TELANGANA REAL ESTATE APPELLATE TRIBUNAL: HYDERABAD

Krishna Hostel, First Floor, Dr. MCR HRD Institute Campus, Road No.25,
MP & MLAs Colony, Jubilee Hills, Hyderabad-500 033.

CORAM: Hon'ble Sri Justice A. Santhosh Reddy, Chairperson
Hon'ble Sri P. Pradeep Kumar Reddy, Judicial Member
Hon'ble Sri Vemula Sreekar, Administrative Member

T.A.No. 09 of 2025 & T.A.No.33 of 2025

T.A.No.09 of 2025

Between :

M/s Paradise Peak Private Limited, represented by its
Managing Director Mohammed Sikander Rayees,
Registered office at Plot No.34, 231/D, Main Road,
Sanga Reddy District.

...Appellant/Promoter

AND

1.Macharla Santhosh, S/o Macharla Sammaiah,
29 years, Advocate, H.No.31 LIG 2, First Floor,
B.K.G.U.D.A, near B.K.Guda Park, S.R. Nagar,
Hyderabad – 500038.

…Respondent/Complainant

2.Chinta Ram Mohan, S/o Ananthaiah, 62 years,
Flat No.102, Paramila Banjara, Road No.10,
Gowri Shankar, Khairatabad, Hyderabad.

… Respondent/landowner

Counsel for Appellant : M/s Kamal & Company Advocates
Anuradha Cherkuri & J.Pradeep Kiran

Counsel for Respondents : Mr. R.S.Sravan Kumar

T.A.No.33 of 2025

Between:

Macharla Santhosh, S/o Macharla Sammaiah,
29 years, Advocate, H.No.31 LIG 2, First Floor,
B.K.Guda, near B.K.Guda Park, S.R. Nagar,
Hyderabad – 500038.

…Appellant/Complainant

AND

M/s Paradise Peak Private Limited, represented by its
Managing Director Mohammed Sikander Rayees,
Registered office at Plot No.34, 231/D, Main Road,
Zaheerabad, Sanga Reddy District-502318.

…Respondent/Promoter

Counsel for Appellant : Mr. R.S.Sravan Kumar

Counsel for Respondent : M/s Kamal & Company Advocates
Anuradha Cherkuri & J.Pradeep Kiran

Date of Decision : 11.11.2026

COMMON ORDER: *(Per Hon'ble Sri Justice A. Santhosh Reddy)*

These two appeals are being disposed of by this Common Order since the parties and subject matter are one and the same and also T.A.No.09 of 2025 filed by Paradise Peak Private Limited (hereinafter referred to as 'Promoter') and T.A.No.33 of 2025 filed by Macharla Santhosh (hereinafter referred to as 'Complainant') are directed against the very same Order of the Telangana Real Estate Regulatory Authority, Hyderabad (for short 'the Regulatory Authority'), in Case No.227 of 2024, dated 13.12.2024, whereby the complaint filed by the Complainant has been disposed of imposing a penalty of Rs.11,49,210/- on the Promoter, under Sections 59(1) and 60 of the Real Estate (Regulation and Development) Act, 2016 (for short 'the Act') for violation of Sections 3(1) and 4(1) of the Act and that the Promoter was also directed to take steps to register the Project under Section 4 of the Act read with Rules 3 and 4 of the Telangana State Real Estate (Regulation and Development) Rules, 2017 (for brevity 'the Rules') and till such registration is obtained, he was restrained from advertising, marketing, booking, selling, offering for sale, or inviting any person to purchase any unit in the said project situated in

Sy.Nos.338/A and 340/A, failing which Penalty under Section 63 of the Act shall attract.

2. For the sake of convenience, the parties hereinafter referred to as Complainant and Promoter as they were arrayed before the Telangana Real Estate Regulatory Authority.

3. The Complainant case, in brief, is that the Promoter developed a 50-acre layout project in the year 2018 and sold approximately 550 plots without registering the project with the Regulatory Authority. It is stated that the promoter entered into a Development Agreement-cum-Irrevocable General Power of Attorney with the landowner/Chinta Ram Mohan (Respondent No.2 herein), vide Document No.10646/2018, dated 25.10.2018, for development of a land admeasuring Ac.51-18 guntas in Sy.Nos.338/A and 340/A of Zaheerabad Municipality, Sanga Reddy District. It is further stated that the promoter had obtained DTCP layout approval, on 26.09.2019, however, no application for RERA registration was made and that the promoter sold plots to third-parties without registration as evidenced by the Encumbrance Certificate and failed to secure mandatory insurance exposing buyers to financial and legal risks. It is further stated that the buyers' interest is further jeopardized by a dispute between the 2nd respondent/landowner and the promoter, which

led to filing Arbitration Application No.151 of 2023, which was adjudicated by the Hon'ble High Court of Telangana, on 10.11.2023, by appointing a former Hon'ble Judge of Supreme Court, as an arbitrator. Therefore, the complainant sought for the following reliefs:

