

INDEPENDENT AUDITORS' REPORT

To the Members of General Body of PiramalSwasthya Management and Research Institute

Report on the Audit of the Financial Statements**Opinion**

1. We have audited the accompanying financial statements of PiramalSwasthya Management and Research Institute ("the Society"), which comprise the Balance Sheet as at March 31, 2020, the Income and Expenditure Account and the Receipts and Payment Account for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").
2. 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 Society as at March 31, 2020 and its excess of expenditure over income for the year ended on that date.

Basis for Opinion

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

Other Matter

4. The financial statements of the Society for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on September 6, 2019.

Responsibility of the Management and Those Charged with Governance for the Financial Statements

5. The Entity's Governing Board are responsible for the preparation of these financial statements in accordance with the accounting principles generally accepted in India and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, the Governing Board is responsible for assessing the Society'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 the Governing Board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.
7. The Governing Board is responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objective is 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.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 controls 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 Society's Internal Financial Controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Board.
 - 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 Society'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 Society 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.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. 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 Lodha & Co.
ICAI FRN: 301051E
Chartered Accountants


R P Baradiya
Partner

Membership No.: 44101
UDIN: 20044101AAABLD3170



Place : Mumbai

Date : September 7, 2020

Balance Sheet as on March 31,2020

Particulars	Sch No	Amount in Rupees	
		As at March 31,2020	As at March 31,2019
Liabilities:			
Corpus Fund	1	8,54,36,000	8,54,36,000
Specific Purpose Fund	2	1,79,88,831	7,70,29,685
General Reserve		3,92,00,000	3,92,00,000
Excess of Income over Expenditure	3	33,05,29,866	35,10,71,790
Non Current Liabilities & Provisions	4		
Long term Secured Loans		15,04,607	86,85,646
Long term Provisions		4,24,79,612	2,53,48,087
Current Liabilities & Provisions			
Short term Secured Loans	5	4,15,41,682	6,47,26,922
Short term Unsecured Loans	6	20,95,00,000	20,00,00,000
Current Liabilities	7	10,82,37,811	28,13,00,088
Short term Provisions	7	53,58,268	43,85,381
Total		88,17,76,676	1,13,71,83,599
Non Current Assets :			
Fixed Assets :			
Gross Block		27,27,08,447	17,75,53,519
Less: Accumulated Depreciation		12,72,69,259	9,15,76,651
Net Block	8-A	14,54,39,188	8,59,76,868
Fixed Assets Held in Trust	8-B	1,91,076	30,37,653
Capital Work in Progress	8-C	28,23,466	5,22,58,371
Long-term Loans and Advances	9	2,43,60,505	7,97,76,578
Current Assets :			
Inventory	10	1,11,53,405	79,00,598
Receivables	11	51,37,53,180	67,12,73,372
Cash & Bank Balances	12	9,80,67,675	10,06,10,504
Short-term Loans and Advances	13	8,59,88,181	13,63,49,655
Total		88,17,76,676	1,13,71,83,599

Summary of significant accounting policies and notes to accounts

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The Schedules referred to above form an integral part of the financial statements.

