

PANDIT DEENDAYAL ENERGY UNIVERSITY

MINUTES OF THE 36th FINANCE COMMITTEE MEETING HELD ON 07th MAY, 2021 AT 11:30 AM ON ZOOM MEETING PLATFORM

The following were present:

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| 1. Dr. S. S. Manoharan, Director General, PDEU | Chairman |
| 2. Shri D Rajagopalan, Chairman Standing Committee | Member |
| 3. Shri Nitin Shukla | Member |
| 4. Dr. R. K. Vij, Director – SPT | Member |

The following were present as special invitees:

1. Shri V. C. Shah, Advisor (C&F) & Chairman, B&W C
2. Shri Abhinav Kapadia, CFO

Leave of absence was granted to Shri Tarun Shah, Registrar – PDEU.

Dr. S. S. Manoharan, Director General PDEU and Chairman Finance Committee, extended a cordial welcome to all the members.

Item 36/1: Confirmation of Minutes of 35th meeting of the Committee

The Committee approved the Minutes of its 35th meeting held on 10-Jul-20.

Item 36/2: Review Report of 35th meeting of the Committee

The Committee reviewed the Action Report and confirmed the same.

Item 36/3: Budget Estimates for FY 2021-22

CFO presented the Budget Estimates of the University for FY 2021-22 along with School-wise financials to the Committee. The summary of the same is as follows:



(Rs. in Lakhs)

Sr. No.	Particulars	FY 19-20	FY 20-21	BE 21-22 Scenario 1	% Changes	% of Revenue
Overall						
A	No. of Students	5,726	6,230	6,847	20%	
B	No. of Faculties	216	233	273	24%	
C	Total Income	14,658	11,860	16,517	13%	100%
D	Total Expenses	14,382	13,051	17,512	22%	106%
1	Human Resources	6,288	6,726	9,003	43%	55%
2	Admission & Student Activity Expenses	2,239	841	1,807	(19)%	11%
3	Academic Expenses	711	716	868	22%	5%
4	Infrastructure, Maintenance Expenses	1,895	2,012	2,051	8%	12%
5	Hostel Expenses	1,312	527	1,228	(6)%	7%
6	University Contribution & Contingency Expenses	31	222	198	54%	2%
7	Depreciation	1,907	2,007	2,357	24%	14%
E	Operational Surplus / Deficit	277	(1,190)	(995)		(6)%
	CAPEX	4,363	1,239	2,938		
F	OD Facility	(3,388)	(1,865)	(3,991)		

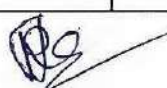
The summary of the school-wise financials for FY 2021-22 is as follows:

(Rs. in Lakhs)

Sr. No.	Particulars	Central Office	Hostel	SPT	SPM	SLS	SOT	Total
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Revenue Budget

1	Gross Revenue	396	1,020	1,479	1,055	4,178	8,389	16,517
2	Recurring Expenditure	396	1,228	1,570	1,115	2,731	8,115	15,155
3	Depreciation	582	940	144	22	46	623	2,357



Sr. No.	Particulars	Central Office	Hostel	SPT	SPM	SLS	SOT	Total
A	Surplus / (Deficit) (1 - 2 - 3)	(582)	(1,148)	(235)	(82)	1,401	(349)	(995)

Capital Budget

B	Capital Expenditure	(1,184)	(100)	(141)	(25)	(112)	(1,376)	(2,938)
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A - B	Total Surplus / Fund Required	(1,766)	(1,248)	(376)	(107)	1,289	(1,725)	(3,933)
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CFO apprised the Committee that, considering the second wave of COVID pandemic, the Finance Team has made an impact assessment on the revenues and have made three (3) financial scenarios accordingly. The scenario based Budget Estimates are as follows:

(Rs. in Lakhs)

Sr. No.	Particulars	FY 20-21	BE 21-22 Scenario 1	BE 21-22 Scenario 2	BE 21-22 Scenario 3
Overall (Scenario-wise)					
A	No. of Students	6,230	6,847	6,652	6,652
B	No. of Faculties	233	273	263	263
C	Total Income	11,860	16,517	15,407	13,922
D	Total Expenses	13,051	17,512	16,351	15,585
1	Human Resources	6,726	9,003	8,381	7,985
2	Admission & Student Activity Expenses	841	1,807	1,458	1,258
3	Academic & Research Expenses	716	868	868	868
4	Infrastructure, Maintenance Expenses	2,012	2,051	1,942	1,842
5	Hostel Expenses	527	1,228	1,147	1,077



