

# Fraser & Ross

Chartered Accountants  
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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE FOR FINANCIAL MANAGEMENT AND RESEARCH**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **INSTITUTE FOR FINANCIAL MANAGEMENT AND RESEARCH** ("the Institute"), a society registered under the Societies Registration Act XXI of 1860, which comprise the Balance Sheet as at 31 March, 2017, the Income and Expenditure account and Cash Flow Statement of the Institute for the year then ended, and a summary of the significant accounting policies and other explanatory information.

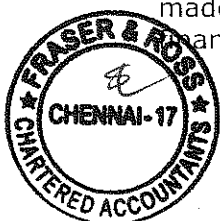
### **Management's Responsibility for the Financial Statements**

The Institute's Management 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 of the Institute in accordance with accounting principles generally accepted in India, including Accounting Standards issued by the Institute of Chartered Accountants of 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial controls relevant to the Institute's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the adequacy and operating effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.



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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Institute as at 31 March 2017;
- (b) in the case of the Income and Expenditure Account, the excess of income over expenditure for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

We report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Institute so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Income and Expenditure Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Income and Expenditure Account and Cash Flow Statement comply with the Accounting Standards applicable to non-corporate entities issued by the Institute of Chartered Accountants of India.

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

*Bhavani Balasubramanian*

**Bhavani Balasubramanian**  
Partner  
Membership No. 22156

Chennai, 03 July 2017



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


**Balance Sheet as at 31st March 2017**

SOURCES OF FUNDS	Schedules	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
Unrestricted funds	1	1,104,717,925	1,034,981,433
Restricted funds	2	948,196,574	911,331,873
Deferred Income (Specific Contribution)	4(a)	28,453,123	29,968,123
Current liabilities and provisions	3	468,441,426	422,984,915
<b>TOTAL</b>		<b>2,549,809,048</b>	<b>2,399,266,343</b>
<b>APPLICATION OF FUNDS</b>			
Property, Plant and Equipment			
Tangible assets	4	976,287,978	967,034,126
Capital work in progress		1,319,786	3,693,269
Current assets	5	1,472,232,911	1,329,340,592
Loans, advances and deposits	6	99,968,373	99,198,356
<b>TOTAL</b>		<b>2,549,809,048</b>	<b>2,399,266,343</b>

Chennai  
Date: 03-July-2017

  
**N. Vaghul**  
Chairman

  
**Lalitha Janakiraman**  
Chief Financial Officer

  
**D. Sundaram**  
Governor

In terms of our report attached  
**For Fraser & Ross**  
**Chartered Accountants**

  
**Bhavani Balasubramanian**  
Partner



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

**Income and Expenditure Account for the year ended 31st March 2017**

Particulars	Schedules	For the Year Ended 31st March 2017			For the Year Ended 31st March 2016		
		General Fund	Research Project Funds	Total	General Fund	Research Project Funds	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>							
Course and Seminar fees		243,817,688	-	243,817,688	234,330,291	-	234,330,291
Project Grants transferred from Research Project Fund		-	297,609,053	297,609,053	164,480,320	-	164,480,320
Project reimbursements		1,173,151	614,699,240	615,872,391	542,101,488	-	544,653,809
Other income	7	52,450,614	57,179,599	109,630,213	45,012,190	32,779,672	77,791,862
<b>TOTAL (A)</b>		<b>297,441,453</b>	<b>969,487,892</b>	<b>1,266,929,345</b>	<b>281,894,802</b>	<b>739,361,480</b>	<b>1,021,256,282</b>
<b>EXPENDITURE</b>							
Course and Seminar expenses		53,172,564	-	53,172,564	49,479,246	-	49,479,246
Research project expenses		2,833,385	906,146,908	908,980,293	2,733,260	698,054,228	700,787,488
Employee benefit expenses	8	91,062,798	40,634,175	131,696,973	83,766,458	24,069,313	107,835,771
Administrative and general expenses	9	58,698,097	22,528,330	81,226,427	58,259,208	19,809,239	78,068,447
Depreciation and amortisation expenses		66,479,090	10,342,928	76,822,018	63,406,790	7,785,849	71,192,639
Less: Share of expenses absorbed under project expenses		(42,356,723)	(50,875,859)	(93,232,582)	(28,760,596)	(45,670,520)	(74,431,116)
<b>TOTAL (B)</b>		<b>229,889,211</b>	<b>928,776,481</b>	<b>1,158,665,693</b>	<b>228,884,366</b>	<b>704,048,109</b>	<b>932,932,476</b>
Excess of income over expenditure		67,552,242	40,711,411	108,263,652	53,010,436	35,313,371	88,323,807
Surplus on sale of land and building		-	-	-	92,099,134	-	92,099,134
Excess of income over Expenditure transferred to :-		67,552,242	40,711,411	108,263,653	145,109,570	35,313,371	180,422,940
General fund		67,552,242	-	67,552,242	145,109,570	-	145,109,570
Research project fund		-	40,711,411	40,711,411	-	35,313,371	35,313,371

