

**Breaking Free** It's Possible









# BREAKING FREE

FROM HUNGER AND POVERTY

 **Naandi**  
2010 - 12

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## BREAKING FREE FROM HUNGER AND POVERTY. IT'S POSSIBLE.



2010-2012 has been cataclysmic. Not just for India. Globally. It has seen economic turbulence. Scams. Frauds. And a groundswell of public revulsion against corrupt and unfair systems.

It is clear that neither popular nor partisan decisions deliver. Only effective ones do. The ones that strengthen the weakest link.

As a farmer's son, I've seen at close quarters the wreck poverty makes of a person. I've seen that unless a farmer has an income he can depend on, and unless his children are well nourished and schooled neither he nor his children after him can break free from poverty.

Let a man enjoy the fruits of his hard work. And let children be brought up in the world with the care and nourishment they deserve. For without this sustenance neither can live up to their fullest potential. They will live as diminished shadows of their aspirations. And this will

ALLERIC MITCHELL

**Dr K Anji Reddy**  
Chairman  
Dr. Reddy's Laboratories Ltd



haunt them, their families, their communities and their country. The cycle is vicious.

Against this backdrop, the task of nation building seems an overwhelming responsibility. But seeing what we are able to achieve at Naandi even at a microcosmic level gives me the confidence and the evidence to say that nations may yet be successfully built if we understand the nature of the foundation that must be laid now.

Food and nutrition for children, learning based education and sustainable incomes for families is the foundation. This is what we have been working on since 1998. All in partnership with governments, businesses, charities and the communities we serve.

I am happy with our experiments in poverty alleviation. We have demonstrated how the most vulnerable sections of society: infants, children and marginal farmers can be best supported by governments. And also shown how a vast majority of Indians can be better served with the help of social businesses that are innovated to tackle poverty.

I hope these experiments will be replicated and large scale innovations adopted because it is eminently possible to free our world from hunger and poverty.

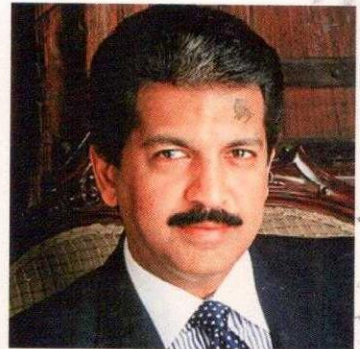
I invite you to see the potential for yourself.



31 January 2013  
Hyderabad

**We have shown how a vast majority of Indians can be better served with the help of innovative social businesses.**

#### THE BOARD OF TRUSTEES



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THE MIDDAY MEAL PROGRAMME

# Ready to Serve the



10,453 schools  
770,047,310 midday meals  
0 contamination



# e Billionth Meal

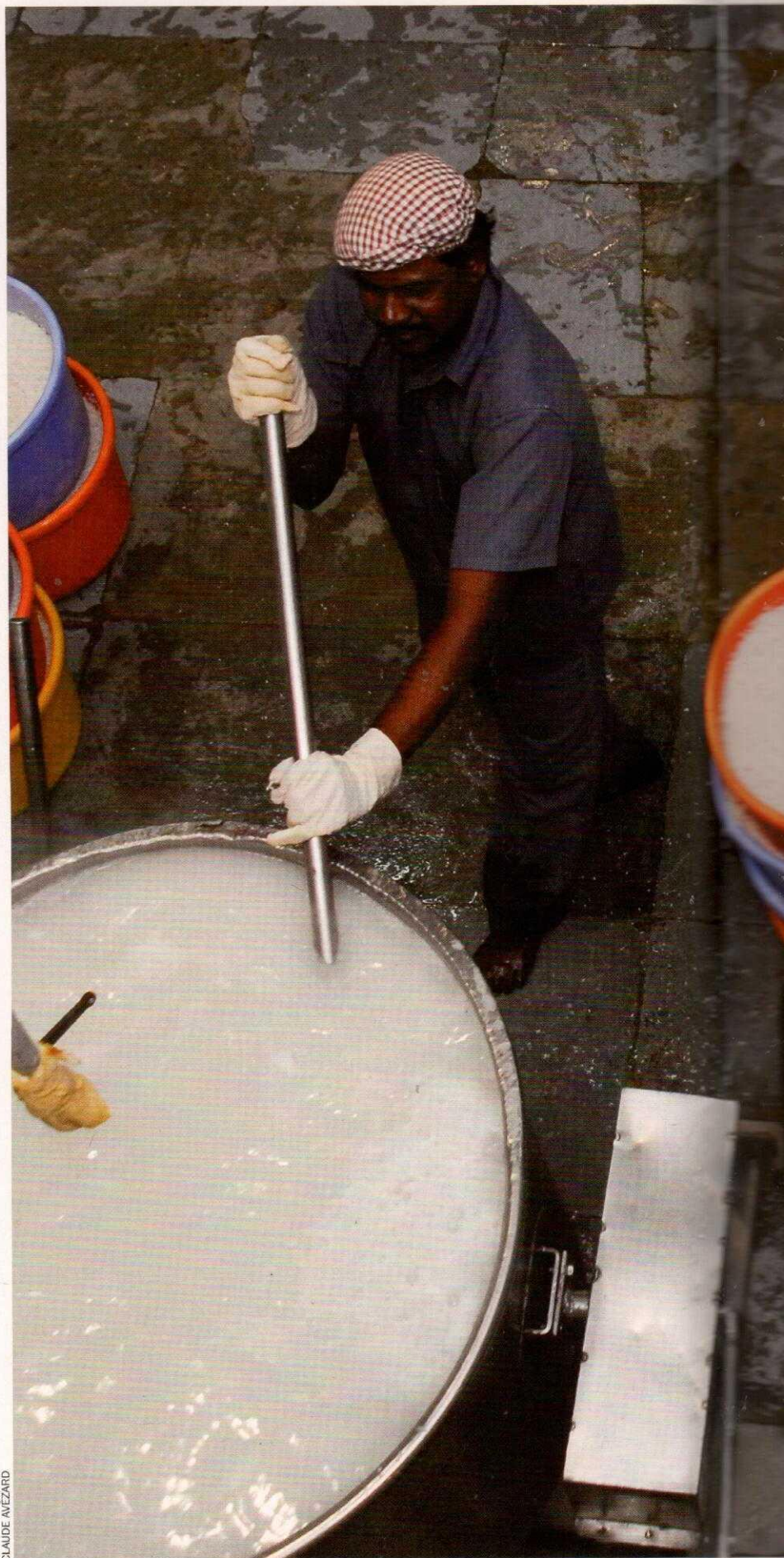


**Hungry children cannot learn.**

The Supreme Court of India, the apex judicial body of the country, in 2001 decreed that all regional governments must provide children studying in government schools with a fresh, cooked lunch every day. Faced with challenges of logistics, reach and quality in implementing this 'midday meal programme' (the world's largest school feeding programme) state governments were on the look-out for solutions. Naandi stepped up and offered the idea of setting up centralised Midday Meal Kitchens.

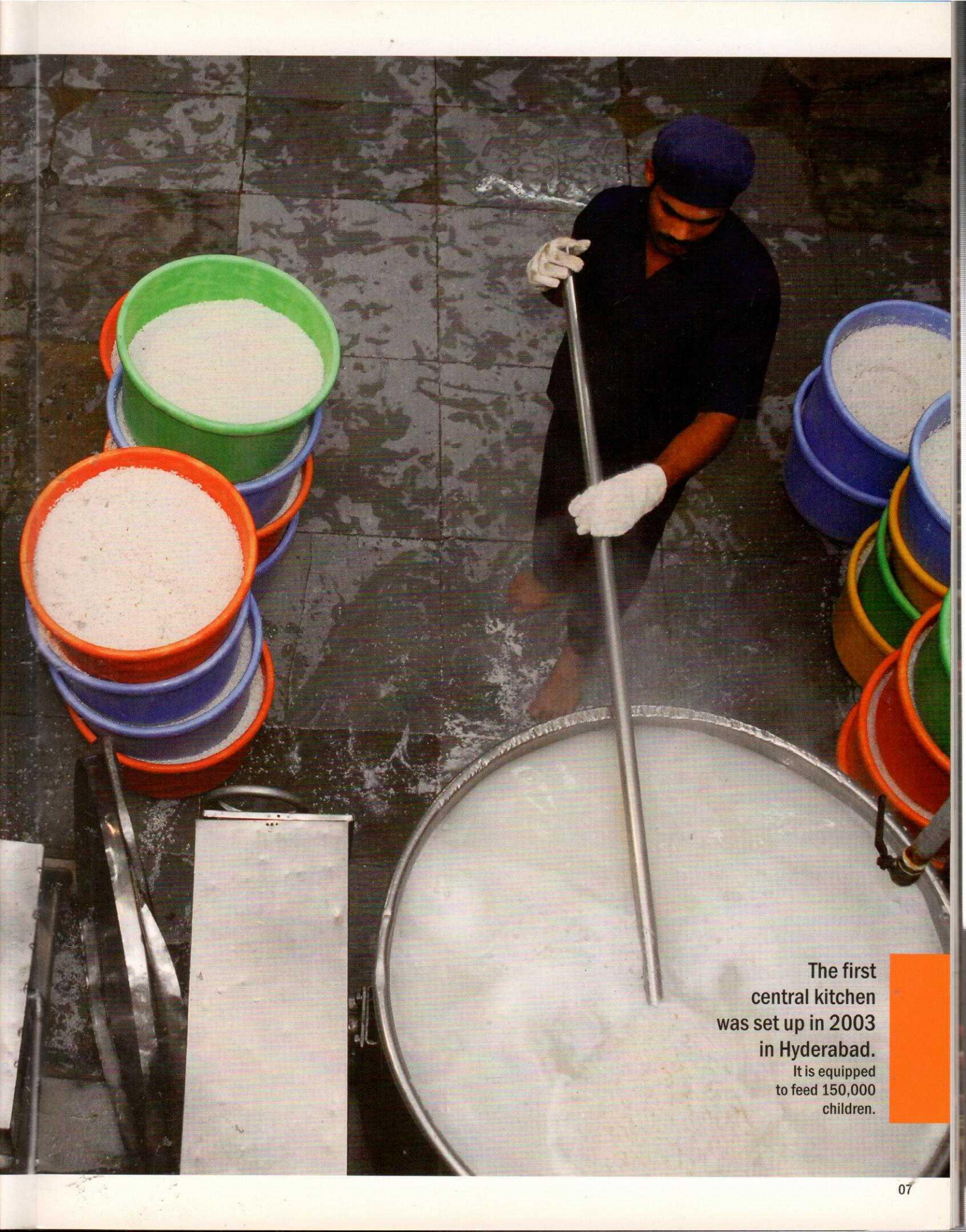
Congested urban schools rarely have space for kitchens, and in rural areas, especially remote ones, it is difficult to prepare a quality meal with the budget available due to poor economies of scale.

**A practical solution was to set up large, centralised 'steam and steel' based kitchens mechanised for fast, safe and nutritious cooking with the capacity to serve entire urban areas and large rural clusters as well.**



CLAUDE ALEZARD





The first  
central kitchen  
was set up in 2003  
in Hyderabad.  
It is equipped  
to feed 150,000  
children.

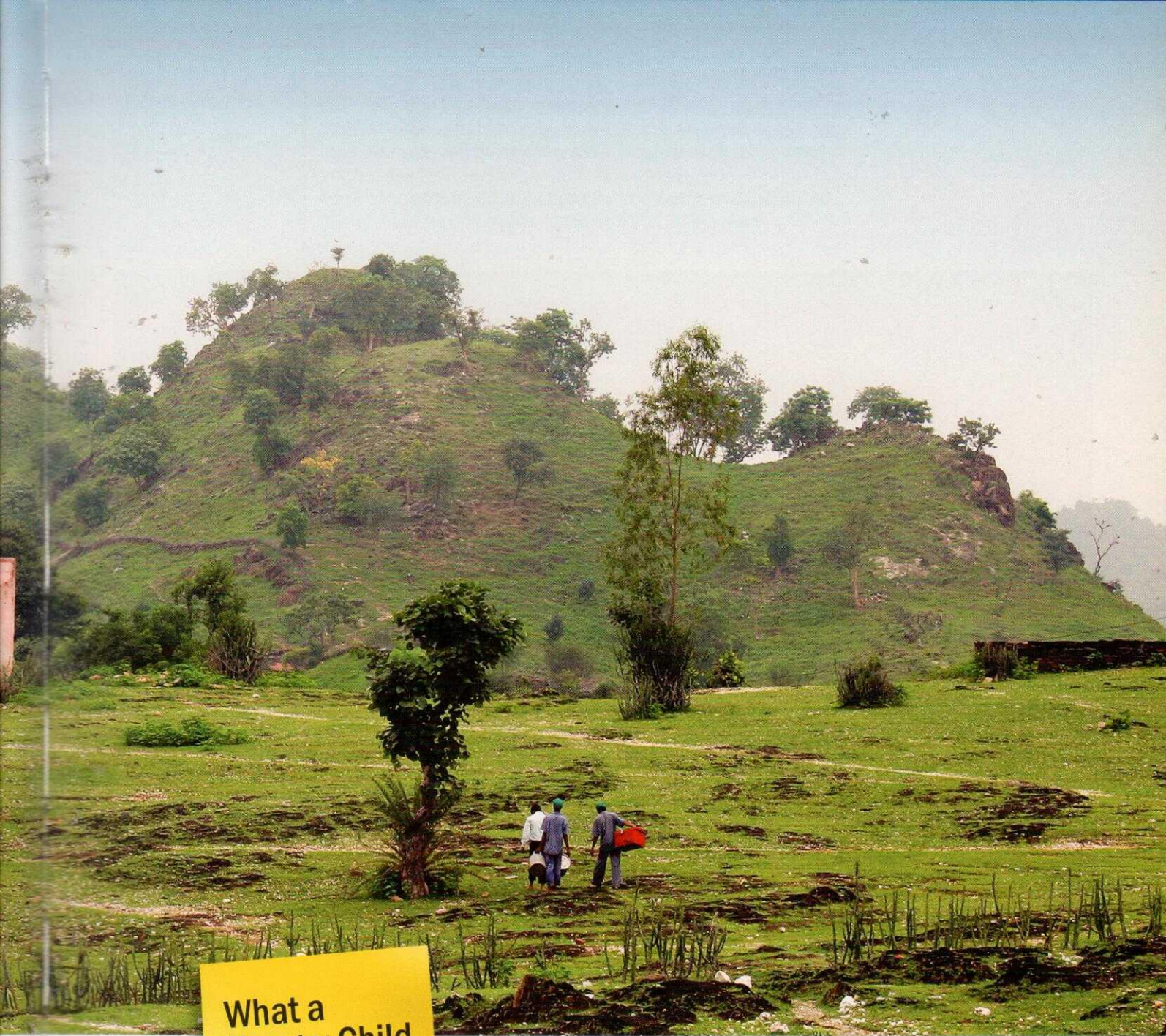




Today, the children we feed number more than 1 million (1,107,777 and counting) across 10,453 schools in the country.

