

SANKARAN & KRISHNAN

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT To the Members of Great Lakes Institute of Management

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Great Lakes Institute of Management ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Income and Expenditure, and Statement of cash flows for the year then ended, and notes to the financial statements, including 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 the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its excess of income over expenditure and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements



that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.



Auditor's Responsibilities 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we report that GREAT LAKES INSTITUTE OF MANAGEMENT, being a company registered u/s 8 of the companies act, is exempt from the provisions of the companies (Auditors Report) order 2016, Accordingly we are not reporting on the matters specified in Para 3 of the said order.
2. As required by Section 143(3) of the Act, 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 Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.



Continuation Sheet

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



(i) The Company does not have any pending litigations which would impact its financial position and hence the reporting of impact of the same does not arise – Refer Note 9(2) of 19.2 to the financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) Since the Company is registered under sec 8 of the Companies Act, 2013, the question of declaration of dividend does not arise. Hence transfer to Investor Education and Protection Fund is not applicable.

For **SANKARAN& KRISHNAN**

Chartered Accountants

FRN 003582S



S. CHANDRAN

(Partner)

(Membership No. 008646)



Place: Chennai

Date: 16.07.2019

Annexure-A: Annexure to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **GREAT LAKES INSTITUTE OF MANAGEMENT** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable



assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



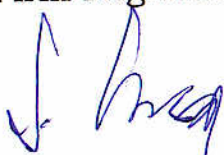
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SANKARAN & KRISHNAN**
CHARTERED ACCOUNTANTS
(Firm Registration No.035825)



S. CHANDRAN
SENIOR PARTNER
Membership No. 008646
Place: Chennai
Date: 16.07.2019





GREAT LAKES INSTITUTE OF MANAGEMENT

(A company licensed u/s 8 of Companies Act 2013)

BALANCE SHEET AS AT 31st March, 2019

PARTICULARS	NOTE NO	As at	
		31st March, 2019 ₹ Lakhs	31st March, 2018 ₹ Lakhs
I EQUITY & LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	1	5.00	5.00
Reserves and surplus	2	15,605.57	13,320.59
NON CURRENT LIABILITIES			
Long term borrowings	3	-	1,153.85
Long term provisions	4	-	-
CURRENT LIABILITIES			
Short-term borrowings	5	-	-
Trade payables		301.63	334.38
Other current liabilities	6	5,463.34	5,054.52
TOTAL		21,375.54	19,868.34
II ASSETS			
NON CURRENT ASSETS			
FIXED ASSETS	7		
Tangible assets		12,279.95	12,230.91
Capital work-in-progress		376.13	2,187.04
LONGTERM LOANS & ADVANCES	8	194.67	201.70
CURRENT ASSETS			
Trade receivables	9	28.62	32.49
Cash and cash equivalents	10	7,788.11	4,786.13
Short-term loans and advances	11	666.66	409.51
Other current assets	12	41.40	20.56
TOTAL		21,375.54	19,868.34

Significant Accounting Policies & Notes
forming part of financial statements

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As per our report of even date
For Sankaran & Krishnan
Chartered Accountants
FRN 003582S

On behalf of Board of Directors

S. Chandran
Partner
Membership No: 8646
Place : Chennai
Date :16-07-2019



[Signature] *[Signature]*

DIRECTOR

DIRECTOR



GREAT LAKES INSTITUTE OF MANAGEMENT
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INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 March, 2019

PARTICULARS	NOTE NO	As at 31 March, 2019	As at 31 March, 2018
		₹ Lakhs	₹ Lakhs
I Revenue from operations	13	9,194.29	8,137.83
II Other income	14	761.74	318.05
III Total Revenue (I+II)		9,956.03	8,455.88
IV Expenditure			
Human Resources Cost	15	2,394.39	2,289.09
Operating & Administrative Expenses	16	2,920.71	3,050.13
Promotional Expenses	17	761.41	254.14
Donations		113.09	0.20
Finance cost	18	71.83	136.50
Depreciation and amortisation	7	1,423.24	1,233.04
Total expenses		7,684.66	6,963.10
V Surplus before exceptional and extraordinary items and tax(III-IV)		2,271.37	1,492.79
VI Exceptional items- Allocations to specific funds		-	-
VII Surplus before extraordinary items and tax (V-VI)		2,271.37	1,492.79
VIII Extraordinary items		-	-
IX Surplus before tax (VII-VIII)		2,271.37	1,492.79
X Tax expense			
Current tax		-	-
Deferred tax		-	-
XI Surplus for the period from continuing operations		2,271.37	1,492.79
XII Surplus/(Deficit) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV Surplus /(Deficit) from Discontinuing operations (XII - XIII)		-	-
XV Surplus for the period (XI + XIV)		2,271.37	1,492.79

