

Mehra & Sistani
Chartered Accountants
New Delhi

CERTIFICATE

We have audited the accounts of FONDATION AGA KHAN, Sarojni House, 6 Bhagwan Dass road, New Delhi-110001 (Registration No. 231650072 dated 10.01.1985) for the year ended 31st March 2017 and examined all relevant books and vouchers and certify that according to the audited accounts.

- (i). The brought forward foreign contribution at the beginning of the year was Rs.158,931,724.
- (ii) Foreign contribution of Rs.617,336,273 (Including Interest from Bank and sale of Fixed Assets aggregating to Rs.12,511,641) was received by the Foundation during the year ended 31st March, 2017.
- (iii) The balance of unutilized foreign contribution with the Foundation at the end of the year ended 31st March, 2017 was Rs.301,896,829/-
- (iv) Certified that the Foundation has maintained the accounts of foreign contribution and records relating there to in the manner specified in section 19 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010) read with rule (16) of the Foreign Contribution (Regulation) Rules, 2011.
- (v) The information furnished in this certificate and in the enclosed Balance Sheet and Statement of Receipt and Payment is correct as checked by us.

Place : New Delhi.
Dated : 28th September, 2017.



For Mehra & Sistani
Chartered Accountants

B. S. Sistani

(B. S. Sistani)
Partner

Membership No.080301

PART I – STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2017
 FOUNDATION AGA KHAN (INDIA)

Amount in Rs.

Particulars		Note No.	As at March 31, 2017	As at March 31, 2016
I.	FUNDS AND LIABILITIES			
1	General funds			
	Balance as on 31st March 2016		2,694,288,272	2,582,684,211
	(a) Add: Donation For Corpus		14,244,132	8,974,277
	(b) Add: Remittances received from Head Office		465,090,815	382,066,123
	(c) Less: Excess of expenditure over income	1	280,152,842	279,436,339
			2,893,470,377	2,694,288,272
2	Current liabilities			
	(a) Other current liabilities			
	(i) Other Liabilities		259,512	797,725
	(ii) Advance Sale of Properties		-	90,000
	TOTAL		2,893,729,889	2,695,175,997
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible assets	2	1,591,420,930	1,674,901,665
	(ii) Intangible assets	2	9,918	49,325
	(iii) Capital work-in-progress		22,388,654	57,392,884
	(b) Non-current investments	3	526,983,506	472,461,567
2	Current assets			
	(a) Cash and cash equivalents	4	701,095,702	448,604,354
	(b) Short-term loans and advances	5	45,103,285	34,817,281
	(c) Other current assets	6	6,727,894	6,948,921
	TOTAL		2,893,729,889	2,695,175,997

Significant Accounting Policies and Notes to accounts (As per Note 10)

Notes referred to above form an integral part of the Statement of Assets and Liabilities

This is the Statement of Assets and Liabilities referred to in our report of even date

For and on behalf of
 M/s Mehra & Sistani
 CHARTERED ACCOUNTANTS

B. S. Sistani
 Partner
 Membership No.080301



(Signature)

Ashish Merchant
 Vice Chairman, National Committee
 For and on behalf of
 Fondation Aga Khan (India Branch)

(Signature)

DATE: 28 SEP 2017

PART II - STATEMENT OF RECEIPT AND PAYMENT FOR YEAR ENDING 31ST MARCH 2017
FONDATION AGA KHAN (INDIA)

