

Price Waterhouse & Co Chartered Accountants LLP

The Board of Directors
IDFC Foundation
A-209-211, 2nd Floor,
Ansal Chamber-1,
Bhikaji Cama Place,
New Delhi-110066

Auditors' Certificate

1. This certificate is issued in accordance with our terms of agreement dated July 23, 2021.
2. The accompanying Balance Sheet, Income and Expenditure Account and Receipts and Payments Account with the Schedules 1 to 9 thereon for the year ended on March 31, 2021 (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 00000040092455566 (the "FCRA Account") with State Bank of India, 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. We have initialed the statement for identification purposes.

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 the 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, 2021 and certify whether the Statements are in accordance with the audited books of account of the Company for the year ended March 31, 2021.
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 21, 2021. 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.



Price Waterhouse & Co Chartered Accountants LLP, Building No. 8, 8th Floor, Tower B, DLF Cyber City
Gurugram - 122 002, Haryana
T: +91 (124) 4620 000, F: +91 (124) 4620 620

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

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/E300009 (ICAI registration number before conversion was 304026E)

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.
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, 2020 was Rs. 59,108,581.
 - (ii) The foreign contribution of Rs. 32,534,132 was received by the Company in the FCRA Account during the period April 1, 2020 to March 31, 2021.
 - (iii) Interest accrued on foreign contribution and other incomes as derived from foreign contribution or interest thereon of Rs. 3,341,792 (excluding current year interest accrued of Rs. 3,72,728) was received by the Company during the period April 1, 2020 to March 31, 2021.
 - (iv) The balance of unutilized foreign contribution in the FCRA Account was Rs. 36,180,514 as on March 31, 2021.
 - (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 9 thereon, is accurately extracted from the books of accounts for the year ended March 31, 2021.
 - (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 8 of the statements, which describes the management's assessment of the financial impact of the outbreak of Coronavirus (CoVID-19) as at March 31, 2021. However, in view of the various preventive measures taken (such as lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our conclusion is not modified in respect of 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 are 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 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

Jyoti

Jyoti Vaish
Partner
Membership Number: 096521
UDIN: 21096521AAAABR4336

Place: Gurugram
Date: September 28, 2021

IDFC FOUNDATION
FCRA Registration Number 231661589

Balance Sheet as at March 31, 2021

		(Rs.)	
		As at March 31, 2021	As at March 31, 2020
Liabilities			
a. Liability for restricted grants	3	36,253,116	69,091,314
b. Other Liabilities	4	1,660,059	699,339
TOTAL		37,913,175	69,790,653
Assets			
a. Cash and cash equivalents	5	36,180,514	59,108,581
b. Other current asset	6	1,560,621	10,264,832
c. Property, plant and equipment	4(a)	172,040	417,240
TOTAL		37,913,175	69,790,653

See accompanying notes forming part of the financial statements 1 to 9

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

ABRAHAM
REUBEN

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ABRAHAM REUBEN
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Reuben Abraham
Chief Functionary

Place: London
Date: September 28, 2021



IDFC FOUNDATION
FCRA Registration Number 231661589

Statement of Income and Expenditure for the year ended March 31, 2021

	For the year ended March 31, 2021	For the year ended March 31, 2020
(Rs.)		
(I) Income		
Restricted grants	67,700,503	63,777,782
Total income	67,700,503	63,777,782
(II) Expenditure		
Fee for research fellows	24,914,000	21,512,877
Grants to implementing partners	10,801,148	13,611,578
Employee benefit expense	12,913,093	7,427,968
Lease rent	9,589,174	6,014,299
Travelling, hotel and conveyance	23,454	2,672,877
Printing and stationery	-	458,195
Legal and professional charges	7,751,733	8,705,582
Books and periodicals	336,045	35,893
Communication cost	104,742	453,557
Repair and Maintenance-other	874,536	1,701,267
Payments to Statutory auditors	-	-
Training and conference	-	530,705
Depreciation on Property, plant and equipment[Refer Note - 3(a)]	245,200	81,115
Electricity and water expenses	78,000	174,170
Bank charges	9,122	20,921
Licensee Fees	60,256	-
Miscellaneous expenses	-	376,778
Property plant and equipment	-	-
Re-grant to partner of Water.org	-	-
Total expenditure	67,700,503	63,777,782
(III) Surplus for the year [(I)- (II)]	-	-

See accompanying notes forming part of the financial statements

1 to 9

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

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Reuben Abraham
Chief Functionary