Significant Accounting Policies & Notes
forming part of Financial Statements



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As per our report of even date
For Sankaran & Krishnan
Chartered Accountants
FRN 003582S

On behalf of Board of Directors

S. Chandran
Partner
Membership No:8646
Place : Chennai
Date : 16-07-2019



 
DIRECTOR DIRECTOR



GREAT LAKES INSTITUTE OF MANAGEMENT

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**Cashflow statement for the year ended
31 March, 2019**

Year ended 31 March,2019

Year ended 31 March,2018

	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Cash flow from operating activities				
Surplus as per Income & expenditure account	2,271.37		1,492.79	
Add: Depreciation & amortization	1,423.24		1,233.04	
Loss on Sale of Asset (Net)	0.22		10.10	
Allocation to specific funds	-		-20.61	
Interest on loans	71.83		136.50	
Operating surplus before working capital changes	3,766.66		2,851.82	
Adjustment for changes in				
Trade receivables	3.87		5.80	
Loans & advances & other current assets	-277.99		-131.59	
Current liabilities & provisions	376.06		-1,344.80	
Net cashflow from operating activities		3,868.60		1,381.23
Cash flow from investing activities				
Sale of fixed Asset	0.67		10.51	
Additions to fixed assets	337.74		-1,808.98	
Net cashflow from investing activities		338.41		-1,798.47
Cash flow from finance activities				
Additions to loans & advances	7.03		101.75	
Repayment of loans	-1,153.85		-230.77	
Net Receipts/(Payments) of specific funds	13.62		13.89	
Interest on loans	-71.83		-136.50	
Net cashflow from finance activities		-1,205.03		-251.63
Net increase / (decrease) in cash & cash equivalents		3,001.98		-668.87
Cash & Cash equivalents				
At beginning		4,786.13		5,455.00
At end		7,788.11		4,786.13

As per our report of even date

For Sankaran & Krishnan

Chartered Accountants

FRN 003582S

S. Chandran

Partner

Membership No:8646

Place : Chennai

Date :16-07-2019



On behalf of Board of Directors

[Signature] *[Signature]*

DIRECTOR

DIRECTOR



7. Revenue recognition:

Revenues are recognized proportionate to the duration of the courses falling within the period covered by financial statements and are net of provisions for direct obligations.

8. Employee benefits:

A. GRATUITY.

In accordance with the provisions of the Payment of Gratuity Act, 1972 the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan), to all eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at time of retirement, death, in capacitation or termination of employment, of an amount based on the respective employee's salary and tenure of service with the company.

Liability with regard to the Gratuity Plan is determined by actuarial valuation at each balance sheet date using projected unit credit method.

The Company fully contributes all ascertained liabilities to the Great Lakes Institute of Management Employees Group Gratuity Trust (Trust). The Trustees administer the contribution made to the Trust and invest in a scheme with Kotak Mahindra Old Mutual Life Insurance Ltd. The premium paid is charged off in the Income and Expenditure Account as expense. The Company recognizes the net obligation of the Gratuity Plan in financial statements as indicated by the said fund as on the date of financial statements. Actuarial gains and losses are recognized in the respective year's Income & Expenditure account.

B. PROVIDENT FUND

Contributions to Provident fund for eligible employees are made in accordance with the provisions of Employees Provident Fund and Miscellaneous Provisions Act 1952.

C. COMPENSATED ABSENCES

The Company does not have a policy of accumulation of leave. Leave benefits accruing in the calendar year are to be en-cashed within six months.

D. Bonus

A minimum payment of Bonus is paid to eligible employees.

9. Foreign Exchange Transactions:

Transactions in foreign exchange are recorded at the rates prevailing on the date of the transaction. Liabilities in foreign currency, outstanding at year end are translated at year end rates and the exchange rate difference is (a) adjusted to the cost of fixed assets if the same relates to acquisition of fixed assets and (b) recognized in Income and Expenditure account in other cases.