**All children get their meal on time, even those who study in remote, hilly areas where kitchen staff carry the meals themselves and deliver them on foot traversing streams, inclines and dirt tracks.**





P SANTOSH KUMAR

## What a Hungry Child Gets

A variety of menus comprising rice and roti (bread) preparations, vegetables, cereals and lentils.

Lentils are fortified with iron, zinc and folic acid, and a periodic egg or a fruit/sweet is added to make the meal a wholesome and attractive one.

Dishes such as sweet pongal, vegetable biryani, and lime rice are items we've included on popular demand from children. At least 15 variations of this menu is served on different days.

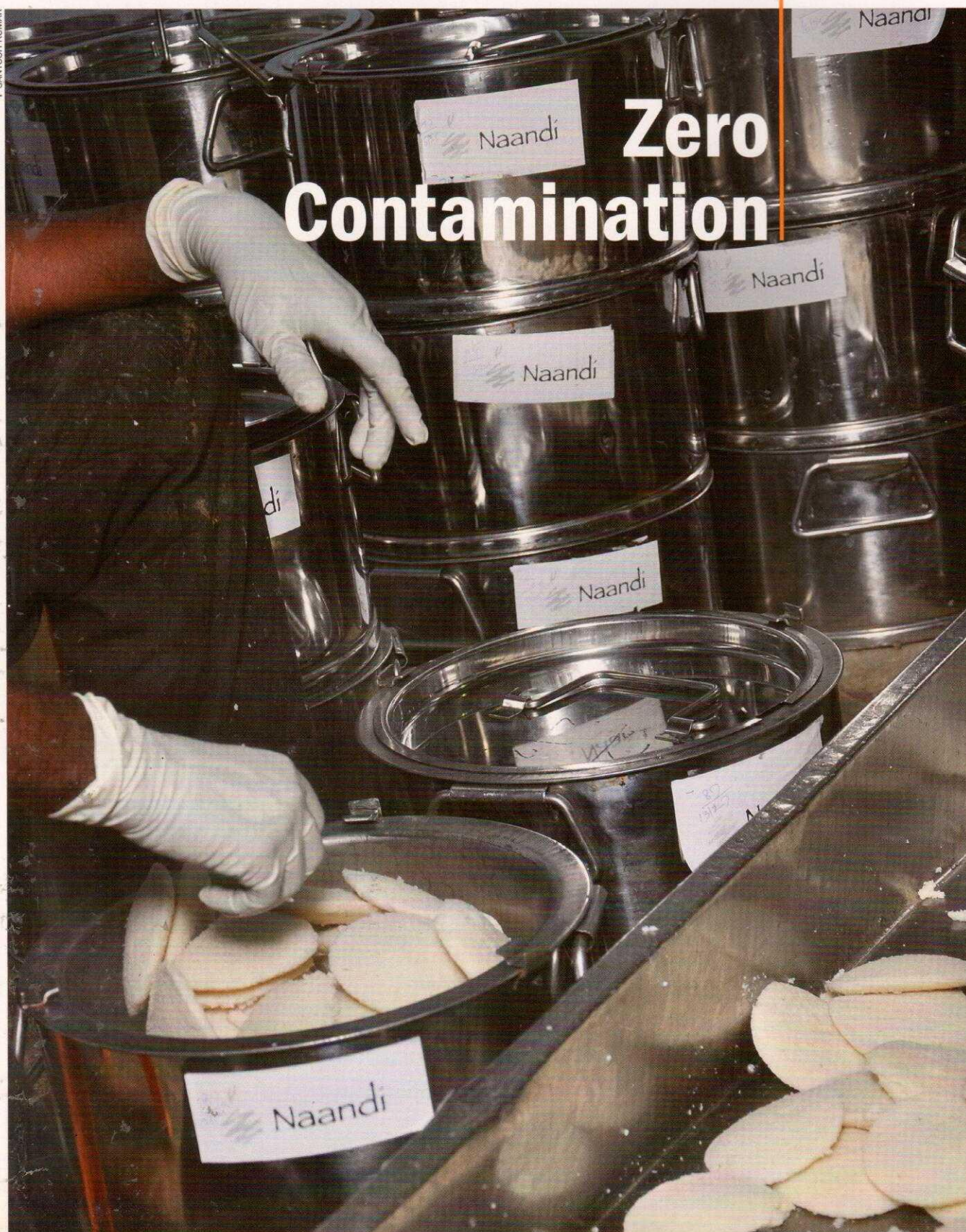
**And children are welcome to unlimited helpings of the midday meal.**



The cooked food remains untouched by hand till it is delivered to the school. Every kitchen equipment, vessel and premises is cleaned and disinfected every day. And mandatory use of head gear, gloves and sterilised clothing, pest control, anti-bacterial cleaning agents and cleaning power hoses are some of the protocols that are followed at all the kitchens to keep them clean, dry and contamination-free at all times.

P SANTOSH KUMAR

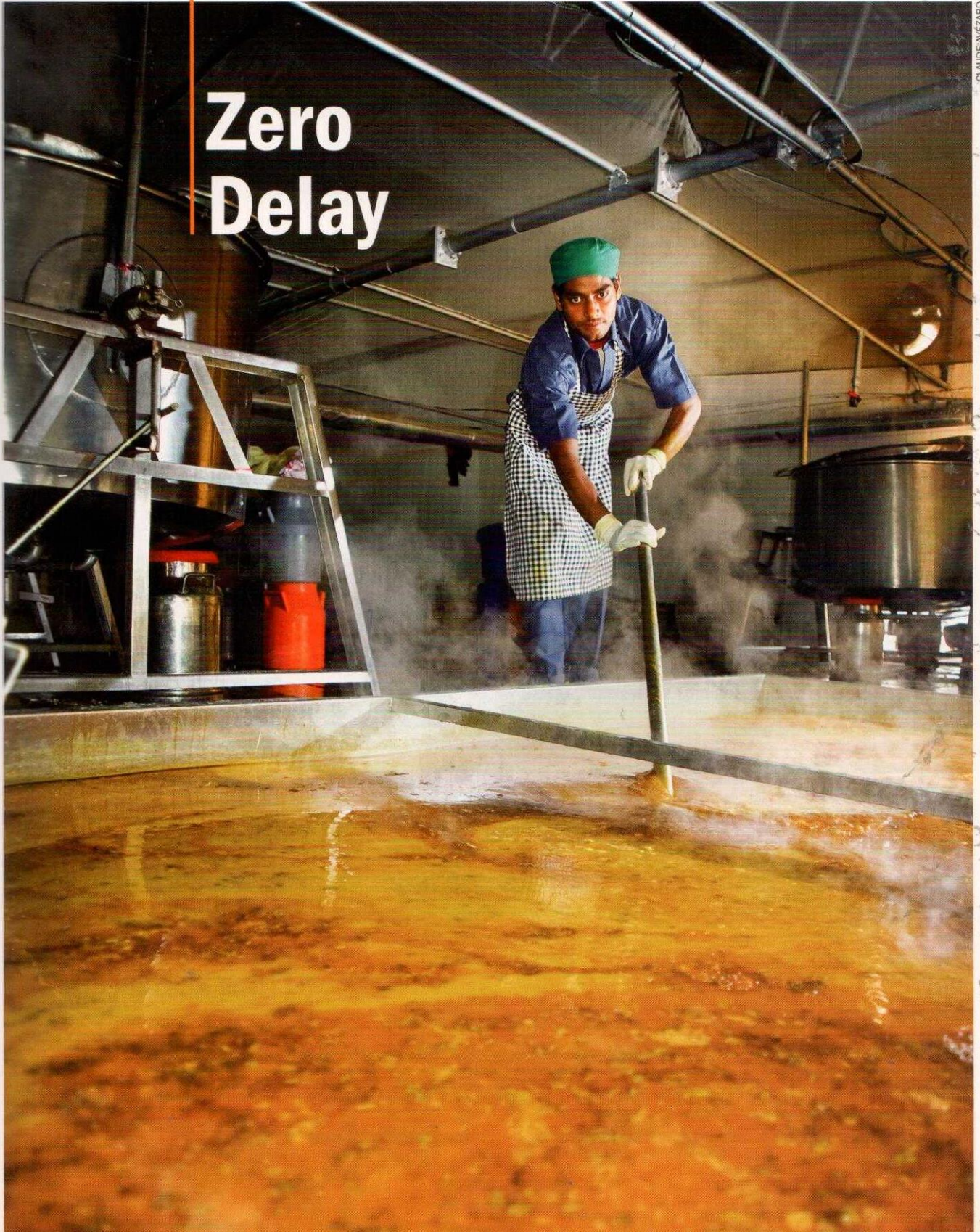
# Zero Contamination





Every day 4.30am onwards 22 kitchens across the country begin cooking ops that go on till 11.30am. Fitted with modern cooking and cleaning systems, tons of **cereals and vegetables** are steam cooked in the kitchens to maintain deadlines, keep the cooking hygienic and the nutrients intact.

# Zero Delay



CLAUDE-AVEZARD



# THE PRECISION AND DEDICATION

BEHIND ENSURING EVERY MEAL IS  
TIMELY, TASTY, AND WHOLESOME  
HAS NOT GONE UNNOTICED.

2010

Received '**Best Practice**'  
recognition by Governance  
Knowledge Centre, Govt of  
India.





**2011**  
Received **ISO 9000:2008**  
certification for Quality  
Management systems and  
**ISO 22000:2005** for Food  
Safety Management systems.

**2012**  
Awarded '**Best Social  
Business**' by CNBC TV18.

Naandi provides midday meals  
to government schools in:

**ANDHRA PRADESH**

Hyderabad, Visakhapatnam.

**MADHYA PRADESH**

Indore, Jabalpur, Bhopal.

**RAJASTHAN**

Udaipur, Dungarpur, Jhadol,  
Jhalawar and Salumber (they have  
a sizeable population of adivasi  
communities), Bhilwara,  
Govindgarh, Gandhinagar, Gangrar,  
Kapsan, Kishangarh, Mandapiya,  
Nimbaheda, Bikaner and Kota.

**ODISHA**

Behrampur (adivasi area).

**CHHATTISGARH**

Korba (adivasi area).



# India's shame: 42% children malnourished

**REPORT RELEASED** PM says this is unacceptable for a country with such high growth rate

## Agencies

■ [letters@hindustantimes.com](mailto:letters@hindustantimes.com)

**NEW DELHI:** Forty-two per cent of India's children are malnourished and underweight despite the country achieving an impressive growth rate, Prime Minister Manmohan Singh said Tuesday, calling it a national shame.

"The problem of malnutrition is a matter of national shame. Despite impressive GDP growth, the level of under-nutrition in the country is unacceptably high," he said, releasing a report on hunger and malnutrition (HUNGAMA) here.

The report states that the prevalence of underweight children has decreased from 53% to 42% — a 20.3% fall over a 10-year period with an aver-

age annual rate of reduction of 2.9%. However, the survey found that rates of child malnutrition were still unacceptably high in the 100 focus districts with the poorest child development indicators, where over 40% of children were underweight and almost 60% stunted.

## ICDS NOT ENOUGH: PM

"Though the ICDS (Integrated Child Development Services) is our most important tool to fight malnutrition, we can no longer rely solely on it. We need to focus on districts where malnutrition levels are high and where conditions causing malnutrition prevail," Singh said.

He said policy makers and programme implementers need to clearly understand the link-

ages — between education and health, sanitation and hygiene, drinking water and nutrition.

## MIXED BAG

Singh said the findings of the report were both "worrying and encouraging" for India — a country of 1.2 billion with the highest number of children worldwide.

He said the survey indicates that one child in five has reached an acceptable healthy weight in the last seven years in 100 focus districts. "However, what concerns me is that 42% of our children are still underweight. This is an unacceptably high occurrence."

The PM said his government was working to launch a strengthened and restructured five-year

programme for early childhood development — to start a multi-sectoral programme for 200 high-burden districts and to initiate a nationwide communication campaign against malnutrition.

The report was made at the insistence of the Citizens' Alliance against Malnutrition, comprising young parliamentarians, artists, directors, social activists and policy makers.

Rohini Mukherjee of Naadi Foundation, one of the NGOs that produced the report, said India was "doing worse than sub-Saharan Africa", echoing observations made by Unicef.

Latest data from Unicef shows that one in three malnourished children worldwide is in India, with 47% of

## IMPORTANT FINDINGS OF HUNGAMA

**42%** children under 5 underweight

**59%** stunted and **50%** severely stunted

Malnutrition higher among children from low-income families, and from Muslim or SC/ST households

Girls have nutrition advantage over boys in first months of life, but trend reversed in later stages, indicating feeding and care neglect



## Parent trap

**66%** mothers did not attend school — underweight child and stunting rates higher among mothers with low levels of education

**51%** mothers did not give colostrum (first milk) to newborn, 58% fed water to their infants before six months

Sample size: 73,000 households in 112 districts across 9 states and more than one lakh children and 74,000 mothers

## A shame, says PM, as report finds 42% of surveyed under-5 kids underweight

EXPRESS NEWS SERVICE  
NEW DELHI, JANUARY 10

A REPORT on hunger and malnutrition in 112 districts across nine states of the country has revealed that 42.3 per cent children under the age of five years are underweight, 58.8 per cent are stunted and 11.4 per cent are "wasted".

