

BEFORE TELANGANA REAL ESTATE REGULATORY AUTHORITY

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

Complaint No. 260 of 2024

31st October, 2025

Quorum: **Dr. N. Satyanarayana, IAS (Retd.), Hon'ble Chairperson**
Sri K. Srinivasa Rao, Hon'ble Member
Sri Laxmi Narayana Jannu, Hon'ble Member

Sikakolu Veera Pavan Chandra

*R/O- 301, Datta Sai Towers, 6-4-249, Naveen Nagar
Raod No.1, Banjara Hils, Hyderabad
Telangana-500034*

...Complainant

Versus

M/s Blue Joy Infra Pvt. Ltd., Rep. by N. Hari Prasad

*1-2-22, 6th floor, PNR High Nest,
Hydernagar village Kukatpally,
Hyderabad Telangana 500072*

...Respondent

The present matter filed by the Complainant herein came up for hearing on 10.07.2025 before this Authority in the presence of and Complainant in person, none appeared on behalf of the Respondent despite service of notice, and therefore he was set ex-parte, and after hearing the Complainant, this Authority passes the following ORDER:

2. 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 Complaint

3. The Complainant submitted that the Respondent entered into a commercial property named "THE CAPITAL," located on dry lands in Sy. No. 55A/A, A/B, 81, and 83, with a total land area of 25,410 square yards. The property was purportedly under development in Bachupally. The Respondent assured the Complainant of a 150 square feet commercial space on the 5th floor of the said project for a total sale consideration of ₹14,70,000.

4. In accordance with the terms of the Memorandum of Understanding (MOU) dated 09.07.2022 executed with the Respondent, for a purchase a commercial space admeasuring 150 square feet, designated as “Bar & Restaurant” space, located on the 5th floor of the commercial project named *The Capital*, situated in Survey Nos. 55A/A, A/B, 81 & 83, admeasuring 25,410 square yards (equivalent to Ac.5-10 guntas) at Bachupally Village, Bachupally Mandal and Municipality, Medchal-Malkajgiri District, Hyderabad, Telangana. Pursuant to the said MOU, the Complainant remitted a sum of ₹14,70,000/- (Rupees Fourteen Lakhs Seventy Thousand Only) towards the total sale consideration, while the Respondent undertook to obtain all requisite approvals from the competent authorities and to complete the project on or before June 2025. However, despite such commitments, the Respondent failed to deliver the agreed property, resulting in a breach of trust and financial loss to the Complainant.

5. It was further contractually agreed that the Respondent would be liable to pay Rs.100 per square feet rent every month irrespective of tenant from the date of the last payment. It is to be noted that the last payment was made by the Complainant to the Respondent on 02/07/2022.

6. Despite the aforesaid assurances, the Respondent has failed to fulfil its contractual obligations and has not delivered possession of the scheduled property within the stipulated timeframe. The inordinate delay in completion of the project and the failure to provide the agreed rent constitute gross violations of the terms of the agreement.

B. Relief Sought:

7. Aggrieved by the acts of the Respondent, the Complainant pray for the following:

- a) To direct the Respondent to refund of amount i.e. Rs.14,70,000/-.
- b) To direct the Respondent along with the interest for the principal amount as per rules.

C. Points for Consideration:

8. Upon due deliberation of the pleadings, contentions, and documents placed on record by the Complainant, the following issues arise for consideration before this Authority:

- I. Whether the Respondent has violated section 3&4 of the Real Estate (Regulation and Development) Act, 2016?
- II. Whether the Complainant is entitled to the relief sought?

D. Observations of the Authority:

Point I

9. This Authority has carefully examined the pleadings, documents, and submissions placed on record. It is observed that due notice of the proceedings was initially issued and duly served upon the Respondent through personal service by the Complainant. The record contains acknowledgments evidencing such service. Despite receipt of the notice, the Respondent failed to appear or file the counter.

10. To ensure full compliance with the principles of natural justice, this Authority thereafter directed the Complainant to effect service of notice upon the Respondent through substituted mode. In compliance with the said direction, the Complainant caused publication of the notice in one English daily newspaper and one Telugu daily newspaper, and filed proof of such publication on record. Even after the substituted service, the Respondent neither appeared before this Authority nor offered any explanation for his absence. In view of the Respondent's continued non-appearance and non-compliance with the directions of this Authority, the matter was ordered to proceed ex parte against him. Accordingly, the present matter has been adjudicated on the basis of the pleadings, documents, and submissions placed on record by the Complainant.

