



Project Management Support for Two/Four Laning of Chhapra - Hajipur Section on NH-19 on DBFOT Basis

Review Report for June-2021

01 Jun 2021– 30 Jun 2021

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List of Acronyms & Abbreviations

CHEL	Chhapra Hajipur Expressways Limited	MoEF&CC	Ministry of Environment, Forests and Climate Change
CA	Concession Agreement	NCR	Non Conformance Report
CALA	Competent Authority for Land Acquisition	NHAI	National Highway Authority of India
COD	Commercial Operations Date	OTFIS	One Time Fund Infusion Scheme
DBM	Dense Graded Bituminous Macadam	PCOD	Provisional Commercial Operations Date
D-E-R	Debt Equity Ratio	PUP	Pedestrian Under Pass
EH&S	Environment, Health & Safety	PRO	Public Relations Officer
HMP	Hot Mix Plant	PRW	Piece Rate Workers
HR	Human Resources	QC	Quality Control
IDC	Interest During Construction	RoW	Right of Way
IE	Independent Engineer	ROB	Road Over Bridge (Road Over Railway)
IPC	Interim Payment Certificate	RHS	Right Hand Side
INR	Indian Rupees	SPV	Special Purpose Vehicle
LHS	Left Hand Side	SPCD	Scheduled Project Completion Date
LIE	Lenders' Independent Engineer	TPC	Total Project Cost
LCN	Lenders Credit Notice	TL	Team Leader
N/A	Not Applicable	WMM	Wet Mix Macadam

Disclaimer

This document has been extracted from the information provided to us during discussions with Chhapra Hajipur Expressways Ltd. ("CHEL") and from data / reports / documents provided to us, pertaining to the CHEL Project undertaken in the Chhapra - Hajipur region in the State of Bihar. We have not independently verified this source information and accordingly express no opinion or make any representation concerning its accuracy and completeness. The work of the KPMG representatives would not diminish the responsibilities of the management of CHEL and State Bank of India Project Finance SBU in design, development, implementation and operations of internal controls or for project implementation. They are accountable for adequacy, extent and control of internal and project control systems. Because of the nature of project monitoring and reporting services, our report may not be suitable for any purpose other than to assist you in evaluation of controls over the specified processes referred to above and in accordance with the appointment letter dated 27 July 2018.

The information and representation in this report are made available to us by management and the observations made in this report are based on the limited walk-through reviews of limited transactions and may not detect fraud and irregularities. This report has been prepared by KPMG solely for the purpose of providing select information on a confidential basis to the management of SBI and its Subsidiaries in accordance with the agreed terms of reference. This report is confidential and for the use of management only. It is not to be distributed beyond the management nor is to be copied, circulated, referred to or quoted in correspondence, or discussed with any other party, in whole or in part, without our prior written consent, as per terms of business agreed between KPMG, SBI and CHEL.

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Section 1 - Executive Summary

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During the review period, ~ INR 3.83 Cr of work was done by the EPC contractor as certified internally by the Concessionaire. The main works carried out were GSB, WMM & DBM in Shitalpur Bypass and Embankment construction in RoB, Major Bridge & Flyover approaches at km 143 & 158, km 209, km 204 & km 207 respectively. As per Concessionaire, physical progress stands at 86.55% whereas the financial progress is 89.32%. Cumulative value of work done as per our records stands at ~ INR 282.1 Cr excluding CoS works. The Concessionaire is awaiting NHAI's decision on Extension of Time [EoT] on grounds of Force Majeure of COVID-19. For the completion of PCOD work as per the agreed upon timeline up to November 2021, the monthly amount outlay should be INR 16 Crore. However, the outlay for the month of June 2021 is INR 3.8. Thus, we anticipate a delay in the completion of work.

Following are some project updates and concerns on governance improvements and works:

1. **Absence of Independent Engineer (IE):** Existing IE (Stanley Consultants) withdrew his team from the project w.e.f 01-Jan-21. In the absence of an IE on the Project, critical activities such as monthly RA bill certification, contract administration, construction supervision and PCOD tests are unattended
2. **Shortfall Financing Proposal:** The Concessionaire is yet to be submit a proposal or share ideas to arrange funds for the expected shortfall of 18 Cr after disbursement of remaining OTFIS and Debt. Break up of fund requirement /availability as on 10.06.2021 is given as under:-

Sr.No	Source	Amount. Cr	Remark
1	NHAI	16	
2	Lenders	16.76	Adjusted as IDC
3	Stock in Hand	6	
4	Change in law	25	To be approved by NHAI
5	CoS	5	
6	Concessionaire	12	Out of OTFIS

3. **Dismantling of structures & Land Acquisition:** Out of 66.74 Km of the Total Length required for the four laning of the Project Highway about 64.89 Km of the land was available till June 2021. This Constitutes to 97.22 % of the total land acquisition.
4. **Utility Shifting:** Shifting/raising of power transmission lines is expected to be complete by Aug'21 against the previous plan of 9th July;21.
5. **CRS Approval:** Pending_for ROB girder launching.
6. **HSE Compliances:** Compliance with HSE norms is non-existent for most site activities and plant operations. Any unfortunate incident can cause loss of critical man-days and have a cost impact. There is a near zero inventory of Personal Protective Equipment (PPEs) despite our multiple escalations.

