

B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Board of Directors of **Indus Action Initiatives**

Report on Financial Statements

We have audited the accompanying financial statements of Indus Action Initiatives ('the Company') which comprise the Balance Sheet as at 31 March 2015, the Income and Expenditure Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, excess of income over expenditure and its cash flows for the year ended on that date.

Matter of emphasis

We draw attention to Note 14 to the financial statements which describe the position relating to non-application of 85% of the receipts during the year. Since the Company has decided to exercise the option for the accumulation of income in accordance with the requirements of the specified law, no provision of income tax has been considered necessary in these financial statements. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. The Company is licensed to operate under Section 8 of the Companies Act, 2013 (the Act). Accordingly the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, the Income and Expenditure Account, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164(2) Companies Act, 2013; and



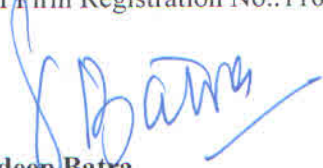
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- f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) there were no pending litigations which would impact the financial position of the Company;
 - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii) there were no amounts which were required to be transferred to Investor Education and Protection Fund by the Company.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024


Sandeep Batra

Partner

Membership No.: 093320

Place: Gurgaon

Date: 30 September 2015

Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Balance Sheet as at 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

	Note	As at 31 March 2015	As at 31 March 2014
SOURCES OF FUNDS			
General fund	3	991,178	125,188
Current liabilities		991,178	125,188
Trade payables	4	151,752	145,737
Other current liabilities	5	143,415	6,175
		295,167	151,912
TOTAL		1,286,345	277,100
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	24,238	-
Current assets		24,238	-
Cash and bank balances	7	1,191,943	217,100
Short-term loans and advances	8	65,164	60,000
Other current assets	9	5,000	-
		1,262,107	277,100
TOTAL		1,286,345	277,100

Significant accounting policies 2
The notes referred to above form an integral part of the financial statements

As per our report attached

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


Sandeep Batra
Partner
Membership No. 1693320

Place: Gurgaon
Date: 30 September 2015

For and on behalf of the Board of Directors of
Indus Action Initiatives


Farun Cherukuri
Managing Director
DIN: 06622010

Place: New Delhi
Date: 30 Sep 2015


Vibhav Mathur
Director
DIN: 05293624

Place: New Delhi
Date: 30 Sep 2015

Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Income and Expenditure Account for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

	Note	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
Income			
Grants and donation received	10	3,238,986	2,763,610
Other income	11	1,671	-
Total		<u>3,240,657</u>	<u>2,763,610</u>
Expenditure			
Employee benefit expense	12	1,254,251	1,801,629
Depreciation expense	6	5,762	-
Other expenses	13	1,114,654	836,793
Total expenses		<u>2,374,667</u>	<u>2,638,422</u>
Surplus for the year		<u>865,990</u>	<u>125,188</u>

Significant accounting policies

2

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

As per our report attached

For BSR & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024

Sandeep Batra

Partner

Membership No.: 093320

Place: Gurgaon

Date: 30 September 2015

For and on behalf of the Board of Directors of
Indus Action Initiatives

Tarun Cherakuri

Managing Director

DIN: 06622010

Place: New Delhi

Date: 30 Sep 2015

Vibhav Mathur

Director

DIN: 05293624

Place: New Delhi

Date: 30 Sep 2015

Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Cash flow statement for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
A. Cash flow from operating activities		
Surplus for the year	865,990	125,188
Adjustments for:		
- Miscellaneous balances written back	1,671	-
- Depreciation	5,762	-
Working capital adjustments:		
- (Increase) in loans and advances	(5,164)	(60,000)
- Increase in trade payables	4,344	145,737
- Increase in other liabilities	137,240	6,174
Net cash from operating activities	1,009,843	217,099
Income tax paid (including tax deducted at source)	(5,000)	-
Net cash generated from operations	1,004,843	217,099
B. Cash flow from investing activities		
Purchase of fixed assets	(30,000)	-
Net cash used for investing activities	(30,000)	-
Net increase / (decrease) in cash and cash equivalents (A+B)	974,843	217,099
Cash and cash equivalents at the beginning of the year	217,100	-
Cash and cash equivalents at the end of the year	1,191,943	217,099
Components of cash and cash equivalents:		
Cash in hand	75	75
Balances with scheduled banks	1,191,868	217,025
	1,191,943	217,100

