

INDEPENDENT AUDITOR'S REPORT

To The Members of Institute for Financial Management and Research Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Institute for Financial Management and Research** ("the Institute"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Income and Expenditure and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Institute as at 31 March 2020, and its excess of income over expenditure, its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the financial statements section of our report. We are independent of the Institute in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Institute's Board is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Institute and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.



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Those members of the board are also responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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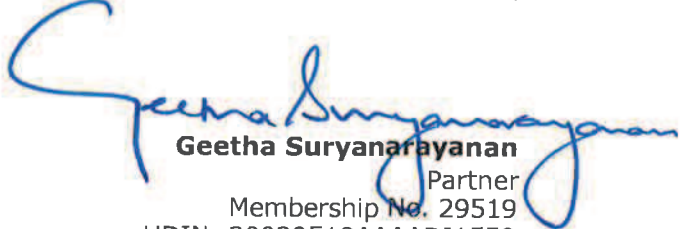
Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For Fraser & Ross
Chartered Accountants
(Firm Regn. No. 000829S)




Geetha Suryanarayanan
Partner
Membership No. 29519
UDIN: 20029519AAAADJ1559

Place: Chennai

Date: 9 September 2020

Institute for Financial Management and Research
(Registered under the Societies Registration Act XXI of 1860)

Balance Sheet as at March 31, 2020

SOURCES OF FUNDS	Schedules	As at March 31, 2020 Rs.	As at March 31, 2019 Rs.
Unrestricted funds	1	1,557,954,732	1,626,220,219
Restricted funds	2	1,697,703,423	1,363,359,172
Current liabilities and provisions	3	346,427,575	358,015,092
TOTAL		3,602,085,730	3,347,594,483
APPLICATION OF FUNDS			
Property, Plant, and Equipment			
Tangible assets	4	982,089,727	851,983,080
Capital work in progress		23,763,287	24,337,144
Current assets	5	2,454,263,008	2,294,443,176
Loans, advances and deposits	6	141,969,708	176,831,083
TOTAL		3,602,085,730	3,347,594,483

In terms of our report attached
For Fraser & Ross
Chartered Accountants
(Firm Regn. No. 000829S)

Chennai
Date: 09-09-2020

R Seshasayee
R Seshasayee
Chairman

Kapil Viswanathan
Kapil Viswanathan
President

Lalitha J
Lalitha J
Chief Financial Officer

Geetha Suryanarayanan
Geetha Suryanarayanan
Partner
Membership No. 29519



Institute for Financial Management and Research
(Registered under the Societies Registration Act XXI of 1860)

Income and Expenditure Account for the year ended March 31, 2020

Particulars	Schedules	For the Year Ended March 31, 2020			For the Year Ended March 31, 2019		
		Unrestricted Funds	Restricted Funds	Total	Unrestricted Funds	Restricted Funds	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INCOME							
Transfer from Restricted Funds							
- Research Project		-	6,175,476	6,175,476	-	6,954,171	6,954,171
- Project Grants transferred from Research Project Fund		-	573,730,674	573,730,674	-	460,535,163	460,535,163
Project reimbursements		1,018,211	679,930,724	680,948,935	-	704,087,198	704,087,198
Other income	7	80,615,791	49,694,224	130,310,015	73,368,512	50,559,535	123,928,047
TOTAL (A)		81,634,002	1,309,531,098	1,391,165,100	73,368,512	1,222,136,067	1,295,504,579
EXPENDITURE							
Course and Seminar expenses		-	6,175,476	6,175,476	-	6,954,171	6,954,171
Research project expenses		989,096	1,238,784,681	1,239,773,777	-	1,164,617,619	1,164,617,619
Employee benefit expenses	8	10,693,455	54,118,473	64,811,928	12,977,330	36,817,836	49,795,166
Administrative and general expenses	9	22,874,302	39,136,637	62,010,939	5,739,978	31,581,538	37,321,516
Depreciation and amortisation expenses		73,299,361	11,067,582	84,366,943	69,014,150	10,843,242	79,857,392
Less: Share of expenses absorbed under project expenses		(55,355,245)	(68,720,129)	(124,075,374)	(54,940,733)	(62,399,754)	(117,340,487)
TOTAL (B)		52,500,969	1,280,562,720	1,333,063,689	32,790,725	1,188,414,652	1,221,205,377
Excess of income over expenditure		29,133,033	28,968,378	58,101,411	40,577,787	33,721,415	74,299,202
Surplus on sale of land and building		-	-	-	391,203,710	-	391,203,710
Excess of income over Expenditure transferred to :-		29,133,033	28,968,378	58,101,411	431,781,497	33,721,415	465,502,912
General fund		29,133,033	-	29,133,033	431,781,497	-	431,781,497
Research project fund		-	28,968,378	28,968,378	-	33,721,415	33,721,415

