

**BEFORE THE HIMACHAL PRADESH REAL ESTATE REGULATORY AUTHORITY,
SHIMLA**

Suo-Moto Petition No. 11/2026

Date of hearing : 23.03.26

Date of issue

**In the matter of Project CHESTER HILLS-4
promoter SH. HANSRAJ THAKUR(
PROMOTER/LAND OWNER) htpl@chesterindia.in
Type : Plotted + Development / Construction
Mixed Use (Residential & Commercial) registered
dt. 17/10/2023 Valid Upto : 17/10/2028,
HPRERASOL2023077/P**

Present :-Non appeared

PHYSICAL HEARING

In the present matter, no representative has appeared on behalf of the promoter for the project **Chester Hills-4**. However, pursuant to the directions dated 21.02.2026, the Authority has clarified that the suo motu proceedings concerning the projects "Chester Hills" (promoted by M/s NG Estate) and "Chester Hills-2 & Chester Hills-4" (promoted by Sh. Hansraj Thakur, Promoter/Land Owner) shall be treated as separate and independent proceedings and shall not be conflated. Accordingly, proceedings relating to each project are to continue independently against their respective promoters in accordance with law.

In view of the above, the present proceedings are confined exclusively to the project "**Chester Hills-4**", and the findings recorded herein are limited to the said project.

Background of the Case

The proceedings originated from multiple complaints received by the Authority from individual homebuyers, the Association of Allottees (AOP), and Sh. Rajiv Shandil, regarding the residential project "Chester Hills" being developed by M/s N.G. Estates at Mauza Ber Khas and Lower Bazar, Solan, Himachal Pradesh, and the adjoining projects Chester Hills-2 & Chester Hills-4.

Preliminary examination revealed allegations of irregular formation of the Residents' Welfare Association (RWA), unauthorized commercial/tourism activities in alleged violation of Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972, deviations from sanctioned plans, failure to upload revised approvals, deficiencies in provision of essential services, and handing over possession without an Occupancy Certificate. The complaints were forwarded to the Sub-Divisional Magistrate (SDM), Solan, on 27.09.2025 for further inquiry.

In view of the seriousness of the matter, the Authority, vide communications dated 21.10.2025, called for reports from MC Solan, the Revenue Department, and the Deputy Commissioner, Solan.

- MC Solan was directed to submit the revised sanctioned plan, site inspection report, and details of unauthorized construction.
- The Revenue Department was directed to report on violations of Section 118, permitted land use, and action against unauthorized commercial use.
- The Deputy Commissioner, Solan was directed, vide letters dated 21.10.2025, 13.01.2026, 17.02.2026, and 16.03.2026, to furnish a report on pending inquiries, alleged benami transactions, and land ownership irregularities, particularly in respect of Chester Hills-2 and Chester Hills-4.

MC Solan submitted its report along with certified documents on 03.11.2025, and the Revenue Department, vide report dated 17.11.2025, clarified that prior permission under Section 118 is mandatory for tourism activities and forwarded the matter to the Deputy Commissioner, Solan. However, despite repeated reminders, no report has been received from the Deputy Commissioner to date.

Subsequently, suo motu hearings in the matter were conducted on 15.10.2025, 20.11.2025, 29.11.2025, 09.01.2026, and 21.02.2026, during which all three projects were considered together. The same matter was also pending in the

complaint adjudicatory proceedings. Further, during the hearing on 09.01.2026, the Authority noted from the reply submitted by the respondent, M/s NG Estate, that pursuant to the compromise deeds dated 21.12.2025 and 22.12.2025, the AOP voluntarily withdrew the complaints. Accordingly, Complaint No. CTA0920250003 and Complaint No. CTA0920250005 were dismissed as withdrawn, with no cause of action remaining. In view thereof, no adjudicatory proceedings remain pending with respect to these complaints.

