FEE REGULATORY COMMITTEE (SELF FINANCED SCHOOL)
AHMEDABAD ZONE AHMEDABAD
OFFICE ADDRESS:- DISTRICT INSTITUTE OF EDUCATION AND TRAINING
GOTA – OGNAJ ROAD GOTA AHMEDABAD.
E-mail: frcahmedabad@gmail.com

NO. FRC/A‘BAD ZONE/ABD RURAL-514/18-19 / 14978-80
DATE: 14/12/2018

Dispatch date: 13/12/118

READ:-
2. Provisional order passed by the Fee Regulatory Committee on 5.9.2018 determining the provisional fees for the academic year 2017-18 and 2018-19.
3. Objection raised by the School on 15.9.2018 against the determination of provisional fees.
4. Notice of hearing of objections was issued on 3.10.2018 fixing the date of hearing of 12.10.2018.

FINAL ORDER
DATE: 14/12/2018

1. Udgam School for Children Thaltej Ahmedabad has submitted its proposal for fixation of fee structure for the academic year 2017-18 and 2018-19 for Pre-Primary Primary Upper Primary Secondary and Higher Secondary Standards (CBSE English medium). After considering the said proposal along with the documents attached therewith the Fee Regulatory Committee has passed an order on 5.9.2018 determining the provisional fees for the academic year 2017-18 and 2018-19 for Pre-Primary Primary Upper Primary Secondary and Higher Secondary Standards (CBSE English medium).

2. On receipt of the said order the School has raised its objections vide its letter dated 15.9.2018 stating therein that the committee has not provided in its provisional order dated 5.9.2018 the method adopted and the manner in which such method had applied to while considering the proposal submitted by the school. The school can give its response effectively to the provisional determination only if such things are clarified. It is further submitted that there is no finding recorded by the committee that there is any profiteering by the school. In absence of any such finding the exercise of revision of fees would not
be warranted. It is further submitted that the fees proposed by the school are in terms of the formula of cost plus reasonable surplus and in terms of the interim order passed by the Hon'ble Supreme Court of India. The cost has determined by taking into consideration various aspects namely infrastructure cost, cost of administrative expenses, cost of teaching expenses and reasonable surplus. So long as the expenditure has incurred for the purpose of education there would no occasion to review the same. It is further submitted that the school is also entitled to collect the term fees as provided for under Section 2(g)(ii) of the Act which has not been provided for in the provisional order. With regard to surplus it is pointed out that the combined surplus as determined by the committee comes to Rs.4.6 crores. The existence of such surplus may not be a reason to review of the fees proposed by the school and the surplus can never be considered as profiteering. It is further submitted that with the determination of provisional fees for the academic year 2017-18 and 2018-19 the school would be eligible from effectively providing quality education to the students. The school has adopted and implemented the pay scale as per the 7th Pay Commission in the year 2017-18. The cost of salary is therefore increased for year to year in the range of 8% to 13% and hence the proposed revision up to 5% would directly affect the ability of the school to pay salary as per the 7th Pay Commission guidelines.

The cost towards security housekeeping AMC contracts etc. is also revised at the rate of 8% to 13% annually. It is therefore requested to grant at least 10% increase every year. It is further submitted that the provisional fees determined by the committee do not include any surplus at all. The fixation of the fees by the committee is therefore contrary to the letter and spirit of the Act and the Rules framed thereunder. Lastly the request was made to grant an opportunity of hearing so that the school can provide necessary explanation and furnish all relevant details.

