

A .K. AWASTHI & CO.
CHARTERED ACCOUNTANTS

118/170,SHIV MARKET
GUMTI NO.5,KANPUR.
PHONE : 0512-2295905
CELL : 09936505999

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, 2017** 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.

Management has taken a decision to contest the case till clarity is granted by Government/Court/Tribunal on this issue. An appeal, for granting exemption under the concept of "Principle of Mutuality" was filed with ITAT, which was dismissed by the ITAT. Based on the advice of the Tax Consultant, a Miscellaneous Petition was filed against the order of the ITAT. The case was heard by the Accountant Member and the application has again been dismissed.

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.

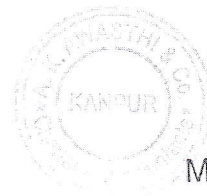


Pending the resolutions, the Tax Deducted at Source and Self-Assessment Tax for the earlier years, to be adjusted accordingly.

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 2017**, 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
FRN: 003405C



(Signature)
(A.K. Awasthi)
Partner
Membership No. 072519

Place : New Delhi
Dated: 15th November, 2017

SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)
Seect.: 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, 2017

LIABILITIES	AMOUNT (in ₹)		ASSETS	AMOUNT (in ₹)	
	AS ON 31.03.2017	AS ON 31.03.2016		AS ON 31.03.2017	AS ON 31.03.2016
GENERAL FUND			FIXED ASSETS (SCHEDULE-1)		
Opening Capital	114,03,812	94,03,180	Fixed Assets WDV as on 01.04.15	2,406	6,014
Add: Excess of Income over Expenditure	47,05,590	20,00,632	Less: Depreciation during the year	1,443	3,608
		114,03,812	Net Fixed Assets	963	2,406
CURRENT LIABILITIES			CURRENT ASSETS		
Audit Fees Payable	25,960	25,300	Fixed Deposits (FCRA Account)	92,57,979	-
Advertising Expenses Payable	48,934	-	Auto Sweep FDRs	87,31,000	47,30,448
Income Tax Refund Received (A.Y. 2014-2015)	85,370	85,370	Corporation Bank - SB A/c No. 8228	11,000	-
Income Tax Refund Received (A.Y. 2015-2016)	4,82,800	4,82,800	Corporation Bank - SB A/c No. 5142	25,437	79,52,025
Income Tax Refund Received (A.Y. 2016-2017)	56,640	-	Corporation Bank - SB A/c No. 140005	8,293	15,414
Legal Fees Payable	5,000	11,500		180,33,709	126,97,887
Salary Payable	68,550	1,50,282			
Meeting Expenses Payable	1,73,485	97,502	LOANS & ADVANCES (SCHEDULE-6)	51,98,422	39,64,972
Office Expenses Payable	-	66,652			
Professional Fees Payable	2,300	43,485			
Professional Fees Payable (Staff Consil.)	-	50,000			
Telephone Expenses Payable	1,212	3,244			
Travelling Expenses Payable	90,732	4,47,167			
Labour (outsourcing) Expense payable	1,82,324	-			
Provision for Tax (A.Y. 2012-2013)	2,98,038	2,98,038			
Provision for Tax (A.Y. 2013-2014)	10,93,221	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	16,06,602			
Provision for Tax (A.Y. 2017-2018)	21,04,234	-			
	71,23,692	52,61,453			
	<u>232,33,094</u>	<u>166,65,265</u>		<u>232,33,094</u>	<u>166,65,265</u>

Significant Accounting Policies & Notes on Account

(Schedule-7)

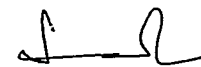
As per our report of even date attached.