Place: London
Date: September 28, 2021



IDFC FOUNDATION
FCRA Registration Number 231661589

Statement of Receipts and Payments for the year ended March 31, 2021

Receipts	For the year ended March 31, 2021		For the year ended March 31, 2020		Payments	For the year ended March 31, 2021		For the year ended March 31, 2020	
Opening balance		59,108,581	33,508,538		Direct expenditure				
Restricted grants received		32,534,132	98,132,153		Project/programme expenditure	43,763,988		52,999,181	
Interest on bank deposits (net of withholding tax deducted at source (TDS) by bank):					Indirect (administrative) expenditure (Refer Note - 2.10)				
- accrued and received during current year	1,710,245				Legal and professional fee	1,250,062		2,477,984	
- accrued in earlier period and received during current year	1,631,547	3,341,792	3,079,977	2,236,059	Establishment cost- Lease rental	9,164,374		5,400,699	
				843,918	Repair and Maintenance-other	874,536		1,701,267	
					Employee benefit expense	2,467,581		-	
					Printing and Stationary	-		29,334	
					Communication cost	26,179		315,349	
					Miscellaneous expenses	60,256		376,778	
					Bank charges	9,122		20,921	
					Electricity and water expenses	-	57,616,098	174,170	63,495,683
					Other expenditure				
					Purchase of property plant and equipment			417,240	
					Re-grant to partner of Water.org			3,065,879	
					Advance to Implementing Partners	1,187,893	1,187,893	8,633,285	12,116,404
					Closing balance				
					- Fixed deposit with bank	32,537,283		54,449,596	
					- Balance with bank	3,643,231		4,658,985	59,108,581
Total		94,984,505	134,720,668		Total		94,984,505		134,720,668

(Rs.)

See accompanying notes forming part of the financial statements

1 to 9

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

ABRAHAM

REUBEN

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Chief Functionary

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Place: London

Date: September 28, 2021



Notes forming part of the FCRA Financial Statements for the year ended March 31, 2021

1 Company overview

IDFC Foundation ("the Company"), 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 further renewed by The Ministry of Home Affairs Foreigners Division (FCRA Wing) for a period of 5 years effective May 14, 2020 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.

The Company is incorporated and domiciled in India. The address of its registered office is A- 209-211, Ansal chamber 1, 2nd Floor, Bhikaji Cama Place, New Delhi - 110066.

2 Summary of significant accounting policies

2.1 Basis of preparation

i) Compliance with Ind AS

The Company has prepared Balance Sheet, Statement of Income and Expenditure, Statement of Receipts and Payments (hereinafter referred as "Statements") as required under Section 19 of the Foreign Contribution (Regulation) Act, 2010 read with Rule 17 of the Foreign Contribution (Regulation) Rules, 2011 to be submitted to the Ministry of Home Affairs.

The accompanying Statements has been extracted from the audited statutory financial statements for the year ended March 31, 2021 which 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.

These Statements comply with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] to the extent those are considered relevant for the purpose of preparation of these Statement.

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

2.2 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.

2.3 Revenue recognition

(a) Restricted grants received for which there are stipulations as to use are recognized in the Statement of Income and Expenditure as income in the year of utilization and the unutilized amount is shown as 'Restricted grants' 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 as income in the year of utilization.

The restricted grants relating to purchase of property, plant and equipment are included in current/ non-current liabilities as deferred revenue and are credited to income or expenditure as a straight line basis over the expected lives of the related assets and presented within revenue from restricted grants.

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

2.4 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.



Notes forming part of the FCRA Financial Statements for the year ended March 31, 2021

2.5 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.

2.6 Foreign currency transactions and translations

i) Functional and presentation currency

Items included in financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Indian rupee (Rs.), which is IDFC Foundation's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Income and Expenditure. Foreign exchange gains and losses are presented in the Statement of Income and Expenditure on a net basis within other income/expenses.

2.7 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.

2.8 Property, plant and equipment

All the items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes cost related to acquisition of asset and any attributable cost to bring the asset to working conditions for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Income and Expenditure during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on tangible fixed assets has been provided on written down value method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.

2.9 Grant expenditure

Grants disbursed till September 29,2020 to implementing partners are accounted for as expenditure on the basis of utilisation certificates/statements submitted by the implementing partners in accordance with the terms of the agreements signed with respective implementing partners and unutilised overspent amount as per such certificate is shown as amount recoverable/payable from/to implementing partners under loans and advances / trade payables as at balance sheet date. Also refer note 2.11.

