

MINUTES OF THE 28TH FINANCE & AUDIT COMMITTEE (F&AC) MEETING HELD ON 17TH JUNE, 2014 (TUESDAY) AT 10.00 A.M. AT ROOM NO 141, MINISTRY OF TEXTILES, UDYOG BHAWAN, NEW DELHI

A. The following members of the committee were present:

- | | |
|---|------------------|
| 1. Shri. B.P Pandey, MOT | Chairperson |
| 2. Smt. Sunaina Tomar, Jt. Secretary, MOT | Member |
| 3. Sh. Sunil Sethi | Member |
| 4. Sh. Prem Kumar Gera, DG-NIFT | Member |
| 5. Sh. Anand Kumar Kedia, Director(F&A), NIFT | Member Secretary |

Sh. William Bissell, member of the committee was granted a leave of absence.

B. Apart from committee members, following officials were also present during the meeting:

- | | |
|----------------------------|---------------------------|
| 1. Ms. Geeta Narayan | Director |
| 2. Mr. Choudhary | Chief Engineer, CIDCO |
| 3. Ms. Nilima Rani Singh | Director, NIFT Mumbai |
| 4. Sh. Abdul Malik | Dy. Director (F&A) – NIFT |
| 5. Sh Sanjay Jain | Project Engineer – NIFT |
| 6. Ms. Nidhi Gupta | Senior Assistant – NIFT |
| 7. Ms. Khushboo Khandelwal | Assistant – NIFT |
| 8. Mr. Deepak Jain | Internal Auditor |

AGENDA ITEM NO. 2801

To confirm the minutes of the 27th meeting of Finance & Audit Committee held on 17th April, 2014 (Thursday) at 11.00 a.m. at the office of AS&FA, Ministry of Textiles, Udyog Bhawan, New Delhi

The minutes of the meeting as mentioned above had been circulated to all the members of the Committee. No changes or modifications were proposed. Therefore, the minutes were confirmed without any modifications.

AGENDA ITEM NO. 2802

Action Taken Report on last minutes of the Finance & Audit Committee Meeting

The Action taken Report on the decisions of the last meetings of the F&AC was noted by the members present.

AGENDA ITEM NO. 2803

Review and approval of Annual Accounts for the Financial Year 2013 – 14

Mr. Deepak Jain, Internal Auditor, M.C. Jain & Co. presented the Audited Annual Accounts of NIFT for the Financial Year 2013-14. The members desired to know the remarks, if any to the annual accounts from the internal auditors. The auditor informed the following remarks to the members:-

- a) Leave encashment and gratuity was not accounted on actuarial basis in the Annual Accounts.
- b) Fees should be recorded on accrual basis as against the practice of NIFT to record the same on cash basis.
- c) Standardization to be brought in accounts heads across all campuses of NIFT. For this purpose, a suitable accounting software may be procured and implemented.

Director (F&A) was of the opinion that the above would be taken care during the current financial year. Accounting of leave encashment and gratuity on actuarial basis may result in additional liability on NIFT and reduce its profits. He also added that accounting of fee on accrual basis would affect profits drastically during the year when these would be implemented.

The committee took note of the Audited Annual Accounts as presented by the auditors during the meeting and recommended the same for BOG's approval.

AGENDA ITEM NO. 2804

Action Taken Report on the points raised in Consolidated Internal Audit Report of NIFT for the third quarter ending 31st December, 2013.

Director (F&A) presented the status update and the action taken report on the points raised in the Consolidated Internal Audit Report of NIFT for the third quarter ended 31st December, 2013.

The committee took note of the same and recommended the same for the approval of BOG.

AGENDA ITEM NO. 2805

Proposal for post facto approval for RE 2013-14 and BE 2014-15 in case of Srinagar, Chennai and Head Office.

Director (F&A) apprised the members about the facts and reasons for asking post facto approval for RE 2013-14 and BE 2014-15 for the Revenue Expenditure incurred for NIFT Srinagar and for Academic Expenditure for NIFT Chennai and Capital Expenditure (IT) for NIFT Head Office.

After detailed discussion, the committee took note of the revised estimates as brought out in the agenda notes and recommended the same for the approval of BOG.

AGENDA ITEM NO. 2806

Any other item with the permission of Chair

TABLED AGENDA ITEM NO A

Ex – post facto approval for starting temporary campus at NIFT Srinagar, J&K

DG apprised and explained the details of this agenda item as brought out in the agenda notes to all the members present. After detailed discussion the F&AC took note of the same and recommended the same for BOG's Approval.

TABLED AGENDA ITEM NO B

Proposal for approval of Revised Estimated Cost of Buildings Works

Director (F&A) informed the members regarding the extension of time and additional funds required under OBC Quota Plan funds from the Ministry for completing buildings and other infrastructure at NIFT Campuses. He also brought to the notice of the members that while the amount of escalation and increase in funds was nominal at all campuses, NIFT Mumbai was the only case where the cost escalation was substantial. For Mumbai Campus, revised project cost was estimated earlier at Rs. 119.70 crores which now stands revised at Rs. 147.21 Crores thereby leading to an additional cost of Rs. 27.51 Crores.

AS&FA enquired whether such an increase was due to wrong estimation, delay of work or due to change in the scope of work. Chief Engineer, CIDCO clarified that the increase was due to the increase in the cost of steel, concrete and other raw materials. He also added that the increase was also due to the increase in the scope of work. DG also apprised the members that there was a constant delay on the part of CIDCO to complete the project and requested the Chairperson & other members to take some time out to visit the Mumbai campus to overview the project's progress. As regards to the completion of the project, Chief Engineer, CIDCO promised that they would ensure that the new hostel building will be given for occupation by July 2014 and academic block and other buildings should be completed by 31st December, 2014.

After detailed discussion, the members of the committee were of the opinion that the issue of cost escalation of Mumbai Campus may be deferred till the figures of escalation with its bifurcation and justifications are finalized.

However, the members approved the additional cost for other four campuses i.e. Delhi, Chennai, Gandhinagar & Kolkata amounting to Rs. 18.38 Crores out of the total additional cost of Rs. 63.67 Crores for five campuses (including Mumbai) as brought out in the agenda notes.

The meeting concluded with a vote of thanks to the chair.