In terms of our report attached
For Fraser & Ross
Chartered Accountants
(Firm Regn. No. 000829S)

Place: Chennai
Date: 09-09-2020

R Seshasayee
Chairman

Kapil Viswanathan
President

Lalitha Janakiraman
Chief Financial Officer

Geetha Suryanarayanan
Partner
Membership No. 29519



Institute for Financial Management and Research Schedules forming part of the financial statements				
Particulars	As at March 31, 2020 Rs.		As at March 31, 2019 Rs.	
	Unrestricted Funds	Restricted Funds	Unrestricted Funds	Restricted Funds
Schedule 1 - Unrestricted Funds				
General Fund				
Opening balance	1,582,862,275	-	1,163,580,778	-
Less: Transfer to KREA University (Refer Note No.11.2)	(100,000,000)	-	(12,500,000)	-
Add: Excess of Income over expenditure	29,133,033	-	431,781,497	-
Closing Balance	1,511,995,308	-	1,582,862,275	-
Designated Fund				
Opening Balance	43,357,944	-	40,903,721	-
Add: Interest on Designated Fund	2,601,480	-	2,454,223	-
Closing Balance	45,959,424	-	43,357,944	-
Total Unrestricted Funds	1,557,954,732	-	1,626,220,219	-
Schedule 2 - Restricted Funds				
Donations				
Opening Balance	-	78,322,066	-	30,000,000
Add: Contribution received	-	20,000,000	-	53,000,000
Less Utilization	-	(6,175,476)	-	(6,954,071)
Add: Interest on Donations	-	1,981,949	-	2,276,137
Less: Transfer to Krea University(Refer NoteNo 11.2)	-	(37,258,086)	-	-
Closing Balance	-	56,870,453	-	78,322,066
Opening balance - Research Project Funds	-	1,102,089,285	-	958,434,769
Less: Transfer to Specific Project fund	-	-	-	-
Add: Research Grants received during the year	-	824,881,238	-	541,280,925
Add: Interest on Specific Project fund	-	37,630,854	-	29,187,339
Less: Transferred to Income and Expenditure account in respect of current year utilisation	-	(573,730,674)	-	(460,535,163)
Add: Excess of Income over expenditure	-	28,968,378	-	33,721,415
Closing Balance Research Project funds	-	1,419,839,081	-	1,102,089,285
Designated Fund				
Opening Balance	-	147,524,698	-	139,174,246
Add: Transfer from Research Project Fund	-	-	-	-
Add: Interest on Designated Fund	-	8,851,479	-	8,350,452
Closing Balance Designated Funds	-	156,376,177	-	147,524,698
Deferred Income *				
Opening Balance	-	35,423,123	-	26,938,123
Received during the year	-	35,000,000	-	10,000,000
Depreciation/amortization charged(Refer Note 10.2)(iv)	-	(5,805,411)	-	(1,515,000)
Closing Balance	-	64,617,712	-	35,423,123
Total Restricted Funds	-	1,697,703,423	-	1,363,359,172
Schedule 3 - Current liabilities and provisions				
Current liabilities				
Sundry creditors	1,299,424	33,455,713	30,497,708	27,643,851
Payables on purchase/ construction of fixed assets	9,283,524	-	10,223,645	-
Students Caution Deposits	246,591	-	246,591	-
Funds received In advance for projects	1,597,773	256,689,905	-	249,290,193
Statutory and Other liabilities	4,715,183	19,649,892	4,541,077	20,792,814
Provision for compensated absences	691,825	14,438,846	415,490	11,031,293
Provision for Gratuity	92,960	4,265,939	387,907	2,944,523
	17,927,280	328,500,295	46,312,418	311,702,674
Schedule 5 - Current assets				
Interest accrued on deposits	35,641,767.93	39,025,725.52	43,935,825	39,760,924
Accounts receivable				
Fees/ program income receivable	129,479.60	-	2,906,666	-
Amounts receivable from donors against reimbursement of project expenses (Refer Note No 11.7)	-	29,817,232.40	-	33,431,057
Cash and bank balances				
Cash In Hand	-	-	-	-
Balances with banks				
- in current account	-	1,088,335.58	-	5,228,440
- in savings account	8,892,700.00	36,314,498.00	10,006,664	29,719,270
- in deposit accounts**	616,663,204.00	1,686,690,065.00	777,112,608	1,352,341,723
TOTAL	661,327,152	1,792,935,857	833,961,763	1,460,481,414
Schedule 6 - Loans and advances				
Input Tax Credit	2,599,530	35,761,810	6,341,324	38,489,669
Advances recoverable in cash or in kind (Refer Note No 11.4)	111,327	4,512,907	14,430,846	1,528,170
Capital advances (Refer Note No 11.6)	11,955,382	-	5,518,066	-
Amounts to be billed to donors against reimbursement of project expenses (Refer Note no 11.7)	-	46,065,535	-	55,288,850
Income tax deducted at source	6,142,836	11,948,411	10,270,988	21,251,407
Prepaid expenses	1,157,930	480,937	1,126,056	368,265
Sundry deposits	8,981,701	12,251,402	8,896,701	13,320,741
TOTAL	30,948,706	111,021,002	46,583,981	130,247,102