3. Considering the above objections the committee has issued the notice of hearing of objections on 3.10.2018 fixing the date of hearing on 12.10.2018. On 12.10.2018 the Lt. Representatives including Mr. Gautam Choksi and Mr. Manan Choksi the trustees Mr. Roja Pathak the Director and Administrative Management as well as Account Manager remained personally present and made their submissions. Certain objections were raised by parents and some of the parents have also remained personally present objecting to the provisional fees determined by the committee. Even some of the parents who are supporting the fees charged and collected by the school have also remained personally present. On behalf of the school various submissions were made. Detailed submissions were also made in writing along with the covering letter dated 10.10.2018. The details called for by the committee vide its notice dated 3.10.2018 are also placed on record. With regard to the relationship between the management of the school and the trust it is submitted that the management of the school is done by the trustees and the Executive Director who is a relative of the Managing Trustee. No remuneration is taken by the trustees or the Executive Director either directly or indirectly. No one is taking any kind of financial benefits or allowances from the school. There are no related party transactions and all the vendors / employees / consultants are in no way related to the
trustees. The school has not made school transportation compulsory for its students. Due to the proximity of the school's location students are free to commute by the transport of their choice. However for those who willingly opt for transport get the best facilities from the school and the school is providing transportation on subsidized rate. It is not compulsory for any student to eat school food. In fact the school is encouraging home cooked food only.

4. The school has filed further details along with its covering letter dated 15.10.2018. The school has given a chart showing actual surplus for the academic year 2017-18 a summary showing depreciation on building for the academic year 2017-18 and summary showing reasonable surplus at 5% on fees. Lastly it was indicated that as a result of the provisional fees as approved by the committee there is a potential loss of Rs.33485725/- in 2017-18 and Rs.61207989/- in 2018-19.

5. The school has filed a letter dated 30.11.2018 stating therein that the school has already submitted its clarifications/submissions as per the committee's requirement. Since the final order was not still received by the school a request was made to issue the same at the earliest. It appears that the Managing Trustee Mr. Gautam Choksi has also filed a detailed note along with important points for consideration by the committee.

6. As against the above submissions oral as well as in writing made on behalf of the school the parents have also made their submissions orally as well as in writing. Their submissions are also taken on record with an assurance to the parents that the same would be duly considered while passing the final order.

7. While going through the details furnished by the School along with its reply dated 10th October 2018 with regard to the total income and expenditure number of students in each class and total fees charged by the School for the last 3 years i.e. 2015-16 2016-17 2017-18 it appears that the total income of the School was gradually increased from year to year. In 2015-16 the total income including transportation was Rs. 251385942/- in 2016-17 it was Rs. 356423120/- and in 2017-18 the total income was Rs. 388375351/-. As against this income the total expenditure including transportation expenses for the last 3 years are Rs. 200710025/- in 2015-16 Rs. 291370414/- in 2016-17 and Rs. 342418511/- in 2017-18. The total number of students was also increased in the last 3 years as in 2015-16 the total number of students was 4289/- in 2016-17 it was 4790/- and in 2017-18 it was 4905. While going through the details of fees structure for the last 3 years it appears that there was no much rise in the fees structure for Play Group as in 2015-16 it was Rs. 64800/- in 2016-17 it was Rs. 70200 and in 2017-18 it was also Rs. 70200/- per student. As far as Nursery is concerned the School has substantially reduced the fees in 2017-18 as in 2015-16 it was Rs. 112950/- in 2016-17 it was Rs. 122250/- and in 2017-18 it was Rs. 76995/-. However from Junior K.G. onwards and up to standard 12 the increase in fees was between the range of Rs.8000/ to Rs.10000/- per year per student. For example in Junior K.G. the fees structure in 2015-16 was Rs. 62700 in 2016-17 it was Rs. 71490/- and in
2017-18 it was Rs. 76645/- in some standards the increase is even more than 10% per year. The School has been collecting fees under different heads such as term fees tuition fees work-sheet fees computer fees lab fees etc. Though the School has collected fees under different heads even for 2017-18 the total annual fees were clubbed together.

