

**THE RAJASTHAN REAL ESTATE REGULATORY AUTHORITY,
JAIPUR**

Suo Moto

Versus

GRJ Distributors and Developers Pvt. Ltd.	...Respondent-Promoter
Utkrishtha Insolvency Professionals Pvt. Ltd.	...Respondent-Resolution Professional
Ajay Singal	...Respondent-Ex-Director, Avalon Royal Park
M/s Invent Assets Securitisation and Reconstruction Pvt. Ltd.	...Respondent-Financial Institution

File No. F.3(151)RJ/RERA/C/2017

Present

Smt. Veenu Gupta, Hon'ble Chairperson

- (1) Adv Mohit Khandelwal, on behalf of the applicant Association
- (2) Adv Harshal Tholia and Adv Disha Bohra, on behalf of the respondent promoter and Shri Ajay Singal, Ex-Director of the Project
- (3) Adv Ekta Choudhary, on behalf of the Resolution Professional
- (4) Shri Ajay Tyagi, on behalf of the Invent Asset

Date of Order: 08.06.2026

ORDER

1. The present application has been filed by the counsel for the complainant, namely Avalon Royal Park Homebuyers' Association (hereinafter referred to as "the Applicant Association"), seeking issuance of directions for conducting a forensic audit in respect of the project "Avalon Royal Park" (hereinafter referred to as "the Project"). The application has been filed during the pendency of suo motu



proceedings already initiated by this Authority against the Respondent Promoter.

2. The counsel for the Applicant Association has invoked the jurisdiction of this Authority under the provisions of the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred to as "the Act, 2016") seeking forensic examination of the accounts of the Project on the ground of alleged diversion and siphoning of funds collected from the allottees.

3. The brief facts of the case are that the Project "Avalon Royal Park" is situated at Khasra Nos. 471, 472, 473, 474, 483, 484, 485, 486, 631/487, 492, 493, 627/494, 630/487, Village Saidpur, Alwar Bypass Road, Sector-14, Bhiwadi, District Alwar, Rajasthan. The Project was commenced in the year 2013 and was registered under the Act with Registration No. RAJ/P/2017/068. The Promoter had assured completion by the year 2020. However, the Project remained incomplete despite expiry of the stipulated timelines, resulting in grievances being raised by several allottees of the Project.

4. It is pertinent to note that, in connection with the proceedings, being carried out under Section 8 of the Act, 2016, concerning the Project, the Applicant Association submitted a representation dated



17.07.2023 and brought to the notice of this Authority various grievances relating to the stalled status of the Project, delay in completion, alleged discrepancies in project disclosures, utilisation of project funds and creation of encumbrances over project assets. The Applicant Association, representing a substantial number of allottees of the Project, thereafter continues to participate in the proceedings and place material on record concerning the affairs and status of the Project.

5. In the aforesaid background, the counsel for the Applicant Association has filed various applications dated 15.12.2023, 27.01.2025 and 25.06.2025 seeking conduct of a forensic audit in respect of the Project on, inter alia, the following grounds:—

That as per the additional affidavit filed by the Promoter, an amount of ₹281,48,74,629/- was received from the allottees and despite receipt of approximately 90% of the sale consideration between the years 2012 and 2016, the Project has remained incomplete and the funds collected were allegedly not utilized for the stated purpose.

- That as per the estimate furnished by the Structural Engineer, the total completion cost of the Project is approximately ₹270 crores, whereas in Form R-3, the Promoter has claimed expenditure of



₹211 crores towards development cost and approximately ₹90 crores towards land acquisition, despite which the Project allegedly remains incomplete and in a dilapidated condition.

- That the figures reflected in Forms R-2 and R-3 are unreliable and disproportionate to the physical progress at site, thereby necessitating an independent forensic audit to ascertain whether diversion or siphoning of project funds has taken place, and that institutional loans obtained for the Project were also not properly utilized.



6. In response, the counsel for the promoter Company, i.e., GRJ Distributors and Developers Pvt. Ltd., has filed a reply opposing the said application. He submitted that the total estimated cost of the Project at the time of registration was ₹400 crores, comprising ₹130 crores towards land acquisition and ₹270 crores towards development and construction. It is contended that expenditure to the tune of ₹302.45 crores has already been incurred and that there has been no diversion of funds.

