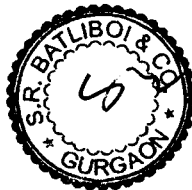


LNM Institute of Information Technology
Statutory Audit for the period April 1, 2007 to March 31, 2008

Auditors' Report

To
The Members of Governing Council
The LNM Institute of Information Technology

1. We have audited the attached Balance Sheet of The LNM Institute of Information Technology as at March 31, 2008 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to note 3 of Schedule 17 regarding the non-maintenance of quantitative information of Fixed Assets upto March 31, 2007; and consequential non reconciliation of physical balance with book records. As explained to us the management is in the process of taking necessary steps to reconcile the same. The discrepancy if any, between physical and book records is presently not ascertainable, and therefore no adjustment that may result from such reconciliation has been made in the financial statements.
4. We report that :-
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account, as required by law, have been kept by the Institute so far as appears from our examination of these books subject to the matters stated in paragraph 3 above read with note 4 of Schedule 17.
 - iii. The balance sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account;



S.R. BATLIBOI & Co.

iv. In our opinion and to the best of our information and according to the explanations given to us, the said account 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 March 31, 2008;
and

b) in the case of the Income & Expenditure Account, of the deficit of the Institute for the year ended on that date;

S.R. Batliboi & Co.

**For S. R. Batliboi & Co.
Chartered Accountants**

Rajiv Goyal
per Rajiv Goyal
Partner

Membership No.:94549

Place: Gurgaon

Date: 29 SEP 2008



THE LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)

Balance Sheet as at 31st March, 2008

	Schedules	31st March 2008 (Rs)	31st March 2007 (Rs)
Sources of Funds			
Corpus/ Capital fund	1	350,000,000	350,000,000
Reserves and Surplus	2	100,000	100,000
Loan Fund			
Secured Loans	3	47,448,161	49,557,282
Unsecured Loans	4	94,420,000	60,249,000
Total		491,968,161	459,906,282
Application of Funds			
Fixed assets	5		
Gross Block		430,713,103	405,804,354
Less: Accumulated Depreciation		128,727,071	91,540,976
Net Block		301,986,032	314,263,378
Capital Work in Progress		18,413,442	9,417,392
		320,399,474	323,680,770
Current Assets, Loans & Advances			
Cash and Bank balances	6	68,179,167	57,061,352
Other current assets	7	263,086	40,227
Loans and Advances	8	3,940,771	2,668,166
		72,383,024	59,769,745
Less: Current Liabilities & Provisions			
Current Liabilities	9	25,703,330	14,847,320
Provisions	10	955,094	-
		26,658,424	14,847,320
Net Current Assets		45,724,600	44,922,425
Income and Expenditure Account (Debit Balance)		125,844,087	91,303,087
Total		491,968,161	459,906,282

Notes to Accounts

17

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

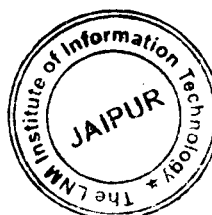
S.R. Batliboi & Co.
For S.R. Batliboi & Co.
Chartered Accountants

per Rajiv Goyal
Partner
Membership No. 94549
Gurgaon
Date: 29 SEP 2008

For The LNM Institute of Information Technology

Om Singh
Member of
Governing Council

Ruchit Singh
Member of
Governing Council



THE LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)

Income and Expenditure Account for the year ended 31st March 2008

	Schedules	31st March 2008 (Rs)	31st March 2007 (Rs)
<u>Income</u>			
Fees	11	35,082,980	28,417,900
Interest Earned	12	6,912,522	3,567,466
Other Income	13	1,907,009	4,521,517
Total (a)		43,902,511	36,506,883
<u>Expenditure</u>			
Personnel Expenses	14	17,418,337	14,281,664
Administrative Expenses	15	18,325,562	18,228,095
Financial Expenses	16	5,513,517	4,462,656
Depreciation	5	37,186,095	37,094,662
Total (b)		78,443,511	74,067,077
Balance being excess of Expenditure over Income (a-b)		(34,541,000)	(37,560,194)
Amount Brought forward from last year		(91,303,087)	(53,742,893)
Balance being surplus/(deficit) carried to balance sheet		(125,844,087)	(91,303,087)

Notes to Accounts

17

The schedules referred to above and the notes to accounts form an integral part of the Income and Expenditure Account.

