

Minutes of the Meeting held on 24 May 2022 between representatives of Urbana Welfare Association and BNRI/UFM Officials at the conference Room of BNRI

Meeting attended by:

UWA Represented by:

- Pradeep Bhatia, President
- Kisor Kumar Nadhani, CAM Committee
- Harish Kabra, CAM Committee
- Sunil Singhanian, CAM Committee
- Sushil Khaitan, CAM Committee
- Uday Mukhopadhyay, CAM Committee

BNRI/UFM Represented by:

- Anjan Bardhan, Asst. VP Accts. & Finance
- Prasanta Banerjee, Sr. Manager – Accounts
- Debajit Saha
- Amit Kandoi

1. In the opening remarks, Mr Anjan Bardhan re-iterated that Accounts data/details have already been shared with and since expenses exceeds income, hence CAM need to be increased without delay.
2. UWA representatives shared their observation/recommendations (appended and marked as **Appendix-A**) on the Income & Expenses Account and explained that since Urbana comprises of 3 segments (a) Bungalow enclave (b) Residential Towers 1-7, (c) Urbana-II (comprising of upcoming Towers 8-9-10), the expenses pertaining to the common facilities should be apportioned appropriately which UFM representatives agreed in-principle and assured to apportion. UWA disagreed with certain expenses shown to be chargeable to Towers explaining such reasons in Appendix – A, also highlighted areas in which Income likely to go up in near future. UWA has suggested mode of apportionment which UFM reps agreed to work on and thereafter sit with UWA reps with revised numbers.
3. UWA reps again emphasized that proper Cost analysis be maintained in Tally as suggested in mail dated 20 March'22 to get precise information readily for better control, which UFM reps agreed.
4. UWA reps conveyed expenses on account of (a) Stores, (b) Repair (c) Site Maintenance that sums up to Rs 1.94 Cr is abysmally higher than previous years, hence need proper classification & mapping to respective heads to which it relates as well proper monitoring.
5. UWA reps drew attention that though it was agreed time & again by UFM that for expenses exceeding Rs 1 lac, UWA reps should be involved in decision making process, but it is not being followed in practice. UFM reps agreed to intimate/involve UWA reps nominated by UWA President in all such transactions.
6. UWA reps expressed apprehension that apparently it seems that vendors/contractors might have overcharged for the Aamphan related expenses and asked for complete details of expenses and works done for a quick review which UFM reps agreed to provide and extend full support.
7. UFM updated that claim of Rs. 5.43 Cr was received from Insurance company for Aamphan, against which expenses on account Aamphan till 31/3/22 amounting to Rs 3.54 Cr has been incurred as communicated by UFM in mail dated 19 May'22. UWA reps emphasized that the surplus of Rs 1.89 Cr on Aamphan account should be maintained continuously and be invested in a separate Fixed Deposit having sweep-in facility. Further, any spend from the aamphan surplus amount can be made only in consultation and approval of UWA.
8. UWA reps have again impressed upon UFM to invest the long-term deposits from Flat Owners in higher yielding instruments like Secured Bonds (AAA rated)/PSU Perpetual Bonds/G-sec to earn at least 150-180 bps higher than the existing yield from FD which UFM has agreed to switch to generate higher revenue.

Appendix – A

CAM TEAM observations/recommendations (shared with UFM during meeting on 24/5/22):

Segments

Urbana complex spread over 65 acres, comprises of following segments:

- **Bungalows** Enclave (covering major area of the land)
- Residential **Towers 1-7** (covering less 25% of the total land)
- **Urbana II** (comprising of Towers 8-9-10)

Following are Common to the above segments:

- **Club**
- Basement **Car parking** (on which the **Central Lawn** exists)

Common/Shared Facilities

Following are the common/shared facilities to above segments:

- Water Treatment
- Sewage Treatment
- Storm Drainage
- Garbage Disposal
- Fire Detection/Protection
- Central Rotary
- Main Gate
- Pollution Control
- Networking
- Peripheral Roads

Expenses Allocation

Exclusive to Tower (1-7)

Expenses that are exclusively for Towers 1-7, should be allocated to Tower, e.g.,

- Security posted at Tower
- House keeping working at Towers
- Electricity Bill of Towers (less recoveries/collection)
- AMC, Repair & Maintenance of Lifts, AC, Garbage collection installed at Tower etc.

Common facilities

Since following facilities are common to all 3 segments, we feel not more than 50% cost should be apportioned to Tower 1-7 for following:

- Water Treatment
- Sewage Treatment
- Storm Drainage
- Garbage Disposal
- Fire Detection/Protection

- Central Rotary
- Main Gate
- Pollution Control
- Networking

Undernoted expenses related to above should be identified and apportioned accordingly

- Manpower
- Electricity
- AMC
- Purchase & Stores items
- Repair & Maintenance Expenses
- Site Maintenance Expenses

Parking: Cost related to Parking, e.g., Security guards, Power for lighting, repair & maintenance etc. should be apportioned to Tower in the ratio of total number of car parking allotted to residents of T1-7 out of total capacity, which we estimate in the range of 70-75%

Central Lawn is the center of attraction of Urbana having large greenery, lighting & water features, also comprises of sporting/events arena for all Urbanites. Hence, ideally not more than 50% of the cost be attributed to Tower 1-7.

