**BEFORE TELANGANA REAL ESTATE REGULATORY AUTHORITY**

*[Under the Real Estate (Regulation and Development) Act, 2016]*

**Complaint No. 413 of 2025**
**Dated: 23rd July, 2026**

**Quorum:** **Sri K. Srinivasa Rao, Hon'ble Member**
**Sri Laxmi Narayana Jannu, Hon'ble Member**

**Between**

**Thumma Srinivas**
Vankina, Allu and Partners Advocates,
Flat No. 301, K.K. Plaza, 100 feet Road,
Ayyappa Society, Madhapur,
Hitec City Road, Hyderabad,
Telangana- 500081. ***...Complainant***

**And**

1. **M/s Manik Infra,**
   Rep by its Partner, Sri. Bellal Shashank Reddy,
   Flat No. 303, Surya Towers, Pragathi Nagar,
   Nizamabad, Telangana- 503001.

2. **Sri Akula Subash**
   H. No. 5-10-19, Yellamagutta,
   Nizamabad, Telangana- 503003.

3. **Sri Gajawada Pradeep**
   H. No. 7-9-28, Marwadigalli,
   Nizamabad, Telangana- 503001.

4. **Sri Bellal Praveen Kumar**
   H. No. 9-8-109, Gajulpet,
   Nizamabad, Telangana- 503001.

***...Respondent(s)***

The present matter filed by the Complainant mentioned herein-above came up for hearing before this Authority. Upon hearing the submissions of all the parties, this Authority proceeds to pass the following **ORDER**:

1. The present Complaint has been filed by the Complainant under Section 31 of the Real Estate (Regulation & Development) Act, 2016 (hereinafter referred to as the "Act") read with

Rule 34(1) of the Telangana Real Estate (Regulation and Development) Rules, 2017 (hereinafter referred to as the "Rules") seeking appropriate relief(s) against the Respondent.

**A. Brief facts of the Case as per Form M filed by Complainant**

2. It is submitted that the Respondents No. 2, 3, and 4 are owners of land admeasuring 4000 sq. yds. located at Survey Nos. 234 & 251/A, Kanteshwar Shivar Mandal, Nizamabad District, Telangana. They executed a Development Agreement-cum-General Power of Attorney dated 16-12-2022 in favour of Respondent No. 1, for the construction of apartments on the said land. The owners had obtained a building permit from the Nizamabad Urban Development Authority and a sanctioned plan for a stilt plus five upper floors residential apartment complex.

3. It is stated that Respondent No. 2, after sharing link documents, persuaded the Complainant to invest in the said project and to make cash payments prior to execution of the sale deed. Believing these representations, the Complainant paid a total of ₹13,50,000/- to Respondent No. 2 between June 2022 and January 2023, for which cash receipts were issued. Thereafter, the Complainant purchased Flat No. 205 in Mahadev Heights through a registered sale deed dated 23-02-2023 for a consideration of ₹37,50,000/-. The Complainant had taken a loan from Union Bank of India worth Rs. 45,00,000/- by mortgaging the property situated at Flat No. 205, Mahadev Heights, to pay the Respondents the sale consideration and created a Memorandum of Deposit of Title deeds dated 23-01-2023. The Complainant also engaged a contractor for plastering work for a consideration of ₹1,00,000/- under an unregistered agreement dated 24-11-2024.

4. The grievance of the Complainant is that, despite these payments, only a skeletal structure of the building has been constructed and possession has not been delivered. Further, several deviations from the sanctioned plan are alleged, including non-conforming stilt floor height, unequal height between floors, improper harvesting pit construction, conversion of visitors' parking space into a gym, faulty septic tank construction, and uneven parking basement flooring. It is also alleged that the harvesting pit construction violates Section 17 of the Telangana Water Land and Trees Act, 2002 and Rule 16 of the Rules thereunder, that the septic tank design contravenes the National Building Code, 2016 by restricting fire engine access, and that the Respondents failed to obtain the mandatory Fire Safety NOC under the Telangana Fire Safety Act, 1999.

