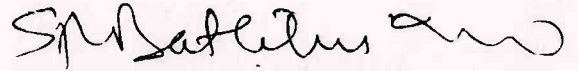


**AUDITOR'S REPORT
TO THE TRUSTEES OF
SHRI MATA VAISHNO DEVI UNIVERSIT, JAMMU**

We have audited the attached account of Shri Mata Vaishno Devi University, Jammu as at and for the year ended March 31, 2005 and certify that subject to the "Notes" appearing in Schedule of Notes E, these have been drawn up to correspond with the entries in the books of accounts, as submitted to us and information and explanations given to us.

Place: New Delhi

Date: 28/10/2005



Chartered Accountants

FORM No. 10B

[See Rule 17B]

Audit Report under Section 12A (b) of the Income Tax Act, 1961, in the case of Charitable or Religious Trusts or Institutions

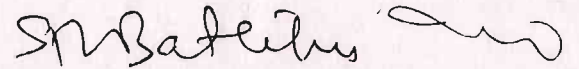
We have examined the Balance Sheet of SHRI MATA VAISHNO DEVI UNIVERSITY, JAMMU as at 31st March 2005 and the Statement of Income and Expenditure Account for the year ended on that date which are in agreement with the books of account maintained by the said institution.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit. In our opinion, proper books of account have been kept by the above named Institution so far as appears from our examination of the books.

In our opinion and to the best of our information, and according to explanations given to us, the said accounts *subject to Note nos. 3 a) and b) regarding pending adjustment of advances given to authorities* and read with other notes thereon give a true and fair view:-

- (i) in the case of the Balance Sheet, of the state of affairs of the above named Institution as at 31st March 2005, and
- (ii) in the case of Income and Expenditure Account, of the excess of income over expenditure of its accounting year ending on 31st March 2005.

The prescribed particulars as certified by the Registrar of the Institution are annexed hereto.



Chartered Accountants

Place: New Delhi

Date: 28/10/2005

ANNEXURE
Statement of Particulars

I. APPLICATION OF INCOME FOR CHARITABLE OR RELIGIOUS PURPOSES

1. Amount of income of the previous year applied to charitable or religious purposes in India during that year. : Total application Rs.137,420,648 (including Rs.51,006,489 out of income for current year.)
2. Whether the trust/institution has exercised the option under clause (2) of the explanation to section 11(1)? If so, the details of the amount of income deemed to have been applied to charitable or religious purposes in India during the previous year. :NO
3. Amount of income accumulated finally set apart for application to charitable or religious purposes, to the extent it does not exceed 25% of the income derived from property held under trust wholly for such purposes : NIL
4. Amount of income eligible for exemption under section 11(1)(c) (Give details). : NIL
5. Amount of income, in addition to the amount referred to in item 3 above accumulated or set apart for specified purposes under section 11(2). : NIL
6. Whether the amount of income mentioned in item 5 above has been invested or deposited in the manner laid down in section 11(2)(b)? If so, the details thereof. : NA
7. Whether any part of the income in respect which an option was exercised under Clause (2) of the Explanation to section 11(1B)? If so, the details thereof. : NO
8. Whether, during the previous year, any part of income accumulated or set apart for specified purposes under section 11(2) in any earlier year- :NO
 - (a) has been applied for purposes other than charitable or religious purposes or has ceased to be accumulated or set apart for application thereto, or
 - (b) has ceased to remain invested in any security referred to in section 11(2)(b)(I) or deposited in any account referred to in section 11(2) (b)

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(ii) or section 11(2)(b)(iii) or

- (c) has not been utilised for purposes for which it was accumulated or set apart during the period for which it was to be accumulated or set apart, or in the year immediately following the expiry thereof ? if so, the details thereof.