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19.2 NOTES FORMING PART OF FINANCIAL STATEMENTS:

I. Additional disclosures for the current period as warranted by Accounting Standards issued by ICAI.

a. AS 15 – Employee Benefits: The status of Gratuity Plan is as under:

i. The amounts recognized in the Balance Sheet are as follows:

	Rs. In lakhs
Present value of obligation as at year end as per actuarial valuation	158.68
Less: fair value of plan assets at the end of the period	116.27
Amount to be recognized as liability at the end of the period	42.41
Liability recognized in the balance sheet	42.41

ii. The amounts recognized in the Income & Expenditure account are as follows:

	Rs. In lakhs
Current service cost	30.76
Actuarial (gain)/loss	0.41
Adjustments for past period	-
Expense recognized in Income & Expenditure account	31.17

iii. The changes in the present value of obligation representing of opening and closing balances thereof are as follows:

	Rs. In lakhs
Liability at the beginning of the current period	121.16
Interest cost-net	9.25
Current service cost	30.76
(Benefit paid)	(2.39)
Actuarial (gain)/loss on obligations	(7.76)
Liability at the end of the current period	151.04

iv. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows

	Rs. In lakhs
Opening balance of the fair value of planned assets	98.41
Income from investments (Interest cost –net)	8.74
Contribution from employer	11.51
(Benefit paid)	(2.39)
Closing balance of the fair value of planned assets	116.27



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v. The principal assumptions and other details are as follows:

Discount rate	7.58%
Salary escalation	8%
Attrition rate	5%
Number of employees	118

2. AS 17-Segment Reporting: The Company has only one line of activity viz providing education in Management and operates only in one geographical segment. Hence segment information is considered not applicable.
3. AS 18 – Related Party Disclosures: This Accounting Standard is applicable for Commercial, Industrial and business reporting enterprises, since Great Lakes is a Section 8 Company under the Companies Act, 2013, this accounting standard is not applicable.
4. AS 19- Leases: The lease rental of premises has been charged to the Income and Expenditure Account being an Operating Lease.
5. AS 20- Earnings Per Share: Since the Company is a section 8 company under the Companies Act 2013 and is prohibited from distribution of profits EPS details are not applicable.
6. In the computation of the income of the year ended 31.03.2019, there is a surplus of Rs. 6,98,18,175 which is being carried forward for the FY 2019-20 (AY 2020-21) for application as per the provisions of the Income Tax Act.

Accordingly, there is no taxable income for the year under review and hence the provision for taxation is not required to be made.

7. AS 22- Accounting for Taxes on Income: The Company has no timing difference to be recognized pursuant to the provisions contained in AS 22 (Accounting on Taxes on Income).
8. AS 29- Provisions, Contingent Liabilities and Contingent Assets:
 - a) Contingent Liability: NIL (Previous year NIL)
 - b) Capital Commitment: Rs 1000 lakhs (Previous year Rs 61 lakhs)
 - c) Claims against the Company not acknowledged as debts: NIL (Previous year NIL)

9. Service Tax

1. For the Period 2004-2010

The Finance Act 2010 was amended with retrospective effect by which the educational institutions are subject to service tax with effect from 2003. The matter has been challenged by the Company in various courts. A legal opinion has been obtained that the Company has a strong case and there will not be any liability.



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GREAT LAKES INSTITUTE OF MANAGEMENT
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towards service tax for the period 2004-2010. Hence, the Company has not recognized the liability towards Service Tax.

2. For the Period 2010-2015

- a. The Service Tax department has issued Show cause notices on AICTE approved courses. Based on the legal opinion that Service tax is not applicable for AICTE recognized courses, the Company has not recognized any tax liability in this regard.
- b. The Service tax department has issued Show cause notices for Rs 14.7 Crore based on a wrong interpretation of AICTE approved courses. The Institute has filed a writ petition which is currently pending in the High Court of Madras. Accordingly, no tax liability has been recognized.

- 10.** Previous year figures have been regrouped /reclassified wherever necessary to conform to the current year grouping /classification.

As per our report of even date

For Sankaran & Krishnan

Chartered Accountants

FRN 003582S

S. Chandran

Partner

Membership No:8646

Place : Chennai

Date :



On behalf of Board of Directors

A handwritten signature in blue ink, appearing to be "S. Chandran".

Director

A handwritten signature in blue ink, appearing to be "S. Chandran".

Director

