

## PANDIT DEENDAYAL ENERGY UNIVERSITY

MINUTES OF THE 39<sup>th</sup> MEETING OF THE FINANCE COMMITTEE HELD ON  
27<sup>th</sup> JULY, 2022 AT 05:00 PM AT BOARD ROOM, C BLOCK, PDEU CAMPUS

The following were present:

1. Dr. S. S. Manoharan, Director General	Chairman
2. Shri Ritesh Gandhi, CA	Member
3. Dr. R K Vij, Director SPT	Member
4. Dr. S S Kachhwaha, I/C Director SOT	Member
5. Prof. Tarun Shah, Registrar	Secretary
6. Shri Abhinav Kapadia, CFO	Invitee

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

### **Item 39/1: Confirmation of Minutes of 38<sup>th</sup> meeting of the Committee**

The Committee approved the Minutes of its 38<sup>th</sup> meeting held on 20-May-22.

### **Item 39/2: Review Report of 38<sup>th</sup> meeting of the Committee**

The Committee reviewed the Action Report and confirmed the same.

### **Item 39/3: Annual Accounts of the University of FY 2021-22**

The Chief Finance Officer (CFO) of the University presented the Annual Accounts of the University for FY 2021-22 to the Committee. The summary of the same is as follows:



**Income & Expenditure Statement of the University: FY 2021-22**

(Rs. in Lakhs)

Particulars	Notes	FY 21-22	FY 20-21
<b>INCOME</b>			
Fees and Other Income from Long Term Academic Programme	(1)	14,881	11,624
Income from MDP Prog., Workshop & Projects	(2)	182	159
Hostel Fee		996	276
Interest Income		414	332
Other Income		112	54
Transfer from Funds (Funded Projects)		287	325
<b>TOTAL INCOME</b>		<b>16,873</b>	<b>12,770</b>
<b>EXPENDITURE</b>			
Establishment Expenses	(3)	7,421	6,634
Administrative Expenses	(4)	1,539	1,634
Academic and Students Activities Expenses	(5)	1,526	1,158
Hostel Expenses	(6)	726	674
Expenses of MDP Prog., Workshop & Projects		112	103
Depreciation		2,191	2,524
<b>TOTAL EXPENDITURE</b>		<b>13,516</b>	<b>12,726</b>
Excess of Income over Expenditure for the Year		3,356	45
Balance B/f from Previous Year		(102)	(147)
Change in reserve due to change in Accounting Policy		-	-
<b>Balance carried to Balance Sheet</b>		<b>3,254</b>	<b>(102)</b>

**Balance Sheet of the University as on 31-Mar-22:**

(Rs. in Lakhs)

Particulars	Notes	FY 21-22	FY 20-21
<b>FUNDS AND LIABILITIES</b>			
Corpus Fund	(7)	19,751	18,023
Designated Funds	(8)	2,925	1,347
Earmarked & Other Funds	(9)	14,496	14,953





Particulars	Notes	FY 21-22	FY 20-21
Reserves & Surplus		3,254	(102)
Current Liabilities & Provisions	(10)	12,740	14,440
<b>TOTAL</b>		<b>53,166</b>	<b>48,661</b>
<b>ASSETS</b>			
(a)-Fixed Assets	(11)		
Gross Block		38,426	36,263
Less: Depreciation Funds		18,692	16,542
<b>Total</b>		<b>19,734</b>	<b>19,721</b>
Add : Capital Work in Progress		1	306
<b>Net Block</b>		<b>19,735</b>	<b>20,027</b>
<b>Investments</b>	(12)	<b>30,290</b>	<b>25,736</b>
<b>Current Assets</b>		<b>3,141</b>	<b>2,899</b>
(a) Receivables		30	42
(b) Cash & Cash Equivalents		1,488	1,070
(c) Short Term Loan & Advances		32	42
(d) Other Current Assets		1,591	1,745
<b>TOTAL</b>		<b>53,166</b>	<b>48,661</b>

It was apprised to the Committee that the rise in the Revenues is due to increase in admission intake and it is estimated that this rise shall touch upto Rs. 30+ crores by Academic Year 2024-25.

The Committee noted that the annual increments and pending DA has been released in the FY 2021-22. The Committee also deliberated on AS 12 accounting implication and noted that it is not having any financial impact on the Income & Expenditure Statement of the University.

The Committee was happy to note that all Bank Overdrafts have been repaid during FY 2021-22 and advised that the University should now avoid any bank borrowing.

The Committee approved the Annual Accounts for FY 2021-22, as audited by M/s P R Shah & Associates.

