

BEFORE TELANGANA STATE REAL ESTATE REGULATORY AUTHORITY
[Under the Real Estate (Regulation and Development) Act, 2016]

16th Day of April 2024

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

Complaint No.1160/2023/TSRERA

Sri Pradeep Kumar ...Complainant

Versus

Sri Maram Ravinder Reddy ...Respondents

Complaint No.1270/2023/TSRERA

Sri S.V. Pavan Kumar Akella ...Complainant

Versus

Sri Maram Ravinder Reddy ...Respondents

Complaint No.1121/2023/TSRERA

Sri Ramarao Tadikonda ...Complainant

Versus

Sri Maram Ravinder Reddy ...Respondents

Complaint No.1123/2023/TSRERA

Sri Kalluri Rakesh ...Complainant

Versus

Sri Maram Ravinder Reddy ...Respondents

Complaint No.1125/2023/TSRERA

Sri Paruchuri Vijaya Deepthi ...Complainant

Versus

Sri Maram Ravinder Reddy ...Respondents

Complaint No.1126/2023/TSRERA

Sri Telukuntla Hari Prasad ...Complainant

Rules, 2017 (hereinafter referred to as the “Rules”) requesting appropriate action against the Respondent Builder.

Brief facts of the case:

3. The Complainants are allottees of their respective flats in a Project namely “Jewel Park” having 2 blocks i.e., Pearl Block and Emerald Block floated by M/s Goldstone Infra represented through the Respondent herein. The Complainants have filed copies of their respective registered sale deed executed between themselves and the Respondent herein to establish their allotment in the Project. The Complainants jointly allege that the Respondent has failed to complete the Project even though time for completion had expired in 31.12.2019 for Pearl Block and 31.12.2021 for Emerald Block, respectively. Accordingly, they have jointly prayed to direct the Respondent to complete the Project and handover the respective flats to the Complainants with all amenities at the earliest.

Reply by the Respondent:

4. *Per contra*, vide Reply dated 27.12.2023, the Respondent submitted that on account of his financial conditions he could not complete the Project. However, he submitted that he requires 3 months’ time to complete the First Block with 65 units and 8 (eight) months’ time to complete the Second Block with 85 units. He additionally also prayed that the amounts due to him from the Complainants be disbursed to him in order to complete the construction at the earliest.

Hearing conducted:

5. Parties were called for hearing during which, the Complainants unequivocally asserted that they have lost confidence in the Respondent and can no longer rely upon him. They further requested this Authority to investigate keenly into the matter

and direct the Respondent to give a detailed timeline along with amounts required for each works and each tower for completion of the Project.

6. As the Respondent submitted that amounts were due from the landowners, the landowners were duly impleaded in the matters. And out of 21 (twenty-one) landowners in Emerald Block and 3 (three) landowners in Pearl Block, only 1 (one) landowner, Mrs. Tanveer Hafeez entered appearance and submitted, vide Affidavit dated 01.02.2024 that she along with other 20 (twenty) landowners had entered into a Development Agreement cum General Power of Attorney with M/s Goldstone Infra represented by its managing partner, Mr. Maram Reddy Ravindra Reddy vide registered Development Agreement cum General Power of Attorney bearing Document No. 7716 of 2016 dated 11.11.2016 registered at the S.R.O. Gandipet, Ranga Reddy District. That she owned an extent of 500 sq. yards bearing Plot No. 3 in Survey No: 246(part) in Puppalguda Village and Gram Panchyath, Rajendernagar Mandal (now in Gandipet Mandal), Ranga Reddy District, T.S. which had been given for development.

7. She submitted that the said Developer has kept with her a refundable deposit computed at Rs.1500/- per sq. yard as per clause no. 21 of the Development Agreement aggregating to Rs.7,50,000/- (Rupees Seven Lakhs and Fifty Thousand Only). And that the said amount would be refundable to the Developer/Respondent at the time of handing over of my share of 45% of the built up area as mentioned in clause no. 22 of the Development Agreement. As the flats falling in her share were not yet completed as per terms of the Agreement, she submitted that she is not entitled to release the refundable deposit.

