

## Auditors' Report

To  
The Members of Kaivalya Education Foundation

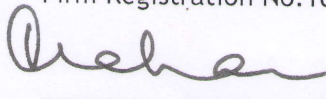
1. We have audited the attached Balance Sheet of Kaivalya Education Foundation (Private Limited Company formed under Section 25 of the Companies Act, 1956) as at March 31, 2011 and also the Income and Expenditure account for the period ended on that date annexed thereto. These financial statements are 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. The Company is licensed to operate under Section 25 of the Act, and as such the provision of the Companies (Auditor Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Act, are 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 income and expenditure account dealt with by this report are in agreement with the books of account;
  - iv. As explained in note 3, 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. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 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, 2011 and
- b) In the case of the Income and Expenditure account, of the surplus for the period ended on that date.

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

  
Prashant Maharishi  
Partner  
Membership No.41452



Place: Mumbai  
Date: May 06, 2011



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## KAIVALYA EDUCATION FOUNDATION

## Balance Sheet as at March 31, 2011

(Figures in Rs.)

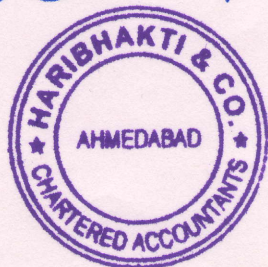
Particulars	Schedule No.	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
Unsecured Loan	1	-	2,68,06,000
Income & Expenditure A/c		1,24,00,885	(2,33,03,449)
<b>TOTAL</b>		<b>1,24,00,885</b>	<b>35,02,551</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	2	48,70,576	23,10,673
Less : Depreciation		14,23,275	2,80,651
Net Block		34,47,301	20,30,022
<b>Current Assets, Loans and Advances</b>			
Cash & Bank Balance	3	76,47,067	15,53,136
Loans & Advances	4	19,00,657	1,44,614
Total A		95,47,724	16,97,750
Less: Current Liabilities and Provisions			
Current Liabilities	5	5,94,140	2,25,221
Total B		5,94,140	2,25,221
Net Current Assets ( A - B )		89,53,584	14,72,529
<b>TOTAL</b>		<b>1,24,00,885</b>	<b>35,02,551</b>
Significant Accounting Policies & Notes to Accounts	8	-	-

Schedules referred to above and notes to accounts form an integral part of the Financial Statement

In terms of our report of even date attached  
For HARIBHAKTI & CO.  
Chartered Accountants  
Firm Registration No.103523W

For and on Behalf of the Board

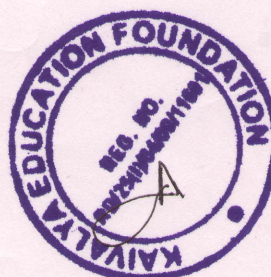
Prashant Maharishi  
Partner  
Membership No. - 41452



Place : Mumbai  
Date : 06.05.2011

Ajay G. Piramal  
Chairman

Aditya Natraj  
Director





# KAIVALYA EDUCATION FOUNDATION

## Income and Expenditure Account for the year ended March 31, 2011

(Figures in Rs.)

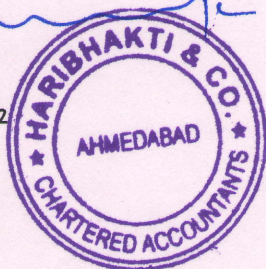
Particulars	Schedule No.	2010 - 11	2009 - 10
<b>INCOME</b>			
Donations		6,76,05,000	-
Bank Interest		2,10,922	1,36,897
		<u>6,78,15,922</u>	<u>1,36,897</u>
<b>EXPENDITURE</b>			
Operational Activities	6	2,78,32,101	1,73,06,094
Administrative Expenses	7	31,36,863	3,09,68,964
		<u>3,09,68,964</u>	<u>18,17,329</u>
<b>EXCESS OF INCOME OVER (EXPENDITURE) BEFORE DEPRECIATION</b>		3,68,46,958	(1,89,86,526)
Depreciation		11,42,624	2,72,651
<b>EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR</b>		3,57,04,334	(1,92,59,177)
Add: Income / (Expenditure) brought forward		(2,33,03,449)	(40,44,272)
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u>1,24,00,885</u>	<u>(2,33,03,449)</u>
Significant Accounting Policies & Notes to Accounts	8		

Schedules referred to above and notes to accounts form an integral part of the Financial Statement

In terms of our report of even date attached  
For HARIBHAKTI & CO.  
Chartered Accountants  
Firm Registration No.103523W