As per our report of even date attached


For Lodha & Co
Chartered Accountants
ICAI FRN.301051E


R P Baradiya

Partner
Membership No. 44101

For Piramal Swasthya Management and Research Institute


K. Chandramouli
Chief Financial Officer


Paresch Parasnis
Chief Executive Officer

Place: Mumbai
Date : September 07, 2020

Place: Mumbai
Date : September 07, 2020

Place: Mumbai
Date : September 07, 2020



Income & Expenditure Statement for the Year Ended March 31,2020

Amount in Rupees

Particulars	Sch No	Year Ended March 31,2020	Year Ended March 31,2019
INCOME			
Receipts and Donations			
Receipts for MMU Operations		11,58,08,030	90,77,54,655
Receipts for Call Centre Operations		37,66,81,926	32,00,93,756
Donations		38,60,06,568	19,12,17,115
Receipts for CSR Activities		20,17,90,701	12,90,05,809
Receipts from TMC Operations		2,65,02,957	1,61,95,026
Receipts for Other Operations		4,72,23,140	3,69,29,348
Sub Total (A)		1,15,40,13,323	1,60,11,95,709
Other Income			
Interest and Other Income (B)	14	3,40,04,524	88,98,052
Total Income (A)+(B) : (C)		1,18,80,17,847	1,61,00,93,761
EXPENDITURE			
Operating Cost	15	92,95,31,726	1,42,23,05,087
Administrative Cost	16	20,73,78,072	16,24,40,131
Finance Charges	17	3,26,08,156	2,46,85,110
Depreciation	8-A	3,90,41,817	2,55,56,803
Total Expenses (D)		1,20,85,59,771	1,63,49,87,131
Surplus / (Deficit) (C)-(D) : (E)		(2,05,41,925)	(2,48,93,370)
Net Excess of Income over Expenditure		(2,05,41,925)	(2,48,93,370)

Summary of significant accounting policies and notes to accounts

18

The Schedules referred to above form an integral part of the financial statements.

As per our report of even date attached

For Lodha & Co
Chartered Accountants
ICAI FRN.301051E



R P Baradiya
Partner
Membership No. 44101

For Piramal Swasthya Management and Research Institute



K. Chandramouli
Chief Financial Officer



Paresh Parasnis
Chief Executive Officer

Place: Mumbai
Date : September 07, 2020

Place: Mumbai
Date : September 07, 2020

Place: Mumbai
Date : September 07, 2020



Amount in Rupees

Schedule - 1

Particulars	As at March 31,2020	As at March 31,2019
Corpus Fund		
Donation Received	8,54,00,000	8,54,00,000
Membership Fee	29,000	29,000
Application Fee	7,000	7,000
TOTAL	8,54,36,000	8,54,36,000

Schedule - 2

Particulars	As at March 31,2020	As at March 31,2019
Specific Purpose Fund		
Grants - Capex		
Opening Balance	5,00,84,957	35,45,500
Add : Received during the Year	-	6,70,98,482
Less : Utilised during the Year	3,39,56,757	2,05,59,025
Closing Balance (a)	1,61,28,200	5,00,84,957
Grants - Opex		
Opening Balance	2,69,44,728	1,06,15,714
Add : Received during the Year	-	2,73,62,602
Less : Utilised during the Year	2,50,84,097	1,10,33,588
Closing Balance (b)	18,60,632	2,69,44,728
Total (a) + (b)	1,79,88,831	7,70,29,685

Schedule - 3

Particulars	As at March 31,2020	As at March 31,2019
Excess Of Income Over Expenditure		
Balance Brought Forward (Previous Year)	35,10,71,790	37,59,65,160
Add/(Less): For Current Year	(2,05,41,925)	(2,48,93,370)
TOTAL	33,05,29,866	35,10,71,790

Schedule - 4

Particulars	As at March 31,2020	As at March 31,2019
Non Current Liabilities & Provisions		
Long term - Secured Loans		
Vehicle Loan	15,04,607	86,85,646
Total (a)	15,04,607	86,85,646
Long term - Provisions		
Provision for Gratuity (Refer Note III.g)	1,73,85,454	1,54,37,451
Provision for Leave encashment	1,63,38,308	99,10,636
Provision for Doubtful debts	87,55,850	-
Total (b)	4,24,79,612	2,53,48,087
TOTAL	4,39,84,219	3,40,33,733



Amount in Rupees

Schedule - 5

Particulars	As at March 31,2020	As at March 31,2019
Short term - Secured Loans		
Working Capital Loan - Cash Credit	3,43,32,467	5,80,46,056
Vehicle Loan (Current portion of Long Term Secured Loan)	72,09,215	66,80,866
TOTAL	4,15,41,682	6,47,26,922

