

## AUDITORS' REPORT TO THE MEMBERS OF RBS FOUNDATION INDIA

1. We have audited the attached Balance Sheet of **RBS FOUNDATION INDIA** ("the Company") as at 31<sup>st</sup> March, 2011, the Income and Expenditure Account of the Company 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 the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 is not applicable to the Company in terms of Clause 1(2)(iii) of the Order.
4. We report as follows:
  - (a) 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;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Income and Expenditure Account dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Income and Expenditure Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) 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



# Deloitte Haskins & Sells

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) in the case of the Income and Expenditure Account, of the excess of the income over expenditure of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No.117365W)



Z. F. Billimoria  
Partner

(Membership No.42791)

MUMBAI, 10<sup>th</sup> August, 2011

**RBS Foundation India**

Annual Financial Statements

01.04.2010 to 31.03.2011

BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011

	Schedule No.	As at 31 <sup>st</sup> March 2011 Rs.	As at 31 <sup>st</sup> March 2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	45,000	45,000
Reserves and surplus	2	30,794,747	19,207,852
<b>TOTAL</b>		<b>30,839,747</b>	<b>19,252,852</b>
<b>APPLICATION OF FUNDS</b>			
<b>Current Assets, Loans &amp; Advances (A)</b>			
Cash and Bank Balances	3	205,608,858	178,460,694
Interest accrued on Bank Fixed Deposits		2,004,993	919,624
Loans & Advances	4	20,927,309	5,069,424
		<b>228,541,160</b>	<b>184,449,742</b>
<b>Current Liabilities (B)</b>	5	<b>197,701,413</b>	<b>165,196,890</b>
<b>Net Current Assets (A-B)</b>		<b>30,839,747</b>	<b>19,252,852</b>
<b>TOTAL</b>		<b>30,839,747</b>	<b>19,252,852</b>
Notes to and forming part of the Accounts	6		

In terms of our report attached.

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors of  
RBS Foundation India



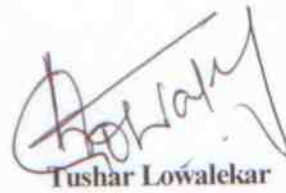
Z. F. Billimoria

Partner  
Place : Mumbai  
Date :



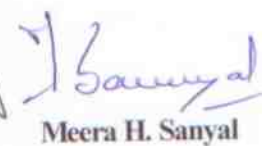
N. Sunil Kumar

Director



Tushar Lowalekar

Director



Meera H. Sanyal

Director

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011

	Schedule No.	For the Year ended 31 <sup>st</sup> March 2011 Rs.	For the Year ended 31 <sup>st</sup> March 2010 Rs.
<b>INCOME</b>			
Interest on Fixed Deposit		9,590,519	8,350,074
[Tax Deducted at Source Rs.10,67,016/- (Previous Year Rs. 11,75,692/-)]			
Administrative Expenses written back		2,693,841	
<b>TOTAL</b>		<b>12,284,360</b>	<b>8,350,074</b>
<b>EXPENDITURE</b>			
Administrative Expenses	Refer Note 5	7,099,776	9,733,841
Professional Fees		613,432	32,394
Bank Charges		756	-
Auditors' Remuneration	Refer Note 7	83,277	50,000
<b>SUB TOTAL</b>		<b>7,797,241</b>	<b>9,816,235</b>
Less: Grants Received	Refer Note 6	7,099,776	7,040,000
<b>TOTAL</b>		<b>697,465</b>	<b>2,776,235</b>
<b>Excess of Income over Expenditure</b>		<b>11,586,895</b>	<b>5,573,839</b>
Basic/Diluted Earnings Per share	Refer Note 3	2,575	2,572
[Nominal Value per share Rs.10/- (Previous Year Rs. 10/-) ]			

Notes to and forming part of the Accounts 6

In terms of our report attached.

