

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 31st March, 2012, 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;



Deloitte Haskins & Sells

- (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 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 31st March, 2012;
 - (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 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 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)

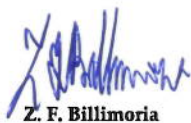
Z. F. Billimoria
Partner
(Membership No.42791)

MUMBAI, 21st August, 2012

| RBS FOUNDATION INDIA | | | |
|--|-------|-----------------------|-----------------------|
| Balance Sheet as at 31st March, 2012 | | | |
| Particulars | Notes | As at 31st March 2012 | As at 31st March 2011 |
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholder's Funds | | | |
| (a) Share Capital | 3 | 45,000 | 45,000 |
| (b) Reserves and surplus | 4 | 49,568,868 | 30,794,747 |
| 2 Non-current liabilities | | | |
| (a) Other Long term liabilities | 5 | 352,505,124 | 196,045,432 |
| 3 Current liabilities | | | |
| (a) Trade payables | 6 | 187,583 | 1,600,988 |
| (b) Other current liabilities | 7 | 22,799 | 54,993 |
| TOTAL | | 402,329,374 | 228,541,160 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Long-term loans and advances Other Loans and advances (TDS recoverable) | 8 | 7,437,755 | 20,927,309 |
| 2 Current assets | | | |
| (a) Cash and Bank Balances | 9 | 391,126,883 | 205,608,858 |
| (b) Other current assets | 10 | 3,764,736 | 2,004,993 |
| TOTAL | | 402,329,374 | 228,541,160 |

See accompanying notes to the financial statements

For Deloitte Haskins & Sells
Chartered Accountants


Z. F. Billimoria

Partner
Mumbai
Date: 27/03/2012

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


N Sunil Kumar

Director
Mumbai
Date:


Shriram Singh

Director


Meera H. Sanyal

Director

| RBS FOUNDATION INDIA | | | | |
|--|--|-----------|------------------------------------|------------------------------------|
| INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 2012 | | | | |
| | | | | |
| Particulars | | Notes No. | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
| I | Other income | 11 | 20,554,030 | 12,284,360 |
| | Total | | 20,554,030 | 12,284,360 |
| II | Other expenses | 12 | 1,779,909 | 697,465 |
| | Total | | 1,779,909 | 697,465 |
| III | Excess of Income over Expenditure (I-II) | | 18,774,121 | 11,586,895 |
| IV | Earnings per equity share: Basic [Nominal Value per share Rs.10/- (Previous Year Rs.10/-)] | 13 | 4,172 | 2,575 |

See accompanying notes to the financial statements

For Deloitte Haskins & Sells
Chartered Accountants

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



Z. F. Billimoria
Partner

Mumbai

Date: 27/08/2012



N Sunil Kumar

Director
Mumbai

Date:



Shriram Singh

Director



Meera H. Sanyal

Director

Notes to and forming part of the Accounts

1 Background Information

RBS Foundation India ("the Company") was incorporated on 17th February 2007. The Company has been registered under Section 25 of the Companies Act, 1956 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, 2010 for receiving foreign grants. 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.

(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.

(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 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 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.



| RBS FOUNDATION INDIA |
|---|
| NOTES FORMING PART OF THE BALANCE SHEET AS AT 31st Mar'2012 |

Note 3: Share Capital

Share Capital consisted of the following as of March 31, 2012 and 2011:

| | 2012 | 2011 |
|---|---------|---------|
| Authorized Share Capital | | |
| 10,000 Equity Shares Of Rs . 10 Each | 100,000 | 100,000 |
| Issued, Subscribed and Paid - Up | | |
| 4,500 Equity Shares Of Rs . 10 Each fully paid-up | 45,000 | 45,000 |
| Total | 45,000 | 45,000 |

Note.3(a): Shares in respect of each class in the Company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