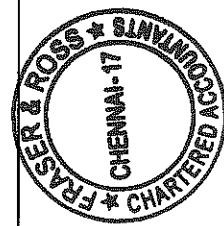
In terms of our report attached  
For Fraser & Ross  
Chartered Accountants

*[Signature]*  
Bhavani Balasubramanian  
Partner

*[Signature]*  
Lalitha Janakiraman  
Chief Financial Officer

*[Signature]*  
N. Vaghul  
Chairman

Place: Chennai  
Date: 03-July-2017



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

Schedule 4 - Property, Plant and Equipment

Particulars	Balance as at 1st April 2016		Gross Block		Accumulated Depreciation/Amortisation		Net Block	
	Rs.		Rs.	Deletions	Rs.	For the year	Rs.	Rs.
Freehold land	7,869,162	-	-	-	-	-	-	7,869,162
Leasehold land	84,271,987	-	-	-	805,762	-	4,331,842	79,940,145
Buildings	726,427,850	13,415,791	-	-	36,616,559	-	90,691,646	649,152,995
Plant (sole)	-	31,300,000	-	-	137,720	-	137,720	31,162,280
Roads	19,527,263	3,740,201	-	-	2,945,077	-	5,102,802	18,164,662
Electrical fittings	106,796,468	4,267,279	-	-	14,750,832	-	25,578,267	85,485,480
Furniture and office equipment	56,661,374	7,260,538	759,330	-	10,827,435	-	34,308,603	28,853,979
Computers	76,381,791	25,124,608	2,920,739	-	5,797,831	300,429	58,319,136	27,850,174
Air-conditioners	28,245,762	1,020,107	-	-	10,360,683	2,723,687	14,361,784	40,276,524
Miscellaneous and other equipment	35,763,743	1,919,204	-	-	4,183,616	-	19,734,294	14,904,085
Vehicle	5,135,627	-	-	-	6,466,885	-	2,798,185	17,948,653
Library books	10,233,360	198,091	-	-	974,179	-	10,240,544	2,337,443
Software	532,920	-	-	-	7,184	-	190,907	190,907
<b>TOTAL</b>	<b>1,157,857,307</b>	<b>88,216,819</b>	<b>3,680,069</b>	<b>3,680,069</b>	<b>78,337,018</b>	<b>3,024,116</b>	<b>266,136,079</b>	<b>976,287,978</b>
								<b>967,034,126</b>

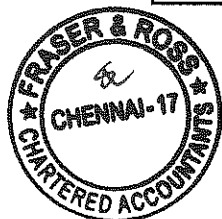
\* Note : Depreciation on land represents amortisation of leasehold land over the lease period

Schedule 4a - Deferred income

Particulars	Opening Balance	Received during the year	Depreciation/amortization charge	Closing balance
Deferred income (Specific Contribution)	29,968,123	-	(1,315,000)	28,653,123



