



HARYANA REAL ESTATE REGULATORY AUTHORITY, PANCHKULA.

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Extract of the resolution passed by the Haryana Real Estate Regulatory Authority, Panchkula in its meeting held on 28.08.2024.

Item No. 263.32

Submission of Audit Report by M/s Kant Goyal & Associates.

Promoter: Aarcity Builders Pvt. Ltd.

Project: "Regency Park" – group housing colony of an area measuring 8.181 acres situated in village Satrod Khurd, Sector-11 A & 17, Hisar.

Reg. No.: 295 of 2017 dated 13.10.2017, valid up to 31.12.2021.

Temp ID: 841 of 2020.

Present: Mr. Tarun Ranga, Ld. Advocate.

1. Promoter vide letter dated 02.02.2023 had applied for first extension under Sec-6 of the RERD Act, 2016. Subsequently on 15.12.2023, the promoter also applied for continuation of registration u/S-7 (3) for the second year on 15.12.2023. Extension of one year each under Sector-6 and Section 7 (3) of the RERD Act, 2016 upto 30.09.2024 has been granted to Towers B, D & G by the Authority.
2. On 24.01.24, Authority vide item no 239.50 decided that Audit of project be got done from C.A empanelled firm and a public notice in newspapers for inviting objections from general public for grant of permission to continue registration be given. After three months, site be inspected by Ld. CTP. Project be monitored on quarterly basis. Public Notice in newspapers was issued on 20.05.2024. Till date no objections have been received. Also, a Suo-Motu (Monitoring) Complaint No. 717 of 2024 has been generated against the promoter to monitor the project on quarterly basis which is also listed for hearing today, i.e., 28.08.2024.



3. Vide letter dated 21.03.24, M/s Kant Goyal & Associates were appointed to conduct audit of the above said project. The Auditor vide letter dated 11.05.2024 submitted the audit report along with photographs and observed the following:

A) Company is maintaining the following bank accounts:

i. A/c No. 0200102000029148 with IDBI Bank, Sector-63, Noida
(Separate HRERA Bank Account of the project in which 70% of the amount realized from allottee are supposed to be deposited)

ii. A/c No. 0200102000029157 with IDBI Bank, Sector-63, Noida
(Another Bank Account which is being used for collection of allotment amount received from allottees. Out of this bank account a part of money is transferred to HRERA Account & to route out other business transactions including administrative expenses.)

iii. A/c No. 0200102000035796 with IDBI Bank, Sector-63, Noida
(Another Bank Account which is being used for collection of allotment amount received from allottees. Out of this bank account 30% of amount transfer to IDBI Bank A/c No. 0200102000035802 & 70% of amount transfer to IDBI Bank A/c No. 0200102000035811.)

iv. A/c No. 0200102000035802 with IDBI Bank, Sector-63, Noida
(Another Bank Account of the Company in which 30% of the amount realized from the allottee are supposed to be deposited.)

v. A/c No. 0200102000035811 with IDBI Bank, Sector-63, Noida
(Another Bank Account of the Company in which 70% of the amount realized from the allottee are supposed to be deposited.)

B) The Company has collected Rs. 380.58 lacs from allottees during the period from 01.04.2023 to 31.03.2024 in Collection Account & Rs. 10 Lacs in RERA Account, which is verified from bank account maintained by the company. Amount Collected through Arcity Buyer Association during 01.04.23 to 31.03.24 – Rs. 164.94 Lacs. Out of which Rs. 148.68 Lacs has been paid to different vendors for implementation of the project. The Company has spended an amount of Rs. 504.62 Lacs on the project from IDBI Bank Account of the Company. Thus, an amount of Rs.653.30 lacs has been spended on the project which means 117.60% of the amount has been actually spended on the project.

C) Latest Position of construction/development of plots as on date:

Developed Plots – 0

Developed Built-Up – 212

To be Developed Built-Up – 427

D) Site Visit conducted on 30.04.24

The Auditor submitted the following status of development of project as on date:

Tower A, C-1, C-2, E – 75%



Tower B, D, G – Physical possession handover to allottees
Tower F- Construction halted
Tower H – No construction made
Tower EWS – Plan is upto 8th Floor, completed upto 3rd Floor

E) The company has taken long term borrowing (from private institutions/Parties) as on 31.03.23 of Rs. 2954.87 lacs against previous year of Rs. 2679.97 lacs, which shows that Company has large borrowing vis a vis the Net Worth of the Company. It is told by the promoter that these loans are interest free. However, no confirmation from the respective lender produced to the Auditor in support of the contention that the loan amounts are interest free.

F) The profitability position of the Company is weak due to inordinate delay in implementation of the project resulting escalation in capital & operating cost of the project.

G.) The Company has not produced any provisional balance sheet as on 31.03.24, quarterly chartered Engineer Certificate for the year 2021-2022 to 2023-2024 despite request.

