

**B S R & Associates LLP**

**Lotus Petal Charitable Foundation**

**Statutory audit for the year ended**

**31 March 2019**

# B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurugram - 122 002, India

Telephone: + 91 124 719 1000  
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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees

### 1. Opinion

We have audited the financial statements of Lotus Petal Charitable Foundation (the trust), which comprise the balance sheet at 31 March 2019, and the income and expenditure account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the entity as at 31 March, 2019, and of its excess of income over expenditure for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Emphasis of Matter

- Attention is invited to note (vii) of schedule 17 wherein the trust was incorrectly classifying the balance of grant fund and surplus as at year end under corpus fund. Trust has corrected this situation in the current year and has reclassified the balance of corpus fund under general, restricted and asset fund respectively.
- Attention is invited to note vii of schedule 17 wherein the trust in the previous year was following functional classification for project expenses and not the classification based on their nature. This was not in accordance with the 'Technical Guide on Accounting for Not-for-Profit-Organization' issued by the ICAI. During the year, the Trust has corrected this situation and has reclassified the previous year figures to conform to the fund based classification of income and expenses. Our opinion is not qualified in respect of this matter.

*GM*

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

**5. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

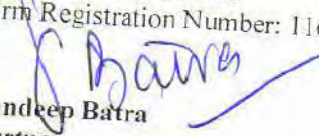
**B S R & Associates LLP**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm Registration Number: 11623W/W-100024

  
**Sandeep Batra**

*Partner*

(Membership Number: 093320)

UDIN: 19093320AAAAAH4158

Date: 7 September 2019  
Place: Gurugram


Lotus Petal Charitable Foundation  
Balance Sheet as at 31 March 2019  
(all amounts are in Indian Rupees)

		As at 31 March 2019	As at 31 March 2018
<b>SOURCES OF FUNDS</b>			
	Schedule No.		
Corpus fund	3	-	142,420,539
General fund	4	15,661,060	-
Restricted fund	5	2,967,379	-
Asset fund	6	127,698,500	-
		<u>146,326,939</u>	<u>142,420,539</u>
<b>APPLICATION OF FUNDS</b>			
<b>Property, plant and equipment</b>			
Gross block	7	129,381,575	127,561,627
Less: Accumulated depreciation/amortization		(1,683,075)	(814,826)
Net block		<u>127,698,500</u>	<u>126,746,801</u>
Capital work-in-progress	7	246,645	-
<b>Current assets, loans and advances</b>			
Cash and cash equivalents	8	20,337,152	15,305,321
Loans and advances	9	1,387,299	656,032
Other receivables		621	-
Inventories		431,472	-
Other current assets	10	250,000	-
		<u>22,406,544</u>	<u>15,961,353</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	11	2,688,291	287,615
Provisions	12	1,089,814	-
		<u>3,778,105</u>	<u>287,615</u>
Net current assets		18,628,439	15,673,738
		<u>146,326,939</u>	<u>142,420,539</u>
Significant accounting policies	2		

The schedules referred to above form an integral part of the financial statements

As per our report of even date attached

For **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 116231W/W-100024


  
Sandeep Batra  
Partner  
Membership No.: 093320

Place: Gurugram  
Date: 7 September 2019

For and on behalf of Lotus Petal Charitable Foundation

  
Kushal Raj Chakravorty  
Managing Trustee

Place: Gurugram  
Date: 7 September 2019

  
Arghya Sen  
Trustee

Place: Gurugram  
Date: 7 September 2019

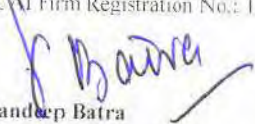
**Lotus Petal Charitable Foundation**  
**Income and Expenditure Account for the year ended 31 March 2019**  
(all amounts are in Indian Rupees)

	Schedule No.	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income</b>			
Grants and donations:			
- Restricted income		23,168,612	150,196,767
- Unrestricted income		21,384,130	18,754,305
Other income	13	589,995	226,011
		<u>45,142,737</u>	<u>169,177,083</u>
<b>Expenditure</b>			
Program implementation expenditure	14	38,312,196	27,064,115
Fund raising events and activities	15	1,733,885	2,142,406
Administrative and other costs	16	3,353,950	2,179,833
Depreciation and amortization	7	868,249	260,970
		<u>44,268,280</u>	<u>31,386,354</u>
Excess of income over expenditure		874,457	137,790,729
Add: Transfer from asset fund account Transferred to general fund		868,249	-
		<u>1,742,706</u>	<u>137,790,729</u>
Significant accounting policies	2		

The schedules referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 116231W/W-100024

