

BEFORE TELANGANA STATE REAL ESTATE REGULATORY AUTHORITY

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

27th Day of May 2025

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.116 OF 2024

1. Bachu Jagadeeswara Reddy
2. Gorrepati Bala Chandra Reddy
3. Reshma Ravindran
4. Vivek Jatla
5. Naziya Firdous
6. Srikanth Makutam
7. Yeduguru Chaitanya Reddy
8. P. Madhu Suman
9. C. Vinay Goud
10. Bhuban Barik
11. Devdutta Achary
12. K.P. Rajinikanth
13. Akhil Rangam
14. Mohan Deveswar
15. Bayini Swapna
16. Uttej Ravirala & Spandana Vattikuti
17. Korrapati Shanmukha Manoj Bharadwaj
18. Gandham Sai Deepak
19. M. Bhanu Prakash & Leela Madhavi
20. Venu Madhav Tumati
21. Jaya Prasad Rao Adnala
22. Chennuri Gowtham
23. Ramidi Sheshu Kumar Reddy
24. Sravya Kompella
25. Kesanapally Jamuna Rani

Addresses furnished:

1. R. Akhil
D.No: 2-6-31, Sikhwadi,
Near Vegetable Market,
Karimnagar, 505001
2. Gandham Sai Deepak,
Flat: 103, Lalitha Towers,
Sultanbagh, Erragadda,
Hyderabad, 500018

...Complainants

Versus

1. M/s Bhuvanteza Infra Projects Pvt. Ltd.
Represented through its Managing Director,
Sri Chekka Venkata Subramanyam
Corporate Office H. No. 201, 2nd Floor,
Lumbini Amrutha Chambers, Nagarjuna Circle,
Road No. 3, Banjara Hills,
Hyderabad- 500082
2. Sri Chekka Venkata Subramanyam
Flat No. C-110, Jayabheri Orange County,
Road No.2, Financial District,
Nanakramguda, Telangana-500032
3. Sri Chekka Bhagya Lakshmi
H.No: 15-31, RTP-1, Flat: 406, Rain Tree Park,
Malaysia Township near club House,
Kukatpally, Hyderabad-500072.
4. Sri Jangala Pramod Krishna
H.No: 3-3-549, Rangrez Bazar,
Secunderabad, Hyderabad-500003

...Respondents

COMPLAINT NO.140 OF 2024

1. Indrasen Guduru
2. Rajashekar Reddy Vinta
3. Dudyala Rajendra Prasad
4. Ramu Gali

Addresses furnished:

1. Indrasen Guduru
H.No-4-29, JPN Nagar, Miyapur
Hyderabad-500049
2. Rajashekar Reddy V
Flat 104, Karthik Pride
30/3, ACES Layout A block
Singsandra, Bangalore-560068

...Complainants

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Represented through its Managing Director,
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H.No: 3-3-549, Rangrez Bazar,
Secunderabad, Hyderabad-500003

...Respondents

The present matters filed by the Complainants hereinabove came up for final hearing on 12.12.2024 before this Authority in the presence of Counsel for Complainants, Sri B. Manoj Kumar and none for Respondents despite service of notice who was set *ex-parte* vide Order dated 21.11.2024, and upon hearing the arguments, this Authority passes the following **COMMON ORDER:**

2. The present Complaints have been filed under Section 31 of the Real Estate (Regulation and 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 action against the Respondents.

A. Brief facts of the case:

3. The Complainants submitted that in 2022, Complainants entered into respective agreements of sale with the Respondent No.1 for the purchase of flats in the project named "Aura Phase-2 (VELIMALA)", located at Velimala Village & (G.P), Ramachandrapuram Mandal, Sanga Reddy district, Telangana (State). That as per the agreement, HMDA and RERA approvals of the Construction were assured to be obtained by December 2022 and registration would be made to the Complainants subsequent to the same. However, despite the commitment, the construction of the project was significantly delayed. As of 18.06.2024, the project did not even commence with the construction.

4. The Complainants submitted that the delay in possession has caused them severe financial hardship as Complainants are burdened with paying both the rent and EMI for the loan taken for the said flats. It was also submitted that upon physical verification of the project

site, Aura Phase-1 flats with slab and side walls up to 2 Floors on A-Block and B-Block were completed & Aura Phase-2 did not start till date.