Prashant Maharishi  
Partner  
Membership No. - 41452

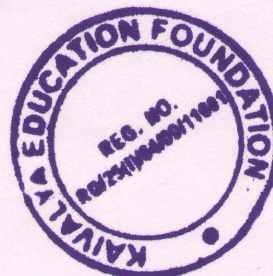
Place : Mumbai  
Date : 06.05.2011



For and on Behalf of the Board

Ajay G. Piramal  
Chairman

Aditya Natraj  
Director



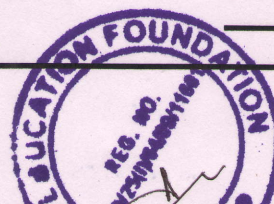


# KAIVALYA EDUCATION FOUNDATION

## Schedules forming part of the Balance Sheet for the year ended March 31, 2011

(Figures in Rs.)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>1. Unsecured Loans</b>		
Short-term Loans & Advances		
a. From other Companies /Foundations	-	2,67,56,000
b. From Others	-	50,000
<b>TOTAL</b>	<u>-</u>	<u>2,68,06,000</u>
	As at March 31, 2011	As at March 31, 2010
<b>3. Current Assets</b>		
i. Balance with Scheduled Banks		
- Special Saving Account	76,47,067	15,53,136
<b>TOTAL</b>	<u>76,47,067</u>	<u>15,53,136</u>
	As at March 31, 2011	As at March 31, 2010
<b>4. LOANS AND ADVANCES (Unsecured, Considered good) :</b>		
Advances against Expenses	8,60,982	10,295
Other Deposits	9,85,050	1,27,300
Prepaid Expenses	54,625	7,019
<b>TOTAL</b>	<u>19,00,657</u>	<u>1,44,614</u>
	As at March 31, 2011	As at March 31, 2010
<b>5. CURRENT LIABILITIES</b>		
Expenses Payable	1,99,518	2,01,155
TDS Payable	3,94,622	24,066
<b>TOTAL</b>	<u>5,94,140</u>	<u>2,25,221</u>





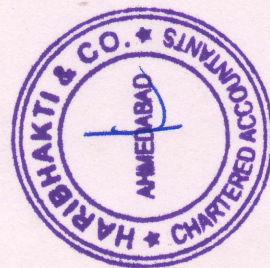
# KAIVALYA EDUCATION FOUNDATION

Schedules forming part of the Balance Sheet as at March 31, 2011

## 2. FIXED ASSETS

(Figures in Rs.)

Description	Gross Block			Depreciation			Net Block	
	As on 01-04-2010	Additions	Deductions	As on 31-03-2011	As on 01-04-2010	for the year	Deductions	As on 31-03-2011
<b>Owned Assets</b>								
Furniture & Fixtures	27,050	1,53,951	-	1,81,001	3,245	16,372	-	1,61,384
Office Equipment	2,37,949	1,67,600	-	4,05,549	14,503	38,940	-	3,52,106
Vehicles	6,70,524	6,59,672	-	13,30,196	1,35,748	2,55,697	-	9,38,751
Computer	13,75,150	15,78,680	-	29,53,830	1,27,155	8,31,615	-	19,95,060
<b>Total</b>	<b>23,10,673</b>	<b>25,59,903</b>	<b>-</b>	<b>48,70,576</b>	<b>2,80,651</b>	<b>11,42,624</b>	<b>-</b>	<b>34,47,301</b>
Previous Year	2,20,243	20,90,430		23,10,673	8,000	2,72,651	-	20,30,022
								2,12,243





# KAIVALYA EDUCATION FOUNDATION

Schedules forming part of the Income and Expenditure Account for the year ended March 31, 2011

(Figures in Rs.)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>6. OPERATIONAL ACTIVITIES</b>		
Fellowship & Educational Exp.	1,50,53,831	99,71,057
Consultancy Charges	49,40,975	27,73,788
Principal Workshop	12,79,925	11,81,242
Travelling and Conveyance Expenses	30,09,991	15,34,109
Rent	9,96,845	5,66,950
Recruitment Cost	6,43,886	4,91,694
Office Expenses	4,37,711	3,52,724
Training Expenses	6,64,283	1,21,919
Computer & Electronics Accessories	94,449	62,965
Printing & Stationary	1,08,797	47,464
Telephone Expenses	82,793	45,321
Electricity Exp.	69,677	49,122
Repair & Maintenance	1,74,217	40,974
Brokrage & Commission	2,17,000	34,163
Water Exp.	35,216	27,750
Insurance	22,505	4,852
<b>TOTAL</b>	<b>2,78,32,101</b>	<b>1,73,06,094</b>