11. Upon due consideration to adjudicate the matter ex-parte in accordance with law, this Authority now turns to the core contention i.e., the Respondent has violated the mandatory provisions of Sections 3 and 4 of the RE(R&D) Act, 2016 in respect of the real estate project titled "The Capital."

12. Under Section 3(1) of the Real Estate (Regulation and Development) Act, 2016,

"No promoter shall advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any plot, apartment or building, as the case may be, in any real estate project or part of it, in any planning area, without registering the real estate project with the Real Estate Regulatory Authority..."

This provision lays down a foundational precondition for the lawful initiation and promotion of any real estate project. The requirement for registration under section 3(1) of the Act is not a mere procedural formality but a substantive legal obligation imposed on the promoter. It is a critical safeguard intended to ensure that the proposed development is undertaken in accordance with duly sanctioned plans, that clear and verifiable title is held by the promoter, and that the interests of homebuyers and allottees are protected through accountability and transparency.

13. In the present case, from the materials on record it is clear that the total built-up area of the project titled “*The Capital*” is 25,410 square yards, which translates to approximately 21245 square meters. This clearly exceeds the statutory threshold prescribed under the RE(R&D) Act, 2016 for triggering the mandatory registration requirement under Section 3, which mandates registration for projects where the area proposed to be developed *exceeds 500 square meters or where the number of proposed apartments exceeds eight*, whichever is applicable. Thus, in terms of scale, magnitude, and scope, the project undeniably falls within the regulatory ambit of Section 3 of the RE(R&D) Act, 2016. Accordingly, the Respondent was legally bound to register the said project with the Authority prior to undertaking any marketing, advertisement, or sale activities.

14. Under Section 4 of the RE(R&D) Act, 2016 further stipulates the documents and disclosures that must accompany an application for registration, including details of land title, layout and sanctioned plans, and the proposed schedule for completion. These prerequisites are designed to filter out non-compliant, speculative, or fictitious developments at the inception stage itself. From the records placed before this Authority, and upon perusal of the available material, it is evident that no prior application for registration of the said project has been made before this Authority by filing the requisite application as mandated under Section 4 of the Act. Any failure to adhere to this statutory framework not only defeats the legislative intent but also constitutes a breach attracting penal consequences under the RE(R&D) Act, 2016.

15. It is apparent from the available material on record that the Respondent has actively advertised the project “*The Capital*”, entered into a Memorandum of Understanding with the Complainant, and collected substantial consideration towards the sale of space in the said project. Crucially, these actions were undertaken in the complete absence of registration under the RE(R&D) Act, 2016. Such conduct clearly constitutes a violation of the statutory mandate under Section 3(1) of the RE(R&D) Act. Hence, point I answered in affirmative.

Point II

16. The Complainant has sought a refund of the amounts paid towards the project. Despite due service of notice, the Respondent has neither entered appearance nor filed any response clarifying the status of the project. The Complainant has also stated that repeated attempts were made to contact the Respondent, all of which proved unsuccessful. As per the record, even though a Memorandum of Understanding (MoU) was executed between the parties on 09.07.2022, there has been no further

communication from the Respondent regarding the progress or status of construction. The Complainant has categorically asserted that there is no visible development or construction activity at the project site, and further, that the Respondent has not obtained the registration for the project till date, despite the passage of considerable time. The complete absence of any regulatory compliance or project execution has led the Complainant to lose confidence in the Respondent's intentions and capacity to complete the project. In these circumstances, the Complainant has expressed a clear and unequivocal intention to withdraw from the project and seek refund, thereby filing the present Complaint.

17. Accordingly, under Section 18(1) of the Real Estate (Regulation and Development) Act, 2016, where the promoter fails to complete or is unable to deliver possession in accordance with the terms of the MoU for sale, the allottee is entitled, as a matter of right, to seek refund of the amount paid along with interest. This provision squarely applies in the present case, where the Respondent's failure to perform his obligations has left the Complainant with no option but to withdraw from the project and to seek refund. The statutory remedy of refund with interest serves to protect the allottee from the consequences of such default and ensures that the promoter is held financially accountable for failing to fulfill contractual and regulatory commitments.

18. Keeping in view the factual condition of the present case, it is pertaining to look into the provisions of Section 18(1) of the RE(R&D) Act, 2016 which reads as follows:

"If the promoter fails to complete or is unable to give possession of an apartment, plot or building, —

(a) in accordance with the terms of the agreement for sale or, as the case may be, duly completed by the date specified therein; or

(b) due to discontinuance of his business as a developer on account of suspension or revocation of the registration under this Act or for any other reason, he shall be liable on demand to the allottees, in case the allottee wishes to withdraw from the project, without prejudice to any other remedy available, to return the amount received by him in respect of that apartment, plot, building, as the case may be, with interest at such rate as may be prescribed in this behalf including compensation in the manner as provided under this Act."

