

## WEB UPDATE- AFNHB MEERUT PROJECT AS ON 24 OCT 17

1. This is to inform all allottees that, despite of all efforts by AFNHB the original contractor of AFNHB Meerut Project is not co-operating. Therefore, it is important and incumbent upon AFNHB to take serious action in the larger interest of the allottees.

2. Accordingly, following facts are put before the allottees:

(a) Contract for 365 DUs (5 Blocks) at AFNHB Meerut was awarded to M/s Omaxe Infrastructure & Construction Limited on 05 May 2010 at a cost of Rs 57.20 Cr. PDC was 15 May 2012.

(b) Subsequently additional contract for 180 DUs (3 Blocks) for Rs 31.18 Cr was also awarded to the same contractor and PDC was revised to 15 Feb 13 to complete the total project.

(c) Progress was satisfactory till early 2012, but subsequently work slowed down. Contractor cited various reasons for the slow progress, financial constraint being the main.

(d) In 2014, AFNHB extended financial support of Rs 1.50 Cr against Post Dated Cheques from the contractors, as security held with AFNHB.

(e) On 24 Dec 2014, BOM approved for termination of contract and to proceed with **Risk and Cost**; however, considering some improvement, termination action was kept in abeyance.

(f) After series of **Show Cause Notices** for delay, final **Termination Notice** was issued on Jan 15. However, the contract was not terminated keeping in mind the sole aim of avoiding additional financial burden and further delay on allottees.

(g) In early 2015, Mr Pinaki Ray, CMD, of M/s Omaxe Infrastructure & Construction Limited approached the AFNHB and explained his present financial conditions and pleaded that, the firm is not in a position to invest any more financial resources till they sell out their immovable property. Mr Pinaki Ray, CMD, requested for financial support from AFNHB. To keep the progress and interest of the project, a Supplementary Agreement was signed in April 2015 to facilitate making direct payment to suppliers and vendors against Bank Guarantee of Rs 2.00 Cr from the contractor.

(h) The contractor, however has failed to provide Bank Guarantee till date, but AFNHB continued to support the project financially and make all payment to vendors, supplier, sub-contractor including salaries of staff and everything for day to day expenses till date to run the project.

(i) During last one year CMD of the firm (M/s Omaxe Infra & construction Ltd) has stopped responding to calls, mails and other mode of correspondence with AFNHB. The firm has authorized Mr. AC Varshney Technical Advisor cum coordinator to liaise and coordinate with AFNHB for execution of the project. However, he doesn't have any legal authority on behalf of M/s OICL to take any financial decision.

(j) AFNHB took upon itself to undertake the work on behalf of contractor, with only Project in charge from M/s OICL and very limited technical and non technical staff and sub contractors. Considerable progress could be achieved during last one year.

(k) However, it is neither practical nor justified for AFNHB to continue with this arrangement. Therefore, it has been decided to terminate the present contract and take legal action to recover the losses suffered by allottees.

(l) Due to abnormal delay and total non co-operation from contractor, there has been considerable increase in the project cost, which is directly attributable to the contractor. Since AFNHB has no corpus of its own, increased cost had to be charged from the allottees. This increased cost/loss is required to be recovered from the contractor through legal process.

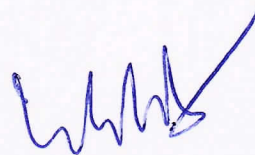
(m) For concluding new contract for the balance work, reputed contractors/ firms who have worked with AFNHB in past or the firms in NCR with clear track record, have been shortlisted through a BOO.

(n) It has been decided to involve allottees of AFNHB Meerut Project with the process of finalization of new contract. Towards this some of the representatives' allottees are requested to be present at AFNHB for following events.

(i) **27 Oct 17-** Meeting with shortlisted contractor to apprise them the scope of balance work, General Terms & Condition and issues of Tender.

(ii) 17 Nov 17- Bid submission and opening of Tenders.

3. Order of Termination to M/s OICL is being issued on 24 Oct 17, followed by caveat in court.
4. M/s OICL has already been informed about the losses suffered so far, however, no reply has been received. Further, subject to termination, the balance work has to be executed at Risk & Cost of the contractor. Cost escalation and additional expenditure due to abnormal delay on the part of contractor has to be recovered from M/s OICL.
5. Post termination, the matter has to be resolved through arbitration. Case for adjudicating the matter for arbitration and appointment of arbitrator will be put up for approval of the Chairman for termination of contract.
6. New Contract is expected to be awarded by 24 Nov 17 and work shall commence within 10 days of award of contract.
7. To keep the flow of funds, all allottees are requested that, next installment due on 31 Dec 17. Demand letter is being issued to all allottees separately. All allottees are requested to make provision and make payment by due date.



(NK Mehta)  
GP Capt  
General Manager (Works)  
For Director General