5. Aggrieved by these deviations, violations, and poor construction quality, the Complainant seeks to withdraw from the project, hence has preferred the present complaint.

**B. Relief(s) Sought:**

6. The Complainants accordingly sought the following reliefs:

I) *Direct the Respondents to refund the entire amount paid by the Complainant i.e. Rs. 51,00,000/- (Rupees Fifty-One Lakhs Only) along with interest at the rate prescribed from the date of first payment ie. 02-07-2022 till the final deliberation of the present complaint*

II) *Levy penalty against Respondents for contravention of the provisions laid down under the Act at the rate of 5% of the estimated total cost of the real estate project "Mahadev Heights" as determined by the Authority.*

III) *Any other relief's that the Authority may deem fit, proper, just and equitable in consideration of the facts and circumstances of the complaint.*

**C. Counter filed by the Respondent**

7. The Respondents submit that the present Complaint is not maintainable and is liable to be dismissed as frivolous, baseless, and filed only to harass the Respondents. They deny all allegations except those expressly admitted and contend that the Complainant has suppressed material facts and has approached the Authority without clean hands.

8. The Respondents state that they have fully complied with all statutory obligations under RERA and deny any violation of Sections 11, 18, or any other provisions of the Act. They assert that the Complainant failed to fulfil his contractual obligations, including timely payment of agreed instalments, and has distorted facts to mislead the Authority.

9. On the brief facts, the Respondents state that the Complainant had possession of all project documents and, after satisfying himself on every aspect, voluntarily entered into an agreement. It is stated that the Complainant entered into a sale transaction directly with the landowner, Sri Akula Subash, for Flat No.205 which falls to the landowner's share under the Development Agreement. The flat admeasures 1875 sq.ft. super built-up area and the agreed sale consideration was ₹54,50,000/-. Against this, the Complainant paid only ₹40,50,000/-, consisting of ₹13,50,000/- by cash and ₹30,00,000/- by banker's cheque dated 23-02-2023. It is further stated that the Complainant failed to transfer the balance ₹5,50,000/- as agreed in Registered Sale Deed No.1979/2023 at Joint Sub-Registrar, Nizamabad, and that the landowner additionally paid ₹3,00,000/- in cash to the Complainant at his request on the date of

registration, which remains unpaid back to him. Thus, a total amount of ₹14,00,000/- plus interest is stated as due from the Complainant.

10. The Respondents state that on the date of filing of the complaint i.e., 10-06-2025, except the tile work in the flat, the entire work had already been completed. Flooring was kept pending only because the Complainant requested to stop the work of door shutters, tiles and toilet finishes as he wanted to first execute false ceiling work and take approval from his family for the finishing. It is submitted that all necessary materials including tiles, sanitary fittings, electrical switches and wiring were already procured and available at the site. It is also contended that the Complainant, after completion of brickwork and plastering, altered certain internal walls as per his own choice with a separate mason and is liable to bear the cost of materials for such changes.

11. The Respondents deny that there was failure or refusal to deliver possession and assert that the balance interior works were pending only due to the Complainant's directions. They state that common area works have been completed, other purchasers have taken possession and are residing in the project, and construction has been executed strictly in accordance with sanctioned permissions and applicable rules.

12. On the issue of alleged deviations, the Respondents state that:

• Minor variations in stilt height and floor height were only due to slope provided to facilitate water drainage.
• Additional rainwater harvesting pits and septic tanks were constructed beyond sanctioned requirements.
• No gym exists in stilt floor and temporary storage space is being removed.
• The slope provided in parking area is only for functional purposes.

13. The Respondents further submit that the project is a non-high-rise building, and therefore fire department clearances are not required separately as setbacks as per sanction have been maintained. All construction has been carried out as per relevant building codes. The Respondents emphasize that Flat No.205 belongs to Respondent No.2's share under Development Agreement-cum-GPA dated 14-12-2022, and therefore Respondent Nos.1, 3 and 4 have no role in the said transaction, making the array of parties defective.