For A.K. AWASTHI & CO.
Chartered Accountants
FRN : 003405C

A.K. AWASTHI
M.NO. : 072519

Date: 15 November, 2017
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, 2016 TO 31ST MARCH, 2017

Description	Schedule	Amount (in ₹)		Description	Amount (in ₹)	
		AS ON 31.03.2017	AS ON 31.03.2016		AS ON 31.03.2017	AS ON 31.03.2016
Administrative Costs (Secretariat)	2	17,05,602	9,69,487	Subscription & Membership Fees (TDS = NIL)	87,12,846	87,01,279
Salary, Establishment Expenses and other Services	3	8,35,872	14,04,236	Participation Fees (Core Course) (TDS = NIL)	-	-
Steering Committee Expenses	4	4,92,633	5,70,416	Interest from Auto Sweeps FDRs (TDS = ₹ 51,420/-)	5,13,777	4,90,881
Core Course Expenses	5	-	14,03,565	Interest Received from Fixed Deposit (TDS = ₹ 22,351/-)	2,23,506	-
Depreciation		1,443	3,608	Interest Received from Savings Bank Account	2,64,176	2,92,476
Interest on delay in payment of Advance Tax for A.Y. 2016-17		-	14,148	Excess Provision Written Off (Net)	1,31,069	66,037
Interest on Self Assessment Tax paid F.Y. 2015-16 / (F.Y. 2014-15)		-	50,100			
Provision for Tax (F.Y. 2011-12, 2012-13 & 2015-16)		-	29,97,861			
Provision for Tax (F.Y. 2016-17)		21,04,234	-			
Prior Period Expenses		-	1,36,620			
Excess of Income over Expenditure		<u>47,05,590</u>	<u>20,00,632</u>			
		<u>98,45,374</u>	<u>95,50,673</u>		<u>98,45,374</u>	<u>95,50,673</u>

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

For A.K. AWASTHI & CO.
Chartered Accountants
FRN : 003405C

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

Date: 15th November, 2017
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 2017

Particulars	Amount (in ₹)						
	WDV as on 01-04-2016	Additions during the year (< 180 days)	Additions during the year (> 180 days)	Sales/ Transfers	Total	Depreciation for the year	WDV as on 31-03-2017
Apple i-Pad	1,994	-	-	-	1,994	1,196	798
Printer	412	-	-	-	412	247	165
Total	2,406	-	-	-	2,406	1,443	963
Figures for the previous year	6,014	-	-	-	6,014	3,608	2,406

As per our report of even date attached.

For A.K. AWASTHI & CO.
Chartered Accountants
FRN : 003405C

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

Date: 15th November, 2017
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.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2017

PARTICULARS	AMOUNT (in ₹)	AMOUNT (in ₹)
	AS ON 31.03.2017	AS ON 31.03.2016
<u>SCHEDULE - 2 (Administrative Costs Secretariat)</u>	17,05,602	9,69,487
Appeal Fee	1,050	-
Advertisement Expenses	48,934	-
Audit Fees	25,960	25,300
Bank Charges	1,368	2,005
Conveyance Expenses	420	600
e-TDS Filing Fees	352	456
Legal Fees	5,000	45,700
Office Maintenance	13,95,238	7,52,988
Printing & Stationary	4,179	4,950
Professional Fees	2,315	43,560
Professional Fees (Staff Consultants)	95,161	50,000
Travelling Expenses	2,036	-
Telephone Expenses	18,626	30,850
Website Expenses	1,04,963	13,078
<u>SCHEDULE - 3 (Salary, Establishment Expenses and other Services)</u>	8,35,872	14,04,236
Salary	8,35,872	14,04,236
<u>SCHEDULE - 4 (Steering & Executive Committee Expenses)</u>	4,92,633	5,70,416
Meeting Expenses	3,28,542	1,27,248
Travelling Expenses	1,64,091	4,43,168
<u>SCHEDULE - 5 (Core Course Expenses)</u>	-	14,03,565
Core Course Expenses	-	10,30,500
Travelling Expenses	-	3,73,065
TOTAL (Schedule 2 to 5)	30,34,107	43,47,704

As per our report of even date attached.

For A.K. AWASTHI & CO.
Chartered Accountants
FRN : 003405C

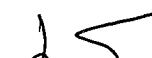
A.K. AWASTHI
(Partner)
M.NO. : 072519

Date: 15th November, 2017
Place: New Delhi

For SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION



Hon. Secretary



Hon. Treasurer

SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)
Seect.: 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 AS AT 31ST MARCH 2017