(i) to punish the promoter for violation of Sections 3, 4, 16 and other applicable Sections of the Act as per Sections 59, 60, 61 of the Act.
(ii) to publish the non-application of RERA and violations committed by the promoter on the RERA website and in the local newspapers to alert innocent homebuyers.
(iii) to direct the promoter not to sell any plots at the real estate project undertaken by him without RERA registration so that innocent buyers are not cheated.

4. There was no representation on behalf of the promoter before the Regulatory Authority.

5. After hearing the Complainant and perusing the entire material available on record, the learned Regulatory Authority, *vide* impugned order, dated 13.12.2024, imposed a penalty of Rs.11,49,210/- on the promoter, under Sections 59(1) and 60 of the Act, for violation of Sections 3(1) and 4(1) of the Act and directed him to register the project and also restrained him from advertising, marketing, booking and offering for sale of the flats in the project situated in Sy.Nos.338/A and 340/A till registration of the project is obtained.

6. Being aggrieved by the impugned order, dated 13.12.2024, passed by the learned Regulatory Authority, the Promoter filed T.A.No.09 of 2025 and Complainant filed T.A.No.33 of 2025.

7. Learned Counsel for the Complainant submitted that the interpretation of the Regulatory Authority that only homebuyers are aggrieved parties is bad in law and that this interpretation is suitable for registered projects, where the violation is *in personam* and only homebuyers can file a complaint, as the dispute falls under private law. But for unregistered projects, any person can be an aggrieved person, as the violations are *in rem* and the remedy falls under public law. In support of his contentions, he relied upon the decisions of the Hon'ble Supreme Court in *Jasbhai Motibhai Desai Vs. Roshan Kumar, Haji Bashir Ahmed and others*[1]*; Bar Council of Maharashtra Vs. M.V.Dabholkar*[2] *and Ayaaubkhan Noorkhan Pathan Vs. State of Maharashtra and others*[3]. He further submitted that in the original memorandum of grounds of appeal in T.A. No.09 of 2025, the Promoter nowhere pleaded that he could not register the project because of the landowner nor that the landowner is a co-promoter within Section 2(zk) of the Act and the plea of 'co-promoter' was introduced for

[1] AIR 1976 Supreme Court 578
[2] (1975) 2 SCC 703
[3] AIR 2013 Supreme Court 58

the first time only at the arguments stage through the impleadment application and that even after impleadment, the Promoter did not seek leave to amend the memorandum of appeal. He further submitted that it is settled law that a Promoter cannot, except by leave of the Court, urge a ground not set forth in the memorandum of appeal and that a Court cannot grant relief not prayed for nor base its decision on grounds outside the pleadings without amendment. In support of his contention, he relied upon a decision of the Hon'ble Supreme Court in *Bharat Amratlal Kothari Vs. Dosukhan Samadkhan Sindhi*[4]. He further submitted that the Development Agreement-cum-General Power of Attorney between the parties expressly obligates the Promoter to obtain all required permissions from the competent authorities and to apply for registration under Section 4 of the Act read with Rules 3 and 4 of the Rules and that the 2nd respondent/landowner is only a passive partner, who contributed land and, as consideration, is entitled to 55% of the plots. He further submitted that as the project falls within the planning area of Telangana and the Promoter as a defaulter and continuing violator, is not entitled to equitable indulgence to shift its statutory liability to the passive landowner.

[4] (2010) 1 SCC 234

8. Learned Counsel for the Promoter submitted that the complaint has been filed by the complainant (Macharla Santhosh), who is neither an aggrieved person nor has *locus standi, and* the same has been filed at the instance of the 2nd respondent/landowner (Chinta Ram Mohan) and that the issues relating to the registrability of the project and the creation of multiple encumbrances have arisen solely on account of the acts and omissions of the landowner. He has further submitted that the Promoter has duly obtained DTCP layout approval in accordance with law and the said approval does not stipulate any condition requiring prior RERA registration. He further submitted that the Promoter had acted *bona fide*, having entered into a registered Development Agreement-cum-Irrevocable GPA with the lawful landowner, and the landowner himself instructed the Promoter to defer RERA registration in view of pending litigations which he undertook to clear. He further submitted that the pendency of title disputes in O.S.No.258 of 2018 and O.S.No.255 of 2018 shows that due to the acts and obligations of the landowner, these disputes arose, and he had undertaken to clear such issues before registration and that the said disputes escalated to arbitration, and as such, the delay was *bona fide* and not wilful. He further submitted that no show-cause notice was served prior to the passing of the penalty order