However, the Authority clarified that the suo motu proceedings shall continue independently against the respondent promoter in accordance with law, particularly in respect of alleged violations under the Real Estate (Regulation and Development) Act, 2016, including Section 4(2)(1)(D) read with Section 60, as well as allegations of benami transactions, specifically in relation to Chester Hills 2 and Chester Hills 4.

Upon perusal of the material available on record, the Authority has observed that the projects "Chester Hills (NG Estate)," "Chester Hills-2," and "Chester Hills-4," although situated in adjoining areas, are distinct and independent projects with separate promoters. Consequently, for the purposes of statutory compliance and adjudication, these projects must be treated separately. In view of this, it is deemed necessary that each project be heard independently.

It is further noted that, during the course of proceedings, the AOP placed on record the report dated 13.11.2025 submitted by the SDO (C), Solan, along with the order dated 06.11.2025 passed by the Chief Secretary, Government of Himachal Pradesh. The same have been duly taken on record and form an integral part of the present proceedings.

The SDO(C), Solan, report specifically highlights prima facie violations of Section 118 and instances of benami transactions in respect of Chester Hills-2 and Chester Hills-4.

Therefore, upon consideration of the material on record, the following issues arise for consideration;-

1. Allegation of benami transactions, particularly in relation to land ownership and financial flows and violates Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972, as alleged by the complainants and per SDM report.
2. Matter of the Joint Development Agreement (JDA) dated 02.06.2022 and its subsequent cancellation on 08.04.2025,
3. Violation of Section 4(2)(l)(D) read with Section 60 of the Real Estate (Regulation and Development) Act, 2016, on account of non-compliance with financial disclosure requirements, as per the audit report.

Brief of Issues

i) Violation of Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972

The complainants have alleged that the project Chester Hills-2 & Chester Hills-4 has been structured in a manner to circumvent the statutory restrictions imposed under Section 118, which prohibits non-agriculturists from acquiring or utilizing agriculturist land without prior government approval.

This issue finds substantial support from the SDO(C), Solan, report, which records as under:

The Sub-Divisional Office (C), Solan, conducted a detailed inquiry in response to multiple complaints, including the complaint dated 21.08.2025 filed by Sh. Rajiv Shandil, the communication dated 27.08.2025 received from the Additional Deputy Commissioner, Solan, as well as various representations submitted by the AOP and other stakeholders. The SDO(C), Solan ordered a fresh and comprehensive fact-finding exercise and, vide official communication dated 15.09.2025, directed the Tehsildar, Solan to carry out a detailed field inspection. The Tehsildar was specifically instructed to examine and report on key issues

including the ownership status of the land, the agriculturist status of the concerned firm, permissions obtained under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972, identification of sellers, the capacity in which sale deeds were executed, and the validity of the Joint Development Agreement (JDA).

As per the SDO(C), Solan's findings based on the Tehsildar's report dated 20.09.2025, it was established that Sh. Hans Raj, son of Sh. Bhup Singh, is a Himachali agriculturist and the recorded owner of the land pertaining to Chester Hills-2 and Chester Hills-4. However, the SDO(C), Solan report clearly records that the real estate operations, particularly relating to Block-G and Block-A apartments, were entirely conducted and managed by M/s Chester Hills and M/s NG Estate. The SDO(C), Solan noted that all bookings, demand notices, and financial collections were handled by the CRM team of M/s Chester Hills, and that there was no direct interaction between the allottees and the landowner, Sh. Hans Raj Thakur. The SDO(C), Solan report further highlights that documentary evidence, including receipts, bank statements, and buyer agreements, conclusively demonstrates that payments were made to and received by M/s Chester Hills rather than the landowner. Specific instances cited in the report include receipts issued for Block-G, Specifically, receipts for Block-G, Unit No. 511 amounting to Rs. 21,01,100, Axis Bank transaction of Rs. 6,00,000, and agreements with buyers such as Sh. Vijay Pratap Kalhans, Smt. Madhuri Vijay Pratap Singh Kalhans, Mr. Souvik Singha, and Mrs. Sonia Souvik Singha demonstrate that Chester Hills issued official receipts, collected funds, and executed agreements while exercising full operational and financial control. Bank verification confirmed that payments, including Flat No. 302, Block-C, were credited to Chester Hills' account, establishing that Sh. Hans Raj Thakur retained only de jure ownership while all substantive commercial benefits and project management remained with the promoters.