7. The promoter has attributed delay in completion to circumstances beyond its control, including demonetization, GST transition, liquidity crisis in NBFCs, scarcity of construction material due to judicial

restrictions on mining, and the COVID-19 pandemic. It is submitted that such events severely impacted cash flows and construction activity.

8. It is further submitted that the project registration expired on 30.12.2022; the application for extension was rejected due to the fact that the promoter himself had expressed inability to complete the Project due to scarcity of funds; and proceedings under Section 8 of the Act, 2016 were initiated by this Authority for takeover of the balance development work. He further stated that during the pendency of the present application, Corporate Insolvency Resolution Process (hereinafter referred to as CIRP) has been initiated against the Corporate Debtor, namely M/s GRJ Distributors and Developers Pvt. Ltd., by order dated 29.09.2025 passed by the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC"), and that a statutory moratorium under Section 14 of the IBC is presently in force.

9. During the pendency of the proceedings under the Insolvency and Bankruptcy Code before the National Company Law Tribunal (hereinafter referred to as NCLT), a Resolution Professional (hereinafter referred to as 'RP') was appointed, and the said RP has been impleaded as a party in the present matter before this Authority.



10. The RP as well as Invent Assets Securitisation and Reconstruction Private Limited (the financial institution who has stepped in to the shoes of ECL, the erstwhile lending institution) have filed separate replies opposing the present application. Both the respondents have contended that pursuant to initiation of CIRP against the Corporate Debtor by the Hon'ble NCLT, a moratorium under Section 14 of the IBC is presently in operation and, therefore, no fresh proceedings can be instituted or continued against the Corporate Debtor before this Authority. It has been submitted that upon commencement of CIRP, all matters concerning the affairs of the Corporate Debtor are required to be addressed exclusively within the insolvency framework before the RP and the Hon'ble NCLT.

11. Reliance has further been placed upon Section 238 of the IBC to contend that the provisions of the Code would prevail over any inconsistent provisions contained in other laws, including the Act, 2016. In support thereof, reliance has also been placed upon the judgment of the Hon'ble Supreme Court in Pioneer Urban Land and Infrastructure Ltd. v. Union of India to submit that although the Act, 2016 and the IBC may coexist, in the event of any conflict or inconsistency, the provisions of the IBC would override the Act, 2016 and all stakeholders are required to pursue their claims within the insolvency resolution process.



12. The RP has further submitted that in the 3rd meeting of the Committee of Creditors (CoC), it has already been resolved to conduct a forensic audit in terms of Regulation 35A of the CIRP Regulations for examination of preferential, undervalued, extortionate, or fraudulent transactions falling under Sections 43, 45, 50 and 66 of the IBC. It has accordingly been contended that any parallel exercise before this Authority would be unnecessary during the subsistence of CIRP proceedings.

13. In addition thereto, Invent Assets Securitisation and Reconstruction Private Limited has contended that the present proceedings are misconceived, legally untenable, and liable to be kept in abeyance during the continuation of CIRP. It has further been submitted that the present application is vague, based on assumptions and presumptions without specific pleadings, and liable to be dismissed for want of locus on the part of the Applicant Association. The said respondent has also contended that the proceedings have been initiated belatedly, inasmuch as the original RERA proceedings commenced in the year 2017 whereas the present application seeking forensic audit has been filed only in the year 2023, and therefore the same constitutes an afterthought intended to mislead the Authority.



14. A separate reply has also been filed by Shri Ajay Singal, Ex-Director of the Project. It is pertinent to note that Shri Ajay Singal was impleaded as a party respondent in the present proceedings vide order dated 19.02.2026 passed by this Authority, wherein this Authority found his presence necessary for effective adjudication in view of the allegations concerning diversion and utilisation of project funds and management of the Project. The said order of impleadment has also been upheld by the Hon'ble Rajasthan REAT vide order dated 28.04.2026. Pursuant thereto, Shri Ajay Singal entered appearance and filed his reply contending that the present application for forensic audit is not maintainable in view of the CIRP proceedings and the moratorium under Section 14 of the IBC. It has further been submitted that after initiation of CIRP, control and management of the Corporate Debtor vested exclusively with the RP and that no material has been placed on record to establish siphoning of funds. He has attributed the delay in completion of the Project to adverse market conditions in Bhiwadi, land and regulatory disputes, and the impact of COVID-19, contending that the same cannot, by itself, be equated with fraud or financial irregularity.