The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statements' as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014


As per our report attached

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


Sandeep Bata
Partner
Membership No.: 093320

Place: Gurgaon
Date: 30 September 2015

For and on behalf of the Board of Directors of
Indus Action Initiatives


Tarun Cherukuri
Managing Director
DIN: 06622010

Place: New Delhi
Date: 30 Sep 2015


Vibhav Mathur
Director
DIN: 05293624

Place: New Delhi
Date: 30 Sep 15

Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to financial statements for the year ended 31 March 2015

(All amounts are in Indian Rupees unless otherwise stated)

1. Background

Indus Action Initiatives ("the Company") was incorporated in India on 26 August 2013. The Company is registered as Section 8 company under the provisions of Companies Act, 2013.

The main focus area is to mobilize public resources and empower communities to solve India's deep-rooted problems in areas such as education, public health, law enforcement and accountability.

2. Significant accounting policies

a) Basis of preparation and presentation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014, the relevant provisions of the Companies Act, 2013, pronouncements of the Institute of Chartered Accountants of India and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in India Rupees.

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instruction in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the Company has complied with the Accounting Standards as applicable to the Small and Medium Sized Company.

b) Current and non-current classification

All assets and liabilities are classified into current and non-current based on below criteria:

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realized within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the



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Notes to financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle within 12 months for the purpose of current – non-current classification of assets and liabilities.

c) Use of estimates

The preparation of financial statements in conformity with GAAP in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable.

d) Fixed assets and depreciation/ amortisation

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes inward freight, duties, taxes and incidental expenses related to acquisition and installation incurred upto the date of commissioning of the assets. Assets held for disposal are stated at their estimated residual values as at the balance sheet date.

Depreciation is provided on pro-rata basis as per written down value (WDV) method as per the useful life specified in Part 'C' of Schedule II to the Act.

e) Impairment of assets

In accordance with Accounting Standard 28 (AS 28) on 'Impairment of assets', the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets is estimated at the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment loss is recognized in the statement of profit and loss.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash and deposits with bank and highly liquid investments with original maturities, at the date of purchase/investment, of three months or less.



Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

g) Revenue recognition

Grants and donations received from donors are recognized on cash basis.

Survey receipts are recognized on accrual basis.

Other income is recognized on accrual basis when there is reasonable certainty of its ultimate realization/ collection.

h) Employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, performance incentives etc. are recognised in the Income and Expenditure Account in the period in which the employee renders the related service and measured accordingly.

i) Operating Leases

Lease rentals under an operating lease are recognized as an expense in the Income and Expenditure Account on a straight line basis over the lease term.

j) Taxation

The Company is having a license to operate under section 8 of the Companies Act, 2013 and Certificate of registration under Section 12A of the Income Tax Act, 1956 and accordingly is not liable to pay Income Tax under Income Tax Act, 1961.

Provision for deferred tax charge or credit is made at appropriate rates, in respect of the taxation effect arising from all timing differences between profit computed for taxation purposes and profit stated in the financial statements, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystalize in the foreseeable future.

k) Provisions and contingent liabilities

The Company creates a provision when there exist a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements.



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Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

3	General fund	As at 31 March 2015	As at 31 March 2014
	Opening balance	125,188	-
	Add: Additions during the year	865,990	125,188
	Total	991,178	125,188
4	Trade payables *	As at 31 March 2015	As at 31 March 2014
	- dues to micro and small enterprises	-	-
	- dues to other than micro and small enterprises	151,752	145,737
		151,752	145,737
	* Refer note 16		
5	Other current liabilities	As at 31 March 2015	As at 31 March 2014
	Employee related payables	128,200	-
	Statutory dues	15,215	6,175
		143,415	6,175



Signature

Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to the financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

6 Tangible assets

Asset description	Gross block						
	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015
Computers	-	-	-	-	30,000	-	30,000
Total	-	-	-	-	30,000	-	30,000