  
**Sandeep Batra**  
Partner  
Membership No.: 093320

Place: Gurugram  
Date: 7 September 2019

For and on behalf of Lotus Petal Charitable Foundation



**Kushal Raj Chakravorty**  
Managing Trustee

Place: Gurugram  
Date: 7 September 2019



**Arghya Sen**  
Trustee

Place: Gurugram  
Date: 7 September 2019

## Lotus Petal Charitable Foundation

### Significant Accounting Policies and Notes for the year ended 31 March 2019

#### 1. Background

Lotus Petal Foundation is focused on providing free education and nutrition to children living in the urban slums of India. Besides education, Lotus Petal Foundation provide free primary and secondary healthcare to our children and their families.

Lotus Petal Charitable Foundation ("the Trust") is registered under the Indian Public Trust Act, 1882 vide registration certificate no. 23604 dated 18 November, 2011. The Trust has been granted an exemption under section 12A of the Income Tax Act, 1961, vide letter no. A.A/fari/TK/12A.2012-13/66/87 dated 15 March 2013. The exemption has been granted with effect from 1 April 2012. The Trust is registered under the Foreign Contribution (Regulation) Act, 2010 to accept specified foreign contributions and has been granted the registration vide letter no. NO.II/21022/77 (0004)/2015-FCRA II dated 19 May 2015 with registration no. 172270086. The certificate of Registration is valid for a period of five years from the date of registration.

#### 2. Significant accounting policies

##### a) Basis of preparation

The financial statements of the Trust have been prepared under the historical cost convention, on the accrual basis of accounting in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and the generally accepted accounting principles ("GAAP"). The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

The Trust is a Level III enterprise in according with the "Applicability of Accounting Standards" issued by ICAI in November 2003. Accordingly, it is not required to comply with the following.

Accounting Standards (AS) not applicable to Level III enterprise in their entirety:

- AS 3, Cash Flow Statements;
- AS 17, Segment Reporting;
- AS 18, Related Party Disclosures;
- AS 21, Consolidated Financial Statements;
- AS 23, Accounting for Investments in Associates in Consolidated Financial Statements;
- AS 24, Discontinuing Operations; and
- AS 27, Financial Reporting of Interests in Joint Ventures (to the extent of requirements relating to consolidated financial statement).

Accounting Standards in respect of which relaxations from certain disclosure requirements have been given to Level III enterprises:

- AS 19, Leases – Paragraphs 22(c), (e) and (f); 25(a), (b) and (e); 37(a), (f) and (g); and 46(b), (d) and (e), of AS 19 are not applicable to level III enterprises;
- AS 20, Earning Per Share – Diluted earnings per share and information required by paragraph 48 of AS 20 are not required to be disclosed;
- AS 25, Interim Financial Reporting
- AS 29, Provisions Contingent Liabilities and Contingent Assets.

##### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

##### c) Fixed assets and depreciation



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Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes inward freight, duties, taxes and expenses incidental to the installation of assets.

Depreciation on fixed assets is provided on the basis of written down value method on the following rates as per Income Tax Act, 1961:

Particulars	Rates of Depreciation
Office equipment	10 %
Furniture and fixtures	10 %
Computer	40 %
Computer Software	40 %
Plant and Machinery	15 %

The appropriateness of depreciation period and depreciation method is reviewed by the management in each financial year.

**d) General funds**

The Trust receives general funds which are unrestricted in nature from foreign and local sources. The excess of income over expenditure during the year, being general purpose in nature is carried forward for use in the future periods.

**e) Restricted funds**

The Trust also receives funds which are restricted in nature from foreign and local sources. Revenue from the restricted fund is recognized during the year in the Income and Expenditure Account to match the related expenditure. The balance amount is carried forward in the restricted fund for use in the future periods.

**f) Interest Income**

Interest on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**g) Provisions and contingent liability**

A provision is recognized in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimable, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Contingent liability is a possible obligation that arises from past events and 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 enterprise, or is a present obligation that arises from past events but is not recognized because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

**h) Foreign exchange transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Foreign currency assets and liabilities are restated at the rate prevailing as at the date of Balance Sheet. The difference between the year-end rate and exchange rate as at the date of transaction, if any is recognized as expense or income in the Income and Expenditure Account.





**i) Employees benefits**

The Trust's obligations towards various employee benefits have been recognized as follows:

**Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits such as salaries, allowances, and leave-encashment are recognized in the Income and Expenditure Account in the period in which the employee renders the related services.

