

Minutes of the Virtual owners meeting held on 12th Sep 2021 in the EGM

The meeting was called to put forth below agenda points for discussions and seeking owners approval. Board Member Adv Nitin presented agenda to the owners and sought their feedbacks.

Duration of the meeting : 2 hrs:29 min:18 sec.

- 1) Presentation of Provisional Budget for the F/Y 2021/22 for fine tuning the Budgeting concepts. Inviting owners inputs to prepare revised budget, based on half yearly financial results.
- 2) SOP- circulated on vendor selection process tabled for ratification.
- 3) Appointment of the Internal and Statutory auditors for the financial year 2021-22 and fixing up their remuneration.
- 4) Presentation and selection process of Security vendors tabled for owners approval.
- 5) Outstanding MC payments. Public notification to initiate legal action under the provisions of the bylaws and legal processes. Tabled for passing resolution.
- 6) Continuation of the current Board members including the current president till the end of the term.

1) Provisional financial layout plan for the FI Year 2021-22.

The Board presented below provisional financial layout plan for the FI Year 2020-21 incorporating insurance of the PWC assets as well as sinking fund appropriately which were neglected earlier (though the same were clearly mentioned in the Bye-laws)

The budget allocation was made scientifically and also considering last 3 years expenses against different accounting heads. The same has been fine tuned with an objective of reducing the cost wherever possible.

Introduction

1)	This Budget is based on last 3 years expense analysis
2)	Sinking Fund allocation is made in accordance with Bye Laws worked scientifically.
3)	Market surveys were made while allocating certain funds, KA Minimum wages Act applicable to the categories and Zones taken in to consideration.
4)	Statutory Norms like PF, ESI, Bonus taken in to consideration as per the applicable act.
5)	Expenses which are not regular in nature is under Special revenue expenditure.
6)	Surplus Fund shown as reserves in the balance sheet is allocated to Special revenue and Capex after deducting Statutory Sining Fund.
7)	Provisions are made for Insurance and Fire and Saftey

BUDGET ALLOCATION FOR THE FI YEAR 2021-22

Sno	Portfolio	FY_20_21 (Actual)	Budget Allocation / Annum in Rs	Budget in Lacs/ Annum	Remarks
1	Facility Management	23,652,854	18,000,000	180.00	
2	Maitenance -Electrical	19,487,322	19,500,000	195.00	
3	Security	17,265,292	12,111,000	121.11	
4	Miscellaneous	846,371	1,950,000	19.50	
5	Elevators AMC + Licensing	5,176,527	2,300,000	23.00	18L + 5L
6	Water- Tanker , RWH	3,579,114	3,600,000	36.00	
7	Maitenance-STP	2,294,922	2,198,000	21.98	
8	Maitenance -House Keeping	2,349,039	2,195,000	21.95	
9	Maintenance -Civil	1,140,182	1,505,000	15.05	
10	Tax	1,647,804	943,000	9.43	
11	Accounts & Admin	158,268	486,000	4.86	
12	Maintenance- BORE / WTP	344,187	875,000	8.75	
13	Legal	345,500	264,000	2.64	
14	Stat Audit +Process Audit+Phy audit	17,700	318,000	3.18	
15	Maintenance-Gym	-	39,000	0.39	
16	EC-Election	80,000	29,000	0.29	
17	Fire +CCTV	-	853,000	8.53	
18	Insurance + Statutory Licenses	-	500,000	5.00	
	Grand Total	78,385,082	67,666,000	676.66	

