertainable pending disposal of application filed by the Company for compounding of these contraventions before the Regional Director. Our conclusion is not modified in this matter.

Restriction on Use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Requirements. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as auditors of the Company.



12. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to enable the Company to comply with its obligations to submit the accompanying Statements to the Ministry of Home Affairs of India, New Delhi, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse & Co Chartered Accountants LLP,
Firm Registration Number: 304026E/E-300009



Heman Sabharwal

Partner
Membership Number: 093263

Place: Gurugram
Date: December 17, 2019
UDIN: 19093263AAAAA17543

IDFC FOUNDATION
FCRA Registration Number 231661589

Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019	As at March 31, 2018
(Rs.)			
Liabilities			
a. Liability for restricted grants	3	34,352,456	13,576,611
TOTAL		34,352,456	13,576,611
Assets			
a. Cash and cash equivalents	4	33,508,538	13,394,033
b. Other current asset	5	843,918	182,578
TOTAL		34,352,456	13,576,611

See accompanying notes forming part of the financial statements 1 to 6

In terms of our certificate of even date attached.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number : 304026E/E-300009

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Heman Sabharwal
Partner
Membership No. 093263

Place: Gurugram
Date: Dec 17, 2019

For and on behalf of the Board of Directors of
IDFC FOUNDATION

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Reuben Abraham
Chief Functionary

Place: Mumbai
Date: Dec 17, 2019



IDFC FOUNDATION
FCRA Registration Number 231661589

Statement of Income and Expenditure for the period ended March 31, 2019

	For the period ended March 31, 2019	For the period ended March 31, 2018
(I) Income		(Rs.)
Restricted grants	22,677,699	12,413,525
Total income	22,677,699	12,413,525
(II) Expenditure		
Fee for research fellows	6,823,642	5,815,826
Lease rent	1,657,900	2,124,000
Travelling, hotel and conveyance	1,045,982	604,163
Printing and stationery	915,408	577,340
Legal and professional charges	10,774,904	3,287,591
Books and periodicals	28,683	-
Communication cost	214,748	-
Repair and Maintenance-other	1,005,740	-
Payments to Statutory auditors	44,250	-
Bank charges	9,246	4,605
Miscellaneous expenses	157,196	-
Total expenditure	22,677,699	12,413,525
(III) Surplus for the year [(I)- (II)]	-	-

See accompanying notes forming part of the financial statements 1 to 6

In terms of our certificate of even date attached.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number : 304026E/E-300009

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Heman Sabharwal
Partner
Membership No. 093263

Place: Gurugram
Date: December 17, 2019

For and on behalf of the Board of Directors of
IDFC FOUNDATION

A. Reuben

Reuben Abraham
Chief Functionary

Place: MUMBAI
Date: December 17, 2019



IDFC FOUNDATION
FCRA Registration Number 231661589

Statement of Receipts and Payments for the year ended March 31, 2019

(Rs.)

	For the period ended March 31, 2019	For the period ended March 31, 2018	For the period ended March 31, 2019	For the period ended March 31, 2018	For the period ended March 31, 2018
Receipts					
Opening balance	13,576,611	-			
Restricted grants received	41,975,028	25,475,328			
Interest on bank deposits [net of withholding tax deducted at source (TDS) by bank]	634,598	382,230			
Payments					
Direct expenditure Project/programme expenditure			19,508,068		9,433,203
Indirect (administrative) expenditure					798,831
Legal and professional fee			60,623		2,124,000
Establishment cost- Lease rental			1,657,900		52,915
Repair and Maintenance-other			1,005,740		-
Payments to Statutory auditors			44,250		-
Printing & Stationary			31,686		-
Communication cost			202,990		-
Miscellaneous expenses			157,196		-
Bank charges			9,246		4,576
Closing balance					
- Fixed deposit with bank			33,500,706		13,388,972
- Balance with bank			7,832		5,061
- Cash in hand			-		-
Total	56,186,237	25,807,558	56,186,237	25,807,558	12,413,525

See accompanying notes forming part of the financial statements 1 to 6

In terms of our certificate of even date attached.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number : 304026/E-300009

H. Saubhwal

Heman Saubhwal
Partner
Membership No. 093253

Place: Gurgaon
Date: *December 17, 2019*

For and on behalf of the Board of Directors of
IDFC FOUNDATION

A. R. S.
Reuben Abraham
Chief Functionary

Place: *mvm BAI*
Date: *December 17, 2019*



Notes forming part of the FCRA Financial Statements for the year ended March 31, 2019

1 Company overview

IDFC Foundation ("the Company"), is a not for profit company, within the meaning of Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956), was incorporated in India on March 4, 2011.

The Company is a wholly-owned subsidiary of IDFC Limited. The primary focus of the Company is to contribute to the development of infrastructure through engagement in policy research and advocacy, programme support (for economic benefits to society) and in developing social infrastructure (education and healthcare).