15. The reply further disputes the financial calculations relied upon by the Applicant Association and contends that the figures stated therein



have been incorrectly interpreted. It has been submitted that the total project cost was approximately ₹400 crores, including land and development rights cost, and that payments made towards landowners under the escrow arrangement cannot be treated as siphoning of funds. Shri Ajay Singal has accordingly prayed for dismissal of the present application and opposed initiation of any forensic proceedings against the promoter company or its erstwhile directors.

16. Having heard the parties and perused the material placed on record, the following issues arise for consideration:

16.1 Whether this Authority is empowered to direct a forensic audit during the subsistence of moratorium under Section 14 of the IBC?

The issue arising for consideration in the present proceedings is whether this Authority, in exercise of its independent statutory and regulatory jurisdiction under Sections 35 and 37 of the Act, 2016, can direct a limited forensic examination of project accounts for examining compliance with obligations cast under the Act when the IBC proceedings are in place.

It is well settled that once a moratorium under Section 14 of the IBC comes into operation, proceedings which are coercive in nature or which seek recovery, execution, enforcement of security



interest, transfer of assets or adjudication of claims against the Corporate Debtor ordinarily cannot be permitted to continue. The object of the moratorium is to preserve the assets of the Corporate Debtor and ensure that the CIRP proceeds in an orderly manner under the supervision of the Hon'ble NCLT.

Furthermore, Section 238 of the IBC states that the provisions of the IBC shall prevail over any inconsistent provision contained in any other law, including the RERA Act, 2016, to the extent of such inconsistency. At the same time, Section 89 of the RERA Act, 2016 also provides that the provisions of the Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force. Thus, both enactments contain overriding clauses and operate in their respective spheres. The harmonious construction adopted by judicial precedents, therefore, requires that the provisions of the two enactments be construed in a manner that preserves the insolvency resolution framework under the IBC while simultaneously permitting the RERA to discharge its statutory and regulatory obligations under the Act, 2016 to the extent the same do not directly conflict with or frustrate the CIRP proceedings.



Accordingly, this Authority finds merit in the distinction sought to be drawn on behalf of the Applicant Association between the forensic audit contemplated during CIRP proceedings and the present exercise proposed under the Act, 2016. The forensic audit undertaken during CIRP proceedings is primarily intended to examine suspect transactions relatable to Sections 43, 45, 50 and 66 of the IBC for the purposes of avoidance proceedings, asset tracing and value maximisation for creditors. The present proceedings, however, concern project-level regulatory compliances under the Act, 2016, including utilisation of allottee funds, escrow compliance, correctness of statutory disclosures, and examination of whether diversion or misutilisation of project funds contributed to delay and distress of the Project.

The contention raised by the Respondents that every form of scrutiny into the affairs of the Corporate Debtor automatically stands prohibited upon commencement of CIRP cannot be accepted in its absolute terms. A plain reading of Section 14(1) of the IBC shows that the moratorium primarily prohibits institution or continuation of proceedings which are coercive in nature or which may adversely impact the assets of the Corporate Debtor or interfere with the insolvency resolution process. The present



direction for forensic audit neither results in recovery nor enforcement against the assets of the Corporate Debtor and therefore cannot, at this stage, be equated with proceedings prohibited under Section 14(1) of the IBC.

At this stage, the proposed forensic audit is merely intended to facilitate independent verification of project accounts and examination of compliance with statutory obligations under the Act, 2016 and to provide foundational material for any further action, if warranted, in accordance with law. The same is essentially investigative and fact finding in nature and does not, by itself, interfere with the powers exercised by the RP under the IBC. Instead, such audit report may assist or be useful in RP proceedings.

Accordingly, this Authority is of the considered view that directing a limited forensic audit in the facts of the present case would not amount to interference with the CIRP pending before the Hon'ble NCLT.

