



**HARERA
GURUGRAM**

HARYANA REAL ESTATE REGULATORY AUTHORITY GURUGRAM
हरियाणा भूसंपदा विनियामक प्राधिकरण गुरुग्राम-

New PWD Rest House, Civil Lines, Gurugram, Haryana

नया पी.डब्ल्यू.डी. विश्राम गृह सिविल लाईंस गुरुग्राम हरियाणा

ARETE PHASE-I (Suo-Motu)				
S. No.	Particulars	Details		
1.	Name of the project	Arete Phase-1		
2.	Nature of project	Group Housing		
3.	Location of the project	Sector -33, Village Dhunela, Sohna, Dist. Gurugram, Haryana		
4.	Name of the promotor	Promoter-I (Land Owners) M/s International Land Developers Private Limited and other. Promoter-II (Collaborator) M/s International Land Developers Private Limited		
5.	Subject	Hearing of stalled project		
7.	Legal capacity	Collaborator		
8.	Licensee	M/s International Land Developers Private Limited and other.		
10.	Registration No.	06 of 2019		
11.	Validity of Registration Certificate	Valid From 08.02.2019	Valid Up to 02.01.2023 (Including six months of Covid-19)	
13.	License no.	44 of 2013 dated 04.06.2013	Valid/renewed up to	03.06.2019
14.	Total license area	11.6125 Acres	Area registered	8.79 Acres
			Area un-registered	2.8225 Acres
15.	Authorized Signatory/ Legal Representatives	Mr. Salman Akbar		
16.	Date of commencement of the project	30.03.2015		
18.	Present stage of completion (%)	In terms of physical progress 15-20% work completed.		
22.	Details of units (Type/ Size)	Tower-T1 to T6 Units- 556 EWS- 126 Convenient Shopping-1 Community Building-1 Sold units-274 (Out of which 196 units are part of Tower A to D) Unsold Units- 282		

An Authority constituted under section 20 the Real Estate (Regulation and Development) Act, 2016

Act No. 16 of 2016 Passed by the Parliament

भू-संपदा (विनियमन और विकास) अधिनियम, 2016 की धारा 20 के अंतर्गत गठित प्राधिकरण

भारत की संसद द्वारा पारित 2016 का अधिनियम संख्यांक 16



Brief History of the Project

A complaint vide CR. No. 4280 of 2022 has been filed by the Arete Flat Buyers Association on 10.6.2022. It is alleged that more than 8 years have passed since the launch of the project and the project is only about 10 to 15 % complete. No work is going on in the project for about three years. The project has been completely abandoned by the builder. The project was launched in the year 2013, the registration with the RERA was applied on 10.01.2019 which was much beyond the stipulated period of three months from coming into force of RERA Act, 2016 allowed for registration of the ongoing projects.

Sh. Alimuddin, Director of the promoter company was given an opportunity of hearing in response to the show cause notice dated 22.08.2022 and also to furnish his explanation as why the information sought by the authority vide notice ibid has not been supplied. He was having no satisfactory answer for not submitting the requisite information as detailed out in para 12 (a to r) of the show cause notice. The authority has observed it very seriously and exercising the powers under section 63 of the Act, 2016 hereby decides to issue a show cause notice as why penalty of Rs. 50,000/-per day be not imposed on him during the period of default continued for submitting the information i.e. 22nd of September, 2022 the time period permitted by the authority to submit requisite information which may cumulative up to 5% of the cost of the project as determined by the authority. The promoter is further directed to submit the information within a week from today i.e. 28.9.2022 and in case he further defaults the liability to a penalty for every day of default may further be enhanced by the authority. The promoter had submit the details of sold and unsold units and area allocated to collaborators along with name, address and contact details of the allottee vide dated 13.10.2022. Hence a penalty of Rs. 7 lakh (for 14 days) may be imposed upon the promoter. A show cause notice has been issued in this regard.

Due to lack of complete information the proceedings seems to have been paralyzed by the promoter by not furnishing the information and the authority further decides to order forensic audit of the account of the project wherein at least the following information shall be called out by the forensic auditor in addition to other irregularities which may come to his knowledge during forensic audit. The details of information submitted by the forensic auditor are as under:-

- i) Details of the units sold by the promoter along with address and mobile number of the allottees is to be obtained by the forensic auditor on behalf of the authority.