B. Relief sought:

5. It was submitted that the Complainants are afraid the Respondent may create third party rights in the flats and therefore, prayed as under:

- i. Completion and Possession: Direct the respondent to complete the construction and handover possession of the flat by August 2024.
- ii. Refund with Interest: Refund the amount paid along with interest if the respondent fails to complete the project within the stipulated time.
- iii. Rectification of Defects: Rectify any defects in the construction as per the agreed specifications.
- iv. Cost of Litigation: Award the cost of litigation incurred in pursuing this complaint.

C. Additional affidavit/grounds filed by the Complainants:

6. The Complainants filed additional grounds along with additional documents in the above-mentioned complaints, submitting that Respondent No.1 is M/s. Bhuvanteza Infra Projects Pvt. Ltd., is a Private Limited Company incorporated on 30th June, 2020, with CIN No. U45201TG2020PTC141246 and its Registration No. 141246, located in above mentioned address, represented by its Managing Director Mr. Chekka Venkata Subrahmanyam who is Respondent No. 2. Further, it was submitted that the Respondent No.3 is Authorised Signatory of the Respondent No.1 Company and that at the time of Incorporation of Company the Respondent No.3 was Director along with one Mr. Guntupalli Samanth. While so, the Respondent Nos. 2 and 3 herein are Husband and wife.

7. It was submitted that; the Respondent No.4 herein was the Land Lord / Original Owner of Sy. Nos. 216/A1, 216/AA, 216AA1, 216/A2/1, 215/A, 210/A1, 209/A, 208, 207 entered into agreement and understanding with the Respondent Nos. 1 to 3 herein for Development of his land into Residential multi-storeyed Complex, as such the Respondent No.4 herein is Promoter as per the provisions of Act, 2016.

8. Further, it was submitted that the Respondents invited the general public through various modes of advertisement and offered the customers flats in the name of Pre-Launch of AURA-II Project. Respondents displayed the ongoing site i.e., AURA-I to various customers

to lure them into their acts and to deceive. Respondents informed the Complainants that they had intention to develop a luxurious gated community project of Residential Complex, comprising of four towers (namely A, B, C & D Blocks) in the name and style Aura-II at Velimala Village, Ramachandrapuram Mandal, Sangareddy District, Telangana State (hereinafter referred to as "Project"). The Respondents informed the Complainants that under various Agreements and Sale Deed the Respondent No.1 had acquired both agricultural and non-agricultural land at the said site location for the purpose of developing the Project form Respondent No. 4 herein along with two small sites in the vicinity. It was represented that the Respondents had obtained contiguous parcel of land admeasuring approximately Ac. 4.06 Guntas for the said Project.

9. Complainants also submitted that the Respondents also extended an offer to the Complainants to sell a specific Flat in the Project consisting of 2 & 3 BHKs. In addition to their regular offer of Flat fixtures, the Respondents also included various amenities, including a car parking space and the proportionate undivided share of land in the said property / Project. That the Respondents extensively promoted the entire Project through, various media channels, including print, electronic, and social media, painting as appealing picture of the Development. Additionally, Respondents released several enticing brochures underscoring the exceptional quality and superiority of the Project.

10. That, the Respondents promised to provide world-class amenities and facilities while strictly adhering to the Project proposed timelines. The promise also included top-notch amenities such as elevators, swimming pool, ample car parking, indoor and outdoor sports facilities, a club house, 100% vastu compliance, power backup, rainwater harvesting, and C.C.TV. cameras and intercom systems at the main gate, lobby and corridors through their Company Brochure and various advertising promotions. Complainants herein and family members got enticed by the offer and advertisements of the Respondents, which emphasized the importance of prompt documentation, construction and adherence to timelines. Moreover, the Complainants herein were drawn to the Project layout, designs, specifications, and the Respondents' commitment to meet deadlines, all of which seemed to align perfectly with needs of the Complainants herein. That Respondents herein entered into Memorandum of Understanding for Buyback of Flats in Project with few Complainants herein within two or three years from the date of M.O.U., whereas the Project is not seen the light of the day till today.

11. That the Complainants having waited for more than one year have realized that the Respondents never intended for commencement of Project AURA-II and left the construction of AURA- I in shell stage and there are no activities in the Project and it was left abandoned till date. That the Respondents deceived and misguided the Complainants herein along with other customers, compelling the Complainants herein to invest substantial amounts of hard-earned money as mentioned in their Agreement of Sale. While so, the Complainant's invested funds were meticulously accumulated through savings, loans from friends, relatives and financial institutions etc., the life strategies of the Complainants and their family members to balance their professional work and matrimonial life including taking care of their children was severely hampered and disrupted in view of the delay in commencement of the Project AURA-II by Respondents.