8. The School has given a detailed statement showing actual fees details for 2017-18 and 2018-19 showing actual fees charged fees provisionally determined by the Committee decrease of fees number of student and total loss in each standard as a result of the provisional order. From this statement it appears that the total loss that may be suffered by the School for the academic year 2017-18 is Rs. 33485725/- and Rs. 61207989/- for academic year 2018-19. From the figures of actual fees collected by the School in 2017-18 and 2018-19 as per the details submitted it appears that there is substantial rise in the fees charged as in 2017-18 for Play Group fees charged were Rs. 70200/- whereas in 2018-19 the same was increased to Rs. 97892/-. Thus there is rise of about more than Rs. 27600/-. Similarly in Nursery actual fees charged in 2017-18 were Rs. 76995/- and the same were increased to Rs. 105602/-. Here also increase is about 29000/- There was no satisfactory explanation for such exorbitant rise in the fees between 2017-18 and 2018-19.

9. One of the trustees of the Trust Shree G. K. Choksi who is himself a very senior Chartered Accountant has filed a detailed note giving detailed history about the growth and development of the School and various activities undertaken by the School slowly and gradually over the last about 40 years. As per the demand of the parents and to compete with other schools imparting quality education. It was emphatically stated in this brief note that the trustees do not take a single rupee of their remuneration from the trust or the School. Even expenses incurred by the Trustees such as motorcar expenses driver salary etc. are never reimbursed. The Trustees and their family members have been spending years of the most productive time of their life in building up the School. Though some of the Trustees are Professional Chartered Accountants and their time is their income they are rendering selfless services to the Organization. It was further stated that no interest was ever claimed on the loan given by the Trustees and/or their family members to the Trust. The rent charged is very nominal and it is at the rate of Rs. 5 per sq.ft. and even otherwise the major part of the rental income is reinvested in the capital improvement of the same building. There is virtually no advertisement as the School itself gets so much inquiries that it hardly needs any advertisement. The School and/or Trust have been buying capital assets with law maintenance. In this view of the matter it was submitted that it is difficult to reduce their expenses.

10. In the brief note submitted by Shri Choksi he also highlighted certain important points for the consideration of the Committee. It is inter alia stated that the School is a 53 year old institute which is considered to be among the top 10 Schools in the city. There is always 100% Board result and consistent improvement in the School facility has led the School to regain its rank in over 5
decades. The School is having two campuses and both campuses are located in the heart of the city and both these campuses are dust free and fully air-conditioned. The School never expects any third party donation and it always believes in self-sustaining education and the only source of income of the School is annual and admission fees. The School also believes that school fees are only a fraction of the total cost of educating a child. The School has also incorporated supports and extra-curricular activities in the time-table so that the parent do not have to manage logistics and give extra time to such activities. The School also runs remedial classes on Saturdays without any extra cost and it indirectly cuts the need for tuition classes outside which saves both time and money for the child and the parents. The School is having a highly safe and secure building with security-guard at all entry points. There are in all 285 CCTV cameras deployed in both buildings and they have fully fire safety systems. Each class room has smart-board and using extra marks software. The School is also having a well-stocked library with sitting area of 100 people and 40000 books. The School is also having 400 sitter multipurpose hall which is fully air-conditioned and having all modern facilities. The School is also publishing its School magazine which helps children in bringing out their talent. The School also runs a Homeopathic clinic which gives free medicine and consulting to teachers and students. The School has been rigorously getting awards by various independent agencies. The School also maintains various range of benefits for its staff and members which inter alia include creche on premises training accident policy on time salary provident fund gratuity maternity leave annual increments laptop at subsidized rates and 7th Pay Commission.

11. The School has also highlighted certain matters which will have impact on its finances in future. Some of these issues are the increase of gratuity limit from Rs. 1000000/- to 2000000/- which requires the School to contribute by about Rs. 1000000/- to the gratuity fund. The School has liability of Rs. 14400000/- on the land to be paid to the Government. Since there is addition of classes in Jodhpur campus the electricity expenses are excepted to increase. Since the Thaltej building is about 30 years old its useful life is over and hence it is to be demolished with a view to construct a completely new building. Due to increase in R.T.E. children there is shortfall of about 25% of overall fees due to the vacancies the School has to keep in Pre-Primary for students joining in first standard. In 2017-18 the School has collected admission fees of Rs. 339000000/-. The surplus mentioned in the provisional order is Rs. 50700000/- however the actual surplus is only Rs. 45900000/- out of which the admission fees revenue is Rs. 339000000/-. The School is therefore left with a surplus of Rs. 12000000/- if the annual fees are not reduced.