**Item 39/4: Reports of Statutory Auditor and Internal Auditor for FY 2021-22**

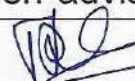
The CFO apprised the Committee on the reports submitted by Statutory Auditor and Internal Auditor for FY 2021-22. The Committee reviewed the observations in the Auditor's Report and suggested the following:

<b>Sr. No.</b>	<b>Auditor's Observation</b>	<b>Committee's Recommendation</b>
1	<u>Fixed Assets:</u> Fixed Assets (especially Lab equipment) above value of Rs. 50,000/- should be physically verified every half yearly.	The Fixed Asset especially Lab Equipment above Rs. 50,000/- should be physically verified and the report should be submitted to the Committee. This task should be completed by Dec-22.
2	<u>Details of International Students:</u> Database management of International Students with respect to Fee structure, Fees Recovery, Scholarship, etc. should be maintained and adequately reported.	The Office of International Relations (OIR) should be guided to make proper data base of Student Admission and maintain uniform process for fees determination and scholarships.
3	<u>Internal Audit:</u> At least one special area should be taken in each quarter as suggested by Finance Committee.	The scope of Internal Audit along with the Thrust Areas should be shared with the Committee and based on the Committee's direction one area of activity should be undertaken by the Internal Audit.
4	<u>Account settlement with GERMI:</u> PDEU is liable to pay a sum of Rs. 30.45 crores to GERMI for past many years which is also confirmed by PDEU. Since the said liability is	The Committee was apprised about the pending assets transfer of Rs. 112 crores and account settlement of Rs. 40 crores may be shown as corpus fund from GERMI being the promoting society of PDEU, in books of accounts of both. It was advised that it was apprised that the Chairman - SC (PDEU) and VC-MT (GERMI) has already





Sr. No.	Auditor's Observation	Committee's Recommendation
	long time pending, we suggest for its review and settlement.	asked GERMI Officials to address this matter and do the needful.
5	Long outstanding Deposits of Supplier – EMDs, RMDs & Security Deposits to the tune of Rs. 212 lakhs	The long outstanding deposits of suppliers in the form of EMD, RMD and Security Deposits should be closed in respective financial year only. Necessary communication may be sent to the concerned Departments in this regard.
7	Student deposits is unclaimed since long	The Committee took note of outstanding students deposit amount and was of the view that the Alumni Cell can do the necessary communication with the alumnus to encourage them to contribute this amount to PDEU Alumni Association otherwise that they can claim the refund by submitting No Dues Certificate.
8	Under recovery of fees of Academic Year 2021-22	The Committee took a note of delay in collection of fees and advised that now in the post COVID time, such outstanding of fees should be bare minimum and only for deserving cases.
10	Under / Over utilization Research Funds	The Committee took a note of utilization of funds and advised that Dean - R&D's Office should take necessary actions.
12	Observations related to procurement of Goods / Services	The Committee took a note that there is no Centralized Purchase Order Processing and was of the view that such situation should be avoided. Hence, they directed that all Purchase Orders should be issued from one authority only and it should also be from ERP. The concerned departments should submit their approved documents to this authority who shall approve PO only through ERP system. The Chairman - Purchase Committee has been advised to



Sr. No.	Auditor's Observation	Committee's Recommendation
		nominate the officials in this regard. The Committee was of the view that the PO is very important and proper monitoring and record should be kept for the same.

The Committee was of the view:

- To maximize the usage of ERP to overcome the limitations of independent software and independent reporting. Till that time, the ERP is used effectively, requisite SOP's should be prepared.
- In respect of Administrative Policy matters, the suggestions / observations given by Auditors in form of "Improvement required", the same should be circulated to respective Departments / Authorities and on the basis of their suggestions for improvement of Administrative Policy, SOP should be prepared and Circulated.
- Tentative time line to be fixed for resolution of queries / observations of Statutory Auditor as well as Internal Auditors.

**Item 39/5: Proposal for creation of Academic and Infrastructure Development Fund**

CFO apprised the Committee that considering the surplus from operation at University, it is felt that a separate fund may be created against the depreciation charged during the year, for maintenance and up-gradation of existing assets and augmentation of Academic & Infrastructure facilities at the University. The nomenclature proposed is "Academic and Infrastructure Development Fund".

It was apprised to the Committee that based on the inputs of M/s P R Shah & Associates - Statutory Auditor, fund may be created equivalent to depreciation amount of the Buildings and Office Equipment which are principally funded by the University, to the tune of Rs. 1,342 lakhs. It was also apprised to the Committee that it shall be shown as separate line item in the "Income &



Expenditure Account” after Excess of Income over Expenditure and should be placed under “Designated Funds” in the Balance Sheet.