As per our report of even date

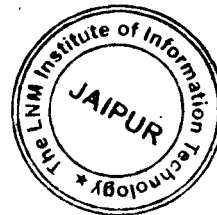
S.R. Batliboi & Co.
For S.R. Batliboi & Co.
Chartered Accountants

Rajiv Goyal
per Rajiv Goyal
Partner
Membership No. 94549
Gurgaon
Date : 29 SEP 2008

For The LNM Institute of Information Technology

Chay Singh
Member of
Governing Council

Ruchit Singh
Member of
Governing Council



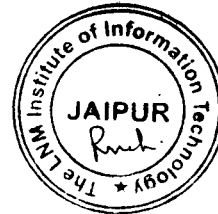
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THE LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)

Schedules to the Accounts	March 31, 2008	March 31, 2007
	Rs.	Rs.
Schedule 1: Corpus/ Capital fund		
Balance as at the beginning of the year (Represent amounts received from Lakshmi & Usha Mittal Foundation Rs 200,000,000 and from Government of Rajasthan Rs 150,000,000)	350,000,000	350,000,000
	<u>350,000,000</u>	<u>350,000,000</u>
Schedule 2: Reserve and Surplus		
Capital Reserve (Nominal Amount for the 100 acres of Land allotted free of cost by the Government of Rajasthan to the Institute)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Schedule 3: Secured Loans		
Term Loans (Secured against hypothecation of all Fixed assets) (Amount repayable within one year Rs. 2,500,000 (Previous year Rs 3,800,000).	47,384,343	49,375,000
Vehicle Loan (Secured against hypothecation of car)	63,818	182,282
	<u>47,448,161</u>	<u>49,557,282</u>
Schedule 4: Unsecured Loans		
Loan from Lakshmi & Usha Mittal Foundation	92,500,000	58,500,000
Caution Money - Students	1,920,000	1,749,000
	<u>94,420,000</u>	<u>60,249,000</u>

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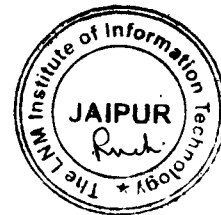
THE LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)

Schedules to the Accounts

Schedule 5: Fixed Assets

S.No.	Description	Gross Block			Depreciation			Net Block		
		As at 1.4.2007	Additions	Deductions	As at 31.3.2008	As at 1.4.2007	For the year	Deletions	As at 31.3.2008	As at 31.3.2007
1	Computers and Computers accessories	20,688,422	1,781,762	-	22,470,184	16,327,616	3,620,904	-	2,521,664	4,360,806
2	Air Conditioners and air cooling	13,329,329	-	-	13,329,329	3,574,518	1,463,222	-	8,291,589	9,754,811
3	Electrical and other equipments	35,464,482	1,592,114	-	37,056,596	12,535,308	3,512,624	-	21,008,664	22,929,174
4	Furniture & fixtures	35,036,189	5,304,384	-	40,340,573	7,118,769	3,573,874	-	29,647,930	27,917,420
5	Library books	2,006,497	110,787	-	2,117,284	2,006,497	110,787	-	-	-
6	Vehicles	943,596	-	-	943,596	418,215	78,807	-	446,574	525,381
7	Buildings	298,235,839	16,119,702	-	314,355,541	49,560,053	24,825,877	-	239,969,611	248,675,786
8	Leasehold Land (refer note below)	100,000	-	-	100,000	-	-	-	100,000	100,000
	Total (A)	405,804,354	24,908,749	-	430,713,103	91,540,976	37,186,095	-	301,986,032	314,263,378
	Capital Work In Progress (B)	-	-	-	-	-	-	-	18,413,442	9,417,392
	Total (A+B)	-	-	-	-	-	-	-	320,399,474	323,680,770
	Previous Year	297,937,352	107,867,001	-	405,804,353	54,446,314	37,094,662	-	314,263,377	243,491,040

Note: Leasehold Land represents nominal Amount for the 100 acres of Land allotted free of cost by the Government of Rajasthan to the Institute



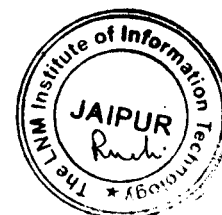
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THE LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)

