

**A.K. AWASTHI & CO.**  
**CHARTERED ACCOUNTANTS**

300  
**118/170, SHIV MARKET**  
**GUMTI NO.5, KANPUR.**  
**PHONE : 0512-2295905**  
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To,

The Members of Executive Committee,  
SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR),  
Sectt.: C/o Central Electricity Regulatory Commission,  
First Floor, Chanderlok Building, 36 Janpath,  
New Delhi - 110 001.

## **AUDITOR'S REPORT**

We have audited the attached Balance sheet of **SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)** New Delhi, as at **31st March, 2016** and the income and expenditure account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Society's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

The Income Tax Department has held that Society is an independent body & not covered by the judgement of Chemsford Club (SC) thus principle of mutuality does not exist. Hence provision of Income Tax for the AY 2012-13 Rs. 2,98,038/ and AY 2013-14 Rs. 10,93,221/- has been made in the books in the current year.



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Although the management has taken a decision to contest the case till clarity is granted by Government/Court/Tribunal on this issue, As advised by the Tax Consultant, the Competent Authority is contemplating for filing a Miscellaneous Petition with the ITAT.

During the A.Y. 2014-15 & A.Y. 2015-16, SAFIR filed its return, claiming its income as exempt under the "Principle of Mutuality". The Income Tax Department processed the returns u/s 143(1) of Income Tax Act, 1961 and the income tax refund was duly paid to the organization. Therefore, although the refunds have been duly received, but the same have been shown under the head Current Liabilities, as SAFIR is still anticipating exemption under the "Principle of Mutuality".

Pending the resolutions, the Tax Deducted at Source and Self-Assessment Tax for the earlier years, to be adjusted accordingly.

In our opinion and to the best of your information and explanations given to us, the financial statement read with Notes to accounts, gives 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 Society as at **31st March 2016**, and
- b) In the case of the Income & Expenditure Account, of the surplus for the year ended on that date.

**For A.K. Awasthi & Co.  
Chartered Accountants**



(A.K. Awasthi)  
Partner

Membership No. 072519

**Place : New Delhi  
Dated : 07th October, 2016**

**SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)**  
**Sectt.: C/o Central Electricity Regulatory Commission (CERC)**  
 Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.

**BALANCE SHEET AS ON 31st MARCH, 2016**

LIABILITIES	AMOUNT (in ₹)				ASSETS	AMOUNT (in ₹)			
	AS ON 31.03.2016		AS ON 31.03.2015			AS ON 31.03.2016		AS ON 31.03.2015	
<b>GENERAL FUND</b>					<b>FIXED ASSETS (SCHEDULE-1)</b>				
Opening Capital	94,03,180		81,48,634		Fixed Assets WDV as on 01.04.15	6,014		15,036	
Add: Excess of Income over Expenditure	20,00,632	114,03,812	12,54,546	94,03,180	Less: Depreciation during the year	3,608		9,022	
					<b>Net Fixed Assets</b>		2,406		6,014
<b>CURRENT LIABILITIES</b>					<b>CURRENT ASSETS</b>				
Audit Fees Payable	25,300		25,080		Cash-in-Hand	-			1,000
Advertising Expenses Payable	-		53,321		Auto Sweep FDRs	47,30,448		66,18,000	
Core Course Expenses Payable	-		9,83,714		Corporation Bank - SB A/c No. 5129	-		1,128	
Honorarium Expenses Payable	-		35,000		Corporation Bank - SB A/c No. 5142	79,52,025		61,24,057	
Income Tax Refund Received (A.Y. 2014-2015)	85,370		-		Corporation Bank - SB A/c No. 140005	15,414	126,97,887	9,458	127,52,643
Income Tax Refund Received (A.Y. 2015-2016)	4,82,800		-						
Legal Fees Payable	11,500		11,400		<b>LOANS &amp; ADVANCES (SCHEDULE-6)</b>		39,64,972		17,46,488
Salary Payable	1,50,282		-						
Meeting Expenses Payable	97,502		15,73,410						
Office Expenses Payable	66,652		16,756						
Professional Fees Payable	43,485		19,909						
Professional Fees Payable (Staff Consl.)	50,000		-						
Telephone Expenses Payable	3,244		3,982						
Travelling Expenses Payable	4,47,167		15,80,103						
Provision for Tax (A.Y. 2012-2013)	2,98,038		-						
Provision for Tax (A.Y. 2013-2014)	10,93,221		-						
Provision for Tax (A.Y. 2014-2015)	2,08,450		2,08,450						
Provision for Tax (A.Y. 2015-2016)	5,91,840		5,91,840						
Provision for Tax (A.Y. 2016-2017)	16,06,602	52,61,453	-	51,02,965					
		<u>166,65,265</u>		<u>145,06,145</u>			<u>166,65,255</u>		<u>145,06,145</u>

Significant Accounting Policies & Notes on Account

(Schedule-7)

As per our report of even date attached.