* Note : Depreciation on land represents amortisation of leasehold land over the lease period

** Cash and bank balance Classification is based on the objective of the receipt of funds



Institute for Financial Management and Research
Schedules forming part of the financial statements

Particulars	For the year ended March 31, 2020 Rs.			For the year ended March 31, 2019 Rs.		
	Unrestricted Funds	Restricted Funds	Total	Unrestricted Funds	Restricted Funds	Total
Schedule 7 - Other income						
Interest on						
- Deposits	78,927,795	33,730,092	112,657,887	66,605,855	33,646,992	100,252,847
- Savings bank account	632,380	1,433,753	2,066,133	650,973	1,301,840	1,952,813
- Income tax refund	824,665	1,980,943	2,805,608	691,461	766,083	1,457,544
- Staff advances	-	700	700	100	23,800	23,900
Miscellaneous receipts	230,951	11,768,089	11,999,040	5,420,123	14,820,820	20,240,943
Profit on sale of Misc. Assets	-	9,438	9,438	-	-	-
Foreign Exchange Gain	-	771,209	771,209	-	-	-
TOTAL	80,615,791	49,694,224	130,310,015	73,368,512	50,559,535	123,928,047
Schedule 8 - Employee benefit expenses						
Establishment expenses	8,903,122	54,118,473	63,021,595	11,750,076	36,817,836	48,567,912
Contribution to Provident and other funds	1,767,245	-	1,767,245	758,932	-	758,932
Staff welfare expenses	23,088	-	23,088	468,322	-	468,322
TOTAL	10,693,455	54,118,473	64,811,928	12,977,330	36,817,836	49,795,166
Schedule 9 - Administrative expenses						
Auditors remuneration	1,525,000	-	1,525,000	1,424,500	-	1,424,500
Advertisement expenses	-	34,300	34,300	1,947	35,957	37,904
Application fees	2,500,000	-	2,500,000	-	-	-
Books and periodicals	-	576,767	576,767	65,732	-	65,732
Postage and telegrams	89,621	918,907	1,008,528	81,085	1,025,471	1,106,556
Printing and stationery	61,590	-	61,590	241,954	-	241,954
Legal & Professional Fees	3,821,322	6,311,549	10,132,871	1,120,220	2,848,810	3,969,030
Travelling expenses	14,285	8,609,575	8,623,860	420,834	6,737,198	7,158,032
Miscellaneous expenses	7,735	275,523	283,258	154,207	722,123	876,330
Security charges	-	-	-	612,310	-	612,310
Foreign Exchange loss	-	-	-	-	409,619	409,619
Loss on sale of assets	575,960	1,252,421	1,828,382	241,855	663,299	905,154
Rent	7,500,000	5,298,473	12,798,473	3,125,000	5,215,331	8,340,331
Electricity and water charges	-	234,271	234,271	(5,674,580)	176,335	(5,498,245)
Rates and taxes	1,477,856	-	1,477,856	310,908	4,366	315,274
Insurance	748,243	553,973	1,302,216	862,174	474,684	1,336,858
Repairs and maintenance						
- Repairs and AMC	4,263,990	1,579,042	5,843,032	418,879	2,898,659	3,317,538
- Office Maintenance	-	1,955,534	1,955,534	683,115	-	683,115
-Computers/ website/ software	288,700	1,217,582	1,506,281	638,076	1,090,801	1,728,877
-Vehicles	-	-	-	597,064	-	597,064
Meeting expenses	-	3,421,582	3,421,582	414,698	3,382,381	3,797,079
Provision for doubtful debts	-	6,897,138	6,897,138	-	5,896,504	5,896,504
TOTAL	22,874,302	39,136,637	62,010,939	5,739,978	31,581,538	37,321,516