Particulars	Note No.	For the year ending March 2017			For the year ending March 2016		
		FC	NON FC	Total	FC	NON FC	Total
I. Opening Balance							
Cash		264,696	87,495	352,191	163,273	141,406	304,679
Bank		13,808,377	17,949,055	31,757,432	18,372,775	12,909,378	31,282,153
Deposits		144,858,650	271,636,081	416,494,731	118,939,557	262,344,505	381,284,062
II. Donation for Corpus		-	14,244,132	14,244,132	-	8,974,277	8,974,277
III. Donation with purpose		-	571,000	571,000	-	-	-
IV. Remittances from Head Office (Switzerland)		465,090,815	-	465,090,815	382,066,123	-	382,066,123
V. Grant Received	7	140,038,941	239,715,578	379,754,519	41,601,358	82,840,988	124,442,346
VI. Interest Income(Net of TDS)		12,119,761	21,379,143	33,498,904	7,415,487	14,338,616	21,754,103
VII. Interest on Income tax refund		9,793	23,445	33,238	-	-	-
VIII. Other Interest		7,290	-	7,290	180,233	-	180,233
IX. Rent from Immovable Properties		-	40,739,722	40,739,722	-	36,308,988	36,308,988
X. Sale of Old Fixed Assets (Net of TDS)		305,327	358,699	664,026	100,890	35,810	136,700
XI. Sale of Immovable Properties (Net of TDS)		-	11,979,000	11,979,000	-	73,580,100	73,580,100
XII. Refund of Unutilised Grants		446,912	-	446,912	690,500	-	690,500
XIII. Miscellaneous Income		23,395	24,725	48,120	5,050	66,897	71,947
XIV. Refund of Advances		222,482	12,680,174	12,902,656	959,906	1,867,044	2,826,950
XV. Refund of Security Deposits		420,000	5,000	425,000	3,247	-	3,247
XVI. Income Tax refund		141,120	337,882	479,002	-	-	-
XVII. Total Receipts (I to XVI)		777,757,559	631,731,131	1,409,488,690	570,498,399	493,408,009	1,063,906,408
XVIII. Advances & Expenditure on Property work-in-progress, pending allocation		4,931,073	31,179,642	36,110,715	42,630,927	24,563,087	67,194,014
XIX. Payment of Security Deposits		147,884	25,000	172,884	80,000	105,000	185,000
XX. Additions to Assets		12,051,981	1,651,631	13,703,612	6,474,403	4,155,020	10,629,423
XXI. Addition to properties		-	128,152	128,152	-	207,061	207,061
XXII. Advances Recoverable in cash or in kind or for value to be received		13,663,606	9,525,055	23,188,661	536,278	25,628,928	26,165,206
XXIII. Programme/Project partners		183,968,404	15,763,086	199,731,490	92,674,178	2,154,500	94,828,678
XXIV. Employee Benefits expenses	8	21,819,501	13,957,224	35,776,725	11,047,713	31,501,725	42,549,438
XXV. Other Office /Administration Expenses	9	9,941,070	9,667,912	19,608,982	9,486,755	13,275,251	22,762,006
XXVI. Repair and Maintenance of Properties		-	2,759,513	2,759,513	-	2,057,000	2,057,000
XXVII. Other Project Related Expenses		229,267,736	147,757,497	377,025,233	248,626,422	98,644,035	347,280,457
XXVIII. Refund of Grant		69,475	117,547	187,022	-	1,443,771	1,443,771
XXIX. Closing Balances :							
Cash		51,340	94,523	145,863	264,696	87,495	352,191
Bank		23,263,003	42,707,393	65,970,396	13,808,377	17,949,055	31,757,432
Deposits		278,582,486	356,396,957	634,979,443	144,858,650	271,636,081	416,494,731
XXX. Total Payments (XVIII to XXVII)		777,757,559	631,731,131	1,409,488,690	570,498,399	493,408,009	1,063,906,408

Significant Accounting Policies and Notes to accounts (As per Note 10)

This is the Statement of Receipt and Payment referred to in our report of even date

Notes referred to above form an integral part of the Statement of Receipt and Payment

For and on behalf of
M/s Mehra & Sistani
CHARTERED ACCOUNTANTS

B. S. Sistani

B. S. Sistani
Partner
Membership No.080301



DATE 28 SEP 2017

Mr. Ashish Merchant
Vice Chairman, National Committee
For and on behalf of
Fondation Aga Khan (India Branch)

Ashish Merchant

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Note 1 - Income & Expenditure for the Year Ending March 31, 2017
 FOUNDATION AGA KHAN (INDIA)

Amount in Rs.