The SDO(C), Solan also observed on the basis' of examination of the official website of Chester Hills and its affiliated portal, ChesterHillsClub.com, revealed that both M/s NG Estate and Sh. Hans Raj Thakur/Chester Hills were designated as contact entities. The directors, Sh. Sudershan Singla and Sh. Megh Raj Garg, along with Shri Hans Raj Thakur as treasurer, corroborate the operational and financial interlinkage as well as shared management responsibilities between these entities. The project-specific pages on these portals also displayed the RERA registration numbers, establishing that Chester Hills actively undertook promotion, marketing, and sales of the projects.

It is further noted that the HPRERA order dated 28.03.2023 (HP/RERA/Norwich Hill/2022) conclusively established that projects including Norwich Hills, Chester Hills-II, and Clifton Valley were jointly promoted and marketed by Sh. Sudershan Singla, Sh. Hans Raj Thakur, and M/s NG Estate, with family members of Sh. Hans Raj, including his spouse and sisters, being employed as nominal or front owners. This order imposed a monetary penalty of Rs. 10,00,000/- on the promoters for contravening Section 3 of the Real Estate (Regulation and Development) Act, 2016, in respect of unauthorized advertisement and marketing activities. Further investigation confirmed that Sh. Hans Raj Thakur, his spouse Smt. Latika Thakur, and two sisters acquired approximately 275 bighas of land within Solan and Kasauli jurisdictions during the period 2015–2023. Such extensive acquisitions were highly improbable when measured against their modest declared income in income tax returns, thereby giving rise to a prima facie suspicion of benami arrangements and unaccounted financial inflows.

The SDO(C), Solan further records that the Joint Development Agreement, executed on 02.06.2022, transferred all rights relating to development, construction, marketing, and sales to Chester Hills, which subsequently executed apartment sale agreements, allotment letters, and received

payments. Documents submitted by buyers, including Sh. Vijay Pratap Kalhans and Smt. Madhuri Vijay Pratap Singh Kalhans, unequivocally corroborate that Chester Hills acted in accordance with the terms of the JDA. Although the JDA was mutually rescinded on 15.01.2025 due to disputes concerning construction timelines and accounting discrepancies, evidence indicates that such rescission occurred after whistleblowers had already raised concerns regarding project irregularities.

The SDO(C), Solan further concludes that the projects Chester Hills-2 and Chester Hills-4 were deliberately structured and developed in a manner designed to circumvent the provisions of Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972, which prohibits non-agriculturists from owning or developing agriculturist land without prior government sanction. While Sh. Hans Raj Thakur retained legal title to the land, the substantive execution, marketing, financial management, and operational control of the projects were carried out by non-agriculturist promoters, namely Sh. Sudershan Singla, Sh. Aditya Singh, and Shri Arpit Kumar Garg, acting through Chester Hills in active coordination with M/s NG Estate. According to the SDO(C)'s findings, entire arrangement, prima facie, constitutes a benami and colorable device deliberately intended to evade statutory restrictions on land transfer to non-agriculturists. The acquisition of high-value land within a short period, coupled with the development of large-scale apartment projects valued at approximately Rs. 47.09 crore, despite modest declared incomes, underscores the necessity for close scrutiny by the Income Tax and Vigilance authorities with respect to the source of funds, the legitimacy of acquisitions, and the intent underlying these transactions

(Conclusion)

In conclusion, the SDO(C), Solan report establishes that Chester Hills and M/s NG Estate orchestrated the projects with the landowner as a front,

while all substantive rights, control, and commercial benefits were exercised by non-agriculturist promoters, prima facie violating Section 118, misrepresenting facts to HPRERA, and raising serious concerns regarding benami transactions and unaccounted financial flows. The inquiry relied on Tehsildar records, bank statements, JDA agreements, apartment sale documents, HPRERA orders, and official websites to demonstrate the structured and deliberate nature of the arrangement, highlighting the critical role of non-agriculturist promoters in project execution and control.