12. That, the Complainants herein received a telephonic call from other Customers of Project named AURA- II informing that the Respondents duped uncountable customers in the name of Project AURA-II and in other projects started by them, the Complainants came to knowledge that there is a pending Complaint before Central Crime Station (CCS), at Hyderabad filed by other project customers, when the Complainants along with other customers approached the Police informed that the Respondents already filed Quash Petition before Hon'ble High Court for the State of Telangana, at Hyderabad, as such the Police advised to approach right forum and they cannot take any action pending the Quash Petition, as such the Complaint lodged by the Complainants herein are kept as pendency by the Police.

13. That the Complainant herein along with other 23 customers of Project filed present Complaints, without prejudice to the Complainant filed before any appropriate authority to recover the money from Respondents herein. As the Project started after 01.01.2017, the same ought to have been registered with this Authority, and since the Respondents failed to do so, necessary action should be initiated as per rules and regulations in force by Act, 2016 and Rules 2017.

14. It was submitted that the Respondent Nos. 1 to 3 displayed their Company name board adjacent to the Aura-I site, imploring the customers as if that they owned the land for the development of Aura-II Project. The said Respondent No. 1 Company Board was installed from year 2022-2023 and till Mid 2024, which shows that the Respondents make believed the

customers that they will start the project on any time. That the Complainants came to knowledge after filing the above Complaints that the Respondents herein did not obtain any permission / licenses nor did they register before this Authority. That Respondent No. 4 i.e., Mr. Jangala Pramod Krishna after receiving the Notices in the above case and CCS he installed / erected / raised with huge name board displaying his name along with Survey Numbers.

15. It was submitted that all the Respondents cheated the customers by providing a Legal Opinion rendered by SS Associates & Advocates, represented by Mr. Chundi Sai Kumar, Advocate along with few Pahanies, Sale Deeds, Proceedings of Nala Conversation and various Agreement of Sale - cum - General Power of Attorney with possession. The said Legal Opinion reflects that the Respondent Nos. 1 to 3 entered into Agreement to develop the project in the sites belongs to the Respondent No. 4 herein with a total extent of Ac. 4.03 gts., situated at Velimela Village, Ramachandrapuram Mandal, under the city Municipal limits of Tellapur, Sangareddy District. Further, that M/s. Varunraj Properties Pvt. Ltd., can enter in the Development Agreement-cum-General Power of Attorney over the schedule land to raise the Project, and as such the Respondent No. 4 is a promoter to the Project as per provisions of the Act, 2016.

16. Accordingly, the Complainants prayed to hold all the Respondents liable for violating provisions of the Act, 2016 and also to direct the Respondents to repay the amounts paid by the Complainants along with an interest as per Rules, 2017.

D. Hearing conducted:

17. During the course of hearing, the Complainants, while re-iterating the contents of its additional grounds, categorically submitted that the Sections which attract in the instant case are Section 7 Section 8 Section 18 Section 72 of the RE (R&D) Act, 2016.

18. The Complainants also relied on the following judgments:

- A. In the matter of *Fortune Infrastructure v. Trevor D'Lima* reported in (2018) 5 SCC 442, wherein, the Hon'ble Supreme Court held that "*No hard and fast rule can be laid down, however, a few examples would be where an allotment is made, price is received/paid, but possession is not given within the period set out in the brochure. The Commission/Forum would then need to determine the loss. Loss could be determined*

on basis of loss of rent which could have been earned if possession was given and the premises let out or if the consumer had to stay in rented premises, then on the basis of rent actually paid by him. Along with recompensing the loss, the Commission/Forum may also compensate for harassment/injury, both mental and physical.”