16.2 Whether the material on record prima facie discloses inconsistencies and discrepancies in the Project's costs, receipts, expenditures, and physical progress, warranting a forensic audit?



The Authority has undertaken a comparative analysis of the documents placed on record, including the Affidavit dated 12.05.2025 furnished by the Promoter Company, the QPRs (Quarterly Progress Reports), the reply submitted by Shri Ajay Singal in his capacity as Director of the Company, and the figures indicated by the Applicant Association in its application seeking a forensic audit. The said analysis broadly comprises the following four parts:

A. Total Project Cost:

S. No.	Particulars	Forensic Application	Affidavit by GRJ Distributors	Ajay Singal Reply
1.	Land Cost	1,30,00,00,000.00	1,30,00,00,000.00	1,30,00,00,000.00
2.	Development cost	2,70,00,00,000.00	2,70,00,00,000.00	2,70,00,00,000.00
	Total	4,00,00,00,000.00	4,00,00,00,000.00	4,00,00,00,000.00

It has been observed that there is no discrepancy with respect to the Project Cost, as all parties have consistently stated the same to be ₹400.00 crores, comprising ₹130.00 crores towards land cost and ₹270.00 crores towards development cost.

B. Receipts from allottees and loan amount:

S. No.	Particulars	Forensic Application	Affidavit by GRJ Distributors	Ajay Singal Reply
1.	Amount received from allottees	3,30,00,00,000.00	2,81,48,74,629.00	2,97,16,00,000.00
2.	Loan Amount received	31,00,00,000.00	30,50,00,000.00	32,00,00,000.00
	Total	3,61,00,00,000.00	3,11,98,74,629.00	3,29,16,00,000.00



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It has been observed that the amount received from the allottees differs in the application seeking forensic audit, the Affidavit filed by the Promoter Company, and the reply submitted by Shri Ajay Singal. Further, even the figures reflected in the Affidavit and in the reply of Shri Ajay Singal are not consistent with each other. In the Affidavit, the amount received from allottees has been stated as ₹281.48 crores, whereas in the reply submitted by Shri Ajay Singal, the said amount has been reflected as ₹297.16 crores.

It has further been observed that the figures pertaining to the loan amount are also inconsistent. While the Affidavit reflects the loan amount as ₹30.50 crores, the reply submitted by Shri Ajay Singal reflects the same as ₹32.00 crores.

Owing to the aforesaid discrepancies, the total receipts vis-à-vis the Project Cost vary across the different documents placed on record. As per the Affidavit, the total receipts constitute 78% of the Project Cost (₹311.98 crores out of ₹400.00 crores), whereas as per the reply submitted by Shri Ajay Singal, the total receipts constitute 82.29% of the Project Cost (₹329.16 crores out of ₹400.00 crores).



C. Expenses under various heads:

Particulars	Forensic Application	Affidavit by GRJ Distributors	Ajay Singal Reply	Form R3 (QPR - Oct-Dec, 20220)
Land Cost	90,72,95,446.00	82,59,00,000.00	86,97,75,777.00	90,72,95,446.00
Development/ construction Cost	15,54,00,000.00	1,45,62,00,000.00	1,14,05,58,761.00	1,49,16,88,569.00
Onsite development	-	-	-	15,54,00,000.00
Statutory payments licence fee etc	2,59,00,000.00	7,29,00,000.00	2,49,84,423.00	2,59,00,000.00
Consultant fee, repair & maintenance	1,49,16,88,569.00		9,60,32,784.00	22,68,21,021.00
Interest Cost	21,73,76,041.00	31,86,00,000.00	29,60,22,138.00	21,73,76,041.00
Marketing, taxes, stamp duty etc.	-	28,25,00,000.00	32,74,11,206.00	-
Admin Expenses	22,68,21,021.00	21,95,00,000.00	34,82,11,856.00	-
Total	3,02,44,81,077.00	3,17,56,00,000.00	3,10,29,96,944.00	3,02,44,81,077.00

Several discrepancies are also evident on the expenditure side.

Firstly, the land cost has been reflected as ₹82.59 crores in the Affidavit, ₹86.97 crores in the reply submitted by Shri Singal, and ₹90.72 crores in Form R-3.