Expenditure Analysis for the Last 3 Years (2018-2021)						
Expenditure_Heads	FY-2018-19	Percentage	FY-2019-20	Percentage	FY-2020-21	Percentage
Facility Management	173.39	21.09%	208.60	26.04%	236.53	30.18%
Maintenance -Electrical	191.72	23.32%	199.64	24.92%	194.87	24.86%
Security	151.28	18.40%	160.51	20.04%	172.65	22.03%
Miscellaneous	128.16	15.59%	10.44	1.30%	8.46	1.08%
Maintenance- Lifts	41.11	5.00%	40.73	5.08%	51.77	6.60%
Water- Tanker	3.26	0.40%	50.36	6.29%	35.79	4.57%
Maintenance-STP	39.20	4.77%	25.75	3.21%	22.95	2.93%
Maintenance -House Keeping	31.21	3.80%	33.11	4.13%	23.49	3.00%
Maintenance -Civil	19.84	2.41%	28.98	3.62%	11.40	1.45%
Tax	7.21	0.88%	14.02	1.75%	16.48	2.10%
Maintenance- BORE / WTP	22.59	2.75%	8.95	1.12%	3.44	0.44%
Accounts	7.26	0.88%	10.61	1.32%	1.58	0.20%
Legal	2.13	0.26%	4.99	0.62%	3.46	0.44%
Audit	1.70	0.21%	4.43	0.55%	0.18	0.02%
Maintenance-Gym	1.55	0.19%	0.00	0.00%	0.00	0.00%
Election	0.36	0.04%	0.01	0.00%	0.80	0.10%
Sinking Fund	0.00	0.00	0.00	0.00	0.00	0.00
Insurance	0.00	0.00	0.00	0.00	0.00	0.00
Fire and Safety	0.00	0.00	0.00	0.00	0.00	0.00
Renewal of Licences (STP, Fire, Lift)	0.00	0.00	0.00	0.00	0.00	0.00
External Painting	0.00	0.00	0.00	0.00	0.00	0.00
Non conventional Energy Resources	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	821.98		801.10		783.85	

Note :1) 90% of the total expenditure is being spent on 6 areas.
2) No contribution is made towards Sinking Fund, Insurance and for renewal of statutory licenses (STP, Lift, Fire) although these are mandatory as per the bye laws

Income Analysis for the last 3 FI Years (2018-2021) in Lacs				
Area	2018-19	2019-20	2020-21	Total
Maintenance	812.2	806.5	806.6	2425.3
Rental Income	11.3	11.5	10.3	33.1
Water Charges	2.0	1.6	17.2	20.8
Gate Pass	5.6	6.2	9.0	20.8
Events Booking	3.8	3.7	2.7	10.2
Owner ship Transfer	1.7	2.5	2.6	6.8
Intrest	0.3	4.5	0.0	4.9
Hall Booking	1.8	2.3	0.4	4.5
Penalty	2.3	0.4	1.7	4.3
Covid-19 Income	0.0	0.0	2.8	2.8
TDS refund	0.0	1.0	0.6	1.6
Miscellaneous	0.4	0.9	0.2	1.5
work Permit	0.0	0.1	0.5	0.6
Grand Total	841.4	841.2	854.4	2537.1

Sinking Fund Calculation For PWC								
Block	Area in SqFt	No of Flats	Annual Sinking Fund =(0.25%*Rs1500*Area in sqft)	Sinking fund per month in Rs	Total contribution to sinking fund / month (individual blocks)	MC	Total MC	% of MC
A	1075	320	4,031	336	107,500	2,000	640,000	16.80%
B	845	448	3,169	264	118,300	2,000	896,000	13.20%
C	845	448	3,169	264	118,300	2,000	896,000	13.20%
D	1180	160	4,425	369	59,000	2,000	320,000	18.44%
E	1180	256	4,425	369	94,400	2,000	512,000	18.44%
F	1180	128	4,425	369	47,200	2,000	256,000	18.44%
G	1075	768	4,031	336	258,000	2,000	1,536,000	16.80%
H	1075	192	4,031	336	64,500	2,000	384,000	16.80%
J	1075	640	4,031	336	215,000	2,000	1,280,000	16.80%
	Total	3360			1,082,200		6,720,000	

Assumption : Sinking Fund is considered as 0.25% of the construction cost (assumed as Rs 1500/- per sqft in Blr) as per the Norms.