Not Applicable

Note.3(b): The company has only one class of equity share having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note.3(c): Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held

| Name of Shareholder | As at 31 March 2012 | | As at 31 March 2011 | |
|-------------------------|---------------------|--------------|---------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Ms. Meera H Sanyal | 500 | 11.11% | 500 | 11.11% |
| Ms. Uma Ratnam Krishnan | 500 | 11.11% | 500 | 11.11% |
| Ms. Dipali Sheth | 500 | 11.11% | 500 | 11.11% |
| Mr. Shiv Gupta | 500 | 11.11% | 500 | 11.11% |
| Mr. Rohit Sawhney | 500 | 11.11% | 500 | 11.11% |
| Mr. Madan Menon | 500 | 11.11% | 500 | 11.11% |
| Mr. Brijesh Mehra | 500 | 11.11% | 500 | 11.11% |
| Mr. Pankaj Phatarphod | 500 | 11.11% | 500 | 11.11% |
| Mr. Rajesh Jogi | 500 | 11.11% | 500 | 11.11% |

Note 4: Reserve & Surplus

| | As at 31st March 2012 | As at 31st March 2011 |
|--|-----------------------|-----------------------|
| Balance in Income and Expenditure Account | 30,794,747 | 19,207,852 |
| Excess of Income over Expenditure For the Year | 18,774,121 | 11,586,895 |
| Total | 49,568,868 | 30,794,747 |

Note 5: Other Long Term Liabilities

| | As at 31st March 2012 | As at 31st March 2011 |
|---|-----------------------|-----------------------|
| AAF Grant 2006-2008 | 60,449,898 | 82,132,050 |
| Less : Utilised | 51,728,228 | 21,682,152 |
| | 8,721,670 | 60,449,898 |
| RBS Fund 2009 | 40,790,180 | 72,774,008 |
| Less : Utilised | - | 31,983,828 |
| | 40,790,180 | 40,790,180 |
| RBS Fund 2010 | 94,659,121 | 106,183,350 |
| Less : Utilised | - | 4,424,453 |
| Less : Utilised for Administrative Expenses | - | 7,099,776 |
| | 94,659,121 | 94,659,121 |
| RBS Fund 2011 | - | - |
| Add : Receipt | 219,106,000 | - |
| Less : Utilised for Administrative Expenses | 10,918,080 | - |
| | 208,187,920 | - |
| Employee Doantion | - | - |
| Add : Receipt | 244,900 | 400,523 |
| Less : Utilised | 244,900 | 400,523 |
| | - | - |
| Supergrounds | 146,233 | 146,233 |
| Less : Utilised | - | - |
| | 146,233 | 146,233 |
| Total | 352,505,124 | 196,045,432 |

Note 6: Trade Payables

| | Rs. | |
|--------------------------------------|-----------------------|-----------------------|
| | As at 31st March 2012 | As at 31st March 2011 |
| Trade Payables | | |
| Payable to RBS NV | - | 1,099,776 |
| Deloitte Haskins & Sells | 96,572 | 75,577 |
| RBS Business Service Private Limited | - | 7,135 |
| Pramod S Shah & Associates | - | 139,500 |
| Adarsha Consulting | 91,011 | - |
| B S R and Co. (KPMG) | - | 279,000 |
| Total | 187,583 | 1,600,988 |

Note 7: Other Current Liabilities

| | Rs. | |
|--------------------------|-----------------------|-----------------------|
| | As at 31st March 2012 | As at 31st March 2011 |
| TDS on Professional Fees | 22,799 | 54,993 |
| Total | 22,799 | 54,993 |

Note 8: Long-term loans and advances

| | Rs. | |
|--|-----------------------|-----------------------|
| | As at 31st March 2012 | As at 31st March 2011 |
| Other Loans and Advances - TDS recoverable (Unsecured, Considered Good) | | |
| TDS for F. Y. 2008-09 | 3,077,700 | 3,077,700 |
| TDS for F. Y. 2009-10 | 1,175,693 | 1,175,693 |
| TDS for F. Y. 2010-11 | 1,067,017 | 1,067,016 |
| TDS for F. Y. 2011-12 | 2,117,345 | - |
| Advance Tax A.Y 2008-09 | - | 15,606,900 |
| | 7,437,755 | 20,927,309 |