Sr. No.	Particulars	FY 20-21	BE 21-22 Scenario 1	BE 21-22 Scenario 2	BE 21-22 Scenario 3
6	University Contribution & Contingency Expenses	222	198	198	198
7	Depreciation	2,007	2,357	2,357	2,357
E	Operational Surplus / Deficit	(1,190)	(995)	(944)	(1,663)

The Committee discussed on various parameters and recommended as follows:

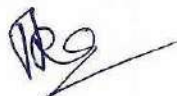
- a. The Committee was of the view that considering the second wave of COVID-19 pandemic, uncertainty of in-campus study and uncertainty of new admissions we need to adopt a conservative and cautious approach as in emergency situation as specified in scenario 3 for expenditures and the same should be reviewed in Aug-21 / Sep-21 based on the COVID-19 pandemic situation and the admission for the year.
- b. The Committee advised that the University should request President, PDEU for contribution of Rs. 25 crores this year from Reliance Foundation. The letter should highlight present finances, potential impact of fee cut and planned capital expenditure for Academic initiatives.
- c. During the course of discussions, the Committee observed that the basis of the assumptions to work out the scenario should be discussed at the beginning so that the numbers derived from it can be discussed in proper perspective. The Committee deliberated on each assumption and advised as follows:
 - In the scenario 3, the hostel occupancy for 6 months (second term) may be considered as 1,000 students only.



- As regards to the faculty recruitment, it was apprised that 30 faculties are factored with approximate expenditure of Rs. 4 crores for FY 2021-22. The Director General apprised the Committee that considering the 4 departments for NBA accreditation and filing of SSR report for NAAC, these recruitments (at least upto 20) shall be required.

The Committee was of the view that recruitment be restricted to bare minimum to support academic activities which is likely to be off campus and online. It was viewed that the NAAC Committee may also like to assess the University in normal situation and therefore may understand the present situation and postpone their visit or evaluation. The matter should be reviewed in Sep-21 meeting.

- As regards to budget for admission, a proper correlation of the expenditure and its impact on admission, in state and out of the state, should be done so that the same is pruned without affecting the admission at the University. The same thought to be extended for the Administrative and Repair & Maintenance expenditure of campus and hostels and only core services to upkeep the assets should be continued.
- The Committee appreciated that no layoffs have been given by the University and advised that the University should review and negotiate with all major service providers to prune down the expenditure by sharing their overheads / margins. The committee also advised to explore the possibility of gainful utilization of time for capacity building of faculty staff, and other people working at campus.



- It was apprised to the Committee that the Overdraft Interest for the FY 20-21 was Rs. 1.85 crores against the budgeted for FY 21-22 is Rs. 3 crores. The Committee observed that this should be closely observed and all efforts should be made to minimize the same.
 - For hostels, there were two thought viz. that considering the pandemic, there could be rush of students to stay at Hostels as the Hostels may be perceived as safe place to stay and on the other hand parents may have inhibition and may avoid hostel. The University, therefore, should ensure that safety of students is effectively projected. One of the means could be to think of possibility of having a basic medical facility / isolation ward available at campus (with oxygen concentrator) and effective tie-up with a hospital. This may give some assurance to the parents that in case of any adversity their children shall be taken care at the first instance. The brochures of the Hostel facility should highlight these measures taken for COVID-19 by the University.
 - It was advised that the operational expenses of hostel should be reviewed to minimize cost for maintenance of facilities as for this year also the revenues from Hostels shall be low.
- d. The committee advised that any reallocation of budget expenditure heads, even within the overall expenditure at school or university level, should be brought to notice of finance committee, if such reallocation is in excess of 25% of that head.
- e. The Committee apprised that when the students have taken bank loans, the University should approach them to help, with the banks, if they can get any extensions from the moratorium or any other assistance by the University.



- f. The committee was also of the view that the University should make a score card, comprising its 3 to 5 year plan, on various parameters and financials should be mapped with it.
- g. The Committee was of the view that there should not be cash deficit at Schools level and cross subsidy should be done away with. The schools should dig deep to analyze the reasons of these deficits and put up the plan to overcome it.
- h. The Committee reviewed the Capital Expenditure proposal worth Rs. 29.38 crores for Academic and Non-Academic activities. It was of the view that till Sep-21 only essential / non avoidable expenditure should be approved after observing defined guide lines. For the compliance of Fire and Safety requirement matter for hostels, the Committee was of the view that while it is essential we may get some guidance from an expert reference Shri Nitin Shukla, proposed to give.
- i. For considering the proposals with high value Capex, the Committee was also of the view that some norms / criteria / check list for the purpose of due diligence should be devised and the proposal should be submitted with justification based on the said criteria/norms so that it is considered in proper perspective. This can also work to decide priority amongst the proposals.