Particulars	Note No.	For the year ending March 2017			For the year ending March 2016		
		FC	NON FC	Total	FC	NON FC	Total
I Income							
1. Grants received	7	140,038,941	239,715,578	379,754,519	41,601,358	82,918,019	124,519,377
2. Donation with purpose		-	571,000	571,000	-	-	-
3. Interest		12,206,517	22,280,829	34,487,346	7,492,897	14,766,276	22,259,173
4. Rent from Immovable Properties		-	40,739,722	40,739,722	-	36,308,988	36,308,988
5. Gain on sale of Fixed Assets		333,311	358,652	691,963	100,814	35,806	136,620
6. Gain on sale of Immovable Properties		-	12,166,000	12,166,000	-	164,951,743	164,951,743
7. Refund of Unutilised Grants		446,912	-	446,912	690,500	-	690,500
8. Miscellaneous Income		23,395	24,725	48,120	5,050	66,897	71,947
9. Other Interest		17,893	23,445	41,338	200,259	-	200,259
Total Income		153,066,969	315,879,951	468,946,920	50,090,878	299,047,729	349,138,607
II Expenses							
1. Programme/ Project partners		183,968,404	15,763,086	199,731,490	92,674,178	2,154,500	94,828,678
2. Employee Benefits expenses	8	21,819,501	13,957,224	35,776,725	11,047,713	31,501,725	42,549,438
3. Other Office /Administration Expenses	9	9,941,070	9,667,912	19,608,982	9,486,755	13,275,251	22,762,006
4. Other project related expenses		229,304,002	147,811,184	377,115,186	249,698,668	97,630,116	347,328,784
5. Expenses related to properties		-	2,759,513	2,759,513	-	2,057,000	2,057,000
6. Refund of unutilized Grant		69,475	117,547	187,022	-	1,443,771	1,443,771
7. Loss on sale/write off of Fixed Assets		1	1	2	-	20	20
8. Depreciation		112,099,145	1,821,697	113,920,842	115,082,481	2,522,768	117,605,249
Total Expenses		557,201,598	191,898,164	749,099,762	477,989,795	150,585,151	628,574,946
Excess of Expenditure over Income		404,134,629	(123,981,787)	280,152,842	427,898,917	(148,462,578)	279,436,339

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NOTE 2 Fixed Assets As At 31st March, 2017
 FOUNDATION AGA KHAN (INDIA)

Asset Categorisation	Amount in Rs.										
	Gross Block					Depreciation			Net Block		
	Balance as at 31.03.2016	Addition during the year	Adjustment during the year	Deduction / sale during the year	Balance as at 31.03.2017	Balance as at 31.03.2016	Provided during the year	Adjustment during the year	Balance as at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(a) Land (Refer Note 2 in part II of Schedule C)	1	-	-	-	1	-	-	-	-	1	1
(b) Buildings	1,773,451,299	2,897,706	-	-	1,776,349,005	176,249,208	59,257,468	-	235,506,676	1,540,842,329	1,597,202,091
(c) Furniture & Fixtures	192,796,657	6,852,241	-	(42)	199,648,856	161,597,471	25,013,652	-	186,611,123	13,037,733	31,199,186
(d) Vehicles	12,592,516	5,773,677	-	(1,933,366)	16,432,827	7,027,218	2,509,271	(1,933,362)	7,603,127	8,829,700	5,565,298
(e) Office Equipments	123,323,706	9,686,364	-	(525,877)	132,484,193	93,358,331	16,982,890	(525,857)	109,815,364	22,668,829	20,965,375
(f) Electrical Installations	39,646,635	216,718	-	-	39,863,353	33,412,934	3,737,827	-	37,150,761	2,712,592	6,233,701
(g) Computers and related Equipments	16,547,238	4,745,705	-	(577,214)	20,715,729	14,227,879	4,339,539	(577,211)	17,990,207	2,725,322	2,319,359
(h) Leasehold improvements	10,339,739	-	-	-	10,339,739	7,923,167	1,812,428	-	9,735,595	604,144	2,416,572
(i) Cycles	258,350	-	-	(3,150)	255,200	258,268	-	(3,149)	255,119	81	82
Tangible Assets	2,168,956,140	30,172,411	-	(3,039,649)	2,196,088,902	494,054,476	113,653,075	(3,039,579)	604,667,972	1,591,420,930	
(j) Software	848,741	228,360	-	-	1,077,101	799,416	267,767	-	1,067,183	9,918	49,325
Intangible Assets	848,741	228,360	-	-	1,077,101	799,416	267,767	-	1,067,183	9,918	
Total	2,169,804,881	30,400,771	-	(3,039,649)	2,197,166,003	494,853,892	113,920,842	(3,039,579)	605,735,155	1,591,430,848	
Previous Year	2,118,578,950	53,848,027	108,398	(2,730,495)	2,169,804,880	379,870,638	117,605,249	(2,621,997)	494,853,890		1,674,950,990



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Note 3 Non-current Investments
FONDATION AGA KHAN (INDIA)

Amount in Rs.

