

LORDS EDUCATION & HEALTH SOCIETY

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Managing Committee of Lords Education and Health Society

Report on the Financial Statements

We have audited the accompanying financial statements of Lords Education and Health Society ("LEHS" or "the Society"), a Society registered under the Societies Registration Act, 1860, which comprise the Balance Sheet as at March 31, 2017, the Income and Expenditure Account; the Receipts and Payments Account for the year then ended; a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of LEHS in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Society as at March 31, 2017;
- (b) in the case of the Income and Expenditure Account, of the excess of income over expenditure for the year ended on that date; and
- (c) In the case of the Receipts and Payments Account, of the excess of receipts over payments for the year ended on that date.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Sumit Mehra
Partner
Membership Number: 096547
Place: Gurgaon
Date: 13.11.2017



LORDS EDUCATION AND HEALTH SOCIETY

Balance Sheet as at 31st March, 2017

(All amounts are in Indian Rupees)

| PARTICULARS | Notes | As at March 31, 2017 | As at March 31, 2016 |
|---|-------|----------------------|----------------------|
| SOURCES OF FUNDS | | | |
| Members fund | | | |
| Corpus fund | 3 | 231,016 | 231,016 |
| Income & expenditure account | 4 | 42,971,714 | 3,846,975 |
| Current liabilities & provisions | | | |
| Other current liabilities & provisions | 5 | 15,835,428 | 21,307,085 |
| Provisions | 6 | 2,430,016 | 1,181,958 |
| | | 61,468,174 | 26,567,034 |
| APPLICATION OF FUNDS | | | |
| Fixed assets | | | |
| Tangible assets | 15 | 2,404,883 | 2,783,936 |
| Intangible assets | 15 | 38,977 | 97,442 |
| Current assets | | | |
| Cash & cash equivalents | 7 | 31,813,786 | 12,706,554 |
| Loans and advances | 8 | 26,843,911 | 10,979,102 |
| Other current assets | 9 | 366,617 | - |
| | | 61,468,174 | 26,567,034 |
| Summary of significant accounting policies | 1.1 | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants


per Sunit Mehra
Partner

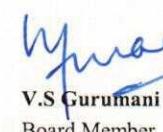
Membership No.: 096547

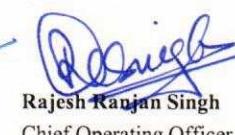
Place: Gurgaon

Date: 13.11.17.



For and on behalf of the Managing Committee of
Lords Education and Health Society


V.S. Gurumani
Board Member


Rajesh Ranjan Singh
Chief Operating Officer



LORDS EDUCATION AND HEALTH SOCIETY
Income and Expenditure Account for the year ended March 31, 2017
(All amounts are in Indian Rupees)

| Particulars | Notes | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|-------|--------------------------------------|--------------------------------------|
| Income | | | |
| Grants income | 10 | 261,981,877 | 131,549,790 |
| Other income | 11 | 2,287,158 | 1,327,130 |
| Total Income | | 264,269,035 | 132,876,920 |
| Expenditure | | | |
| Employee benefits expense | 12 | 45,953,755 | 30,752,268 |
| Administrative expenses | 13 | 17,103,186 | 10,654,637 |
| Program expenses | 14 | 160,819,126 | 93,915,163 |
| Depreciation and amortization expense | 15 | 1,268,229 | 1,939,682 |
| Total expenditure | | 225,144,296 | 137,261,750 |
| Excess of Income over Expenditure (I-II) carried to balance sheet | | 39,124,739 | (4,384,830) |

Summary of Significant accounting policies 1.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Associates LLP
 ICAI Firm registration number: 101049W/E300004
 Chartered Accountants



per Sumit Mehra
 Partner
 Membership No.: 096547
 Place: Gurgaon
 Date: 13.11.17



For and on behalf of the Managing Committee of
 Lord Education and Health Society



V.S. Gurumani
 Board Member



Rajesh Ranjan Singh
 Chief Operating Officer



LORDS EDUCATION AND HEALTH SOCIETY
 Receipts & Payments Accounts for the year ended March 31, 2017
 (All amounts are in Indian Rupees)

| Receipts | Amount | Payments | Amount |
|------------------------|--------------------|---------------------------|--------------------|
| Opening Balance | | | |
| Bank Accounts | 12,106,311 | Purchase of fixed assets | 906,116 |
| Fixed Deposits | 600,000 | | |
| Cash-in-Hand | 243 | | |
| Amount Received | | Payment towards: | |
| Grants received | 241,576,592 | Program Expenses | 83,911,934 |
| Interest received | 1,552,939 | Employee benefits expense | 103,826,370 |
| Refund of deposits | 3,500,000 | Administrative expenses | 39,163,378 |
| Miscellaneous income | 285,499 | | |
| Closing Balance | | | |
| Bank Accounts | | | 25,712,374 |
| Fixed Deposits | | | 6,100,000 |
| Cash-in-Hand | | | 1,412 |
| Total | 259,621,584 | Total | 259,621,584 |

As per our report of even date

For S. R. Batliboi & Associates LLP
 ICAI Firm registration number: 101049W/E300004
 Chartered Accountants

per Sumit Mehra
 Partner
 Membership No.: 096547

Place: Gurgaon
 Date: 13.11.17.