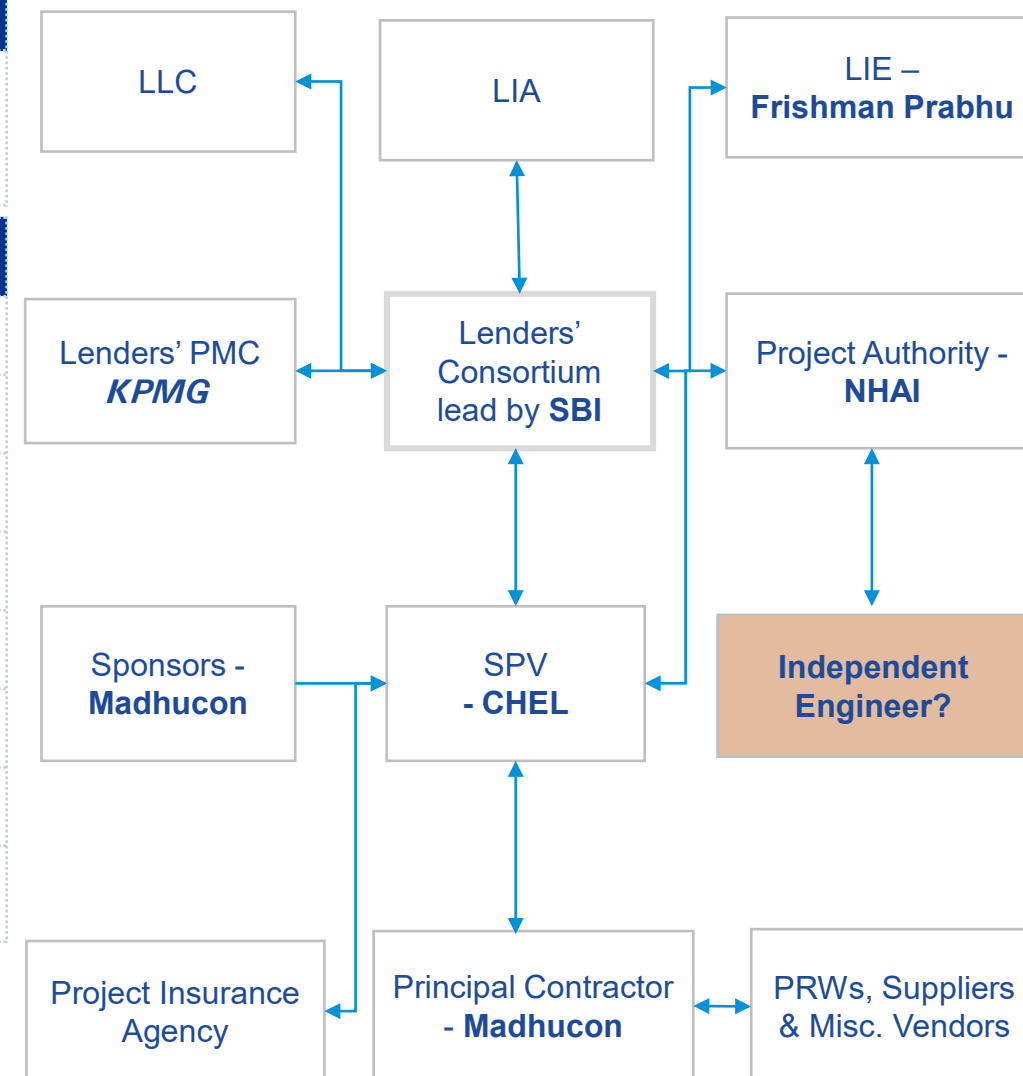


Section 2 – Project Info, Entities & Status

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Project Title			
Project Name	Four Laning of Chhapra-Hazipur Section of NH-19 from km 143+200 to km 209+940 in the State of Bihar under NHDP Phase-III on Design, Build, Finance, Operate and Transfer (DBFOT) Annuity Basis		
Key Dates.			
Concession Period	15 years	Total Project Cost – NHAI	INR 575 Cr
Appointed Date	27-01-11	Total Project Cost – CHEL	INR 812.50 Cr
SPCD	25-07-13	Semi-Annuity	INR 65.43 Cr
Tri-partite Execution	21-10-16	Senior Debt Outstanding	INR 810 Cr
PCOD Committed ¹	30-04-17	NHAI OTFIS Facility	INR 175 Cr
PCOD Committed²	31-12-18	Missed Annuities payable	6 (INR 392.58 Cr)
NHAI’s PCOD Target	-	IE Certified VWD ³ Till Sep-20	~ INR 234.06 Cr
*Concessionaire Committed as of June 2021 for competition of all PCOD work but at the current rate of work, it is expected to get further delayed			

1. As agreed during the Tripartite Agreement execution
2. For 51.64 km KPMG PCOD forecast was done on Jun-19
3. VWD = Value of Work Done



Demobilized



Section 2 – Project Progress – For June-21

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Scope	Length
Total Length	66.74 km
Total Length	117.68 2L-km
2 Lane Bypass	15.35 km
4 Lane Bypass	22.95 km
4 Laning of Ex. Road	28.44 km
Length Available ¹	62.84 km
PCOD Scope Length	51.64 km
PCOD Scope Length	87.68 2L-km

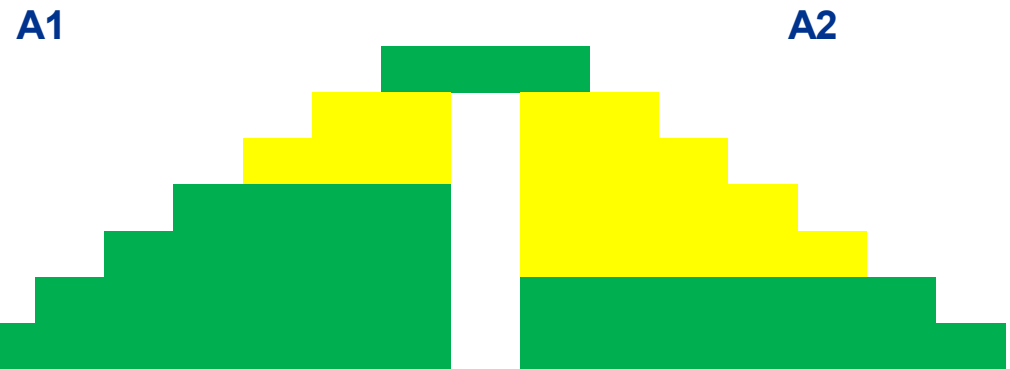
1. The length reported by the Concessionaire as the available work front is verified by KPMG.
2. KPMG has been undertaking a man-to-man verification of labour personnel (headcount) at site engaged by the EPC contractor for invoice review purpose. IDs have been checked since the Concessionaire did not respond to KPMG's request to share IDs of labourers working at site every month.
3. KPMG verified the labour deployed at site on 30-June-21