For Deloitte Haskins & Sells  
Chartered AccountantsFor and on behalf of the Board of Directors of  
RBS Foundation India

Z. F. Billimoria

Partner

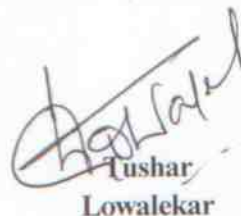
Place : Mumbai

Date :

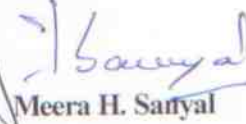


N. Sunil Kumar

Director

  
Tushar  
LowalekarTushar  
Lowalekar

Director



Meera H. Sanyal

Director



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011

	As at 31 <sup>st</sup> March 2011 Rs.	As at 31 <sup>st</sup> March 2010 Rs.
<b>Schedule 1: Share Capital</b>		
<u>Authorised</u>		
10,000 Equity shares of Rs.10 each	100,000	100,000
	<b>100,000</b>	<b>100,000</b>
<u>Issued, Subscribed and Paid Up</u>		
4,500 Equity shares of Rs.10 each fully paid up	45,000	45,000
	<b>45,000</b>	<b>45,000</b>
<b>Schedule 2: Reserves and Surplus</b>		
<u>Income &amp; Expenditure Account</u>		
Opening Balance	19,207,852	13,634,013
Excess of Income over Expenditure during the year	11,586,895	5,573,839
	<b>30,794,747</b>	<b>19,207,852</b>
<b>Schedule 3: Cash &amp; Bank Balances</b>		
Balances with a Scheduled Bank		
- In Deposit Account	204,852,000	170,859,879
- In Current Accounts	756,858	7,600,815
	<b>205,608,858</b>	<b>178,460,694</b>
<b>Schedule 4: Loans &amp; Advances (Unsecured, Considered good)</b>		
Advance Recoverable in Cash or in kind or value to be received	-	816,031
Tax Deducted at Source	5,320,409	4,253,393
Income Tax (AY 2008-09) (Refer Note 8)	15,606,900	-
	<b>20,927,309</b>	<b>5,069,424</b>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011

	As at 31 <sup>st</sup> March 2011		As at 31 <sup>st</sup> March 2010	
	Rs.		Rs.	
<b>Schedule 5: Current Liabilities</b>				
<b>Grants</b>				
AAF GRANT 2006-2008	82,132,050		112,018,463	
Less :Utilised	<u>21,682,152</u>	60,449,898	<u>29,886,413</u>	82,132,050
RBS Fund 2009	72,774,008		88,000,000	
Less: Utilised	31,983,828		8,185,992	
Less : Utilised for Administrative Expense	<u>-</u>	40,790,180	<u>7,040,000</u>	72,774,008
RBS Fund 2010	-		-	
Add : Receipt	106,183,350		-	
Less: Utilised	4,424,453		-	
Less : Utilised for Administrative Expense	<u>7,099,776</u>	94,659,121	<u>-</u>	-
GAYE Fund	352,824		2,930,352	
Add : Receipt	1,433,031		-	
Less :Utilised	<u>1,785,855</u>	-	<u>2,577,528</u>	352,824
Support Gurukul				
Add: Receipt	6,900		-	
Less :Utilised	<u>6,900</u>	-	<u>-</u>	-
Supergrounds	146,233		1,059,640	
Less :Utilised	<u>-</u>	146,233	<u>913,407</u>	146,233
Employee Volunteering	657,121		-	
Less : Utilised	<u>657,121</u>	-	<u>-</u>	-
Employee Donation	400,523		-	
Less :Utilised	<u>400,523</u>	-	<u>-</u>	-
		<b>196,045,432</b>		<b>155,405,115</b>
<b>Sundry Creditors</b>				
Payable to RBS NV	1,099,776		9,733,841	
Deloitte Haskins & Sells	75,577		45,000	
RBS Business Service Pvt. Ltd.	7,135		7135	
EV Bandhavgarh	-		6	
Pramod S Shah & Associates	139,500		-	
KPMG	<u>279,000</u>	1,600,988	<u>-</u>	9,785,982
[(Other than Micro Small & Medium Entreprises) (Refer Note 5 & 10)]				
<b>Other Liabilities</b>				
TDS payable		54,993		5,793
		<b>197,701,413</b>		<b>165,196,890</b>

**Schedule 6 : Notes to and forming part of the Accounts****1 Background Information**

RBS Foundation India (Formerly ABN AMRO Foundation India) ("the Company") was incorporated on 17<sup>th</sup> February 2007. The Company has been registered under section 25 of the Companies Act, 1956 with effect from 19<sup>th</sup> January, 2007. The Company has also procured the approval of the Ministry of Home Affairs, required under the Foreign Currency Regulation Act, 1976 for receiving foreign grants from RBS Group Communication, UK of GBP 2.7 Million. The Company has received 2.68 million GBP till date out of GBP 2.7 million granted. The Company provides grants for infrastructure development, promoting sustainable livelihood activities, vocational, entrepreneurial and skill enhancement training, social intermediation, providing health care, functional literacy and technical assistance and any other activity that contributes to the poverty alleviation of poor living in undeserved / backward areas and not for profit.