For A.K. AWASTHI & CO.  
Chartered Accountants

A.K. AWASTHI  
(Partner)  
M.No. : 072519



Date: 07<sup>th</sup> October, 2016  
Place: New Delhi

For SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION

Hon. Secretary

Hon. Treasurer

**SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)**  
**Sectt.: C/o Central Electricity Regulatory Commission (CERC)**  
**Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.**

**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE PERIOD 01st APRIL, 2015 to 31st MARCH, 2016**

Description	Schedule	Amount (in ₹)		Description	Amount (in ₹)	
		AS ON 31.03.2016	AS ON 31.03.2015		AS ON 31.03.2016	AS ON 31.03.2015
Administrative Costs (Secretariat)	2	9,69,487	11,68,496	Subscription & Membership Fees (TDS = NIL)	87,01,279	83,51,850
Salary, Establishment Expenses and other Services	3	14,04,236	12,78,780	Participation Fees (Core Course) (TDS = NIL)	-	1,50,000
Steering Committee Expenses	4	5,70,416	31,01,250	Interest from Auto Sweeps FDRs (TDS = ₹ 49,124/-)	4,90,881	52,755
Core Course Expenses	5	14,03,565	15,07,207	Interest Received from Savings Bank Account	2,92,476	4,25,376
Depreciation		3,608	9,022	Excess Provision Written Off	66,037	121
Income Tax Paid for A.Y. 2011-12		-	49,420			
Interest on delay in payment of Advance Tax for A.Y. 2016-17		14,148	-			
Interest on Self Assessment Tax paid F.Y. 2015-16 / (F.Y. 2014-15)		50,100	19,541			
Provision for Tax (F.Y. 2011-12, 2012-13 & 2015-16)		29,97,861	5,91,840			
Prior Period Expenses		1,36,620	-			
<b>Excess of Income over Expenditure</b>		<b>20,00,632</b>	<b>12,54,546</b>			
		<b>95,50,673</b>	<b>89,80,102</b>		<b>95,50,673</b>	<b>89,80,102</b>

Significant Accounting Policies & Notes on Account 7  
 As per our report of even date attached.

For A.K. AWASTHI & CO.  
 Chartered Accountants

A.K. AWASTHI  
 (Partner)  
 M.NO. : 072519

Date: 07<sup>th</sup> October, 2016  
 Place: New Delhi



For SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION

Hon. Secretary

Hon. Treasurer

**SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)**  
**Sectt.: C/o Central Electricity Regulatory Commission (CERC)**  
**Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.**

**SCHEDULE-1**

**Fixed Assets Schedule as at 31st March 2016**

Particulars	WDV as on 01-04-2015	Additions during the year ( < 180 days)	Additions during the year ( > 180 days)	Sales/ Transfers	Total	Amount (in ₹)	
						Depreciation for the year	WDV as on 31-03-2016
Apple i-Pad	4,984	-	-	-	4,984	2,990	1,994
Printer	1,030	-	-	-	1,030	618	412
<b>Total</b>	<b>6,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,014</b>	<b>3,608</b>	<b>2,406</b>
Figures for the previous year	15,036	-	-	-	15,036	9,022	6,014

As per our report of even date attached.