FTM = For The Month, Cum = Cumulative

Highway Scope & Progress										
Layer	Unit	Total Scope	PCOD Scope	LHS FTM	RHS FTM	Total FTM	LHS Cum.	RHS Cum.	Total	% PCOD
BC	2L-km	117.68	87.68	0.00	0.00	0.00	2.27	7.66	9.93	11.33%
DBM	2L-km	116.88	86.88	0.00	0.05	0.05	42.95	38.43	81.38	93.66%
WMM	2L-km	100.88	70.88	0.110	0.330	0.440	31.17	21.76	52.93	74.6%
Agg. Inter Layer	2L-km	16.00	16.00	0.00	0.00	0.00	8.33	7.67	16.00	100%
CT Base	2L-km	16.00	16.00	0.00	0.00	0.00	8.33	7.67	16.00	100%
Granular Base Course - Sub-total				0.110	0.330	0.440	47.83	37.1	84.93	
CT Sub Base	2L-km	16.00	16.00	0.00	0.00	0.00	8.33	7.67	16	100%
GSB	2L-km	100.88	78.88	0.560	0.585	1.145	41.568	30.447	72.015	91.29%
Granular Sub Base Course - Sub-total				0.560	0.585	1.145	49.898	38.117	88.015	
Structure Scope & Progress										
Type	Unit	Total Scope	PCOD Scope	Completed FTM	Total Completed	Completed in PCOD	% PCOD	Remarks		
Box Culverts	nos.	100	90	0	85	82	91%	Protection works left		
Major Bridge	nos.	3	1	0	1	1	100%	Miscellaneous Work		
ROB	nos.	5	4	0	3	3	75%	Approaches WIP		
Flyover	nos.	1	1	0	1	1	100%	Approaches WIP		
VUP	nos.	3	3	0	3	3	100%	Approaches WIP		
Minor Bridge	nos.	17	15	0	15	15	100%	Miscellaneous Work		
PUP	nos.	2	1	0	1	1	100%	Work in Progress		



Section 2 – RE Wall Project Progress – For June-21



KM (Type)	Total Qty	Erection Completed	Balance to	Agency
	(sq.m)		be erected	
143 ROB	2627	1947(74%)	480	Filling- Nath Enterprise Erection - Raj Sales



KM (Type)	Total Qty	Erection Completed	Balance to	Agency
	(sq.m)		be erected	
157 ROB	2850	2850(100%)	0	Filling- Basant Mishra Erection - Raj Sales



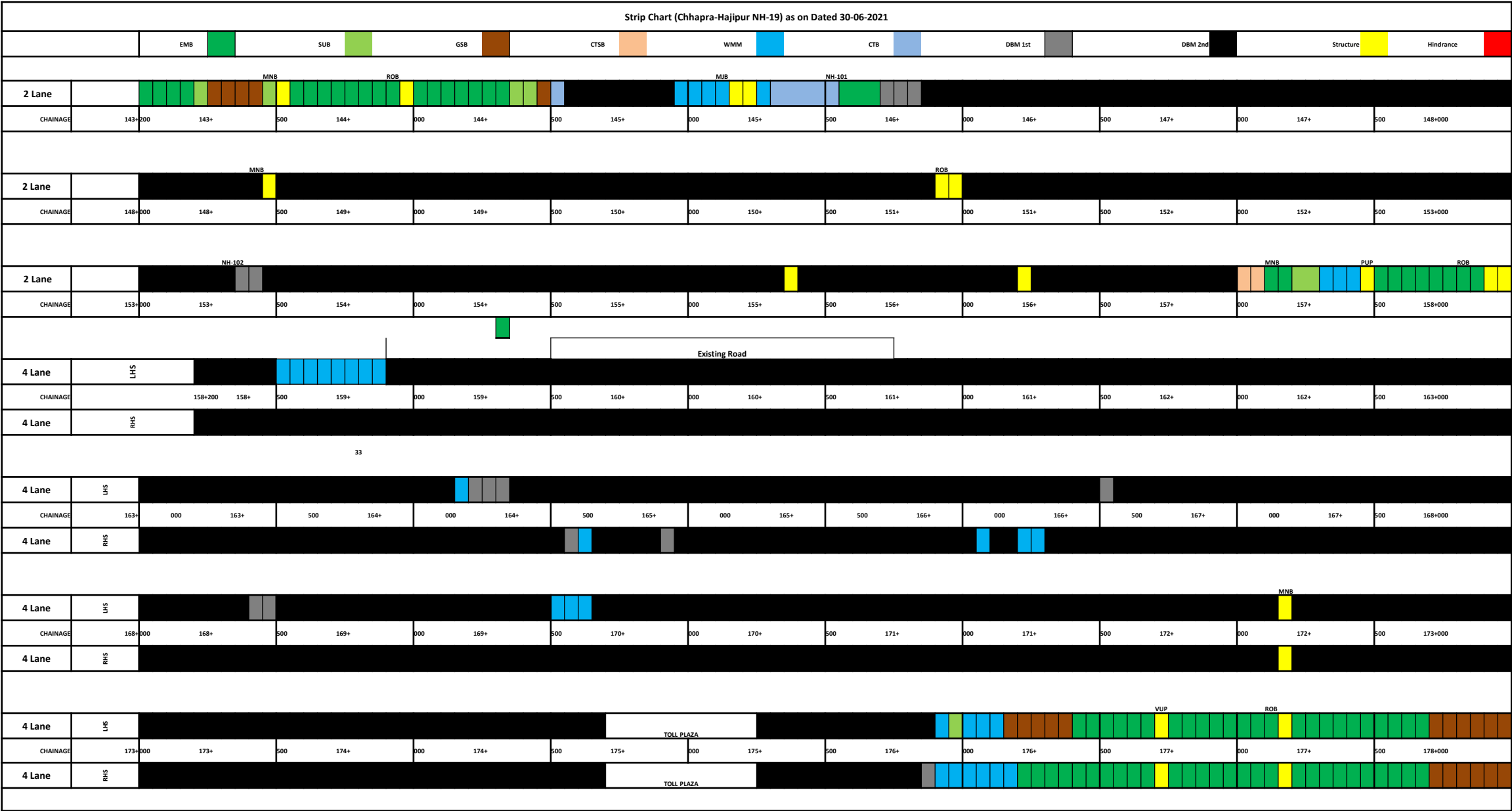
KM (Type)	Total Qty	Erection Completed	Balance to	Agency
	(sq.m)		Be erected	
207 Flyover	9300	8600(92%)	700	Filling- Raj Sales Erection - Raj Sales



