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**REGISTERED / SPEED POST**  
Army Welfare Housing Organisation  
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\_\_\_\_\_ (Regn No)

03 Oct 2018

All Allottees of G-95 Project

### **AWHO SECTOR-95, GURGAON**

1. A congenial meeting had ensued on 10 September 2018, when a group of allottees met the Adjutant General in his office to discuss certain issues concerning them, viz, the delay in handing over of Dwelling Units and the additional amount sought from the allottees towards the escalated cost. The common aim was to arrive at a road map for the immediate future.
2. It goes without saying, that the AWHO shares the allottees' concerns on the delay and cost escalation, both of which it sincerely regrets. To keep our esteemed allottees informed, the discussions on progress of the project during the meeting have been summarized hereinunder.
3. The AWHO had concluded an agreement for construction of AWHO Sector-95 Gurgaon with M/S Ramprastha on a turnkey basis after due diligence of the firm as regards its record of construction of residential projects and financial capability. While the project progressed satisfactorily in the initial stages but by 2015-16, it slowed down due to the Contactor's inability to deploy the required resources.
4. To avoid legal and procedural issues that could mar the cancellation of the project, AWHO made sustained efforts to motivate the builder to accelerate the progress, within the contractual provisions. However, when all efforts failed and it was visualized that M/S Ramprastha was not capable of completing the project, the contract was cancelled on 05 January 2018. I must inform the allottees that ***adequate financial penalties within contract provisions have been imposed on the builder while cancelling the contract, keeping in mind the litigation that is likely to follow.***
5. The allottees have till date paid six installments totalling 95% of the initial cost of Dwelling Unit; the last installment was received on 16 January 2017. This cost does not however, include the cost of car parking and the allottees share of cost of school. Hence, effectively till date only about 90% of the liabilities that are due, have been received. On the other hand, the contractor has till date been paid approx 81% cost of the Dwelling Unit including the land cost. Since AWHO seeks funds in advance, the 10% demand of sixth installment on 16 January 2017 was well justified. It must also be known to all allottees that ***the interest earned on balance funds in the project is credited to the project account.***

6. Consequent to the cancellation of the contract, a fresh contract was concluded on 10 August 2018 and as promised, **the construction recommenced on 15 August 2018** with a single aim to complete the project latest by December 2019. **The allottees would be aware that the fresh contract has led to an escalation of nearly 8% in the project cost.** Since the new contract has been concluded as a 'Risk and Cost' contract, the liability for the escalation is on the previous contractor, ie. M/S Ramprastha. However, claiming of this amount is both complicated and time consuming; consequently the allottees are required to pay the escalated cost to ensure immediate liquidity in the project for the work to progress. **It may be remembered that, whenever the amount is recovered from M/S Ramprastha, the same would be paid back to the allottees; the project accounts will not be closed till such time.**

7. It will be my endeavour to ensure that the allottees are kept informed of the progress of the project from time to time. To ensure that your feedback and suggestions are implemented, a Project Management Group which also includes some allottees, has been constituted under the aegis of HQ Western Command. The AWHO is also ensuring adequate oversight of the ongoing works to ensure completion by December 2019. Funds available with the project are being utilized to pay the new contractor; however these are likely to exhaust by October 2018.

8. Lastly, may I reassure every allottee that **AWHO stands committed to complete the project as per the revised PDC of December 2019. We sincerely request your co-operation and seek your unstinted support towards the timely payment of installments to ensure the timely completion of your project.**

  
(Gurdip Singh)  
Maj Gen  
Managing Director