2.10 On September 28, 2020, the Central Government notified the Foreign Contributions (Regulation) Amendment Act, 2020 to amend certain provisions of the FCRA with effect from September 29, 2020 including reduction in limit of administrative expenses from 50% to 20%(prospectively effective September 29,2020) of the total foreign contributions received in a financial year. The Foundation accordingly considered these limits while preparing FCRA accounts and while determining contributions amount included carry forward unutilised amount of contributions received in earlier periods.

2.11 The FCRA Amendment Act has put a prohibition on transfer of foreign contribution to other entities for project implementation. Consequent to the aforesaid amendment, IDFC Foundation has stopped sub-granting the foreign funds to its project partners and has allowed utilization of funds by such project partners that was disbursed prior to enforcement of aforesaid amendment and remained unutilized till September 29, 2020. The unutilized amount as at March 31, 2021 amounting to Rs. 1,187,893 which has been reported under Note-6 "Other Assets" is in relation to disbursements made to project partners till September 29, 2020.



Notes forming part of the FCRA Financial Statements for the year ended March 31, 2021

3 Liabilities

	For the year ended March 31, 2021	For the year ended March 31, 2020
Liability for restricted grants		
(i) Opening balance	69,091,314	34,352,456
Add:		
(ii) Restricted grants received during the year	32,534,132	98,132,153
(iii) Interest income on fixed deposits with bank received during the year	1,710,245	2,236,059
(iv) Accrued Interest income on fixed deposits with bank (Refer Note 6)	372,728	1,631,547
Less:		
(v) Restricted grants utilised during the year [see note (a)]	67,455,303	63,777,782
(vi) Re-grant to partner of Water.org	-	3,065,879
(vii) Deferred Revenue [(Refer note (b))]	-	417,240
Total	36,253,116	69,091,314

Notes

(a) Excludes Rs. 245,200 (March 31, 2020 Rs. 811,155) related to income on account of depreciation charged on Property, Plant and Equipment procured out of restricted grant.

(b) Deferred revenue is on account of purchase of Computers and Office Equipment's out of restricted grant.

Restricted grants utilised

Direct expenditure

Project/programme expenditure	53,460,604	53,281,280
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Indirect (administrative) expenditure

Legal and professional fee	1,342,687	2,477,984
Lease rent	9,164,374	5,400,699
Repair and Maintenance-other	874,536	1,701,267
Employee benefit expense	2,517,545	-
Printing & Stationary	-	29,334
Communication cost	26,179	315,349
Miscellaneous expenses	60,256	376,778
Electricity and water expenses	-	174,170
Bank charges	9,122	20,921
Total	67,455,303	63,777,782

4 Other liabilities

	As at March 31, 2021	As at March 31, 2020
Trade payables	1,251,780	-
Statutory dues	128,988	144,499
Expense payables	107,251	137,600
Deferred Revenue [Refer Note (a) below]	172,040	417,240
Total	1,660,059	699,339

Note(a):Deferred revenue is on account of purchase of Computers and Office Equipment's out of restricted grant.



5 Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Balances with banks:		
- In savings account	3,643,231	4,658,985
- In demand deposit accounts	32,537,283	54,449,596
Total	36,180,514	59,108,581

Note : Subsequent to the amendment enforced by Foreign Contributions (Regulation) Amendment Act, 2020, the Company has opened designated FCRA bank account with State Bank of India, New Delhi Main Branch (NDMB).

6 Other assets

	As at March 31, 2021	As at March 31, 2020
Interest accrued on fixed deposits	372,728	1,631,547
Advance to Implementing Partners (Refer Note 2.9 and 2.11)	1,187,893	8,633,285
Total	1,560,621	10,264,832

- 7 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 filed applications with the Hon'ble Company Law Tribunal on May 10, 2019, for compounding of aforesaid non-compliances, and the Company has paid the required compounding fee of Rs. 5,05,000 (March 31, 2020- Nil) and consequently received the final compounding order dated December 17, 2020.
- 8 Basis the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the operations of the Company, the management believes that no adjustments are required in the financial statements for the year ended March 31, 2021 as it does not impact the current financial year, however, in view of the various preventive measures taken (such as lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
- 9 Effective from April 1, 2019 the Company has applied IndAS 116 "Leases" for the preparation of the financial statements in accordance with the provisions of the Companies Act, 2013 and recognise Right of Use (RoU) assets for premises taken on lease (including premises used for FCRA project purposes). However, no such RoU assets has been recognised in the FCRA account and actual rent expenses has been booked in these FCRA accounts.

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

ABRAHAM REUBEN Digitally signed by
ABRAHAM REUBEN
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Reuben Abraham
Chief Functionary

Place: London
Date: September 28, 2021