12. As against the above submissions made and contentions raised on behalf the School the Committee has received certain complaints from the parents. One of the complaint is made by one Mr. Hardik Hundiya with regard to non-redressal of his claim of refund of fees paid for Shakshi Chopra for class 11-Commerce. It is a fact that though the admission was not taken by her the School has not granted full refund. Out of Rs. 38500/- a partial refund of Rs.16500/- was given after
rigorous follow ups. The defence raised by the School is that the School admits children based on merits after the declaration of 10th standard results. All children take their admission within prescribed time limit. The inquiries which the School receive after the seats are full are normally rejected and hence children who subsequently withdraw the admission the vacant seats do not get filled in. The School has therefore adopted a policy to retain one quarter of fees even when the School is losing all 8 quarters of fees. More than 30 parents have raised detailed complaints vide letter dated 14th September 2018 stating on the basis of the provisional order that a huge sum of Rs. 12886717/- claimed as rent rates and taxes. However as per information in public domain Thaltej premises is sub-leased by Vasant Nature Cure. It is in the plot adjoin to the School. By payment of rent to the Trust the funds are substantially diverted. Massive legal expenses of Rs. 7439711/- clearly reflect as to how bad the management of the Trust is. Any effectively managing trust would not have incurred such huge legal cost. A huge amount of Rs.5791501/- and Rs. 913697/- is claimed under the head repairs and maintenance expenses. This should well extend the life of both premises and it deprecicates minimum in real terms. House-keeping and security expenses of Rs. 6986685/- at Thaltej branch should abnormally high. The gap between proposed fees for 2017-18 has an average jump of about 55 to 60%. Based on the above issues it is submitted in conclusion that only with a view to get higher fees determined by the Committee the management has artificially inflated fees for 2018-19 and hence not only the fees for 2017-18 be further reduced but also fees for 2018-19 are required to be substantially reduced.

13. It appears that subsequent to the provisional order passed by the Committee the Executive Director of the School Shree Manan Choksi wrote a letter/ sent massages to all parents stating therein that the School has presented its justification report with relevant annexures and financial analysis for determination of fees. The parents would understand the management’s years of dedication towards providing quality education to all its students to be able to maintain the track record and progress as a whole. The management is always open to any suggestion and feedback that may be made by any of the parents. The School has also sought the support from the parents and insisted their signature if they agreed to the contents of the letter. It is also clarified that signing of the document or not signing it is total choice of the parents and would not affect their relationship with the School in any way. Parents are also free to send a support letter to FRC if they are agreeable to the contents of the letter. The School has also informed the parents about various activities and if the fees are reduced then there is possibility in curtailment of facilities. Various responses were received by the Committee either in support or against the contents of the letter and they are duly considered by the committee.