KM (Type)	Total Qty	Erection Completed	Balance to	Agency
	(sq.m)		Be erected	
209 ROB/Fly	7600	7600(100%)	0	Filling- Raj Sales Erection - Raj Sales



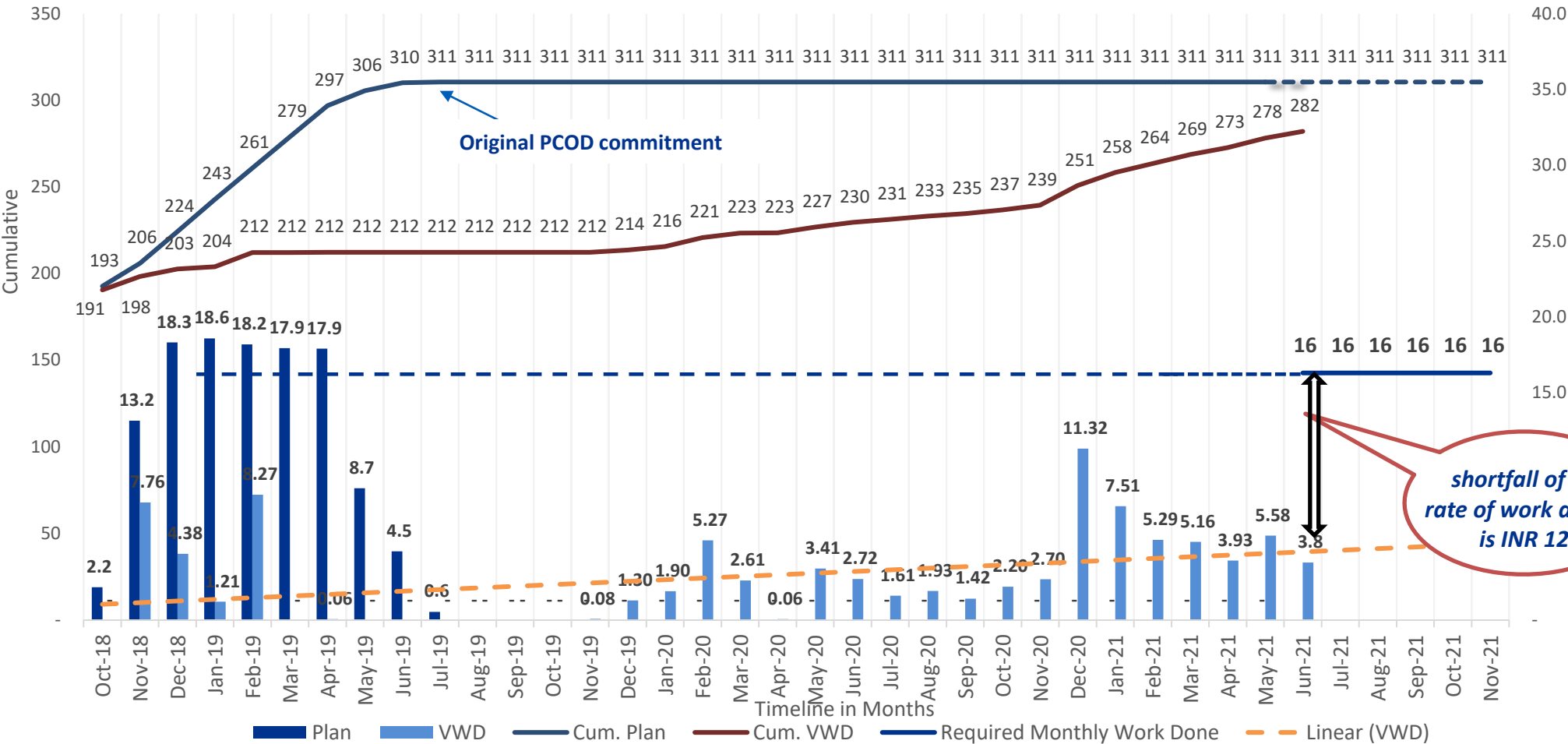
Section 2 – Project Progress – Strip Chart – Part 1



Section 2 – Project Progress – Strip Chart – Part 2



Section 3 – S Curve – Planned vs Achieved - PCOD Scope



Note:- For the completion of work as per the agreed upon timeline up to November 2021, the monthly amount outlay should be INR 16 Crore. However, the outlay for the month of June 2021 is INR 3.8. Thus, we anticipate a delay in the completion of work

- Note:**
- 1. Figures are in INR Crore. VWD = Value of Work Done (executed) each month as certified by the Concessionaire for Jun-21 progress
 - 2. Items such as Slope protection, Structure protection works, Landscaping, Arboriculture, among few others have not been included in KPMG's PCOD Estimate To Complete.