<b>Institute for Financial Management and Research Schedules forming part of the financial statements</b>				
Particulars	As at 31st March 2017 Rs.		As at 31st March 2016 Rs.	
	Unrestricted Funds	Restricted Funds	Unrestricted Funds	Restricted Funds
<b>Schedule 1 - Unrestricted Funds</b>				
<b>General Fund</b>				
Opening balance	998,577,267		878,467,697	
Less: Transfer to Designated fund	-		(25,000,000)	
Add: Excess of income over expenditure	67,552,242		145,109,570	
<b>Closing Balance</b>	<b>1,066,129,509</b>	-	<b>998,577,267</b>	-
<b>Designated Fund</b>				
Opening Balance	36,404,166		-	
Add: Transfer from General Fund	-		25,000,000	
Add: Contribution received	-		10,000,000	
Add: Interest on Designated Fund	2,184,250		1,404,166	
<b>Closing Balance</b>	<b>38,588,416</b>		<b>36,404,166</b>	
<b>Total Unrestricted Funds</b>	<b>1,104,717,925</b>	-	<b>1,034,981,433</b>	-
<b>Schedule 2 - Restricted Funds</b>				
Opening balance - Research Project Funds		787,467,290		695,964,276
Less: Transfer to Designated fund		-		(117,500,000)
Add: Grant received during the year		269,315,873		326,553,099
Add: Interest on Specific Project fund		17,014,594		11,616,864
Less: Transferred to Income and Expenditure account in respect of current year utilisation		(297,609,053)		(164,480,320)
Add: Excess of income over expenditure		40,711,411		35,313,371
<b>Closing Balance Research Project funds</b>		<b>816,900,115</b>		<b>787,467,290</b>
<b>Designated Fund</b>				
Opening Balance		123,864,583		-
Add: Transfer from Research Project Fund		-		117,500,000
Add: Interest on Designated Fund		7,431,876		6,364,583
<b>Closing Balance Designated Funds</b>		<b>131,296,459</b>		<b>123,864,583</b>
<b>Total Restricted Funds</b>	-	<b>948,196,574</b>	-	<b>911,331,873</b>
<b>Schedule 3 - Current liabilities and provisions</b>				
<u>Current liabilities</u>				
Sundry creditors	19,426,881	8,487,329	29,290,703	11,795,545
Payables on purchase/ construction of fixed assets	8,992,873	-	11,198,543	-
Students Caution Deposits	3,085,832	-	1,488,388	-
Funds received in advance for projects		342,515,187		313,066,426
Fees received in advance	54,928,600		36,719,161	
Other liabilities	3,008,562	13,834,504	2,462,129	7,709,937
Provision for compensated absences	2,035,882	8,538,621	1,235,778	4,047,484
Provision for Gratuity	879,592	2,707,563	845,228	3,125,592
	<b>92,358,222</b>	<b>376,083,204</b>	<b>83,239,930</b>	<b>339,744,985</b>
<b>Schedule 5 - Current assets</b>				
Interest accrued on deposits	10,266,881	40,100,665	36,726,885	5,556,963
<b>Accounts receivable</b>				
Fees/ program income receivable	4,960,643	-	7,628,546	-
Amounts receivable from donors against reimbursement of project expenses (Refer Note No 11.5)	-	26,299,543	-	38,481,401
<b>Cash and bank balances</b>				
Cheques in Hand				
Cash in Hand	-		-	
Balances with banks				
- in current account	15,490,372		10,419,310	
- in savings account	1,177,468	28,338,233	12,397,524	26,600,251
- in deposit accounts	266,047,896	1,079,551,210	1,191,529,712	
<b>TOTAL</b>	<b>297,943,260</b>	<b>1,174,289,651</b>	<b>1,258,701,977</b>	<b>70,638,615</b>
<b>Schedule 6 - Loans and advances</b>				
Advances recoverable in cash or in kind	2,028,863	22,868,764	1,606,420	15,017,858
Capital advances			2,228,325	
Amounts to be billed to donors against reimbursement of project expenses (Refer Note no 11.5)	-	26,945,459	-	45,143,310
Income tax deducted at source	6,969,660	17,910,120	5,308,684	12,093,581
Prepaid expenses	16,624,348	1,745,851	14,464,359	
Sundry deposits	2,435,198	2,440,110	2,450,349	885,470
<b>TOTAL</b>	<b>28,058,069</b>	<b>71,910,304</b>	<b>26,058,137</b>	<b>73,140,219</b>