Pursuant to the enactment of Companies Act, 2013 and Section 135 of the Companies Act, 2013, the Company, as an implementing agency, has been carrying out Corporate Social Responsibility ('CSR') activities as per CSR policy adopted by IDFC Limited and its group Companies in line with the Schedule VII of the Companies Act, 2013. The Company primarily focuses on CSR activities as well defined projects or programmes that includes promoting and development of (a) livelihoods, (b) rural development projects, (c) promoting healthcare including preventive health care, (d) education, (e) community engagement/development, (f) environmental sustainability, (g) disaster relief, (h) research and studies in all or any of the activities mentioned in Schedule VII and (i) Others.

The Company has received a certificate of registration (No. 231661589 dated May 14, 2015) under Section 11(1) of the Foreign Contribution (Regulation) Act, 2010 ("FCRA") read with Rule 9 of the Foreign Contribution (Regulation) Rules, 2011 ("FCRR") to receive foreign contributions for carrying out economic, education and social activities.

2 Summary of significant accounting policies

2.1 Basis of preparation

i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 36 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets are measured at fair value.
- Defined benefit plans - plan assets measured at fair value.

iii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.2 Use of estimates

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

2.3 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cash in bank and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Revenue recognition

(a) Restricted grants received for which there are stipulations as to use are recognized in the Statement of Income and Expenditure Account as income in the year of utilization and the unutilized amount is shown as 'Liability for restricted grants' under liabilities as on balance sheet date. Restricted grants are subject to certain restrictions as set out by the donor and agreed to by the Company when accepting the grant. If income generated from assets pertaining to restricted grants is also subject to the same restrictions as the grant, then the same is also credited to restricted grants and is recognized in the Statement of Income and Expenditure Account as income in the year of utilization.

(b) Interest income on savings bank accounts and fixed deposits are accounted on accrual basis.



Notes forming part of the FCRA Financial Statements for the year ended March 31, 2019

2.5 Income tax

The Company is registered under Section 12A read with Section 12AA of the Income Tax Act, 1961 in India vide Commissioner of Income Tax's communication reference letter no NQ.DIT(E)2012-13/DEL-IR22385-27092012/803 ("Approval Letter") and accordingly, is exempt from paying income taxes on excess of revenue over expenses subject to compliance with the conditions as stipulated in aforesaid Approval Letter. The Company is also registered under section 80G of the Income Tax Act, 1961.

Since the income of the Company is exempt from paying taxes, no provision for tax expense and deferred tax asset/liability has been recognised.

2.6 Operating leases

i) As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of income or expenditure on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii) As a lessor

The Company does not have any lease arrangements where the entity is a lessor.

2.7 Foreign currency transactions and translations

Transactions in foreign currencies of the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign currency monetary items outstanding at the Balance Sheet date are reported using the closing rate. Gain or loss resulting from the settlement of such transactions and translations of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Expenditure.

2.8 Provisions and contingencies

Provisions: Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at best estimate of the future expenditure required to settle the present obligation at the balance sheet date and not discounted to its present value due to their short term nature.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.



Notes forming part of the FCRA Financial Statements for the year ended March 31, 2019

3 Liabilities	For the period ended March 31, 2019	For the period ended March 31, 2018
		(Rs.)
Liability for restricted grants		
(i) Opening balance	13,576,611	-
ADD:		
(i) Restricted grants received during the year	41,975,028	25,475,328
(ii) Interest income on fixed deposits with bank received during the year	634,598	332,230
(iii) Accrued Interest income on fixed deposits with bank	843,918	182,578
Less:		
(i) Restricted grants utilised during the year [see note (a)]	22,677,699	12,413,525
Closing Balance	34,352,456	13,576,611
(a) Restricted grants utilised		
Direct expenditure		
Project/programme expenditure	19,508,068	9,433,203
Indirect (administrative) expenditure		
Legal and professional fee	60,623	798,831
Lease rent	1,657,900	2,124,000
Repair and Maintenance-other	1,005,740	-
Payments to Statutory auditors	44,250	-
Printing & Stationary	31,686	-
Communication cost	202,990	-
Miscellaneous expenses	157,196	-
Travelling, hotel and conveyance	-	52,915
Bank charges	9,246	4,576
Total	22,677,699	12,413,525
4 Cash and cash equivalents		
	For the period ended March 31, 2019	For the period ended March 31, 2018
Cash and cash equivalents		
Balances with banks:		
- In savings accounts	7,832	5,061
- In demand deposit accounts	33,500,706	13,388,972
Total	33,508,538	13,394,033
5 Other assets		
	For the period ended March 31, 2019	For the period ended March 31, 2018
Interest accrued on fixed deposits	843,918	182,578
Total	843,918	182,578

6 The Company did not lay before the Shareholders the consolidated financial statements of the Company for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under section 129(3) of the Companies Act, 2013 ("Act") due to non-availability of audited financial statements of one of its material jointly controlled entities and consequently, compliances as per the provisions of section 137(1) of the Act have not been done to the extent this section is applicable to the consolidated financial statements. These were adopted by the Board of Directors in its meeting held on February 13, 2019 and the same was approved by the Shareholders in its Extraordinary General Meeting held on March 11, 2019. The Company has filed applications with the Hon'ble Company Law Tribunal on May 10, 2019, for compounding of aforesaid non-compliance, which are pending for the disposal. Consequently, the resulted financial impact of these non-compliances in the financial statement is not ascertainable.