<u>Immovable Properties</u>	As on 31st March 2017	As on 31st March 2016
Opening Balance	472,461,567	462,737,133
Add: Additional during the year	54,545,939	10,125,662
Less: Deletion during the year	24,000	401,228
Total	526,983,506	472,461,567



Note 4 Cash and Cash Equivalents
FONDATION AGA KHAN (INDIA)

Amount in Rs.

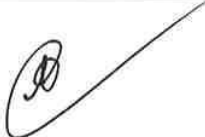
<u>Cash & Cash Equivalents</u>	As on 31st March 2017	As on 31st March 2016
(a) Cash in hand	145,863	352,191
(b) Balances with banks		
(i) In Saving accounts	65,970,396	31,757,432
(ii) In Fixed deposit accounts		
Maturity less than 12 months	591,973,042	354,547,752
Maturity more than 12 months	43,006,401	61,946,979
Total	701,095,702	448,604,354



Note 5 Short Term Loans and Advances
FOUNDATION AGA KHAN (INDIA)

Amount in Rs.

<u>Unsecured and considered good</u>		As on 31st March 2017	As on 31st March 2016
(a)	Advance to staff	53,978	54,500
(b)	Advance to suppliers/ Contractors	36,796,823	34,573,177
(c)	Advance others	144,484	189,604
(d)	Capital Advance	8,108,000	-
Total		45,103,285	34,817,281



Note 6 Other Current Assets
FOUNDATION AGA KHAN (INDIA)

Amount in Rs.

<u>Other current assets</u>	As on 31st March 2017	As on 31st March 2016
	Total	Total
(a) Security deposit	3,052,800	3,304,916
(b) Tax recovery	3,675,094	3,644,005
Total	6,727,894	6,948,921

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Note 7 Grant Received
 FOUNDATION AGA KHAN (INDIA)

Amount in Rs.

Grant received		For the year ending March 2017			For the year ending
		FC	NON FC	Total	March 2016
					Total
Donor Agencies					
(a)	American Embassy, New Delhi	2,869,766	-	2,869,766	10,231,572
(b)	Australian High Commission	1,012,935	-	1,012,935	729,225
(c)	Bollare Logistics India Limited	-	1,452,000	1,452,000	-
(d)	C&A Foundation	120,523,524	-	120,523,524	24,972,561
(e)	Coca Cola India Pvt. Ltd.	8,491,816	-	8,491,816	3,000,000
(f)	Government of India	-	148,345,000	148,345,000	16,810,309
(g)	Coastal Salinity Prevention Cell	-	3,500,000	3,500,000	-
(h)	Hilti India Private Limited	-	3,500,000	3,500,000	2,200,000
(i)	Interglobe Foundation	-	19,600,000	19,600,000	35,600,000
(j)	Jamshed Tata Trust	-	2,354,000	2,354,000	7,154,000
(k)	National Bank for Agriculture and Rural Development	-	808,000	808,000	500,000
(l)	National Cultural Fund	-	-	-	1,045,295
(m)	Reckitt Benckiser (India) Private Limited	3,767,900	-	3,767,900	-
(n)	Rizwan Adatia Foundation	-	11,483,901	11,483,901	5,018,524
(o)	SDV International Logistics Limited	-	-	-	1,586,600
(p)	Small Industries Development Bank of India	-	6,146,815	6,146,815	-
(q)	Sir Dorabji Tata Trust	-	37,967,547	37,967,547	6,522,000
(r)	United Nation Population Fund	-	4,558,315	4,558,315	6,481,291
(s)	United Way of Hyderabad	695,000	-	695,000	288,000
(t)	WS Atkins Private Ltd.	2,678,000	-	2,678,000	2,380,000
Total		140,038,941	239,715,578	379,754,519	124,519,377



Note 8 Employee Benefits expenses
 FONDATION AGA KHAN (INDIA)

Amount in Rs.