Schedule - 6

Particulars	As at March 31,2020	As at March 31,2019
Short term - Unsecured Loans		
Piramal Enterprises Limited	17,00,00,000	20,00,00,000
Piramal Welfare Trust	3,95,00,000	-
TOTAL	20,95,00,000	20,00,00,000

Schedule - 7

Particulars	As at March 31,2020	As at March 31,2019
Sundry Creditors		
Sundry Creditors for Expenses	4,80,55,695	7,14,99,927
Sundry Creditors for Capital Goods	2,19,60,424	1,82,22,190
Other current liabilities		
Staff Reimbursements Payable	28,15,872	2,17,81,115
Interest Free Advances	-	8,00,00,000
Salaries Payable	7,65,387	4,77,88,949
Statutory Dues Payable	1,76,98,462	3,12,88,810
Interest Payable on Secured Loans	37,377	65,734
Interest Payable on Unsecured Loans	1,69,04,595	1,06,53,363
	10,82,37,811	28,13,00,088
Short Term Provisions		
Provision for Gratuity	13,39,396	16,35,116
Provision for Leave encashment	40,18,872	27,50,265
	53,58,268	43,85,381
TOTAL	11,35,96,079	28,56,85,469



PIRAMAL SWASTHYA MANAGEMENT AND RESEARCH INSTITUTE
Schedules forming part of the Financial Statements
Schedule 8-A Fixed Assets - Owned

Amount in Rupees

S.No	Particulars	Rate of Deprn. (%)	Gross Block as on 1-Apr-19	Additions		Total	Deletions during the year	Total Gross Block as on 31-Mar-20 (After Deletions)	Accumulated Depreciation Upto 31-Mar-2019	Deletion of Accumulated Depreciation	Depreciation for the Year	Total Depreciation upto 31.03.2020	Opening Written Down Value as on 1-Apr-19	Closing Written Down Value as on 31-Mar-20
				From 01-Apr-19 to 30-Sep-19	From 01-Oct-19 to 31-Mar-20									
1	Computers - Hardware - Software	40% 40%	5,23,67,004 5,16,32,525	30,22,756 10,05,922	29,58,006 7,52,39,713	5,83,47,766 12,78,78,160	39,43,773	5,44,03,992 12,78,78,158	3,23,77,799 4,10,73,798	33,49,204	95,78,264 1,96,73,802	3,86,06,859 6,07,47,595	1,99,89,205 1,05,58,727	1,57,97,134 6,71,30,563
2	Electronic & Electrical Equipment	15%	48,30,985	18,67,640	5,43,534	72,42,159		72,42,159	22,12,614		7,13,667	29,26,281	26,18,371	43,15,879
3	Furniture & Fixture	10%	1,03,39,805	69,36,891	4,61,573	1,77,38,269		1,77,38,269	33,17,806		14,18,968	47,36,773	70,22,000	1,30,01,496
4	Office Equipment	15%	74,32,909	7,81,939	5,26,493	87,41,341		87,41,341	28,96,730		8,37,205	37,33,934	45,36,179	50,07,406
5	Medical Equipment - Life Saving Equipment - Other Equipment	40% 15%	2,35,144 91,76,813	25,92,320	5,44,873	2,35,144 1,23,14,006		2,35,144 1,23,14,006	2,34,458 25,51,116		274 14,23,568	2,34,732 39,74,684	686 66,25,696	412 83,39,321
6	Vehicles -MHU -Two Wheeler	15% 15%	3,93,70,907 21,67,428	78,540	25,38,503	4,19,87,950 21,67,428		4,19,87,950 21,67,428	66,10,179 3,02,152		51,16,278 2,79,791	1,17,26,457 5,81,944	3,27,60,728 18,65,276	3,02,61,493 15,85,484
	Total		17,75,53,519	1,62,86,008	8,28,12,695	27,66,52,222	39,43,773	27,27,08,447	9,15,76,651	33,49,204	3,90,41,817	12,72,69,259	8,59,76,868	14,54,39,188