Releasing the report prepared by Hyderabad-based Naandi Foundation here today, Prime Minister Manmohan Singh termed malnutrition a national shame.

The HUNGAMA (Hunger and Malnutrition) report covered 106 worst-performing districts as per the UNICEF child development index and six best-performing districts across three states.

An interesting finding of the report was that while girls started with



PM at release of the report  
ANOTHER REPORT PAGE 2

## UNDERWEIGHT CHILDREN

Age in months	In 100 focus districts	In 3 best districts of best states*
0-5	37.1%	20.4%
6-11	40.2%	17%
12-23	42.3%	18.2%

\* In Bihar, Rajasthan, Jharkhand, Orissa, MP, TN, Kerala, Tamil Nadu, Himachal

a nutritional advantage over boys, they lost out as they grew older, to the point that by the age of four, they had fallen behind.

Of all the children found to be stunted, half were severely so. Half of all children were underweight or stunted by the age of 24 months. Children from low-income families or SC/ST/Muslim households were

found to be the worst off, though 92 per cent mothers were aware of the concept of malnutrition.

The last such data released in 2004 — from a district level health survey — had measured malnutrition only in terms of weight, and had concluded that 53 per cent children in these districts were underweight.

CONTINUED ON PAGE 2

## 59% kids stunted, 42% underweight in country

ADN TANDON/TNS

**NEW DELHI, JANUARY 10** Prime Minister Manmohan Singh today described child malnutrition as "national shame" and said health, education and sanitation sectors must collaborate to a national response to problem.

"These sectors can no longer work in isolation. Professionals cannot concentrate on curative

## NATIONAL SHAME



"The problem of malnutrition is a matter of national shame. Despite impressive growth in our GDP, the level of under-nutrition in the country is unacceptably high."

— Manmohan Singh, PM

## WORRYING TREND

A new research by Hyderabad-based Naandi Foundation on the status of child malnutrition in India was released by the Prime Minister on Tuesday. The study reveals shocking results for all three standard indices used to measure children's nutritional status — stunting (height for age), wasting (weight for height) and underweight (weight for age).

The researchers, after surveying 1,09,093 children aged 0 to 5 in 100 most backward districts of six states — Bihar, Jharkhand, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh — found 59 per cent children were stunted, 42 per cent underweight

and 11.4 per cent wasted. The Prime Minister said 42% children being underweight in the country which was witnessing a high growth was a matter of concern. "This is unacceptably high occurrence," he said.

Continued on page 11

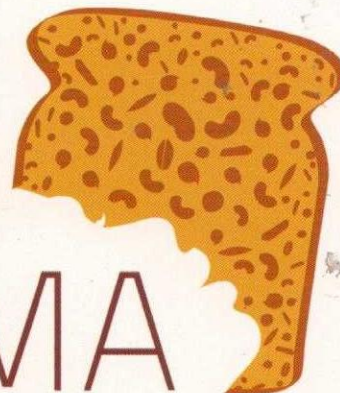
**92 per cent mothers have never heard the term 'malnutrition' or understand what it means.**

The Hunger and Malnutrition (Hungama) Survey, 2011



# THE NATION JOINS OUR HUNGaMA

## Fighting Hunger & Malnutrition



TAKING UP THE CAUSE OF MALNUTRITION meant understanding it, and pinpointing districts that have affected children.

However, for all intents and purposes, India had no updated district wise information on child nutrition after 2004 as the 2<sup>nd</sup> round of the District Level Health Survey (DLHS) was conducted in 2002-04.

To understand ground level realities about nutrition levels among children and gather data from some of the worst affected districts in the country, **Naandi launched India's first ever Hunger and Malnutrition (Hungama) survey in 2010**. The effort was supported by leaders from across political parties, business houses, civil society organisations and the Citizens' Alliance against Malnutrition<sup>1</sup>.

### Survey duration

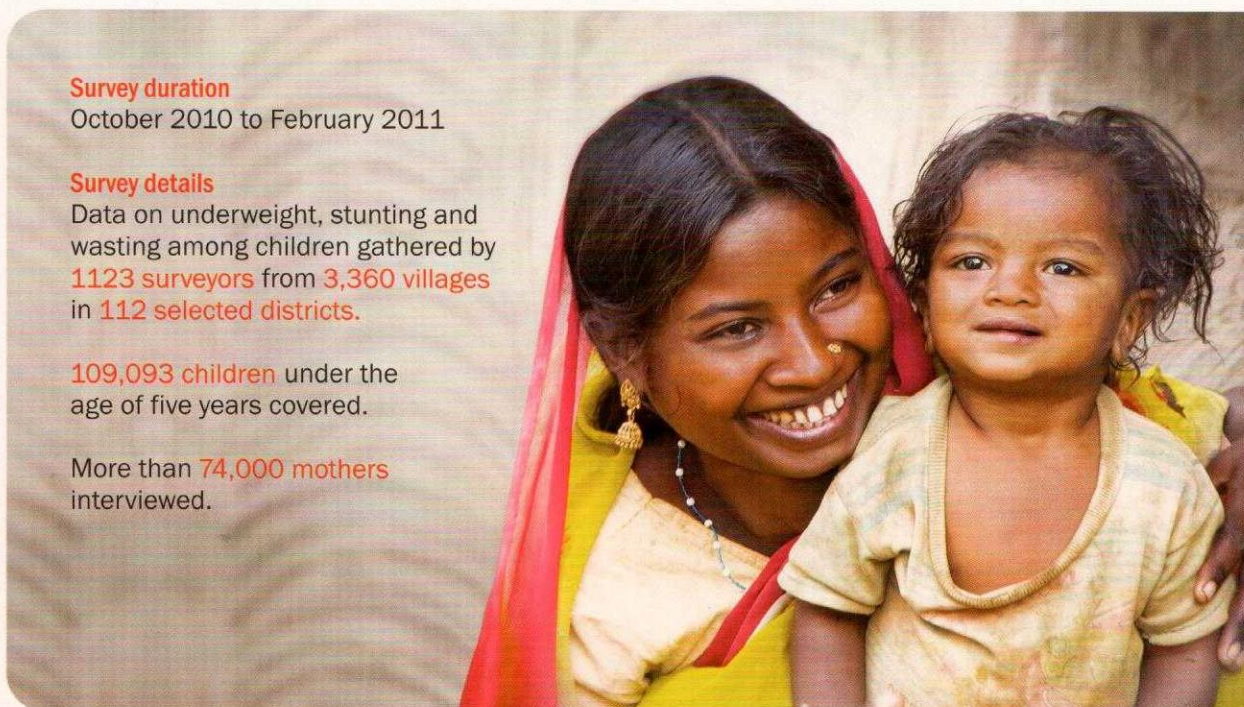
October 2010 to February 2011

### Survey details

Data on underweight, stunting and wasting among children gathered by **1123 surveyors** from **3,360 villages** in **112 selected districts**.

**109,093 children** under the age of five years covered.

More than **74,000 mothers** interviewed.



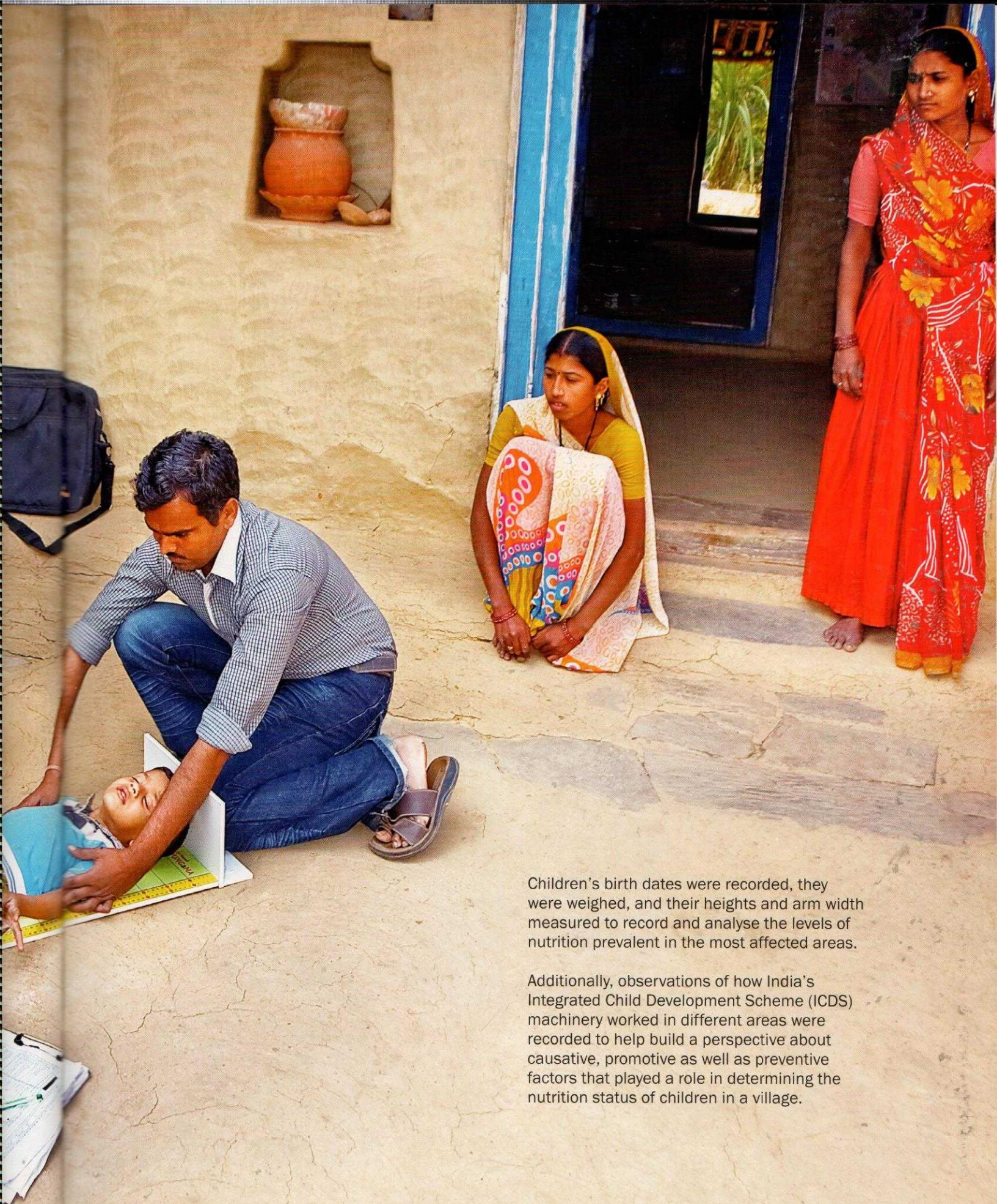
1. Citizens' Alliance against Malnutrition is a group of young elected leaders, parliamentarians who have joined hands irrespective of party to push for an improvement in the status of malnutrition through policy and action. Naandi Foundation is represented through its CEO, Manoj Kumar, who is a core founding member of this national alliance.



**Working with a list of 100 focus districts<sup>2</sup> that had the lowest child development indicators, Hungama collected district level data on the nutrition status of children in the 0-5 years age group.**

2. Based on a UNICEF district ranking on child development indicators, Hungama collected data from the bottom 100 districts, referred to as the 100 focus districts. These districts were in Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh. To compare low-performing districts with high-performing districts in the same states as well as the top six districts in the country, 12 high-performing districts were included in the survey.





Children's birth dates were recorded, they were weighed, and their heights and arm width measured to record and analyse the levels of nutrition prevalent in the most affected areas.

Additionally, observations of how India's Integrated Child Development Scheme (ICDS) machinery worked in different areas were recorded to help build a perspective about causative, promotive as well as preventive factors that played a role in determining the nutrition status of children in a village.









Hungama spoke extensively with mothers to understand their realities and their methods of recognising and coping with malnutrition.

**Illuminating facts  
came to light in this  
first ever effort in the  
country to document  
a mother's insights  
and fears in dealing  
with malnutrition.**



Acknowledging the usefulness of district level data on nutrition levels among children brought out in the Hungama Survey, Dr Manmohan Singh, the Prime Minister of India, while releasing the survey report said:

**“The health of our economy and society lies in the health of this generation.**

We cannot hope for a healthy future for our country with a large number of malnourished children. **We need to focus on districts where malnutrition levels are high** and where conditions causing malnutrition prevail.”



## Hungama for Action

Armed with the survey results and encouraged by the continued support of Avantha Foundation, Naandi is partnering with state governments and local communities to implement action plans that can demonstrate a decline in child malnutrition rates over next three years. Accordingly, one block each in Odisha, Rajasthan and Madhya Pradesh have been selected for this effort.

The confidence that it is possible to significantly improve nutrition status of children and mothers in these three blocks, and create a replicable template stems from the evidence (see below) we have gathered from a **unique action research project for child development called Project Bachpan**. This was implemented by us in Ratlam district of Madhya Pradesh in partnership with the World Bank and Government of Madhya Pradesh.

Bachpan covers 114 villages in the Ratlam district, Bajna block.