Accordingly, the committee approved the budget for FY 2021-22 as per scenario 3 and advised to review the same in Sep-21.

Item 36/4: Amendment in Income Tax with respect to selection of Section 10 23(c) / 12 for claiming Exemptions

The Committee was apprised that as per the amendment in the Income Tax Act, 1961, whereby every entity registered as charitable trust / educational university will have to apply



afresh for registering themselves either as charitable trust or as educational university. Currently, PDEU is been granted exemption under both sections (i.e. 10 (23C) & 12 AA) however, through this amendment, now an entity can avail benefit of either of the section only. The filing has to be done on or before 30-Jun-21.

The Committee was apprised regarding the prospective benefits of section 10 (23C) and 12AA of the Income Act. CFO also apprised the committee regarding the views and opinion taken from the Auditors & Financial Expert and all were of the opinion to have registration of the University u/s 11/12 of the Income Tax Act considering the non-tuition fees income of the University. However, PDEU is required to check from technical angle, if any, i.e. FRC, UGC, AICTE.

The Committee deliberated on the same and concurred with the opinions of the auditors and financial experts. However, as on abundant caution, the Committee advised to take a legal opinion, preferably from the Advocate Shri Saurabh Subhakar should be taken.

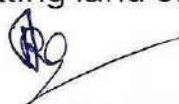
The Committee advised to move ahead in the matter based on advocate's opinion and submit it in the ensuing meeting for information.

Item 36/5: Lease Deed for GUDA Land

This is in reference to the discussion on the captioned agenda item in the 15th Standing Committee meeting held on 05-Mar-21.

It was reiterated to the Committee that PDEU has been allotted land admeasuring 3,02,892 sq. mtr. on lease for 99 years by GUDA, bearing Final Plot No. 369 to 373. For this land, as per the directives of GUDA, payment to the tune of Rs. 47 crores has been made by FY 2019-20.

The Committee was apprised regarding the communication from GUDA for allotting land on Lease and executing a Lease



Agreement for it. As per the draft Lease Agreement, a provision for escalations in lease rentals was mentioned which was not part of the original proposal. PDEU represented against the same.

It was informed that GUDA's Land Disposal committee has agreed to charge the Lease rentals at the rate of Rs. 5/- per sqr. mtr. only for the period 99 years and have removed the clause of increments in the lease rentals. Hence the annual financial commitment of the same shall be around Rs. 17 Lakhs.

The Committee noted and approved to execute the Lease Agreement with GUDA.

Item 36/6: Re-appointment of Auditors for FY 2021-22


The Committee took a note of work done by the Statutory Auditors and Internal Auditors of the University during the last financial year.

The Committee approved to re-appoint M/s P R Shah & Associates as Statutory Auditors and Tax Consultants and M/s Manubhai & Shah LLP as Internal Auditors and Pre-Auditors with their professional fees as of 2019-20 excluding taxes and out-of-pocket-expenses.

Item 36/7: Update on Notices received from Income Tax Dept.

The Committee took a note of status of IT and TDS refund for PDEU for previous assessment years. The Committee was apprised regarding the IT Demand Notice for the A.Y. 2018-19 wherein order issued confirming addition in income of Rs. 1,916.55 lakhs and wrong net tax demand of Rs. 758.66 lakhs was passed.

The Committee was further apprised that PDEU have filed an appeal to consider income NIL and to release pending IT refunds amounting to Rs. 174.44 lakhs of previous assessment years.



The Committee noted the same.

Item 36/8: Contribution from Reliance Foundation (6th Installment)

The Committee was apprised that Reliance Foundation has committed Rs. 150 crores over a period of ten years to PDEU through GERMI, as an endowment fund. The total contribution received till FY 19-20 is of Rs. 72.50 crores in five installments. The Committee appreciated the gracious effort from the President of the University and noted the contribution of Rs. 10 crores as sixth installment towards the said commitment in Feb-21.

The Committee recommended putting up this matter in the ensuing Board of Governors meeting for information.

Item 36/9: Provisional Financials of the University as on 31st March, 2021

The Committee noted the provisional financial of the University as on 31st March, 2021.

The meeting ended with vote of thanks to the Chair.

Date: 26/5/21

Place: Gandhinagar



Chairman