B. In the matter of *Newtech Promoters & Developers (P) Ltd. v. State of U.P.* reported in (2021) 18 SCC 1, wherein, the Hon’ble Supreme Court held as under:

“77. This Court while interpreting Section 18 of the Act, in Imperia Structures Ltd. v. Anil Patni [Imperia Structures Ltd. v. Anil Patni, (2020) 10 SCC 783: (2021) 1 SCC (Civ) 1] held that Section 18 confers an unqualified right upon an allottee to get refund of the amount deposited with the promoter and interest at the prescribed rate, if the promoter fails to complete or is unable to give possession of an apartment as per the date specified in the homebuyer's agreement in para 25 held as under: (SCC p. 810) "25. In terms of Section 18 of the RERA Act, if a promoter fails to complete or is unable to give possession of an apartment duly completed by the date specified in the agreement, the promoter would be liable, on demand, to return the amount received by him in respect of that apartment if the allottee wishes to withdraw from the Project. Such right of an allottee is specifically made "without prejudice to any other remedy available to him". The right so given to the allottee is unqualified and if availed, the money deposited by the allottee has to be refunded with interest at such rate as may be prescribed. The proviso to Section 18(1) contemplates a situation where the allottee does not intend to withdraw from the Project. In that case he is entitled to and must be paid interest for every month of delay till the handing over of the possession. It is up to the allottee to proceed either under Section 18(1) or under proviso to Section 18(1). The case of Himanshu Giri came under the latter category. The RERA Act thus definitely provides a remedy to an allottee who wishes to withdraw from the Project or claim return on his investment.

85. From the scheme of the Act of which a detailed reference has been made and taking note of power of adjudication delineated with the Regulatory Authority and adjudicating officer, what finally culls out is that although the Act indicates the distinct expressions like “refund”, “interest”, "penalty" and "compensation", a conjoint reading of Sections 18 and 19 clearly manifests that

when it comes to refund of the amount, and interest on the refund amount, or directing payment of interest for delayed delivery of possession, or penalty and interest thereon, it is the Regulatory Authority which has the power to examine and determine the outcome of a complaint. At the same time, when it comes to a question of seeking the relief of adjudging compensation and interest thereon under Sections 12, 14, 18 and 19, the adjudicating officer exclusively has the power to determine, keeping in view the collective reading of Section 71 read with Section 72 of the Act. If the adjudication under Sections 12, 14, 18 and 19 other than compensation as envisaged, is extended to the adjudicating officer as prayed that, in our view, may intend to expand the ambit and scope of the powers and functions of the adjudicating officer under Section 71 and that would be against the mandate of the 2016 Act.”

C. In the matter of *Sanvo Resorts Pvt. Ltd. and Others vs. Shital Nilesh Deshmukh and Another*, reported in 2023 SCC OnLine Bom. 1850, the Hon'ble High Court of Judicature at Bombay held as under:

“21. In this context, the Supreme Court in the case of Newtech Promoters and Developers Pvt. Ltd. (supra) in paragraphs 22 and 25 has expressly observed that the allottee has an unqualified right to claim interest under Section 18(1) of the RERA Act if the promoter fails to discharge his obligation in accordance with the terms and conditions of the agreement. This unqualified right is not 15 of 24 dependent on any contingencies or stipulations and therefore the legislature has consciously provided this right of refund as an unconditional absolute right to the allottee if the promoter fails to give possession within the stipulated time regardless of unforeseen events or stay order of the Court which is in either way not attributable to the allottee.”

D. In the matter of Complaint No. 647 of 2022 and Batch (known as Sahiti Sishta Abode Project), passed on 05.09.2024, this Authority issued directions to the respondents therein to refund the amounts paid by the Complainants along with interest.

19. Accordingly, the Complainants prayed to refund the amounts along with interest to the Complainants along with interest and take appropriate action against the Respondents for violation of the provisions of the Act, 2016.

E. Points for consideration:

20. After due deliberation on the contentions of the Complainants and the documents filed in their support, the following issues sprout for consideration by this Authority:

- I. Whether the Respondents have violated any provisions of the Act, 2016? If yes, what provisions and whether they are liable for penalty?
- II. Whether the Complainants are entitled to the reliefs as prayed for? If yes, to what extent?

E. Observations of the Authority:

21. Before going into the discussion, it is pertinent to note as to the notice served on the Respondents. With respect to Respondent Nos.1, 2 & 3, the Complainants filed a memo for proof of service on the said Respondents in both the Complaints, however, only in Complaint No.116/2024, on 04.09.2024 the Respondent No.1 entered appearance through its Counsel, Sri V.M.N.S Prasad and Sri U. Narendra. However, despite service of notice, no appearance was made by the party-in-person or the Counsel on behalf of Respondent No.1. Despite service of notice, no one appeared on behalf of the Respondent Nos.2, 3 & 4 in both Complaint No.116/2024 & 140/2024 and therefore, this Authority set them *ex-parte* vide Order dated 21.11.2024. The matter is accordingly being proceeded herewith as if the Respondents do not seek to furnish any reply to the contentions raised by the Complainant.