14. The Respondents also rely on the fact that the project "Mahadeva Heights" stands validly registered with TS-RERA under Registration No. P03100006506 from 07-07-2023 to

19-03-2028, and the project has been completed within the period and handed over to other buyers. Hence, the Respondents contend there is no delay or deficiency.

15. They submit that the Complainant has approached this Authority with ulterior motives, attempting to avoid payment of admitted dues and misusing the legal process to pressurize the Respondents. They reserve the right to file an additional counter if necessary. The Respondents seek dismissal of the Complaint with costs, along with any other relief deemed fit by the Authority.

**D. Rejoinder Filed by the Complainant**

16. It was submitted that the complaint was filed under Section 31 of the Real Estate (Regulation and Development) Act, 2016, seeking a direction to the Respondents to refund the entire amount of Rs. 51,00,000/- paid by the Complainant, along with interest, and to levy a 5% penalty against the Respondents for contravention of the RE(R&D) Act, 2016. The Complainant stated that the sum of Rs. 51,00,000/- was paid as consideration for the purchase of Flat No. 205 in the real estate project named "Mahadev Heights." Specifically, it was placed on record that cash payments amounting to Rs. 13,50,000/- were made to Respondent No. 2 between 08-06-2022 and 31-01-2023, and subsequently, Rs. 37,50,000/- was paid via banker's cheque, bank transfer, and cash, as recorded in the registered Sale Deed bearing Document No. 1979/2023 dated 23-02-2023, bringing the total to Rs. 51,00,000/-.



17. The Complainant relied upon Section 14 of the Act, arguing that it prohibits the promoter from making any additions and alterations in the sanctioned plans, including structural changes related to height, without the previous consent of the purchaser. It was argued that such a deviation from the sanctioned plan constituted a default under the Telangana State Real Estate (Regulation and Development) Rules, 2017, entitling the Complainant to a refund of the entire money paid, along with interest. It was emphasized that the project was nowhere near completion and was nothing as promised. Reliance was placed on various judgments of the Hon'ble Supreme Court which held that an allottee is entitled to a refund with interest from the date of payment till the date of refund where a developer fails to deliver the unit as per the Agreement of Sale. Further reliance was placed on the Hon'ble Supreme Court's decision in *Lucknow Development Authority v. M.K. Gupta*, (1994) 1 SCC 243, to contend that the construction of a house for consideration is a "service," and inordinate delay in handing over possession clearly amounts to a deficiency of service. The Complainant alleged that the

present case amounted to harassment and exploitation by the Respondents, who intended to deceive, cheat, and defraud the Complainant by misappropriating the paid monies.

18. Addressing the specific averments in the Respondents' written reply, the Complainant denied the claims regarding adherence to the plans, stating that the Respondents made material deviations without informing the Complainant, in gross violation of the Act and the Rules. While it was admitted that the Complainant was aware of the development documents for "Mahadev Heights" and was informed by Respondent No. 2 (the owner of the share in the land), the Complainant vehemently denied the Respondents' calculations regarding the payments. It was stated to be false that the agreed total price for Flat No. 205 was Rs. 54,50,000/-. The Complainant pointed out inconsistencies in the Respondents' reply, noting that while the Respondents alleged only Rs. 40,50,000/- was paid, their very next statement admitted to receiving Rs. 13,50,000/- in cash and Rs. 30,00,000/- via banker's cheque, which alone totalled more than Rs. 40,50,000/-. This was argued to be a concocted and false narrative.