**Long term employee benefits**

**Defined contribution plans:** The Trust's provident fund scheme is a defined contribution plan where the contribution paid/ payable under the scheme is recognized as an expense in the period in which the employee renders the related service. The Trust's contributions are deposited with the Regional Provident Fund Commissioner and are charged to the Income and Expenditure Account.

**Defined benefit plans:** The Trust provides for gratuity, a defined benefit plan (the Gratuity Plan) covering all eligible employees. In accordance with the payment of Gratuity Act, 1972, the Gratuity plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment.

These are funded by the Group and are managed by LIC.

The Trust's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Trusts's obligation under this plan is performed annually by a qualified actuary using the projected unit credit method.

The Trust recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of income and expenditure. All expenses related to defined benefit plans are recognised in employee benefits expense in the statement of income and expenditure.

**j) Leases**

Lease rental in respect of operating lease is charged to expense when due as per terms of the related agreement

**k) Donation in kind**

Donation in kind is recorded at zero value in the books of the account of the trust.



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**Lotus Petal Charitable Foundation**  
**Schedules forming part of the accounts**  
(all amounts are in Indian Rupees)

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 3: Corpus fund</b>		
Opening balance	142,420,539	142,420,539
Less: Transferred to restricted fund*	1,755,384	-
Less: Transferred to general fund*	13,918,354	-
Less: Transferred to asset fund*	126,746,801	-
Received During the Year	-	-
Closing Balance	<u>-</u>	<u>142,420,539</u>

(\*Refer note vii of Schedule 17)

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 4: General fund</b>		
Opening Balance	-	-
Add: Transfer from corpus fund	13,918,354.00	-
Add: Transfer from income expenditure account	1,742,706	-
Closing Balance	<u>15,661,060</u>	<u>-</u>

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 5: Restricted fund</b>		
Opening Balance	-	-
Add: Transfer from corpus fund	1,755,384	-
Add: Grants received during the year	24,380,607	-
Less: Expenditure incurred during the year	(23,168,612)	-
Closing Balance	<u>2,967,379</u>	<u>-</u>

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 6: Asset fund account</b>		
Opening Balance	-	-
Add: Transferred from corpus fund	126,746,801	-
Add: Addition during the year	1,819,948	-
Less: Deletion during the year	-	-
Total	<u>128,566,749</u>	<u>-</u>
Less: Transferred to income and expenditure account	868,249	-
Closing Balance	<u>127,698,500</u>	<u>-</u>



Lotus Petal Charitable Foundation  
Schedules forming part of the accounts  
(all amounts are in Indian Rupees)

Schedule 7: Property, plant and equipment

Current Year : 2018-19

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2018	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	Depreciation / amortization for the year	Disposals	As at 31 March 2019	As at 31 March 2018
Land	124,289,076	-	-	124,289,076	-	-	-	124,289,076	124,289,076
Computer	425,698	1,288,181	-	1,713,882	306,988	556,560	-	850,334	118,710
Furniture	2,310,645	387,464	-	2,698,109	453,477	219,964	-	2,024,668	1,857,168
Office equipment	-	144,300	-	144,300	-	19,448	-	124,852	-
Plant and machinery	536,208	-	-	536,208	54,361	72,277	-	409,570	481,847
<b>Total</b>	<b>127,561,627</b>	<b>1,819,948</b>	<b>-</b>	<b>129,381,575</b>	<b>814,826</b>	<b>868,249</b>	<b>-</b>	<b>1,683,075</b>	<b>126,746,801</b>
CWIP	-	246,645	-	246,645	-	-	-	246,645	-

Previous Year: 2017-18

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2017	Additions	Deletions	As at 31 March 2018	As at 1 April 2017	Depreciation / amortization for the year	Disposals	As at 31 March 2018	As at 31 March 2017
Land	-	124,289,076	-	124,289,076	-	-	-	124,289,076	-
Computer	349,581	76,117	-	425,698	263,765	43,223	-	306,988	85,816
Furniture	1,384,449	926,196	-	2,310,645	276,680	176,797	-	453,477	1,107,769
Office equipment	-	-	-	-	-	-	-	-	-
Plant and machinery	36,625	499,583	-	536,208	13,411	40,950	-	54,361	23,214
<b>Total</b>	<b>1,770,655</b>	<b>125,790,972</b>	<b>-</b>	<b>127,561,627</b>	<b>553,856</b>	<b>260,970</b>	<b>-</b>	<b>814,826</b>	<b>1,216,799</b>



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**Lotus Petal Charitable Foundation**  
**Schedules forming part of the accounts**  
(all amounts are in Indian Rupees)