Status: Details of unit sold by the promoter is provided as under:-



Tower	Sold		Unsold		Collaborator		Total	
	Units	Area	Units	Area	Units	Area	Units	Area
A	58	105892	21	42980	25	47410	104	196282
B	62	115997	14	27489	20	38170	96	181656
C	57	75645	10	14975	18	24965	85	115585
D	51	69720	7	10640	14	18300	72	98660
E	45	58575	41	56910	18	24775	104	140260
F	35	45475	42	59755	18	23450	95	128680
Total	308	471304	135	212749	113	177070	556	861123
G	7	9075	63	86835	18	23550	88	119460
H	0	0	62	85710	10	12950	72	98660
Total	315	480379	260	385294	141	213570	716	1079243

ii) Total amount to be collected from the allottees,

Status: Rs. 109.02 crore (From all towers)

iii) The amount collected in respect of the units allottee-wise and how the same was utilized.

Status: Rs. 113.25 crore (From all towers). The same was utilized as under:-

Particular	Amount	Amount
Source of Fund		2,582,622,576
Received from Home Buyers	1,13,25,33,318	
Secured Loan	1,00,00,00,000	
Capital	35,77,54,000	
Other unsecured loan and Creditors	10,19,38,968	
Application of Funds		2,582,622,576
Land Cost	23,74,72,755	
Conversion Charges	60,91,596	
EDC Charges	4,51,00,000	
IDC Charges	3,87,65,000	



License Fee and Other Charges	2,49,05,784	
Construction Cost (Supporting documents of Rs. 6.45 crore)	74,02,82,752	
Finance Cost	82,18,56,718	
Administrative Expenses	35,00,65,912	
Repayment of Secured Loan	32,76,85,769	

Construction and statutory approval expenditure supposed to be done from RERA account (60,91,596+4,51,00,000+3,87,65,000+2,49,05,784+74,02,82,752) total of Rs. 85.51 crore and also incurred 23.75 crore towards land cost. Total amount of Rs 109 crore against net receivable of Rs. 105 crore. In addition to this the promoter had incurred 82.18 core and administrative expenses 35 crore has been incurred. Further the forensic auditor did not point out any diversion of funds.

iv) Total amount due of each unit allottee wise,

Status: Rs. 222.27 crore (From all towers). Details of total amount due, received and outstanding is as under:-

Particular	Amount
Total Amount Due from Home Buyers (315 Units)	222,27,22,027
Less: Amount not received	109,01,88,709
Total Amount Receivable from Home Buyers	113,25,33,318
Less: Amount Adjusted Against Loan and Payables	7,80,41,500
Net Amount Received	105,44,91,818
Net Amount Standing in Books	104,00,86,305
Difference	* 1,44,05,513

*Note: Rs. 1,44,05,513 received from home buyers is not reconciled by the company.

v) Details of the unsold units whether there is any charge or mortgage on the unsold unit.

Status: Total 260 units has been unsold (Tower A to E 135 units and Tower G and H 125 units). There is charge against the project of Rs. 67.23 crore as on date.

vi) Details of all charges of mortgage, loan and receivable.

Status: As per financial statement for the financial year 2019-20 the promoter had availed the secured loan of Rs. 100 crore with 14.5% coupon rate from Piramal Enterprise Limited. First ranking exclusive charge by way of hypothecation on the receivable of the project, escrow of receivable of inventory of the project, existing bank accounts, first ranking charge by way of hypothecation of overall assets of the company,



exclusive pledge of 100% equity shares of the company, further secured by way of corporate guarantee of ALM housing and construction company Pvt. Ltd. personal guarantee of Salman Akbar Jalaludin and Mrs. Nuzut Alim. Outstanding loan of Rs. 67.23 crore is pending as on date as per forensic audit report.

vii) Due diligence about the project.

Status: As per the resolution plan submitted by the company, the Tower A,B,C and D are 40% completed. Therefore, towers A, B, C and D may be completed first and then allottees of the Tower E,F,G,H be sifted to tower A,B,C and D. Details of units required and available are as under:-

Particulars	No of Units
Total Unsold Units of Towers A,B,C,D	52
Total Unit Sold of Towers E,F,G,H	87
Excess Units Required	35
Units allotted to Collaborators in Towers A,B,C and D	77

Therefore, if Towers A,B,C and D completed first then total 52 units will be available to allot to the allottees of Tower E,F,G and H. Whereas the total number of allottees of tower E,F,G, and H are 87 units, which is excess by 35 Units. Therefore, if Tower A,B,C, and D only completed then units cannot be allotted to all the allottees of tower E,F,G,H. However, if 35 collaborators agreed to shift from tower A,B,C,D to tower E,,F,G,H then this plan may work. But as per the Resolution Plan submitted by the developer, nothing has been mentioned for the shifting of 35 unit allotted under collaboration from the tower A,B,C,D to E,F,G,H or any substitute agreement with collaborator in this regards.

viii) Details of statutory dues payable to the DTCP in respect of the EDC, license fees or any other dues.