Secondly, the development/construction cost has been shown as ₹145.62 crores in the Affidavit, ₹114.05 crores in the reply submitted by Shri Singal, and ₹149.16 crores in Form R-3.

Thirdly, the statutory payments and licence fee have been reflected as ₹7.29 crores in the Affidavit, approximately ₹2.49



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crores in the reply submitted by Shri Singal, and approximately ₹2.59 crores in Form R-3.

Lastly, the total expenses have been shown as ₹317.00 crores in the Affidavit, ₹310.00 crores in the reply submitted by Shri Singal, and ₹302.00 crores in Form R-3.

Hence, it is observed that the aforesaid variations and inconsistencies in the figures relating to receipts, expenditures, and other financial disclosures across the documents placed on record pertaining to the Project are not uniform and consistent, thereby raising serious concerns requiring further scrutiny and examination.

D. Physical progress of the Project

The Authority observes that the percentage of physical progress, calculated on the basis of expenditure incurred vis-à-vis the total Project Cost, has been reflected differently in the various documents placed on record. As per the Affidavit filed by GRJ Distributors, the physical progress works out to approximately 79.39% (₹317.56 crores out of ₹400.00 crores), whereas as per the reply submitted by Shri Ajay Singal, the same works out to approximately 77.57% (₹310.30 crores out of ₹400.00 crores).



S. No.	Particulars (QPR Oct - Dec, 2022)	Physical Progress Percentage
1.	R1- Architect Certificate	48.13%
2.	R2- Engineer Certificate	78.41%

* The physical progress given in the Architect Certificate and Engineer Certificate are at huge variance. As per the Architect Certificate, progress is only 48.13% whereas as per the Engineer Certificate, is 78.41%

Furthermore, it is observed that the actual physical progress at the Project site does not appear to commensurate with the expenditure stated to have been incurred. Out of a total of 22 towers, only 5 towers have been completed, while the remaining towers are at various stages of completion, as reflected in the Affidavit and the Engineer's/Architect's Certificates forming part of the Quarterly Progress Reports (QPRs) filed by the Promoter.

Land Cost

DLC Rate year	As per BIDA rates	As per R3
Upto 06/09/2013	1,07,51,70,093.00	1,30,00,00,000.00

It is further pertinent to note that one of the allegations raised by the Applicant Association pertains to the land cost reflected by the Developer in the Development Agreement, which is alleged to be inflated. While the land cost has been shown as ₹130.00 crores, the land rates prevailing during the relevant period were allegedly lower. In this regard, reference has been made to the



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communication dated 16.12.2024 issued by the Bhiwadi Integrated Development Authority (BIDA), indicating the prevailing DLC rates for the said parcel of land at ₹107.52 crores.

FINDINGS:

In view of the foregoing findings and observations, it is evident that the discrepancies noticed in the financial disclosures of the Project, coupled with the mismatch between the expenditure claimed to have been incurred and the actual physical progress achieved, require detailed scrutiny and verification. It is pertinent to note that the figures in question have been furnished by the Promoter Company/Director themselves, and material inconsistencies persist even within the records and disclosures submitted on their behalf. Such inconsistencies, on the face of the record, necessitate an independent examination of the underlying books and financial records of the Project through a forensic audit.

Further, the physical progress does not commensurate with the expenditure stated to have been incurred. While approximately 75–77% of the Project cost is stated to have been expended, the actual physical progress, as per the Architect Certificate forming part of the QPR (October–December 2022), is only 48.13%. This



substantial gap between financial outlay and physical progress raises serious concerns regarding utilisation of project funds. In the absence of reconciliation between expenditure and progress, a forensic audit alone can determine whether the funds have been properly utilised for the Project or diverted for other purposes, or whether any financial irregularities have occurred.

It is also noted that the Applicant Association has been persistently seeking a forensic audit since 2023. The allottees commenced payments between 2012 and 2016, whereas the Project, scheduled for completion in 2020 and extended upto 2022, still remains incomplete.