**WHAT PROJECT BACHPAN ACHIEVED**

Indicator	2010	2012
• Children attending Anganwadi Centres	32	72
• Registration of pregnant women	67	96
• Anganwadi Centres providing regular counseling for pregnant women and lactating mothers	24	77
• Centres with regular growth monitoring	26	71
• Malnutrition has come down by 90 per cent		

ALL FIGURES IN PERCENTAGES

P SANTOSH KUMAR

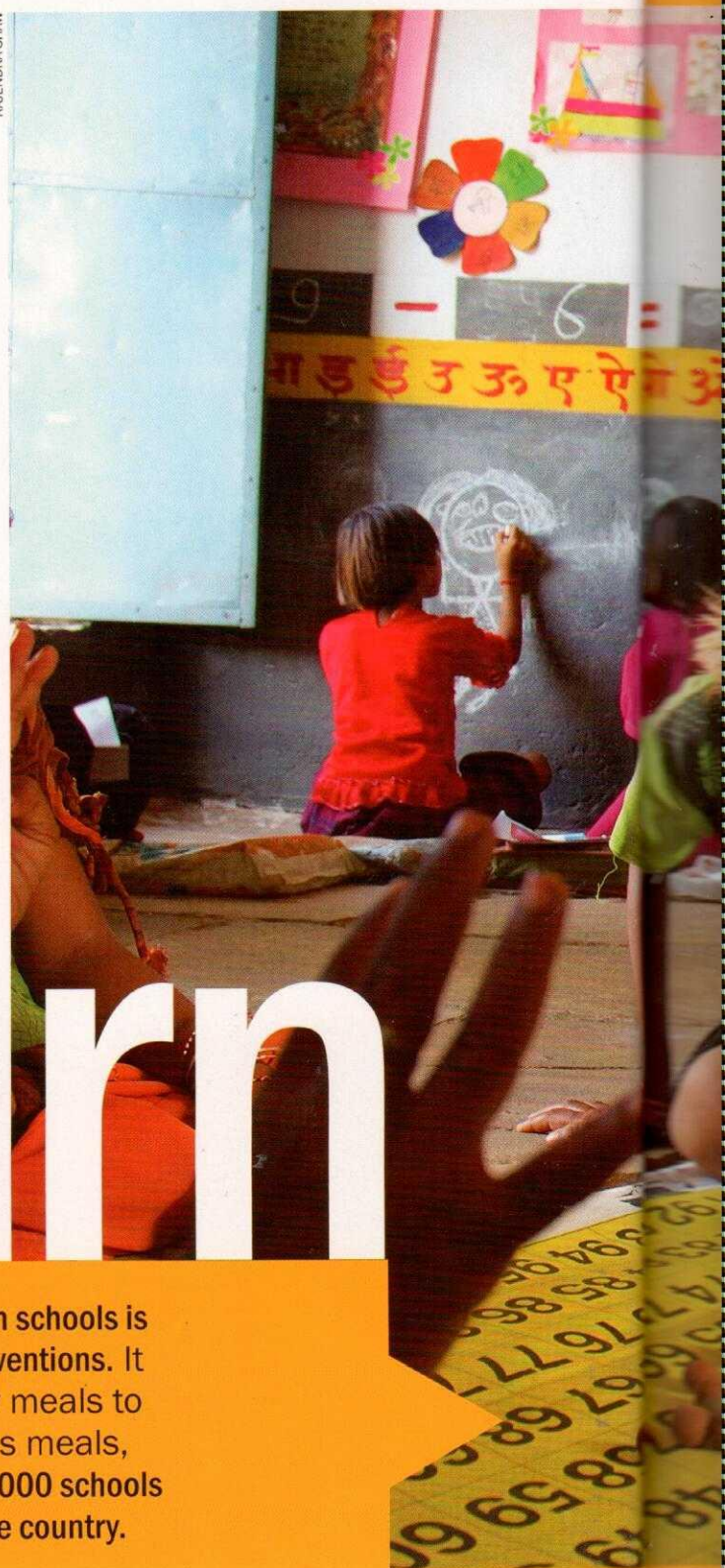


Ensuring  
Children

# Learn

Improving the way learning takes place in state-run schools is one of Naandi's oldest and most widespread interventions. It complements our work of delivering midday meals to children in schools. Apart from the nutritious meals, we provide education support to children in over 2000 schools located in rural, urban and adivasi areas across the country.

RAJENDRA SHAW









Working with children, teachers and educationists over the years, we have zeroed in on Cooperative Reflective Learning as a method that ensures children learn, overcoming the multi-level, multi-grade challenges (see below) faced by teachers and students in government schools.

### Multi-level, Multi-grade Challenge in Classrooms

IN MOST CLASSROOMS all children in the same grade are not of the same age, nor have they been schooled for the same number of years. It is common for parents in rural areas or those who haven't been to school to enroll children much after they are six years old. Therefore, classrooms often have children of different ages with different levels of learning (multi-level).

THE TRAINING CURRICULUM in government agencies does not equip teachers to manage learning for all in a multi-level classroom.

THERE ARE A large number of government primary schools that do not have one teacher per grade/class. So often a single teacher teaches students of two or more grades in one room (multi-grade). Multi-grade teaching is also not addressed in traditional teacher training.







## Cooperative Reflective Learning

Cooperative Reflective Learning believes that a non-threatening, interactive and participatory transaction between children and the learning facilitator is a must in the classroom to ensure learning in children. In the classes, **group learning and interactive learning tools are used instead of rote or teacher-driven unilateral learning.**

Instead of a teacher, a 'facilitator' guides children to learn and understand concepts through group discussions and demonstration. This is followed by applying this understanding to work sheets and work books so every student is clear about how the concept is used to solve problems.

Cooperative Reflective Learning not only helps students and teachers overcome multi-level, multi-grade challenges, it also addresses the issue that most of the 150 million children enrolled in government schools are either first generation learners or children with no supportive learning environment available to them after school hours. **After school learning support, time and space is what we provide everyday to children with the help of local unemployed youth, trained in the cooperative reflective pedagogy.** We run academic support centres in government schools after school hours so what children learn in school is further explained and practised upon till the child demonstrates that she has understood the concept.

Supported primarily by the Michael & Susan Dell Foundation, nearly 3000 academic support centres using Cooperative Reflective Learning methods are running in Maharashtra, Andhra Pradesh, Chhattisgarh, and Madhya Pradesh in over 2000 schools.



Third Party Evaluation:

## Our Pedagogy Earns its Stripes

CLAUDE WEZARD



To assess whether our Cooperative Reflective Learning based academic support centres are effective in improving learning levels of children, these classes were monitored through a two-year, rigorous, randomised controlled trial. The trial took place in Mahabubnagar district of Andhra Pradesh. Called Support to Rural India's Primary Education System (STRIPES), it was part of a bigger health intervention trial conducted by Effective Intervention of UK and London School of Hygiene and Tropical Medicine.

STRIPES evaluated whether the learning levels of children living in

a village that received the academic support programme was different from that of children in the villages that did not receive the support. In all, 8114 children from primary classes were part of the trial for a period of two academic years. They were tested in mathematics and language.

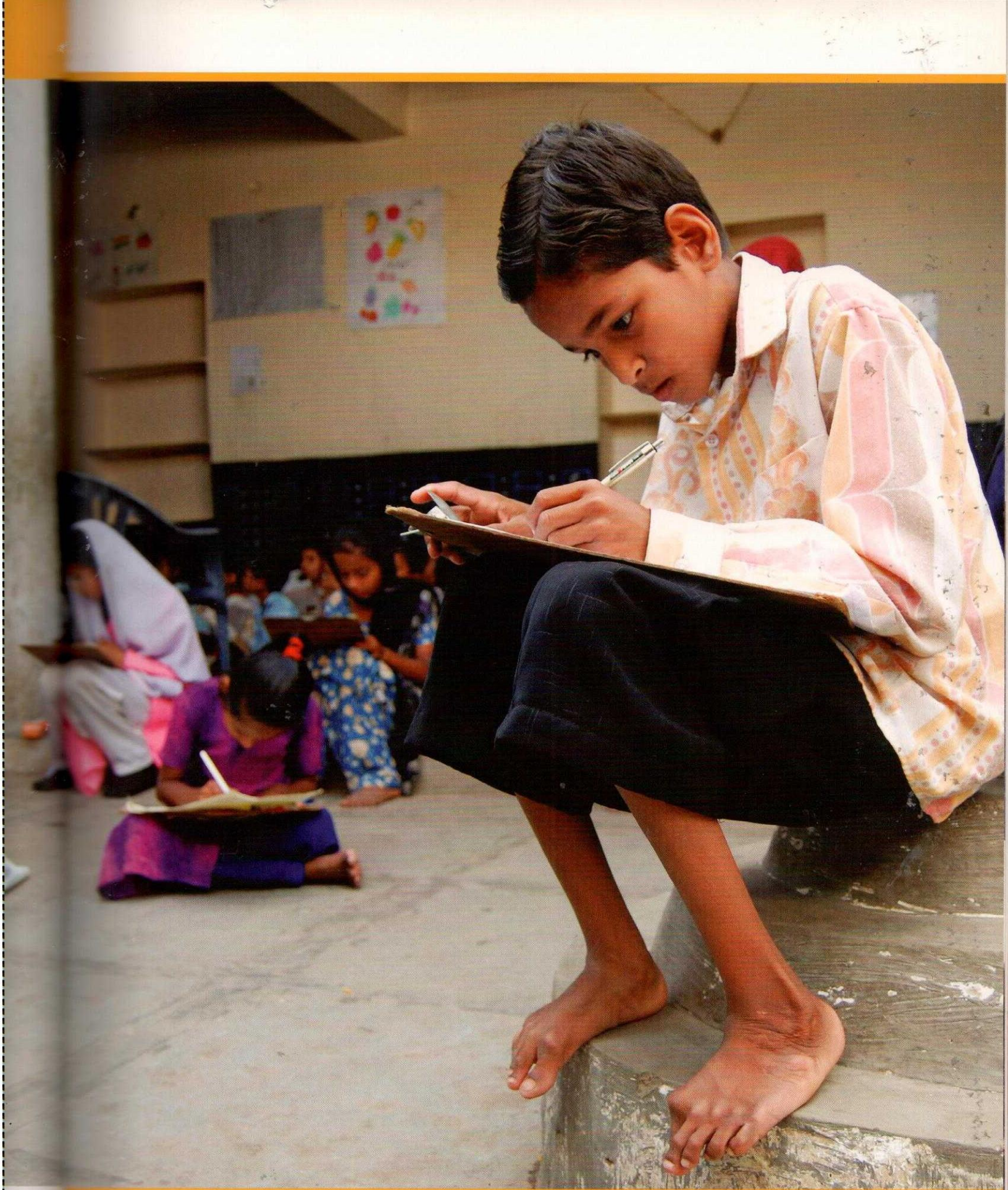
At the end of the trial in 2012, the learning level test scores were significantly higher among students who received academic support than those who did not. The score of all the children who received academic support was 60.2 against 44.3 of those children who did not receive the support. This proved that the academic support centres positively influenced the learning levels in children who received it compared to children who did not receive it. Of the trial and the results, Dr Peter Boone, Programme Director, Effective Intervention says

**"The findings of this two-year rigorous trial give us great confidence that it is possible to substantially, and within reasonable cost, improve education outcomes in some of the poorest regions of India."**



ALINA SEN







**Nanhi kali**  
for the girl child

Supporting the Girl Child:

## Project Nanhi Kali

From the time Naandi began its work in education in government schools, it has been clear that to ensure every child learns, special attention must be given to girl students.

Through Project Nanhi Kali – the girl child support and sponsorship programme, we **ensure girls not only complete ten years of schooling but are also empowered to enjoy equal rights with boys.**

The education of girls is sponsored by individuals, public sector undertakings and corporates. The sponsorship takes care of their books and academics as well as school going materials such as uniforms, shoes, bags and so on, every year. Nanhi Kali also supports a cadre of champions for the girls from within the community who watch out for the girls and ensure they are not forced by social or economic circumstances to drop out. Currently 74,519 girls continue under the Nanhi Kali programme.

P SANTOSH KUMAR



Project Nanhi Kali is jointly managed by KC Mahindra Education Trust and Naandi Foundation.



## A First-of-its-kind Partnership with a State

Consistent academic results and evidence that learning levels are improving in the schools we work in across urban, rural and tribal areas has seen the Municipal Corporation of Greater Mumbai invite Naandi to partner a first-in-the-country school transformation drive.

This venture is taking place in 28 government schools where school teachers are being trained to teach effectively in English, and to make learning aids along with learning management tools such as assessments, tracking of learning levels of each child, customising teacher training and conducting teaching capability audits.

**The School Excellence Programme:** Cooperative Reflective Learning methods are used to train

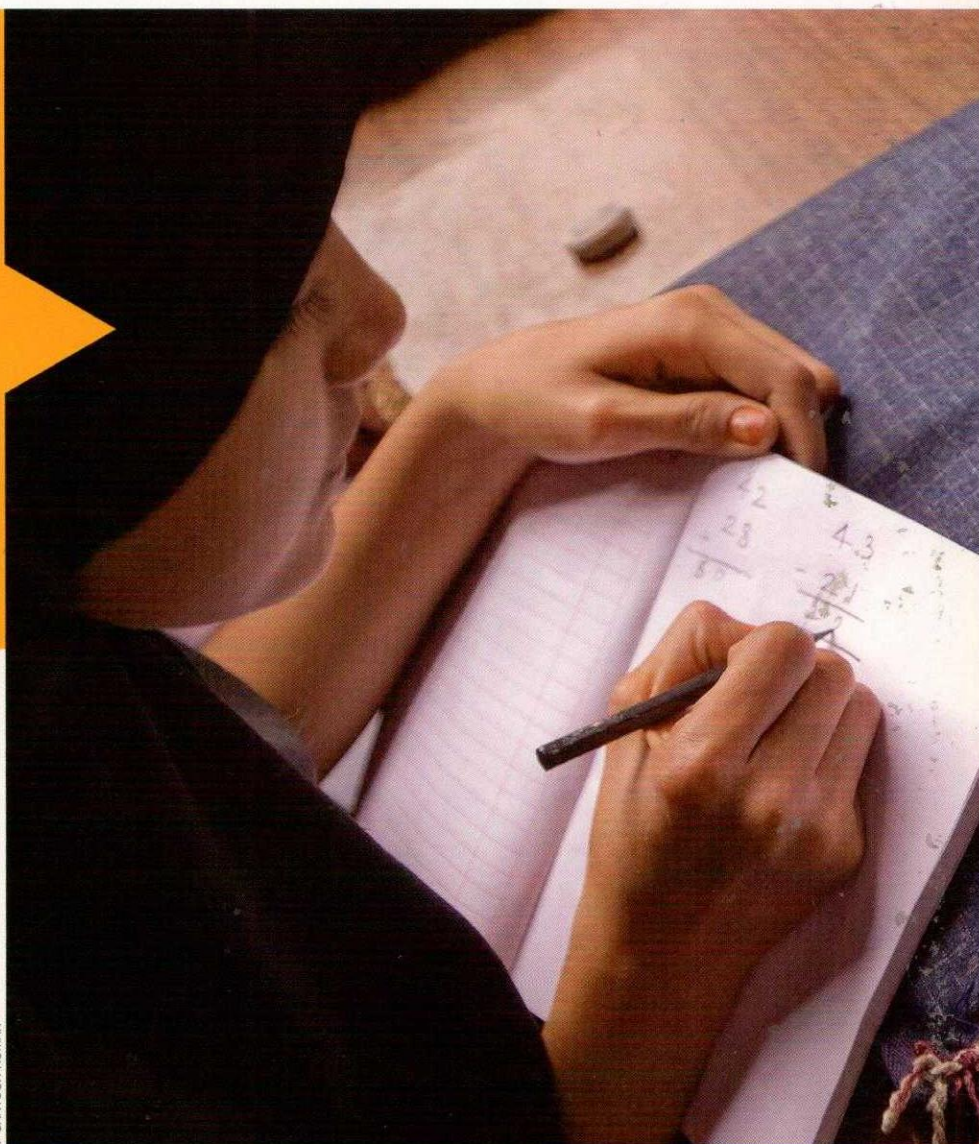
teachers of Urdu medium schools to manage multi-level classes. Teachers are now using listening skills and empathy, core coaching skills, self reflection and introspection to help every student achieve learning competencies. 740 teachers in 62 schools have been trained for the first time in learning management.

