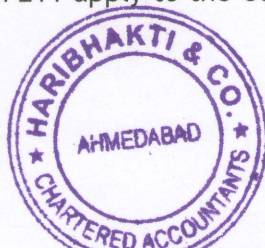


## Auditors' Report

To  
The Members of Kaivalya Education Foundation

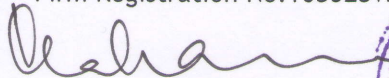
1. We have audited the attached Balance Sheet of Kaivalya Education Foundation (Private Limited Company formed under Section 25 of the Companies Act, 1956) as at March 31, 2012 and also the Statement of Income and Expenditure for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not contain a statement on the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the company.
- 4 We also report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. 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;
  - iii. The balance sheet and the statement of income and expenditure dealt with by this report are in agreement with the books of account;
  - iv. As explained in note 10, as the Company is not carrying any commercial, industrial or business activities, none of the accounting standards referred to in sub section (3C) of section 211 apply to the Company.



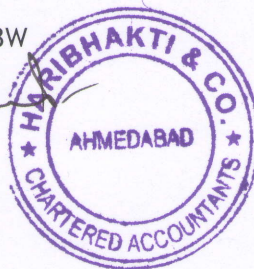


- v. As the Company is a private limited Company, the provisions of Section 274 (1)(g) of the Companies Act, 1956 is not applicable.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012 and
  - b) In the case of the statement of Income and Expenditure, of the surplus for the year ended on that date.

For Haribhakti & Co.  
Chartered Accountants  
Firm Registration No.103523W



Prashant Maharishi  
Partner  
Membership No.41452



Place: Ahmedabad  
Date: 19th July 2012



**KAIVALYA EDUCATION FOUNDATION**  
**BALANCE SHEET AS AT MARCH 31, 2012**

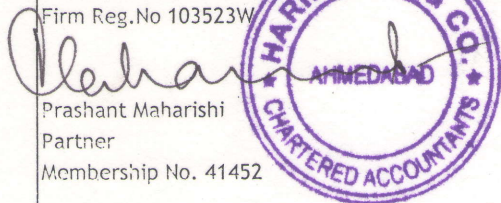
Amount in Rs.

	Particulars	Note No.	As at 31-3-2012		As at 31-3-2011	
			Rs.	Rs.	Rs.	Rs.
I.	<b>EQUITY AND LIABILITIES</b>					
(1)	Corpus Fund	3	20,972,299	20,972,299	12,400,885	12,400,885
(a)	Reserves and Surplus					
(2)	Current Liabilities	4	428,887	479,492	199,518	594,140
(a)	Trade payables (Refer note 11)		50,605		394,622	
(b)	Other current liabilities					
	<b>TOTAL</b>			21,451,791		12,995,025
II.	<b>ASSETS</b>					
(1)	Non - current assets	5	3,706,024	3,706,024	3,447,301	3,447,301
(a)	Fixed Assets					
(i)	Tangible assets					
(2)	Current Assets	6	13,043,764	17,745,767	7,647,067	9,547,724
(a)	Cash and cash equivalents	7	4,702,003		1,900,657	
(b)	Short term loans and advances					
	<b>TOTAL</b>			21,451,791		12,995,025

The notes attached form an integral part of the Financial Statements  
As per our Report of even date attached.

(0)

For Haribhakti & Co  
Chartered Accountants  
Firm Reg.No 103523W



Prashant Maharishi  
Partner  
Membership No. 41452

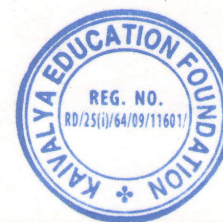
For and on behalf of the board

*(Signature)*

Ajay G Piramal  
Chairman

*(Signature)*

Aditya Natraj  
Director



Place:  
Date: 19th July 2012

Place: MUMBAI  
Date: 19th JULY 2012



## KAIYALYA EDUCATION FOUNDATION

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2012

Amount in Rs.

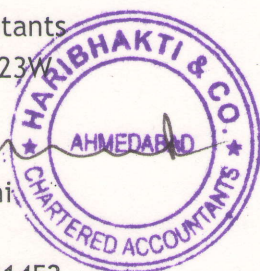
Particulars	Note No.	As at 31-3-2012	As at 31-3-2011
		Rs.	Rs.
I. Donation received		49,511,331	67,605,000
II Other Income	8	171,995	210,922
III Total revenue (I + II)		49,683,326	67,815,922
IV Depreciation and amortization expense	5	1,445,509	1,142,624
V Other expenses	9	39,666,403	30,968,964
Total Expenses (IV+V)		41,111,912	32,111,588
VI Surplus/(Deficit) for the year		8,571,414	35,704,334

The notes attached form an integral part of the Financial Statements  
As per our Report of even date attached.