Point I

22. The Complainants have vehemently argued that the Respondent No.1 entered into a Development Agreement with the Respondent No.4, through its Authorised Representatives, Respondent Nos.2 & 3. They submitted that Respondent No.4 who is the original landowner of Sy. Nos. 216/A1, 216/AA, 216AA1, 216/A2/1, 215/A, 210/A1, 209/A, 208, 207 at Velimala Village, Ramachandrapuram Mandal, Sangareddy District, Telangana State, entered into the said Development Agreement to construct a residential complex comprising of four towers (namely A, B, C & D Blocks) in the name and style Aura-II. Lured by the brochures issued by the Respondent No.1, the Complainants invested their hard-earned money in the Project in exchange of which, the Respondent No.1, through Respondent No.2 issued respective Agreement of Sale in favour of the Complainants.

23. That despite several reminders, the Respondent No.1 did not commence construction, neither did he respond to the Complainants who sought for refund of their amounts. Accordingly, aggrieved by the actions of the Respondents, the Complainants prayed to refund the amounts invested by them along with interest as per Rules, 2017.

24. The Complainants also highlighted the violations committed on part of the Respondents, being Section 7. They also relied on Section 8, 18 and 72 of the Act, 2016. Further, they relied on the judgments as mentioned in Para No.18 above and also categorically prayed that all the Respondents including the landowner i.e., the Respondent No.4, are jointly and severally liable for the violations and appropriate action be initiated against them accordingly.

25. To be able to identify whether the Respondents are jointly & severally liable to refund the amounts paid by the Complainants, this Authority has to examine whether the Respondent No.4 is the original landowner to the project and whether landowner of the project is also a promoter in accordance with the provisions of the Act, 2016. For this, a perusal of the Agreement of sale executed by Respondent No.1 in favour of the Complainants is relevant. In the recitals, the Respondent No.1 states “Whereas the VENDOR is the Agreement holder of the below mentioned properties:

- i. Agriculture land bearing Sy No.215/A, at extent of Ac. 1.0000 Gts, Sy.No.216/A2/1, extent Ac. 0.0300 Gts, Sy.no. 210/A1, extent Ac. 1.0300 Gts, Sy.no. 207, extent Ac. 0.1300 Gts, Sy.no. 208, extent Ac. 0.2600 Gts, Sy.no.216/AA1, extent Ac. 0.1000 Gts, Sy.no. 209/A, extent Ac. 0.0300 Gts, Sy.no.216/A1, extent Ac. 0.0300 Gts & Sy.no 216/AA, extent Ac. 0.1000 Gts, Thus Total extent of 3.3100 Gts, Situated at VELIMALA Village, Ramachandrapuram Mandal, Sangareddy District, Telangana State. Having Through Patta Passbook no. T09210090951, Katha No. 231.
- ii. Non-Agriculture land bearing Sy No. 209/AA, at area of Ac.0.0100 Gts., and Sy.No. 210/AA, at area of 0.1400., thus the total Area comes to Ac. 0.1500 Gts., With Document No. 14232/19 Situated at VELIMALA Village, Ramachandrapuram Mandal, Sangareddy District, Telangana State.
Whereas the above-named Vendor has clubbed the above said their properties being adjacent to each other, which is totally admeasuring to Ac.4.06 Gnts.

Situated at VELIMALA Village, Ramachandrapuram Mandal, Sangareddy District, Telangana State.

Whereas the Vendor company i.e., M/s. BHUVANTEZA INFRAPROJECTS PVT LTD," is coming up with new project i.e., a Residential Apartments Project on the above-mentioned Properties and named the project as "AURA-2 (Velimala)", The Vendor has offered to sell a Flat No.904, 9th Floor, D- Block, measuring 1265 Sft, including the Amenities, Car Parking, (Registration Charges, GST EXTRA) along with the proportionate of undivided share of land and the veridee has agreed to purchase the above said property for the below mentioned Sale Consideration."