Amount in Rupees

Schedule 8-B

Fixed Assets Held in Trust

S.No	Particulars	Opening Balance as on 1-Apr-19	Additions	Grant Applied for Acquisition of Fixed Assets	Closing Balance as at 31-Mar-2020
1	Computers				
	- Hardware	17,50,018	41,64,667	57,31,506	1,83,179
	- Software	2,58,034	12,87,090	15,44,881	243
2	Electronic & Electrical Equipment	4,64,100	14,94,287	19,57,430	957
3	Furniture & Fixture	4,59,098	8,83,182	13,36,673	5,607
4	Office Equipment	1,06,251	19,95,057	21,00,370	938
5	Water ATM	25			25
6	Medical Equipment	125			125
7	Vehicles	2			2
	Total	30,37,653	98,24,283	1,26,70,860	1,91,076
	Previous Year Values as on 31 Mar 19	30,29,382	1,67,59,513	1,67,51,242	30,37,653

Note: The Assets purchased out of Government / client Grant in Aid is shown in the Balance Sheet as a deduction from the Gross value of the relevant fixed asset, as the ultimate ownership of such assets lies with Government/Funding Agency. Hence, depreciation is not provided on such assets.

Schedule 8-C

Capital Work in Progress-Asset under installation

Amount in Rupees

S.No	Particulars	Opening CWIP	Additions During the Year	Capitalised During the Year	Closing Balance as at 31-Mar-2020
1	Computers				
	- Software	5,22,58,371		5,22,58,371	-
2	Office Equipment		28,23,466		28,23,466
	Total	5,22,58,371	28,23,466	5,22,58,371	28,23,466
	Previous Year Values as on 31 Mar 19	4,52,52,042	2,00,92,891	1,30,86,562	5,22,58,371



Particulars	As at March 31,2020	As at March 31,2019
Long term Loans and Advances		
Security Deposits	1,52,42,154	1,52,42,154
Rent Deposits	20,07,038	34,22,508
Telephone Deposits	4,22,251	4,22,251
Other Deposits	78,100	1,08,456
Tax Deducted at Source	66,10,962	6,05,81,209
TOTAL	2,43,60,505	7,97,76,578

Schedule - 10

Particulars	As at March 31,2020	As at March 31,2019
Inventory		
Stock of Medicines - On Hand	1,11,53,405	79,00,598
TOTAL	1,11,53,405	79,00,598

Schedule - 11

Particulars	As at March 31,2020	As at March 31,2019
Receivables		
Outstanding for a Period Exceeding Six Months		
Receivable from various State Governments	24,22,73,344	20,88,96,126
Receivable from other than State Governments	42,28,230	23,18,764
Outstanding for a Period Less than Six Months		
Receivable from various State Governments	23,46,13,655	43,73,36,770
Receivable from other than State Governments	2,19,01,344	2,27,21,712
Unbilled Receivables	1,07,36,607	-
Total	51,37,53,180	67,12,73,372

Schedule - 12

Particulars	As at March 31,2020	As at March 31,2019
Cash & Bank Balances		
Cash On Hand	-	-
Bank Balances	1,18,20,891	1,34,03,483
Fixed Deposits with Banks (incl. Interest accrued)		
FDR kept for Bank Guarantee	2,17,29,943	2,27,74,279
FDR kept for Margin Money - Cash Credit Limit	6,45,16,841	6,44,32,742
TOTAL	9,80,67,675	10,06,10,504

Schedule - 13

Particulars	As at March 31,2020	As at March 31,2019
Short-term Loans and Advances		
Security Deposits	-	5,00,000
Advances to Suppliers	1,19,79,638	3,31,37,582
Advances to Employees	21,91,875	46,31,768
Advances for Expenses	42,42,449	61,96,275
Prepaid Expenses	77,02,351	43,76,999
GST Receivable	26,104	1,43,21,979
GST Cash balance	14,73,904	-
TDS receivable-Short term	5,81,41,060	7,29,68,048
Tax Collected at Source	2,30,800	2,17,004
TOTAL	8,59,88,181	13,63,49,655



