



एयर फोर्स नेवल हाऊसिंग बोर्ड
AIR FORCE NAVAL HOUSING BOARD

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AFNHB/ADM/1091-II

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To All Allottees of Bhubaneswar Project

COSTING AND INSTALLMENT SCHEDULE
AFNHB BHUBANESWAR PROJECT

1. AFNHB Bhubaneswar project was launched in Aug 2010. The project consists of 07 Towers having a total of 256 DUs (128 DUs for Officers and 128 DUs for Airmen/Sailors). The configuration of the project is lower and upper stilt with 8 storeys for Officers and lower and upper stilt with 11 storeys for Airmen/Sailors. The civil construction work was awarded to M/s Omaxe Infrastructures Pvt. Ltd. (M/s OICL) and the work commenced in Apr 2011 with the Original PDC as Oct 13.
2. The cost intimated to the allottees after award of civil construction in Apr 2011 excluded the actual cost of external electrical works and allottees' suggestions during sample flats meeting. The progress of the project was initially hindered due to various reasons such as live underground water supply water pipeline encountered in B1 & B2 Blocks. The said pipe line was later shifted by the concerned authorities on 23 Jun 12. During the excavation for foundations in blocks, hard rock was found at founding level, which consumed additional time and extra cost. Also the project Architect M/s Rath Architectonic abandoned the site in 27 May 2013, demanding revision of payment for consultancy and PMC services. Board after due examination found no merit and terminated the contract with M/s Rath Architectonic. The Architect filed a case against Board in the High Court of Odisha and subsequently opted for Arbitration. In order to progress the project, the Board engaged a new PMC team as per the norms of Bhubaneswar Development Authority (BDA) that a progress report is required to be submitted to BDA every quarterly.

3. Subsequently, the project underwent many ups and downs in last seven years. AFNHB, after due selection process had selected one of the most reputed builders of that time i.e. Omaxe Infra Construction Ltd (OICL) which is a subsidiary of another major company Omaxe Ltd. Unfortunately the project got delayed considerably adding to the woes of allottees. AFNHB is alive to the difficulties being faced by the allottees but there are many reasons beyond the control of AFNHB, which contributed, to the abnormal delay and increase in cost since its launch. Some of the reasons are enumerated below:-

(a) **Downfall of the Contractor** There has been stagnation in the real estate market since 2011-12, which has resulted in stalling of all infrastructure projects all over India. Honorable Supreme Court's order on blanket ban on mining in 2011 resulted in non availability of sand and aggregate, followed by steep rise in prices of these basic building materials. All AFNHB projects were also affected as all contractors suffered losses on this account. Besides being affected by the general recession in real estate market, OICL, the AFNHB contractor at Bhubaneswar also suffered major setbacks resulting in many of their real estate projects getting stalled. This resulted in a severe financial crisis for the companies. To the extent that they were forced to sell their company to a relatively less known firm. While the new owner did make sincere efforts to pursue this project but they were also not immune to the environment and further suffered set back when DG-MAP cancelled five of their ongoing projects and confiscated all their Bank Guarantees and Securities. This resulted in total slowdown of work in our Bhubaneswar project for two years from 2013 to 2015. In the interest of allottees various options were explored. Termination of contract was also one of the options and a final notice was served to the contractor. However, during the period of extreme crisis in real estate market it was hard to find a reputed and reliable builder for this already delayed project. Therefore, after weighing all options and in order to expedite the work, DG-AFNHB took a very bold decision of entering into **Supplementary Agreement** with the contractors for providing financial support to the companies against bank guarantees. This experiment was done for AFNHB projects at Jalandhar, Dehradun, Meerut and Bhubaneswar. This paved the way for successful completion of delayed projects in Jalandhar and Dehradun. As regards Bhubaneswar, the work recommenced in 2015 but due to extremely poor financial state of the company, the Supplementary Agreement could not be enforced in its entirety. The option of termination of contract continues to be

available with AFNHB albeit with inherent hurdles which include the long gestation period required for a fresh tender, time left for validity of existing sanctions from BDA and uncertainty about the ability of the new contractor to complete the task, besides cost escalation.