Institute for Financial Management and Research
Schedules forming part of the financial statements

Schedule 4 - Property, Plant, and Equipment

Particulars	Gross Block			Accumulated Depreciation / Amortisation			Net Block		
	Balance as at April 1, 2019 Rs.	Additions Rs.	Deletions Rs.	Balance as at March 31, 2020 Rs.	Balance as at April 1, 2019 Rs.	For the year Rs.	Elimination on disposal of assets Rs.	Balance as at March 31, 2020 Rs.	Balance as at March 31, 2019 Rs.
Freehold land	7,688,217	-	-	7,688,217	-	-	-	-	7,688,217
Leasehold land	84,271,987	-	-	84,271,987	6,233,236	851,232	-	7,084,468	78,038,751
Buildings	744,890,845	106,103,007	69,492	850,974,360	163,567,371	40,566,245	5,164	204,128,452	581,323,474
Plant (solar)	32,834,075	-	-	32,834,075	3,318,345	1,641,704	-	4,960,049	29,515,730
Roads	23,267,464	-	-	23,267,464	9,756,293	2,326,746	-	12,083,039	11,184,425
Electrical fittings	113,236,078	22,867,150	-	136,103,228	48,980,578	12,405,924	-	61,386,502	64,255,500
Furniture and office equipment	39,498,595	26,912,851	2,701,706	63,709,740	15,657,716	4,915,965	1,332,948	19,240,733	23,840,879
Computers	87,175,254	6,403,225	2,814,764	90,763,715	56,819,302	10,340,492	2,314,221	64,845,573	30,355,952
Air-conditioners	30,028,780	45,318,200	58,260	75,288,720	20,070,535	8,561,206	23,654	28,608,087	9,958,245
Miscellaneous and other equipment	39,694,416	14,676,616	426,550	53,944,482	30,599,458	6,899,323	362,736	37,136,045	16,808,437
Vehicle	4,220,627	-	-	4,220,627	3,745,879	446,338	-	4,192,217	28,410
Library books	10,435,128	-	-	10,435,128	10,313,628	42,767	-	10,356,395	78,733
Software	6,357,342	30,000	-	6,387,342	2,553,387	1,174,412	-	3,727,799	2,659,543
TOTAL	1,223,598,808	222,311,049	6,070,772	1,439,839,085	371,615,728	90,172,354	4,038,723	457,749,359	851,983,080