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

Particulars	For the year ended 31st March 2017 Rs.			For the year ended 31st March 2016 Rs.		
	General fund	Research project funds	Total	General fund	Research project funds	Total
<b>Schedule 7 - Other income</b>						
Interest on						
- Deposits	30,567,227	43,201,476	73,768,704	30,359,565	28,085,307	58,444,872
- Savings bank account	811,158	1,425,152	2,236,310	741,767	1,168,519	1,910,286
- Income tax refund	-	-	-	1,068,715	373,945	1,442,660
- Staff advances	59,518	-	59,518	22,780	-	22,780
Miscellaneous receipts	21,012,711	12,552,971	33,565,682	12,814,363	3,151,901	15,966,264
Profit on sale of Misc. Assets	-	-	-	5,000	-	5,000
<b>TOTAL</b>	<b>52,450,614</b>	<b>57,179,599</b>	<b>109,630,213</b>	<b>45,012,190</b>	<b>32,779,672</b>	<b>77,791,862</b>
<b>Schedule 8 - Employee benefit expenses</b>						
Establishment expenses	85,510,833	40,545,197	126,056,030	79,558,080	24,026,918	103,584,998
Contribution to Provident and other funds	4,851,475	-	4,851,475	3,615,858	32,639	3,648,497
Staff welfare expenses	700,489	88,978	789,467	592,520	9,756	602,276
<b>TOTAL</b>	<b>91,062,798</b>	<b>40,634,175</b>	<b>131,696,973</b>	<b>83,766,458</b>	<b>24,069,313</b>	<b>107,835,771</b>
<b>Schedule 9 - Administrative expenses</b>						
Auditors remuneration	1,723,780	-	1,723,780	1,746,888	-	1,746,888
Advertisement expenses	810,204	4,025	814,229	308,302	-	308,302
Books and periodicals	7,012,315	172,219	7,184,535	5,098,122	1,350	5,099,472
Postage and telegrams	205,954	653,265	859,219	265,455	570,604	836,059
Printing and stationery	438,683	512,347	951,030	648,855	204,534	853,389
Legal & Professional Fees	2,259,225	-	2,259,225	831,010	-	831,010
Travelling expenses	1,377,132	6,123,600	7,500,732	629,134	6,473,364	7,102,498
Miscellaneous expenses	139,462	468,949	608,411	168,472	1,291,592	1,460,064
Security charges	4,702,997	-	4,702,997	4,261,846	-	4,261,846
Foreign Exchange loss	-	1,512,689	1,512,689	-	29,342	29,342
Loss on sale of assets	-	488,370	488,370	-	102,829	102,829
Rent	1,722,054	8,861,936	10,583,990	1,200,000	10,060,078	11,260,078
Electricity and water charges	11,606,892	64,666	11,671,558	13,490,978	-	13,490,978
Rates and taxes	3,017,917	128,527	3,146,444	935,035	4,515	939,550
Insurance	673,342	1,144,777	1,818,119	457,001	324,135	781,136
Repairs and maintenance	-	-	-	-	-	-
-Repairs and AMC	8,123,108	419,397	8,542,505	5,871,157	245,067	6,116,224
-Office Maintenance	11,913,167	-	11,913,167	13,441,014	-	13,441,014
-Computers/ website/ software	1,373,705	375,940	1,749,645	7,575,196	-	7,575,196
-Vehicles	1,264,260	-	1,264,260	802,297	-	802,297
Meeting expenses	333,899	1,597,623	1,931,522	528,445	501,829	1,030,274
<b>TOTAL</b>	<b>58,698,097</b>	<b>22,528,330</b>	<b>81,226,427</b>	<b>58,259,207</b>	<b>19,809,239</b>	<b>78,068,447</b>



