

## INDEPENDENT AUDITORS' REPORT

To the Members of Kaivalya Education Foundation

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Kaivalya Education Foundation ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Income and Expenditure for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## *Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Income and Expenditure, of the deficit for the year ended on that date.

## *Report on Other Legal and Regulatory Requirements*

1. 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.
2. As required by section 227(3) of the Act, we report that:
  - a. we have 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 and Statement of Income and Expenditure, dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet and Statement of Income and Expenditure comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;



# HARIBHAKTI & CO.

Chartered Accountants

e. As the Company is a private limited Company, the provisions of Section 274 (1)(g) of the Companies Act, 1956 is not applicable.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No. 103523W





Prashant Maharishi

Partner

Membership No. 41452

Place: Ahmedabad

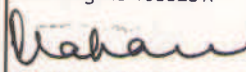
Date: September 12, 2013

**KAIVALYA EDUCATION FOUNDATION**  
**BALANCE SHEET AS AT MARCH 31, 2013**

	Particulars	Note No.	Amount in Rs.			
			As at 31-3-2013		As at 31-3-2012	
			Rs.	Rs.	Rs.	Rs.
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
(1)	Corpus Fund					
	(a) Reserves and Surplus	3	1,81,34,152	1,81,34,152	2,09,72,299	2,09,72,299
(2)	Current Liabilities					
	(a) Trade payables (Refer note 11)		13,17,346		4,28,887	
	(b) Other current liabilities	4	1,19,619		50,605	
	<b>TOTAL</b>			<b>14,36,965</b>		<b>4,79,492</b>
				<b>1,95,71,117</b>		<b>2,14,51,791</b>
<b>II.</b>	<b>ASSETS</b>					
(1)	Non - current assets					
	(a) Fixed Assets					
	(i) Tangible assets	5	49,44,770	49,44,770	37,06,024	37,06,024
(2)	Current Assets					
	(a) Cash and cash equivalents	6	87,90,009		1,30,43,764	
	(b) Short term loans and advances	7	58,36,338		47,02,003	
	<b>TOTAL</b>			<b>1,46,26,347</b>		<b>1,77,45,767</b>
				<b>1,95,71,117</b>		<b>2,14,51,791</b>

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

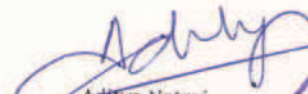
For Haribhakti & Co  
Chartered Accountants  
Firm Reg.No 103523W

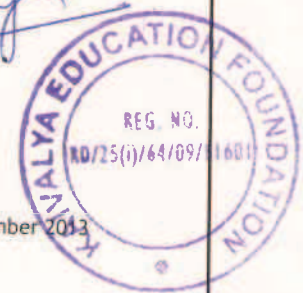
  
Prashant Maharishi  
Partner  
Membership No. 41452



For and on behalf of the board

  
Ajay G Piramal  
Chairman

  
Aditya Natraj  
Director



Place: AHMEDABAD  
Date: 12 SEP 2013

Place: Mumbai  
Date: 12th September 2013

Place: Mumbai  
Date: 12th September 2013



**KAIVALYA EDUCATION FOUNDATION**

**STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2013**

Amount in Rs.

Particulars	Note No.	As at 31-3-2013	As at 31-3-2012
		Rs.	Rs.
I. Donation received		5,54,07,590	4,95,11,331
II Other Income	8	6,78,274	1,71,995
III Total revenue (I + II)		<b>5,60,85,864</b>	<b>4,96,83,326</b>
IV Depreciation and amortization expense	5	16,93,157	14,45,509
V Other expenses	9	5,72,30,854	3,96,66,403
Total Expenses (IV+V)		<b>5,89,24,011</b>	<b>4,11,11,912</b>
VI Surplus/(Deficit) for the year		<b>(28,38,147)</b>	<b>85,71,414</b>

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 103523W



*Prashant Maharishi*  
Prashant Maharishi  
Partner  
Membership No. 41452

For and on behalf of the board

*Ajay G Piramal*  
Ajay G Piramal  
Chairman

*Aditya Natraj*  
Aditya Natraj  
Director



Place: Ahmedabad  
Date: **12 SEP 2013**

Place: Mumbai  
Date: 12th September 2013

Place: Mumbai  
Date: 12th September 2013

**KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**Note 3 Reserves and Surplus:**

Particulars	Amount in Rs.	
	As at 31-3-2013	As at 31-3-2012
At the beginning of the reporting year	2,09,72,299	1,24,00,885
Excess of Income over expenditure/(excess of expenditure over Income)	(28,38,147)	85,71,414
At the close of the reporting year	<b>1,81,34,152</b>	<b>2,09,72,299</b>



KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

Note 4 Other current liabilities:

Amount in Rs.