and the Promoter came to know of the same only through Media reports, which has caused grave prejudice and as such it is a violation of the principles of natural justice. It is further submitted that a landlord is treated as a co-promoter, where he is a party to a development agreement, derives consideration through revenue sharing or allocation of saleable area, or otherwise exercises control or gives consent in relation to the project and that various State RERA authorities have uniformly adopted the position that landowners shall be construed as co-promoters. He has further submitted that without prejudice, if any penalty is sustained, it must be equitably apportioned between the landowner and the Promoter because the landowner falls within the statutory ambit of a co-promoter under Section 2(zk) of the Act and are jointly accountable for compliance, warranting equitable apportionment and appropriate directions in the interests of justice. He has further submitted that the complaint arises out of contractual and commercial terms of a development agreement, for which Civil Court/Arbitral Tribunal is the appropriate forum. Lastly, the learned Counsel submitted that the Promoter undertakes that subject to the landowner extending cooperation required under the Act and Rules, he shall forthwith take all steps for completing the project registration.

9. Learned Counsel for the 2nd respondent/landowner submitted that the Promoter, who does not wish to submit himself to regulation, has impleaded the landowner, who is neither a party before RERA in the original Complaint nor a promoter as defined under Section 2(zk) of the Act. The Promoter has not obtained final layout approval from the Zaheerabad Municipality and as such a show-cause notice, dated 06.10.2025, had been issued to him. He further submitted that as per the terms of the Agreement, the Promoter was required to develop the schedule property into a house or residential plots after obtaining sanctions from the concerned authorities, such as the DTCP and thus the contractual obligation to comply with the regulatory requirements lies with the Promoter herein. He further submitted that as per the contract between the parties, the layout plots should be distributed at 55% to the landowner and 45% to the promoter and this will be done after the Promoter herein completes all development works, at which point the parties shall enter into a supplementary agreement demarcating their respective shares of the plots and that from the contents of the contract, the landowner is the allottee. He further submitted that since the Promoter herein has not completed the Project within the timeline, the landowner cancelled the contract and invoked Arbitration and the

Arbitration culminated in the Tribunal passing the Award, dated 05.05.2025, in which the Tribunal categorically ruled that the DAGPA is a determinable contract and that the Promoter is not entitled to specific performance as well as a share in the land, but erroneously refused to cancel the registered DAGPA and that aggrieved by the said Award, the landlord preferred COP No.119 of 2025. He has further submitted that the Promoter herein not only sold 22 plots, but also entered into several agreements of sale with the third-party buyers without any valid title or consent of the landowner. He has further stated that though the Promoter herein has stated that due to ongoing disputes with the landowner, he was unable to register the Project with the RERA, the Promoter, in Arbitration Application No.151 of 2023, through his Counsel, has taken a stance during the appointment of Arbitrator that there are no disputes between him and the landowner, and therefore, Arbitration is not required.

10. We have heard learned Counsel appearing on either side and have gone through the entire material placed on record along with the written submissions filed by them.

11. The Points that arise for consideration in these appeals are as under:

1. *Whether the impugned order, dated 13.12.2024, passed by the learned Regulatory Authority legally sustainable in law?*

2. *Whether the impugned order, dated 13.12.2024, warrants modification with regard to the quantum of penalty imposed on the Promoter by the learned Regulatory Authority?*

POINTS 1 and 2 :

12. The fact remains undisputed is that the 2nd respondent/landowner entered into a registered Development Agreement-cum-Irrevocable General Power of Attorney, dated 25.10.2018, with the Promoter, vide document No.10646/2018 (for short 'DAGPA') for development of the land admeasuring Ac.51.18 gts situated in Sy.Nos.338/A and 340/A of Zaheerabad Municipality, Sangareddy District.

13. The contention of the learned Counsel for the Complainant is that for unregistered projects, any person can be an aggrieved person, as the violations are *in rem* and the remedy falls under public law and in support of his contention, he relied upon the aforesaid decisions of the Hon'ble Supreme Court in the cases of *Jasbhai Motibhai Desai* (1 supra) and *Bar Council of Maharashtra* (2 supra) and *Ayaaubkhan Noorkhan Pathan* (3 supra) and as such the finding of the learned Regulatory Authority that the Complainant does not qualify as an aggrieved party under Section 31 read with Section 2(zg) of the Act, as no apparent legal injury was inflicted to him by virtue of the violations committed by the Promoter, is erroneous.