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

**Cash Flow Statement for the Year ended 31 March 2017**

Particulars	For the Year Ended 31st March 2017 Rs.	For the Year Ended 31st March 2016 Rs.
<b>Cashflow from operating activities</b>		
Surplus for the Period	108,263,653	180,422,941
Adjustments for		
Depreciation	76,822,018	71,192,639
Loss on sale of asset (net)	488,370	-
Surplus on sale of land and building		(92,001,306)
Provision for Employee Benefits	4,907,576	(589,689)
Interest income	(76,005,014)	(60,355,158)
<b>Surplus before changes in Current Assets / Current Liabilities:</b>	<b>114,476,604</b>	<b>98,669,427</b>
Decrease/ (Increase) in Current Assets	19,328,935	17,086,939
Increase/(Decrease) in Current Liabilities	42,754,605	108,067,272
<b>Cash generated from Operations</b>	<b>176,560,144</b>	<b>223,823,639</b>
Net Income tax paid	(7,477,515)	1,673,307
<b>Net Cash Flow from Operating Activities</b>	<b>169,082,630</b>	<b>225,496,946</b>
<b>Cash Flow From Investing Activities</b>		
Interest on Deposits	94,552,035	73,269,277
Proceeds from sale of fixed assets	167,170	92,758,968
Capital Expenditure on Fixed Assets including Capital Advances	(85,850,250)	(136,601,855)
Investments in Fixed Deposits	763,429,715	(297,889,260)
<b>Net Cash Flow used in Investing Activities</b>	<b>772,298,671</b>	<b>(268,462,870)</b>
<b>Cash Flow From Financing Activities</b>		
Contribution to General Fund		10,000,000
Deferred Income (Specific Contribution)		15,000,000
Grants received in advance	(28,293,177)	162,072,779
<b>Net Cash Flow from Financing Activities</b>	<b>(28,293,177)</b>	<b>187,072,779</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>913,088,123</b>	<b>144,106,854</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>462,517,056</b>	<b>318,410,202</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>1,375,605,179</b>	<b>462,517,056</b>
<b>Reconciliation of Cash &amp; Cash equivalents:</b>		
Cash & bank balances as per Balance Sheet (Refer Schedule 5)	1,390,605,179	1,240,946,771
Less: Deposits - original maturity more than 3 months	15,000,000	778,429,715
<b>Net Cash &amp; Cash equivalents (as defined in AS 3 Cash Flow Statement) included in Schedule 5</b>	<b>1,375,605,179</b>	<b>462,517,056</b>
Cash and cash equivalents at the end of the year comprises of		
(a) Cheques in Hand		-
(a) Balances with banks		
- in current account	15,490,372	10,419,310
- in savings account	29,515,701	38,997,775
- in deposit accounts - original maturity 3 months or less	1,330,599,106	413,099,971
	<b>1,375,605,179</b>	<b>462,517,056</b>





**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, 2017**

**Background:**

The Institute is a not for profit Society established in 1970 and registered under Societies Registration Act XXI of 1860. The Institute runs a Business School at its campus at Sri City, Tada, Andhra Pradesh. It has also established research centers to undertake research in the areas of finance, insurance, social science, environment etc.

In April 2017, the Institute received approval from the Government of Andhra Pradesh to establish a University at its Sri City campus.

**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 recognised 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.