Particulars	As at March 31, 2011	As at March 31, 2010
<b>7. ADMINISTRATIVE EXPENSES</b>		
Professional Charges	11,23,910	7,25,066
Labour Charges	4,61,337	2,89,332
Office Rent	5,77,770	2,62,000
Audit Fee	1,81,995	1,65,450
Printing & Stationary	72,383	77,945
Telephone Expenses	71,698	48,351
Interst on TDS	1,092	51,263
Office Expenses	1,31,176	48,437
Municipal Tax	38,906	43,041
Travelling and Conveyance Expenses	86,631	30,506
Electricity Exp.	42,026	33,377
Computer & Electronics Expenses	51,680	22,450
Water Expenses	29,189	16,825
Outsourcing Charges	2,57,161	2,206
Bank Charges	220	1,080
Repair & Maintinace	9,689	-
<b>TOTAL</b>	<b>31,36,863</b>	<b>18,17,329</b>





**KAIVALYA EDUCATION FOUNDATION**  
**BALANCE SHEET AS AT March 31, 2011**

Information pursuant to the provisions of part IV of Schedule VI  
of the Companies Act, 1956.

**I. Registration details**

Registration No. :	U80211MH2008NPL188322
State Code :	11
Balance Sheet Date :	31.03.2011

**II. Capital raised during the year (Amount in Rs.)**

Public Issue :	N.A.
Bonus Issue:	N.A.
Right Issue :	N.A.
Private placement :	N.A.

**III. Position of mobilisation and deployment of funds (Amount in Rs.)**

<b>Total Liabilities :</b>	<b>1,24,00,885</b>	<b>Total Assets :</b>	<b>1,24,00,885</b>
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	Nil	Net Fixed Assets	34,47,301
Reserves & Surplus	1,24,00,885	Investments	Nil
Secured Loans	Nil	Deferred Tax Asset	Nil
Deferred Tax Liability	Nil	Net Current Assets	89,53,584
		Misc. Expenditure	Nil

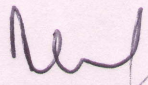
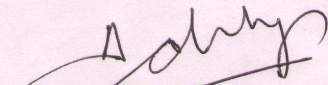
**IV. Performance of Company (Amount in Rs.)**

Total Revenue	6,78,15,922
Total Expenditure	3,21,11,588
Profit before Tax	3,57,04,334
Profit after Tax	3,57,04,334
Earning Per Share in Rs.	N.A.
Dividend Rate %	N.A.

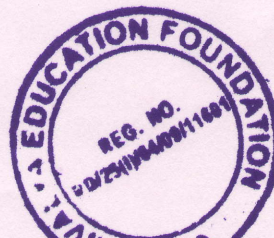
**V. Generic Name of Principal Product/Service of Company**

Item Code No.	-
Product description	-

For and on behalf of the Board

	
Ajay G. Piramal	Aditya Natraj
Chairman	Director

Place : Mumbai  
Date : 06.05.2011





## Kaivalya Education Foundation

### Schedule 8:

#### Significant Accounting Policies and Notes to Accounts for the period ended March 31, 2011:

##### (A) 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:

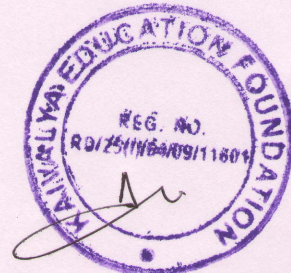
The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The 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.

##### 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.
- 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 :

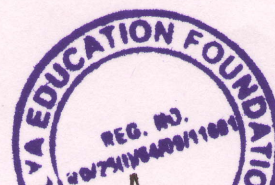
The Company is registered under section 12A (a) of the Income Tax Act 1961 and its income is exempt under the provisions of section 11 of the said Act.

## 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.

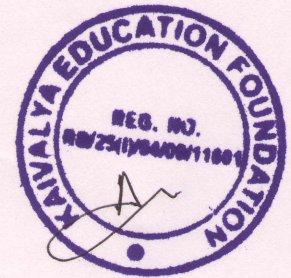
Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.





**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.





(B) Notes to the Accounts:

1. 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 11 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.

2. Auditor's Remuneration:

Particulars	For the period ended March 31, 2011
As Auditors:	
Statutory Audit Fees (Including of Service Tax)	1,65,450
Any other (including Certification):	16,545
Out of pocket expenses:	Nil
Total	1,81,995

3. As the Company is not carrying any commercial, industrial or business activities, none of the accounting standards apply to the Company.
4. Figures for the previous years have been re-grouped / re-arranged, wherever considered necessary to conform to current year's presentation.

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Signatories to schedules 1 to 8

For and on behalf of the board of

Place: Mumbai

Dated: 06.05.2011

Ajay G. Piramal

Chairman

Aditya Natraj

Director