Section 4 – Project Financials

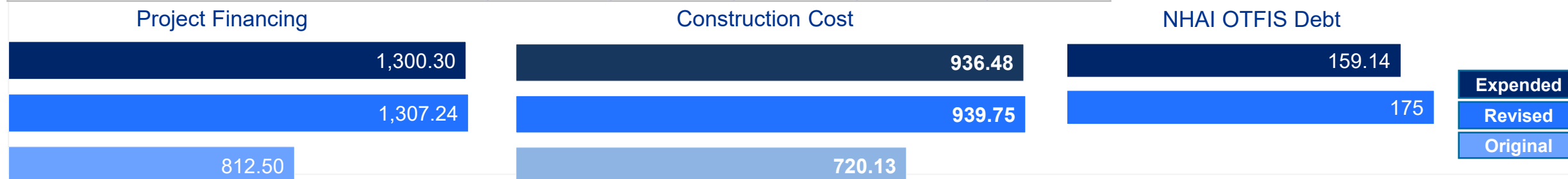
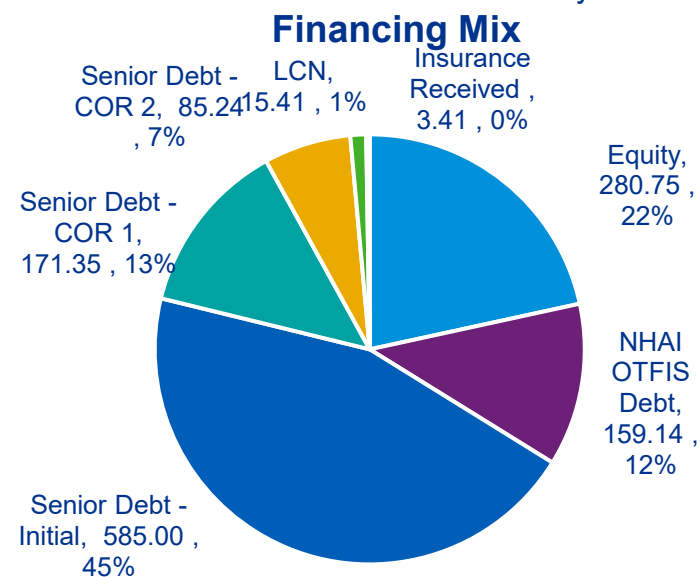
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Head	Original	Revised	Expended	% Expended	Balance
Project Financing	812.50	1307.32	1300.31	99.4%	7.01
Equity + Sub-Debt	227.50	287.24	280.75	102.34%	6.49
NHAI OTFIS Debt	-	175.00	159.14	90.94%	15.86
Senior Debt	585.00	845.08	857	101.41%	(11.92)
Insurance Claim	-	-	3.41	-	-
Cost Utilization Heads	812.50	1307.32	931.42	71%	3.27
Construction Cost	720.13	939.75	936.48	99.65%	3.27
Work In Progress	-	-	-	-	-
Intangible Assets Under Construction	-	-	-	-	-
Financing Charges & Other Consultancy Charges	8.51	8.60	-	-	-
Interest During Construction	83.77	339.81	-	-	-
Preliminary & Pre-operative Expenses	0.09	0.09	-	-	-
Administrative Expenses	-	-	-	-	-
Net Current Assets	-	19.07	(5.06)	-	-
Fixed Assets	-	-	-	-	-

The figures mentioned alongside are for reference purposes only and are as per the value of work done certified by the IE and the LIE and the CA Certificate as on 01-Feb-2021.

*Assuming that 1300.31 Cr amount is disbursed

Tentative construction cost unverified by KPMG



Section 4 – Change of Scope Details

2/2

No.	Name	Location	Value of CoS Approved	Value of CoS Executed	Value of CoS Paid	Remarks
1	CoS-1	PUP at km 176+728	1.45 Cr	0.82 Cr	0.82 Cr	
2	CoS-2	New Major Bridge (Mahi) at km 183	22.01 Cr	9.00 Cr	9.00 Cr	9 Cr (initial CoS recommended by NHAI PIU for 34 Cr was reduced at NHAI HQ to 22.01 Cr)
3	CoS-3	PUP at km 204+320 & Service Road at km 204+377	2.10 Cr	0.34 Cr	0.34 Cr	Work executed, but approval for payment awaited from NHAI.
4	CoS-4	Improvement of Major Bridge at km 145	3.2 Cr	3.2 Cr	-	Work executed prior to CoS Approval but now being questioned by NHAI HQ.
5	CoS-5	PUP at km 207+565	0.89 Cr	-	-	Work executed prior to CoS Approval and queries from NHAI HQ were addressed. Approval awaited.
6	CoS-6	Additional 3 Box Culverts at km 168+770, km 169+590 & km 170+450	1.26 Cr	1.26 Cr	0.71 Cr	An amount of 0.71 Cr has been adjusted by NHAI vide Letter No. 3878 dated 27-May-15. No dues.
7	CoS-7	Repair & maintenance of existing Mahi Bridge	1.79 Cr	1.79 Cr	1.79 Cr	-
TOTAL			32.7 Cr	16.41 Cr	12.66 Cr	For PUP at km 207+565, INR 0.89 Cr is pending with Bihar division.