14. The contention of the learned Counsel for the Promoter is that the Complainant is a third-party and he is neither an aggrieved person nor has *locus standi* to file the complaint.

15. Under Section 31(1) of the Act, only an aggrieved person has *locus standi* to maintain the complaint, which reads as under:

> *"31. Filing of complaints with the Authority or the adjudicating officer: -(1) Any aggrieved person may file a complaint with the Authority or the adjudicating officer, as the case may be, for any violation or contravention of the provisions of this Act or the rules and regulations made thereunder, against any promoter, allottee or real estate agent, as the case may be.*
> *Explanation:- For the purpose of this sub-section "person" shall include the association of allottees or any voluntary consumer association registered under any law for the time being in force.*

16. Under Section 31 of the Act, the complaint can be filed against 'any promoter, allottee or real estate agent, as the case may be, and can be filed by 'any aggrieved person' and it has to be read with an explanation, 'person' includes an association of allottees or any voluntary consumer association registered under any law for the time being in force. In the expression any aggrieved person, the word 'person' is defined under Section 2 (zg) of the Act, but the word 'person' is further qualified by 'aggrieved'. It is a settled legal proposition that a stranger cannot be

permitted to meddle in any proceedings unless he satisfies that he falls within the category of 'aggrieved person'. That apart, this Tribunal notes that the phrase 'aggrieved person' used in Section 31 (1) of the Act would mean a person who is regulated or governed by the said Act and there is an injury of the right conferred under the said Act. Therefore, the contention of the learned Counsel for the Complainant that for unregistered projects, any person can be an aggrieved person, as the violations are *in rem* and the remedy falls under public law, is not tenable. However, the Complainant has failed to establish as to how his legal rights under the provisions of the Act have been infringed by the Promoter. The reliance placed by the Complainant on the aforesaid precedents is equally inappropriate, as those decisions were rendered in the context of constitutional and administrative law. Therefore, we are of the considered view that the finding of the learned Regulatory Authority that the Complainant lacks *locus standi* to file the present complaint is sustainable in law.

17. So far as the imposition of penalty on the Promoter for violation of provisions of Sections 3(1) and 4(1) of the Act is concerned, the contention of the learned Counsel for the Promoter that no show-cause notice was issued to the Promoter before imposition of the penalty and as such

passing of the impugned order, dated 13.12.2024, was in violation of the principles of natural justice, is not tenable. Since there was no representation on behalf of the Promoter, the Regulatory Authority *suo motu* issued a show-cause notice to the Promoter directing him to explain his actions, however, no reply was received, compelling the Regulatory Authority to proceed in accordance with the provisions of the Act.

18. The next contention of the learned Counsel for the Promoter is that the Promoter's non-registration of the Project was *bona fide* since the 2nd respondent/landowner himself had instructed the Promoter to defer RERA registration in view of pending litigations which he undertook to clear, and on that basis the project registration was deferred as a *bona fide* measure pending resolution of disputes between the Promoter and the 2nd respondent/landowner.

19. Per contra, the contention of the learned Counsel for the Complainant is that in the original memorandum of grounds of appeal in T.A.No.9 of 2025, the Promoter nowhere pleaded that he could not register the project because of the 2nd respondent/landowner nor that the landowner is a co-promoter.

20. From a perusal of the Order, dated 10.11.2023, passed by the Hon'ble High Court for the State of Telangana, Hyderabad, in Arbitration

Application No.151 of 2023, it is evident that the Promoter, through his Counsel, has taken a stance during the appointment of the Arbitrator, that there is no dispute between the Promoter and the 2nd respondent/landowner and, therefore, the same cannot be referred for arbitration. Therefore, we are of the considered view that the contention of the Promoter that due to ongoing disputes with the 2nd respondent/landowner, he was unable to register the project with the Regulatory Authority is not tenable.

21. Lastly, the contention of the learned Counsel for the Promoter is that if any penalty is sustained, it must be equitably apportioned between the 2nd respondent/landowner and the Promoter because the 2nd respondent/landowner falls within the ambit of a co-promoter under Section 2(zk) of the Act.

22. In this case, the Development Agreement-cum-Irrevocable General Power of Attorney, dated 25.10.2018, between the 2nd respondent/landlord and Promoter expressly obligates the Promoter to obtain all required permissions from the competent authorities and to apply for registration under Section 4 of the Act read with Rules 3 and 4 of the Rules, 2017. Thus, as per the contract, all regulatory approvals are the responsibility of the Promoter herein and the 2nd

respondent/landowner has nothing to do with the same under the said DAGPA.