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II. APPLICATION OF INCOME FOR CHARITABLE OR RELIGIOUS PURPOSES

1. Whether any part of the income or property of the trust/institution was lent, or continues to be lent, in the previous year to any person referred to in section 13(3)(hereinafter referred to in this Annexure as such person)? If so, give details of the amount, rate of interest charged and the nature of security, if any NO
2. Whether any land, building or other property of the trust/institution was made, available for the use of any such person during the previous year? If so, give details of the property and the amount of rent or compensation charged, if any NO
3. Whether any payment was made to any such person during the previous year by way of salary, allowances or otherwise? If so, give details NO
4. Whether the services of the trust/ institution were made available to any such person during the previous year? If so, give details thereof together with remuneration or compensation received, if any NO
5. Whether any share, security or other property was purchased by or on behalf of the trust / institution during the previous year from any such person? If so, give details thereof together with the consideration paid NO
6. Whether any share, security or other property was sold by or on behalf of the trust / institution during the previous year to any such person? If so, give details thereof together with the consideration received. NO
7. Whether any income or property of the trust/ institution was diverted during the previous year in favour of any such person? If so, give details thereof together with the amount of income or value of property so diverted. NO
8. Whether the income or property of the trust/institution was used or applied during the previous year for the benefit of any such person in any other manner? If so, give details NO

III. INVESTMENTS HELD AT ANY TIME DURING THE PREVIOUS YEAR (S) IN CONCERNS IN WHICH PERSONS REFERRED TO IN SECTION 13(3) HAVE A SUBSTANTIAL INTEREST

| S.No. | Name and Address of the Person | Where the concern is a Company, number and class of shares held | Nominal value of the Investment | Income from the Investment | Whether the amount in Col.4 exceeded 5 % of the capital of the concern during the previous year say, Yes/ No |
|-------|--------------------------------|---|---------------------------------|----------------------------|--|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | Nil | Nil | Nil | Nil | Nil |
| Total | Nil | Nil | Nil | Nil | Nil |

S. Batliboi & Co.

Chartered Accountants

Place : New Delhi

Date : 28/10/2005



Registrar

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[Handwritten signature]
Finance Officer

Annexure 10B Calculation

| Clause 1 | 2005 |
|-------------------------------------|--------------------|
| Additions to Fixed Assets | 185,919,001 |
| Additions to CWIP | - 65,612,658 |
| Expenditure as per Schedule A and B | 24,288,437 |
| Depreciation charge | - 5,143,647 |
| Closing Loans and advances | 2,947,803 |
| Opening Loans and advances | - 173,602 |
| Closing Current Liabilities | - 7,569,979 |
| Opening Current Liabilities | 2,765,293 |
| | 137,420,648 |
| Income for the year | 51,006,489 |
| Amount for Clause 1 | 51,006,489 |



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SHRI MATA VAISHNO DEVI UNIVERSITY, JAMMU
BALANCE SHEET AS AT 31ST MARCH, 2005

| As At 31/03/04 Amount (Rs.) | LIABILITIES | As At 31/03/05 Amount (Rs.) | As At 31/03/04 Amount (Rs.) | ASSETS | As At 31/03/05 Amount (Rs.) |
|--------------------------------|---|--------------------------------|--------------------------------|--|--------------------------------|
| 200,000,000 | Corpus Fund Capital Grant in Aid from Shri Mata Vaishno Devi Shrine Board - As per last Account | 200,000,000 | 2,246,944 | Fixed Assets (As per Schedule 'C') Net Block | 183,022,298 |
| - | Excess of Income and Expenditure during the year (As per Schedule B) | 16,180,290 | 178,797,256 | Add: Capital Advances & Capital Work in Progress | 113,184,598 |
| | Current Liabilities | | 181,044,200 | Less: Excess of Preoperative Income over expenditure (As per Schedule A) | 163,254,848 |
| 2,165,293 | Sundry Creditors and Liabilities | 3,853,804 | 128,399,553 | Add: Excess of Pre operative Income over expenditure during the year | 10,537,761 |
| - | Towards Supply of Goods, Services and Expenses etc. (including book overdraft with a bank Rs. 272,018; Previous Year Rs. Nil) | - | 34,855,295 | Preoperative Income and Expenditure | (173,792,609) |
| - | Advance fees from students | 1,152,625 | 163,254,848 | Net Balance | 122,414,287 |
| 600,000 | Retention Money from contractors | 2,283,550 | - | Investments (As per Schedule 'D') | 79,870,000 |
| - | Security Deposit from contractors | - | | | |
| 2,765,293 | Security Deposit from Students | 280,000 | | | |
| | | 7,569,979 | | | |
| 366,020,141 | | 223,750,270 | 366,020,141 | | 223,750,270 |
| | | | 5,149,439 | I) Interest accrued but not received | 1,653,333 |
| | | | 15,000,000 | II) Balances with Scheduled Banks: | |
| | | | 655,480 | Cheques in Hand | 5,341,117 |
| | | | 163,972,622 | In Savings Bank Account | 11,504,261 |
| | | | 179,628,102 | In Fixed Deposits Accounts | 16,845,378 |
| | | | 24,798 | III) Cash in Hand | 19,469 |
| | | | | B. Loans and Advances | |
| | | | 97,176 | Advances to Staff for Expenses | 69,284 |
| | | | - | Dividend receivable | 2,081,339 |
| | | | - | Fee Receivable from students | 234,000 |
| | | | 76,426 | Prepaid expenses | 468,178 |
| | | | 173,602 | Deposits & Advances to others | 95,002 |
| | | | | | 2,947,803 |