We manage significant numbers of the city Corporation's English medium schools (called Mumbai Public Schools). We are also the Corporation's principal partner in managing its Urdu medium schools, which operate under their School Excellence Programme.

### MANAGING MUMBAI'S SCHOOLS

**Mumbai Public Schools:** Naandi is ensuring that 10,000 students, none of whose families speak in English, are using English as the medium to study different subjects in their schools.

P. SANTOSH KUMAR





## NEST

A New Social Enterprise to  
Ensure Urban Poor Children Learn

A rough estimate puts 16.8 million<sup>1</sup> students as taking private tuition in urban areas.

The reality is that while the government and civil society organisations continue to work on strengthening schools, the numbers indicate a strong demand for tuition support in urban areas from parents and children, both in government as

well as private schools, to bridge existing learning gaps and deficiencies.

Against this backdrop, given that our academic support centres have proven to improve learning levels in children, we decided to offer these classes to thousands more, to reach more students and encourage their enthusiasm to study by guaranteeing that every child who attends these classes consistently will improve her learning levels.

Making this happen is a new social enterprise called Naandi Education Support and Training

(NEST) Pvt Ltd. For a tuition fee between Rs 200 to Rs 400 per month, NEST centres offer every student who joins:

- 1.5 hours of Cooperative Reflective Learning based classes, six days a week in all the subjects students have from std 1 to 5, and
- Guarantees 20% or one grade improvement in school or a


**money back guarantee if school marks do not improve at the end of the year despite 95% attendance.**

SUNITHA NATTI



1. CLSA Education report, 2008 <http://ebookbrowse.com/indian-education-sector-outlook-by-clsa-pdf-d109319916>



A close-up photograph of a young girl with dark hair, wearing a school uniform with a striped shirt and a dark vest. She is holding an orange card with the number '700' written on it in large black digits. Her hands are visible, holding the card. The background is slightly blurred, showing other people. An orange text box is overlaid on the left side of the image.

NEST centres are operating in Mumbai and Delhi and by 2015 they will be operating in Pune, Nasik, Meerut, Ghaziabad, Lucknow, Kanpur, Gwalior, Bhopal, Indore, Jaipur, Jodhpur and Kota providing quality education at affordable cost.

P SANTOSH KUMAR





MAHINDRA PRIDE SCHOOLS

GUARANTEEING EMPLOYMENT IN THE ORGANISED SECTOR FOR YOUTH

# **JOBS IN 90**





Some 54% of India's 1.2 billion people are under 25 years of age...and about 300 million will enter the labour force by 2025. **The National Skill Development Corporation is already grappling with the challenge of providing training and retraining to 500 million people by 2022.**

India Knowledge@Wharton: Educating India's 'Demographic Dividend': The Role of the Private Sector, Published 9.2.2012

It started in 2007 in Pune. Naandi's first Mahindra Pride School. The idea was to recruit semi-educated youth from the slums, train them and get them corporate jobs.

**The idea worked.**

P. SANTOSH KUMAR

# GOOD DAYS



Candidates are recruited through a drive that includes home visits, road shows and aptitude tests.

Those selected go through a fully sponsored 90-day customised skill training curriculum, which concludes with campus recruitments. All 150 students of the first batch of the Mahindra Pride School, Pune were successfully hired from the campus by corporates.

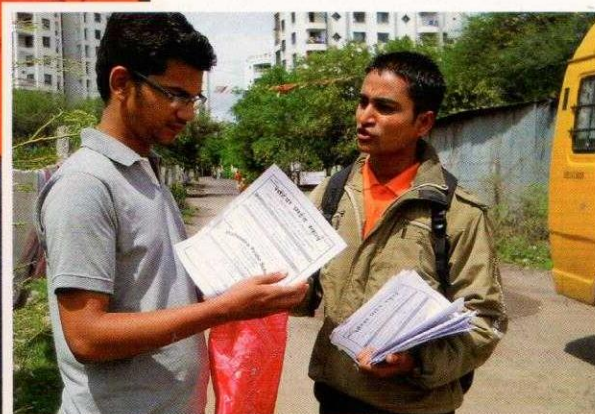






## Student Profile at a Mahindra Pride School

- Belongs to a socially & economically deprived family.
- Age 18 to 26 years.
- Has studied at least std IX.
- Has passed the School's screening 'aptitude & interest' test.

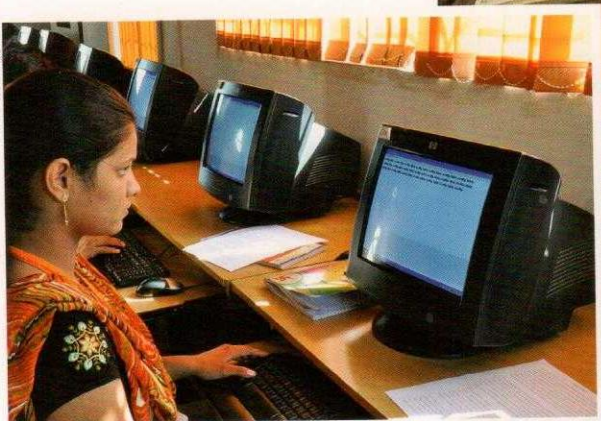


P SANTOSH KUMAR



P SANTOSH KUMAR





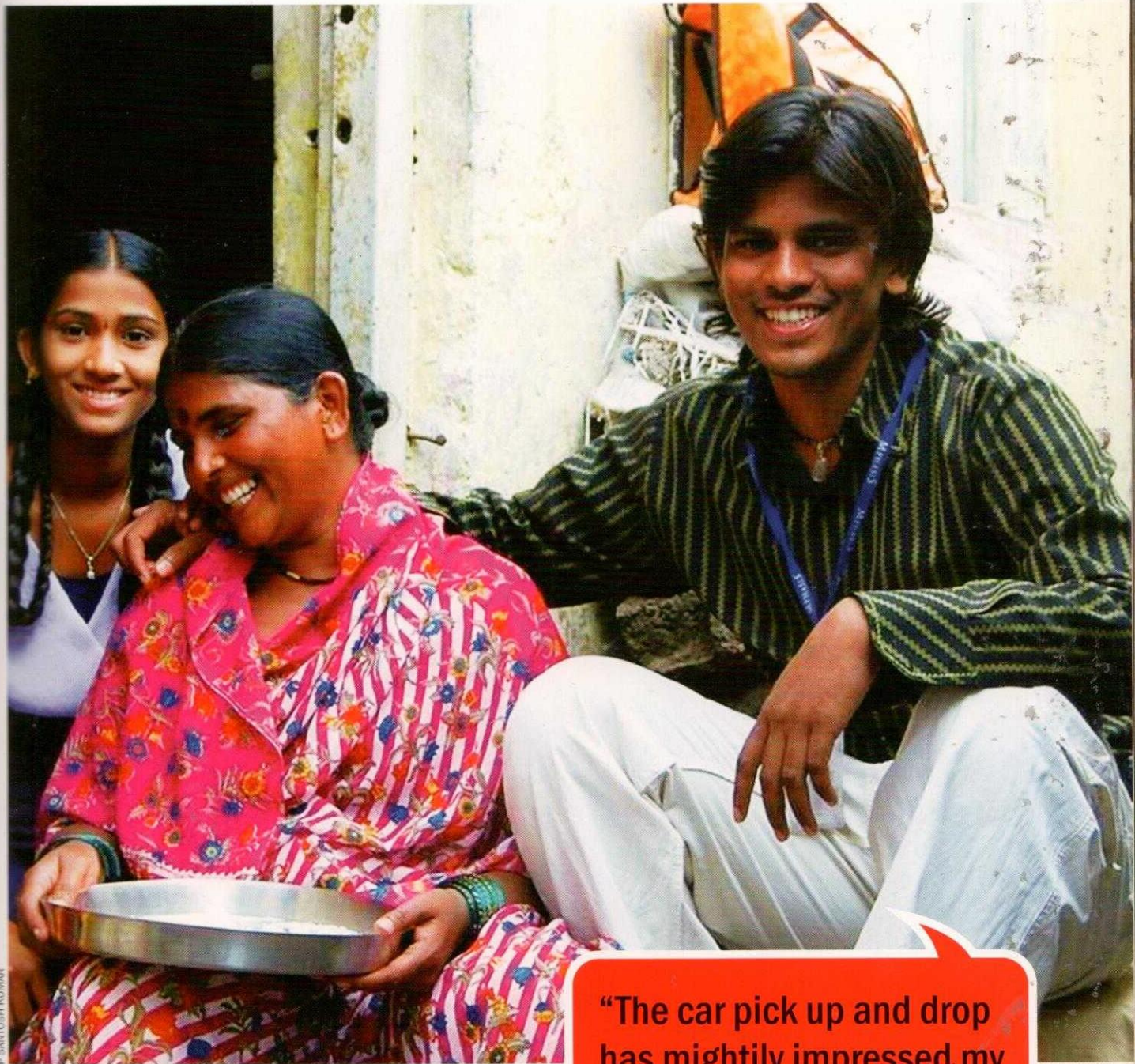
Since 2007, batches of youth are trained every three months. They learn high-demand skills in specialised domains such as Information Technology Enabled Services (ITES), retail sales, hospitality craft and so on. This technical training is combined with grooming in professional skills, spoken English, computer literacy and life skills to make every student a complete professional.

**A professional who can rise above his circumstances and adapt to any work environment.**



With every student of the first ten batches from Pune getting placed in corporate jobs that fetch them five figure salaries a month, it was clear that we now had a replicable template to make youth employable. As a result, we now have Mahindra Pride Schools at Chennai, Patna, Chandigarh and Srinagar as well.





P. SANTOSH KUMAR

**"I was a daily wage worker in the same company where I now work as a Senior Financial Analyst. I feel like I have soared from the gutter to heaven."**

Kulesh Badwane, 24, Mahindra Pride School alumnus, works at Syntel. Earns Rs 21,600 pm

**"The car pick up and drop has mightily impressed my family and neighbours.**

**A five figure salary on graduating from Mahindra Pride School! I'm still in a state of shock."**

Durgadas Pawar, 23, works at Mphasis. Earns Rs 25,000 pm



Today, Mahindra Pride School alumni at every location fetch high average salaries and sometimes even the highest starting salaries compared to other skill training institutes. Rs 25,000 per month is the highest starting salary received by a Mahindra Pride School alumnus till date. Her name is Srilekha and she's working with Cognizant as trainee Programme Analyst.

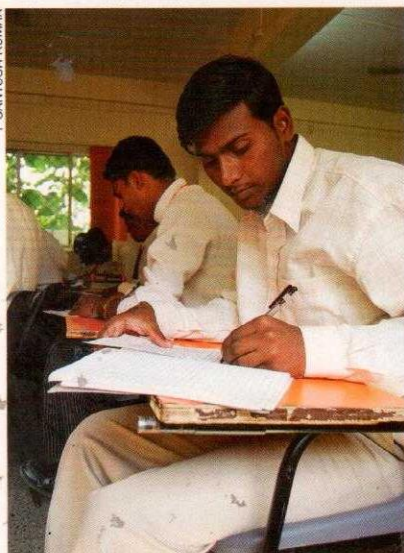
Recruiting from our campuses are ITES giants such as Sutherland, HCL Technologies, Cognizant Technologies, Dell and Tata Consultancy Services.

**Till date, not a single student has ever been rejected at campus recruitments.**

And it is a near estimate that Rs 790 million is the total income earned so far by the 3900 plus students who have gone through the programme.