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 8: Cash and Cash Equivalents</b>		
Cash in hand and imprest with staff	104,135	420,705
Cheques in hand	116,000	-
Balances with schedule banks		
-in current account	1,813,397	2,594,616
-in fixed deposits	18,303,620	12,290,000
	<u>20,337,152</u>	<u>15,305,321</u>

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 9: Loans and Advances</b> (Unsecured and considered good unless otherwise stated)		
Security deposits	466,000	460,000
Staff advances	185,000	60,999
TDS receivable	71,749	14,136
Interest accrued on fixed deposits	119,063	118,504
Advance to vendors	53,355	2,393
Prepaid expenses	492,132	-
	<u>1,387,299</u>	<u>656,032</u>

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 10: Other Current Assets</b>		
Gratuity Planned Asset	250,000	-
	<u>250,000</u>	<u>-</u>

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 11: Current Liabilities</b>		
Trade Payable		
- Total outstanding dues to micro and small enterprises	-	-
- Total outstanding dues of creditors other than to micro and small enterprises	590,084	287,615
Statutory dues	455,147	-
Audit fees payable	540,000	-
NIOS registration deposit	67,060	-
Annual fees received in advance	1,036,000	-
	<u>2,688,291</u>	<u>287,615</u>

	As at 31 March 2019	As at 31 March 2018
<b>Schedule 12: Provisions</b>		
Provision for gratuity	1,089,814	-
(Refer note v of schedule 17)	<u>1,089,814</u>	<u>-</u>

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**Lotus Petal Charitable Foundation**  
**Schedules forming part of the accounts**  
 (all amounts are in Indian Rupees)

**Schedule 13: Other income**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income from term deposit*	548,162	167,808
Interest received on income tax refund	490	-
Miscellaneous Income	41,343	58,203
	<u>589,995</u>	<u>226,011</u>

\*includes prior period interest amounting to INR 15,721 (previous year NIL)

**Schedule 14: Program implementation expenditure**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salary expenses	18,129,149	10,204,293
Contribution to provident and other funds	1,075,482	601,506
Gratuity**	975,626	-
General health insurance	190,601	329,839
Rent	3,900,000	3,131,350
Outreach expenses	3,176,324	60,000
Meal expense	2,421,194	1,108,789
Renovation	1,909,828	7,792,781
Fixed asset purchased	1,819,947	-
Smart class expense	819,776	539,942
Printing and stationery	664,376	505,835
Uniform expenses	544,710	326,627
MIS support	331,870	78,499
Annual day expenses	317,458	191,192
Counselling expense	306,054	-
Repair and maintenance	258,637	446,843
Electricity expenses	250,280	359,247
Assets under construction	246,645	-
NIOS registration and exam fees	235,045	140,103
House keeping expenses	171,567	48,605
Security expenses	150,183	325,476
Miscellaneous expenses	135,046	19,598
IT expenses	75,107	129,502
Transportation	68,628	-
Marathon expenses	55,450	-
Employee hiring expense	43,115	709,088
Medical expenses	40,100	15,000
	<u>38,312,196</u>	<u>27,064,115</u>

\*\* includes prior period expenses INR 518,919 (previous year NIL)



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**Lotus Petal Charitable Foundation**  
**Schedules forming part of the accounts**  
(all amounts are in Indian Rupees)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Schedule 15: Fund raising events and activities</b>		
Foreign travel expenses	859,676	566,761
Promotional expense	282,325	142,890
Event expense	229,509	304,391
IT expenses	176,195	367,294
MIS support	168,000	455,000
Payment gateway expense	18,180	-
Salary expense	-	278,819
Contribution to provident and other funds	-	17,600
General health insurance	-	9,651
	<u>1,733,885</u>	<u>2,142,406</u>

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Schedule 16: Administrative and other costs</b>		
Book keeping charges	640,800	228,000
Audit fees	590,000	100,500
Salary and allowance*	285,796	502,796
Contribution to provident and other funds	207,189	28,284
Gratuity	114,188	-
General health insurance	18,224	-
Repair and maintenance	462,265	8,000
Printing and stationery	267,867	61,157
Miscellaneous expense	231,430	255,850
Transportation	158,245	111,159
Professional and consultancy charges	155,780	266,323
IT expenses	113,791	75,504
Rent	-	209,650
Electricity expenses	33,530	29,216
Training	29,500	-
Telephone expense	23,241	-
Bank charges	22,104	42,424
Depreciation	-	260,970
	<u>3,353,950</u>	<u>2,179,833</u>

\*includes prior period salary amounting to INR 10,000 (previous year NIL)



Schedule I7: Notes to Accounts

I. Receipts in foreign currency

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Income from grant and donation	4,015,594	135,934,758

II. Expenditure in foreign currency

Nature of Expenses	For the year ended 31 March 2019	For the year ended 31 March 2018
Exhibition charges	147,432	-
Software charges	196,739	101,344
<b>Total</b>	<b>344,171</b>	<b>101,344</b>

III. Payment to auditor's \*:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit	590,000	100,500

\*exclusive of taxes and out of pocket expenses

IV. The trust has taken a school building on operating lease basis. Lease payments charged during the year in the income and expenditure account is INR. 3,900,000 (previous year INR. 3,131,350).