* Note : Depreciation on land represents amortisation of leasehold land over the lease period



INSTITUTE FOR FINANCIAL MANAGEMENT & RESEARCH
(Registered under the Societies Registration Act XXI of 1860)

Cash Flow Statement for the Year ended March 31, 2020

Particulars	For the Year Ended Mar 31, 2020 Rs.	For the Year Ended Mar 31, 2019 Rs.
Cashflow from operating activities		
Surplus for the Period	58,101,411	465,502,912
Adjustments for		
Depreciation	84,366,943	79,857,392
Loss on sale of asset (net)	1,818,944	905,154
Surplus on sale of land and building	-	(391,203,710)
Provision for Employee Benefits	4,710,357	(9,795,107)
Interest Income	(117,529,629)	(103,663,204)
Surplus before changes in Current Assets / Current Liabilities:	31,468,026	41,603,437
Decrease/ (Increase) in Current Assets	34,258,554	(27,333,337)
Increase/(Decrease) in Current Liabilities	(15,357,753)	(53,830,480)
Cash generated from Operations	50,368,827	(39,560,380)
Net Income tax paid	16,236,756	(323,444)
Net Cash Flow from Operating Activities	66,605,583	(39,883,824)
Cash Flow From Investing Activities		
Interest on Deposits	174,819,038	115,837,456
Proceeds from sale of fixed assets	213,104	401,578,640
Capital Expenditure on Fixed Assets including Capital Advances	(229,114,629)	(57,915,678)
Investment in Fixed Deposits	17,301,060	(689,599,857)
Net Cash Flow used in Investing Activities	(36,781,427)	(230,099,439)
Cash Flow From Financing Activities		
Contribution to General Fund	13,824,524	46,045,929
Transfer to Krea University	(137,258,086)	(12,500,000)
Deferred Income (Specific Contribution)	35,000,000	10,000,000
Grants received in advance	251,150,564	80,745,762
Net Cash Flow from Financing Activities	162,717,002	124,291,691
Net Increase/ (Decrease) in Cash and Cash Equivalents	192,541,158	(145,691,574)
Cash & Cash Equivalents at the beginning of the year	114,954,370	260,645,944
Cash & Cash Equivalents at the end of the year	307,495,528	114,954,370
Reconciliation of Cash & Cash equivalents:		
Cash & bank balances as per Balance Sheet (Refer Schedule 5)	2,349,648,803	2,174,408,705
Less: Deposits - original maturity more than 3 months	2,042,153,275	2,059,454,335
Net Cash & Cash equivalents (as defined in AS 3 Cash Flow Statement) Included in Schedule 5	307,495,528	114,954,370
Cash and cash equivalents at the end of the year comprises of		
(a) Cheques in Hand		
(a) Balances with banks		
- in current account	1,088,336	5,228,440
- in savings account	45,207,198	39,725,934
- in deposit accounts - original maturity 3 months or less	261,199,994	69,999,996
	307,495,528	114,954,370



INSTITUTE FOR FINANCIAL MANAGEMENT AND RESEARCH

(Registered under the Societies Registration Act XXI of 1860)

Notes to the Financial Statements for the year ended March 31, 2020

Back Ground:

IFMR is a not for profit Society established in 1970 and registered under Societies Registration Act XXI of 1860. The Institute is engaged in education and research activities. It has established research centers to undertake research in the areas of finance, insurance, social science, environment etc.

The Government of Andhra Pradesh has vide G.O.Ms.No 23 dated May 23, 2017 included IFMR University in the Schedule of the Andhra Pradesh Private Universities (Establishment and Regulation) Act, 2016, with IFMR as the sponsoring body.

IFMR decided to rename the University as Krea University and applied to the Andhra Pradesh Government for a change of name in December 2017. The A.P. Government granted the name change and notified the Krea University vide a publication in the Andhra Pradesh Gazette on April 30, 2018 (reference Act No. 18 of 2018)

IFMR as the sponsoring body has set up Krea University as per guidelines of the AP Act. The Governing Council, the apex body of the University have been formed in March, 2018. The Chancellor and Vice Chancellor have been appointed in March 2018 as per the Act.