Schedules to the Accounts	March 31, 2008	March 31, 2007
	Rs.	Rs.
Schedule 6: Cash and Bank Balances		
Cash in hand	10,032	19,282
Balances with scheduled banks:		
-On Deposit accounts (Includes Rs. 50,000,000 as per requirement of University Grant Commission)	66,726,979	56,950,000
-On Savings Accounts	1,442,156	92,070
	<u>68,179,167</u>	<u>57,061,352</u>
Schedule 7: Other Current Assets		
Interest accrued but not due	263,086	40,227
	<u>263,086</u>	<u>40,227</u>
Schedule 8: Loans and Advances		
Unsecured, considered good		
Advances recoverable in cash or in kind for the value to be received	2,096,007	1,011,869
Tax deducted at source receivable	517,979	507,404
Security deposits	1,326,785	1,148,893
	<u>3,940,771</u>	<u>2,668,166</u>
Schedule 9: Current Liabilities		
Retention Money - Contractors	7,425,815	9,630,863
Caution Money - Students (repayable within 12 months)	435,000	145,000
Sundry Creditors	3,109,011	3,510,065
Sundry Creditors- Capital	3,670,635	-
Students Mess Fund	984,209	1,059,089
Digital Library Fund	9,820,388	-
LNM IIT Alumni Association	87,000	-
Temple Fund	5,942	-
Other Liabilities	165,330	502,303
	<u>25,703,330</u>	<u>14,847,320</u>
Schedule 10: Provisions		
Provision for Gratuity	955,094	-
	<u>955,094</u>	<u>-</u>

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THE LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)

Schedules to the Accounts

	March 31, 2008	March 31, 2007
	Rs.	Rs.
Schedule 11: Fee Income		
Registration Fees	2,577,500	1,549,500
Tuition Fees	24,697,680	20,725,700
Hostel Charges	5,148,000	4,242,300
Internet Charges	858,000	531,000
Mess Establishment Charges	514,800	424,800
Gymkhana Fees	643,500	531,000
Bus Hire Charges	643,500	413,600
	<u>35,082,980</u>	<u>28,417,900</u>
Schedule 12: Interest Income		
On Term Deposits	6,617,442	3,446,209
On Savings Accounts	295,080	70,513
Interest on TDS refund	-	50,744
	<u>6,912,522</u>	<u>3,567,466</u>
Schedule 13: Other Income		
Sale of Prospectus (net)	-	4,000,677
Others (including Rs 15,000, being, prior period income)	1,907,009	520,840
	<u>1,907,009</u>	<u>4,521,517</u>
Schedule 14: Personnel Expenses		
Salaries and Allowances (including Rs 119,167 being, prior period expenditure)	13,549,587	11,973,592
Visiting Faculty Honorarium (including Rs 385,000 being, prior period expenditure)	1,975,212	1,531,389
Staff Welfare Expenses	68,618	98,007
Employer Contribution to Provident and Other Funds	1,824,920	678,676
	<u>17,418,337</u>	<u>14,281,664</u>



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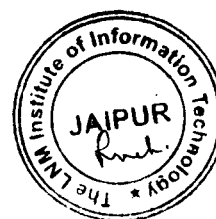
THE LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)

Schedules to the Accounts

	March 31, 2008 Rs.	March 31, 2007 Rs.
Schedule 15: Other Administrative Expenses		
Electricity Expenses	3,731,393	3,520,379
Rent	30,000	69,000
Insurance	405,407	446,328
Repair and Maintenance (including Rs 45,000 being, prior period expenditure)	4,343,567	3,131,316
Advertisement and Publicity Expenses	688,434	1,095,813
Traveling & Conveyance Expenses	2,884,672	3,125,459
Communication Expenses	974,619	973,196
Printing and Stationery	798,302	1,075,259
House Keeping and Office Maintenance Expenses	1,450,899	1,241,840
Security Expenses	1,286,458	1,248,659
Students Activities Expenses / Gymkhana Expenses.	859,589	734,088
Seminar & Conference	167,096	445,559
Books and Periodicals	171,684	96,807
Legal & Professional Expenses	179,298	159,672
Auditor's Remuneration		
-Audit Fees	196,630	56,180
Bank Charges	13,340	56,332
Miscellaneous Expenses (including Rs 38,927 being, prior period expenditure)	144,174	752,208
	<u>18,325,562</u>	<u>18,228,095</u>
Schedule 16: Financial Expenses		
Interest on Vehicle loan	12,936	24,197
Interest on Term Loan	5,500,581	4,438,459
	<u>5,513,517</u>	<u>4,462,656</u>



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The LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)
SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2008
(Unless otherwise mentioned, all amounts are in Indian Rupees)

Schedule 17: Notes to Accounts

1. Nature of Operations

The LNM Institute of Information Technology ('Institute'), an autonomous non-profit organization is jointly set up by the Government of Rajasthan and Lakshmi & Usha Mittal Foundation and is a deemed University as declared by the Government of India under Section 3 of UGC Act, 1956. The Institute is in Jaipur, the Pink City and is registered under Rajasthan Societies Registration Act, 1958. The objective of the institute is to produce leading professionals in the field of Information Technology with a proper blend of communication, computers, management and social awareness.