For and on behalf of the Managing Committee of
 Lord Education and Health Society

V.S. Gurumani
 V.S. Gurumani
 Board Member



R. Ranjan Singh
 Rajesh Ranjan Singh
 Chief Operating Officer

1. Nature of operations

Lords Education and Health Society ("LEHS" or "The Society") is a registered society incorporated under Societies Registration Act, 1860 with an objective to promote and conduct charitable activities in health and education sectors. The objects of the Society and activities carried out by the Society are exclusively for the purpose of the advancement and propagation of education and health sectors.

2. Basis of preparation

The financial statement of Lords Education & Health Society ("LEHS" or "Society") has been prepared in accordance with generally accepted accounting practices in India (Indian GAAP). The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost of acquisition is net of grants, if any, received for acquiring the assets.

Gains or losses arising from de-recognition of a fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income and Expenditure Account when the asset is derecognized.

c. Depreciation

Depreciation on fixed assets is provided on the written down value of the fixed assets as per the rates given in the Income tax Act, 1961 on a pro-rata basis, from the date of purchase or from the date when it is first put to use, whichever is earlier.

Depreciation on asset sold is ascertained on pro-rata basis till the date of sale.

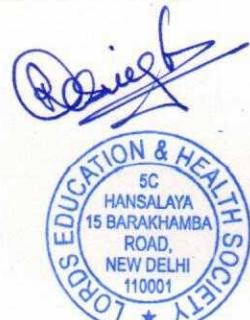
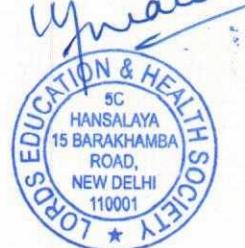
Leasehold improvements are depreciated on straight line basis over lower of the lease period or the assessed useful life, whichever is lower.

d. Intangibles assets and their amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Income and Expenditure Account in the year in which the expenditure is incurred.

Intangible assets are amortized on the written down value of the fixed assets as per the rates given in the Income tax Act, 1961 over the estimated useful economic life. All intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.



Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income and Expenditure Account when the asset is derecognized.

e. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, fixed assets / intangibles assets are depreciated / amortized on the revised carrying amount over its remaining useful life.

f. Cash and cash equivalents

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

g. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to LEHS and the revenue can be reliably measured.

Grants

Grants, subsidies and advances from the government and other entities are recognized when there is reasonable assurances that grant/subsidy/advance will be received and all attaching conditions attached to the grant/subsidy/advance will be complied with.

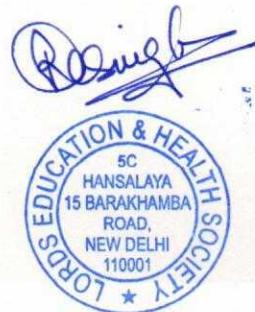
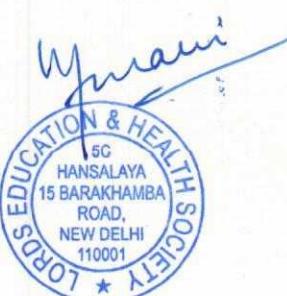
Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Income and Expenditure Account.

h. Retirement and other employment benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The society has no obligation, other than the contribution payable to the provident fund. The society recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The company operates two defined benefit plans for its employees, viz., gratuity and leave encashment. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the income and expenditure account.



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i. Foreign currency transactions and balances

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Receipts in foreign currency are translated at the rates applicable on the date of the transactions. All transactions during the year have been converted at the actual rate applicable as certified by the principal bankers where FCRA account is being maintained.

iii) Exchange differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of LEHS at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of LEHS at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

j. Provisions

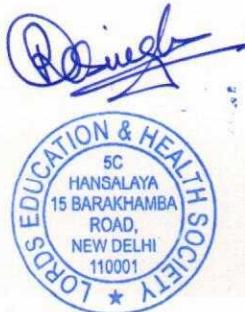
Provisions are recognized when there is a present obligation as a result of past event, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provision is not discounted to its present value and is determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the best current estimate.

k. Corpus fund

Contributions received from members and non-members towards lifetime membership of the society, where the amount contributed is not refundable in the event of membership termination, are credited under the caption "Corpus Fund" in the Balance Sheet.

l. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the society or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Society does not recognize a contingent liability but discloses its existence in the financial statements.