For A.K. AWASTHI & CO.  
Chartered Accountants

A.K. AWASTHI  
(Partner)  
M.NO. : 072519



For SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION

Hon. Secretary

Hon. Treasurer

Date: 07<sup>th</sup> October, 2016  
Place: New Delhi

**SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)**  
**Sectt.: C/o Central Electricity Regulatory Commission (CERC)**  
**Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.**

**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	AMOUNT (in ₹)	AMOUNT (in ₹)
	AS ON 31.03.2016	AS ON 31.03.2015
<b>SCHEDULE - 2 (Administrative Costs Secretariat)</b>	<b>9,69,487</b>	<b>11,68,496</b>
Advertisement Expenses	-	3,35,065
Audit Fees	25,300	25,030
Bank Charges	2,005	2,270
Conveyance Expenses	600	590
e-TDS Filing Fees	456	310
Honorarium Expenses	-	35,000
Legal Fees	45,700	23,636
Office Maintenance	7,52,988	6,31,274
Printing & Stationary	4,950	4,080
Professional Fees	43,560	36,783
Professional Fees (Staff Consultants)	50,000	-
Telephone Expenses	30,850	30,106
Website Expenses	13,078	44,322
<b>SCHEDULE - 3 (Salary, Establishment Expenses and other Services)</b>	<b>14,04,236</b>	<b>12,78,780</b>
Salary	14,04,236	12,78,780
<b>SCHEDULE - 4 (Steering &amp; Executive Committee Expenses)</b>	<b>5,70,416</b>	<b>31,01,250</b>
Meeting Expenses	1,27,248	17,89,506
Travelling Expenses	4,43,168	13,11,744
<b>SCHEDULE - 5 (Core Course Expenses)</b>	<b>14,03,565</b>	<b>15,07,207</b>
Core Course Expenses	10,30,500	11,85,205
Travelling Expenses	3,73,065	3,22,002
<b>TOTAL (Schedule 2 to 6)</b>	<b>43,47,704</b>	<b>70,55,733</b>

As per our report of even date attached.

For A.K. AWASTHI & CO.  
Chartered Accountants

A.K. AWASTHI  
(Partner)  
M.NO.: 072519

Date: 07<sup>th</sup> October, 2016  
Place: New Delhi



For SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION

Hon. Secretary

Hon. Treasurer

**SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)**  
**Sectt.: C/o Central Electricity Regulatory Commission (CERC)**  
**Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.**

**SCHEDULE FORMING PART OF BALANCE SHEET**

**Schedule - 6**  
**Loans and Advances**

PARTICULARS	Amount (in ₹)	
	AS ON 31.03.2016	AS ON 31.03.2015
Forum of Indian Regulators	1,71,556	1,47,617
Forum of Regulators	1,71,556	1,47,617
Prepaid Expenses (Website)	828	1,425
Security Deposit (Vodafone)	10,000	10,000
Interest Accrued on Auto Sweep FDRs	50,000	45,684
Meeting Expenses Receivable	-	9,914
Travelling Advance	-	20,000
<b><u>Tax Deducted at Source</u></b>		
Tax Deducted at Source (AY 2010-11)	94,821	94,821
Tax Deducted at Source (AY 2012-13)	56,618	56,618
Tax Deducted at Source (AY 2013-14)	46,000	46,000
Tax Deducted at Source (AY 2014-15)	7,000	7,000
Tax Deducted at Source (AY 2015-16)	16,453	16,453
Tax Deducted at Source (AY 2016-17)	49,124	-
Self Assessment Tax (AY 2008-09)	3,43,163	3,43,163
Self Assessment Tax (AY 2009-10)	3,73,670	3,73,670
Self Assessment Tax (AY 2010-11)	1,84,867	1,84,867
Self Assessment Tax (AY 2013-14)	40,180	40,180
Self Assessment Tax (AY 2014-15)	2,01,459	2,01,459
Self Assessment Tax (AY 2015-16)	5,75,400	-
Advance Tax (AY 2016-17)	15,72,277	-
<b>Total</b>	<b>39,64,972</b>	<b>17,46,488</b>

As per our report of even date attached.

For A.K. AWASTHI & CO.  
Chartered Accountants

A.K. AWASTHI  
(Partner)  
M.NO.: 072519

Date: 07<sup>th</sup> October, 2016  
Place: New Delhi



For SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION

Hon. Secretary

Hon. Treasurer

**SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)**  
**Sectt.: C/o Central Electricity Regulatory Commission (CERC)**  
**Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.**

**Bank Reconciliation Statement**

FROM 01-04-2015 TO 31-03-2016

CORPORATION BANK - SAVING A/c No. 209914801140005

Amount (₹)

DR

CR

**BALANCE AS PER BANK BOOK**

(138.43)

**Less:** CASH SENT TO BANK FOR DEPOSITING, BUT COULD NOT BE DEPOSITED

464.00

Date of Deposit

07.04.2016

**Add:** CHEQUES ISSUED, BUT NOT PRESENTED IN BANK:

DATE	PARTICULARS	CHEQUE NO.	Amount (₹)	Date of Clearance
31.03.2016	TDS Payable on Salary	286834	15,050.00	11.04.2016
31.03.2016	TDS Payable on Contract	286835	966.00	11.04.2016
<b>BALANCE AS PER BANK STATEMENT</b>			-	15,413.57

SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)  
Sectt.: C/o Central Electricity Regulatory Commission (CERC)  
Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.