Amount in Rs

Schedule - 14

PARTICULARS	Year Ended March 31,2020	Year Ended March 31,2019
Interest and Other Income		
Interest Income	62,24,750	60,79,656
Interest on Refund of Income Tax	89,96,020	-
Other Income	25,59,543	13,87,396
Provisions No longer Required Written Back	1,62,24,211	14,31,000
Total	3,40,04,524	88,98,052

Schedule - 15

PARTICULARS	Year Ended March 31,2020	Year Ended March 31,2019
Operating Cost		
Salaries and Employee Benefits	45,89,63,339	74,13,41,484
Consultation & Contract Charges	14,09,19,625	29,85,34,079
Software Updates/Maintenance	3,90,45,112	4,69,63,014
Communication expenses	3,71,58,232	3,95,71,819
Travel & Conveyance	3,57,68,368	3,94,07,024
Drugs, Medicines, Consumables & Investigations	3,08,64,108	3,02,80,560
Vehicle Maintenance	2,59,11,053	8,96,15,950
Repairs & Maintenance	2,60,86,840	1,25,36,936
Rent	1,83,57,125	1,64,88,146
Earlier Year Receivables - Written off	5,30,70,888	-
Insurance	1,04,37,536	78,58,489
Operational Maintenance Expenditure	95,82,489	81,15,792
Staff Welfare Expenses	81,90,008	1,66,20,161
Power & Electricity	77,93,109	76,25,026
Security Services	76,47,856	64,67,928
Printing & Stationary	67,97,586	1,58,80,869
Awareness & Training	37,48,208	53,39,636
House Keeping Charges	36,17,606	33,19,154
Equipment Hire Charges	16,05,594	75,19,733
Advertisement	12,24,660	21,20,948
Nutri Hub Project Operational expenses	11,77,789	-
Postage & Courier Charges	6,27,134	11,66,859
Loss on Transfer of Fixed Assets	5,45,389	1,17,22,357
Project Launching Expenses	3,76,037	3,02,023
Exchange Gain/loss	16,035	-
ASHA's - Field Expenses	-	1,35,07,100
Total	92,95,31,726	1,42,23,05,087



Schedule - 16

PARTICULARS	Year Ended March 31,2020	Year Ended March 31,2019
Administrative Cost		
Salaries and Employee Benefits *	10,32,25,629	8,67,89,623
Consultation & Contract charges	1,95,61,876	1,43,21,592
Travel and Conveyance	2,29,08,038	2,55,78,270
Office Maintenance	2,52,70,332	99,19,517
Rent	90,88,151	88,18,058
Rates & Taxes	78,37,119	24,54,700
Advance Written Off	38,85,824	
Power & Electricity	34,21,850	35,51,413
Repairs & Maintenance	20,96,416	25,42,427
Staff welfare Expenses	25,29,906	24,91,886
House Keeping Charges	24,56,604	16,42,210
Communication expenses	16,57,207	11,62,589
Internal Audit Fee & Certification Charges	8,21,789	10,58,973
Bank Charges	8,15,024	8,53,718
Security Services	9,18,497	6,47,500
Statutory Audit Fee	4,00,000	4,84,547
Membership Fee	4,83,810	1,23,108
Total	20,73,78,072	16,24,40,131

* It includes Gratuity and Leave encashment expenses for Operational staff also

Schedule - 17

PARTICULARS	Year Ended March 31,2020	Year Ended March 31,2019
Finance Charges		
Interest on Unsecured Loans	2,24,16,482	1,49,66,203
Interest on Secured Loans	1,01,91,674	97,18,907
Total	3,26,08,156	2,46,85,110



Piramal Swasthya Management and Research Institute
Notes forming part of the Financial Statements for the year ended 31st March, 2020

Schedule 18

Significant Accounting Policies and Other notes forming part of the financial statements for the year ended 31st March, 2020

I. Organization Overview

Piramal Swasthya Management and Research Institute (PSMRI) is a Society established under Andhra Pradesh Societies Act, 2001 (as applicable to Telangana Societies Registration Act Rules, State Government of Telangana) on 8th Oct, 2007 vide registration certificate No. 1583 of 2007.