LORDS EDUCATION AND HEALTH SOCIETY
Notes to financial statements for the year ended March 31, 2017
(All amounts are in Indian Rupees)

| 3. Corpus Fund | As at March 31, 2017 | As at March 31, 2016 |
|---|-----------------------------|-----------------------------|
| Corpus funds | 231,016 | 231,016 |
| | 231,016 | 231,016 |
| 4. Balance in Income & expenditure account | As at March 31, 2017 | As at March 31, 2016 |
| Opening balance | 3,846,975 | 8,231,805 |
| Surplus/ (deficit) for the year | 39,124,739 | (4,384,830) |
| | 42,971,714 | 3,846,975 |
| 5. Other Current liabilities & provisions | As at March 31, 2017 | As at March 31, 2016 |
| Trade payables | 10,429,101 | 19,995,517 |
| Employee benefits payable | 1,971,248 | 78,253 |
| Other Liabilities | | |
| TDS payable | 1,849,531 | 894,593 |
| PF & ESI Payable | 1,585,548 | 338,722 |
| | 15,835,428 | 21,307,085 |
| 6. Provisions | As at March 31, 2017 | As at March 31, 2016 |
| Provision for Gratuity | 1,227,623 | 857,055 |
| Provision for Leave Encashment | 1,202,393 | 324,903 |
| | 2,430,016 | 1,181,958 |
| 7. Cash and bank balances | As at March 31, 2017 | As at March 31, 2016 |
| Cash in hand | 1,412 | 243 |
| Balances with Scheduled banks | | |
| - in bank accounts | 25,712,374 | 12,106,311 |
| - in fixed deposits account | 6,100,000 | 600,000 |
| | 31,813,786 | 12,706,554 |
| 8. Loans & advances | As at March 31, 2017 | As at March 31, 2016 |
| Security deposit | 1,461,395 | 4,407,433 |
| Prepaid expenses | 874,122 | 109,042 |
| Advances recoverable in cash or kind | 24,133,726 | 6,462,627 |
| Advance income-tax | 374,668 | - |
| | 26,843,911 | 10,979,102 |
| 9. Other current assets | | |
| Interest accrued but not due on fixed deposits | 366,617 | - |
| | 366,617 | - |



LORDS EDUCATION AND HEALTH SOCIETY
 Notes to financial statements for the year ended March 31, 2017
 (All amounts are in Indian Rupees)

| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--|--|
| 10. Grants income | | |
| Grant Income | 261,981,877 | 131,549,790 |
| | 261,981,877 | 131,549,790 |
| 11. Other income | | |
| Interest income on | | |
| Bank account | 1,180,628 | 1,327,130 |
| Bank deposits | 821,031 | - |
| Miscellaneous income | 285,499 | - |
| | 2,287,158 | 1,327,130 |
| 12. Employee benefits expense | | |
| Salary, wages and bonus | 42,892,031 | 27,625,181 |
| Contribution to provident and other funds | 3,054,689 | 1,827,091 |
| Staff welfare expenses | 333,620 | 442,942 |
| Gratuity Expenses | (326,585) | 857,054 |
| | 45,953,755 | 30,752,268 |
| 13. Administrative expenses | | |
| Rent | 5,686,705 | 4,737,102 |
| Legal and professional | 7,500,533 | 2,249,781 |
| Repairs and maintenance | 1,049,692 | 857,381 |
| Communication costs | 545,207 | 515,483 |
| Printing and Stationery | 388,031 | 317,526 |
| Audit Fees (refer details below) | 500,000 | 500,000 |
| Training, Meeting & Workshop | 733,115 | 847,344 |
| Miscellaneous expenses | 699,903 | 630,020 |
| | 17,103,186 | 10,654,637 |
| Payment to Auditor | | |
| As Auditor | 500,000 | 500,000 |
| - Audit Fees | 500,000 | 500,000 |
| 14. Program Expenses | | |
| Public Health Centre expenses* | 119,681,447 | 66,235,274 |
| Legal and Professional fees | 28,491,060 | 17,358,088 |
| Travelling and conveyance | 9,120,580 | 3,992,324 |
| Training, Meeting & Workshop | 1,945,908 | 5,844,138 |
| Printing and Stationery | 580,131 | 184,339 |
| Donation | 1,000,000 | 301,000 |
| Total | 160,819,126 | 93,915,163 |

* includes employee benefit expenses of INR 69,275,422 (PY Nil) pertaining to employees providing services at Primary Health Centres.