ii. Matter of Joint Development Agreement (JDA) – Chester Hills-4

In the matter of Chester Hills-4, it is submitted that the project was registered with HPRERA on 17.10.2023 bearing Registration No. HPRERASOL2023077/P (valid up to 17/10/2028) In on the basis of a duly executed Joint Development Agreement (JDA) dated 02.06.2022 entered into between the landowner, Sh. Hans Raj Thakur, and M/s Chester Hills (Developer/Promoter). In terms of the said arrangement, both the landowner and the developer were treated as co-promoters in accordance with Rule 3(f) of the Himachal Pradesh RERA Rules, 2017, which permits development through collaboration/JDA structure subject to disclosure and compliance requirements.

It is further submitted that the registration is granted only after the Authority examined and verified the completeness of disclosures and documents submitted under Section 4 of the Real Estate (Regulation and Development) Act, 2016, which included inter alia ownership and revenue records, the executed JDA, sanctioned building plans, statutory declarations, and financial disclosures as prescribed under the Act and Rules. Upon being satisfied that the application was complete in all respects as required under Section 5 of the Act, the project was accordingly registered. It is reiterated that the scope of scrutiny under Section 5 is limited to verification of completeness of documentation and compliance of statutory

disclosure requirements, and does not extend to adjudication of title disputes or inter-se contractual disputes between parties.

It is further clarified that the Joint Development Agreement (JDA) was subsequently mutually cancelled vide Cancellation Deed dated 08.04.2022 without prior approval from the Authority, which came to its notice when the promoter informed the Authority on 16.05.2024. However, in compliance with the Authority's letter dated 02.01.2025, the applicant got the JDA Cancellation Deed registered with the Sub-Registrar, Solan on 15.01.2025 and submitted the same to the Authority on 27.01.2025.

The matter was placed before the 63rd Authority Meeting dated 04.07.2024, where directions were issued for submission of details regarding utilization of 70% of project funds, loans and liabilities, affidavits from both partners, communications to all allottees, an affidavit from the landowner confirming absence of disputes and project completion, and publication of public notices in favour of allottees. The initial reply submitted on 06.07.2024 was found unsatisfactory, and revised submissions were made on 30.07.2024 and 29.08.2024. The Legal Branch noted that withdrawal of the JDA without prior approval, execution of registered agreements, acceptance of obligations by the landowner, possible consent from two-thirds of allottees, retention of the promoter's name, financial responsibility, adherence to timelines, and conducting an independent audit were all essential legal requirements.

The matter was again placed before the 65th Authority Meeting 27.11.2024, where the Authority directed submission of a registered agreement with the Sub-Registrar within two months, conducting an independent financial audit, and updating project-related changes on the Authority's website. In compliance, the promoter submitted the registered agreement on 23.01.2025, and a financial audit was conducted by a RERA-approved Chartered Accountant.

iii. Violation of Section 4(2)(l)(D) read with Section 60 of the RERA Act, 2016, as per the audit report

An audit of the Chester Hills Phase-4 project was conducted by A. Kay Mehra & Co., RERA-approved Chartered Accountants, in respect of the project jointly promoted by M/s Chester Hills and Sh. Hansraj Thakur.

As per the audit, the land measuring 2418 square meters was purchased on 11.01.2017 for a total consideration of Rs. 39,06,746, which includes sale consideration, stamp duty, and deed endorsement. Initially, the land was acquired jointly by Mr. Hansraj Thakur and M/s Chester Hills; however, Mr. Hansraj Thakur parted with his interest vide a Deed of Cancellation executed on 08.04.2024. As per audit review, this Deed appears to have discrepancies, as the signatures do not correspond correctly to the parties mentioned.