8. In the intervening time, on 25.01.2024, the Respondent submitted a detailed timeline enumerating the works to be done in each block along with the specific duration and the amounts to be received by him and the cost that would be incurred for the said works. A copy of the said detailed timeline was supplied to the Complainants, who categorically submitted that the Respondent failed to submit the fund utilisation in the works as well as fortnight timelines, as was directed by this Authority. They also submitted that there is a deficit of Rs.13.37 Lakhs to complete the Project as per the Respondent's own calculation.

9. They added that there is absolutely no clarity and any material on record regarding release of funds by the landowners and the terms & conditions between the Respondent and landowners. Further, the Respondent has been repeatedly requesting the Authority to insist the customers/Complainants herein to release the balance amounts from financial institutions / personal sources but failed to submit any action plan from his end to overcome the deficit caused due to his own failure in completing the works on time. The Respondent has been taking the shelter of financial crisis for the past three years or so, but never tried to take any concrete steps to overcome the same except making generic and vague statements that he is trying for funds and that he has to receive amounts from the landowners.

10. Further, the cost estimate provided by the Respondent for balance works appear to be unreliable and on the lower side. Therefore, they requested this Authority to appoint a third-party consultant to submit a comprehensive evaluation of the Project with detailed timelines, and finances required for completion of the Project.

11. Accordingly, Engineering Staff College of India (hereinafter referred to as “ESCI”) was entrusted with the task of conducting a comprehensive evaluation of the Project and to submit the timelines along with the approximate finances required for completion of the Project.

ESCI Report findings:

12. Vide Report dated 04.04.2024 received by this Authority on 10.04.2024, ESCI, while enumerating the exact works that required to be completed or which are completed, reported that the 89% of the works are completed in the Pearl Block and only 11% of the works are remaining to be completed at the Respondent’s behest. Further, 64.5% of the works are completed in the Emerald Block and only 35.5 % of the works are remaining to be completed. It was also anticipated by ESCI that works will be completed for Tower No.1 – A, B & C Blocks i.e., Pearl Block from April to June 2024 and Tower No.2 – D, E, F & G Blocks i.e., Emerald Block from April to September/October 2024.

13. It was submitted that a total amount of Rs.2,50,00,000/- (Rupees Two Crores and Fifty Lakhs Only) is required for completion of Tower No.1 – A, B & C Blocks i.e., Pearl Block having a total of 95,900 sft and whereas Rs.9,95,00,000/- (Rupees Nine Crores Ninety Five Lakhs Only) is required for completion of Tower No. 2 – D, E, F & G Blocks i.e., Emerald Block having a total of 1,21,550 sft.

14. From the said Report, it was also observed that the Respondent collected Rs.18.24 crores from all the allottees and Rs.1.04 crores is outstanding from the allottees. An enumerated table of pending amounts from each allottee is provided therein.

Observations and Directions of the Authority:

15. This Authority has carefully perused the material on record and considered the contentions of the parties along with the detailed and comprehensive report submitted by ESCI. Admittedly, the Respondent was liable to complete the Project before 31.12.2019 for Pearl Block and 31.12.2021 for Emerald Block, respectively. However, he failed to do so on account of his financial instability. In the said process, the Respondent, has violated his obligation under Section 11(4)(b) which mandates him to complete the Project and obtain Occupancy Certificate from the competent authority as per timeline stipulated under the Building Permission and to make it available to the allottees individually or to the association of allottees.

16. Further, even though there are amounts due to be paid by the Complainants to the Respondent, it appears that on account of severe delay in completing the construction on part of the Respondent, the Complainants have lost faith in the Respondent and are submitting that only upon handover of the respective flats, will the Complainants deposit the outstanding balances to the Respondent. As the Respondent is admitting to its fault in failing to complete the Project within the scheduled timeline, no delay can be attributed to the Complainants for not having paid due amounts to the Respondent.