Gardening: Urbana is loved by all because of its lush green garden, lawns and open areas. Besides gardeners, gardening requires substantial expenses on account of saplings/plants, manure, pesticides, repair & mtn of gardening tools (incl fuel). In our estimate, out of the total gardening, surrounding Towers it's 30% and another 30% at central lawn. Accordingly 30% of expenses pertaining to Gardening should be attributed to Tower 1-7 and 30% to Central Lawn.

The 3 heads, viz, **Purchase & Stores Items, Site Maintenance Expenses, Repair & Maintenance Expenses** sums up to 1.94 Cr that is close to 11% of total expenses which need to be identified & mapped to respective heads to enable to apportion appropriately. Expenses for these heads have gone up substantially over past years, hence need proper monitoring also.

Establishment Expenses: Salary & related expenses/benefits for employees exclusively for Club should be attributed directly to Club. Salary & related expenses pertaining to common/shared Employees should be apportioned not exceeding 60% to Tower 1-7.

Expenses not attributable to Tower 1-7 [23 lacs]

LPG: UFM buys LPG cylinders for its Gas Bank and raises Invoice basis meter reading at respective flat. In the 21 Oct'19 meeting with UFM (annx-A), it was firmly decided that no loss on account of Gas billing should be charged to CAM since the entire cost of Gas should be recovered by UFM by billing residents. Hence the debit entry of 23 lacs should be removed from Tower expenses.

Interest on OD: Av, outstanding CAM from T1-7 residents ranges in the range of 75-80 lacs. UFM gets advance CAM av. 40 lacs (on which discount is offered to residents), thus there is a liquidity shortfall of just 35-40 lacs which is pretty well covered by (a) outstanding vendor bills (b) surplus in Aamphan Insurance claim (appx 1.7 Cr). Hence, interest on OD should not be allocated T1-7 expenses

Expected Savings/additional Revenue during FY 22-23 [57-62 lacs]:

- a. The current Insurance Policy premium is appx 31 lacs, hence there will be a saving of 14 lacs
- b. By investing the long-term Deposit from T1-7 owners in higher yielding instruments, e.g., PSU Perpetual Bonds/G-Sec, RoI can go up by 25-30 lacs annually
- c. Annually Rent of Rs 18 lacs will be received from ICICI for the space let to them in T6

Aamphan Accounts:

In this week, UFM has shared an account of Aamphan, summary of which is reproduced below:

TOTAL EXPENSE	Rs 375 Lacs
TOTAL INSURANCE CLAIM	Rs 543 Lacs
SURPLUS IN UFM	Rs 168 Lacs
Carried Forward Loss in UFM	Rs 189 Lacs
Balance carried forward Loss in UFM	Rs 21 Lacs

In the Workbook, list of expenses is appended. UFM have also appended a sheet listing expense of appx. 2 Cr by BNRI. The Workbook is shared herewith.

As explained above, because of lop-sided accounting, UFM is showing loss over 2 Cr in Tower CAM which is far from truth. The loss actually could be attributed to segments other than Tower, thus there is no question of adjusting UFM loss against Aamphan surplus. UWA should not accept the UFM proposal of adjusting loss against Aamphan surplus. The Aamphan surplus should be maintained separately in UFM books as it resulted out of Insurance premium paid by T1-7.

Security DeploymentExclusive:

Bungalow	4
Club	11
Tower	58
<u>Exclusive Total</u>	<u>73</u>

Common Areas

Main Gate	23
Central Lawn	2
S/S	3
BMS	2
Parking	14
<u>Common Total</u>	<u>44</u>
Grand Total	117

Minutes of Meeting

Meeting was held in the BNRI office today (21.10.2019) to review the maintenance charges of Urbana. Members present:

Representatives of Residents

1. Mr. Kishore Nadhani
2. Mr. Nikhil Kothari
3. Mr. Pradip Sinha
4. Mr. Anjan Bhawani
5. Mr. Shyam Sonika

Representative of UFM

1. Mrs Debjani Mukherjee
2. Mr. Gautam Nandy
3. Mr. Anjan Bardhan

Income and Expenditure of Urbana Facility Maintenance Pvt Ltd (UFM) for the half year ended 30.9.2019 was presented in the meeting. It showed that there was an excess of expenditure over income during this period to the extent of Rs 1.08 Cr in respect of towers. Thus there was a shortfall in CAM charge of Rs 0.53 per sq. ft.

Representatives of the residents requested to withhold any increase in CAM charge right now. Instead they suggested to reduce the costs and review the CAM charge after 3 months. The areas where costs can be reduced are identified as follows:

1. It was suggested to reduce 18 nos of security guards immediately. This will reduce cost by Rs 2.00 Lacs per month.
2. The plumbing contractor SSPL has already been removed and this will save Rs 2.00 Lacs per month.
3. Costs for gas leakages, residual waste, evaporation etc will be borne by the residents and this will save Rs 1.00 Lacs per month.
4. Electricity cost was calculated on the basis of average of last 6 months consumption which was peak period. This is expected to be lower during winter season and average electricity cost will come down by Rs 3.50 Lacs per month.
5. House - keeping personnel reduced by 9 recently and this will save Rs 1.10 lacs Per month

Further the following savings are expected.

6. Brine cost will reduce by Rs 4.00 Lacs per month on completion of construction of Brine Tank.
7. Interest for late payment of CAM has been proposed to charge @ 18%
8. Further there will be income from events and digital advertisement.

Members agreed to review after 3 months and till then expenses will be incurred only out of collection @ Rs 2.25 per sqft. It has been further reiterated by Mrs Debjani Mukherjee that if CAM charges are not increased then whatever service is possible out of Rs 2.25 per sqft only that will be provided.