The audit report states that the promoter has submitted quarterly project reports and is operating two bank accounts with HDFC Bank for project collections:

Bank Account Name: Chester Hills
Account Number: 123456789012, IFSC Code: HDFC0001234,
Bank Account Name: M/s Chester Hills New Solan, Account Number:
987654321098, IFSC Code: HDFC0005678.

During the period from 09.05.2024 to 27.03.2025, total credits recorded in these accounts amounted to approximately Rs. 28.21 crore, while total debits were Rs. 28.10 crore, resulting in a net balance of Rs. 0.11 crore. For the project under review, a total of Rs. 6.74 crore has been collected from 44 allottees as of 31.03.2025. Across all projects undertaken simultaneously by the promoter, total collections amounted to Rs. 29.38 crore. The promoter has reported construction expenditure of Rs. 2.06 crore up to 31.12.2024, which represents approximately 9.06% of the total project work. However, updated construction expenditure figures up to 31.03.2025 were not provided for verification. The audit report further reveals that the promoter has availed secured loans of Rs. 4.31 crore from HDFC Bank, while also providing a loan of Rs. 1.23 crore to a related party, M/s Hindustan

Sanitary Store. The promoter's capital as of 31.03.2025 is Rs. 2.30 crore, while the provisional loss for the year ended 31.03.2025 stands at Rs. 10.61 crore. All books of account are maintained at Manimajra, Chandigarh, and no accounts or records are maintained at the construction site.

The audit report also revealed that Audited financial statements for the project are not available, and opening balances have been derived from unaudited accounts. Regarding statutory compliance, the promoter is registered under GST with registration number 02AFFPT3610K2ZL and has filed returns up to February 2025. However, the income tax return filed by Mr. Hansraj Thakur for the financial year 2023-24 (A.Y. 2024-25) reports income of Rs. 12,41,470, which includes Rs. 7,20,000 as share from M/s Hindustan Sanitary Store. No income from M/s Chester Hills has been disclosed in the return.

As per audit, during the site visit on 05.04.2025, it was observed that the promoter has completed work on Phase-I and Phase-II sub-projects, while Phase-III is substantially complete. Minimal construction activity and building materials were observed at the site. The site lacked proper display boards indicating the name of the promoter and project as required under RERA; only the board of Chester Hills was present. Information regarding total construction expenditure, loan certificates, and GST/Income Tax accounts was not furnished despite requests.

As per the conclusion of the audit report, while basic financial records are maintained by the promoter, there are significant gaps in compliance with RERA provisions. Key issues include non-maintenance of a separate project-specific bank account, non-compliance with the requirement to deposit seventy percent of collections, absence of audited financial statements, and incomplete disclosure of project expenditures.

Further, transactions with related parties raise concerns regarding transparency and adherence to fund utilization norms. Accordingly, as per the audit report, the promoter is not fully compliant with the applicable provisions of RERA.

In view of this, the violation specifically contravenes Section 4(2)(1)(D), which states:

“(D) that seventy per cent. of the amounts realized for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose

Provided that the promoter shall withdraw the amounts from the separate account, to cover the cost of the project, in proportion to the percentage of completion of the project:

Provided further that the amounts from the separate account shall be withdrawn by the promoter after it is certified by an engineer, an architect and a Chartered Accountant in practice that the withdrawal is in proportion to the percentage of completion of the project:

Provided also that the promoter shall get his accounts audited within six months after the end of every financial year by a chartered accountant in practice, and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilised for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project

Reply Submitted by the Promoter/Respondent

In the matter, the respondent/promoter, Sh. Hansraj Thakur, being the common promoter for both the projects Chester Hills-2 and Chester Hills-4, vide replies dated 21.02.2026 and 01.04.2026, submitted a common response for both the projects as under:

It is stated that the Commissioner, Municipal Corporation, Solan had earlier raised certain objections with regard to the construction of the projects namely *Chester Hills-2* and *Chester Hills-4*. The matter was thereafter placed before the Secretary, Town and Country Planning, Government of Himachal Pradesh for appropriate intervention.