LORDS EDUCATION AND HEALTH SOCIETY
 Notes to financial statements for the year ended March 31, 2017
 (All amounts are in Indian Rupees)

15. Fixed assets

| Particulars | Tangibles | | | Intangibles | | | Total |
|---------------------------------|-----------|----------------------|-------------------|-----------------------|-----------|---------|---------|
| | Computers | Furniture & Fixtures | Office Equipments | Leasenhod Improvement | Software | | |
| Gross Block | | | | | | | |
| At 31 March 2015 | 578,346 | 790,795 | 751,928 | - | 2,121,069 | 392,062 | 392,062 |
| Additions | 176,520 | 24,270 | 49,576 | 2,734,717 | 2,985,083 | 54,675 | 54,675 |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2016 | 754,866 | 815,065 | 801,504 | 2,734,717 | 5,106,152 | 446,737 | 446,737 |
| Additions | 444,594 | 233,225 | 152,892 | - | 830,711 | - | - |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2017 | 1,199,460 | 1,048,290 | 954,396 | 2,734,717 | 5,936,863 | 446,737 | 446,737 |
| Accumulated Depreciation | | | | | | | |
| At 31 March 2015 | 270,260 | 94,095 | 130,086 | - | 494,441 | 237,388 | 237,388 |
| Charge for the year | 288,064 | 72,097 | 100,256 | 1,367,358 | 1,827,775 | 111,907 | 111,907 |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2016 | 558,324 | 166,192 | 230,342 | 1,367,358 | 2,322,216 | 349,295 | 349,295 |
| Charge for the year | 331,186 | 88,210 | 106,689 | 683,679 | 1,209,764 | 58,465 | 58,465 |
| Disposals | - | - | - | - | - | - | - |
| At 31 March 2017 | 889,510 | 254,402 | 337,031 | 2,051,037 | 3,531,980 | 407,760 | 407,760 |
| Net Block | | | | | | | |
| At 31 March 2016 | 196,542 | 648,873 | 571,162 | 1,367,358 | 2,783,936 | 97,442 | 97,442 |
| At 31 March 2017 | 309,950 | 793,888 | 617,365 | 683,680 | 2,404,883 | 38,977 | 38,977 |

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Lords Education and Health Society
Schedules forming part of the Financial Statements for the year ended March 31, 2017
(All amounts are in Indian Rupees)

16. The Society has obtained registration under section 12A & 80G of the Income tax Act, 1961 with effect from November 24, 2003. The society is exempt under section 11 of the Income Tax Act with respect to the income and the donors are also eligible to certain tax exemptions under the Income Tax Act. These registrations are valid as on date of financial statements.

17. On the basis of information available with LEHS, there are no transactions with any micro, small or medium enterprises as defined under the Micro, small and medium enterprises development Act, 2006.

18. As at March 31, 2017 the Society has contingent liability of INR 5,500,000 against Bank Guarantees provided to government of Rajasthan.

19. Related Party Disclosure

Key Management Personnel ("KMP"):

Rajesh Ranjan Singh, Chief Operating Office (w.e.f March 01, 2017)
Amit Jain, Chief Executive Officer (w.e.f January 03, 2017)
Sumitro Ghosh, Chief Executive Officer from (till December 15, 2016)

| Transactions during the year: | 2016- 17 | 2015-16 |
|--------------------------------------|-----------------|----------------|
| Salary and contribution to PF | | NIL |
| Rajesh Ranjan Singh | 323,,653 # | NIL |
| Amit Jain | 1,941,567 # | NIL |
| Sumitro Ghosh | 5,053,706 # | 7,310,262# |

As the liability for leave encashment and gratuity are provided on actuarial basis for the Society as a whole, the amount pertaining to KMP is not included above.

20. The Society is not in compliance with certain provisions of Grant Agreement entered dated November 21, 2014 with Sunil and Nita Wadhwani Trust (Principal Donor). Such contraventions have been subsequently condoned by Principal Donor.

21. Previous year's figures have been regrouped/reclassified where necessary to conform to current period's classification.

As per our report of even date

For S. R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W/E300004
Chartered Accountants



per Sumit Mehra
Partner
Membership Number: 096547



**For and on behalf of Managing Committee of Lords
Education & Health Society**


V.S. Gurumani
Board Member


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Chief Operating Officer



Place: Gurgaon
Date: 13.11.17.