The aims and objectives of the Society are to manage health related programmes for Government Health Departments and any other organisation with a view to enhance the quality, access and utilization of health facilities by leveraging State of the Art Technology.

II. Significant Accounting Policies

(i) Basis of preparation of financial statements

The Balance Sheet and Income & Expenditure Statements are prepared under the historical cost convention and accounting is on accrual basis. In the absence of authoritatively established accounting principles for the specified aspects related to Charitable Societies which do not carry out any commercial activity, these statements have been prepared in accordance with the significant accounting policies as described below. There are no other entities or Trusts or Societies over which the Society exercises controlling interest, thus there is no requirement of consolidating other entities into the society's financial statements.

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

(iii) Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. The cost include freight, duties, taxes and expenses incidental to the installation of the respective assets.

Intangible assets are recorded at the costs incurred for development of such assets or consideration paid for acquisition of such assets and are carried at cost less accumulated amortization.

Book depreciation on fixed assets is provided on the basis of Written Down Value method as provided under the Income Tax Act, 1961 at the rates mentioned below:



Piramal Swasthya Management and Research Institute
Notes forming part of the Financial Statements for the year ended 31st March, 2020

Particulars	Rates of Depreciation
Office Equipment	15 %
Furniture and fixtures	10 %
Computer Hardware	40 %
Computer Software	40 %
Vehicle	15 %
Medical Equipment – Life Saving	40 %
Medical Equipment – Others	15 %

Gains or losses arising from the retirement, transfer or disposal of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Income & Expenditure Statement.

Advance paid towards the acquisition of fixed asset outstanding at each Balance Sheet date are disclosed as capital advance under loans and advances.

The cost towards fixed asset incurred, but not ready for their intended use before Balance Sheet date are disclosed as Capital work-in progress.

Government Grant-in-aid provided by the State Government/Funding Agency for the acquisition of Fixed Assets (non-recurring expenditure) is shown in the Balance Sheet as a deduction from the gross value of the relevant Fixed Assets and a Nominal value is reflected for such Assets in the books of accounts. Depreciation is not charged on these Assets.

Wherever the respective State Government/ Funding Agency has not released the Non-Recurring Grant for any year, the value of such fixed assets procured with own funds of Piramal Swasthya, are shown as "Fixed Assets held in trust" in the Balance Sheet.

(iv) Inventory

The Cost of medicines and consumables (Other than received from State Govts) has been valued at purchase cost plus cost incurred in bringing the medicines and consumables to its present location. The valuation of inventory closing stock is on a moving average.

(v) Revenue recognition-MMU, Call Centres, CSR, and Other Operations.

- Revenue from MMU, Call Centre and CSR Services are recognized as and when the services are rendered based on the rate fixed in the respective Memorandum of Understanding entered into with the Government/Corporates.
- Donations made with a specific direction that they shall form part of the corpus fund of the society are classified as such, and are directly reflected as Society fund receipts in the balance sheet. Unrestricted grants are recognized on the basis of actual receipt of such grant. Restricted grants are recognized based on fulfillment of conditions as stipulated in the agreement with the Donor.



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Notes forming part of the Financial Statements for the year ended 31st March, 2020

- c) Government Grant-in aid received from State Government towards Recurring Expenditure is recognized in the financial statements on the basis of reasonable assurance that the entity will comply with the conditions attached to them.
- d) Government Grant-in aid received from State Government/Funding Agency against Non-recurring Expenditure (Fixed Assets) are adjusted against the Cost of the Fixed Assets as the ownership of such assets acquired and created from such Government Grant-in-aid vests with the Government/Funding Agency and the unutilized amounts of such Non Recurring Grants are reflected under Specific Purpose - Funds as a Liability.
- e) Interest income is recognised using the time-proportion method, based on underlying interest rates.

