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POLICY FOR FOREIGN EXCHANGE CONVERSION

SAATHII is legally registered as a non-profit organisation (Charitable Trust, reg'd 2002) and eligible to receive grants from overseas via its registration under the Foreign Contribution Regulation Act¹ of the Ministry of Home Affairs, Government of India.

The two types of overseas grants received by SAATHII are

- (i) Grants from multilateral donors such as the UN system and the Global Fund to Fight AIDS, TB and Malaria. These are treated as domestic funds by the FCRA².
- (ii) Grants from overseas Foundations, Charities, Trusts, bilateral donors (USAID, DFID, Australian Consulate, IDRC, etc.) and the European Commission. These are considered foreign currency.

As per Government of India's FCRA Rules, amended in September 2020³, foreign currency monies are received in SAATHII's account with the State Bank of India FCRA division, New Delhi, a nationalised bank of the Government of India.

Some donors stipulate their own rates of foreign currency conversion while reporting on foreign grants converted into Indian Rupees (INR).

In the absence of such donor-stipulated requirements, SAATHII will use the following protocol for budget development and financial reporting.

Budget Development: When developing grant proposals, the budget will first be developed in Indian Rupees (INR). When converting to the appropriate donor currency (e.g. GBP, USD, Euro) for submission, SAATHII will use the exchange rate available on day of budget development at <https://www.oanda.com/>, as illustrated below for a budget developed on March 1, 2023.

¹ fcraonline.nic.in

² https://fcraonline.nic.in/home/PDF_Doc/FCRA-exemptedAgenciesUN.pdf

³ https://fcraonline.nic.in/home/PDF_Doc/fc_rules_12112020.pdf

Currency Converter

Over 31 years of currency data. Powered by OANDA

INR Indian Rupee	EUR Euro
50,000,000	570,490
INR USD GBP BTC	EUR INR USD ETH
Date < 01 March 2023 >	Preview interbank rate +/- 0%

Financial Reporting

Case 1: Lump Sum for Single Transfer

When the entire grant amount arrives as Lump Sum, the rate used for reporting will be the rate at which the bank converted the incoming FC funds. The screenshot below is an account statement from State Bank of India, illustrating how foreign exchange rate is notified to SAATHII.



Account Name : SOLIDARITY AND ACTION AGAINST THE HIV INFECTION IN INDIA
Address : 110 3RD FLOOR NELSON MANICKAM ROAD
AMINJIKARAI-600028
110 3RD FLOOR NELSON MANICKAM ROAD
Date : 23 Mar 2022
Account Number : 0000040080736729
Account Description : FCRA -SAVINGS BANK ACCOUNT INR
Drawing Power : 0.00
Interest Rate(% p.a.) : 2.7000
MOD Balance : 0.0
CIF No. : 90743851479
IFS Code : SBIN0000691
MICR Code : 110002087
Nomination Registered : No
Balance as on 16 Mar 2022 : 33,96,511.70

Account Statement from 16 Mar 2022 to 23 Mar 2022

Txn Date	Value Date	Description	Ref No./Cheque No.	Debit	Credit
16 Mar 2022	16 Mar 2022	Forex Txn-USD94986@75.98 ENGENDERHEALTH INC 0069122TP0014702-			72,17,036.00

Case 2: Weighted Average Exchange Rate Method for Multiple Tranches

When a grant is awarded in multiple tranches/instalments spread over a period of months or years, SAATHII will report expenses using the weighted average exchange rate, i.e. the average of the exchange rates over a given period of time.

It is calculated by multiplying (weighting) each rate by the amount exchanged at that rate, adding the subtotals together and dividing by the total foreign currency (FC) amount exchanged. The example below shows the exchange rate at which costs can be converted back to FC for reporting on expenses.

Instalment Date	Amount received (FC)	Exchange Rate	Amount received in INR	Expenses in INR
Apr 1, 2022	1,000	7	7,000	7,000
Jan 1, 2023	2,000	8	16,000	8,000
Jan 15, 2024	500	5	2,500	2,300
TOTAL	3,500		25,500	17,300

In the above example, if one single comprehensive financial statement is due, the weighted average exchange rate would be $FC\ 1 = INR\ 7.29$, ($25,500/3,500$ rounded off to two digits after the decimal). If SAATHII spent INR 17,300, using the weighted average exchange rate method, it would be equal to FC 2,373.11 ($17,300/7.29$), and the balance of funds on hand would be FC 1,126.89 ($FC\ 3500 - FC\ 2,373.11$).

Where interim financial reports are required, the weighted average will be calculated correspondingly, using the weighted average at the time of submitting the interim report.

Thus, what is reported in Financial Statement for Period 1 will not be altered in Future Statement, but simply added to the Financial Statement for Period 2 onwards, where the Period 2 Financial Statement for all transactions in the second reporting period, are reported using the Weighted Average Method.

Managing Over- and Under- Spends

SAATHII will track its burn rate, i.e. the rate at which the award funds are spent, and amount available in the pipeline quarterly, to aid in activity planning. This tracking will be done at joint program-finance reviews.



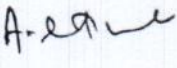

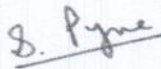
If funds are expected to be less than anticipated because of foreign exchange losses, then certain activities may have to be scaled down (e.g. 20 rather than 30 workshops) with notification to the donor.

SAATHII will use excess funds available because of foreign exchange gains and accrued

interest for the program implementation, requesting donor approval for no-cost extensions and corresponding activity plans, as needed. In case the donor releases the final tranche only on completion of project activities, then the tranche amount may be adjusted accordingly by the donor prior to remittance to cover exact expenses. If there is an exchange gain in the final instalment, SAATHII will seek donor guidance on utilization of the excess funds, as India's Ministry of Home Affairs (FCRA wing) does not permit return of unspent money to overseas donors.

Date: March 6, 2023

Approved By:

Dr. Sai Subhasree Raghavan (President and Managing Trustee)	
Dr. L. Ramakrishnan (Vice President)	
Dr. A. Sathish Kumar (Country Director)	
Mr. Manish Soosai Mudaliar (Director of Operations)	
Mr. Santanu Pyne (Finance Director)	
Mr. Anupam Hazra (Associate Director, Programmes)	