

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF RBS FOUNDATION INDIA  
Report on the Financial Statements**

We have audited the accompanying financial statements of **RBS FOUNDATION INDIA** (the "Company"), which comprise the Balance Sheet as at 31 March 2016, the Income and Expenditure Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable and guidelines issued by the Reserve Bank of India ("RBI") from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required from time to time and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its surplus of income over expenditure and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its financial statement;
  - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. The Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, is not applicable to the Company in terms of paragraph 1(2) clause (iii) of the Order.

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



*Kalpesh J. Mehta*

Kalpesh J. Mehta  
(Partner)  
(Membership No. 048791)

Place: Mumbai  
Date: 9<sup>th</sup> September, 2016

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls over financial reporting of **RBS FOUNDATION INDIA** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



*Kalpesh J. Mehta*

Kalpesh J. Mehta  
(Partner)  
(Membership No. 048791)

Place: Mumbai  
Date: 9<sup>th</sup> September, 2016

RBS Foundation India (CIN : U45200MH2007NPL167933)

Balance Sheet as at 31 March 2016

Particulars	Notes	As at 31 March 2016	As at 31 March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's Funds</b>			
(a) Share capital	3	45,000	45,000
(b) Reserves and surplus	4	129,603,412	116,524,964
<b>2 Non-current liabilities</b>			
(a) Other long term liabilities	5	387,652,320	407,976,075
<b>3 Current liabilities</b>			
(a) Trade payables	6		
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		9,341,732	229,197
(b) Other current liabilities	7	850,805	1,557
<b>TOTAL</b>		<b>527,493,269</b>	<b>524,776,793</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Long-term loans and advances			
Other loans and advances (TDS recoverable)	8	11,702,160	10,924,542
<b>2 Current assets</b>			
(a) Cash and cash equivalents	9	510,776,133	511,551,763
(b) Other current assets	10	5,014,976	2,300,488
<b>TOTAL</b>		<b>527,493,269</b>	<b>524,776,793</b>

See accompanying notes forming part to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

*Kalpesh J Mehta*  
Kalpesh J Mehta  
Partner

Mumbai  
Date: 9th September 2016

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

*N Sunil Kumar*  
N Sunil Kumar  
Director  
(DIN: 03519333)

Mumbai  
Date: 9th September 2016

*Andrea Dacosta*  
Andrea Dacosta  
Director  
(DIN: 07554904)

*Pankaj Phatarphod*  
Pankaj Phatarphod  
Director  
(DIN: 03031289)



RBS Foundation India (CIN : U45200MH2007NPL167933)

Income and Expenditure for the Year Ended 31 March 2016

Particulars	Notes No.	For the year ended 31 March 2016	For the year ended 31 March 2015
Other income	11	37,617,707	41,803,585
<b>I Total</b>		<b>37,617,707</b>	<b>41,803,585</b>
Other expenses	12	24,539,259	17,691,598
<b>II Total</b>		<b>24,539,259</b>	<b>17,691,598</b>
<b>III Excess of Income over Expenditure</b>		<b>13,078,448</b>	<b>24,111,987</b>
<b>IV Earnings per equity share:</b>	<b>13</b>		
Basic [Nominal Value Per Share Rs.10/-] (Previous Year Rs.10/-)		2.906	5.358

See accompanying notes forming part to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants



Kalpesh J Mehta  
Partner

Mumbai  
Date: 9th September 2016

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



N Sunil Kumar  
Director  
(DIN: 03519333)  
Mumbai  
Date: 9th September 2016



Andrea Dacosta  
Director  
(DIN: 07554904)  
Mumbai  
Date: 9th September 2016



Pankaj Phatarphod  
Director  
(DIN: 03031289)



RBS Foundation India (CIN : U45200MH2007NPL167933)

Cash Flow Statement for the year ended 31 March 2016

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A. Cash flow from operating activities</b>		
Income and expenditure before extraordinary items and tax	13,078,448	24,111,987
<i>Adjustments for:</i>		
Interest income	(37,617,707)	(41,803,585)
	(37,617,707)	(41,803,585)
Operating income and expenditure before working capital changes	(24,539,259)	(17,691,598)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/decrease in operating assets:</i>		
Long-term loans and advances	-	-
Other current assets	8,372	(8,372)
<i>Adjustments for increase/(decrease) in operating liabilities:</i>		
Trade payables	9,112,535	112,904
Other current liabilities	849,248	1,557
Other long-term liabilities	(20,323,755)	(32,845,506)
	(10,353,600)	(32,739,417)
Cash generated from operations:	(34,892,859)	(50,431,015)
Net income tax (paid)/refunds	(777,618)	622,496
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(35,670,477)</b>	<b>(49,808,519)</b>
<b>B. Cash flow from investing activities</b>		
Interest received on fixed deposit	34,595,050	43,493,515
Interest received on income tax refund	299,797	181,393
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>34,894,847</b>	<b>43,674,908</b>
<b>C. Cash flow from financing activities</b>		
Bank Balance held for specific Project ( NABARD Grant)	(780,000)	-
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(780,000)</b>	<b>-</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(1,555,630)</b>	<b>(6,133,611)</b>
Cash and cash equivalents at the beginning of the year	511,551,763	517,685,374
<b>Cash and cash equivalents at the end of the year</b>	<b>509,996,133</b>	<b>511,551,763</b>
(i) In earmarked accounts		
- other earmarked accounts (for NABARD grant)	780,000	-
Cash and cash equivalents as at the end of the year (Refer Note 9)	510,776,133	511,551,763

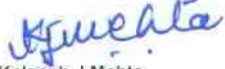
**Notes:**

- (i) The Cash Flow Statement has been prepared under "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements specified under section 133 of Companies Act, 2013 as applicable.
- (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes:

See accompanying notes forming part of the financial statements

In terms of our report attached.


For Deloitte Haskins & Sells  
Chartered Accountants

  
Kalpesh J Mehta

Partner

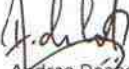
Mumbai  
Date: 9th September 2016

For and on behalf of the Board of Directors

  
N Sunil Kumar

Director  
(DIN: 03519333)  
Mumbai

Date: 9th September 2016

  
Andrea Da Costa

Director  
(DIN: 07554904)

  
Pankaj Phatarphod

Director  
(DIN: 03031289)





**1 Background information**

RBS Foundation India (Formerly ABN AMRO Foundation India) ("the Company") was incorporated on 17th February 2007. The Company has been registered under Section 25 of the Companies Act, 1956 ( under Section 8 of the Companies Act, 2013) with effect from 19th January 2007. The Company has also procured the approval of the Ministry of Home Affairs, required under the Foreign Contribution (Regulation) Act, 1976 for receiving foreign grants. The Company receives funds (RBS Funds) on a periodic basis which are accounted and disclosed under Other Long Term Liabilities. The Company utilises these funds 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.

The utilisation of the Grant was previously done on FIFO basis as per the Board Resolution dated 25 June, 2012. From the current financial year 2015 - 2016 the Company has changed its method of utilisation from FIFO basis to a specific identification approach with effect from 1st April 2015.

**2 Significant accounting policies**

**(a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, as applicable. The financials statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in previous year.

**(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. Although the estimates are based upon the Management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimate is recognised prospectively.

**(c) Revenue recognition**

***Interest***

Interest income is recognised 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 on 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 recognised as income or as expense in the year in which they arise.



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