19. The Complainant reiterated the payment of Rs. 13,50,000/- in cash to Respondent No. 2, for which receipts were filed before the Tribunal, and the further payment of Rs. 37,50,000/- as stipulated in the Sale Deed dated 23-02-2023. The allegation that the Complainant failed to transfer Rs. 5,50,000/- was denied, with the Complainant pointing out that Paragraph 1 of the Sale Deed explicitly stated that the Vendee had already paid the Vendor the sale consideration of Rs. 37,50,000/-. The Complainant further denied the claim that Respondent No. 2 paid Rs. 3,00,000/- in cash on the day of registration on the Complainant's request, referencing the registered Sale Deed which clearly recorded that the stamp duty and registration fees were remitted by Mr. T. Srinivas (the Complainant).

20. The Complainant denied the averments that possession was given or that work was deferred at the Complainant's behest. It was submitted that only a skeletal structure was built, and possession of Flat No. 205 was never handed over. The Complainant clarified that he had already completed the plastering work by hiring a mason, while the Respondents had still not completed the flooring work as of the date of filing the rejoinder.

21. Regarding the deviations, it was submitted that there were significant, non-minor deviations from the sanctioned plan made without consent, necessitating the appointment of an expert to determine the plethora of illegalities. It was specifically pointed out that a clubhouse/gym was constructed illegally, occupying designated visitor's parking, with no efforts made by the Respondents to remove it. A news article from "Sakshi News" was also

relied upon, which highlighted numerous illegal constructions and deviations, including differences in stilt height, unauthorized clubhouse construction, and improper drainage systems in Survey Nos. 234 and 251/A.

22. Finally, the Complainant denied the legal submissions of the Respondents and the false claim that due of Rs. 14,00,000/- remained. It was submitted that the Respondents grossly failed to provide calculations for their alleged figure of Rs. 40,50,000/- and failed to file any documentary evidence for the alleged Rs. 3,00,000/- payment made to the Complainant. Asserting that a total sum of Rs. 51,00,000/- had been paid to the promoters and that the services provided were deficient, the Complainant stated there was no justification for the Respondents to withhold the refund. Accordingly, it was prayed that the Tribunal consider the facts, allow the complaint, and award the reliefs sought in the interest of justice and equity.

**E. Points for Consideration**

23. After considering the facts stated and submissions made by both parties, the following question arises before this Authority:

*I. Whether the Complainants are entitled to the reliefs sought? If so, to what extent?*

*II. Whether the Respondents have violated provisions of the RE(R&D) Act, 2016?*



**F. Observations of the Authority**

**Point I**

24. Upon a careful examination of the pleadings, documents, and submissions placed on record by both parties, it is observed that Respondent Nos. 2 to 4 executed a registered Sale Deed bearing Document No. 1979/2023 dated 23.02.2023 in favour of the Complainant for Flat No. 205, Second Floor, Mahadev Heights, admeasuring 1875 sq. ft. super built-up area together with the undivided share of land admeasuring 75.00 square yards along with car parking area in stilt floor, constructed on Open land/Plot (towards Northern Side) bearing Sy. Nos. 234 & 251/A (hereinafter referred as the “Scheduled property”). As per the Sale Deed dated 23.02.2023, the total sale consideration of ₹37,50,000/- (Rupees Thirty-Seven Lakh Fifty Thousand Only) has been duly acknowledged as received by Respondent Nos. 2 to 4 from the Complainant.

25. The Complainant contends to have paid an additional sum of ₹13,50,000/- (Rupees Thirteen Lakh Fifty Thousand Only) in cash to Respondent No. 2 prior to the execution of the

Sale Deed, and that the total amount paid towards the sale consideration of the Scheduled property is ₹51,00,000/- (Rupees Fifty One Lakh Only). The Complainant has duly submitted the following receipts issued by Respondent No.2 acknowledging the payments made by the Complainant in respect of the Scheduled property before this Authority:

i. Cash Receipt dated 08-06-2022 for Rs. 2,00,000/- (Rupees Two Lakhs Only)
ii. Cash Receipt dated 02-07-2022 for Rs. 2,00,000/- (Rupees Two Lakhs Only)
iii. Cash Receipt dated 05-08-2022 for Rs. 2,00,000/- (Rupees Two Lakhs Only)
iv. Cash Receipt dated 03-10-2022 for Rs. 2,00,000/- (Rupees Two Lakhs Only)
v. Cash Receipt dated 01-11-2022 for Rs. 1,50,000/- (Rupees One Lakh and Fifty Thousand Only)
vi. Cash Receipt dated 01-12-2022 for Rs. 2,00,000/- (Rupees Two Lakhs Only)
vii. Cash Receipt dated 31-01-2023 for Rs. 2,00,000/- (Rupees Two Lakhs Only)