26. A perusal of the above-mentioned clause will show that Respondent No.1 is an agreement holder of the above-mentioned properties in which the Project titled "Aura – II" is situated. The Complainants submitted that all the Respondents cheated the customers by providing a Legal Opinion rendered by SS Associates & Advocates, represented by Mr. Chundi Sai Kumar, Advocate along with few Pahanies, Sale Deeds, Proceedings of Nala Conversation and various Agreement of Sale - cum - General Power of Attorney with possession. They further submitted that the said Legal Opinion reflects that the Respondent Nos. 1 to 3 entered into Agreement to develop the project in the sites belongs to the Respondent No. 4 herein with a total extent of Ac. 4.03 gts., situated at Velimela Village, Ramachandrapuram Mandal, under the city Municipal limits of Tellapur, Sangareddy District. Further, that M/s. Varunraj Properties Pvt. Ltd., can enter in the Development Agreement-cum-General Power of Attorney over the schedule land to raise the Project, and that, as such the Respondent No. 4 is a promoter to the Project as per provisions of the Act, 2016.

27. This Authority has perused the Legal Opinion rendered by SS Associates & Advocates, represented by Mr. Chundi Sai Kumar, Advocate in which the Counsel has opined that M/s Varunraj Properties Pvt. Ltd. has purchased the land through development agreement with possession with the below landlords to construct a Residential Towers in total land admeasuring A/c 4.0300 Guntas and that the Counsel accepts the title of present owners being 1) Mrs. Chekka Bhagyalakshmi (Respondent No.3) in respect of open place admeasuring 1815 Sq. yards (equivalent to 1517.52 Sq. Meters) in Sy. Nos. 209/AA1 and 210/EE1 (as per NALA proceedings), situated at Velimela Village, Ramchandrapuram Mandal, Sanga Reddy District, and 2) in Sy.No. 207,208,209,210,215,216 it reveals that Jangala Pramod Krishna (Respondent

No.4), S/o. Dharmaiah is the owner with an extent of A/c. 3.2800 Guntas of Velimala Village, Ramachandrapuram Mandal, Sanga Reddy District total admeasuring A/c. 4.03 Guntas. This Authority is of the considered opinion that veracity of this legal opinion is questionable as the documents relied on by the Counsel have not been appended with the said legal opinion for this Authority to verify the claims made by the Counsel.

Further, there is no specific document that has been submitted by the Complainants to establish without reasonable doubt that Respondent No.4 is the landowner except this legal opinion and the photographs of the site which consists of a photograph of the board installed stating “this land belongs to Jangala Pramoda Krishna trespassers will be prosecuted along with Survey Nos.216/A1, 216AA, 216/A2/1, 215/A, 210/A1, 2019/A, 208 & 207. Further, the agreement some third party i.e., M/s Varunraj Properties Pvt. Ltd. has with the Respondents in respect of subject land, which has again not been produced before this Authority, cannot have any bearing on the facts and circumstances of the present case.

28. Therefore, this Authority cannot conclusively hold that Respondent No.4 is the landowner of the subject land without having perused documents as stated in the legal opinion filed by the Complainants and in lieu thereof, Respondent No.4 cannot be termed as a landowner.

29. Now the question remains if the Respondent No.1, together with Respondent Nos.2 & 3 have violated any provisions of the Act, 2016.

30. This Authority is of the considered view that Respondent Nos. 1 and 2 are liable under Section 3(1) of the Real Estate (Regulation and Development) Act, 2016 (“the Act”) for undertaking a real estate project without obtaining mandatory registration with this Authority. The said provision mandates that any real estate project exceeding 500 square metres in area or involving more than 8 apartments must be registered with the Real Estate Regulatory Authority before any form of marketing, advertisement, booking, or sale is undertaken. Section 3(1) of the Act states as follows:

“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 established under this Act.”

31. It is pertinent to note that the Complainants have submitted that no permission from the competent authority was obtained by the Respondent No.1 before entering into the Agreements

of sale with the Complainants. Section 4(1) of the Act obligates every promoter to submit a formal application to the Authority for registration of the project in a prescribed form and manner prior to initiating any transaction or communication with prospective buyers.

There is no material on record to indicate that such an application was ever made by Respondent Nos. 1,2 and 3. The absence of such application coupled with actual execution of sale agreements clearly shows wilful non-compliance and grossly violating Sections 3 & 4 of the Act, 2016. In accordance thereof, Respondent No.1 is liable for penalty under Sections 59 & 60 of the Act, 2016.