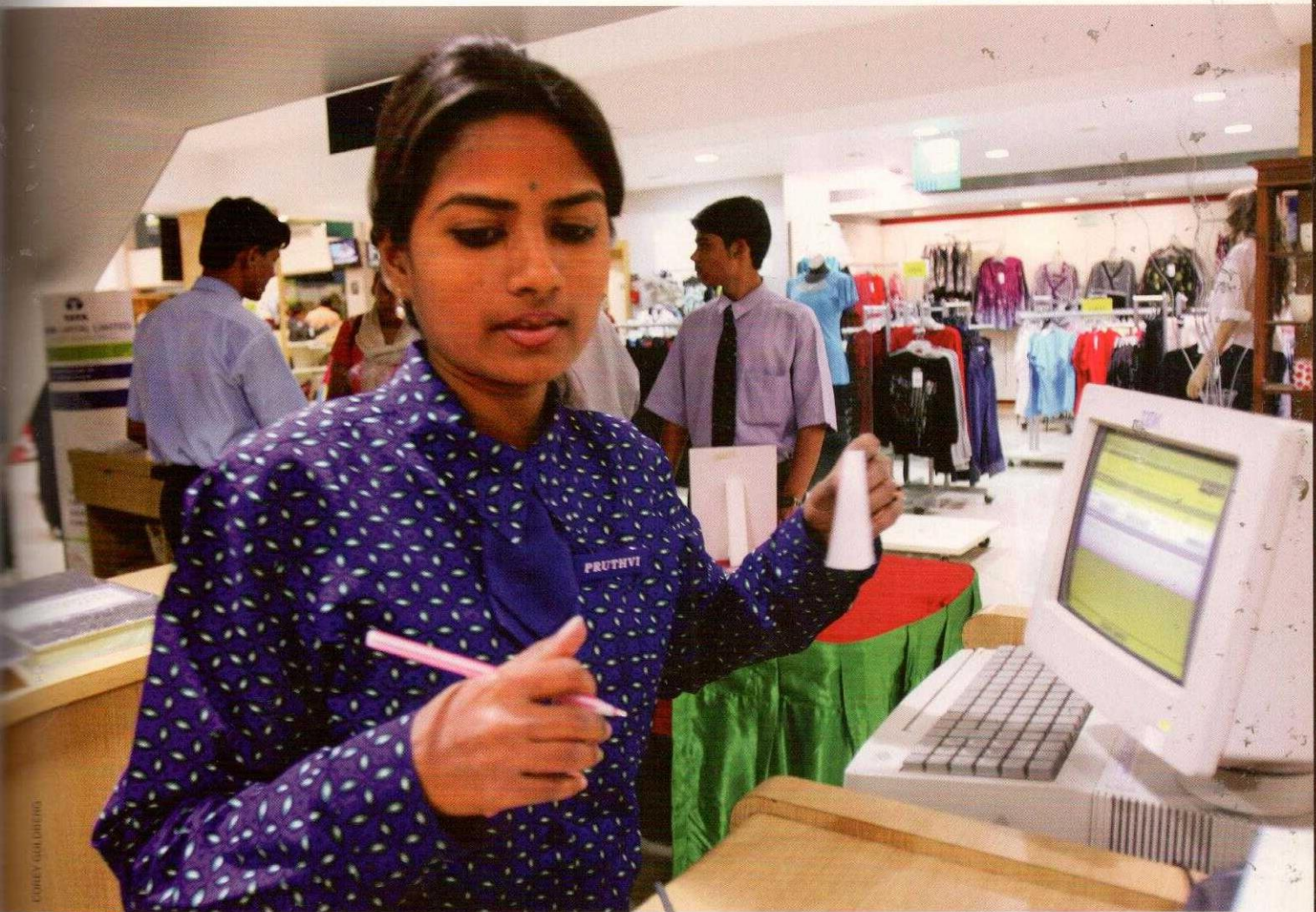
**"Candidates coming from Mahindra Pride School are far ahead in grooming, discipline and stability when compared to other Hotel Management Institute candidates employed with us."**

Nitin Jadhav, Personnel Manager and Executive Chef, and Nader Shaikh, Hotel Le Meridien, Pune



P. SANTOSH KUMAR





With direct campus recruitments for its students and appreciable remuneration packages, the Mahindra Pride School initiative has proven the strength of its training curriculum and its ability to make youth employable in just 90 days. **It is now ready to offer this service in more geographies, and to youth who need it the most.** Enabling this scale up is a new

social enterprise. While the Pride Schools specifically cater to the poorest of the poor, and are free of cost for students, the social enterprise will have a user-fee model for the training. It aims to fill in the gap between education and employment for youth who live above the subsistence band but are still at the base of the pyramid.

**The social enterprise plans to train at least 1 million youth and secure high-paying employment for them in the next 10 years.**



■ INTEGRATED DEVELOPMENT

# The ARAKU





# WAY

Our work in the Araku region, Eastern Ghats of India was the first integrated development programme of the Foundation, and it began way back in 2000.

From setting up community schools, Naandi expanded its work with the communities to many causes and now impacts 100,000 adivasi lives.





PAJENDRA SHAW





For a region characterised by low women's literacy rates, high infant and maternal mortality and low agricultural productivity, Naandi's efforts from the beginning were to build on the strengths of the adivasi community.

**Traditionally, adivasis embody the values of caring and sharing for the community and the forests. This helped in building hundreds of community schools and create a farmers' cooperative.**

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A 'household approach' to development was followed in every sphere of activity. Even the adivasi farmers' cooperative looked at things from a holistic, family centric point of view rather than just farming and livelihoods.

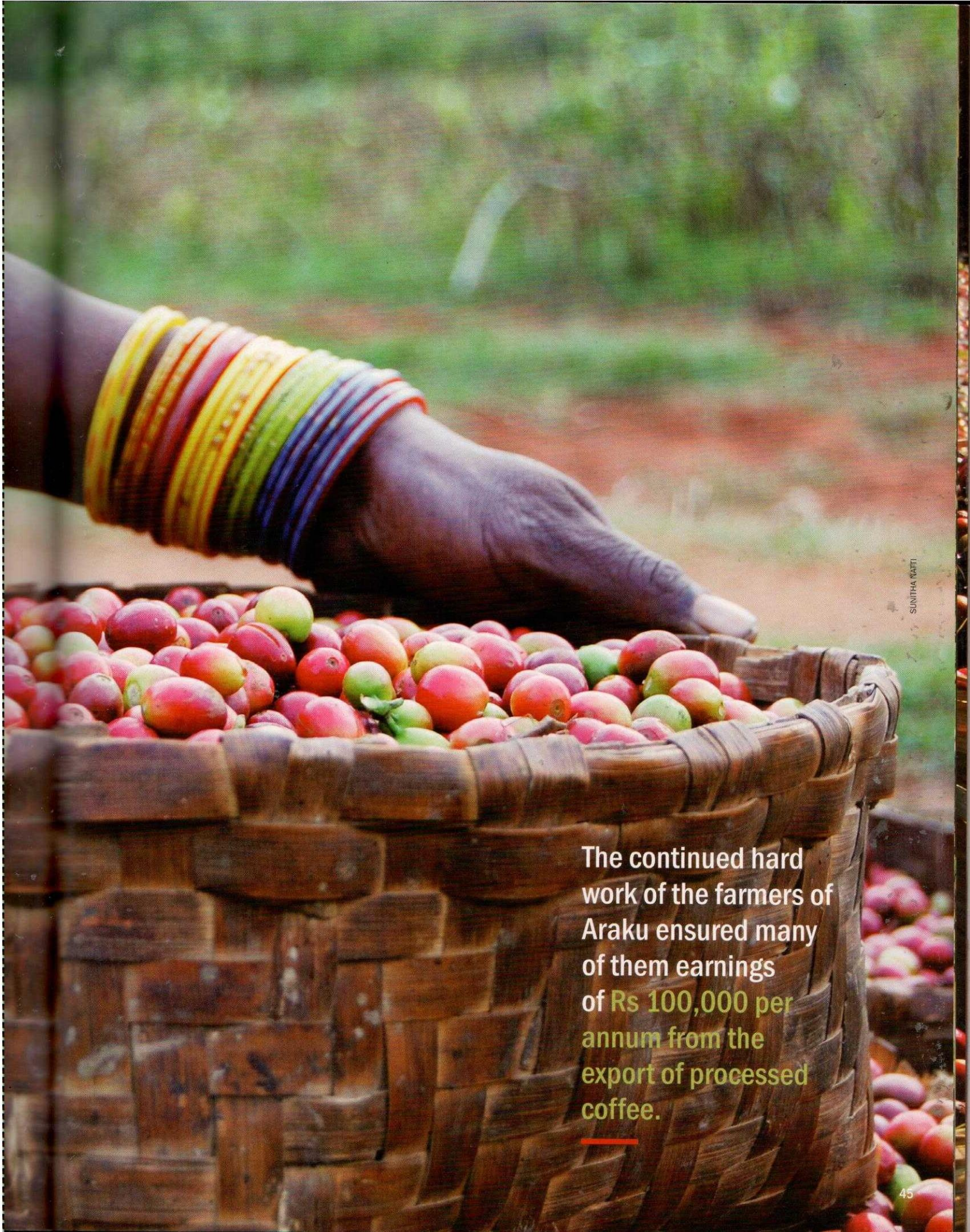
The farmers grew arabica coffee organically. This included using bio-fertilisers, bio-pesticides and the practice of encouraging natural predators such as spiders to get rid of pests. They harvested and processed this coffee in Araku and also obtained international organic and fair-trade certification which enabled exports. But this was not all.

They grew food crops as well to provide a nutritionally rich food basket for the family, and it included fruits such as papaya, mango, mud apples (chikoo) and oranges.

The cooperative also ploughed back the premiums they received from the export of Fairtrade coffee into village development projects such as those for safe drinking water, ambulances and maternal healthcare.







SUNITHA NAYI

The continued hard work of the farmers of Araku ensured many of them earnings of Rs 100,000 per annum from the export of processed coffee.







This success resulted in more farmers joining the cooperative, including the next generation of youth. For the first time, growing organic coffee and doing agriculture became accepted as a viable livelihood option.

The large-scale replication of the Araku model into the neighboring mandals caught the attention of Global Livelihoods Fund, an innovative carbon offset fund. It agreed to give grant support to the adivasi communities for diversifying the crop portfolio from coffee, vegetables and black pepper

**to as many as  
18 varieties of fruit  
trees per acre.**

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With the successful planting of two million fruit trees by the end of 2012 the region is being transformed into a 'functional forest' that enhances the much needed biodiversity for the region. Of course, the new challenge will be for the social enterprise Araku Originals Limited (it manages the marketing of the organic coffee the farmers grow), to take up fruit processing and marketing and make this effort as much a success as it has made of

**the Araku coffee, which is now recognised as a global gourmet product.**

With the project becoming a gateway for adivasi communities to come out of chronic poverty and hunger, there is now a demand to replicate this holistic 'household development' model in more parts of India as well as in Mozambique and South Africa for the small farmers there.

SUNITHA NATTI









■ FROM THE FIELD

# Coffee the Breadwinner

Boi Ravi Kumar, a Kondadora adivasi coffee farmer, passed away in February 2012 leaving behind a half-constructed home, a distraught wife and six young children (aged 5 to 19 years). Kalyan, his college-going elder son, has dropped out to help his mother, Sundaramma, run the household and tend their coffee plantations. "We had finally got some money with which we began making our own home. In his absence I will complete what we started," Sundaramma says.

What gives her the faith that she can, is the coffee they are growing. Every day Sundaramma walks three hours to her farm to tend to the coffee shrubs and make sure every organic farming protocol is followed for their cultivation. Because it is these plants that helped them earn Rs 80,000 plus in 2011-12. A windfall when compared to the days before they grew coffee (four years ago), when they earned just Rs 3000 a year.





Membership in the coffee farmers' cooperative for Sundaramma in 2009, the improvement in the coffee quality and growth of the cooperative year on year has seen a fairy tale rise in the family's income from coffee.

2008-09: Rs 1,410

2009-10: Rs 13,616

2010-11: Rs 23,166

2011-12: Rs 82,450

Now, in the wake of Ravi's death, Sundaramma is saving Rs 7000 a year as life insurance for her family in case something happens to her. She's invested in gold earrings for the first time in her life and also bought for the family a cow.

Distraught though she was at Ravi's death, helpless she wasn't, "I think being a member of this cooperative gave me a lot of confidence and security to continue. I know the work and I know now that coffee cares for you if you care for it well."

This year Sundaramma will be the leader of a Women's Coffee Group. When asked how she would like to name the group, she replied:

**"I will call it the  
Jhansi Group."**

Coffee-growing Families  
**25,000 and counting**

Organic Coffee Plantations  
**13,500 plus acres**

Villages Involved  
**580**







RAJENDRA SHAW





What has made the Araku model successful and replicable is that it is not an exclusive agriculture or livelihood intervention. It is the sum total of an effort that integrates the needs of a family - men, women, children and youth.

The first was a concerted effort to ensure all girls in the Araku region are in school. This was followed by a structured programme to give supplementary education to the girls to help them realise their fullest potential as students. Simultaneously a safe motherhood programme implemented with the help of a healthcare non-profit saw a steep reduction in the maternal mortality rates in the region.

And while the coffee programme helped farmers through the Cooperative, the youth of these hills have been united through a fillip to sport in the shape of volleyball promotion and matches. The 240 youth teams so created has helped youth congregate and engage in the larger development agenda via their favourite sport - volleyball.

A decade of integrated work with men, women, youth, boys and girls have ensured the adivasi communities are now charting a new model of development.

**We call it the Araku way, a way out of poverty, and the way for good.**

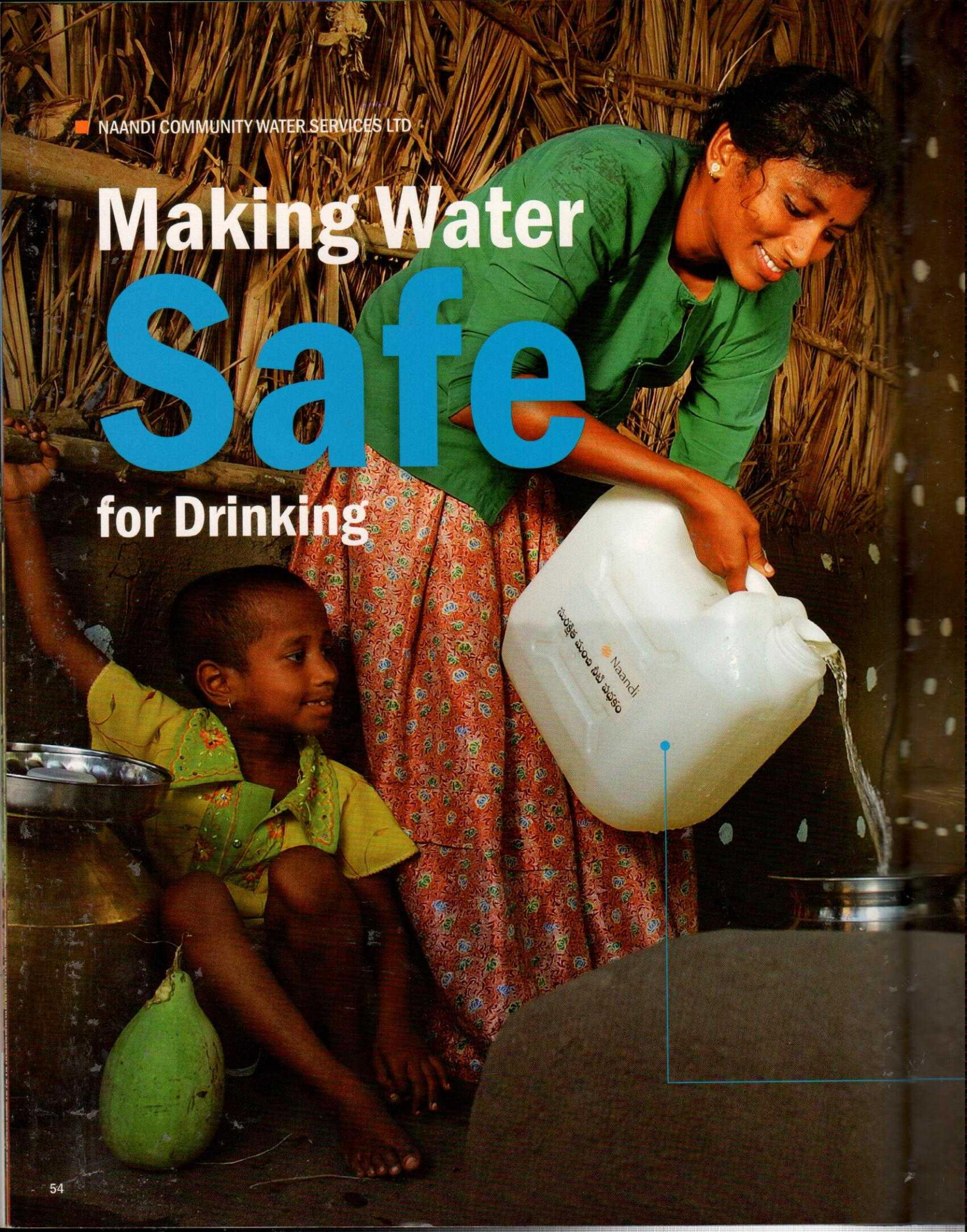






NAANDI COMMUNITY WATER SERVICES LTD

# Making Water Safer for Drinking







The means to give every village  
safe drinking water is here.  
It is affordable.