Particulars	As at 31-3-2013	As at 31-3-2012
i) Statutory Liability	1,19,450	50,605
ii) Accrued expenses (Unspent Donation)	169	-
	1,19,619	50,605





KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

Note 5 Fixed Assets:

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at beginning of current reporting year 01-04-2012	Additions for the year	Deductions during the year	As at end of current reporting year 31-03-2013	As at beginning of current reporting year 01-04-2012	For the year	Deductions	As at end of current reporting year 31-03-2013	As at end of previous reporting year 31-03-2012
<b>Tangible Assets:</b>									
Plant & Machinery	41,92,540	15,64,150	-	57,56,690	20,32,851	11,97,370	-	25,26,469	21,59,689
Furniture & Fixtures	4,69,621	1,13,100	-	5,82,721	77,888	80,587	-	4,24,246	3,91,733
Vehicles	13,82,069	9,97,920	-	23,79,989	6,39,153	3,37,131	-	14,03,705	7,42,916
Office equipment	5,30,578	2,56,733	-	7,87,311	1,18,892	78,069	-	5,90,350	4,11,686
	65,74,808	29,31,903	-	95,06,711	28,68,784	16,93,157	-	49,44,770	37,06,024
<b>TOTAL</b>	<b>65,74,808</b>	<b>29,31,903</b>	<b>-</b>	<b>95,06,711</b>	<b>28,68,784</b>	<b>16,93,157</b>	<b>-</b>	<b>49,44,770</b>	<b>37,06,024</b>
Previous Year	48,70,576	17,04,232	-	65,74,808	14,23,275	14,45,509	-	37,06,024	34,47,301





KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

Note 8 Other Income:

Particulars	Amount in Rs.	
	For the year Ended March 31, 2013	For the year Ended March 31, 2012
i) Bank Interest	5,65,820	1,59,173
ii) Other Income	1,00,230	
iii) Other Interest Income	12,224	12,822
	6,78,274	1,71,995

Note 9 Other expenses:

Particulars	Amount in Rs.	
	For the year Ended March 31, 2013	For the year Ended March 31, 2012
i) Electricity	1,95,276	1,17,534
ii) Rent	46,99,000	24,72,046
iii) Office Expenses	15,14,817	14,42,536
iv) Travelling Expenses	25,27,578	38,41,347
v) Repairs others	3,09,249	1,93,914
vi) Insurance	12,987	29,589
vii) Rates and taxes	5,640	5,830
viii) Payment to the auditors		
- as auditor	1,68,540	1,68,540
-Tax matter	16,854	16,854
ix) Consultancy Fee	3,83,25,318	2,56,98,438
x) Boarding and Lodging Expenses (Accomodation)	11,69,845	12,34,522
xi) Food Expenses	7,50,553	8,53,603
xii) Printing and Stationary Expenses	5,28,479	4,82,733
xiii) Workshop Charges	10,97,598	4,59,595
xiv) Brokerage and Commission	2,80,600	1,44,439
xv) Internet Expenses	2,80,382	1,33,682
xvi) Computer and Electronic Accessories	19,862	1,85,358
xvii) Interest on TDS	6,120	1,19,901
xviii) Legal and professional charges	38,67,133	14,54,283
xix) Telephone Expenses	93,683	1,97,696
xx) Recruitment Charges	2,63,070	15,442
xxi) Training Expenses	42,013	80,000
xxii) Teaching Learning Material	6,01,721	
xxiii) Bad debts	17,115	
xxiiil) Vipasana & LJ	2,62,317	
xxix) Miscellaneous expenses	1,75,104	3,18,521
	5,72,30,854	3,96,66,403