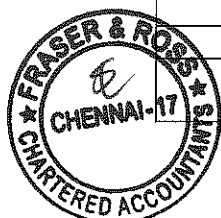
**10.2 Income:**

- a) All Donations, Grants, Endowments and monies received towards project funds are accounted on receipt basis.
- b) General donations and grants are treated as capital receipts and taken to General Fund.
- c) Grants whose primary condition is that the Institute should purchase, construct or otherwise acquire capital assets are treated as deferred income which is recognised in the Income and Expenditure account on a systematic and rational basis over the useful life of the asset.
- d) Fellowships, endowments and grants received for specific purposes are kept in the respective funds.
- e) Monies received towards joint research project are taken to project fund.
- f) Reimbursements receivable for project expenses are treated as income on accrual basis.
- g) Interest income is accounted on a time proportion basis

**10.3 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:

<b>Asset Category</b>	<b>Rate %</b>
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	15
Other miscellaneous equipment	25
Computer (including software), vehicles and library books	20



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**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.

**10.7 Employee Benefits:**

**Defined contribution plans:**

- a. **Provident Fund:** Contributions are made to the recognized Provident Fund Trust (PF Trust) and are expensed to the Income and Expenditure account. The interest rate payable by the PF Trust is notified by the Government. The Institute has an obligation to make good the shortfall, if any, between the return from investments and the notified interest rate and recognizes such obligation as an expense.
- 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):**

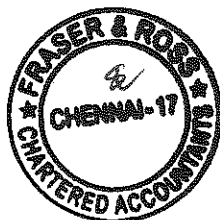
**Gratuity:** The Institute makes its contribution to a Gratuity fund administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liability to the employees. The Institute accounts for its liability for future gratuity benefits based on actuarial valuation, as at the balance sheet 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 realised 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.



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**10.9 Segment Reporting:**

The Institute identifies primary segments based on the dominant source, nature of operations and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating surplus / deficit amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Institute. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue, specific costs and allocated / apportioned common costs are accounted on the basis of transactions which are pre-approved by the management.

Revenue, expenses, assets and liabilities which relate to the Institute as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

**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 are accumulated along with the principal funds.

**11. Notes on Accounts**

**11.1 Segment Reporting**

The Institute operates in two segments namely Business School & Research Centers. The segments are identified based on the nature of activities and the internal organization and management structure. The operating segments are the segments for which separate financial information is available. The Segment reporting is given on this classification.



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Amount Rs.

Particulars	B-School		Research Centers		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Segment Revenue	244,990,839	236,882,612	912,308,293	706,581,808	1,157,299,132
Intersegment Revenue	42,356,723	28,760,596	50,875,859	45,670,520	93,232,582	74,431,116
<b>Total</b>	<b>287,347,562</b>	<b>265,643,208</b>	<b>963,184,152</b>	<b>752,252,328</b>	<b>1,250,531,714</b>	<b>1,017,895,536</b>
Segment Expense	272,245,934	257,644,963	979,652,340	749,718,629	1,251,898,274	1,007,363,592
Segment Result	15,101,628	7,998,245	(16,468,188)	2,533,699	(1,366,560)	10,531,944
<b>Operating Income</b>	<b>15,101,628</b>	<b>7,998,245</b>	<b>(16,468,188)</b>	<b>2,533,699</b>	<b>(1,366,560)</b>	<b>10,531,944</b>
Other Income	52,450,614	45,012,190	57,179,599	32,779,672	109,630,213	77,791,862
<b>Surplus for the year</b>	<b>67,552,242</b>	<b>53,010,435</b>	<b>40,711,411</b>	<b>35,313,371</b>	<b>108,263,653</b>	<b>88,323,806</b>

Particulars	B-School		Research Centers		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Segment Assets	1,258,840,613	2,227,992,698	1,290,968,435	171,273,646	2,549,809,048
Segment Liabilities	92,358,222	83,239,930	376,083,204	339,744,985	468,441,426	422,984,915
<b>Other Information</b>						
Capital Expenditure	59,974,272	262,361,607	28,272,547	11,203,090	88,246,819	273,564,697
Depreciation & Amortization	66,479,090	63,406,790	10,342,928	7,785,849	76,822,018	71,192,639



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**Notes to the Financial Statements for the year ended March 31, 2017**

**11.2 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, the Institute has an obligation to make good the shortfall, if any, between the return from investments and the notified interest rate on the Provident Fund Trust (PF Trust). The Institute recognized Rs.2,141,694 (Year ended March 31, 2016 Rs. 1,670,967) for Provident Fund contributions, Rs.1,237,044 (Year ended March 31, 2016 Rs. 1,271,982) 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.