Note : Our annual contribution to sinking fund should be 1.29 Crs and monthly contribution of 10.82 Lakhs as against receivables of 67.20 Lakhs from MCs. If this would have been the case, our sinking fund should have been 7.74 Crs as against 75 lakhs excluding even the interest part accumulated / recurring over last 6 yrs.

Projected Income for the Year 2021-22 in Lacs		
Projected Income		
MC Charges (3360*24000)		806.40
Other Income (Average of 3 yrs)		37.28
Total (A)		843.68
Less Mandatory allocations		
Mandatory apportioning to Sinking Fund (1.29 Crs)	129.00	
Other Income	37.28	
Total (B)		166.28
Balance Available for Operational Expenditure (A-B)		677.40

Surplus Fund Allocation	
Details	Amount in Lacs
Surplus Income over the expenditure 2020-21 (A)	648.00
Less allocation for Sinking Fund (B)	360.00
Balance Available for Special revenue and Capex Expenditure (A-B)	288.00

Revenue Expenditure Proposal for FI Year (2021-22)

SL No	Details	Special Revenue Expenditure in Lacs
1)	Roads , Fence & Drains	25.00
2)	RWH Filter and Pipe line System	15.00
3)	Exterior Painting (Phase wise)	50.00
4)	Upkeep of Parks and Playground	10.00
5)	WTP Rejuvenation	20.00
6)	STP Upgradation	15.00
7)	Repair and relocation of CCTVs	5.00
8)	Fire and Saftey	25.00
9)	Addressing External Sepage issue	15.00
10)	Property Insurance	29.00
11)	Software Upgradation	4.00
Total		213.00

Capital Expenditure Proposal for FI Year (2021-22)

SLNo	Details	Capital Expenditure in lacs
1)	Installations of new CCTVs, RFID, Biometric	40.00
2)	New Pump motors	5.00
3)	Mechanization of Gardening Equipments	5.00
4)	Mechnization of waste management (Mahindra pick up Van)	10.00
5)	Installation of Solar Pannels	15.00
Total		75.00

2) Standard Operating procedure (SOP) for selection of Vendors

The Standard Operating Procedure drafted by the secretary for the selection of vendors has underwent many iterations basis the suggestions received by the rest of the Board members including owners and the final approved version from the board is circulated through the bulk mail dt 29th August 2021.

The same has been presented to the owners and explained the importance of having the same to avoid arbitrary selection of vendors. Owners approval was sought through online polling and the below is result.

- 51% of the Participant Owners have approved it.
- 18% of the Participant Owners did not approve.
- 31% of the Participant owners did not choose any option.

As this proposal of implementing SOP has been approved by majority of the owners , board has considered it as passed.

3) **Appointment of Auditors for auditing the books of Accounts 2020/21.**

Firms short listed:

1. M/s GPSV & Co - represented by Mr. Narahari.
2. M/s Sudhindra & Associates, represented by - Mr. Sudhindra.
3. Mr. Mahesh Reddy, CA - Represented by Mr. Mahesh Reddy.

Brief :

A meeting was arranged with the short listed auditing firms on 28/08/21. The President, Treasurer and the Audit Committee members & resources persons Mr K Vasudev and Mr Heramba Dongre and were present. Mr. Partha sarathy Gosh (another resource person) was briefed about the scope of audit over phone and he was OK with it. A common format of scope of Audit was prepared and communicated to all the 3 firms to submit their quotes on similar Audit format. Mr. Narahari on behalf of GPSV attended the meeting in the forenoon and Mr. Sudhindra's meeting was scheduled in the afternoon. Mr. Mahesh Reddy was briefed about the scope of audit over phone and he confirmed that his earlier quote submitted on similar scope of Audit holds good. The final quotes submitted by the 3 firms for a similar scope of Audit is as follows (includes GST):

1. M/s Sudhindra & Associates -- Rs. 1,77,000/-
2. M/s GPSV & Co----- Rs. 3,48,000/-
3. Mr. Mahesh Reddy & Co. ----- Rs. 3,07,980/-

Since the scope of audit is well documented and confirmed by all the 3 firms the quotes submitted by M/s Sudhindra & Associates which is the lowest may be considered for approval

Cost Analysis: Mr. Sudhindra & Associates have a branch office in Doddaballapur and hence the advantage of easy conveyance and approach.