26. The registered Sale Deed dated 23.02.2023 unequivocally records that the total sale consideration for the Scheduled Property was ₹37,50,000/- (Rupees Thirty Seven Lakh Only). The Sale Deed further discloses that the said consideration comprised ₹2,00,000/- (Rupees Two Lakh Only) paid in cash as advance, ₹5,50,000/- (Rupees Five Lakh Fifty Thousand Only) paid through bank transfer, and ₹30,00,000/- (Rupees Thirty Lakh Only) paid through banker's cheque no. 520648, aggregating to total of ₹37,50,000/- (Rupees Thirty Seven Lakh Only). Although the Complainant has contended that an additional sum of ₹13,50,000/- was paid in cash over and above the consideration reflected in the Sale Deed and has relied upon certain cash receipts issued by Respondent No. 2, the said receipts merely acknowledge receipt of the amounts and do not expressly state that they were received as consideration over and above the amount recorded in the registered Sale Deed. No independent agreement, or other cogent evidence has been produced to establish that the parties had agreed to a total sale consideration of ₹51,00,000/- (Rupees Fifty One Lakh Only).

27. The Respondents have admitted in their contentions that Rs.13,50,000/- (Rupees Thirteen Lakh Fifty Thousand Only) has been paid by the Complainant in cash to Respondent No.2. However, the Respondents contended that the agreed sale consideration for the Scheduled property was ₹54,50,000/- (Rupees Fifty Four Lakh Fifty Thousand Only) and that only a sum of ₹40,50,000/- (Rupees Forty Lakh Fifty Thousand Only) has been paid by the Complainant. The Respondents have failed to produce any cogent documentary evidence in support of the same. Therefore, in the absence of such documentary evidence, this Authority

shall rely upon the registered Sale Deed dated 23.02.2023 which states that the total sale consideration of Rs. 37,50,000 (Rupees Thirty-Seven Lakh Fifty Thousand Only) has been paid by the Complainant and the same remains undisputed.

28. A perusal of the registered Sale Deed further reveals that possession of the Scheduled Property was delivered to the Complainant. The relevant Clause No. 3 is extracted below:

> *"That in pursuance of above agreement and in consideration of total sale consideration of Rs.37,50,000.00 ( Rupees Thirty seven Lakhs fifty thousand only) which is paid by the purchaser to the vendors, the vendors hereby permanently and absolutely transfer, alienate and convey the schedule property forever unto the Purchaser with all rights, title, possession and interest in and over it and appurtenant thereto, free from all encumbrances and charges etc., by virtue of this Deed the purchaser shall become the full and absolute owner of the scheduled property and shall be entitled to hold and enjoy the same absolutely and forever with all rights, title, possession, entitlement and interest etc., without any let or hindrance on the part of the vendor or any person or concern claiming through or under him/ her."*

29. It is also on record that the Complainant obtained a loan from Union Bank of India by mortgaging the Scheduled Property and created a Memorandum of Deposit of Title Deeds dated 23.01.2023. Further, the Complainant himself entered into an agreement dated 24.11.2024 with a mason for carrying out plastering and electrical wiring works in the flat. These acts are consistent with the Complainant having taken possession and exercising ownership rights over the property.