H) Total amount of Rs.59,51,429/- as on 31.03.24 to creditors/payables is outstanding. So, the company has to arrange/induct further unsecured loans or capital to repay the above current liabilities.

I) Various allottees has lodged complaint against the promoter for delay in delivery possession and on other issues which are pending before the Authority at different stages of adjudication. All the cases will definitely put some financial burden on the Company, the quantum of which is uncertain at this stage.

4. It is pertinent to state that-
- i. Suo-Motu Complaint No. 1649 of 2023 is pending against the Promoter in which the Promoter has been directed to apply registration of the entire area of 12.081 acres, which was last listed for hearing on 05.06.2024.
 - ii. Suo-Motu Complaint No. 221 of 2024 is also pending against the Promoter for not applying for extension in time which is also listed for hearing on 28.08.2024.
 - iii. QPRs have been filed upto December 2022.
 - iv. Auditor in its report also mentioned that the Promoter has not provided the following documents:
 - a. Quarterly Chartered Engineer Certificate for the year 2021-2022 to 2023-2024.
 - b. Quarterly Chartered Accountant Certificate for the quarter ending on 31.03.2024.
 - c. Detail of calculation of Delay/Penalty/Interest payable to different allottees, flat wise, year wise up to date and amount paid up to 31.03.2024 and payable as on 31.03.2024.
 - d. Copy of MOU reached between Builder Company and Hisar Real Estate Pvt Ltd (HREPL) in complete executed time to time.
 - e. Copy of Court Cases pending in different Jurisdictional Court and HRERA, Panchkula



f. Copy of Forensic Audit Report conducted in previous year.

5. The Authority in its meeting on 05.06.2024 observed that many deficiencies have been pointed out by the CA firm appointed to conduct the audit of project. Hence, Authority decided that a copy of auditor report be sent to promoter for comments. Reply be submitted two weeks before the next date of hearing. CA firm be also informed to be present online on next date of hearing.

In view of above, audit report has been sent to the promoter vide email dated 26.06.2024 and the CA firm has also been informed via email and telephonically to present online on 28.08.2024 to discuss the Audit Report.

6. Vide Reply dated 21.08.2024, promoter has submitted the following:

- i. In Suo-Motu Complaint No. 1649 of 2023 regarding registration of entire area of 12.081 acres, the Authority has directed to apply for entire area of 12.081 acres. The Promoter has submitted Rs. 76,130/- via Demand Draft dated 04.06.2024.
- ii. Suo-Motu Complaint No. 221 of 2024 for not applying extension within specified time is pending for adjudication of the Authority.
- iii. QPRs have been filed upto June 2023. QPRs could not be uploaded on online portal as the Promoter does not have Login ID and Password.
- iv. Regarding observation of the Auditor that the Promoter is not providing documents to the Auditor is wrong. Documents were duly provided by the Applicant Company. Details of the same are provided.
- v. Auditor in Para 3 of the report –
From 01.04.2021 to 31.03.2022
Percentage of amount expended over collected – 569.20 Lacs (93.96%)
Amount to be spended on Project 70% (surplus) – 424.07 Lacs (Surplus by 145.13)
From 01.04.2022 to 31.03.2023
Percentage of amount spended over collected – 1105.58 Lacs (104.15%)
Amount to be spended on Project 70% (surplus) – 743.09 Lacs (Surplus by 362.49)
From 01.04.2023 to 31.03.2024
Percentage of amount spended over collected – 653.30 Lacs (117.7%)
Amount to be spended on Project 70% (surplus) – 388.86 Lacs (Surplus by 264.44)
- vi. The Promoter requested to allow 2nd extension of the project as it is severely affecting the pace of construction due to non – disbursement of payments from banks.



7. It is pertinent to state that in Suo-Motu Complaint No. 221 of 2024 which is pending against the Promoter for not applying for extension in time, the Authority imposed penalty of Rs. 5 Lacs on 05.06.2024, which has not been deposited by the Promoter till date. Also, in In Suo-Motu Complaint No. 1649 of 2023 regarding registration of entire area of 12.081 acres, the Authority has directed to apply for entire area of 12.081 acres. The Promoter has merely submitted Rs. 76,130/- via Demand Draft dated 04.06.2024 without commutation of fee.

8. Ld. CTP stated that LC report has been submitted on 27.08.2024. Hence, Authority decided report be examined and put up in next meeting. Fee payable by promoter may also be worked out and communicated to promoter with the directions to deposit it before next date of meeting.

9. Adjourned to 06.11.2024.



True copy

Executive Director,
HRERA, Panchkula

17/9/24

A copy of the above is forwarded to CTP, HRERA Panchkula, for information and taking further action in the matter.

LA (Kakul)