(vi) Income tax

The Society is registered under Section 12AA of the Income tax Act, 1961 (Vide letter No. DIT(E)/HYD/12A/46(03)/07-08. The Exemption has been granted w.e.f AY 2008-09) Under the provision of the Act, the income of the society is exempt from tax, subject to the compliance of terms and conditions specified in the Act.

(vii) Foreign exchange transactions

The Society has been registered under the Foreign Contribution (Regulation) Act, 2010 for carrying out activities of Social nature with Registration No. 010230907, Dt. 17-Aug-2012.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Foreign currency assets and liabilities are restated at the rate prevailing as at the date of Balance Sheet. The difference between the year-end rate and exchange rate as at the date of transaction, if any is recognized as expense or income in the Income and Expenditure Account.

(viii) Provisions and Contingent liabilities

The provisions are recognised when, as a result of obligating events, there is a present obligation that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation.

The contingent liability disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made when, as a result of obligation events, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.

(ix) Leases

Assets acquired under lease, where the significant portion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rental in respect of operating lease is charged to expense



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Notes forming part of the Financial Statements for the year ended 31st March, 2020

when due as per terms of the related agreement.

(x) Retirement benefits

Provident fund

All eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and the Society make monthly contribution to the fund, which is equal to a specified percentage of the covered employee's basic salary.

Gratuity

The Society provides gratuity, a defined benefit retirement plan, to its eligible employees. In accordance with the payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to the eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's basic salary and tenure of employment with the Society. The gratuity liability is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary.

Leave Encashment

Leave encashment is payable to eligible employees who have earned leaves during the employment and / or on superannuation as per the Organization's policy. The liability is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary.

III. Notes to Accounts

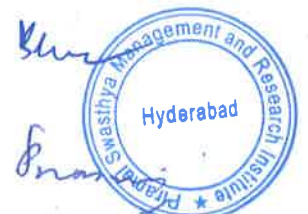
a) Legal and professional expenses

Payments to auditors (excluding GST) are as below:

Particulars	(Amount in Rupees)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Statutory audit	4,00,000	4,00,000
Other services, certification	5,400	84,547
Total	4,05,400	4,84,547

b). The interest and charge details of the Cash Credit limit provided by Axis Bank Ltd, SME Centre, Hyderabad for Rs.12 crores (Previous Year Rs. 12 crores) is as under:

Interest	At 1.5% above Axis Bank's 3 months MCLR. Applicable rate is 9.5 % per annum.
Security	Primary Security: First charge on entire current assets
	Collateral Security: 1.First charge by way of hypothecation of entire unencumbered fixed assets owned by the society (excluding vehicles, assets under HP/Lease) both present and future. 2.The exposure shall be secured by FDRs covering 50% of the CC limit of Rs.12 crores.
Personal Guarantee	Nil
Validity of limit	31.10.2020



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Notes forming part of the Financial Statements for the year ended 31st March, 2020

c). Rate of Interest on Vehicle Loans taken is 9% p.a. – 10% p.a. (Previous Year 9% p.a. – 10% p.a.). During the year, PSMRI has not availed any new vehicle loans.

d). Details of Unsecured Short Term Loan taken from M/s. Piramal Enterprises Limited is as under:

(Amount in Rs.)