The Authority further notes that in a representation submitted by the Applicant Association dated 17.04.2025, allegations have been raised regarding diversion and misutilisation of project funds and loan proceeds towards repayment of pre-existing liabilities and payments to various intermediaries instead of utilisation for construction and development of the Project. Reliance has been placed upon Chartered Accountant certificates dated 24.03.2018, 26.04.2018 and 01.09.2018, which allegedly indicate utilisation of a part of the loan proceeds for purposes unrelated to project construction. The Authority also finds it significant that certificates



certifying utilisation of the same project loan funds were issued by different Chartered Accountant firms during the relevant period. Coupled with the inconsistencies in financial disclosures and the mismatch between expenditure and physical progress, the aforesaid circumstances prima facie warrant deeper scrutiny through a forensic examination of the financial affairs of the Project.

Apart from the aforesaid issues relating to utilisation of project funds, the Authority further notes that the Applicant Association has also raised objections regarding the nature and extent of encumbrance created in favour of the lender in respect of the Project. In this regard, reliance has been placed upon the mortgage documents as well as the affidavit/undertaking dated 04.05.2018 furnished on behalf of the Promoter before this Authority in connection with updation of encumbrance details, wherein it was represented that the encumbrance pertained to unsold inventory and that the rights and interests of the allottees would not be affected. The Authority also takes note of the office notes dated 21.05.2018 and 23.08.2018 recorded during consideration of the said encumbrance, wherein reference was made to Section 11(4)(h) of the Act, 2016 and the implications of



creation of charge over units already booked/sold in the Project. However, the Applicant Association has alleged that the mortgage documents indicate creation of security not merely over unsold inventory, but also over larger project assets and future receivables. It has further been contended that a substantial number of units in the Project had already been booked/sold at the relevant time. In the aforesaid circumstances, the correctness and completeness of disclosures made regarding the encumbrance, as well as the actual nature and extent of security created in respect of the Project, require independent scrutiny and examination.

In light of the above, it is clear that the discrepancies and inconsistencies emerging from the material placed on record require deeper scrutiny, which cannot be undertaken on the basis of the existing material alone. Accordingly, in order to ascertain the nature, extent and implications of the aforesaid discrepancies, a forensic audit of the Project is warranted.

16.3 Whether the forensic audit contemplated under the IBC adequately addresses the issues arising under the Act, 2016, and whether directing a forensic audit by this Authority



would result in conflict/duplication with the CIRP proceedings?

On behalf of the RP, it has been submitted that the IBC already provides a comprehensive mechanism for examination of the financial affairs and transactions of the Corporate Debtor. It has been contended that during the CIRP, the RP is empowered to scrutinize the books of accounts and financial records of the Corporate Debtor under the supervision of the Committee of Creditors and the Hon'ble NCLT. It has further been submitted that in the 3rd meeting of the Committee of Creditors, a decision was taken to conduct a forensic audit in terms of Regulation 35A of the CIRP Regulations for examination of transactions falling under Sections 43, 45, 50 and 66 of the IBC. According to the Respondents, the relief sought in the present proceedings substantially stands covered within the CIRP framework and any parallel exercise by this Authority would be unnecessary, legally impermissible, and likely to result in overlapping jurisdiction and inconsistency with the insolvency resolution process. During the oral arguments, it was stated by the counsel for RP that, as on date, no forensic audit has yet been initiated or placed on record under the IBC.



Per contra, the Applicant Association has contended that the forensic audit contemplated under the IBC is primarily transaction-centric and avoidance-oriented, intended to identify suspect transactions for the purposes of insolvency resolution and maximisation of value for creditors. It has been submitted that the scope of such forensic examination is materially different from the scrutiny sought before this Authority. According to the Applicant Association, the present proceedings seek examination of project-specific regulatory compliances under the Act, 2016, including maintenance and utilisation of the designated separate account, escrow compliance, utilisation of allottee funds, correctness of statutory disclosures, and Quarterly Progress Reports submitted before this Authority. It has been argued that these aspects may not necessarily form part of the forensic examination contemplated during CIRP and therefore require independent examination under the provisions of the Act, 2016. It has further been submitted that the proposed forensic audit before this Authority would be complementary to, and not inconsistent with, the insolvency proceedings, as it neither seeks to impede the CIRP nor interfere with the powers exercised by the RP and the Committee of Creditors.