Place : New Delhi
Date : 28/10/2005

Finance Officer

Registrar

Chartered Accountants

Shri Mata Vaishno Devi University

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Schedule A

SHRI MATA VAISHNO DEVI UNIVERSITY, JAMMU
STATEMENT OF PREOPERATIVE INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 19TH AUGUST, 2004

| Particulars | Preoperative period ended August 18 ,2004 | For The Year ended 31st March, 2004 |
|---|---|---|
| Income | Amount (Rs.) | Amount (Rs.) |
| Grant in Aid from Shri Mata Vaishno Devi Shrine Board | 13,680,323 | 30,000,000 |
| Interest on Fixed Deposits and others | 3,784,715 | 11,319,138 |
| Miscellaneous Receipt | 2,750 | 198,500 |
| Total | 17,467,788 | 41,517,638 |
| Less : Expenditure | | |
| Salaries & Wages | 1,939,625 | 2,920,172 |
| Staff Welfare | 37,307 | 59,676 |
| Repairs and Maintenance of Buildings and others | 77,163 | 122,121 |
| University Association Membership fees | - | 58,658 |
| Electricity, Power, Fuel charges | 66,100 | 92,582 |
| Printing & Stationery | 65,122 | 93,168 |
| Architect's Fees | 1,644,111 | 476,032 |
| Seminars & Meetings | 178,352 | 242,872 |
| Legal and Professional | 23,776 | 111,935 |
| Staff Selection Expenses | 40,144 | - |
| Office Expenses | 42,695 | - |
| Travelling and Conveyance | 189,593 | 275,407 |
| Rent | 112,500 | 300,000 |
| Vehicle Running & Maintenance | 119,705 | 253,149 |
| Bank Charges | 14,369 | |
| Postage, Telegram and Telephones | 86,096 | 180,386 |
| Audit fee | - | 109,809 |
| Security Service Charges | 32,950 | 127,656 |
| Advertisement & Publicity | 91,872 | 366,956 |
| Inauguration Expenses | 1,548,982 | - |
| Insurance | 15,397 | 20,249 |
| Miscellaneous | 6,300 | 217,225 |
| Depreciation | 597,868 | 634,290 |
| Total | 6,930,027 | 6,662,343 |
| Excess of Preoperative Income over expenditure | 10,537,761 | 34,855,295 |