10 Significant Accounting Policies:

10.1 Basis of Accounting:

The financial statements of the Institute have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and the recognized accounting policies and practices, to comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

10.2 Income:

- i. All course and seminar fees are accounted on accrual & time proportion basis
- ii. All Donations, Grants, Endowments and monies received towards project funds are accounted on receipt basis.
- iii. General donations and grants are treated as capital receipts and taken to Restricted Fund.
- iv. Grants whose primary condition is that the Institute should purchase, construct or otherwise acquire capital assets are treated as deferred income which is recognized as Income on a systematic and rational basis over the useful life of the related asset.
- v. Monies received towards joint research project are disclosed as 'Donations' under restricted funds in the schedules to the balance sheet. Such donations are recognized as Income to the extent of the corresponding expenses incurred. Unutilized balance amount is carried forward in the restricted fund for use in future periods.
- vi. Grants from donors for specific purposes are disclosed as 'Research project funds' under restricted funds in the schedules to the balance sheet. Unutilized balance amount of such grants is carried forward under the restricted fund in the Balance sheet. Such grants are recognized in Income and Expenditure account when the Institute has incurred expenses pertaining to such specified projects. Any surplus is transferred to Income and Expenditure upon the completion of the project



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- vii. Project income classified as Project Reimbursements is recognised on accrual basis as and when the Institute incurs the corresponding expenditure for the projects. These are classified as Income from Project Reimbursements.
- viii. Interest Income on deposits is recognized on the time proportion method taking into consideration the amount outstanding and the applicable interest rates.

10.3 Research Project Expenses:

Research Project expenses include expenses directly attributed to Research projects and those expenses that benefit more than one function which are allocated on basis of estimated time and effort or other reasonable basis. Such identification and recording of expenses, application of funds including working capital movements and inter-fund transfers, Cash & Bank balances relating to Restricted funds, presented in these Financial statements are based on the management assessment and internal controls designed and established in the Institute.

10.4 Property, Plant, and Equipment and Depreciation:

Assets are recorded at cost of acquisition and any directly attributable expenditure on making the asset ready for its intended use. Depreciation on fixed assets is charged on the straight-line method at the following rates:

Asset Category	Rate %
Leasehold land	Over the lease period
Buildings	5
Solar Power Plant	5
Electrical fittings and furniture	10
Roads	10
Air-conditioners	15
Fire Protection Equipments	25
Other miscellaneous equipment	25
Computer including software, vehicles and library books	20

10.4 Capital work-in-progress

Fixed assets that are not yet ready for their intended use are carried at cost, comprising of direct cost and related incidental expenses.

10.5 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

10.6 Cash flow statement

Cash flows are reported using the indirect method, whereby Income / (expenditure) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Institute are segregated based on the available information.



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10.7 Employee Benefits:

Defined contribution plans:

- a. **Provident Fund:** The institute makes contribution to the Employee Provident Fund Organisation to discharge its liabilities towards the Employees Provident Fund. The institute has no other liability other than its contribution.
- b. **Super Annuation Fund:** The Institute makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge its liabilities towards super annuation to the employees. The Institute has no other liability other than its contribution.

Defined benefit plans (Long term employee benefits):

Gratuity: The Institute makes its contribution to a Gratuity fund administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liability to the employees. The Institute accounts for its liability for future gratuity benefits based on actuarial valuation, as at the balance sheet date, determined by actuary consultant using the projected unit credit method. Effects of changes in actuarial valuation are immediately recognized in the income and expenditure account.

Compensated absences: The Institute records its liability for compensated absences based on actuarial valuation as at the balance sheet date using the projected unit credit method. Effects of changes in actuarial valuation are immediately recognized in the income and expenditure account.

Short term employee benefits are recognized as an expense as per the Institute's scheme based on expected obligations on an undiscounted basis.