(b) **Increase in Cost** The project was initially planned to be completed by Oct 2013. However, during the delayed period of 4 years the basic structure work except Block No-B1&B2 (where water supply pipe line was found, structure was completed up to 60%) involving use of steel and cement was executed and at that time there was considerable increase in cost of steel and cement prices. This resulted in exponential increase in cost. Increase in service tax from 4.5% to 6 %, increase in WCT from 11% to 14.5%, increase in mandatory Govt. fees for Environmental Clearance, Clearance from Pollution Control Board, extension of validity of plans from BDA has also added to the cost considerably. Increase in hiring cost of labour also made a dent in the already depleted financial condition of the contractor. A comparative variation of cost announced at the time of launch of project in 2011 and as it stands now in July 2017 is tabulated in annexure to this letter.

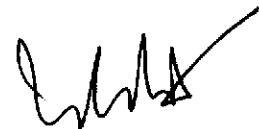
4. Not being deterred with the situation, AFNHB has taken upon itself the task of completing the project due to the ineffectiveness of the contractor. During the last one year, there has been considerable increase in pace of work. As on date the number of labour working at the project site are approx 300. All efforts are being made to complete the project at the earliest. Progress of work is being updated regularly on AFNHB website. Allottees are requested to visit www.afnhb.org.

5. It is to the credit of AFNHB that despite the delay, AFNHB has been successful in containing the overall cost of DU well below the cost of similar housing projects in the near vicinity. Per Sq. ft cost of DU is shown in the last column of the Annexure which is very competitive and well below the cost of projects in the vicinity. It is also important for allottees to note that the project is located in the prime area, Govt has declared Bhubaneswar as the "**SMART CITY**" and many IT sectors and educational hubs are already well established in this area. Also the BDA has expanded the town ship as a planned city. Bhubaneswar Airport has been declared as International AirPort. This makes the project one of the most sought after as a financially attractive and end living prospect.

6. The cost of the project intimated to the allottees through initial Allotment letter included cost of parking (standard size) and statutory fee. However, additional cost is on account of escalation for steel & cement, reworked due to allottees' suggestions, RERA registration cost, external electrical works, LTMF and extra works as required on site, which were not included in the original costing. After having considered all the factors and the expected completion cost of the project, the net cost of DUs to the allottees is reflected in Column 7 of Annexure. This is proposed to be recovered in 3 installments by the expected completion date of project of Jun-Jul 2018. Efforts would be made to schedule the draw of lots in Feb/Mar 2018 at AFNHB project site Bhubaneswar. Physical possession of DUs is expected to commence w.e.f. Jul/Aug 2018 post obtaining Completion Certificate from BDA and the common assets being taken over by the Society.

7. Allottees are requested to make payment of 7th installment of Rs. 4.50 Lakh and Rs. 3.50 Lakh for officers and other categories respectively by **15 Nov 2017** using Easy Pay facility or via cheque/Demand Draft payable to AFNHB at New Delhi. Further, remaining amount will be called for in two installments, tentatively in the month of Jan 2018. The balance amount will be called for at the time of draw of lots.

8. The patience of the allottees for standing by with AFNHB is appreciated. It is assured that the project will be completed with value added advantage to all the allottees.



(NK Mehta)
Gp Capt
Offg Dy Director General
For Director General

AFNHB BHUBANESWAR
COMPARATIVE STATEMENT OF INCREASE IN COST

| CAT | BEFORE CONTRACT | | AFTER CONTRACT FOR CIVIL WORK ALONE (2010) | | PRESENT COST (SEP 2017) | | COST BREAKDOWN | | | Per SqFt Cost (Excl Parking) |
|---------------------|-----------------|-------|--|-------|-------------------------|-------|----------------|-----------------|------|------------------------------|
| | AREA | COST | AREA | COST | AREA | COST | COST OF DU | COST OF PARKING | LTMF | PSF (In Rs) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Type-A Officers Cat | 1506 | 28.05 | 1506 | 30.16 | 1506 | 38.97 | 36.94 | 1.73 | 0.30 | 2453/- |
| Type-B Others Cat | 1155 | 21.50 | 1155 | 23.13 | 1155 | 29.96 | 27.93 | 1.73 | 0.30 | 2418/- |

Note:

- Present Cost include Cost of Standard size parking (2.5m X 5m) and LTMF.
- Actual amount due from individual allottees will vary depending upon the amount paid.