Schedule - 6

Loans and Advances

PARTICULARS	Amount (in ₹)	
	AS ON 31.03.2017	AS ON 31.03.2016
Forum of Indian Regulators	-	1,71,556
Forum of Regulators	-	1,71,556
Interest Accrued on Auto Sweep FDRs	68,963	50,000
Interest Accrued on FDs (FCRA Account)	1,88,176	-
Labour (Outsourcing) Expenses Receivable	5,00,632	-
Membership Fee Receivable	3,21,500	-
Prepaid Expenses (Website)	834	828
Salary Receivable	99,692	-
Security Deposit (Vodafone)	10,000	10,000
Travelling Advance	3,44,175	-
Provision for Income Tax (A.Y. 2010-2011)	29,647	-
<u>Tax Deducted at Source</u>		
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	49,124
Tax Deducted at Source (AY 2017-18)	73,771	-
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	5,75,400
Advance Tax (AY 2016-17)	15,72,277	15,72,277
Total	51,98,422	39,64,972

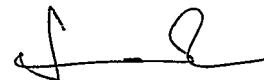
As per our report of even date attached.

For A.K. AWASTHI & CO.
Chartered Accountants
FRN : 003405C

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

Date: 15th November, 2017
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 01-04-2016 TO 31-03-2017

CORPORATION BANK - SAVING A/c No. 209914801140005

Amount (₹)
DR CR

BALANCE AS PER BANK BOOK

8,292.62

Add: CHEQUES ISSUED, BUT NOT PRESENTED IN BANK:

DATE	PARTICULARS	CHEQUE NO.	Amount (₹)		Date of Clearance
31.03.2017	TDS Payable on Salary	336896	6,000.00		06.04.2017
31.03.2017	TDS Payable on Contract	336897	1,156.00	7,156.00	06.04.2017
BALANCE AS PER BANK STATEMENT			-	<u>15,448.62</u>	

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 01-04-2016 TO 31-03-2017

CORPORATION BANK - SAVING A/c No. 209900116005142 (FCRA Account)	Amount (₹)	
	DR	CR
BALANCE AS PER BANK BOOK	25,437.00	-
BALANCE AS PER BANK STATEMENT	-	25,437.00

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 01-04-2016 TO 31-03-2017

CORPORATION BANK - SAVING A/c No. 209900101008228

Amount (₹)

DR

CR

BALANCE AS PER BANK BOOK

11,000.00

BALANCE AS PER BANK STATEMENT

-

11,000.00

SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR)

Schedule: 7 (Forming part of Balance Sheet as at 31st March, 2017)

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 31.03.2017 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.

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. Investments

During the current financial year, an amount of **Rs. 92,57,979/-** lying in the FCRA Bank Account of SAFIR has been invested in Fixed Deposits of period of one year. (Previous Year – NIL)

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. The Tax Consultant appeared before the Appellate Authority on 06th October, 2017, with respect to the Miscellaneous Petition in the ITAT. The case was heard by the Accountant Member and an order dismissing SAFIR's plea for exemption, has been passed.

Further, in respect of A.Y. 2010-11, the AO has issued a penalty order under section 271(1)(c) of the I.T. Act, 1961, imposing a penalty of Rs. 1,97,646/-. Against the same, SAFIR has paid an amount of Rs. 29,647/- (i.e. 15% of the demand amount) and has filed an appeal with the CIT(A) for stay of the aforesaid order. The Tax Consultant appeared before the

CIT(A) on 04th October, 2017, with respect to the deletion of demand. The order of the CIT(A), in this respect, is pending to be received.

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 and the demand was duly paid.

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

For the A.Ys. 2014-15 & 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.

Further, for the A.Ys. 2016-17 & 2017-18, SAFIR had filed its return, without claiming its income as exempt under the "Principle of Mutuality", based on the decision of the ITAT (Single Member Bench).

Advance Tax was not deposited during the year, therefore, SAFIR had to pay an amount of **Rs. 2,04,257/-** as interest, in addition to the income tax liability of **Rs. 21,04,234/-**. Payment of interest for not depositing advance tax could have been avoided, if it was paid timely.

Indirect Tax

SAFIR is in the process of hiring a consultant for registration & other compliances of Goods & Service Tax Act 2017.

k. Figures have been regrouped and rearranged wherever necessary.

For A.K. Awasthi & Co.
Chartered Accountants
FRN : 003405C

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

Date: 15th November, 2017
Place: New Delhi

For SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION

Hon. Secretary

Hon. Treasurer