32. In view of the foregoing, this Authority holds that Respondent Nos. 1 and 2 have violated Sections 3 and 4 of the Act, 2016, by initiating marketing and sale of units in the project “Aura Velimala Phase-2” without securing the mandatory registration. Accordingly, the Respondents are liable for penalty under Sections 59 and 60 of the RE (R&D) Act, 2016. These provisions explicitly state that

“If any promoter contravenes the provisions of Section 3, he shall be liable to a penalty which may extend up to ten per cent of the estimated cost of the real estate project as determined by the Authority.” (Section 59(1))

“If any promoter provides false information or contravenes the provisions of Section 4, he shall be liable to a penalty which may extend up to five per cent of the estimated cost of the real estate project as determined by the Authority.” (Section 60)

33. Therefore, Point I is answered accordingly, and Respondent No.1 is in violation of Sections 3, 4 and is liable for penalty under Sections 59, 60 of the RE (R&D) Act, 2016.

Point II

34. For the ease of understanding of facts, the details of the Agreements of sale, as well as the amounts paid by the respective Complainants are enumerated in the table given as under:

S.No.	Complaint No.	Complainant Name	Amount paid in Rupees (Rs)	Agreement of sale date
1.	116/2024	Bachu Jagadeeswara Reddy	22,00,000/-	10.03.2022
2.	116/2024	Gorrepati Bala Chandra Reddy	17,00,000/-	24.09.2022
3.	116/2024	Reshma Ravindran	10,00,000/-	05.03.2022

4.	116/2024	Vivek Jatla	11,25,000/-	29.11.2021
5.	116/2024	Naziya Firdous	40,92,000/-	11.04.2022
6.	116/2024	Srikanth Makutam	28,29,000/-	03.09.2021
7.	116/2024	Yeduguru Chaitanya Reddy	6,00,000/-	19.01.2022
8.	116/2024	P. Madhu Suman	17,00,000/-	24.06.2022
9.	116/2024	C. Vinay Goud	8,47,550/-	08.06.2022
10.	116/2024	Bhuban Barik	7,00,000/-	04.12.2021
11.	116/2024	Devdutta Achary	17,20,400/-	11.05.2022
12.	116/2024	K.P. Rajinikanth	10,23,000/-	13.01.2022
13.	116/2024	Akhil Rangam	6,00,000/-	No AOS entered. Payment Receipts produced.
14.	116/2024	Mohan Deveswar	11,38,500/-	09.12.2022
15.	116/2024	Bayini Swapna	45,18,000/-	MOU dated: 15.06.2022 AOS dated 19.04.2022
16.	116/2024	Uttej Ravirala & Spandana Vattikuti	44,00,000/-	10.02.2022
17.	116/2024	Korrapati Shanmukha Manoj Bharadwaj	11,25,300/-	27.08.2022
18.	116/2024	Gandham Sai Deepak	20,00,000/-	18.04.2022
19.	116/2024	M. Bhanu Prakash & Leela Madhavi	20,00,00/-	No AOS entered. Payment Receipts produced.
20.	116/2024	Venu Madhav Tumati	16,00,000/-	25.03.2022
21.	116/2024	Jaya Prasad Rao Adnala	10,01,000/-	18.04.2022
22.	116/2024	Chennuri Gowtham	11,25,000/-	22.02.2022
23.	116/2024	Ramidi Sheshu Kumar Reddy	31,62,500/-	13.03.2022

24.	116/2024	Sravya Kompella	15,45,000/-	01.05.2022
25.	116/2024	Kesanapally Jamuna Rani	8,34,900/-	19.04.2022
26.	140/2024	Indrasen Guduru	45,00,000/-	19.12.2021
27.	140/2024	Rajasekhar Reddy Vinta	31,62,500/-	27.03.2022
28.	140/2024	Dudyala Rajendra Prasad	16,44,500/-	13.04.2022
29.	140/2024	Ramu Gali	17,74,500/-	07.02.2022

35. The record clearly establishes that Respondent Nos. 1 and 2 entered into Agreements of sale with the respective Complainants for the purchase of residential flats in the project titled “Aura Velimala Phase-2”, located at Velimala Village, Ramachandrapuram Mandal, Sangareddy District, Telangana.

36. However, despite the passage of significant time since the execution of these agreements, many of which were executed between the years 2021 and 2022, the Respondents have neither completed the project nor handed over possession of the apartments to the respective allottees. As of the date of filing of this complaint, the status of the project remains grossly incomplete, with construction haven’t been started only (0% progress), as noted by the Complainants.