Opening Balance as on April 01, 2019	Received during the year	Repaid during the year	Balance as on March 31, 2020	Rate of Interest
20,00,00,000	Nil	3,00,00,000	17,00,00,000	11.25% p.a.

e). Based on an expert legal opinion taken and the information available with the Management, interest free unsecured advances amounting to Rs. 8,00,00,000 received in earlier years, have been treated as Donation in the current financial year.

f). The Honorable Supreme Court of India ("SC") by their order dated 28 February 2019, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of provident fund contribution. There is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. In the assessment of the Society, the aforesaid matter is not likely to have a significant impact on its financial statements. The Society has been complying with the principles laid down by the SC for PF deductions.

g). Actuarial Valuation in respect of Gratuity and Leave Encashment has been carried out by an independent actuary as at the Balance Sheet date and the details are as under:

Gratuity Plan - Defined Employee long-term Benefits

Changes in the Present Value of Obligation:

(Amount in Rupees)

Particulars	FY 2019-20	FY 2018-19
Defined Benefit Obligation at the beginning	1,70,72,567	1,52,32,125
Interest cost	12,06,617	11,31,965
Current service cost	56,89,278	47,84,134
Prior Service Cost – Vested benefit		-
Benefits paid by the Organisation	(23,92,043)	(21,65,132)
Actuarial (Gains)/Loss on obligation	(28,51,570)	(19,10,524)
Defined Benefit Obligation at the end	1,87,24,850	1,70,72,567

Expenses Recognized in the Profit and Loss Account:

(Amount in Rupees)

Particulars	FY 2019-20	FY 2018-19
Current service cost	56,89,278	47,84,134
Interest cost on obligation	12,06,617	11,31,965
Past service Cost	-	-
Net Actuarial (Gain) / Loss to be recognized	(28,51,570)	(19,10,524)
Total Expense recognized in Statement of Profit or Loss	40,44,326	40,05,574



Piramal Swasthya Management and Research Institute
Notes forming part of the Financial Statements for the year ended 31st March, 2020

Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	FY 2019-20	FY 2018-19
Discount Rate(Per Annum)	6.78%	7.6%
Salary Growth Rate(Per Annum)	2%	2%
Expected Rate of Return on Plan Assets (Per Annum)	0%	0%

Valuation Assumptions

The discount rate for defined benefit plan and other long term benefits is based on the prevailing market yields of Indian Government bonds as at Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered for defined plan and other long term benefits takes into account the inflation, seniority, promotion, increments and other relevant factors.

The above disclosure is made to the extent of information available with the society.

h). Contingent Liabilities – Nil

i). During the year the Society has received the following amount in the FCRA designated Bank Account as foreign contribution from USAID (United States Agency for International Development) towards USAID's Health Access Award.

Description	FY 2019-20		FY 2018-19	
	Foreign Currency in USD	Amount in Rs.	Foreign Currency in USD	Amount in Rs.
Foreign Contribution	30,000	20,82,103	1,00,000	70,62,800

j). During the year the Society has spent in foreign currency as mentioned below, towards foreign travel expenditure.

Type of Currency	FY 2019-20		FY 2018-19	
	Foreign currency	Amount(Rs)	Foreign currency	Amount (Rs)
USD	14,170.97	10,20,310	70,331.76	12,52,653
Singapore Dollars	3,894.87	2,02,533	-	-
Australian Dollars	1,532.90	72,046	-	-
Total:		12,94,889		12,52,653

k). The Society has entered into operating lease agreements for office premises at Head Office and Project



Piramal Swasthya Management and Research Institute
Notes forming part of the Financial Statements for the year ended 31st March, 2020

Locations.

Lease Rental Payable

(Amount in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
Not Later than One year	2,33,00,000	2,46,00,000
Later than one year and not later than five years	12,63,00,000	15,60,00,000
Later than five years	3,16,00,000	3,90,00,000

- 1). Previous year figures have been regrouped/ reclassified, as necessary to make them comparable with current year presentation.

Signatories to Notes 1 to 18

For Piramal Swasthya Management and Research Institute



K.Chandramouli
Chief Financial Officer



Paresch Parasnis
Chief Executive Officer

Place: Mumbai

Date: September 07, 2020

Place: Mumbai

Date: September 07, 2020