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Schedule B

SHRI MATA VAISHNO DEVI UNIVERSITY, JAMMU
STATEMENT OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2005

| Particulars | For the period Ended March 31, 2005 |
|--|---|
| Income | |
| | Amount (Rs.) |
| Grant in Aid from Shri Mata Vaishno Devi Shrine Board | 21,733,278 |
| Income from Students | 4,123,875 |
| Interest on Fixed Deposits and others | 4,041,519 |
| Dividend income | 3,266,529 |
| Miscellaneous Receipt | 373,500 |
| Total | 33,538,701 |
| Less : Expenditure | |
| Salaries & Wages | 4,736,245 |
| Staff Welfare | 167,550 |
| Repairs and Maintenance of Buildings and others | 366,540 |
| University prospectus expenses | 161,300 |
| Electricity, Power, Fuel charges | 878,532 |
| Water Supply Charges | 200,000 |
| Printing & Stationery | 216,961 |
| Seminars & Meetings | 401,679 |
| Legal and Professional | 104,909 |
| Staff Selection Expenses | 376,043 |
| Office Expenses | 342,555 |
| Travelling and Conveyance | 340,836 |
| Rent | 143,086 |
| Vehicle Running & Maintenance | 804,357 |
| Postage, Telegram and Telephones | 391,162 |
| Audit fee | 95,543 |
| Security Service Charges | 372,077 |
| Advertisement & Publicity | 824,388 |
| Site Expenses | 1,130,751 |
| Mess Expenses | 671,525 |
| Insurance | 42,291 |
| Miscellaneous | 44,301 |
| Depreciation | 4,545,779 |
| Total | 17,358,410 |
| Excess of Income over expenditure during the year | 16,180,290 |

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4123875
4041519
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33538701



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SHRI MATA VAISHNO DEVI UNIVERSITY

SCHEDULE OF FIXED ASSETS AS ON 31ST MARCH, 2005

Schedule C

Amount (Rs.)

| Particulars | Depreciation Rate | Balance As on 01.04.2004 | Additions | | Sale/ Discard | Total | Depreciation | W.D.V as at 31.03.2005 | W.D.V as at 31.03.2004 |
|------------------------------|-------------------|--------------------------|--------------------|--------------------|----------------|--------------------|------------------|------------------------|------------------------|
| | | | More than 180 days | Less than 180 days | | | | | |
| Block A 100% Building | 100% | - | - | 2,800,506 | - | 2,800,506 | - | 2,800,506 | - |
| Prefabricated Huts | | | | | | | | | |
| Block B 5% Building | 5% | - | - | 5,282,422 | - | 5,282,422 | - | 5,282,422 | - |
| Main Campus Road | | | | | | | | | |
| Chain Link Fencing | 5% | - | - | 1,223,447 | - | 1,223,447 | - | 1,223,447 | - |
| Guest House Building | 5% | - | 9,832,742 | - | 9,832,742 | - | 9,832,742 | - | - |
| Residential Units Level I | 5% | - | 16,497,182 | - | 16,497,182 | - | 16,497,182 | - | - |
| Block C 10% Building | 10% | - | 8,759,928 | - | 8,759,928 | - | 8,759,928 | - | - |
| SMS Block | | | | | | | | | |
| Block D 15% | 15% | 610,761 | 4,095,004 | 1,132,203 | - | 5,837,968 | 790,780 | 5,047,188 | 610,761 |
| Furniture & Fixture | | | | | | | | | |
| Electric Installations | 15% | - | 2,694,400 | 49,190 | - | 2,743,590 | 3,689 | 2,739,901 | - |
| Block E 20% | 20% | 670,911 | 1,290,694 | 1,500,008 | - | 3,461,613 | 542,322 | 2,919,291 | 670,911 |
| Official Vehicles | | | | | | | | | |
| Block F 25% | 25% | 48,737 | 227,608 | 454,209 | - | 730,554 | 125,862 | 604,692 | 48,737 |
| Genset | | | | | | | | | |
| Office Equipments | 25% | 383,097 | 529,758 | 1,247,149 | - | 2,160,004 | 384,107 | 1,775,897 | 383,097 |
| Site Equipments | 25% | 403,175 | - | - | - | 403,175 | 100,794 | 302,381 | 403,175 |
| Vibrator | 25% | - | - | 31,050 | - | 31,050 | 3,881 | 27,169 | - |
| Inverter | 25% | - | 10,250 | - | - | 10,250 | 7,260 | 40,566 | - |
| Transformer | 25% | - | - | 330,000 | - | 330,000 | 41,250 | 288,750 | - |
| Block G 60% Computer | 60% | 122,433 | 2,409,849 | 2,534,627 | - | 5,066,909 | 2,279,757 | 2,787,152 | 122,433 |
| Computer Equipments | | | | | | | | | |
| Computer Software | 60% | - | 35,000 | - | - | 35,000 | 21,000 | 14,000 | - |
| Block H 100% | 100% | - | 39,560 | 114,956 | - | 154,516 | 97,038 | 57,478 | - |
| Kitchen Equipments | | | | | | | | | |
| Kitchen Utencils | 100% | 830 | 59,880 | - | - | 60,710 | 60,710 | - | 830 |
| Books | 100% | - | 236,659 | 690,615 | - | 927,274 | 581,967 | 345,307 | - |
| Website | 100% | 7,000 | - | 1,888 | - | 8,888 | 7,944 | 944 | 7,000 |
| Classroom tools | 100% | - | 47,764 | 44,297 | - | 92,061 | 69,913 | 22,148 | - |
| Sports Material | 100% | - | 12,359 | 26,028 | - | 38,387 | 25,373 | 13,014 | - |
| Block I 0% | 0% | - | 122,613,193 | - | 973,000 | 121,640,193 | - | 121,640,193 | - |
| Land Acquisitions | | | | | | | | | |
| Total | | 2,246,944 | 169,391,830 | 17,500,171 | 973,000 | 188,165,945 | 5,143,647 | 183,022,298 | 2,246,944 |