30. The Complainant alleges that only a skeletal structure was handed over and that possession was never effectively delivered. However, this allegation is contradicted by the clear and unequivocal Clause No.3 in the registered Sale Deed and the Complainant's subsequent conduct. Once a registered Sale Deed is executed acknowledging delivery of possession, and the allottee has acted upon the same (including mortgaging the property and undertaking internal works), the remedy of withdrawal from the project and full refund under Section 18(1) of the RE(R&D) Act, 2016 is generally not available. Section 18 RE(R&D) Act, 2016 is primarily attracted where the promoter fails to deliver possession prior to execution of the Sale Deed. After execution of the registered Sale Deed, the transaction attains finality, and any grievance relating to quality or deviations must be addressed through other remedies such as rectification or compensation.

31. The record further discloses that the project "Mahadev Heights" is registered with this Authority under Registration No. P03100006505, valid up to 19.03.2028. No specific date for handing over possession was stipulated in the unregistered Agreement of Sale dated 16.01.2023. The executed Sale Deed dated 23.02.2023 constitutes the operative document governing the rights of the parties.

32. The Complainant has also raised issues regarding deviations from the sanction plan and alleged illegal constructions. While these concerns are noted, the Complainant has not placed sufficient documentary on record in support of the same. Nevertheless, the Respondents are hereby directed to ensure that the project is completed within the registration validity period and in strict adherence to the sanction plan. Any material deviation therefrom shall be viewed seriously, and this Authority shall not hesitate to initiate appropriate proceedings under the RE (R&D) Act, 2016, if necessary. Respondent No. 1, being the developer, shall remain under strict scrutiny in this regard.

33. In view of the foregoing discussion, the registered Sale Deed raises a strong presumption of delivery of possession. The Complainant has failed to discharge the burden of proving, with cogent material, that the Respondents failed to hand over the Scheduled Property in accordance with the terms of the agreement so as to attract Section 18(1)(a) of the RE(R&D) Act, 2016. Accordingly, the relief of refund of ₹51,00,000/- together with interest is hereby rejected.



**Point II**

34. This Authority has carefully examined the Development Agreement-cum-General Power of Attorney (hereinafter "DGPA") executed on 16.12.2022. The record discloses that Respondent Nos. 2 to 4 are the owners of the subject land and had entered into the DGPA in favour of Respondent No. 1 for development of the project "Mahadev Heights". Under the terms of the said DGPA, the constructed area was apportioned between the developer (Respondent No. 1) and the landowners (Respondent Nos. 2 to 4), and as per Schedule-III of the DGPA, the Scheduled Property (Flat No. 205, super built-up area 1875 sq. ft.) falls within the individually allocated share of Respondent No. 2.

35. The subsequent registered Sale Deed dated 23.02.2023 has been executed by Respondent Nos. 2 to 4 jointly in favour of the Complainant, conveying title in respect of the Scheduled Property along with the corresponding undivided share of land. It is evident from

the cash receipts filed by the Complainant that an amount of Rs. 13,50,000/- (Rupees Thirteen Lakh Fifty Thousand Only) was received by Respondent No. 2 towards the sale consideration of the Scheduled Property, prior to execution of the registered Sale Deed. The said receipts have not been specifically denied by Respondent No. 2, and the Respondents have, on the contrary, admitted receipt of this amount in their own submissions. As per the Sale Deed, a total amount of Rs. 37,50,000/- (Rupees Thirty-Seven Lakh Fifty Thousand Only) has been received by Respondent Nos. 2 to 4. These facts establish that Respondent Nos. 2 to 4, have actively participated in the marketing and sale of the Scheduled Property and received substantial consideration directly. Section 2(zk) of the RE(R&D) Act, 2016 is of relevance:

*"2 (zk) "promoter" means,—*

*(i) a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees; or*

*(ii) a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon; or*

*(iii) any development authority or any other public body in respect of allottees of—*

*(a) buildings or apartments, as the case may be, constructed by such authority or body on lands owned by them or placed at their disposal by the Government; or*

*(b) plots owned by such authority or body or placed at their disposal by the Government, for the purpose of selling all or some of the apartments or plots; or*

*iv) an apex State level co-operative housing finance society and a primary co- operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings; or*