23. The contention of the learned Counsel for the 2nd respondent/landowner is that since the landowner, who was not a party before the Regulatory Authority, was impleaded at the appellate stage, the landowner was deprived of submitting his case before the Regulatory Authority and that the scope of the appeal is limited to examining the impugned order passed by Regulatory Authority.

24. It is contended on behalf of the Promoter that the 2nd respondent/ landowner, being a co-promoter within the meaning of Section 2(zk) of the Act, was equally responsible for compliance with the statutory obligations and that, in the absence of issuance of notice and affording an opportunity of hearing to the landowner before the Regulatory Authority, the entire liability could not have been fastened upon the Promoter herein alone.

25. It is true that the 2nd respondent/landowner was not a party to the proceedings before the Regulatory Authority and no notice or opportunity of hearing was afforded to him in the said proceedings. However, the said circumstance, by itself, would not absolve the Promoter of his independent statutory obligations under the provisions

of the Act. The liability arising out of the statutory violations committed in relation to the project cannot be avoided by the Promoter herein merely by referring to the alleged role or obligations of the landowner. Even assuming that the landowner also falls within the ambit of the definition of 'Promoter' under Section 2(zk) of the Act, such a circumstance would not automatically exonerate the present Promoter from the consequences of his own acts and omissions. Where the liability of the promoters is joint and several, the Regulatory Authority is entitled to proceed against the Promoter before it, without the latter claiming immunity from the statutory consequences on the ground that another person has not been proceeded against.

26. It is also relevant to note that, under the Development Agreement-cum-Irrevocable General Power of Attorney, dated 25.10.2018, the Promoter had undertaken the responsibility of developing the project after obtaining the requisite permissions and approvals from the competent authorities. The obligation to comply with the statutory requirements, including registration of the project under Section 3 read with Section 4 of the Act, cannot be diluted or avoided merely on the basis of the alleged disputes between the Promoter and the 2nd respondent/ landowner. The Promoter, having undertaken the development of the

project and having proceeded with the sale of plots, was under a statutory obligation to ensure compliance with the provisions of the Act before undertaking any activity prohibited under Section 3 of the Act thereof. Therefore, we are of the considered view that the plea raised by the Promoter that the acts of the 2nd respondent/landowner materially contributed to non-registration of the project cannot be permitted to be used as a shield by the Promoter to defeat or frustrate the statutory proceedings initiated for the violations committed by him. Such a plea, in the facts and circumstances of the case, appears to have been raised only with a view to shift his responsibility to the 2nd respondent/landowner and avoid payment of the penalty imposed by the Regulatory Authority. The Promoter cannot take advantage of his own statutory non-compliance by contending that another person, who was not before the Regulatory Authority, ought to have been proceeded against.

27. In view of the foregoing discussion, we find no merit in the contention of the Promoter herein that the impugned order is liable to be set aside to the extent of imposition of penalty against him or the penalty imposed upon him is liable to be apportioned between him and the 2nd respondent/landowner. The learned Regulatory Authority has rightly proceeded against the Promoter for violation of Sections 3(1) and 4(1) of

the Act. Consequently, we hold that the findings of the learned Regulatory Authority that the Complainant lacks *locus standi* to file the complaint, and that the imposition of penalty of Rs.11,49,210/- upon the Promoter for the statutory violations established on record, do not suffer from any illegality or infirmity warranting interference by this Tribunal on the aforesaid grounds.

28. In the result, both the appeals, T.A.No.09 of 2025 filed by the Promoter and T.A.No.33 of 2025 filed by the Complainant, are dismissed. Consequently, the impugned order, dated 13.12.2024, passed by the learned Regulatory Authority in Complaint No.227 of 2024, is hereby upheld. There shall be no order as to costs.

Pending miscellaneous applications, if any, shall stand closed.

Registry is hereby directed to transmit a copy of this order to the learned Regulatory Authority and the parties.

Sd/-

A. SANTHOSH REDDY, J
(CHAIRPERSON)

Sd/-

P. PRADEEP KUMAR REDDY
(JUDICIAL MEMBER)

Sd/-

VEMULA SREEKAR
(ADMINISTRATIVE MEMBER)

11.11.2026
GSN

Y. GOVINDA REDDY Digitally signed by Y. GOVINDA REDDY
Date: 2026.11.12 12:15:34 +05'30'

REGISTRAR

Telangana State Real Estate Appellate Tribunal

