



Uttar Pradesh Real Estate Regulatory Authority

Press Release

11th February 2021

U.P. RERA takes strict action against 3 projects of Ansal API (Sushant Golf City, Lucknow) out of which 2 have been deregistered

Uttar Pradesh Real Estate Regulatory Authority in its 56th meeting held under the chairmanship of Hon'ble Chairman Shri Rajive Kumar on 5th February 2021 after due deliberations has vide its order on 10th February 2021 deregistered two projects i.e. 'Ansal API, Pocket-2, Sector-P, Sushant Golf City, Lucknow' and 'Ansal API, Pocket-2, Sector-J, Sushant Golf City, Lucknow' under Section 7 of the RERA Act with the U.P. RERA registration number UPRERAPRJ7122 and UPRERAPRJ9594 respectively. The Authority also instructed the promoter to complete any remaining development work of the project, 'Ansal API, Pocket-3, Sector-A, Sushant Golf City, Lucknow' with the U.P. RERA registration number UPRERAPRJ10009 and upload the completion certificate by 20th March'21 on the website of U.P. RERA.

For the two deregistered projects, the process after deregistration will commence in consultation with the State Government. The decision has been taken after the promoter could not provide a satisfactory response to the deregistration notices before the Authority. RERA has found that in the project there have been severe financial irregularities, diversion & siphoning of funds amounting to Rs. 606 cr which was diverted from the project for other purposes. A large number of complaints have been made by the allottees of the projects registered by the promoter with the authority, including non-possession of the units, non-refund of the amount deposited by the allottees, violating the terms and conditions of the sales contract/allotment letter.

In the case of the project Ansal API, Pocket-3, Sector-A, Sushant Golf City, the promoter has been ordered to deposit a sum of Rs. 9.4 crores in a separate account of the project in respect of the funds received from the allottees within three months to complete the other projects registered with the Authority. The promoter has also been charged with a penalty of Rs. 161.65 Lacs, which is 5% of the total cost of the project in violation of Section 4, 11, and 14 of the RERA Act, read with Section 38 and 61.

Hon'ble Chairman of U.P. RERA, Mr. Rajive Kumar said, "Deregistration order was served based upon the information collected, site inspections made, complaints registered in RERA and non-compliance of the provision of RERA Act. While the Authority had already given strict warnings, this decision was taken after we gave them ample amount of time to respond after repeated notices were issued to them. This step should be seen as a warning to others".

When a forensic auditor, M/s Currie & Brown, audited the 3 projects it was discovered that there were breaches of RERA compliance by the developer in managing escrow accounts and the half-yearly project account audit. The developer should have developed and delivered the project phase-wise contrary to which the developer expanded hugely which resulted in mismanagement of resources & funds. Currently, a large parcel of land in phase-1 and phase-2 is mortgaged to various banks through the process of equitable mortgage. Repayment of the availed loan has posed a challenge in project completion. In few loan agreements, the developer has not only mortgaged the project land but hypothecated the project receivables. This has eventually led to mismanagement of the escrow accounts as per RERA guidelines. The Auditor also found out that there was surplus money in the project, which should have been utilized towards project completion.

The complainants during the hearing have made serious allegations of mismanagement by the promoter. Some of the common allegations made by the complainants against the promoter are as follows:-

- 1- The promoter has not followed the timeline to complete the project. The time to complete the projects and hand over possession of the unit to allottees has been over already.
- 2- The promoter has given a very unreasonable completion date in RERA, in some cases still 4 to 5 years away and in some furthermore.
- 3- There is no work going on in the project and hence they cannot trust the promoter to complete the project even by the revised timeline given by the promoter in RERA.
- 4- The management does not respond to their queries about the status of the project or give a convincing action plan to complete the project or to pay them to delay penalties or to refund the money deposited by them.
- 5- In certain cases, the promoter does not have the project land. He made allotment to them without having the required land and thus gross negligence on them.
- 6- The promoter has not started the construction in the project besides having taken a sizable amount against the cost price of the unit from them years back. The promoter had stated it in the agreement for sale that he had the acquired land and necessary approvals from the competent authority.
- 7- The promoter has diverted the money received from them to other activities. Many of them have alleged that the promoter has siphoned off the project money to some other destinations.
- 8- Many of the complainants alleged that they have invested their hard-earned money in the project in the hope of a roof on their heads, that they are paying massive amounts against the EMI and house rent. Now they have neither money nor the house and want their hard-earned money back with interest.
- 9- A relatively large number of complainants have labeled very serious charges of mismanagement of the project and financial irregularities by the promoter.
- 10- Some of the complainants/allottees are ready to wait for possession but want a firm commitment from the promoter for possession within a reasonable time and payment of delay penalty.

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