V. Employee Benefits

**Defined contribution plans**

The defined contribution plan consists of the employee provident fund, employee state insurance and labor welfare fund. A sum of INR 1,282,671 (previous year INR 647,390) has been recognized in the Income and Expenditure Account.

**Defined benefit plans**

Gratuity is payable to all eligible employee, of the Society on resignation, retirement, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The liability for gratuity, as determined by actuarial valuation as on 31st March 2019 is INR 1,089,814

The expenditure for gratuity as determined by actuarial valuation for the year 2018-19 is INR 1,089,814

The principal assumptions used in determining the gratuity obligation are as below:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Discount rate	7.66%	-
Annual salary escalation rate	10.00%	-
Retirement Age (Years)	58	-
Mortality rate inclusive of Provision for disability	IALM (2006 - 08)	-
Withdrawal Rate (%)		
Ages		



	For the year ended 31 March 2019	For the year ended 31 March 2018
Up to 30 Years	5.00	-
From 31 to 44 years	3.00	-
Above 44 years	2.00	-

**VI. Due to micro and small enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the memorandum. Based on the information available with the management, there are no overdue outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Trust has not received any claim for interest from any supplier under the said Act.

**VII. Income Tax Provision**

The Trust is exempt from income tax under Section 12 AA of the Income Tax Act, 1961 and hence no provision for taxation is required for current year tax expense. Since, the Trust is exempt from income tax, no deferred tax (asset or liability) is recognized in respect of timing difference.

**VIII.** The Trust in the previous year was not accounting the general, restricted and corpus funds separately in their books of accounts which is not in accordance with the 'Technical Guide on Accounting for Not-for-Organization' issued by the ICAI. During the year, the Trust has corrected this situation and has reclassified the previous year figures. The reclassifications passed during the year are as under:

a. Opening Balance Adjustment

Particulars	Debit	Particulars	Credit	Remarks
Corpus Fund	142,420,539	Restricted Fund General Fund Asset Fund	1,755,384 13,918,354 126,746,801	The position of incorrect classification of all funds under corpus fund corrected in the current year.

b. The previous year figures have been regrouped/reclassified, as per details given below:

**Program Implementation Cost**

Figures as per 31 March 2018 financials		Regrouped in the current year financials	
Particulars	Amount	Particulars	Amount
Annual Day Function - PLC	95,596	Annual Day Expenses	191,192
Annual Day Function - Vidyananda	95,596		
Electricity Charges- Aarogya	48,475	Electricity Expenses	359,247
Electricity Charges- PLC	214,146		
Electricity Charges-Vidyananda	96,626		
Recruitment Expenses - PLC	9,930	Employee Hiring Expense	19,598
Recruitment Expenses - Vidyananda	9,668		
Housekeeping Expenses-Aarogya	48,605	House Keeping Expenses	48,605
Software - PLC	65,239	IT Expenses	129,502



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Figures as per 31 March 2018 financials		Regrouped in the current year financials	
Particulars	Amount	Particulars	Amount
Software - Vidyananda	64,263		
Breakfast & Lunch Expenses- Aarogya	1,108,789	Meal Expense	1,108,789
Medical Blood Test - PLC	15,000	Medical Expense	15,000
Backend MIS Support - Aarogya	-	MIS Support	78,499
Mis-PLC	78,499		
Other Exp - Arogya	98,761	Miscellaneous Exp	709,088
Staff Welfare - Arogya	414,362		
Other Expenses - PLC	163,530		
Other Expenses - Vidyananda	30,435		
NIOS Expenses	140,103	NIOS Registration and Exam Fees	140,103
Art Classes at deepashram	60,000	Outreach	60,000
Printing & Stationery- PLC	330,965	Printing and Stationery	539,742
Printing & Stationery- Vidyananda	208,777		
Kitchen project	1,792,981	Renovation	7,792,981
Class room project	6,000,000		
Rent - Aarogya	443,900	Rent	3,131,350
Rent- PLC	1,617,650		
Rent- Vidyananda	1,069,800		
Repair and Installation Charges - Aarogya	8,000	Repair and Maintenance	446,843
Repair & Maintenance - Aarogya	89,607		
Repair & Maintenance - Pratishtan	174,618		
Repair & Maintenance - Vidyananda	174,618		
Medical Expenses- Aarogya	10,346	Salary Expense	11,135,638
Staff Salary- Aarogya	740,998		
EPF Expenses - Arogya	55,292		
ESIC Expenses - Arogya	12,854		
Fuel Allowance - Counselling	12,166		
Mobile - Counselling	2,000		