Status: EDC charges of Rs. 28.70 crore is outstanding and License fees of Rs. 30.58 Lakh is outstanding with DTCP.

ix) Details of cost of construction incurred so far for which details will be provided by the promoter and obtained by the forensic auditor.

Status: Cost of Construction expenses incurred as on date as per forensic auditor report is Rs. 74.02 crore and Rs. 175 crore of construction expenditure to be incurred on the project.

x) Cost to be incurred for completing the balance work for obtaining occupation certificate for towers A to D. feasibility of transferring of units to the allottees in tower E & F (78 units) as informed.



Status: As per developer the estimated construction cost for the tower A to D is Rs. 76 crore and the total fund required to complete the tower A to D is Rs. 109.8 crore.

- xi) Total liability of the creditors on this project. Viability of project keeping in view the financial in-flow and out-flow from the project.

Status: Total creditors and unsecured loan of Rs. 10.19 crore is outstanding. Financial viability of the project submitted by the promoter is provided as under:-

Fund Requirement		
Sr. No.	Particulars	Amount 'in crore
1	Construction cost for Tower A to D	76.00
2	Approval/Renewal Cost	3.00
3	EDC	23.52
4	Other Project Related Expense	5.00
5	Contingency @ 3%	2.28
	Total Payout	151.80
Source of Fund		
1	Collection from Unsold Inventory*	68.75
2	(90% of Total Receivable	70.50
3	From Investment	70.50
4	EDC Share from Collaborator	14.00
	Total Inflow	153.25
	Excess/(Deficit)	-1.45

Total Amount receivable from sold units:-

Amount to be collected from sold Inventory	109.01
(90% of total receivable)	98.10
Collaborator share of 35 units	29.35
Balance	68.75

- xii) Chain of shareholders and directors since inception.

Status: Shareholding pattern is provided as under:-

Equity shares with voting rights	Shares (In Mn)	% holding
Mr. Alimuddin	13.34	6.42%
ALM Infotech City Private Limited	100.00	48.13%
Jubilant Malls Private Limited	89.16	42.92%
Others	5.25	2.53%
Preference shares with no voting rights		



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Jubilant Malls Private Limited	150.00	100%

xiii) Comments of last three years audited balance sheet of the company and stand alone project.

Status: Audit of Balance Sheet: Statutory audit for the F.Y. 2020-21 and 2021-22 not yet conducted.

Miscellaneous Points

1. ESCROW Account: The company is not following the provision guidelines related maintaining escrow account under section 4(2)(I)(d) of the Real Estate (Regulation and Development) Act, 2016. The Company has declared account No. 57500000254237, IFSC code HDFC0000280, MICR Code 110240037, Branch Code 0280 as escrow account but no transaction made in this account during the period.
2. QPR Report: Under section 11 read with rule 14, the company is required to file quarterly progress report for each quarter for the progress report of the project along with the certificate of Architecture, Engineer, and Chartered Accountant. However, the company is not filing quarterly progress report (QPR-I) since it registration.
3. Interest paid on Loan: Total amount of Rs.69,18,16,870/- paid for secured loan and Rs. 10,79,64,135 paid for unsecured loan for the period 2013-2020.
4. Supporting Documents: Supporting documents related to total amount of Rs. 41,46,27,016/- related to construction cost has not been produced by the company.