17. It has also come to the notice of this Authority that the Respondent has failed to create a designated bank account in abject violation of Section 4(2)(l)(D) of the Act, 2016. Further, the Respondent, has failed to extend its registration of the Project (Emerald Block - P02400002037 & Pearl Block - P02100000644) as per Section 6 of the Act, 2016 despite non-completion of the construction. The Respondent also violated Section 11 read with Rule 14(1)(c) and failed to submit quarterly reports of list of number and types of apartments offered for sale, list of number of parking

slots offered for sale, status of construction of each building with photographs, status of construction of each floor with photographs, status of construction of internal infrastructure and common areas with photographs amongst others.

18. On 08.04.2024, the Complainants and the Respondent filed a Joint Memo and agreed as under:

“In compliance to the directions passed by this Hon’ble Authority and as decided during the Joint Meeting of Parties with the Technical Team of Engineering Staff College of India (ESCI) held on 30th March 2024, the Parties agree that the Respondent shall complete Tower - I (Pearl - A, B & C blocks) of the project i.e. Goldstone Jewel Park in all respect including internal works, common works, lifts, sanitary, power supply, finishing works and other amenities and handover to the Complainants / Flat owners by 31st May 2024 and Tower - II (Emerald - D, E, F & G blocks) in all respect including internal works, common works, lifts, sanitary, power supply, finishing works and other amenities and handover to the Complainants / Flat Owners by 30th September 2024.

In case the Respondent fails to complete the said Tower - I & Tower - II and handover within the above-mentioned timelines, the Respondent shall pay penalty as stipulated under the Telangana Real Estate Act (Regulation and Development) Rules, 2017.”

19. That in line of the above-mentioned observations, this Authority issues the following directions:

- a) As per the Joint Memo dated 08.04.2024, the Respondent is directed to complete the construction and handover the respective flats to the Complainants in all respect including internal works, common works, lifts,

sanitary, power supply, finishing works and other amenities and handover to the Complainants by **31st May 2024** and Tower - II (Emerald - D, E, F & G blocks) in all respect including internal works, common works, lifts, sanitary, power supply, finishing works and other amenities and handover to the Complainants by **30th September 2024**; failing which appropriate action under Section 63 shall be initiated against the Respondent; and

- b) The Respondent is directed to submit a fortnightly report of the progress of the construction to this Authority in order to ensure that timelines are being strictly complied with; and
- c) For violation of Section 4(2)(l)(D) and Section 11 read with Rule 14(1)(c), this Authority deems it fit to impose penalty, while exercising its powers under Section 38 read with Section 61 of the Act, 2016, of Rs.6,41,505/- (Rupees Six Lakhs Forty-One Thousand Five Hundred and Five Only) with respect to the “Emerald Block” and Rs.3,62,900/- (Rupees Three Lakhs Sixty-Two Thousand and Nine Hundred Only) with respect to the “Pearl Block”, cumulatively, Rs.10,04,405/- (Rupees Ten Lakhs Four Thousand Four Hundred and Five Only) on the Respondent payable in favour of TS RERA FUNDS through Demand Draft or online payment to A/c No.50100595798191, HDFC Bank, IFSC Code: HDFC0007036 within 60 days; and
- d) The Complainants are directed to deposit the balance dues amounting to Rs.1.04 crores within 30 days of handover of their respective flat to Complainants.

20. In light of the above-mentioned directions, the matter is disposed of. The parties are hereby informed that non-compliance of the Order shall attract penalty under Section 63 of the Act, 2016.

21. If aggrieved by this Order, the parties may approach the TS Real Estate Appellate Tribunal (vide G.O.Ms.No.8, Dt.11-01-2018, the Telangana State Value Added Tax Appellate Tribunal has been designated as TS Real Estate Appellate Tribunal to manage the affairs under the Act till the regular Tribunal is established) in accordance with Section 44 of the Act, 2016.

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

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

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