KAIVALYA EDUCATION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

Note 6 Cash and cash equivalents:

Particulars	Amount in Rs.	
	As at 31-3-2013	As at 31-3-2012
i) Balances with banks	87,90,009	1,30,42,787
ii) Cash in ITZ card	-	977
	87,90,009	1,30,43,764

Note 7 Short term loans and advances:

Particulars	Amount in Rs.	
	As at 31-3-2013	As at 31-3-2012
i) Rent Deposits	14,15,674	11,33,500
ii) Prepaid Expense	-	9,799
iii) Advance to Staff	10,451	15,473
iv) Receivable from UNICEF	-	16,54,512
v) Receivable from MCGM	43,80,303	17,30,000
vi) Other	29,910	1,58,719
	58,36,338	47,02,003



**Note 11**  
**Schedules to Trade Payable**  
**Break up of creditor for other expense**

Name of the Vondor	Amount
Pierian Services Pvt Ltd	8,925.00
Cleartrip Pvt Ltd	1,358.00
Haribhakti & Company	1,92,136.00
Peirians resource square	50,562.00
Provision for Expenses	10,62,750.00
Peirian Servies Pvt ltd	1,173.00
Sanjay Travels	358.00
Veer Marketing	84.00
<b>Total</b>	<b>13,17,346.00</b>





## KAIVALYA EDUCATION FOUNDATION

### Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2013:

#### 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 subject to conditions. 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.

##### 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:**

**i) Accounting of Donations and Grants:**

Government Assistance, Donation and grants sanctioned from donor agencies are accounted on accrual basis when right to receive the same has been established. Unrealised amount of Donation and assistance are shown as "Receivable". Such receivables of certain donor agencies are subject to audit/acceptance by them

**ii) Other Income:**

Unless otherwise required, all incomes are recognized and accounted on an accrual basis.

**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, subject to conditions laid down under section 13 of the 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.

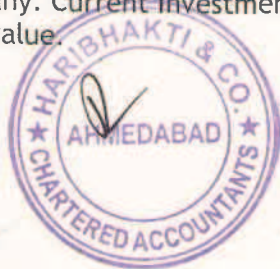
Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

**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.

**9. Investments:**

Investments are capitalized at actual cost including costs incidental to acquisition. Investments are classified as long term or current at the time of making such investments. Long term investments are individually valued at cost, less provision for other than temporary diminution, if any. Current investments are individually valued at lower of cost and fair value.





**10. Foreign Currency Transaction:**

Foreign currency transactions are recorded at the rate prevailing on the date of transaction. Foreign Currency monetary items outstanding as at the Balance Sheet date are restated at the closing rate. Foreign Exchange rate differences arising on settlement/conversation are recognized in the Statement of Income and Expenditure.

**11. Operating Lease:**

A lease of assets whereby the lessor essentially remains the owner of the asset is classified as an operating lease and payments made according to operating lease contracts or rental agreements are expensed evenly during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.



**Note 10 Related Party Transactions**

Description of relationship	Names of related parties
Key Managerial Personnel (KMP)	Aditya Natraj
Enterprise in which KMP of the Company are able to exercise control or have significant influence	Piramal Foundation for Education Leadership

Expenditures in nature of reimbursement are not considered as Related party Transaction.

**Note 11 Expenditure in Foreign Currency**

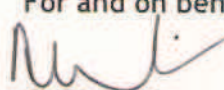
Particulars	Amount in Rs
Professional Fees	42,627
<b>Total</b>	<b>42,627</b>

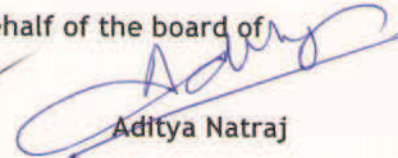
**Note 12** As per the information available with the Company, there is no amount outstanding to parties covered under the provision of The Micro, Small and Medium Enterprises.

Place: Ahmedabad

Dated: **12 SEP 2013**



For and on behalf of the board of  
  
Ajay G. Piramal  
Chairman

  
Aditya Natraj  
Director