Pursuant thereto, directions were issued by the Chief Secretary-cum-Secretary (TCP), Government of Himachal Pradesh, and vide order dated 06.12.2025, a Technical Committee was constituted to examine the issues relating to the said projects. The Technical Committee, after conducting a detailed examination, submitted its report dated 15.12.2025 to the Principal Secretary (Urban Development), Government of Himachal Pradesh, wherein the projects were found to be valid and in accordance with law.

It is further submitted that earlier observations made by the SDO(C), Solan regarding the land owned by the applicant, Sh. Hans Raj Thakur, including allegations relating to source of acquisition, were examined by the Secretary (Revenue), Government of Himachal Pradesh. Vide communication dated 06.12.2025 issued to the Deputy Commissioner, Solan, the said department found the report of the SDM (C), Solan to be untenable and granted a clean chit in respect of the land holdings and the projects.

The respondent has also submitted that the applicant, Sh. Hans Raj Thakur, promoter of Chester Hills-2 and Chester Hills-4, furnished all requisite clarifications and documents before the Authority. The projects were registered with HPRERA on 02.03.2023(Chester Hill-2) and 17.10.2023 (Chester Hills-4) respectively, on the basis of a Joint Development Agreement dated 02.06.2022, which was subsequently cancelled on 08.04.2024 and duly intimated to the Authority on 16.05.2024.

Promoter also submitted that all compliances as directed by the Authority were completed, including submission of financial disclosures, affidavits, details of amounts collected, and RERA account particulars. Revised affidavits were filed and allottees were duly informed by 06.09.2024. Subsequent directions issued on 02.01.2025 were also complied with, ensuring adherence to statutory, financial, and procedural requirements under the Real Estate (Regulation and Development) Act, 2016.

In view of the above, the respondent has requested for updation of the designated bank account, stating that access to the portal for Chester Hills-2 *and* Chester Hills-4 was unavailable. Permission has also been sought to update the new bank account in place of the earlier JDA-linked account, upload revised project maps and related documents, and to carry out all necessary compliances for smooth functioning of the projects.

Findings of the authority

1. Based on SDO (C), Solan Report

- The Authority has examined the report submitted by the *SDO(C) Solan*, wherein it has been indicated that the arrangement relating to the projects appears to be in the nature of a benami and colourable device aimed at evading statutory restrictions on transfer of land to non-agriculturists. The report further highlights that the rapid acquisition of high-value land and development of apartment projects valued at approximately Rs. 47.09 crore, despite modest declared incomes, warrants scrutiny by the Income Tax and Vigilance authorities with regard to the source of funds and intent underlying such transactions.
- The report further concludes that the project structure adopted by Chester Hills and M/s Estate appears to be such that the landowner acted merely as a front, while non-agriculturist promoters exercised operational control and derived commercial benefits. This arrangement, as per the report, constitutes a prima facie violation of Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972. The report also indicates that the promoters misrepresented the position by stating that permission under Section 118 had not been obtained in respect of the Joint Development Agreement (JDA). It is also pertinent to note that under Rule 3(f) of the Himachal Pradesh Real Estate (Regulation and Development) Rules, 2017, a promoter who is not the landowner is obligated to disclose the consent and complete particulars of any collaboration or development agreement. As per the report it is submitted that in this present case, the firm has uploaded the JDA; however, it failed to disclose a material fact, namely the absence of permission under Section 118. This omission constitutes material misrepresentation and concealment of facts before the HPRERA.
- In this regard, the Authority has observed and recorded a finding that the communication dated 07.11.2023 issued by the Principal Secretary (Revenue), Government of Himachal Pradesh, clarifies that any non-

agriculturist intending to invest in or transact in land owned by an agriculturist is required to obtain prior permission under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972. The Authority further finds that, under Rule 3(f) of the Himachal Pradesh Real Estate (Regulation and Development) Rules, 2017 framed under the Real Estate (Regulation and Development) Act, 2016, Joint Development Agreements have been permitted to be submitted at the time of project registration, wherein landowners and developers are treated as co-promoters, subject to disclosure of their contractual arrangements and submission of requisite documents as prescribed.