<b>i.</b>	<b>Particulars</b>	<b>31.3.2017</b>	<b>31.3.2016</b>
	Projected benefit obligation as at the beginning of the year	<b>16,136,247</b>	<b>12,337,537</b>
	Service cost	4,518,380	4,433,724
	Interest cost	1,250,559	956,717
	Actuarial Loss/(gains)	(1,513,073)	(834,574)
	Benefits Paid	-	(757,157)
	<b>Projected benefit obligation at the end of the year</b>	<b>20,392,114</b>	<b>16,136,247</b>

<b>ii.</b>	<b>Particulars</b>	<b>31.3.2017</b>	<b>31.3.2016</b>
	Fair value of plan assets as at the beginning of the year	<b>12,165,427</b>	<b>9,257,012</b>
	Expected return on plan assets	1,237,952	911,636
	Contributions	3,965,189	3,080,525
	Benefits paid		(757,157)
	Actuarial gain/(losses) on plan assets	(563,609)	(326,589)
	<b>Fair value of plan assets</b>	<b>16,804,958</b>	<b>12,165,427</b>

<b>iii.</b>	<b>Amount recognized in the Balance Sheet</b>	<b>31.3.2017</b>	<b>31.3.2016</b>
	Projected benefit obligation at the end of the year	20,392,114	16,136,247
	Fair value of plan assets at the end of the year	16,804,958	12,165,427
	<b>Liability recognized in the balance Sheet</b>	<b>3,587,156</b>	<b>3,970,820</b>

<b>iv.</b>	<b>Cost of the defined plan for the Year</b>	<b>31.3.2017</b>	<b>31.3.2016</b>
	Current service cost	4,518,380	4,433,724
	Interest on obligation	1,250,559	956,717
	Expected return on planned assets	(1,237,952)	(911,636)
	Net actuarial losses recognised in the year	(949,463)	(507,985)
	<b>Net cost recognized in the Income and expenditure account</b>	<b>3,581,524</b>	<b>3,970,820</b>

<b>v.</b>	<b>Assumptions</b>	<b>31.3.2017</b>	<b>31.3.2016</b>
	Discount Rate	7.25%	7.75%
	Expected rate of return	8.05%	8.75%
	Salary escalation	8.00%	8.00%



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**Notes to the Financial Statements for the year ended March 31, 2017**

**Actuarial Calculations (Gratuity Plan) as per AS 15:**


		Rs.	
	<b>Experience History</b>	<b>31.3.2017</b>	<b>31.03.2016</b>
1	Defined Benefit Obligation at the end of the period	20,392,114	16,136,247
2	Plan Assets at the end of the period	16,804,958	12,165,427
3	Funded Status	(3,587,156)	(3,970,820)
4	Experience Adjustments on Plan liabilities	(2,044,936)	(1,061,665)
5	Experience Adjustments on Plan Assets	(563,609)	(326,589)

- 11.3** Capital work-in-progress amounting to Rs. 1,319,786 represents additions to Systems Implementation, Soil testing and Landscaping. The Institute has outstanding commitments towards capital expenditure amounting to Rs.559,172 as at March 31, 2017.
- 11.4** Advances from Donors includes Rs.2,619,889 ,being the balance amount of grant received from ICICI for Environmentally Sustainable Finance (ESF) projects. Project Proposal has been submitted to ICICI for utilization of these funds.
- 11.5** 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.
- 11.6** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Place: Chennai  
Date: 03-July-2017

  
**N. Vaghul**  
Chairman

  
**Lalitha Janakiraman**  
Chief Financial Officer

  
**D. Sundaram**  
Governor