And it is being brought to the doorsteps of rural households  
by the Naandi Community Water Services Ltd.



The demand for a consistent and affordable service to purify drinking water at their doorsteps has been rising from communities ever since Naandi set up the first pilot water purification site in 2005 at Bomminampadu village in Andhra Pradesh.

**Working with village bodies and the community to give them cleaned drinking water at a nominal user fee (between 10 to 20 paise per litre) became the design for a safe drinking water delivery model**

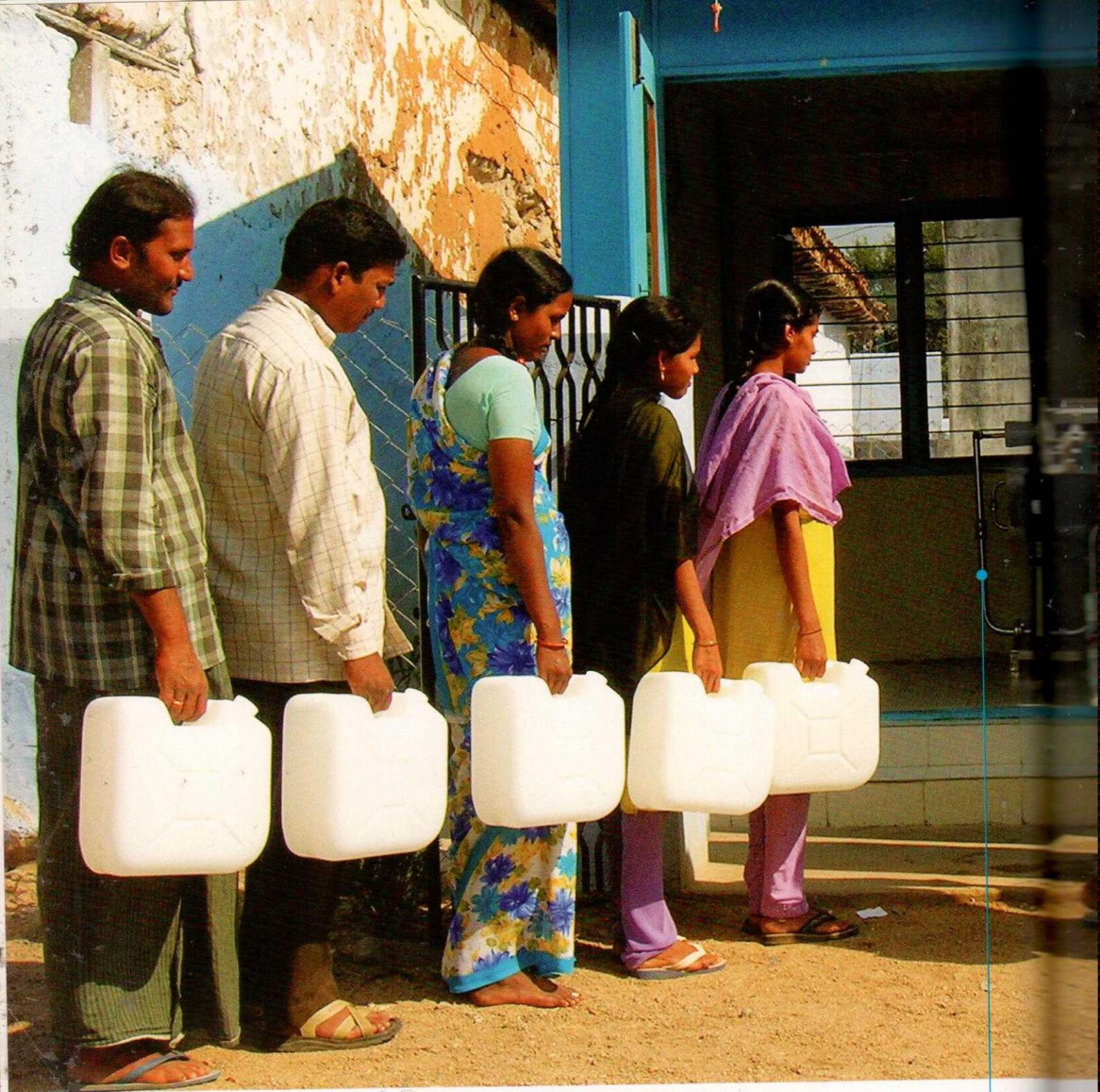
that is today being followed by a wave of small and micro entrepreneurs across the country as their own social business.











There are still tens of thousands of habitations that drink unsafe water. And they need to be reached. It is Naandi's vision that by 2020 everyone in rural India will be drinking safe water. This means approximately 50,000 villages will need to be reached every year. To deliver efficient

water purification and delivery services that even the poorest could use meant a ramping up of operations and services that no amount of grant funding could fuel. It needed investors. And it needed investments that would allow upscaling to reach more villages in a shorter time.





P. SANTOSH KUMAR

Naandi's drinking water model was presented by the World Bank at the UN-Water International Conference, Zaragoza, Spain in 2011 as a 'social contract drinking water provision formula' that can serve rural areas across the world well.







Inspired by Naandi's vision and convinced that the user-fee revenue model made business sense, danone communities came forward as an investor. In 2010, the safe drinking water initiative moved out of Naandi Foundation's 'programmes' silo and established itself as a social enterprise - the Naandi Community Water Services Ltd.

There are more than 400 water purification centres operating across Punjab, Haryana, Rajasthan, Andhra Pradesh and Karnataka.

**More than 3 million people have access to Naandi's community based safe drinking water plants. Since 2010, no plant has ever received a complaint regarding water quality or supply.**





**Naandi Foundation****Income and expenditure account for the year ended 31 March 2012**

(All amounts in Indian rupees)

		For the year ended 31 March 2012	For the year ended 31 March 2011
	<b>Schedule</b>		
<b>Income</b>			
Grants	12	927,239,811	878,348,968
Other income	13	2,385,387	2,618,247
		<u>929,625,198</u>	<u>880,967,215</u>
<b>Expenditure</b>			
Program expenses	14	840,526,321	780,201,293
Personnel costs	15	10,641,054	10,049,338
Administration and general expenses	16	8,480,124	13,766,548
Finance and bank charges		22,001,692	28,651,284
Depreciation of other fixed assets	6	13,643,487	12,135,675
Depreciation of infrastructure facility for mid day meal program	7	30,393,889	33,191,004
		<u>925,686,567</u>	<u>877,995,142</u>
<b>Excess of income over expenditure for the year</b>		3,938,631	2,972,073
Excess of expenditure over income brought forward		(119,613,595)	(122,585,668)
<b>Excess of expenditure over income carried to the balance sheet</b>		<u>(115,674,964)</u>	<u>(119,613,595)</u>

Significant accounting policies and notes to the accounts

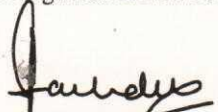
17

The Schedules referred to above form an integral part of the income and expenditure account.

As per our report of even date attached  
for **BSR & Co.**

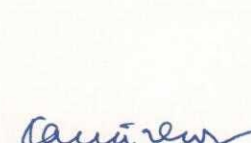
Chartered Accountants

Firm registration No.: 101248W

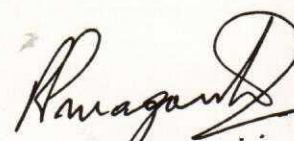

**Supreet Sachdev**

Partner

Membership No. 205385

for **Naandi Foundation**

**Dr. K. Anji Reddy**

Chairman and Trustee


**M. Rajendra Prasad**

Trustee

Place : Hyderabad

Date : 17 September 2012

Place : Hyderabad

Date : 17 September 2012





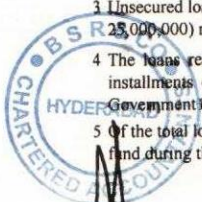
## Naandi Foundation

Schedules to the balance sheet  
(All amounts in Indian rupees)

	As at 31 March 2012	As at 31 March 2011
<b>Schedule 1: Corpus fund</b>		
Balance at the beginning of the year	52,010,000	22,010,000
Add: additions during the year	20,000,000	30,000,000
Balance at the end of the year	<u>72,010,000</u>	<u>52,010,000</u>
<b>Schedule 2: Restricted funds (Refer note 4 of schedule 17)</b>		
Advances towards		
- Education program	91,595,790	75,844,245
- Safe drinking water project	25,233,627	36,913,837
- Health program	6,128,979	-
- Livelihood program	2,253,278	9,450,780
- Mid-day meal program	4,413,233	9,715,477
	<u>129,624,907</u>	<u>131,924,339</u>
<b>Schedule 3: Deferred income (Refer note 5 of schedule 17)</b>		
Grants related to specific depreciable assets		
- Education program	12,027,774	5,756,297
- Safe drinking water project	8,704,091	15,363,993
- Health program	1,836,135	2,005,040
- Livelihood program	4,361,240	4,305,928
- Mid-day meal program	38,612,971	55,490,961
	<u>65,542,211</u>	<u>82,922,219</u>
<b>Schedule 4: Capital grants (Refer note 5 of schedule 17)</b>		
Capital grants received towards		
- Education program	10,604,983	1,483,300
- Mid-day meal program	24,577,393	25,216,131
	<u>35,182,376</u>	<u>26,699,431</u>
<b>Schedule 5: Loan funds</b>		
<i>Secured</i>		
<i>a) Loans repayable within 12 months</i>		
Cash credit from a bank (Note 1)	160,295,885	101,647,509
Vehicle loan	250,738	-
Term loan from a bank (Note 2)	1,830,150	3,926,034
<i>b) Loans repayable within 1 to 5 years</i>		
Vehicle loan	849,890	858,600
<i>Unsecured</i>		
<i>a) Loans repayable within 12 months</i>		
From trustees (Note 3)	20,000,000	45,000,000
<i>b) Loans repayable within 1 to 5 years</i>		
Term loans from (Note 4)		
- Government of Andhra Pradesh	1,777,760	3,200,000
	<u>185,004,423</u>	<u>154,632,143</u>

## Notes:

- 1 Cash credit facility from banks is secured by first charge on all current assets of Naandi, both present and future.
- 2 The term loan is secured by way of hypothecation of the machinery and other items purchased for setting up of organic processing unit at araku valley. The term loan is repayable in 23 monthly installments i.e. 22 monthly installemnts of Rs 175,000 each excluding interest and the last installment of Rs 150,000 excluding interest.
- 3 Unsecured loan from trustees is repayable on demand. Of the total loan funds, an amount of Rs. Nil (previous year Rs. 25,000,000) represents interest free loan from trustees.
- 4 The loans relate to setting up of infrastructure facilities for mid-day meal program and are repayable in 24 to 72 monthly installments commencing from the date the facilities become operational. The loan has been received as interest free from Government of Andhra Pradesh.
- 5 Of the total loan funds outstanding as on 31 March 2011 from trustees, an amount of Rs. 20,000,000 was transferred to Corpus fund during the year ended 31 March 2012.