Section 5 – Status of Document Flow

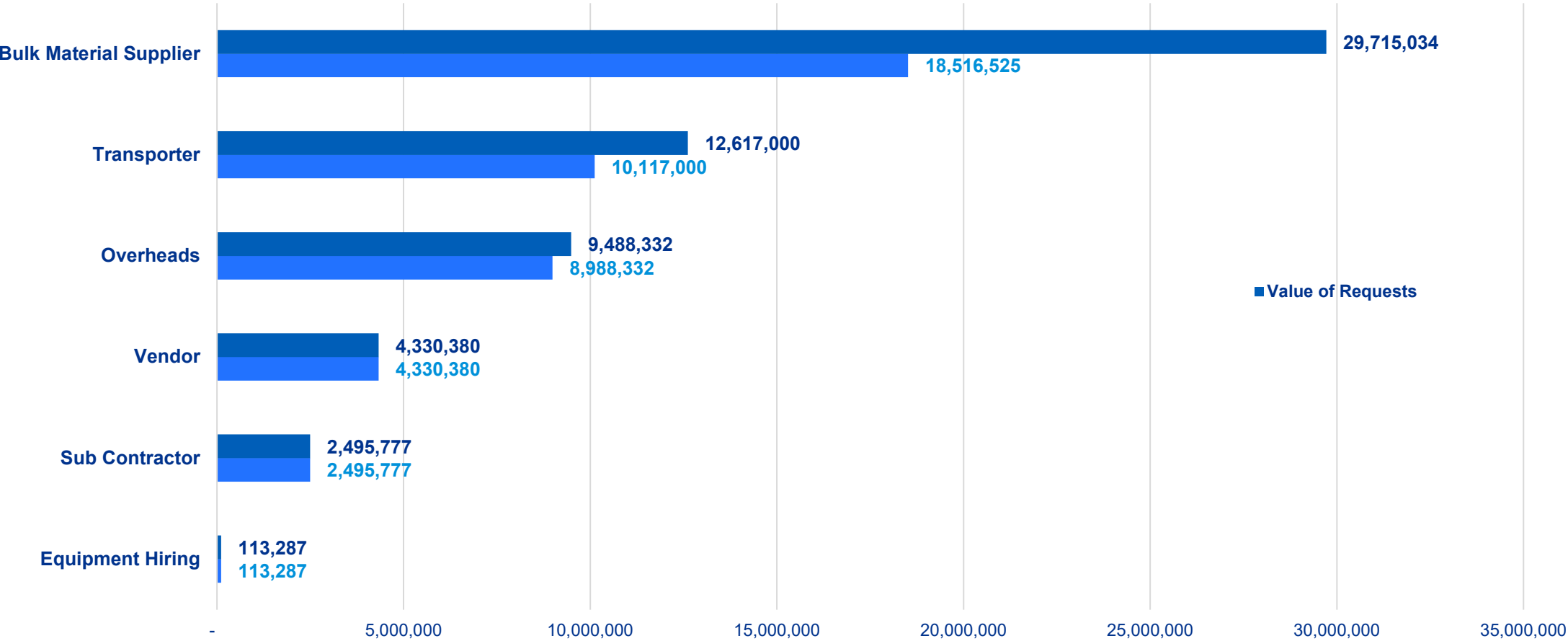
No.	Document	Requested	Received	Duration	Status	Remarks
1	Vendor Master (latest) & Vendor Onboarding papers – active & working	29-Jul-18		1026	Pending	Latest not received. Last master shared in Sep-18
2	Certified Outstanding Bills/Invoices of all parties mentioned in the Letter	29-Jul-18	-	1027	Pending	Vendor balance confirmation awaited
3	Payslips & ERP HR Dump of staff – payroll & contract staff both	29-Jul-18	-	1028	Received	Only Payslips Received. ERP not being used for HR
4	Previous Approved RFIs attached with Works Contractors Invoices	24-Aug-18	-	1004	Pending	100% RFIs not shared despite repeated follow-ups

The table captures the status of documents requested by KPMG and the status as on 30-Jun-21

Section 6 – Status of Payment Recommendations – Jun-21

During the month of Jun-21 the EPC contractor made a total of INR 05.87 Cr payment requests of which INR 04.45 Cr were recommended. A total of 25 vendor recommendations were made during the month. The requests and recommendations for the month are depicted in the chart below as per various vendor categories

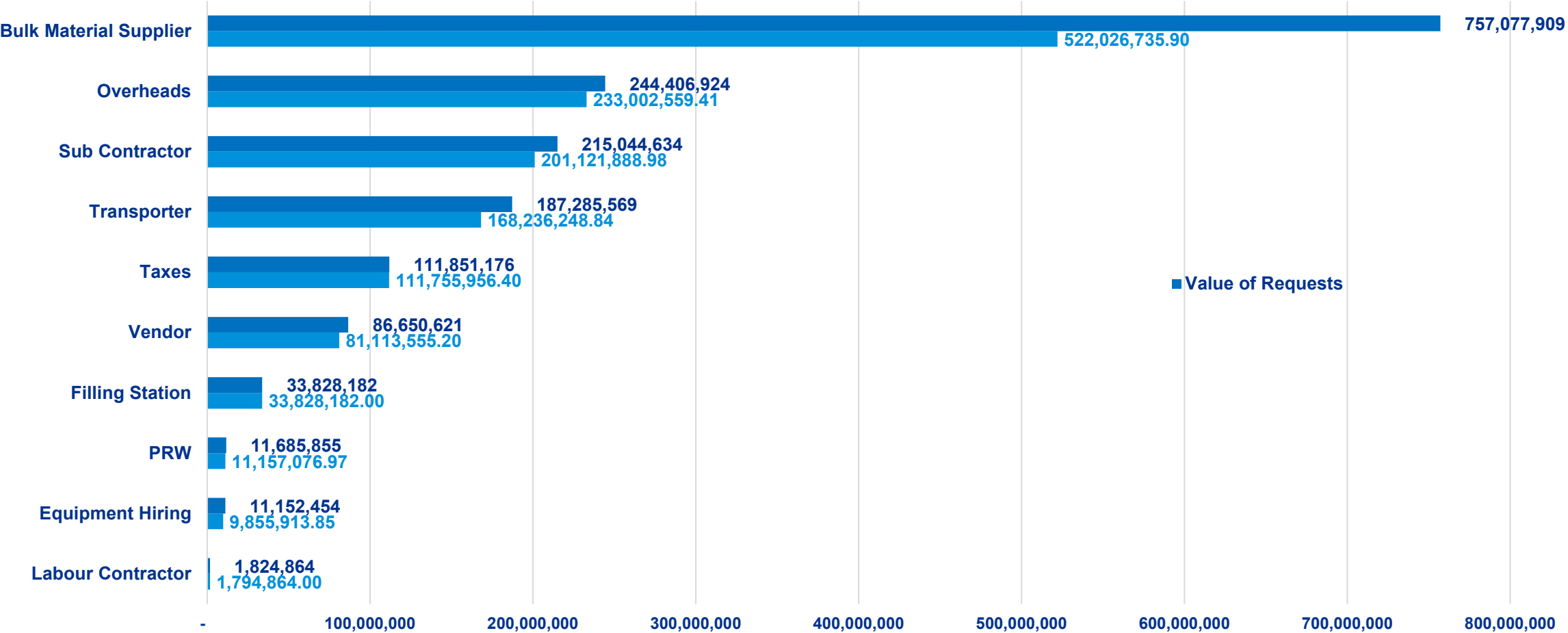
Period	Bills/Invoices Requested	Bills/Invoices Recommended
Jun-2021	INR 05.87 Cr	INR 04.45 Cr