2. Statement of Significant Accounting Policies

a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Accounting Standards issued by the Institute of Chartered Accountants of India. The financial statements have been prepared under the historical cost convention on an accrual basis except revenue from fees which is recognized on receipt basis. The accounting policies have been consistently applied by the Institute and are consistent with those used in the previous year.

b) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

c) Depreciation

- i. Depreciation on assets is calculated on Written Down Method as per method and rates specified in the Income Tax Act, 1961 except for library books which are depreciated fully in the year of purchase.

d) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. These expenditure are shown as Capital Work in Progress. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

e) Retirement Benefits

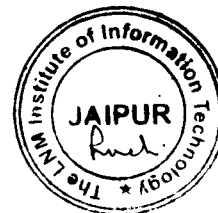
Liability in respect of gratuity is provided on the basis of 15 days salary for each completed year of service for employees who have completed one year of service in the Institute.

f) Government grants and subsidies

Grants from the government is recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. Government Grant received in the form of non monetary assets is free of cost, and is recorded at Nominal value.



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The LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)
SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2008
(Unless otherwise mentioned, all amounts are in Indian Rupees)

g) Revenue Recognition

i) Income from Students Fees

The revenue from students fees is recognized on receipt basis. Fees is collected in advance two times in a year, once in July for the months July to Dec and then in Dec for Jan to June.

ii) Interest

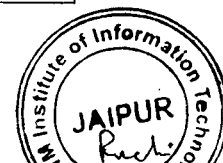
Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

3. The Institute has not maintained quantitative details of Fixed Assets in respect of assets acquired upto 31st March, 2007. Also physical verification of Fixed Assets has not been conducted subsequent to December, 2006. In the absence of quantitative information, the discrepancy, if any, between physical balance and book records could not be identified and adjusted in the books. In the opinion of the management, adjustment to book records shall be made when reconciliation is completed, the impact of which is not expected to be material.
4. Management is in the process of strengthening its internal control environment in respect of certain processes specifically related to purchases, capital expenditures, maintenance of stores and gate entry registers and attendance records; and believes that there is no material financial implication arising out of the weakness in these processes.
5. Capital work in progress include preoperative expenses pending allocation

Particulars	March 31, 2008	March 31, 2007
a) Project Expenses:		
Opening :		
Salary and Allowances	212,310	245,080
Provident Fund Etc.	15,030	16,385
Telephone Expenses.	16,416	13,893
Traveling and Conveyance.	49,162	59,336
Total (a)	292,918	334,694
b) Additions during the year		
Salary and Allowances	706,487	706,273
Provident Fund Etc.	27,447	26,965
Telephone Expenses.	24,090	241,25
Traveling and Conveyance.	4,420	45,791
Total (b)	762,444	803,154
c) Capitalization during the year		
Salary and Allowances	543,742	739,043
Provident Fund Etc.	27,053	28,320
Telephone Expenses.	28,545	21,602
Traveling and Conveyance.	36,791	55,965
Total (c)	636,131	844,930
d) Closing: (a + b - c)		
Salary and Allowances	375,055	212,310
Provident Fund Etc.	15,424	15,030
Telephone Expenses.	11,961	16,416
Traveling and Conveyance.	16,791	49,162
Total (d)	419,231	292,918



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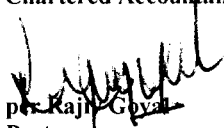


The LNM INSTITUTE OF INFORMATION TECHNOLOGY
(Deemed University)
SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2008
(Unless otherwise mentioned, all amounts are in Indian Rupees)

6. Previous year's figures have been regrouped where necessary to conform to current year's classification.

In terms of our report of even date.


For S.R. Batliboi & Co.
Chartered Accountants

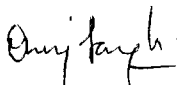

Raj Goyal
Partner

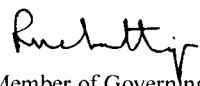
Membership No. 94549

Place: Gurgaon

Date: 29 SEP 2008

For the LNM Institute of Information Technology


Member of
Governing Council


Member of Governing
Council