Particulars	For the year ending March 2017			For the year ending March 2016
	FC	NON FC	Total	Total
(a) Salaries and allowances	19,212,582	11,294,496	30,507,078	34,811,333
(b) Contribution to provident fund	1,133,327	713,924	1,847,251	1,663,523
(c) Gratuity and superannuation	166,015	669,986	836,001	911,675
(d) Staff welfare expenses	481,289	103,222	584,511	378,823
(e) Staff recruitment and training expenses	826,288	1,175,596	2,001,884	4,784,084
Total	21,819,501	13,957,224	35,776,725	42,549,438



Note 9 Other Office /Administration Expenses
FONDATION AGA KHAN (INDIA)

Amount in Rs

Particulars	For the year ending March 2017			For the year ending March 2016
	FC	NON FC	Total	Total
(a) Rent	2,458,539	3,210,512	5,669,051	5,426,949
(b) Insurance	127,571	9,025	136,596	83,451
(c) Repairs and maintenance			-	-
(d) Building	836,503	387,338	1,223,841	2,898,224
(e) Others	597,199	437,010	1,034,209	772,877
(f) Vehicle running and maintenance	503,926	137,358	641,284	572,442
(g) Electricity and water charges	437,317	741,448	1,178,765	1,251,948
(h) Printing and stationery expenses	383,860	276,627	660,487	571,563
(i) Postage and telephone	581,242	973,327	1,554,569	1,376,287
(j) Travelling and conveyance	2,414,921	1,839,350	4,254,271	6,545,424
(k) Auditors' remuneration			-	-
(l) Audit fee	460,000	-	460,000	464,744
(m) Out of Pocket	9,073		9,073	-
(n) Legal and professional charges	1,048,976	1,630,721	2,679,697	1,725,416
(o) VAT - Work contract			-	967,176
(p) Miscellaneous expenses	81,943	25,196	107,139	105,505
Total	9,941,070	9,667,912	19,608,982	22,762,006



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FONDATION AGA KHAN-INDIA BRANCH

Note Significant Accounting Policies and Notes to Accounts

I. Significant Accounting Policies

1. Basis of Accounting

The accounts have been drawn up on a historical cost convention and are on cash basis other than advance received on sale of properties.

2. Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition inclusive of inward freight and other incidental expenses.

As per policy of Head Office (Switzerland), fixed assets are depreciated on straight line method as per the rates given below:

Buildings	3.34%
Leasehold improvements	20% / Period of lease
Computers and Related Equipments	33.33%
Furniture and Fixtures	20%
Office Equipment	20%
Vehicles	25%
Electrical Installations	20%
Cycles	25%
Intangible Assets – Computer Software	Over a period of 2-5 years

Full month's depreciation is provided on additions in the month of purchase and no depreciation is provided in the month of sale/disposal of assets.

Fixed Assets costing up to Rs. 225,000 are fully depreciated in the year of purchase, as per the policy of Head Office.

Electrical installation include electric substation costing INR 34,451,493 put up by the Andhra Pradesh Electricity Board in year 2011 at the Campus of Hyderabad Academy. As per the terms of agreement, the said substation is deemed to be the property of Andhra Pradesh Electricity Board.

3. Investments

Long-term investments are valued at cost.

4. Foreign Inward Remittances

Remittances received from Head Office through normal banking channels are recorded at the exchange rate as advised by the bank.

The accounts do not include expenditure, if any, incurred by the Head Office, and include transactions arising from remittances received from the Head Office and expenditure incurred in India out of such remittances.



During the year the Fondation has received Rs. 465,090,815 (Previous Year Rs. 382,066,123) as remittances from Head Office.

5. Employee benefits

a) Defined Contribution Plans

All employees of the Fondation are entitled to receive benefits under the Provident Fund which is a defined contribution plan. The contributions are made to a fund administered and managed by the Government of India. The contributions made under this scheme are expensed in the income and expenditure account on payment thereof.