14. The committee has considered the submissions made by the Ld. Representatives either orally or in writing. The committee has further considered the various details and documents as well as financial datas submitted by the school. The committee has also taken into consideration the objections raised by the parents. Even the submissions made by some of the parents giving their support
to the fees charged by the school were also taken into consideration. It appears that the main grievance of the school against the provisional fees determined by the committee for the academic year 2017-18 is that the fees actually charged and collected were not approved by the committee. The school has given the standard wise breakup of the fees along with number of students in each standard and pointed out the exact amount of loss suffered by the school in each standard. The total loss suffered by the school as a result of provisional order is Rs.33485725/- for the academic year 2017-18. In the provisional order the committee has observed about excess of income of Rs.34935424/- over the expenses and the same is transferred to balance sheet of the trust. The school has explained in its letter dated 15.10.2018 that the total surplus as per audited financial statements is of Rs.45956819/- out of which an amount of Rs.15792484/- was transferred to Kantilal Jaikishandas Choksi Charitable Trust and Rs.30164335/- was transferred to Shri Swastik Trust. As a matter of fact out of the above surplus Rs.5030706/- were on account of admission fees which is transferred to Kantilal Jaikishandas Choksi Charitable Trust and Rs.77938774/- was on account of admission fees transferred to Shri Swastik Trust. Thus the total admission fees were Rs.33869520/-. These admission fees appeared to have been collected by the school prior to the Act has come into force. In any case this surplus is also to be utilized for the growth and development of the school and no personal benefit is derived by any of the trustees or management of the school. If the fees charged and collected by the school for the academic year 2017-18 are not approved by the committee in that case there would be hardly any surplus and on the contrary the same would result into the deficit. The committee has considered that the proposal has been filed by the school after the end of the academic year and there was no justification at all for proposing more fees than the fees actually collected by the school for the academic year 2017-18. The committee therefore deems it fit to revise its provisional order by approving the fees actually charged and collected by the school for the academic year 2017-18 in each standard.

15. The committee has also applied its mind to the fees proposed by the school for the academic year 2018-19. The fees proposed by the school for the academic year 2018-19 are very much excessive and exorbitant and virtually it is in the range of more than 20% to 50%. The committee as per its usual practice adopted in all cases grants 5% rise in the fees determined for the academic year 2017-18. It is however subject to any policy decisions that may be taken by the State Government in this regard or any decision that may be taken by the Hon'ble Supreme Court of India in the pending matter on this issue. The 5% rise given by the committee for the academic year 2018-19 is on the final fees determined by the committee for the academic year 2017-18 and hence apprehended loss for the academic year 2018-19 may also get reduced.

16. As far as the complaints received by some of the parents are concerned the committee is of the view that if no admission is taken by any student for whatever reason after the payment of fees for any quarter the school should refund the amount to the student instead of deducting any portion from such
fees. The other issues raised by some of the parents would not call for much interference as the large number of parents have in fact supported the stand of the school and even dissenting parents were not in a position to place any material before the committee which would show that something illegal is done by the school or that the fees collected and/or facilities provided are not in consonance with the records maintained by the school.

17. In the above view of the matter and considering the entire facts and circumstances of the case as well as the documents produced on record the committee determines the final fees for the academic year 2017-18 and 2018-19 as under:

<table>
<thead>
<tr>
<th>Std.</th>
<th>Playgroup</th>
<th>Fees Collected by school for academic year 2017-18</th>
<th>Fees provisionally determined by the committee for academic year 2017-18</th>
<th>Final Fees determined by the committee for academic year 2017-18</th>
<th>Fees provisionally determined by the committee for academic year 2018-19</th>
<th>Final Fees determined by the committee for academic year 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nursery</td>
<td>70200</td>
<td>85415</td>
<td>70000</td>
<td>7000</td>
<td>133299</td>
</tr>
<tr>
<td>2</td>
<td>Jr. Kg.</td>
<td>76995</td>
<td>93683</td>
<td>75000</td>
<td>76995</td>
<td>151528</td>
</tr>
<tr>
<td>3</td>
<td>Sr. Kg.</td>
<td>78645</td>
<td>95691</td>
<td>75000</td>
<td>78645</td>
<td>124135</td>
</tr>
<tr>
<td>4</td>
<td>Std. 1</td>
<td>75665</td>
<td>92308</td>
<td>65000</td>
<td>75665</td>
<td>119576</td>
</tr>
<tr>
<td>5</td>
<td>Std. 2</td>
<td>75880</td>
<td>92526</td>
<td>65000</td>
<td>75880</td>
<td>119776</td>
</tr>
<tr>
<td>6</td>
<td>Std. 3</td>
<td>77975</td>
<td>89729</td>
<td>65000</td>
<td>77975</td>
<td>116481</td>
</tr>
<tr>
<td>7</td>
<td>Std. 4</td>
<td>71635</td>
<td>87161</td>
<td>65000</td>
<td>71635</td>
<td>131086</td>
</tr>
<tr>
<td>8</td>
<td>Std. 5</td>
<td>75250</td>
<td>91560</td>
<td>65000</td>
<td>75250</td>
<td>118791</td>
</tr>
<tr>
<td>9</td>
<td>Std. 6</td>
<td>68350</td>
<td>83264</td>
<td>52500</td>
<td>68350</td>
<td>107883</td>
</tr>
<tr>
<td>10</td>
<td>Std. 7</td>
<td>64180</td>
<td>78090</td>
<td>52500</td>
<td>64180</td>
<td>101333</td>
</tr>
<tr>
<td>11</td>
<td>Std. 8</td>
<td>53830</td>
<td>65497</td>
<td>52500</td>
<td>53830</td>
<td>84980</td>
</tr>
<tr>
<td>12</td>
<td>Std. 9</td>
<td>47305</td>
<td>57558</td>
<td>45000</td>
<td>47305</td>
<td>74674</td>
</tr>
<tr>
<td>13</td>
<td>Std. 10</td>
<td>46210</td>
<td>56776</td>
<td>45000</td>
<td>46210</td>
<td>72946</td>
</tr>
<tr>
<td>14</td>
<td>Std. 11</td>
<td>75005</td>
<td>91262</td>
<td>65000</td>
<td>75005</td>
<td>118390</td>
</tr>
<tr>
<td>15</td>
<td>Std. 12</td>
<td>71495</td>
<td>86991</td>
<td>65000</td>
<td>71495</td>
<td>112865</td>
</tr>
<tr>
<td>16</td>
<td>Std. 13</td>
<td>70005</td>
<td>85178</td>
<td>60000</td>
<td>70005</td>
<td>110494</td>
</tr>
<tr>
<td>17</td>
<td>Std. 14</td>
<td>66000</td>
<td>80305</td>
<td>60000</td>
<td>66000</td>
<td>104186</td>
</tr>
</tbody>
</table>

Terms and conditions:

1. It is directed that the School is not permitted to collect fees for any quarter of 2018-19 more than the final fees determined for the year 2018-19.

2. It is also made clear that school is not permitted to collect more fees for remaining quarters of 2018-19 more than the final fees determined by the Committee and if any excess fees are collected by the School either for 2017-18
and 2018-19 the same shall have to be refunded to the students or should be
adjusted against the fees for the remaining quarters of 2018-19.

3. It is further made clear that the school is not permitted to collect fees under any
other head including under the head of Admission Fees except one month fees
by way of admission fees only in case of new admission and thereby causing no
extra burden on the students.

4. Any other fees collected under the head Transportation uniform charges meal or
fund charges or for other activities should be optional and the same should not
be made compulsory. The details of such fees should also be furnished to the
Committee.

5. Any violation of this order shall be dealt with by the Committee in accordance
with law on being brought to the notice of the Committee by any aggrieved
party.

6. The Committee has considered the final fees for academic year 2017-18 and
2018-19 with 5% rise therein for the academic year 2019-20.

7. If the School is aggrieved by the final fees determined by the Committee it can
file a revision application before the Fees Regulatory Committee along with
challan of Rs. 10000 being the following fees.

8. The school is directed to place the order determining final fees on its notice
board as well as on the website of the school.

SD/-
(JUSTICE K. A. PUJ)
Chairman

SD/-
(D. V. Buch)
Member

SD/-
(V. M. Patel)
Member

SD/-
(N. K. Patel)
Member

SD/-
(R. C. Raaval)
Member

To
The Principal
Udgam School for Children,
Thaltej, Ahmedabad.

Copy to: 1. District Education Officer Ahmedabad
2. District Primary Education Officer Ahmedabad for necessary action

[Signature]