Resolution Plan submitted by the developer is as follows:-

- I. Allowing the promoter to develop a residential group housing colony on the project land of license no. 44 of 2013 has a total area of 11.61 acres into two phases Tower A to D in phase-I and Tower E to H in phase-II and De-registration of Tower E & F (Tower 5 & 6) from the RERA registration no. 6 of 2019. and allow to sell part FSI(Towers 5,6,7&8) of license no. 44 of 2013.
- II. Allow the promoter for addition/alteration in the sanctioned plans, viz., layout plans, Building Plans, zoning plan, grant of additional license and migration of license, etc and/or monetization of the abandoned projects through the sale of FSI. It is envisaged that significant and much-needed funds can be generated by the company through monetization of the FSI on the balance land, and such funds are fundamental to the completion of these projects and settlement of various stakeholders;
- III. Allow the promoter for migration of license and change in the developer; assignment of joint development rights and/or marketing rights etc. in a license granted projects;



- IV. Directions seeking a moratorium, including on enforcement of any security interest by any creditor, refund to allottees, or on any actions by any stakeholder that would hinder the smooth implementation of this resolution plan.
- V. The authority shall waive all past non-compliances, penalties, and fines applicable to Act and its regulation. The authority to kindly consider providing moratorium from all litigations pending at different levels and provide a waiver from dues, interest, and penalty on such litigations and the adjudicating authority shall pass an order to that effect.
- VI. No further claims or enhancement of claims, by the Allottees, to be considered after the approval of the Resolution Plan. The concerned authority/courts should provide opportunity to the company to implement the resolution plan and provide a moratorium from any litigations for enhancement of claims and the adjudicating authority shall pass an order to that effect.
- VII. Help in garnering support from home buyers to provide the consent for waiving off the delayed delivery-related interest with the condition that the same is waived off if the project is delivered within the new committed time other delayed payment charges would be applied according to the original BBA executed between the buyers and developer.
- VIII. Appoint a financial expert or employees of HARERA as a commissioner monitoring for monitoring the completion of the project as per the schedule submitted by the promoter and also to monitor compliance under various provisions of the Real Estate (Regulation and Development) Act, 2016 and the Rules and Regulations made thereunder. The financial expert would be jointly or singly authorized for the operation of the bank account of the project.
- IX. Grant an extension of U/s 6 for one year and a new application u/s 7(3) would be made after the renewal of the license and other necessary approvals.
- X. The criticality of the above directions is further elaborated in this resolution plan. The company humbly submits to the Hon'ble authority that unless these directions are granted as sought, a holistic resolution of the real estate project in terms of this resolution plan will not be feasible and the only remedy for various stakeholders of the company may then possibly lie under the Insolvency and Bankruptcy Code (IBC). In such a case, the company fears that there may be further value erosion, delay in completion and delivery of units to various Homebuyers, and in case no resolution applicant is found to be able to undertake the resolution of the company, the company may be pushed to liquidation. In this regard, it is the company's submission that currently the company has a significant negative net value of the project and may not be able to attract a resolution/ settlement under the IBC. A process under the IBC also has significant limitations and time consuming activity.



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PROCEEDINGS OF THE DAY

Day and Date	Tuesday and 15.11.2022
Suo Motu Complaint No.	4280 of 2022
Complainant	Arete Phase-1, Home Buyer Associated
Represented through	Suresh Sareen President
Respondent	International Land and Developers Pvt. Ltd.
Respondent Represented through	
Proceeding Recorded by	Naresh Kumar

Proceedings dated: 15.11.2022

Mr. Naresh Kumar, Chartered Accountant briefed about the facts of the project.

Mr. Suresh Sareen (President), Sh. Bhupinder Pratap Singh (Advocate) and other members of governing body are present on behalf of home buyer association. Sh. Bhupender Pratap Singh Advocate has submitted power of attorney and resolution of the Association to appear on their behalf.

Sh. Salman Akbar (Director) on behalf of the promoter is present in the meeting.

Sh. Anil Sharma, on behalf of Forensic Auditor appointed by the Authority has submitted his report and a copy of which may be obtained by the complainant association as well as respondent promoter from the registry of the Authority. As per the report of the forensic auditor, evidences of expenses/withdrawals of Rs. 41.46 crore are unexplained and respondent is hereby directed to provide the relevant details to the forensic auditors in next 10 days.

Counsel for the complainants states that the promoter has failed to honour the commitments made to the allottees in all respects and reiterates the prayer made in the complaint for revocation of the registration of the project, the license for which already stand lapsed as on 03.06.2019. The association through the counsel states that they are ready to take up the project if the same is handed over to them in due process as per section 8 of the RERA Act, 2016. The complainant association seeks 4 weeks time for obtaining the requisite mandate of majority of the allottees for taking up the project as per the above provisions of the RERA Act, 2016.

The matter to come up on 21.12.2022.

(Sanjeev Kumar Arora)
Member, HARERA,
Gurugram

(Ashok Sangwan)
Member, HARERA,
Gurugram

(Vijay Kumar Goyal)
Member, HARERA,
Gurugram



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