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Figures as per 31 March 2018 financials		Regrouped in the current year financials	
Particulars	Amount	Particulars	Amount
Staff Salary -Counselling	442,555		
Staff Salary- PLC	5,700,939		
Staff Salary - Vidyananda	3,103,735		
Staff Fuel Allowance - PLC	399,777		
EPF Expenses - PLC	387,045		
ESIC Expenses - PLC	89,980		
EPF Expenses - VS	82,938		
Staff Mobile Expenses - PLC	28,800		
Fuel Allowance - Vidyananda	23,041		
ESIC Expenses - VS	19,281		
Medical - Vidyananda	11,400		
Fuel Allowance - PLC	6,125		
Mobile - Vidyananda	4,416		
Mobile - PLC	1,950		
Child Security and Protection Expenses – PLC	119,122	Security Expense	325,476
Child Security and Protection Expenses - Vidyananda	118,651		
Security Lady Guard - PLC	43,852		
Security Lady Guard - Vidyanada	43,852		
Computer Concept Education (NIIT) - PLC	365,166	Smart Class Expense	505,835
IT & Internet Expenses - Vidyananda	49,978		
ITI Fees-PLC	34,450		
Training Expenses - PLC	23,363		
Training Expenses - Vidyananda	23,363		
IT & Internet Expenses - PLC	9,515		
Uniform Expenses - Aarogya	6,673	Uniform Expense	326,627
Uniform Expenses - PLC	169,838		
Uniform Expenses - Vidyananda	150,116		

*Administrative Expenses*



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Figures as per 31 March 2018 financials		Regrouped in the current year financials	
Particulars	Amount	Particulars	Amount
Audit fee	100,500	Audit Fees	100,500
Bank Charges	42,424	Bank Charges	42,424
Account and Bookkeeping Charges	180,000	Book keeping charges	228,000
Finance & Consultancy Charges	48,000		
Depreciation on fixed assets	260,970	Depreciation on fixed assets	260,970
Electricity Charges	19,585	Electricity Expenses	29,216
Generator Fuel Expenses	9,631		
Internal Audit Charges	240,000	Internal Audit Expenses	240,000
IT & Internet Expenses	66,324	IT Expenses	75,504
Software Renewal Charges	9,180		
Other Expenses	6,130	Miscellaneous Exp	15,850
Courier and Postage Admin	9,720		
Printing & Stationery	61,157	Printing & Stationery	61,157
Consultancy Charges	18,533	Profession and consultancy charges	266,323
EPF & ESIC Consultancy Charges	46,960		
Legal and Professional Charges	200,830		
Rent	209,650	Rent	209,650
Repair and Installation Charges	8,000	Repair and Maintenance	8,000
General Insurance Services	39,206	Salary Expense	531,080
Staff Salary	491,874		
Local Travel Reimbursement	111,159	Transportation	111,159

**Fund Raising Expenditure**

Figures as per 31 March 2018 financials		Regrouped in the current year financials	
Particulars	Amount	Particulars	Amount
ADHM 2018	266,538	Event Expense	266,538
Backend MIS Support	455,000	MIS Support	455,000
Communication, Printing & Promotional	142,890	Promotional	142,890



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Figures as per 31 March 2018 financials		Regrouped in the current year financials	
Particulars	Amount	Particulars	Amount
Events Expenses	37,853	Event Expense	37,853
Foreign Travel Expenses	566,761	Foreign Travel Expense	566,761
Staff Salary	306,070	Salary Expense	306,070
Website and Business Development	367,294	IT Expenses	367,294

- IX. In February 2019, Supreme Court of India in its judgment clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. There are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, the Trust has made a provision for provident fund contribution only for the year 2018-19 in the books of accounts amounting to INR 16,714.
- X. Lotus Petal is focused on providing quality education and nutrition to children residing in the urban slums of Gurgaon through means of various programs. The program wise summary of utilization of funds during the year extracted from management's internal reporting system are provided in the table below:

For the year ended 31 March 2019:

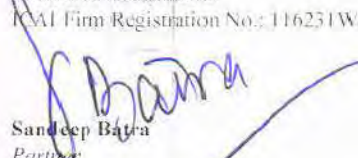
Particulars	Aarogya	Counselling - Pratishthan	Dhuncia	Outreach	Pratishthan	Sahyog - Lohatki	Vidyananda	Grand Total
Salary expenses	1,593,955	618,204	-	-	9,583,369	-	6,333,620	18,129,149
Contribution to provident and other funds	94,559	36,673	-	-	568,518	-	375,732	1,075,482
Gratuity	85,779	33,269	-	-	515,732	-	340,846	975,626
General health insurance	16,758	6,499	-	-	100,755	-	66,588	190,601
Rent	624,000				1,716,000		1,560,000	3,900,000
Outreach Expenses				3,176,324				3,176,324
Meal Expense	2,421,194							2,421,194
Renovation	265,720					1,644,108		1,909,828
Smart Class Expense					675,272		144,504	819,776
Printing and Stationery		315,201			19,103	15,258	314,814	664,376
Uniform Expenses	20,318				263,068		261,324	544,710
MIS Support	66,200				133,270		132,400	331,870
Counselling Expense		306,054						306,054



Particulars	Aarogya	Counselling - Pratishthan	Dhuncia	Outreach	Pratishthan	Sahyog - Lohatki	Vidyananda	Grand Total
Annual Day Expenses					164,629		152,829	317,458
Repair and Maintenance	44,076	57,237			63,026		94,298	258,637
Electricity Expenses	38,701				111,615		99,964	250,280
NIOS Registration and Exam Fees					235,045			235,045
IT Expenses					37,553		37,553	75,106
House Keeping Expenses	96,618					74,948		171,566
Security Expenses					75,044		75,140	150,184
Miscellaneous Expenses	33,230				12,736	80,824	8,256	135,046
Transportation	-	-	-	-	-	68,628	-	68,628
Marathon Expenses					55,450			55,450
Employee Hiring Expense		7,500			16,075		19,540	43,115
Medical Expenses					20,050		20,050	40,100
Fixed Asset Purchased		42,801		-	780,954		996,192	1,819,947
CWIP	-	-	246,645	-	-	-	-	246,645
<b>Total</b>	<b>5,401,108</b>	<b>1,423,439</b>	<b>246,645</b>	<b>3,176,324</b>	<b>15,147,264</b>	<b>1,883,766</b>	<b>11,033,650</b>	<b>38,312,196</b>

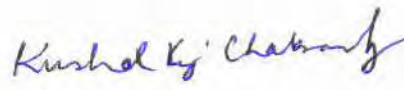
- XI. The Trust is a Level III entity- Small and Medium Sized Enterprise (SME) as defined in the Applicability of Accounting Standards to Non-corporate Entities. Accordingly, the Trust has complied with the Accounting Standards as applicable to a Level III entity.
- XII. The previous year financials statements were audited by another firm of Chartered Accountants
- XIII. Previous year figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

For **BSR & Associates LLP**  
Chartered Accountants  
CAI Firm Registration No.: 116231W/W-100024

  
Sandeep Batra  
Partner  
Membership No.: 093320

Place: Gurugram  
Date: 7 September 2019

For and on behalf of Lotus Petal Charitable Foundation

  
Kushal Raj Chakravorty  
Managing Trustee

Place: Gurugram  
Date: 7 September 2019

  
Arghya Sen  
Trustee

Place: Gurugram  
Date: 7 September 2019

# B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurugram - 122 002, India

Telephone: + 91 124 719 1000  
Fax: + 91 124 235 8613

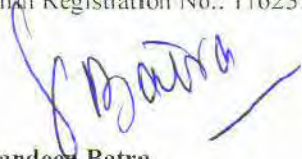
## FORM 10B (See Rule 17B)

### Audit Report under section 12A (b) of the Income -tax Act, 1961 in the case of charitable or religious trusts or institutions

1. We have examined the Balance Sheet of **Lotus Petal Charitable Foundation**, as at 31 March 2019 and the Statement of Income and Expenditure for the year ended on that date which are in agreement with the books of account maintained by the said Trust.
2. We have obtained all the information and explanations which to the best of our knowledge, and belief, were necessary for the purposes of the audit. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of the books.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, 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 Trust as at 31 March 2019; and
  - ii) in the case of the Statement of Income and Expenditure, of the excess of income over expenditure of the Trust for the year ended on that date.

The prescribed particulars are annexed hereto.