For Haribhakti & Co  
Chartered Accountants  
Firm Reg.No 103523

*Prashant Maharishi*

Prashant Maharishi  
Partner  
Membership No. 41452



Place: Ahmedabad

Date: 19th July 2012

For and on behalf of the board

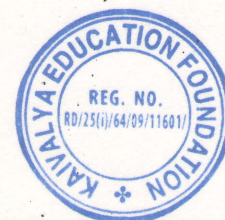
*Ajay G Piramal*

Ajay G Piramal  
Chairman

*Aditya Natraj*

Aditya Natraj  
Director

Place: *Aditya Natraj*  
Date:

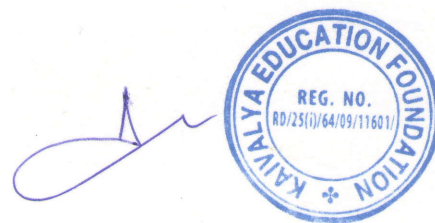




KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

Note 3 Reserves and Surplus:

Particulars	Amount in Rs.	
	As at 31-3-2012	As at 31-3-2011
At the beginning of the reporting year	12,400,885	(23,303,449)
Transferred from statement of Income and Expenditure	8,571,414	35,704,334
At the close of the reporting year	20,972,299	12,400,885



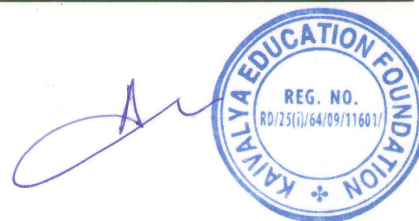


**KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**Note 4 Other current liabilities:**

**Amount in Rs.**

<b>Particulars</b>	<b>As at 31-3-2012</b>	<b>As at 31-3-2011</b>
i) Statutory Liabilty	50,605	394,622
	<b>50,605</b>	<b>394,622</b>



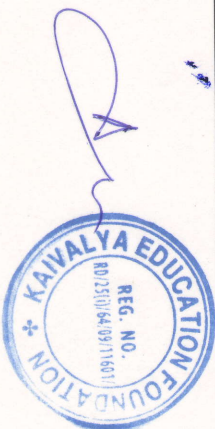


KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

Note 5 Fixed Assets:

Amount in Rs.

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at beginning of current reporting year 01-04-2011	Additions for the year	Deductions during the year	As at end of current reporting year 31-03-2012	As at beginning of current reporting year 01-04-2011	For the year	Deductions	As at end of current reporting year 31-03-2012	As at end of current reporting year 31-03-2012	As at end of previous reporting year 31-03-2011
<b>Tangible Assets</b>										
Plant & Machinery	2,953,830	1,238,710	-	4,192,540	958,770	1,074,081	-	2,032,851	2,159,689	1,995,060
Furniture & Fixtures	181,001	288,620	-	469,621	19,617	58,271	-	77,888	391,733	161,384
Vehicles	1,330,196	51,873	-	1,382,069	391,445	247,708	-	639,153	742,916	938,751
Office equipment	405,549	125,029	-	530,578	53,443	65,449	-	118,892	411,686	352,106
	4,870,576	1,704,232	-	6,574,808	1,423,275	1,445,509	-	2,868,784	3,706,024	3,447,301
<b>TOTAL</b>	<b>4,870,576</b>	<b>1,704,232</b>	<b>-</b>	<b>6,574,808</b>	<b>1,423,275</b>	<b>1,445,509</b>	<b>-</b>	<b>2,868,784</b>	<b>3,706,024</b>	<b>3,447,301</b>
Previous Year	2,310,673	2,559,903	-	4,870,576	280,651	1,142,624	-	1,423,275	3,447,301	2,030,022





**KAIVALYA EDUCATION FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6 Cash and cash equivalents:**

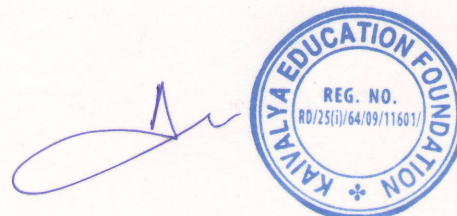
Amount in Rs.

Particulars	As at 31-3-2012	As at 31-3-2011
i) Balances with banks	13,042,787	7,647,067
ii) Cash in ITZ card	977	-
	13,043,764	7,647,067

**Note 7 Short term loans and advances:**

Amount in Rs.

Particulars	As at 31-3-2012	As at 31-3-2011
i) Rent Deposits	1,133,500	985,050
ii) Prepaid Expense	9,799	54,625
iii) Advance to Staff	15,473	-
iv) Receivable from UNICEF	1,654,512	860,982
v) Receivable from MCGM	1,730,000	-
vi) Other	158,719	-
	4,702,003	1,900,657





**KAIVALYA EDUCATION FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 8 Other Income:**

Amount in Rs.