- In view of the apparent procedural and interpretational overlap between the aforesaid statutory requirements, the Authority had sought clarification from the Government of Himachal Pradesh vide letter dated 04.12.2023. However, no response has been received till date, and accordingly, the Authority notes that the issue remains unresolved in the absence of specific clarification from the Government.
- The findings recorded in the SDO (C), Solan report are based on examination of Tehsildar records, revenue entries, bank statements, JDA agreements, sale documents, and other material available on record.
- However, it is further observed that no comprehensive and conclusive report regarding proceedings under Section 118 has been furnished by the Deputy Commissioner, Solan. In the absence of such final report, and particularly in light of the preliminary findings of the SDO (C), Solan, it is not possible at this stage to conclusively determine the status of land compliance or the final impact on allottee rights.
- Further, matters relating to Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972, including any alleged violations or irregularities, fall primarily within the statutory jurisdiction of the Revenue Department/District Collector, Solan. However, given that these issues directly impact the development, execution, and legality of the Chester Hills-2 and Chester Hills-4 projects, it is imperative that the competent authorities

take timely action to ensure compliance with the law and safeguard the interests of the allottees and other stakeholders.

- Accordingly, the District Collector, Solan, has been directed to furnish the latest report regarding the proceedings under Section 118, as requested by this Authority vide letters dated 21.10.2025, 13.01.2026, 17.02.2026, and 16.03.2026

2. In regard to the Deed of Cancellation executed on 08.04.2024, whereby as per the audit observation Sh. Hansraj Thakur purportedly dissociated from M/s Chester Hills, is fundamentally flawed, as the landowner was incorrectly shown as “Party of Second Part” instead of “Party of First Part,” thereby rendering the document potentially void. However, it has been further observed that, pursuant to directions issued by the Authority on 02.01.2026 after the 65th meeting, the promoter subsequently submitted a registered Deed of Cancellation of Joint Development Agreement dated 23.01.2025, wherein the landowner has been correctly reflected as “First Part” and M/s Chester Hills as “Second Part”.

3. Financial Compliance and Audit Findings;

From the audit report, the Authority has observed that the Chester Hills Phase-4 project suffers serious legal and financial irregularities. Project funds were not kept in a RERA-designated account, and proper financial records, audited statements, and project-wise accounting were not maintained. There are also signs of fund diversion, loans to related parties, and non-disclosure of project income. Site inspection showed missing mandatory disclosures and stalled construction. Overall, substantial non-compliance with RERA, lack of transparency, and failure to provide required documentation have been noted, adversely affecting allottees’ interests.

4. Show Cause Notice and Violation of Section 4(2)(1)(D)

The Authority has further observed that a combined Show Cause Notice dated 08.12.2025 was issued in respect of M/s N.G. Estates, Chester Hills-2, and Chester Hills-4 projects on account of multiple serious violations, including failure to provide essential services, non-compliance with approved building plans, alleged violations of Section 118, possible benami transactions, and financial irregularities such as misuse of funds and non-maintenance of proper project-wise accounts, in contravention of Section 4(2)(l)(D) relating to the mandatory 70% project-specific account. The promoter was directed to furnish a detailed explanation, failing which penal action was liable to be initiated.

However, the promoter has failed to furnish any satisfactory explanation to the said Show Cause Notice. The Authority notes that the promoter had, at the time of project registration, submitted an affidavit affirming compliance with all statutory provisions under section 4(2)(l)(D) of the RERA Act, 2016 and therefore cannot claim ignorance of such obligations. Compliance with these requirements is a fundamental and non-delegable responsibility of the promoter.

Accordingly, in view of the findings and violations established on record, particularly as revealed in the audit report highlighting serious financial irregularities such as inter-mixing of funds, non-maintenance of a separate project-specific account, absence of proper project-wise accounting, and non-availability of audited financial statements, the Authority hereby imposes an interim penalty of Rs. 35,00,000/- under Section 60 of the Real Estate (Regulation and Development) Act, 2016 for violation of Section 4(2)(l)(D) of the said Act.