19. Attention is drawn to the decision of the **Hon'ble Supreme Court of India in Civil Appeal Nos. 3581-359 of 2022, Civil Appeal Diary No. 9796/2019, M/s Imperia Structures Limited vs. Anil Patni & Others**, wherein it was held:

"In terms of Section 18 of the RERA Act, if a promoter fails to complete or is unable to give possession of an apartment by the date specified in the agreement, the promoter would be liable, on demand, to return the amount received in respect of that apartment if the allottee wishes to withdraw from the project. Such a right of the allottee is 'without prejudice to any other remedy available to him'. This right is unqualified, and if availed, the deposited money must be refunded with interest as prescribed. The proviso to Section 18(1) contemplates that if the allottee does not intend to withdraw from the project, they are entitled to interest for every month of delay until possession is handed over. The allottee may proceed under Section 18(1) or the proviso thereto."

20. Similarly, in **Civil Appeal Nos. 6745-6749 of 2021, M/s Newtech Promoters and Developers Private Limited vs. State of UP & Others**, the Hon'ble Supreme Court observed:

"Section 18(1) of the Act spells out the consequences if the promoter fails to complete or is unable to give possession of an apartment, plot, or building in terms of the agreement for sale. The allottee/home buyer holds an unqualified right to seek a refund of the amount with interest as prescribed."

21. Therefore, considering the aforementioned case laws and the provision of Section 18 of the RE (R&D) Act, 2016 and in the absence of any documentary evidence or material placed on record by the Respondent, who has been considered as *ex parte*, this Authority is of the opinion that the Complainant, having invested a substantial sum in anticipation of acquiring the allotted commercial space, has been wrongfully deprived of his rights due to the Respondent's absolute failure to execute the project. Consequently, the Complainant is entitled to the relief sought, which includes a full refund of the amount paid along with applicable interest. Hence, Point No. II is answered in affirmative.

22. The Respondent is liable to refund the entire amount paid by the Complainant, along with admissible interest i.e. Current Highest marginal cost of State Bank of India (8.75%) plus 2% that is 10.75% per annum, calculated from the date of the Memorandum of Understanding (MOU) entered into with the Complainant until the date of actual realization. The said repayment shall be effected within a period of ninety (90) days from the date of this Order.

23. The Complainant shall return any postdated cheque, if applicable, to the Respondent immediately upon receipt of the refunded amount, inclusive of interest. Hence, point II answered in affirmative.

E. Directions of the Authority:

24. In light of the findings of the Authority as recorded above, the following directions are issued under Section 37 of the RE(R&D) Act to ensure compliance with the obligations imposed upon the promoter as per the functions entrusted to the Authority under Section 34(f) of the RE(R&D) Act:

- i. For contravention of Section 3 of the Real Estate (Regulation and Development) Act, 2016, this Authority, in exercise of its powers under Section 59 of the RE(R&D) Act, hereby imposes a penalty of Rs. 10,32,750/- (Rupees Ten Lakh Thirty-Two Thousand Seven Hundred and Fifty only). This penalty is imposed for marketing and selling villas under the project titled 'The Capital' without obtaining registration from this Authority. The penalty amount shall be payable in favour of the TGRERA Fund, either through Demand Draft or online transfer to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036, within 30 days from the date of receipt of this Order by the Respondent/Promoter.
- ii. The Respondent is hereby directed to refund an amount of Rs. 14,70,000/- paid by the Complainant towards the commercial spaces/units in the project titled 'The Capital', along with interest at the rate equivalent to the State Bank of India's highest Marginal Cost of Funds Based Lending Rate (MCLR) of 8.75% plus 2%, i.e., 10.75% per annum, calculated from the date of execution of the Memorandum of Understanding (MoU) dated 09.07.2022 with the Complainant/allottee until the date of actual realization.
- iii. The refund of the entire amount shall be paid by the Respondent to the allottee within a period of 90 days from the date of this Order.

25. In light of the above findings and directions, the present complaint stands disposed of. The parties shall bear their own costs. The parties are hereby informed that failure to comply with this Order shall attract Section 63 of the RE(R&D) Act.

Sd/-
Sri K. Srinivasa Rao,
Hon'ble Member,
TG RERA

Sd/-
Sri Laxmi Narayana Jannu,
Hon'ble Member,
TG RERA

Sd/-
Dr. N. Satyanarayana, IAS (Retd.),
Hon'ble Chairperson,
TG RERA