Section 6 – Status of Payment Recommendations – Cumulative Till Date2/2

The cumulative requests and recommendations are depicted in the chart below as per various vendor categories since August 2018

Period	Bills/Invoices Requested	Bills/Invoices Recommended
Cumulative	INR 166.08 Cr	INR 137.38 Cr



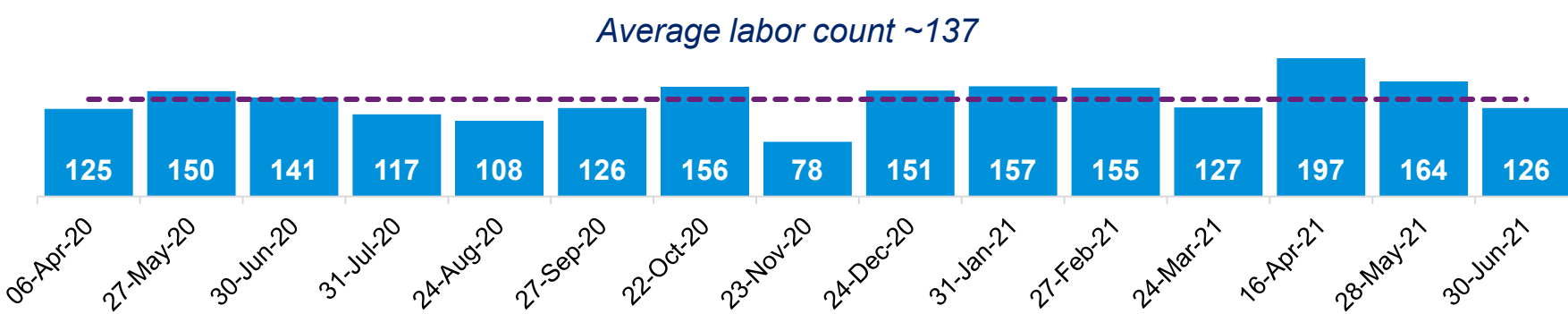
Section 7 - Issues & Escalation

No.	Grade	Heading	Status	Description
1	High	Toll Plaza	Pending	Construction of Admin building & medical Aid Post needs to be started and completed as NHAI is not likely to grant PCOD without completion of these buildings. This has not been included in the work programme shared by CHEL mentioned above. Urgent planning of balance activities and issuing orders for key procurement items are advised. Below are the few item need to be order immediately:- 1.Double Booth cabin, plaza buildings, weigh Bridge all electrical/ electronics work 2.Server, High mast light/signage/safety equipment's 3.Network Recorder, Camera 4.Prefabricated Bio-Toilet 5.ETC Lane
2	High	Construction & COVID-19 Safety	Pending	Ensuring PPEs for labourers as per MHA Guidelines – Facemasks & Hand gloves – besides regular Safety jackets, Helmets & Shoes. Procuring of temperature guns for supervisors to check and record the body temperatures of the mobilized labourers. Compliance with industry HSE norms has been found inadequate for site activities. Any unfortunate incident can cause loss of critical man-days and have a cost impact on the project. There is still near zero inventory of Personal Protective Equipment (PPEs). It was agreed by the Concessionaire during our 29-Jun meeting they will consider hiring two HSE supervisors to monitor compliances. Both need to be actioned upon at the earliest.
3	High	Submissions	In Progress	KPMG had shared a detailed presentation titled 'CHEL Measures for Billing & Governance Improvements' on 23 August 2018 ,April 2020 and in April 2021 including important pre-invoice review documentation and requirements but the same is yet to be met by the Concessionaire.
4	High	COVID-19 Force Majeure	In Progress	The Government of India had imposed a nationwide lockdown in the light of COVID-19 and the event was declared to be covered under force majeure. The contractor has hence applied for EoT and is likely to be considered favorably
5	High	ETC Finalization	Awaited	KPMG shared an ETC for EPC works for the remaining PCOD scope on 03-Nov-20. However, figures related to value of existing liabilities and material inventory is awaited after which a finalized cost break-up can be shared.

Section 8 – Labour Availability at Site



16 PRW gangs are mobilized at site - executing works of RE Wall erection, RCC works in Bridges, Flyover, RoB and VUP. Details of labor availability as inspected on 30-Jun-21 are shown below. The chart alongside depicts the monthly labour headcount since Apr-20.



PRW Vendor	Description	Chainage	Type	30-Jun-2021
Suresh Kumar	Work at Gandak Bridge	km 206	Segment Lunching on P1-P2	5
Jalandhar Ray	Deck Slab Concrete	km 209	ROB	5
Raj Sales	RE Panel Erection & Block, Panel Casting	km 143,157 & 209	RE Wall	16
Parmanand Singh	Bituminous work	km 143-209	DMB Laying	12
Vijay Kumar	Crash barrier work	km 209	ROB	8
Mithlesh Yadav	Segment Casting Yard	km 205	Gandak	12
Shashi Kant Singh	RE Wall Panel Erection	km 157	ROB	0
Deepak Kumar	Box Culvert Work	km 198,197 & 196	Box Culvert	10
Laxuman Rai	Miscellaneous Work	km 158	ROB Approach	7
Md. Abdulla	Pile Cap casting @ Mahi Bridge (COS)	km 183	Major Bridge	7
Md. Abdulla	Floating Slab & Crash barrier	km 157	ROB	11
Dilip Choudhry	Miscellaneous Work	km 158	ROB Approach	6
Pushkar Singh	Miscellaneous Work	Km 143	ROB Approach	4
Jalandhar Ray	Retaining Wall	Km 209	Flyover	6
Shakti Construction	Structure Work PUP	Km 204	PUP	12
Vivek Kumar	Miscellaneous Work	Km 209	ROB Cum Flyover	5