For **B S R & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 116231W/ W-100024

  
**Sandeep Batra**  
Partner  
Membership No. 093320  
UDIN: 19093320AAAAAH4158

Place: Gurugram  
Date: 7 September 2019

ANNEXURE  
STATEMENT OF PARTICULARS

I. APPLICATION OF INCOME FOR CHARITABLE OR RELIGIOUS PURPOSES

- |    |  |                |
|----|--|----------------|
| 1. | Amount of income of the previous year applied to charitable or religious purposes in India during that year.   | INR 43,400,031 |
| 2. | Whether the Institution has exercised the option under clause (2) of the explanation to section 11(1)? If so, the details of the amount of income deemed to have been applied to charitable or religious purposes in India during the previous year.   | NA             |
| 3. | Amount of income accumulated or set apart/finally set apart for application to charitable or religious purposes, to the extent it does not exceed 15 percent* of the income derived from property held under Trust wholly for such purposes.<br>(* - as amended by Finance Act, 2002)              | INR 2,954,702  |
| 4. | Amount of income eligible for exemption under section 11(1) (c).   | NA             |
| 5. | Amount of income in addition to the amount referred to in item 3 above, accumulated or set apart for specified purposes under section 11(2).   | Nil            |
| 6. | Whether the amount of income mentioned in item 5 above has been invested or deposited in the manner laid down in section 11(2)(b).   | Not applicable |
| 7. | Whether any part of the income in respect of which an option was exercised under clause (2) of the Explanation to section 11(1) in any earlier year is deemed to be income of the previous year under section 11(1B).  | No             |
| 8. | Whether, during the previous year, any part of income accumulated or set apart for specified purposes under section 11(2) in any earlier<br>(a) has been applied for purposes other than charitable or religious purposes or has ceased to be accumulated or set apart for application thereto, or | No             |



**B S R & Associates LLP**

(b) has ceased to remain invested in any security referred to in section 11(2)(b)(i) or deposited in any account referred to in section 11(2)(b) (ii) or section 11(2)(b) (iii), or

No

(c) has not been utilised for purposes for which was accumulated or set apart during the period for which it was to be accumulated or set apart, in the year immediately following the expiry thereof.

No

**II. APPLICATION OR USE OF INCOME OR PROPERTY FOR THE BENEFIT OF PERSONS REFERRED TO IN SECTION 13(3)**

1 Whether any part of the income or property of the Institution was lent, or continues to be lent, in the previous year to any person referred to in section 13(3) (hereinafter referred to in this Annexure as such persons.

No

2 Whether any land, building or other property of the Institution was made, or continued to be made, available for the use of any such person during the previous year? If so, give details of the property and the amount of rent or compensation charged, if any

No

3 Whether any payment was made to any such person during the previous year by way of salary, allowance or otherwise? If so give details

During the current year INR 981,904 managerial remuneration paid to Chief Operating Officer as salary

4 Whether the services of the Institution were made available to any such person during the previous year.

No

5 Whether any share, security, or other property was purchased by or on behalf of the Institution during the previous year from any such person.

No

6 Whether any share, security or other property was sold by or on behalf of the Institution during the previous year to any such person.

No

7 Whether any income or property of the Institution was diverted during the previous year in favour of any such person.

No

8 Whether the income or property of the Institution was used or applied during the previous year for the benefit of any such person in any other manner.

No

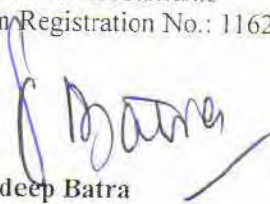


III. INVESTMENTS HELD AT ANY TIME DURING THE PREVIOUS YEAR(S) IN CONCERNS IN WHICH PERSONS REFERRED TO IN SECTION 13(3) HAVE A SUBSTANTIAL INTEREST

Sl. No.	Name and address of the concern	Where the concern is a company, number and class of shares held	Nominal value of the Investment	Income from the investment	Whether the amount in col. 4 exceeded 5 percent of the capital of the concern during the previous year say, Yes/ No
1	2	3	4	5	6
Nil, no such investments held at any time during the previous year.					

This is the Annexure which is referred to in our Audit Report of even date. Part-II and Part-III of the Annexure has been prepared by the Managing Trustee of the Trust who has certified to us that no part of the income or property has been applied for the benefit of persons referred to in Section 13(3) of the Income Tax Act, 1961, which has been relied upon by us in accordance with Circular No. 143[F.No.180/74/73-IT (A-1)] dated 20.8.1974 issued by Central Board of Direct Taxes (CBDT).

For B S R & Associates LLP  
Chartered Accountants  
Firm Registration No.: 116231 W/W-100024

  
Sandeep Batra  
Partner  
Membership No.: 093320  
UDIN - 19093320AAAAAH4158

Place: Gurugram  
Date: 7 September 2019