10.8 Foreign Currency Transaction:

- a. All foreign contributions received as grants are recorded at the rates prevailing on the date when the credit is given by the bank, to the Institute's account. Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of the transactions and the realized exchange loss/ gain are dealt with in the Income and Expenditure account.
- b. Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange gain/loss is suitably dealt with in the Income and Expenditure account.

10.9 Segment Reporting:

After transfer of Business School operations to Krea University, the Institute operates in only one segment viz in Research activities. Therefore the Segment reporting requirement does not apply to IFMR. Within the single segment we have restricted and non-restricted funds which are duly disclosed in the Balance Sheet and Profit and Loss Account.

10.10 Designated Funds

The Board in its meeting on October 23, 2015 decided to earmark certain funds in General and in Research project Funds as Designated funds for future use as may be determined by the Board. Interest earned on these funds is accumulated along with the principal funds.



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10.11 Taxation:

The Institute is registered under section 10 (23C) (iv) of the Income Tax Act, 1961 and is exempted from taxes on income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Tax deducted at source would be received as and when tax assessment is completed for the respective financial year by the income tax assessing officer.

11. Notes on Accounts:

11.1 Employee Benefits:

The Institute makes Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Institute is required to contribute a specified percentage of the payroll costs to fund the benefits. In the case of Provident Fund effective from April 01, 2018, the institute makes PF contributions to the EPFO. The Institute recognized Rs.341,657 (Year ended March 31, 2019 Rs. 2,194,666) for Provident Fund contributions Rs.83,400 (Year ended March 31, 2019 Rs. 73,736) for Superannuation Fund contributions. The contributions payable to these plans by the Institute are at rates specified in the rules of the schemes.

The details of actuarial valuation in respect of Gratuity liability are given below:

		Rs.	
i.	Particulars	31.03.2020	31.03.2019
	Projected benefit obligation as at the beginning of the year	20,760,528	28,723,770
	Service cost	8,378,809	9,593,673
	Interest cost	1,504,881	2,105,322
	Transferred out during the year (Refer Note 11.3)	-	(10,351,090)
	Actuarial Loss/(gains)	(4,793,549)	(6,976,738)
	Benefits Paid	(1,390,892)	(2,334,409)
	Projected benefit obligation at the end of the year	24,459,777	20,760,528
ii.	Particulars	31.03.2020	31.03.2019
	Fair value of plan assets as at the beginning of the year	17,428,098	17,827,906
	Expected return on plan assets	1,475,022	1,779,745
	Contributions	3,000,000	10,895,864
	Benefits paid	(1,390,892)	(2,334,409)
	Transferred out during the year (Refer Note 11.3)	-	(10,351,090)
	Actuarial gain/(losses) on plan assets	(411,349)	(389,919)
	Fair value of plan assets	20,100,879	17,428,098
iii.	Amount recognized in the Balance Sheet	31.03.2020	31.03.2019
	Projected benefit obligation at the end of the year	24,459,777	20,760,528
	Fair value of plan assets at the end of the year	20,100,879	17,428,098
	Liability recognized in the balance Sheet	4,358,898	3,332,430
iv.	Cost of the defined plan for the Year	31.03.2020	31.03.2019
	Total Service cost	8,378,809	9,593,673
	Interest on obligation	1,504,881	2,105,322
	Expected return on planned assets	(1,475,022)	(1,779,745)
	Net actuarial (gains)/losses recognized in the year	(4,382,200)	(6,586,820)
	Net cost recognized in the Income and expenditure account	4,026,468	3,332,430

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v. Assumptions	31.03.2020	31.03.2019
Discount Rate	5.57%	7.50%
Expected rate of return	7.77%	8.09%
Salary escalation	0% 1 st year & 8% thereafter	8%

Actuarial Calculations (Gratuity Plan) as per AS 15:

		Rs.	
	Experience History	31.03.2020	31.03.2019
1	Defined Benefit Obligation at end of the period	24,459,777	20,760,528
2	Plan Assets at end of the period	20,100,879	17,428,098
3	Funded Status	(4,358,898)	(3,332,430)
4	Experience Adjustments on Plan liabilities	(800,962)	(7,181,644)
5	Experience Adjustments on Plan Assets	(411,349)	(389,919)

11.2 MOU between University and Sponsoring Body:

As per the Framework Agreement between IFMR and Krea University, the following funds were transferred to Krea during the current financial year.