Particulars	For the year Ended March 31, 2012	For the year Ended March 31, 2011
i) Bank Interest	159,173	210,922
ii) Other Interest Income	12,822	-
	<b>171,995</b>	<b>210,922</b>

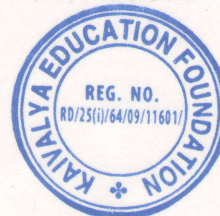
**Note 9 Other expenses:**

Amount in Rs.

Particulars	For the year Ended March 31, 2012	For the year Ended March 31, 2011
i) Electricity	117,534	111,703
ii) Rent	2,472,046	1,574,615
iii) Office Expenses	1,442,536	568,887
iv) Travelling Expenses	3,841,347	3,096,622
v) Repairs others	193,914	183,906
vi) Insurance	29,589	22,505
vii) Rates and taxes	5,830	38,906
viii) Payment to the auditors		
- as auditor	168,540	181,995
- Tax matter	16,854	
ix) Consultancy Fee	25,698,438	19,994,806
x) Boarding and Lodging Expenses	1,234,522	-
xi) Food Expenses	853,603	-
xii) Printing and Stationary Expenses	482,733	181,180
xiii) Workshop Charges	459,595	1,279,925
xiv) Brokerage and Commission	144,439	217,000
xv) Internet Expenses	133,682	-
xvi) Computer and Electronic Accessories	185,358	146,129
xvii) Interest on TDS	119,901	1,092
xviii) Legal and professional charges	1,454,283	1,842,408
xix) Telephone Expenses	197,696	154,491
xx) Recruitment Charges	15,442	643,886
xxi) Training Expenses	80,000	664,283
xxii) Miscellaneous expenses	318,521	64,625
	<b>39,666,403</b>	<b>30,968,964</b>



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## KAIVALYA EDUCATION FOUNDATION

### Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2012:

#### Note 1 Nature of Business:

KAIVALYA EDUCATION FOUNDATION is a Private Company registered under section 25 of the Companies Act 1956 and consequently does not have the word 'Limited' as a part of its name. It is also registered under section 12AA of the Income Tax Act and hence its 'surplus' is exempt from tax. Its main operations comprise of promotion and building of an institution to provide professional development for education leaders to achieve leading education reforms.

#### Note 2 Significant Accounting Policies:

##### 1. Basis of Preparation of Financial Statements :

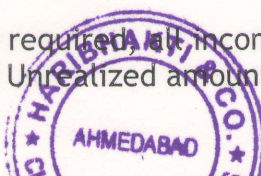
The accompanying financial statements are consistently prepared under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards issued by the Institute of Chartered Accountants of India (to the extent applicable) and in accordance with the generally accepted accounting principles, the provisions of the Companies Act, 1956 and regulations of Reserve Bank of India to the extent applicable.

##### 2. Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

##### 3. Revenue Recognition:

Unless otherwise required, all incomes are recognized and accounted on an accrual basis. Unrealized amount of grant are shown as "Receivable".





#### 4. Expenses:

Expenses are accounted for on accrual basis.

#### 5. Fixed assets & Depreciation :

Fixed Assets are stated at cost less accumulated depreciation thereon. The cost of fixed assets comprises purchase price and any other incidental cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired / put to use. On all assets, except as mentioned below, depreciation has been provided using the written down method at the rates specified in Schedule XIV to the Companies Act, 1956:

- a) Fixed Assets costing Rs.5000 or less are charged to Income & Expenditure Account in the year of purchase.
- b) Profit or loss on disposal of a tangible fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the Income & Expenditure Account.

#### 6. Taxation :

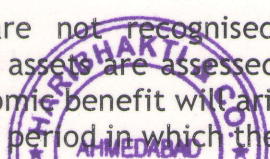
The Company is registered under section 12A (a) of the Income Tax Act 1961 and its income is exempt under the provisions of section 11 of the said Act.

#### 7. Provision and Contingencies:

The Company creates a provision when there is 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.





**8. Impairment of Assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Income & Expenditure Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

**Note 10** As the Company is not carrying any commercial, industrial or business activities, none of the accounting standards apply to the Company.

**Note 11** As per the information available with the Company, there is no amount outstanding to parties covered under the provision of The Micro, Small and Medium Enterprises.

**Note 12** As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1<sup>st</sup> April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI presentation.

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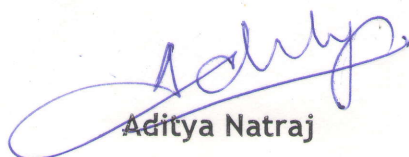
For and on behalf of the board of

Place: MUMBAI

Dated: 19<sup>th</sup> JULY 2012



Ajay G. Piramal  
Chairman



Aditya Natraj  
Director

