

STATE BANK OF INDIA OFFICERS' ASSOCIATION [Chennai Circle]

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Circular to All Unit Secretaries / Members:

No. 56 /05/ 2018
16.04.2018

Dear Comrade,

OUR UNITY ENCLAVE

Greetings from SBIOA

The much awaited, dream housing project of our association, 'Unity Enclave' is on the threshold of final stages and we are eager to hand over the keys to the proud owners at a short notice. Before, the final countdown begins, we would like to present the overall financial analysis giving due credit to the comrades involved in the unique project completed by a trade union anywhere in the country.

The overall cost was estimated in 2014 and tenders were called for and we have received competitive offers from more than 6 infrastructure giants viz. L&T, Shapporji Palonji, Simplex to name a few. After several rounds of negotiations and deliberations we were able to finalize and award the civil contract work with M/s Simplex Infrastructure. The work started in July, 2014 and the contractor used the most advanced construction techniques including "Maivan" technology in lieu of brick and mortar thereby ensuring a solid structure.

During the course of construction, an unfortunate incident that happened to a high rise building at 'Mogalivakkam', Chennai, raising concerns about the safety aspects of high rise buildings across the city. Although, our specifications were second to none, based on the advise received from our Architect we have increased the Steel reinforcement in all the blocks thereby incurring an additional expenditure over and above the contracted value.

While entering into contract with M/s Simplex Infra, besides base rate, there were clauses enabling both the parties to claim the rise or fall of materials cost exceeding more than 10 per cent. Due to this we were able to save substantial amount in steel in the initial stages, but lost out due to the steady increase in cement prices. However, due to smart handling of the issues by the purchase committee, the costs were kept within controllable levels. Likewise, there were several items, although within the purview of the contractor, we intervened and made direct purchases from manufactures, thereby saving crores of rupees. The Tiles, Granite Slabs, Wooden Frames, Doors, UPVC Windows, Fire fighting Pipes, Lifts, Landscaping, STP plant etc. are some of the items procured by us directly from the manufactures by smart negotiations by the purchase committee.

It is common knowledge, that the project of this size and value when executed over a period of four years involves cost overrun, as the cost of every input and labour cost steadily increases with the passage of time. We are proud and glad to inform every owner member of our

association, that due to the close monitoring of the project by our team headed by Com. M Mohan, as Chairman of the project, **we would be able to complete and hand over the project without any cost overrun.**

However, as already stated in our circular no. 56/33/2017 dated 31.10.2017, the issues of **Service Tax** remains a thorn in our scheme of things. Although the service tax came into effect since 2008 and modified/increased almost every year, we did not collect the same from our members as our view on Section 28 of the exemption notification no.25/2012 dated 20.03.2012 with regard to Service Tax Act was that we were exempted from payment of Service Tax.

However, we have received notice from the Directorate of Central Excise and Vigilance authorities seeking all the accounts and clarifications regarding the project which was produced with our explanation as and when it was called for. Nevertheless, despite our best efforts to settle the issue, the file could not be closed and therefore we have to be mindful of the contingency of a demand notice, as the amount payable is huge and the burden cannot be overlooked.

Hence, it has been decided to obtain an **"INDEMNITY BOND"** from the owners of all the apartments while handing over possession after the formal inauguration. ***The Indemnity Bond inter-alia would undertake the apartment owners to pay their share of service tax payable, if the department raises any demand at a future date.***

Simultaneously, we have to collect **"Maintenance Expenses"** for twelve months while handing over the apartments and the amount will be payable to the ' **SBI UNITY ENCLAVE OWNERS WELFARE ASSOCIATION**' for various services such as Security, Housekeeping, Electrical & Plumbing, Diesel and Power Charges etc. We have budgeted various expenses and arrived at the charges as detailed below.

3 BHK Apartment	-	2500/- p.m. x 12 months = 30,000/-
2.5 BHK Apartment	-	2000/- p.m. x 12 months = 24,000/-
2 BHK Apartment	-	1700/- p.m. x 12 months = 20,400/-
1 BHK Apartment	-	1200/- p.m. x 12 months = 14,400/-

We request all the apartment owners to obtain a **demand draft in favour of "SBI Unity Enclave Owners Welfare Association"** before taking possession of the apartment. We hope that after a period of one year, when all the flats are occupied and the Commercial Complex and Club House become fully operational, we may not require any 'Maintenance Expenses' as the income will be sufficient for the same.

Possession will be handed over only after making payment of all the dues, delayed payment interest , 'Maintenance Charges' and execution of the 'Indemnity Bond' for payment of service tax.

Once again, we wish all the owner members of our continued service and assistance in all future endeavors.

Yours Comradely,

Sd/-
(D. Thomas Franco Rajendra Dev)
General Secretary

Sd/-
(M Mohan)
Chairman, Housing Project