Particulars	Amount(Rs.)
IFMR Donation to Krea	100,000,000
Donor Donations transferred to Krea	37,464,706
Total	137,464,706

- Pursuant to the approval of the Board of Directors in the meeting in Nov 2019 an amount of Rs.200 million has been agreed to be contributed from IFMR to Krea University. Of this, Rs.100 million has been contributed during the year in Nov'2019.
- IFMR has transferred funds amounting to Rs.37.4 million received from the Donors for the purpose of funding Krea University operations and capital requirements.

Hence, donation amounting to Rs.37.4million has been transferred from IFMR to Krea University.

11.3 Related Party Transactions:

IFMR as a sponsoring body established Krea University under the Andhra Pradesh Private Universities (Establishment and Regulation) Act, 2016. By virtue of this Krea University is a related party.

Other than the disclosure in Section 11.2 of Notes to Accounts, the below transactions have been made during the year.

- The amount of Rs 22.5 million that was due IFMR to Krea on 31 March 2019 has been settled in the current year.



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ii. A Branding agreement was made in Aug 2019 between IFMR and Krea University for extension of branding and Support Services from Krea to IFMR's Research Centers. As per

The agreement, Rs.0.5 million per annum is to be paid by IFMR to Krea University. Accordingly, the proportionate amount of Rs.0.4 million (With GST) has been paid in February'20.

11.4 IFMR had made an application for the 'Institutions of Eminence (IOE)' status with the University Grants Commission (UGC) for which an application fee of Rs.10 Million was paid in Dec2017. The application has been rejected and an amount of Rs.7.5million was refunded to IFMR in Feb 2020 after deducting Rs.2.5 million being the application charges. This has been charged to P&L in the FY 19-20.

11.5 IFMR as Sponsoring Body of Krea University has established an Endowment Fund in KREA University for an amount of Rs 12.5 million as per rules notified vide G.O.MS. No 22 dated May 18, 2017. The Endowment Fund in the form of fixed deposit has been transferred to Krea University

11.6 Capital work in progress

Renovation of Sricity Campus was undertaken in Jan 2019. The capital expenditure incurred for Rs 145 million has been capitalised in Aug 2019 in IFMR books. Subsequent additions were capitalised in the period from Sep 2019 to March 2020 amounting to Rs.68.8 million.

Construction of Residential Tower (RT Project) at Sricity Campus has commenced in Dec 2019 and is in progress. An amount of Rs.23 million has been spent till March 2020.

Capital advances amounts to Rs.11,955,382/- paid for Sricity Residential Tower Project.

11.7 The Institute accrues the reimbursements recoverable from donors towards expenses incurred on projects. These reimbursements have been included under Accounts Receivable to the extent invoiced to donors and have been included under Loans and Advances to the extent they are yet to be billed.

11.8 The Institute is a not for profit organisation, engaged in education and research activities. It has established research centers to undertake research in the areas of finance, insurance, social science, environment etc. In assessing the recoverability of its assets, the Institute has considered internal and external information upto the date of approval of these financial statements. The assets of the Institute are of such nature that their recoverability will not be significantly impacted by the present situation on COVID Pandemic.

Due to the outbreak of global pandemic COVID-19 and lock down imposed by various governments, there may be delays in execution of projects undertaken by the Institute. Management has critically evaluated these delays and is in continuous discussion with donors to ratify the same. Based on this analysis, no adjustments in the financials are required to be done.

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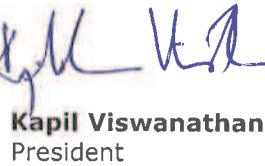
Notes to the Financial Statements for the year ended March 31, 2020

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Institute will continue to closely monitor any material changes to future economic conditions.

- 11.9** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification.

Chennai
09-09-2020


R Seshasayee
Chairman


Kapil Viswanathan
President


Lalitha J
Chief Financial Officer