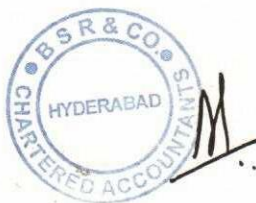




## Naandi Foundation

Schedules to the balance sheet (continued)  
(All amounts in Indian rupees)

	As at 31 March 2012	As at 31 March 2011
<b>Schedule 8: Grants receivable</b>		
<i>(Unsecured)</i>		
Grants receivable outstanding for a period		
i) upto six months		
- Considered good	177,177,405	182,740,412
ii) more than six months and upto one year		
- Considered good	4,615,081	28,934,632
iii) more than one year		
- Considered good	29,555,947	2,398,786
- Considered doubtful	7,000,000	7,000,000
	<b>218,348,433</b>	<b>221,073,830</b>
Less: provision for doubtful grants receivable	7,000,000	7,000,000
	<b>211,348,433</b>	<b>214,073,830</b>
<b>Schedule 9: Cash and bank balances</b>		
Cash in hand	210,008	270,690
Cheques in hand	1,400	-
Balances with Scheduled banks in		
- savings accounts	14,723,665	21,639,288
- deposit accounts	30,575,820	25,507,419
- current accounts	62,881,954	8,400,404
	<b>108,392,847</b>	<b>55,817,801</b>
<b>Schedule 10: Loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Advances to staff	277,493	204,111
Advance to suppliers		
- Capital works	3,223,189	3,360,700
- Services and other supplies	69,089,351	100,224,270
Other current assets	1,910,672	5,146,872
Tax deducted at source receivable	14,922,218	9,623,117
Deposits		
- Electricity	1,983,827	1,931,327
- Rent	5,861,597	4,134,447
- Telephone	120,959	125,661
- Others	1,003,773	1,258,163
	<b>98,393,079</b>	<b>126,008,668</b>
<b>Schedule 11: Current liabilities and provisions</b>		
<b>Current liabilities</b>		
Sundry creditors	141,948,299	209,021,196
Expenses payable	3,192,468	1,682,087
Statutory liabilities	21,837,302	10,863,511
Other current liabilities	9,191,233	9,282,221
	<b>176,169,302</b>	<b>230,849,015</b>
<b>Provisions</b>		
Provision for gratuity (Refer Note 10 of schedule 17)	1,163,806	1,025,040
Provision for compensated absences	862,807	-
	<b>178,195,915</b>	<b>231,874,055</b>





Naandi Foundation

Schedules to the balance sheet (continued)  
(All amounts in Indian rupees)

Schedule 6: Fixed Assets

Description	Gross block			Depreciation				Net block	
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	For the year	Deletions	As at 31 March 2012	As at 31 March 2011
Buildings	31,450,193	-	-	31,450,193	5,452,704	2,372,820	-	7,825,524	25,997,489
Furniture and fixtures	5,538,352	1,828,065	17,604	7,348,813	1,821,898	1,107,710	10,685	2,918,923	4,429,890
Plant and machinery	36,757,610	53,500	-	36,811,110	15,725,845	6,049,462	-	21,775,307	15,035,803
Medical Equipment	1,507,100	-	-	1,507,100	449,854	106,552	-	556,406	950,694
Office equipment	4,026,120	1,518,819	31,600	5,513,339	1,386,456	555,275	645	1,941,086	3,572,253
Library	119,275	51,166	-	170,441	52,185	58,151	-	110,336	60,105
Electrical installations	1,446,675	-	-	1,446,675	447,029	36,396	-	483,424	963,251
Leasehold improvements	3,735,667	-	-	3,735,667	2,360,872	236,468	-	2,597,340	1,138,327
Computer equipment	11,715,785	4,664,843	-	16,380,628	6,382,262	2,075,166	-	8,457,428	7,923,200
Vehicles	10,333,070	2,242,827	-	12,575,897	3,429,307	1,045,487	-	4,474,795	8,101,102
<b>Total</b>	<b>106,629,847</b>	<b>10,369,220</b>	<b>49,204</b>	<b>116,939,863</b>	<b>37,508,412</b>	<b>13,643,487</b>	<b>11,330</b>	<b>51,140,569</b>	<b>65,799,294</b>
Previous year	97,542,610	10,729,089	1,641,852	106,629,847	25,723,721	12,135,675	350,984	37,508,412	69,121,435



Naandi Foundation

Schedules to the balance sheet (continued)  
(All amounts in Indian rupees)

Schedule 7: Infrastructure facility for midday meal program

Place where the program is carried out	Gross Block			Depreciation			Net Block	
	As at 1 April 2011	Additions	As at 31 March 2012	As at 1 April 2011	For the year	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
Bhilwara	12,602,969	-	12,602,969	9,656,240	1,803,941	11,460,181	1,142,788	2,946,729
Bhopal	13,366,082	-	13,366,082	10,397,430	2,238,687	12,636,117	729,965	2,968,652
Bikaner	6,215,211	-	6,215,211	2,136,451	1,110,142	3,246,593	2,968,618	4,078,760
Durgapur	4,944,546	-	4,944,546	2,138,304	828,805	2,967,109	1,977,437	2,806,242
Gandhinagar	8,024,302	-	8,024,302	5,015,190	1,334,334	6,349,524	1,674,778	3,009,112
Gangrar	7,406,497	-	7,406,497	5,657,740	1,244,223	6,901,963	504,534	1,748,757
Ganjam	15,401,439	256,080	15,657,519	5,921,343	2,261,740	8,183,083	7,474,436	9,480,096
Govindgarh	6,854,593	-	6,854,593	2,900,099	1,225,804	4,125,903	2,728,690	3,954,494
Hyderabad	25,558,385	-	25,558,385	25,183,250	15,347	25,198,597	359,788	375,135
Indore	11,784,627	-	11,784,627	10,125,476	1,659,151	11,784,627	-	1,659,151
Jabalpur	12,489,017	-	12,489,017	11,336,834	1,152,183	12,489,017	-	1,152,183
Jadole	7,807,407	-	7,807,407	3,250,461	1,288,520	4,538,981	3,268,426	4,556,946
Jalawar	8,458,002	-	8,458,002	5,512,618	1,463,431	6,976,049	1,481,953	2,945,384
Kapasan	7,949,443	-	7,949,443	4,857,992	1,368,394	6,226,386	1,723,057	3,091,451
Kishangarh	8,044,839	-	8,044,839	4,688,324	1,338,641	6,026,965	2,017,874	3,356,515
Korba	14,682,351	-	14,682,351	2,039,216	2,117,770	4,156,986	10,525,365	12,643,135
Kota	5,609,726	-	5,609,726	1,859,115	677,358	2,536,473	3,073,253	3,750,611
Mandapiya	8,517,213	-	8,517,213	4,842,287	1,440,882	6,283,169	2,234,044	3,674,926
Nimbaheda	8,807,071	-	8,807,071	5,504,116	1,307,749	6,811,865	1,995,206	3,302,955
Salambur	8,828,283	-	8,828,283	4,659,373	1,507,817	6,167,190	2,661,093	4,168,910
Udaipur	18,531,208	-	18,531,208	15,576,543	2,576,304	18,152,847	378,361	2,954,665
Visakhapatnam	7,631,304	-	7,631,304	7,631,304	-	7,631,304	-	-
ICDS - Hyderabad	2,300,884	901,693	3,202,577	222,735	432,666	655,401	2,547,176	2,078,149
<b>Total</b>	<b>231,815,399</b>	<b>1,157,773</b>	<b>232,973,172</b>	<b>151,112,441</b>	<b>30,393,889</b>	<b>181,506,330</b>	<b>51,466,842</b>	<b>80,702,958</b>
Previous year	213,817,588	17,997,811	231,815,399	117,921,437	33,191,004	151,112,441	80,702,958	-





## Naandi Foundation

Schedules to the income and expenditure account  
(All amounts in Indian rupees)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Schedule 12: Grants</b>		
<i>Restricted</i>		
Domestic	816,979,835	748,135,517
Foreign	96,365,383	110,052,219
<i>Unrestricted</i>		
Domestic	13,318,342	17,234,711
Foreign	576,251	2,926,521
	<u>927,239,811</u>	<u>878,348,968</u>

**Schedule 13: Other income**

Interest income, gross	1,480,039	2,159,538
Miscellaneous income	905,348	458,709
	<u>2,385,387</u>	<u>2,618,247</u>

**Schedule 14: Program expenses\***

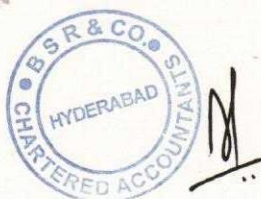
Education and training	259,980,710	233,321,623
Safe drinking water project	32,813,832	22,242,685
Livelihood	46,637,066	36,569,375
Health and nutrition	25,292,733	63,326,871
Mid day meal program	475,801,980	424,740,739
	<u>840,526,321</u>	<u>780,201,293</u>

\* Program expenses include direct personnel costs aggregating to Rs 83,930,335 (previous year: Rs 76,774,725)

**Schedule 15: Personnel costs\***

Salaries and benefits	10,641,054	10,049,338
	<u>10,641,054</u>	<u>10,049,338</u>

\* This represent direct and unallocable personnel costs.





**Naandi Foundation****Schedules to the Income and expenditure account (continued)****(All amounts in Indian rupees)**

	<b>For the year ended 31 March 2012</b>	<b>For the year ended 31 March 2011</b>
<b>Schedule 16: Administration and general expenses</b>		
Advances written off	516,640	-
Provision for grant receivables	-	7,000,000
Grant receivables written off	-	8,401,788
Provision for grant receivables written back	-	(8,401,788)
Professional charges	1,315,420	1,299,280
Communication	1,227,776	1,374,725
Office maintenance	770,981	952,332
Internal audit fee	674,160	661,800
Printing and stationery	317,881	428,741
Electricity charges	289,235	316,629
Advertisement expenses	-	250,000
Repairs and maintenance	697,633	792,362
Audit fee	290,593	172,370
Insurance	158,432	157,894
Vehicle maintenance	156,393	155,364
Loss on sale of assets	-	76,396
Travel expenses	-	71,936
Books and periodicals	51,970	33,724
Recruitment and staff training expenses	-	22,995
Capital work in progress written off	2,013,010	-
	<b>8,480,124</b>	<b>13,766,548</b>





## Naandi Foundation

### Schedules to the balance sheet and income and expenditure account

(All amounts in Indian rupees)

#### Schedule 17: Notes to accounts

##### 1 Overview

Naandi Foundation ("Naandi" or "the Trust") is an autonomous public charitable trust registered under Indian Trust Act, 1882. It was incorporated in the year 1998 to enable public private partnership in the economic development of marginalised and under privileged communities of the society. Naandi is primarily engaged in providing charitable services in the areas of healthcare, education, livelihoods and Safe Drinking Water. Presently, Naandi is providing community development services in the states of Andhra Pradesh, Madhya Pradesh, Rajasthan, Chattisgarh, Punjab, Haryana, Maharashtra, Andamans, Nagaland and Orissa.

##### 2 Significant accounting policies

###### 2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Technical Guide on Accounting and Auditing in Not-for-Profit Organisations issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable. The financial statements are prepared in Indian rupees, rounded off to the nearest rupee.

###### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 and reported amounts of income and expenditure for the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

###### 2.3 Grant recognition

Unrestricted grants are recognised as revenue when received. Revenue from restricted grants is recognised based on fulfillment of conditions as stipulated in the agreement with the donor.

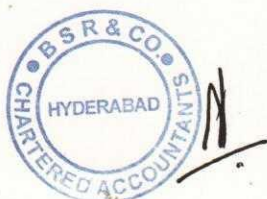
Grants received in relation to fixed assets are treated as deferred income and recognised in income and expenditure account over the useful life of asset.

###### 2.4 Fixed assets and depreciation (including infrastructure facility for mid day meal program)

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets comprises the purchase price, freight, taxes, duties and any other incidental expenses relating to the acquisition and construction of respective assets.

Depreciation on fixed assets is provided using the straight-line method ("SLM") based on the estimated useful life of the assets. Depreciation is calculated on a pro-rata basis from/ upto the date the assets are purchased/ sold.

Fixed assets under construction and cost of assets not put to use before the year end are disclosed under capital work-in-progress.





**Naandi Foundation****Schedules to the balance sheet and income and expenditure account (continued)**  
(All amounts in Indian rupees)**Schedule 17: Notes to accounts (continued)****2.5 Foreign currency transactions**

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the income and expenditure account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year-end rates. The resultant exchange differences are recognised in the income and expenditure account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

**2.6 Provisions and contingent liabilities**

The Trust recognises a provision when there is a present obligation as a result of an obligating 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. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

**2.7 Corpus fund**

Corpus fund represents contributions made by the trustees of the Trust towards the corpus of the Trust.

**2.8 Retirement benefits**

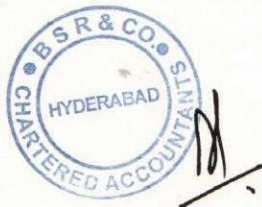
Contributions to the recognised provident fund, which is a defined contribution scheme, are charged to the income and expenditure account.

Liability on account of gratuity and compensated absences, which are defined benefit schemes are accrued based on the actuarial valuation at the balance sheet date and are charged to income and expenditure account.

**2.9 Revenue recognition**

Income from interest on fixed deposits with banks is recognised on the time proportionate method based on underlying rates.

Revenue from sale of items is recognised when significant risk and rewards in respect of ownership of items are transferred to customers.





**Naandi Foundation****Schedules to the balance sheet and income and expenditure account (continued)**

(All amounts in Indian rupees)

**Schedule 17: Notes to accounts (continued)****9. Operating leases**

The Trust leases project and office facilities under operating lease agreements. The trust intends to renew such leases in the normal course of business. Total rent expense included in programme expenses under cancellable operating lease is Rs 11,573,341(previous year Rs 7,797,820).

**10. Employee benefits**

The following table set out the status of the gratuity plan as required under AS 15 (revised).

**Reconciliation of present value of the obligation and the fair value of the plan assets**

Particulars	As at 31 March 2012	As at 31 March 2011
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	1,163,806	1,025,040
Liability recognised in the balance-sheet	1,163,806	1,025,040

**Assumptions at the valuation date:**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Discount rate	8%	8%
Salary escalation rate	10%	10%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

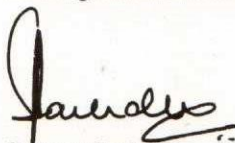




**Naandi Foundation****Schedules to the balance sheet and income and expenditure account (continued)**  
(All amounts in Indian rupees)**Schedule 17: Notes to accounts (continued)**

- 12 Previous year's figures have been re-grouped and reclassified wherever necessary, to conform to current year's classification.


for B S R & Co.  
Chartered accountants  
Firm registration no: 101248W



**Supreet Sachdev**  
Partner  
Membership No. 205385

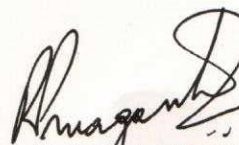
Place: Hyderabad  
Date: 17 September 2012

for Naandi Foundation

**Dr. K. Anji Reddy**  
Chairman and Trustee

Place: Hyderabad  
Date: 17 September 2012

**M. Rajendra Prasad**  
Trustee





Si monumentum requies, circumspecte  
*If you want a memorial for me,  
look around.*

This is what the famous architect Christopher Wren asked to be written  
on his gravestone at the wonderful St Paul's Cathedral, which he designed.



In Memoriam

Dr Kallam Anji Reddy

(1941 - 2013)

Founding Chairman, Naandi Foundation





Naandi Foundation

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