**2 Statement of Significant Accounting Policies****(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

**(b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent liabilities at the date of financial statement and the result of the operations during the reporting period end. Although the estimates are based upon the Management's best knowledge of current events and actions, actual results could differ from these estimates.

**(c) Revenue recognition*****Interest***

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(d) Foreign currency transaction*****(i) Initial Recognition***

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

***(ii) Conversion***

Foreign currency monetary items are reported using the closing rate.

***(iii) Exchange differences***

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, are recognized as income or as expense in the year in which they arise.

**(e) Income taxes**

The Company has been granted exemption from Income tax under Section 12 AA (1) (b)(i) of the Income Tax Act, 1961.



**3 Earnings per Share**

In accordance with the Accounting Standard on "Earnings Per Share" (AS-20) notified under the Companies (Accounting Standards) Rules, 2006.

Particulars		Current Year	Previous Year
		Rs.	Rs.
A	Excess of Income over Expenditure during the Year	11,586,895	5,573,839
B	Weighted average number of Equity shares outstanding	4,500	2,167
C	Earnings per Share (Basic and Diluted) [ A/B]	2,575	2,572

**4 Related Party Disclosure**

Name of Related Party	Nature of transactions	Relation	2010-11	2009-10
RBS PLC	Grant received	Parent	107,615,556	91,989,992

**5 Administrative Expenses**

The Company has accrued Rs.7,099,776 during the current year to RBS N.V., India ("The bank") for services rendered by the bank in nature of infrastructure support services, including cost of premises, cost of human resources and other transaction processing related costs incurred on managing the dealings of the Company.

- 6 As per the "AAF 2007-11" Agreement, dated 1st November, 2007, 8% of the grants received under this agreement, which amounted to Rs.8,494,668 can be utilised for overhead costs. Accordingly during the Current Year the Company has utilised 7,099,776 for its Administrative and Other Expenses.

**7 Auditor's Remuneration**

Particulars	2010-11	2009-10
Statutory audit fees	75,000	50,000
Out of pocket expenses	500	500
Service tax	7,777	5,201
<b>Total</b>	<b>83,277</b>	<b>55,701</b>

- 8 The Company has received during the year an order from the Income Tax Department contending that it has spent the money received as grants in the name of alleviation of poverty, etc. for building a market share for RBS N.V - Indian Branches Micro Finance Business and accordingly denied it the exemption claimed under section 11 of the Income Tax Act, 1961 and raised a demand of Rs. 78,030,489. Consequently, the company has filed an appeal with the Commissioner of Income Tax and also paid an amount of Rs.15,606,900 under protest, pending resolution of appeal. Subsequently to the year end, the Commissioner of Income Tax has ruled appeal in favour of the Company and hence the company currently does not have any liability.

- 9 The Company has no employees and thus no disclosure is required under the Accounting Standard on "Employee Benefits" (AS-15) notified under the Companies (Accounting Standards) Rules, 2006.
- 10 The Company has initiated the process of identification of 'suppliers' registered under " The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED Act) by obtaining confirmation from suppliers. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under the MSMED Act, 2006. Accordingly, no disclosures relating to amounts unpaid as at the end year together with the interest paid/payable are required to furnished.
- 11 The Company is Small and Medium sized company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly the Company has complied with the Accounting Standards as applicable to SMCs.
- 12 **Previous Year Comparatives**  
Previous year's figures have been regrouped & rearranged , wherever necessary.

For and on behalf of the Board of Directors of  
RBS Foundation India

N. Sunil Kumar Tushar Lowalekar Meera H. Sanyal

Director

Director

Director