Section 9 – Lab Equipment Status

Purpose	Apparatus / Plant Name	Make	Capacity	Location	Last Calibration	Calibration Due	Remarks
Concrete	Compression Testing Machine	AIMIL	2000 KN	Dighwara Base Camp	03-01-21	29-01-22	
Concrete	Compression Testing Machine	Rajco	2000 KN	VNC Base Camp	16-03-21	15-03-22	
Soil	Proving Ring	Baker	25 KN	Nayagaon Base Camp	19-01-21	18-01-22	
		Asahi	50 KN	Nayagaon Base Camp	19-01-21	18-01-22	
FDD	Sand Pouring Cylinder	-	100 mm	Nayagaon Base Camp	30-06-21	30-09-21	
		-	100 mm	Nayagaon Base Camp	30-06-21	30-09-21	
		-	200 mm	Nayagaon Base Camp	30-06-21	30-09-21	
		-	200 mm	Nayagaon Base Camp	30-06-21	30-09-21	
Soil / GSB	Rapid Moisture Meter	-	-	Nayagaon Base Camp	22-06-21	21-09-21	
		-	-	Nayagaon Base Camp	22-06-21	21-09-21	
Concrete	Batching Plant	Schwing Stetter	30 Cum/h	VNC Base Camp	07-06-21	06-12-21	
			60 Cum/h	Dighwara Base Camp	01-01-21	01-07-21	Calibration expired
Bituminous	Hot Mix Plant	Lintec	240 TPH	Nayagaon Base Camp	01-21-21	20-07-21	
Soil	Proctor Mould	-	100 mm	Nayagaon Base Camp	18-01-20	16-01-22	
Soil	CBR Mould	-	150 mm	Nayagaon Base Camp	18-01-20	16-01-22	
Soil / Sand	Moisture Container	-	-	Nayagaon Base Camp	18-01-20	16-01-22	
Bituminous	Hot Mix Plant	Lintec	240 TPH	Nayagaon Base Camp	22-07-20	20-07-21	
WMM	WMM Plant	Apollo	200 TPH	Nayagaon Base Camp	08-12-20	09-08-21	

Section 10 - Project Photographs

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Previous Km 157 A1 side ROB approach

28-May-21



Current Km 157 A1 side ROB approach

30-June-21



Friction Slab Casting at Km- 208+850 RHS

28-June-21



Kerb Laying at Km-190+520 RHS

02-June-21



Section 10 – Non-Compliance to HSE

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Non-Availability of PPE kit for labor



Heavy vehicle movement without signage

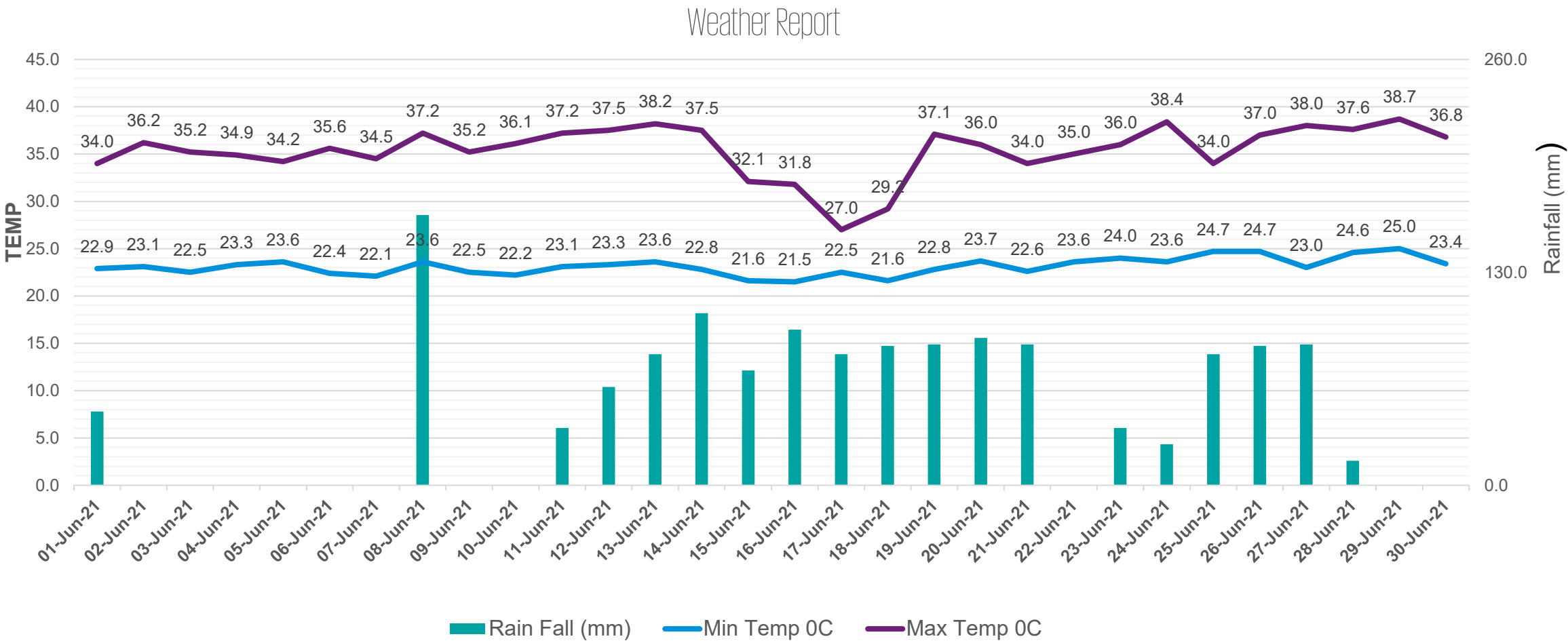




Annexures



Weather Report for June-21





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