The Committee reviewed the same and recommended the following:

- The Committee considered that the academic procurement mainly towards the Lab Equipment, Computers and Library are coming from the School Budget, while infrastructure like Building and Office Equipment are provided from the University Budget.
- The Committee appreciated the concept of creation of separate Academic and Infrastructure Development Fund. The Committee approved the allocation of Rs. 1,342 lakhs in FY 2021-22 towards the same.
- The Committee shared that this fund should be utilized towards the Capital Expenditure of existing Academic and Infrastructure only. The Committee further directed that any expenditure towards the same, in excess of Rs. 50 lakhs, should be notified to the Committee preferably in advance.
- The Committee also directed that the funds towards this should be earmarked separately as per the investment policy of the University.
- The Committee also discussed that the University should take an opinion of Statutory Auditor to change the depreciation method from WDV to Useful Life of the Assets. Their opinion, also consisting the impact analysis, be placed in the Finance Committee.

The Committee approved the creation of Academic and Infrastructure Development Fund.



### Item 39/6: Investment of University Funds

The CFO apprised the Committee that Investment Policy was approved in the 38<sup>th</sup> meeting of the Committee and it was also directed to open SGL Account and DEMAT Account of the University. It was apprised to the Committee that the University has opened these Accounts with the Bank.

It was also apprised to the Committee that funds, which are maturing in form of FDs in the month of Jul-22, are available to invest, is Rs. 7,773 lakhs, which can be invested as follows:

(Rs. in Lakhs)

Sr. No.	Available Funds	Amt.	Tenure	Instrument
1	FDs maturing in Jul-22	7,178		
	<i>Endowment Funds</i>	6,178	3-5 Years	Govt. Securities, AAA Bonds & Debt Mutual Funds
	<i>Research &amp; Development Funds (Cairn India)</i>	1,000	3-5 Years	
	<i>Earmarked Project Funds</i>	136	1-3 Years	Fixed Deposits, T-Bills & Liquid Funds
	<i>Designated Funds</i>	458	1-3 Years	

The Committee was of the view that this is the right treasury market scenario and it is important that the funds are parked with utmost safety on return.

CFO apprised the Committee regarding appointment of Investment Advisor – an independent Investment Firm for advising on investment options for the University and presented the draft Expression of Interest (EOI) to be issued for inviting proposal. The Committee reviewed the EOI and recommended the following:





- The Committee suggested that as this is specialized task and relating to high value items, the evaluation of bid should be as follows:
  - 1) Technical Evaluation - 40%
  - 2) Presentation of the Bidder / Firm - 40%
  - 3) Commercial Bid - 20%
- The Committee directed CFO to revise the EOI for appointment of Investment Advisor and submit to the Committee for its approval.

The Committee approved appointment of Investment Advisor through EOI and Investment of Funds.

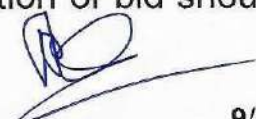
#### **Item 39/7: Appointment of Auditors for FY 2022-23**

The CFO apprised the Committee regarding the current auditors appointed for Statutory Audit, Internal Audit and Pre Audit of Transaction.

The Committee discussed that the Statutory Auditor, Internal Auditor and Pre Audit should be independent Chartered Accountant Firms and appointed through EOI only. The draft Expression of Interest (EOI) was presented to the Committee for inviting proposals of the Statutory Auditor for FY 2023-23 for one year of initial period of appointment, which further may be extended up to a maximum period of three years.

The Committee reviewed the agenda and recommended the following:

- The Committee was of the view that the EOI for appointment of the Statutory Auditor should be issued on priority basis.
- The Committee suggested that as this is specialized task and relating to audit services, the evaluation of bid should be as follows:



- 1) Technical Evaluation - 40%
- 2) Presentation of the Bidder / Firm - 40%
- 3) Commercial Bid - 20%

- The Committee directed CFO to prepare a draft EOI and submit it to the Committee for its approval.

The Committee approved the issuance of EOI for appointment of Statutory Auditor for FY 2022-23.

## **Table**

### **Agenda/1: Phase II of Sports Complex and General Development Work**

The Committee reviewed the agenda and took a note of the extract from minutes of the 17<sup>th</sup> meeting of Standing Committee. The Committee approved the financials at Rs. 18.9 crores considering the contribution of SAG of Rs. 7.50 crores and balance to be contributed by the University.

The Committee also suggested, in line with discussion in 17<sup>th</sup> Standing Committee, that the University should write to Govt. of India Institutions, Sports Authority of India, Olympic Association, Reliance Foundation and other such donors to explore the means of finance.