*v) any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale; or*

*vi) such other person who constructs any building or apartment for sale to the general public."*

36. Therefore, Section 2(zk) of the Real Estate (Regulation and Development) Act, 2016 defines the expression "promoter" in an inclusive and expansive manner. The statutory liability under the RE(R&D) Act, 2016 is not confined merely to the developer undertaking construction but extends equally to a landowner who, under a development agreement, retains a share in the

developed project and independently offers for sale or sells apartments or plots falling to such share. The explanation appended to Section 2(zk) of the RE (R&D) Act, 2016 unequivocally provides that where the person who constructs or converts a building into apartments or develops a project for the purpose of sale and the person who sells such apartments or plots are different persons, both shall be deemed to be promoters and shall be jointly liable as such for the functions and responsibilities specified under the Act and the Rules and Regulations made thereunder. The statute itself creates a legal fiction deeming both persons to be promoters and imposes joint statutory responsibility upon them wherever they independently participate in the commercial exploitation of the project by selling their respective shares.

37. In the present case, Respondent No.1 is the developer of the project "Mahadev Heights" and Respondent No. 2 to 4, having retained a defined share in the same project under the DGPA, sold the Scheduled Property forming part of the allocated share, received the sale consideration and executed the registered Sale Deed dated 23.02.2023 in favour of the Complainant. Respondent No.1 along with Respondent No. 2 to 4, therefore, squarely fall within the definition of a "promoter" under Section 2(zk) of the Act and cannot disclaim the statutory obligations attached to that status. Consequently, Respondent No. 2 to 4 are equally and jointly liable with Respondent No. 1 for non-compliance with the provisions of the Act, including the mandatory requirement of registration under Section 3 of the RE(R&D) Act, 2016 and all other statutory duties and liabilities cast upon a promoter under the RE(R&D) Act, 2016.

38. Having held that Respondent No. 1, as the developer entrusted with the construction and development of the project under the DGPA, and Respondent Nos. 2 to 4, as the landowners who retained and sold apartments falling to their respective shares, are all promoters within the meaning of Section 2(zk) of the RE(R&D) Act, 2016, this Authority proceeds to examine whether the mandatory requirement of registration under Section 3 of RE(R&D) Act, 2016 has been complied with. The prohibition contained in Section 3 RE(R&D) Act, 2016 operates at the level of the real estate project and binds every promoter associated with the project. Consequently, each promoter bears a corresponding statutory obligation to ensure that no apartment forming part of the project is advertised, marketed, booked, offered for sale or sold prior to obtaining registration from the Authority.

39. In the present case, it is an admitted position that the project "Mahadev Heights" was registered with the Telangana Real Estate Regulatory Authority under Registration No. P03100006505 only on 07.07.2023, with validity up to 19.03.2028. However, much prior

thereto, Respondent Nos. 2 to 4 executed the registered Sale Deed dated 23.02.2023 in favour of the Complainant in respect of the Scheduled property forming part of the said project. The execution of the registered Sale Deed is an undisputed act of sale undertaken nearly four months before the project was registered under the Act. The Complainant has also relied upon an unregistered Agreement of Sale dated 16.01.2023, indicating that the transaction had commenced even earlier.

40. Section 3 of the RE(R&D) Act, 2016 mandates that no promoter shall advertise, market, book, sell, offer for sale or invite persons to purchase any apartment, plot or building in a real estate project without first obtaining registration of such project with the Authority. The requirement of prior registration constitutes one of the foundational safeguards introduced by the Act to ensure transparency, regulatory oversight and protection of allottees. The statutory embargo is mandatory in nature and cannot be diluted or cured by subsequent registration of the project.