The said penalty shall be subject to final determination and may be revised upon assessment of the actual cost of the real estate project by the Authority.

The said penalty is imposed jointly upon M/s Chester Hills (Developer/Promoter) and Sh. Hansraj Thakur (Promoter/Land Owner) in respect of the Chester Hills-4 project, particularly in view of the fact that the Joint Development Agreement (JDA)

cancellation has neither been accepted nor approved by the Authority and remains under examination

In view of fore going in the matter of Chester Hills-4, the Authority carefully examined the issues arising from the Joint Development Agreement (JDA) dated 02.06.2022 and its subsequent cancellation on 08.04.2024. The promoter submitted the JDA cancellation deed, supporting affidavits, communication to all allottees, project-related documents, and confirmations from the landowner, Sh. Hans Raj Thakur, asserting no disputes in the project. In compliance with the directions of the Authority, including those issued in the 63rd and 65th Authority Meetings, an independent financial audit was conducted by a RERA-approved Chartered Accountant, and all relevant documents pertaining to utilization of funds, project accounts, loans, liabilities, and other financial flows were submitted for verification.

Despite the promoter furnishing the requisite documents and clarifications, the audit and scrutiny revealed significant irregularities, including mingling of project funds, absence of segregated accounts, non-verifiable project-wise statements, and lack of proper monitoring mechanisms, which constituted serious violations of Section 4(2)(l)(D) of the RERA Act, 2016.

Therefore, it is expressly clarified that the Authority has neither accepted nor approved the JDA cancellation at this stage, and the same remains under examination. Accordingly, no approval for any updation or modification in the project registration records has been permitted. This restriction shall continue to remain in force until a comprehensive report from the office of the Deputy Commissioner, covering aspects of land ownership, compliance with statutory provisions including Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, 1972, and other related matters, is received and duly examined by the Authority.

The Authority further emphasizes that, although financial and operational irregularities have been addressed through audit and imposition of penalty, compliance with procedural requirements and statutory verification remains a mandatory precondition not only for any updation or modification in the project registration but also for consideration and approval of the JDA cancellation.

Directions:-

1. The promoter is further directed to deposit the penalty amount into the Authority's bank account, operated under the name "Himachal Pradesh Real Estate Regulatory Authority Fund", Account No. 39624498226, maintained with State Bank of India, Himachal Pradesh Secretariat Branch, Shimla, IFSC Code SBIN0050204, within 30 days from the date of receipt of this order and to ensure strict compliance with the provisions of the Act.
2. It is observed that, despite repeated reminders, no report has been received till date regarding matters under Section 118. The Authority further notes that the report requested from the Deputy Commissioner, Solan, was sought for both Chester Hills-2 and Chester Hills-4 projects, as similar allegations have been raised in both projects and the promoter is the same. A single letter will be issued to the Deputy Commissioner, Solan, directing submission of a detailed report for both projects, as requested under the Chester Hills-2 order dated 23.03.2026, and necessary action in accordance with law must be ensured.
3. The promoter is further directed to furnish the current status of the project, including the extent of work completed on a block-wise basis, and the status of completion of common services, along with details of the total amount collected from allottees. The promoter shall also clearly indicate the manner in which the amounts so collected from allottees have been utilized. The requisite information shall be submitted strictly in the prescribed format, duly certified and vetted by the Chartered Accountant of the project, as approved by the Authority.

Table 1

Sr. no	Name of the allottee	Block No	Flat no	Date of booking	Total payment received date wise
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Table -2

Sr. no	Date	Amount withdrawn	Total amount withdraw	Amount spent / Expenditure	Total expenditure	Balance
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The matter is listed for further Physical Hearing on 05.06.2026 at 11:30 AM.


R.D Dhiman
Chairperson


Vidur Mehta
Member