The Committee was appraised that the University should firstly invite bids for architect and subsequently issue the tender for construction of these facilities. The Committee unanimously agreed for the same.

The Committee recommended putting up this matter in the ensuing meeting of Standing Committee.





## Table

### Agenda/2: Proposal for Financing Hostel Block

The Committee was apprised regarding the proposal for construction of one High Rise Hostel Block (462 capacity, 154 Rooms). It was apprised that there based on the survey, total students requiring hostel facility is are 3,200+ against the total hostel capacity of 2,500. The financial estimates for construction of Hostel Block as given by HCP DPM were presented to the Committee and its summary is as follows:

(Rs. in Lakhs)

Sr. No.	Title	Cost Estimate
1	High Rise Hostel Block (1 no.) G + 11 structure with Constructed Area of 10,500 - Capacity of 462 students (triple occupancy rooms with attached toilet)	4,100
2	HCP's Consult. Fees @5.31% (Including GST)	217
	<b>Total Project Cost</b>	<b>4,317</b>

The financials for constructing independent High Rise Hostel block with 154 Rooms were presented to the Committee. It was apprised that the estimated funds requirement as given amounts to Rs. 4,317 lakhs and the financial gap after considering operational surplus from Hostels for FY 2022-23 and 2023-24 is amounting to Rs. 1,207 lakhs which shall have to be taken as an internal loan against Endowment Fund at an average yield earned on the investment of funds on annual basis (at 7% p.a.).

Based on assumptions as given above, the overall financials of Hostel Blocks including the Proposed Hostel Block (Operational from the academic year i.e. 2024-25) were presented to the Committee, as below:



(Rs. in Lakhs)

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Factor of Inflation</b>	1.00	1.07	1.14	1.21	1.27	1.34	1.40
<b>Capacity (No of Student)</b>	2,500	2,500	2,960	2,960	2,960	2,960	2,960
<b>Occupancy (No of Student)</b>	2,250	2,250	2,664	2,664	2,664	2,664	2,664
<b>Fees Per Student Per Year</b>	0.85	0.91	0.97	1.03	1.08	1.13	1.19
<b>Revenue</b>							
Hostel Fee	1,913	2,046	2,593	2,748	2,885	3,030	3,181
<b>Total Revenue ( A )</b>	<b>1,913</b>	<b>2,046</b>	<b>2,593</b>	<b>2,748</b>	<b>2,885</b>	<b>3,030</b>	<b>3,181</b>
<b>Expenditures</b>							
Electricity Expenses	230	246	312	331	347	365	383
House Keeping Expenses	186	199	252	267	281	295	309
Security Expenses	165	176	223	236	248	261	274
Other Operating Expenses	366	391	496	526	552	580	609
<b>Total Operating Expenditure ( B )</b>	<b>947</b>	<b>1,013</b>	<b>1,283</b>	<b>1,360</b>	<b>1,428</b>	<b>1,500</b>	<b>1,575</b>
<b>Operational Surplus Available ( C ) = ( A-B )</b>	<b>966</b>	<b>1,033</b>	<b>1,309</b>	<b>1,388</b>	<b>1,457</b>	<b>1,530</b>	<b>1,607</b>
<b>Appropriation of Funds: (D)</b>							
Provision for Maintenance & Contingencies @ 20% of ( A )	383	409	519	550	577	606	636
Contribution for Construction of New Hostel Block	583	624	-	-	-	-	-
Interest on Endowment	-	-	235	196	152	101	43
Principal Repayment	-	-	555	642	728	823	613
<b>Net Surplus ( C-D )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>314</b>

As per above computation, the funds to the tune of Rs. 3,362 lakhs shall be drawn from Endowment Fund and the average yield on Endowment Fund shall be computed and the entire Financing shall be recouped from the surplus on hostels in five years from FY 2024-25.

The Committee approved the construction of New Hostel Block at High Rise Hostel and the means of finance.



## Table

### Agenda/3: Allocation of Scholarship to Engineering Branches

The Registrar apprised the Committee, that several times, it has been discussed that the Engineering Branches, which are having low admissions in B.Tech course, more scholarship should be provided to improve the quality and nos. of admissions.

The Committee also noted that the excess from NRI fees are used for providing scholarship to meritorious students on means basis (i.e. from low income group). It was suggested that from the overall provision of scholarship amount to Rs. 6 crores distributed amongst Engineering Branches, majority should be offered to the branches with low admissions.

The Registrar shared that a meeting of Directors and Dean of Engineering School will be held on 28-Jul-22 to finalize the same.

The Committee unanimously agreed for this allocation.

The meeting ended with vote of thanks to the Chair.

Date:

Place:



Chairman