Other two firms do not have this advantage. M/s GPSV has informed over official mail that they were asked to help the management to compile the accounts and filed the TDS returns for 2020/21. However they have confirmed that they were not appointed by the board to do the auditing of 2020/21. Since TDS filing fee is quoted separately by two shortlisted Auditors, this professional fee can be allocated and paid accordingly.

The board sought selection of the audit agency through online polling and below is result.

- 85% of the Participant owners selected M/s Sudhindra & Co
- 11% of the Participant Owners selected M/s GPSV & Co
- 4% of the Participant Owners selected M/s Mahesh Reddy & Co

The Board has Passed a resolution to engage M/s Sudhindra & Associates as the audit agency for the financial Year 2021-22.

4) Selection of Vendor for security services

We have shortlisted 7 vendors out of 27 quotes received in total.

Total 5 vendors were invited on 07/08/21, to present their detailed costing aligned with the cost effectiveness and statutory obligations, which had been scrutinized by the F&A team to confirm compliance with Minimum Wages Act and other statutory norms which found to be in order.

The minimum wages "category & zone" applicable to PWCAOA was insisted upon and accordingly the costing is revised by the vendors.

The GST at 18% has been factored-in and service charges component is included in the total costing.

The summary of all inclusive post negotiation quotes is summarized below in terms of Rs Per month:

1. First Eye – Rs 12,58,620/-
2. Chase – Rs. 12,35,877/-
3. Agilent - Rs. 11,69,140/-
4. Squad – Rs. 11,17,920/-
5. NK – Rs 13,77,650/-
6. Uniq – Rs 16,84,153/-
7. KBC – Rs 12,46,494/-

The board sought selection of the Security agency through online polling and below is result.

- 51% of the Participant owners selected M/s Squad
- 27% of the Participant Owners selected M/s Agilent
- 22% of the Participant Owners selected M/s First Eye

The Board has Passed a resolution to engage M/s Squad as the security agency for the financial Year 2021-22. The treasurer also vouched that M/s Squad is a professional agency that he had experienced during his professional career.

5) Collection of Outstanding MCs

Owners suggested to form a committee (Recovery task force) and request the defaulters to pay their outstanding. Suggestions also sought from the participant owners on the methods to recover the outstanding. Treasurer informed that they shall be displaying defaulter list at individual towers. Board is also contemplating imposing the penalty as per the bye law clause on the defaulters.

6) Continuation of Existing Board

This is an additional agenda brought for discussion for smooth functioning of the Board.

As the board was witnessing frequent disturbances, rukus in the board , seeking resignations of certain office bearers including the newly appointed President by the section of present and past board members, board felt that they should seek the opinion of the owners for their continuation present in the meeting and accordingly requested all the owners to vote through online poll. The below is the result.

- 97% of the participated owners voted for the continuation of the existing board including the current president.
- Only 3% of the participated owners needed the change.

Since the majority of the owners voted for the continuation of the Board members till end of their term including the current president, the board has decided and passed a resolution that that their office bearers shall continue to function including the current president till their term and contribute for the betterment of the society.

7) Other Feedbacks and suggestions received from the owners.

Formation of internal audit committee among the owners.

Forming Committee of subject matter experts for different areas and their continuation irrespective of whichever Board manages the association affairs (especially for elevators, accounts STP).

Initial Understanding between PHL and Panchayat to supply water to PWC and re-approaching them to fulfill their commitments.

Visiting the owners at their respective flats to collect the MCs and not to have any soft corner.

Inclusion of penalty clauses in the vendor contracts.

Imparting the training to the security personnel on handling the fire safety equipments.