Asset Description	Depreciation						
	As at 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014	For the year	On deletions/ adjustments	Upto 31 March 2015
Computers	-	-	-	-	5,762	-	5,762
Total	-	-	-	-	5,762	-	5,762

Asset Description	Net block				
	As at 31 March 2013		As at 31 March 2014		As at 31 March 2015
Computers	-		-		24,238
Total	-		-		24,238



Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

7	Cash and bank balances	As at 31 March 2015	As at 31 March 2014
	Cash and cash equivalents:		
	Cash on hand	75	75
	Balance with scheduled banks		
	- on current accounts	1,191,868	217,025
		1,191,943	217,100
8	Short-term loans and advances <i>(Unsecured, considered good)</i>	As at 31 March 2015	As at 31 March 2014
	Security deposit	60,000	60,000
	Advances to vendors	5,164	-
		65,164	60,000
9	Other current assets <i>(Unsecured, considered good)</i>	As at 31 March 2015	As at 31 March 2014
	Advance income tax	5,000	-
		5,000	-



Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

10 Grants and donations received	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
Grants and donations received	3,188,986	2,763,610
Survey receipts	50,000	-
	<u>3,238,986</u>	<u>2,763,610</u>
11 Other income	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
Miscellaneous balances written back	1,671	-
	<u>1,671</u>	<u>-</u>
12 Employee benefits expense	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
Salary, wages and bonus	1,236,555	1,799,152
Staff welfare	17,696	2,477
	<u>1,254,251</u>	<u>1,801,629</u>
13 Other expenses	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
Rent (refer note 17)	240,000	165,457
Legal and professional (refer note 15)	116,710	370,424
Rates, fees and taxes	9,603	-
Conference and campaign expenses	265,400	-
Printing and stationery	187,954	107,528
Travelling and conveyance	102,725	85,027
Communication expenses	88,400	83,428
Electricity and water charges	19,311	6,188
Office expenses	56,242	18,741
Bank charges	1,180	-
Donation paid	21,100	-
Miscellaneous expenses	6,029	-
	<u>1,114,654</u>	<u>836,793</u>



Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

14. During the current year, Indus Action Initiatives did not apply 85% of the receipts of the current year. The Company is exercising its option to accumulate the unutilized portion under Section 11(2) of the Income Tax Act, 1961 to be applied in next five financial years in accordance with the law and is in process of intimating the Assessing Officer of having exercised this option within the time period specified in said section. The amount carried forward during the year is Rs. 355,654. Accordingly, no provision of income tax has been made in these financial statements.

15. Legal and professional expenses include auditor's remuneration (exclusive of service tax):

Particulars	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
Statutory audit	-	50,000
Other certifications and out of pocket expenses	-	35,000
Total	-	85,000

16. 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 received and available with the Company, there are no amounts payable to Micro and Small Enterprises (Suppliers) covered under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March 2015.
17. The Company has taken site office space under cancellable operating lease arrangement. Lease rental expenses have been charged to Statement of Profit and Loss amounting to Rs. 240,000 (previous period Rs. 160,000).

18. **Related party disclosures**

- a) Related party and nature of the relationship where control exists - Nil
- b) Related parties with whom transactions have taken place during the year:

Key Management Personnel

- Tarun Cherukuri
- Vaibhav Mathur

- c) Details of transactions during the year:

Transactions during the year	For the year ended 31 March 2015	For the period from 26 August 2013 to 31 March 2014
Donations received:		
Tarun Cherukuri	175,000	190,550
Vaibhav Mathur	36,000	-



Indus Action Initiatives
(A Private Company Limited by Guarantee under Section 8 of the Companies Act, 2013)

Notes to financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees unless otherwise stated)

19. Previous period accounts were audited by another firm of Chartered Accountants.
20. Previous period figures have been regrouped/reclassified, wherever considered necessary, to make them comparable to those of the current year.

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

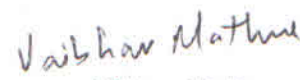
Place: Gurgaon
Date: 30 September 2015

For and on behalf of the Board of Directors of
Indus Action Initiatives



Tarun Cherukuri
Director
DIN: 06622010

Place : New Delhi
Date : 30 Sep 2015



Vaibhav Mathur
Director
DIN: 05293624

Place : New Delhi
Date : 30 Sep 15