41. Since Respondent No. 1 and Respondent Nos. 2 to 4 are all promoters of the project within the meaning of Section 2(zk) of the RE(R&D) Act, 2016, the statutory obligation under Section 3 attaches equally to each of them. Respondent No. 1, being the developer responsible for conceiving, developing and constructing the project, was under a statutory obligation to ensure that the project was duly registered before any apartment therein was advertised, marketed, booked, offered for sale or sold. Likewise, Respondent Nos. 2 to 4, having retained their respective allocation under the Development Agreement-cum-General Power of Attorney and having sold the Scheduled Property falling to their share, were equally bound by the same statutory mandate. The explanation to Section 2(zk) of RE(R&D) Act, 2016 further reinforces this statutory position by expressly providing that where the person who constructs or develops a real estate project for the purpose of sale and the person who sells apartments or plots are different persons, both such persons shall be deemed to be promoters and shall be jointly liable as such for the functions and responsibilities specified under the RE(R&D) Act, 2016 and the Rules and Regulations made thereunder. The explanation creates a statutory deeming fiction and leaves no scope for either the developer or the landowner to disclaim liability by relying upon their inter se contractual arrangement under the Development Agreement-cum-General Power of Attorney. Consequently, the execution of the registered Sale Deed dated 23.02.2023 prior to obtaining registration of the project constitutes a clear contravention of Section 3 of the RE(R&D) Act, 2016 jointly by all promoters of the project, irrespective of the internal

allocation of constructed area or the distribution of sale rights between the developer and the landowners.

42. This Authority is therefore, of the considered opinion that the obligations cast upon promoters under the RE(R&D) Act, 2016 cannot be avoided by relying upon the internal allocation of constructed area under a Development Agreement-cum-General Power of Attorney. Such arrangements govern only the inter se rights and obligations between the developer and the landowners and cannot dilute the statutory mandate of the RE(R&D) Act, 2016. Once a project is undertaken jointly and apartments therein are sold by any of the promoters prior to obtaining registration, every promoter connected with the project remains jointly responsible for ensuring compliance with Section 3 of the RE(R&D) Act, 2016.

43. Accordingly, this Authority holds that Respondent No. 1 and Respondent Nos. 2 to 4, being promoters of the project "Mahadev Heights", have contravened the provisions of Section 3 of the RE(R&D) Act, 2016 by effecting the sale of the Scheduled property prior to obtaining registration from this Authority. The subsequent registration of the project on 07.07.2023 does not obliterate or condone the violation, which stood completed on the date the apartment was sold.

44. Consequently, this Authority is satisfied that Respondent No. 1 and Respondent Nos. 2 to 4 have contravened the provisions of Section 3 of the RE(R&D) Act, 2016 and are liable to be proceeded against for imposition of penalty under Section 59 of the RE(R&D) Act, 2016.

45. The Secretary, TG RERA, is accordingly directed to initiate appropriate proceedings for imposition of penalty under Section 59 of the Real Estate (Regulation and Development) Act, 2016 against Respondent No. 1 and Respondent Nos. 2 to 4, in accordance with law, for the violation of Section 3 of the RE(R&D) Act, 2016.

**G. Directions of the Authority**

46. In light of the findings recorded above and in exercise of the powers conferred under Sections 37 and 38 of the Real Estate (Regulation & Development) Act, 2016, this Authority issues the following directions:

i. The Secretary, TG RERA, is hereby directed to initiate appropriate proceedings for imposition of penalty against Respondent Nos. 1 to 4 namely M/s Manik Infra represented by its Partner, Sri. Bellal Shashank Reddy and the landowners including

Sri. Akula Subash, Sri. Gajawada Pradeep, Sri Bellal Praveen Kumar, for violation of Section 3 of the Real Estate (Regulation and Development) Act, 2016, for having marketed, booked, and sold the plot in project "Mahadev Heights" without prior registration of the project with this Authority, in accordance with law.

47. Accordingly, the Complaint stands disposed of. No order as to costs.

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|---|---|
| **Sd/-** | **Sd/-** |
| **Sri K. Srinivasa Rao,** | **Sri Laxmi Narayana Jannu,** |
| **Hon'ble Member,** | **Hon'ble Member,** |
| **TG RERA** | **TG RERA** |