**Bank Reconciliation Statement**  
FROM 01-04-2015 TO 31-03-2016

CORPORATION BANK - SAVING A/c No. 209900116005142 (FCRA Account)	Amount (₹)	
	DR	CR
BALANCE AS PER BANK BOOK	79,52,025.00	-
BALANCE AS PER BANK STATEMENT	-	79,52,025.00

SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)  
Sectt.: C/o Central Electricity Regulatory Commission (CERC)  
Ground, 3rd & 4th FLOORS, CHANDERLOK BUILDING, 36 JANPATH, NEW DELHI - 110 001.

**Bank Reconciliation Statement**  
FROM 01-04-2015 TO 31-03-2016

CORPORATION BANK - SAVING A/c No. 209900101008228

Amount (₹)

DR CR

BALANCE AS PER BANK BOOK

-

BALANCE AS PER BANK STATEMENT

-

-

## SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)

F.Y. 2015-2016

1) Working Note on calculation of Interest Accrued :

(Amount in Rs.)

S.No.	NATURE (Auto Sweep FDRs)	Date as per TDS Cert.	Interest as per TDS Summary Cert.	(-) TDS	Amt. of Interest Accrued as per TDS Cert. as on 31.03.2016
	<b>With Corporation Bank</b>				
1	xxxxx/xxxx/00029	26.03.2016	3,804.00	380.00	3,424.00
2	xxxxx/xxxx/00030	26.03.2016	9,476.00	948.00	8,528.00
3	xxxxx/xxxx/00031	26.03.2016	898.00	89.00	809.00
4	xxxxx/xxxx/00033	26.03.2016	7,725.00	773.00	6,952.00
5	xxxxx/xxxx/00034	26.03.2016	993.00	99.00	894.00
6	xxxxx/xxxx/00037	26.03.2016	1,863.00	186.00	1,677.00
7	xxxxx/xxxx/00038	26.03.2016	6,669.00	667.00	6,002.00
8	xxxxx/xxxx/00039	26.03.2016	3,253.00	326.00	2,927.00
9	xxxxx/xxxx/00040	26.03.2016	3,210.00	321.00	2,889.00
10	xxxxx/xxxx/00041	26.03.2016	2,836.00	283.00	2,553.00
11	xxxxx/xxxx/00042	26.03.2016	2,930.00	293.00	2,637.00
12	xxxxx/xxxx/00045	26.03.2016	4,787.00	479.00	4,308.00
13	xxxxx/xxxx/00047	26.03.2016	7,228.59	828.00	6,400.59
<b>TOTAL</b>			<b>55,672.59</b>	<b>5,672.00</b>	<b>50,000.59</b>

## SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)

### Schedule: 7 (Forming part of Balance Sheet as at 31st March, 2016)

#### Background of SAFIR

The South Asia Forum for Infrastructure Regulation (SAFIR) was established in May, 1999 with the support of World Bank. It is an Association of Person (AOP). It exists for the benefit of members inter se. Thus, it is attracted to principle of mutuality and following the guidelines laid down by the Apex Court in the case of CHELMSFORD CLUB reported in 243 ITR 89. Accordingly, the entire income of SAFIR was claimed to be exempt.

SAFIR aims to:

- Provide a platform for experience sharing amongst the regulators in the sectors like electricity, natural gas, telecommunications, water, transport, etc. of the region;
- Build regulatory decision-making and response capacity in South Asia;
- Facilitate the regulatory process;
- Conduct training programmes to serve regulatory agencies and other stakeholders;
- Spur research on regulatory issues; and
- Provide a databank of information relating to regulatory reform processes and experiences.