| Capital Advances & Capital Work in progress | |
|---|--------------------|
| -for Land Acquisition | 11,085,710 X |
| -for telephone exchange | 1,045,635 Y |
| -Water Supplies | 4,902,300 |
| -for Electricity | 13,163,000 |
| -for Site Development | 851,104 |
| -Construction Works | 79,766,749 |
| Total | 113,184,598 |



| | | | | | | | | |
|-------------|-----------|-------------|------------|---------|-------------|-----------|-------------|-------------|
| Grand Total | 2,246,944 | 169,391,830 | 17,500,171 | 973,000 | 188,165,945 | 5,143,647 | 296,206,896 | 181,044,200 |
|-------------|-----------|-------------|------------|---------|-------------|-----------|-------------|-------------|

Note 1: Represents the money received towards the allotment of land for rehabilitation of landowners

1859 P001
656 R658
19.08.06 343

Schedules forming part of the Balance Sheet

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INVESTMENTS
(NON TRADE - AT COST)

| Acquired during the year | Sold/ redeemed during the year | Balance at the end of the year | Particulars | As at 31.03.2005 | As at 31.03.2004 |
|-------------------------------------|--------------------------------|--------------------------------|---|-------------------|------------------|
| Nos. | Nos. | Nos. | | Rs. | Rs. |
| LONG TERM INVESTMENTS | | | | | |
| 1. Government of India Bonds | | | | | |
| | | | 8% Savings(Taxable) Bonds, 2003 Bond Ledger Account No. TBUTI551800595 | 39,600,000 | - |
| | | | 8% Savings(Taxable) Bonds, 2003 Bond Ledger Account No. TBUTI551800597 | 19,800,000 | - |
| | | | 8% Savings(Taxable) Bonds, 2003 Bond Ledger Account No. TBUTI551800598 | 600,000 | - |
| | | | TOTAL | 60,000,000 | - |
| 2. Mutual Funds | | | | | |
| Unquoted | | | | | |
| 416,268 (Nil) | Nil (Nil) | 416,268 (Nil) | HDFC Prudence Fund-Dividend Plan | 9,935,000 | - |
| 395,063 (Nil) | Nil (Nil) | 395,063 (Nil) | TBFD TATA Balanced Mutual Fund- Dividend plan | 9,935,000 | - |
| | | | TOTAL | 19,870,000 | - |
| | | | GRAND TOTAL | 79,870,000 | - |
| | | | Aggregate Cost of Quoted Investments | - | - |
| | | | Aggregate Cost of Unquoted Investments | 79,870,000 | - |
| | | | | 79,870,000 | - |
| | | | Aggregate NAV of Mutual Funds | 17,767,704 | - |

Note: The university has invested Rs.19,870,000 in the units of Mutual funds, the NAV as on 31st March, 2005 is Rs. 17,767,704. Decline in the NAV of investments in mutual fund is considered temporary in nature. As on date the NAV of such mutual fund have gone up as compared to their cost and there is no loss. Hence no provision has been made against the same.