Further, the forensic audit contemplated during CIRP proceedings is primarily intended to examine transactions relevant to insolvency resolution, including transactions falling within the ambit of Sections 43, 45, 50 and 66 of the IBC. The present exercise proposed under the Act, 2016, however, is directed towards examination of project-level statutory and regulatory compliances concerning protection of interests of allottees and proper utilisation of project funds under the Act. While certain factual aspects may overlap between the two proceedings, the scope, purpose and statutory objectives of the respective exercises remain materially distinct. The present exercise neither seeks recovery from nor enforcement against the assets of the Corporate Debtor, nor does it interfere with the powers exercised by the Resolution Professional under the IBC.

Accordingly, this Authority is of the considered view that the proposed forensic audit would not result in any direct conflict or inconsistency with the CIRP proceedings pending before the Hon'ble NCLT. Consequently, this Authority continues to retain limited regulatory jurisdiction to examine such project-specific compliances notwithstanding the pendency of CIRP proceedings.



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In any case, since no forensic audit has been ordered under IBC so far, the question of duplication does not arise.

17. CONCLUSION

Upon a comprehensive consideration of the pleadings and material available on record, and in light of the findings recorded hereinabove, this Authority is of the considered view that the present matter discloses substantial inconsistencies and discrepancies in the financial disclosures made by the Promoter Company, particularly in relation to project cost, receipts, expenditure, and physical progress. Significantly, such inconsistencies persist even in the documents furnished by the Promoter/Director themselves, thereby rendering the financial position of the Project unclear and necessitating independent verification.

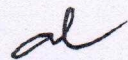
This Authority further notes a substantial divergence between the expenditure stated to have been incurred and the actual physical progress achieved at the Project site, as reflected in the Architect's Certificate and the Quarterly Progress Reports. The said disparity between financial outlay and stage of completion raises serious concerns regarding utilisation of project funds and execution of the Project, which cannot be satisfactorily resolved on the basis of the existing material alone.



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The Authority also takes note of the fact that the Promoter has taken mutually inconsistent positions during the course of proceedings. While the office note dated 27.03.2023 at the time of contending execution application records the Promoter's inability to complete the Project on account of lack of financial resources, the Promoter subsequently represented before the Authority on 12.05.2025 that certain towers were capable of being completed within 4-5 months. The promoter has been changing his version as per convenience. In the absence of any satisfactory explanation regarding the financial capacity, funding arrangements, or utilisation of funds enabling such a change in position, the Authority is of the considered view that an independent forensic examination of the Project accounts is warranted. Such an exercise is necessary to ascertain the true and correct position regarding utilisation of funds, reconciliation of accounts, and the reasons for the apparent discrepancies noticed in the record.

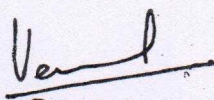
It is further observed that under Section 35 of the RERA Act, 2016, this Authority is vested with the power to call for such information and to conduct such investigation into the affairs of any promoter, allottee, or real estate agent as it may deem necessary for the purposes of discharging its functions under the Act. The direction for a forensic audit, in the facts and circumstances of the present case, falls



squarely within the investigative and regulatory jurisdiction conferred upon this Authority under the said provision.

For the reasons recorded while examining the interplay between the RERA Act, 2016 and the IBC, 2016, this Authority is satisfied that the proposed forensic audit, being limited in scope and regulatory in nature, does not interfere with or prejudice the CIRP pending before the Hon'ble NCLT, nor does it fall under the coercive nature/act to contravene the moratorium under Section 14 of the IBC. Accordingly, in exercise of its powers under Section 35 of the Act, 2016, and in order to safeguard the interests of allottees and ensure regulatory compliance, this Authority considers it just, necessary, and appropriate to direct a limited forensic audit of the Project "Avalon Royal Park" for the relevant period, i.e inception of the Project till the RP proceedings have started, to be conducted in accordance with law. The Registrar of the Authority is directed to get the Forensic Audit conducted for the project 'Royal Park' through the agency empanelled for this purpose. The Resolution Professional should facilitate availability of necessary records or copies thereof to the agency for undertaking this exercise. The forensic audit should be completed within a period of 2 months from the date of this order.




(Veenu Gupta)
Chairperson