Note 9: Cash and Bank Balances

| | Rs. | |
|---|-----------------------|-----------------------|
| | As at 31st March 2012 | As at 31st March 2011 |
| Cash and Cash Equivalents | | |
| (i) Balances with banks in Current Account | 853,668 | 204,852,000 |
| (ii) Deposits with an original maturity of less than or equal to three months | 29,000,000 | - |
| Other Bank Balances | | |
| Deposits with a residual maturity of less than twelve months | 361,273,215 | 756,858 |
| Total | 391,126,883 | 205,608,858 |

Note 10: Other current assets

| | Rs. | |
|--|-----------------------|-----------------------|
| | As at 31st March 2012 | As at 31st March 2011 |
| Interest Receivable on Bank Fixed Deposits | 3,716,399 | 2,004,993 |
| Other Receivables | 48,337 | - |
| Total | 3,764,736 | 2,004,993 |

Note 11: Other Income

| | Rs. | |
|--------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
| A) Interest Income | | |
| Interest on Income Tax Refund | 546,242 | - |
| Interest on Fixed Deposits | 19,852,726 | 9,590,519 |
| B) Other Non-Operating Income | | |
| Expenses written back | 155,062 | 2,693,841 |
| Total | 20,554,030 | 12,284,360 |

Note 12: Other Expenses

| | Rs. | |
|----------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
| Professional Fees | 456,012 | 613,432 |
| Bank Charges | 10,000 | 756 |
| Auditor's Remuneration (Note 17) | 129,363 | 83,277 |
| Advertisement Charges | 8,640 | - |
| Office expenses | 529 | - |
| Printing & Stationery | 187,637 | - |
| Registration Fees | 2,000 | - |
| Seminar Expenses | 985,610 | - |
| Interest on TDS | 118 | - |
| Administrative Exp. | | |
| Annual Maintenance Charges | 10,918,080 | 7,099,776 |
| Less: Grant Received | (10,918,080) | (7,099,776) |
| Total | 1,779,909 | 697,465 |

Note 13: Earnings Per Share

Shareholders Earnings (as per Income and Expenditure Account)

| Particulars | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
|--|------------------------------------|------------------------------------|
| Excess of Income over Expenditure (after tax) for the period (A) | 18,774,121 | 11,586,895 |
| Weighted average number of Equity shares outstanding (B) | 4,500 | 4,500 |
| Earnings per Share (Basic) (A/B) | 4,172 | 2,575 |

14 Related Party Disclosure

| Name of Related Party | Nature of transactions | Relation | 2011-12 | 2010-11 |
|----------------------------|------------------------|----------|-------------|-------------|
| Royal Bank of Scotland PLC | Grant received | Parent | 219,106,000 | 107,615,556 |

15 Administrative Expenses

The Company has accrued Rs.10,918,080/- 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.

- 16 As per the "AAF 2007-11" Agreement entered between RBS Foundation (ABN AMRO Foundation) and RBS Foundation India (ABN AMRO Foundation India), dated 1st November, 2007, 8% of the grants received under this agreement, which amounted to Rs.17,528,480 can be utilised for Administrative and Other Expenses. Accordingly during the Current Year the Company has utilised Rs 10,918,080 for its Administrative and Other Expenses.

17 Auditor's Remuneration

| Particulars | 2011-12 | 2010-11 |
|------------------------|----------------|---------------|
| Statutory audit fees | 75,000 | 75,000 |
| Fees for Form 10 B | 40,000 | - |
| Out of pocket expenses | 500 | 500 |
| Service tax | 13,863 | 7,777 |
| Total | 129,363 | 83,277 |

18 Contingent Liabilities (to the extent not provided for)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|-----------------------|-----------------------|
| (a) Claim against the company not acknowledged as debt in respect of Demand Notice received from Income Tax Authorities | 78,034,489 | - |
| Total | 78,034,489 | - |

- 19 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.
- 20 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 confirmations 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 be furnished.
- 21 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.

22 Previous Year Comparatives

The Revised Schedule VI has been effective from 1st April 2011, for the preparation of Financial Statements, this has significantly impacted the disclosures and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary, to correspond with the current year's classification/disclosure.



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


N. Sunil Kumar

Director


Shriram Singh

Director


Meera H. Sanyal

Director