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SHRI MATA VAISHNO DEVI UNIVERSITY, JAMMU

I. Summary of Significant Accounting Policies

a. Basis of Accounting

The accounts of the University are prepared under historical cost convention. The University follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

b. Fixed Assets

Fixed assets are stated at cost less depreciation. The cost of an asset comprises of its purchase price/ construction cost (Including material and labour cost).

c. Depreciation

Depreciation on fixed assets is provided on written down value method as per the rates prescribed in Income Tax Act, 1961 except certain assets on which depreciation at the rate of 100% is claimed. No depreciation has been provided on Building (Including Main Campus Road and Chain Link Fencing) and Electric Installation as the capitalized value would become Zero after considering the pre-operative Income earned till the date of commencement of operation.

d. Revenue Recognition

Revenue in respect of admission fees received from students is recognized over the period of the course.

Revenue in respect of hostel fees and Mess fees is recognized on the basis of accrual basis. Interest is recognised on a time proportion basis taking into the account the amount outstanding and the rate applicable.

Dividend income is recognised when right to receive dividend is established by the Balance Sheet date.

e. Investments

Long-term investments are stated at cost, less provision for diminution in value of investments, which is considered to be permanent. Current investments are stated at lower of cost or fair market value. Cost includes original cost of acquisition, including brokerage and stamp duty and is net of commission received.

f. Income Tax

The University got itself registered under Section 12AA of the income tax act 1961, vide the letter dated April 20, 2005 from the office of the Commissioner of Income Tax. Further University has also received Income Tax Exemption certificate under Section 10(23C)(vi) of the said act vide the letter dated May 3, 2005 from the commissioner of Income Tax. As a result of which no provision for Income Tax has been made in the books of accounts.



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II. Notes To Accounts

1. BACKGROUND

Established under the Shri. Mata Vaishno Devi University Act, 1999 (Act under the legislative assembly of Jammu and Kashmir) the institution had started functioning on September 1, 1999 (i.e. date of incorporation). The said institution has set up University at Panthal in the state of Jammu and Kashmir to provide various graduate and post graduate level courses on residential basis. The University commenced its operations from the current year with inaugural batch starting from August 19, 2004.

Since the operations of the University have started from 19th August, 2004, Preoperative Income and Expenditure Account is prepared till that date while Income and Expenditure Account is prepared for the period from August 19, 2004 to March 31, 2005.

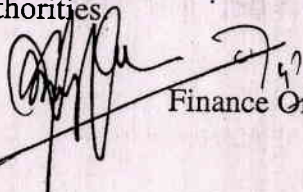
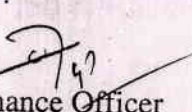
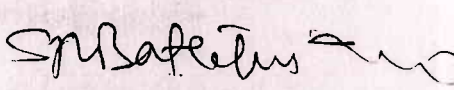
2. GRANT IN AID

In terms of Section 20 of Shri Mata Vaishno Devi University Act 1999, the said institution has during the year received Rs.35,413,601 for meeting the recurring expenditure of the University from Shri Mata Vaishno Devi Shrine Board(Hereinafter referred as Shrine Board). Further in the 37th Board Meeting of Shrine Board, it was decided that the University shall be provided Rs.13 crore(Including additional fund of Rs.10crores for the year 2004-05 to cover up for the shortfall of funds during the current year). But till the end of the current year only Rs.35,413,601 has been received from the Shrine Board. The accounting of balance money shall be made in the year in which the shortfall of Rs.94,586,399 is actually received.

3. LAND ACQUISITION AND CAPITAL WORK IN PROGRESS

a) During the current year the University has taken possession of 5804 Kanals and 14 Marals of land. The University had received Red Accounts for land acquired from Collector of Land Acquisition to the tune of Rs.122,663,279 and hence the same has been capitalized in the books of accounts (except for Rs.50,086 which is charged as lease rent). The balance amount of Rs.11,085,710 has been still shown under Capital Advance till the time complete accounts for disbursements are made available from the office of the Collector of Land Acquisition.

b) In the absence of proper supporting detail, payments made to power development department, Public Health Department, J&K for the construction of the University campus aggregating to Rs.20,435,400 have been shown under capital advance in Schedule C. The necessary entries for capitalization would be done as and when the relevant information is received from the concerned authorities

Registrar  Finance Officer  Chartered Accountants 

Place: New Delhi

Date: 28/10/2005