Some employees of the Fondation are entitled to superannuation, a defined contribution plan which is administered through Life Insurance Corporation of India (LIC). Superannuation contribution is recorded as an expense in the income and expenditure account on payment thereof to LIC.

b) Defined Benefit Plan

The Fondation has a policy with SBI Life Insurance Company Limited (SBI). Under this Gratuity plan (which is a defined benefit retirement plan) contributions are made to SBI based on actuarial valuations as per Projected Unit Credit Method. The contributions are recorded as expense in the receipts and payments account on payment thereof to SBI.

6. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the income and expenditure account.

II. Notes to the accounts

1. Land under fixed assets, capitalised at Re. 1, pertains to 100 Acres of land in Hyderabad allotted by the Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC) to the Fondation free of cost for setting up a Centre of Excellence in Education, through a deed of gift and conveyance dated August 22, 2005. As per the deed, the property cannot be transferred or conveyed in whole or in part, by sale, lease, mortgage, etc. to any third party without prior consent of APIIC.
2. The Fondation maintains twenty two saving accounts with a bank. One of the saving account (No.04611100011176) with Development Credit Bank Ltd. is maintained exclusively for foreign inward remittances.
3. The Fondation has received the approval for exemption from income tax, from the prescribed authorities under section 10(23)(C)(iv) of the Income-tax Act, 1961 from assessment year 2009-10 onwards. Accordingly, no provision for income-tax has been considered necessary in these accounts.



4. Employee Benefits

Defined contribution plans

Contributions to defined contribution plans expensed for the year are as under:

	Current Year Rs.	Previous Year Rs.
Fondation`s contribution to provident fund	7,052,096	6,145,204
Fondation`s contribution to superannuation fund	161,509	177,313

Defined Benefit Plan

In accordance with Accounting Standard (AS) 15 (revised), actuarial valuation was done in respect of the aforesaid defined benefit plan based on the following assumptions:

Main actuarial assumptions	As at December 31, 2016	As at December 31, 2015
Discount rate	8.00%	8.00%
Rate of increase in compensation levels for first five year	7.00%	7.00%
Rate of increase in compensation levels then after	5.00%	5.00%

Defined Benefit Plan amounts aggregating Rs. 2,567,414 (Previous year Rs. 2,073,268) have been recognized as expense during the year.

5. The Fondation has entered into leasing arrangements in respect of operating lease as lessee for office and residential premises. The rent charged to income and expenditure account relating to operating lease during the year is Rs. 8,471,665 (Previous year Rs. 9,182,156). Terms of the lease include terms for renewal, increase in rents in future periods and terms of cancellation, where applicable.
6. Details of Specified Bank Notes (SBN) (Rs.500 & Rs.1000 Notes) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

	SBNs (Rs.500 & Rs.1000 Notes)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	208,500	247,891	456,391
(+) Permitted receipts	-	926,655	926,655
(-) Permitted payments	(15,000)	(989,669)	(1,004,669)
(-) Amount deposited in Banks	(193,500)	(34,502)	(228,002)
Closing cash in hand as on 30.12.2016		150,375	150,375



7. **Contingent Liabilities**
Pending Demands, Disputes etc. under the Income Tax Act, 1961 (hereinafter referred to as the Act) Rs.3,35,11,670 :-

The Assessing Officer, Circle 1(1), New Delhi has raised a demand of Rs.33,511,670 for financial year 2011-2012 on the Foundation by passing an order dated 20th July, 2016 under section 154 of the Act rectifying his own order dated 28th March, 2014 wherein NIL demand had been determined. The Foundation has filed an appeal before the C.I.T. (A) 40, New Delhi against the said order dated 20th July, 2016.

The only issue raised in the impugned order dated 20th July, 2016 was that the Foundation had not filed copies of letters from Donors stating that their donations were towards the Corpus of the Foundation. In fact the said letters were filed on 18th September, 2014 and receipt obtained. In any case, the Assessing Officer should have set off expenditure incurred by the Foundation to arrive at NIL income.

8. Previous year figures have been regrouped / recast wherever necessary to conform to the current year classification.



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