#### Significant Accounting Policies & Notes on Account

##### a. Method of Accounting

Accounts, in general, are being prepared under the fundamental assumption of Accrual basis, Going Concern and Consistency. Also the mandatory Accounting Standards issued by ICAI & notified by the Govt. of India from time-to-time are materially complied.

##### b. Recognition of Income

###### (i) Recognition of Membership Fees

Association charges membership fees from each member, year on year basis as prescribed from time to time. Such fees recognized in the books of accounts on receipt basis.

###### (ii) Recognition of Other Incomes

(A) Similarly, other incomes, such as sponsorship fees, core course fees, etc. are recognized as and when they are received by the Association.

(B) Interest earned on the auto sweep / flexi deposits is being recognized on accrual basis by the Association.

##### c. Fixed Assets and Depreciation

The Association owns fixed assets depreciated using W.D.V. Method of Depreciation, at the rates prescribed in the Income Tax Rules, 1962.

### Significant Accounting Policies & Notes on Accounts (Contd.)

**d. Events occurring after the Balance Sheet date**

No significant events which could affect the financial position as on 31.03.2016 to a material extent has been reported by the Association, after the balance sheet date till approval of Accounts.

**e. Prior period and Extraordinary Items**

Errors and Omission in the preparation of the financial statements for the one or more period of past years shall be dealt as per AS-5. Salary of Rs. 1,36,620/- for the month March, 2015 has been booked as prior period item due to policy change.

**f. Overall Valuation Policy**

The accounts have been prepared on historical cost basis and on the assumption of going concern.

**g. Foreign Exchange Transactions**

The foreign currency transactions are recorded as per Accounting Standard 11.

**h. Retirement Benefits**

All employees are on contractual basis. Based on the terms of their contract, no retirement benefit is payable to them and hence not provided for.

**i. Salary Expenses**

Till the F.Y. 2014-15, no provision was made for salary for the month of March. From the current financial year, liability in respect of salary for the month of March, 2016 amounting to Rs. 1,50,282/- has been provided for.

**j. Taxation**

**Direct Tax**

No provision for tax has been made till A.Y. 2013-14, because according to the understanding of the management, based on the opinion of the Tax Consultant, SAFIR was exempted under the Income Tax Act, 1961, under the "Principle of Mutuality" as claimed by SAFIR in its return from A.Y. 2010-11 onwards as per the decision of the Apex Court in the case of CHEMSFORD CLUB LTD.

However, in respect of A.Y. 2010-11, the Assessing Officer has taken a contrary view & rejected management contention. This led to a disputed demand which has been upheld by CIT (A) too and the case was further appealed with the next higher authority, i.e. Income Tax Appellate Tribunal (ITAT). Now, the ITAT has also rejected SAFIR's appeal. As advised by the Tax Consultant, the Competent Authority is contemplating for filing a Miscellaneous Petition with the ITAT.

Further, in respect of A.Y. 2011-12, the Assessing Officer (AO) has taken a contrary view & rejected management contention. This led to a disputed demand u/s 271(1)(c) of the Income tax Act, 1961, amounting to ₹ 49,420/-, which was paid by SAFIR during the F.Y. 2014-2015. Against the order of the AO, SAFIR filed an appeal with the CIT(A), who also rejected SAFIR's appeal.

Pending the resolutions, the TDS and Self-Assessment Tax for the earlier years, to be adjusted accordingly.

During the A.Y. 2014-15 & A.Y. 2015-16, SAFIR filed its return, claiming its income as exempt under the "Principle of Mutuality". The Income Tax Department processed the returns u/s 143(1) of Income Tax Act, 1961 and the income tax refund was duly paid to SAFIR. Therefore, although the refunds have been duly received, but the same have been shown under the head Current Liabilities, as SAFIR is still anticipating exemption under the "Principle of Mutuality", based on the advise of the Tax Consultant.

**Indirect Tax**

SAFIR is in the process of obtaining an opinion about the applicability of Service Tax on receipt of subscription and membership fee from its Members and Reverse Charge Mechanism.

- k. Figures have been regrouped and rearranged wherever necessary.

For A.K. Awasthi & Co.  
Chartered Accountants

**SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)**

A.K. AWASTHI  
(Partner)  
M.No.: 072519



Hon. Secretary

Hon. Treasurer

Date: 07<sup>th</sup> October, 2016  
Place: New Delhi