37. This factual condition brings into clear operation 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.”

38. The legislative intent behind this provision is clear i.e., where a promoter fails to honour their contractual obligation of timely delivery of possession, the allottee is entitled to seek refund of the entire amount paid, along with statutory interest as prescribed under the Rules.

39. In the present case, the default of the Respondents is not only evident but also aggravated by their failure to take corrective steps, despite multiple reminders and representations from the Complainants. The Authority finds that the Respondents have failed to show any bona fide or justifiable reason for the substantial delay in construction, especially considering that nearly three years have passed since the commencement of the project and yet only a fraction of the work stands completed.

40. It is further noted that the Respondents did not demonstrate any firm commitment or actionable roadmap for the completion of the project. The absence of any progress in the construction, even after the agreed delivery date has elapsed, coupled with vague or evasive responses to the Complainants, reinforces the conclusion that the Respondents are unable to fulfil their obligations under the agreement of sale.

41. In the light of the material available on record, it is evident that the Respondents collected substantial amounts from the Complainants even before securing the requisite building permissions from the Hyderabad Metropolitan Development Authority (HMDA). This act of raising funds in the absence of statutory approvals is a serious deviation from the expected conduct of a promoter under the regulatory framework of the RE (R&D) Act, 2016.

42. Despite receiving considerable sums from the allottees, the construction of the project remains stagnated, not even started, with no substantial progress reported even after lapse of time since the execution of the Agreements of Sale. In such a scenario, the allottees cannot be made to wait indefinitely for possession, particularly when there is no clarity or commitment from the Respondent regarding the completion timeline, thereby justifying the Complainants' entitlement to refund as per relief (2) under Section 18(1)(a) of the RE(R&D) Act, 2016.

43. Regarding reliefs, (1) & (3), the Complainants categorically submitted that the Respondent Nos.1 & 2 are embroiled in several criminal cases on account of complaints filed against him for siphoning funds and is not available to complete the construction and handover the allotted apartments to them. In view of the same, this Authority is of the considered opinion that all the Complainants are entitled to their relief of seeking refund from Respondent No.1 is liable to refund the amounts paid by the Complainants along with interest in accordance with Rule 15 of the Rules, 2017.

44. Therefore, Point II is answered in affirmative and the Complainants are entitled to refund in accordance with Section 18 of the Act, 2016, in accordance with their respective Agreements of sale. However, two of the Complainants, Akhil Rangam and Bhanu Prakash & Leela Madhavi have produced payment receipts of the respective amounts paid, since

Agreement of sale was not entered by the Respondent. Hence refund may be issued accordingly.

G. Directions of the Authority:

45. Vide its powers under Sections 37 of the RE (R&D) Act, 2016, this Authority issues the following directions:

- a. Respondent No.1 is liable to pay penalty of Rs.21,83,739/- towards violation of Sections 3 & 4 for non-registration of the Project “Aura Velimala Phase – 2” payable within 30 (thirty) days in favour of TG RERA FUND through a Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036; and
- b. Respondent No.1 is hereby directed to refund the amounts paid by all 29 Complainants in CC Nos. 116/2024 and 140/2024, as per the amounts specified in their respective Agreements of sale/payment receipts as detailed in the table under Para 34. The refund shall be made along with interest at the rate of 11.0% per annum (comprising SBI MCLR of 9.0% + 2%), calculated from the date of each Complainant's respective Agreement of sale/last date of payment as the case may be, until the date of actual refund. The said refund shall be done in accordance with Rule 15 of the Telangana Real Estate (Regulation and Development) Rules, 2017, within a period of 90 (ninety) days from the date of this Order.; and
- c. The Respondent Nos.1 & 2 are hereby directed to take steps to file an application for registration of the Project – “Aura Velimala Phase – 2” before this Authority in accordance with Section 4 of the Act, 2016 and the Rules thereunder with immediate effect and till the registration is granted by this Authority, the Respondent shall, strictly, not advertise, market, book, sell or offer for sale, or invite person/s to purchase in any manner any units of the said Project – “Aura Velimala Phase – 2”.
- d. Failing to comply with the above-said directions by Respondent No.1 shall attract penalty in accordance with Section 63 of the Act, 2016.

46. The Complaints are disposed of in lieu of the above directions. No order as to costs.

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