

BEFORE TELANGANA REAL ESTATE REGULATORY AUTHORITY

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

Complaint No. 322 of 2023

Dated: 17th July 2025

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

Pinnoji Radha Krishnana

(R/o H.no- 10.14.1807, Seetaram Nagar Colony, Nizambad))

...Complainant

Versus

M/s Standstone Infra (India) Pvt Limited

(Plot no.302, 3rd floor, Fortune Signature, above Pista House, Hydernagar village, Kukatpally, Hyderabad)

...Respondent

The present matter filed by the Complainant herein came up for hearing on 13.11.2024 before this Authority in presence of Complainant and Respondent 1 remained *ex-parte*; upon pursuing the material on record and on hearing argument of the complainant and having stood over for consideration till this day, the following order is passed:

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 Respondents.

A. The Brief facts of the case as per allegations/averments contained in the complaint are as follow:

3. The Complainant approached the Respondent, M/s Sandstone Infra India Private Limited, for the purchase of a residential plot situated on the outskirts of Hyderabad.

4. The Managing Director of the Respondent company offered to sell Plot No. 42 admeasuring 167 square yards in Survey Nos. 879/A, 879/AA, 879/7, 879/E, 881/A, 881/RU, 881/G, 881/AA/1, 881/AA, 879/P, and 879/AA, situated at Medchal Nagara Panchayat, Medchal Mandal, claiming ownership and possession over the said land with a clear and marketable title.

5. Relying on the assurances of the Respondent, the Complainant agreed to purchase the plot for a total sale consideration of Rs. 38,91,100/- and executed an Agreement for Sale on 18.05.2019. As per the terms of the agreement:

- i. The Complainant paid an initial amount of Rs. 1,50,000/- through Cheque No. 866782 dated 29.04.2019;
- ii. An additional amount of Rs. 8,22,775/- was paid on 18.05.2019 through Cheque No. 866784;
- iii. The total amount paid by the Complainant was Rs. 9,72,775/-;
- iv. The third installment of Rs. 5,83,665/- was to be paid after the issuance of the Development Charges (DC) letter by the Respondent;
- v. The balance amount of Rs. 23,34,660/- was to be paid within one month after obtaining the HMDA layout permission, at which point the sale deed would be executed in favor of the Complainant.

6. The Complainant alleges that to date, the Respondent has neither obtained the DC letter nor secured the requisite HMDA layout permission.

7. Repeated representations were made by the Complainant to the Respondent, but the latter failed to fulfill its obligations under the Agreement for Sale. Instead, the Respondent continuously provided false assurances, thereby causing undue hardship to the Complainant.

8. Upon further inquiry, the Complainant discovered that the Respondent had entered into similar agreements with other purchasers without possessing legal ownership or title over the said property. This amounts to misrepresentation and fraud, causing significant financial losses to multiple allottees.

9. The Complainant issued a legal notice to the Respondent on 31.01.2023, which was duly served. The Respondent, through its counsel, issued a vague reply without furnishing any concrete details regarding its ownership over the property.

10. Aggrieved by the inaction of the Respondent, the Complainant filed a police complaint before the Station House Officer, Medchal Police Station. However, no action was taken, compelling the Complainant to escalate the matter by sending a registered complaint on 13.03.2023, which also yielded no response from the concerned authorities.

B. Reliefs Sought

11. The Complainant has sought for the following reliefs:

- a. To register the present complaint against the Respondent for acts of misrepresentation, cheating, and breach of the terms and conditions stipulated under the Agreement for Sale, and to direct the Respondent to comply with the contractual obligations within a time-bound period.
- b. In the event of the Respondent's failure to comply with the directions of this Hon'ble Authority within the stipulated period, to initiate proceedings for the cancellation of the Respondent's registration.
- c. To impose a penalty of Rs. 10,000/- (Rupees Ten Thousand Only) per day upon the Respondent under Section 62 of the Real Estate (Regulation and Development) Act, 2016.
- d. To initiate appropriate criminal proceedings against the Directors of the Respondent company.

C. Observation of the Authority:

12. In the present case, the Respondent appeared before this Authority on 07.11.2023 and submitted that he is a registered real estate agent bearing registration number A02500000223, valid till 03.02.2024. No substantive submissions were made by the Respondent. Instead, he merely sought time to settle the matter amicably and requested for mediation/conciliation. As the Complainant also expressed willingness, the matter was referred to the (IAMC) for settlement. However, the mediation process failed. When the matter was subsequently listed for hearing, the Respondent failed to appear despite substituted service of notice. Consequently, the Respondent was proceeded against *ex parte*.

13. Before delving into the merits of the case, it is imperative to first determine *whether the Respondent, who is admittedly a registered real estate agent, acted within the limited capacity of an "agent," or whether his conduct brings him within the ambit of a "promoter" as defined under the Real Estate (Regulation and Development) Act, 2016.*

14. The Agreement for Sale dated 18.05.2019, executed between the Complainant and the Respondent, explicitly states that the Respondent is the sole and absolute owner and peaceful possessor of the subject plot and has agreed to sell the said plot to the Complainant.

15. As per Section 2(zk) of the Act, a "promoter" includes—

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

Upon perusal of the record, it is evident that the Respondent executed the Agreement for Sale in the capacity of an absolute owner and vendor. There is no reference in the Agreement indicating that the Respondent acted merely as a real estate agent on behalf of any landowner or developer. Despite being registered as a real estate agent (Reg. No. A02500000223), by declaring himself as the seller and claiming title over the subject land, the Respondent assumed the role of a promoter under Section 2(zk) of the RE(R&D) Act.

16. Under the RE(R&D) Act, a person who develops land into plots for the purpose of sale qualifies as a promoter, irrespective of whether he undertakes construction activity. Therefore, the Respondent's actions fall squarely within the ambit of Section 2(zk)(ii) and (v) of the said Act. He cannot now evade responsibility under the RE(R&D) Act by taking shelter under the designation of a "real estate agent."

17. Further, the Respondent has failed to obtain mandatory approvals, including HMDA layout approval and RERA registration under Section 3 of the RE(R&D) Act, despite the project area exceeding 500 sq. meters. This Authority issued Show Cause Notices dated 01.06.2023, 01.10.2023, and 19.09.2024 to the Respondent regarding non-registration of the project. These notices were ignored.

18. The Respondent appeared only once and failed to provide any cogent explanation or documentation. Thereafter, despite substituted service of notice, the Respondent neither appeared nor filed written submissions. It is the view of this Authority that the Respondent has been granted adequate opportunity to clarify why the subject plots were sold without registration under the said Act or requisite permissions. However, no explanation was submitted. Based on the record available, this Authority finds that the Respondent is in violation of Sections 3 and 4 of the RE(R&D) Act.

19. Section 3(1) mandates that no promoter shall advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any plot, apartment or building in any real estate project without registering the said project with the Real Estate Regulatory Authority. The Respondent has not only failed to register the project but has also failed to obtain even the basic requisite permissions from competent authority and proceeded to sell plot to the complainant.

20. Whereas, the Complainant has sought a direction to the Respondent to adhere to the Agreement of Sale and fulfill its obligations within a specific timeframe, however, this

Authority finds that there is no material on record to substantiate that the lands in question were legally owned by the Respondent. The Respondent has not produced any registered development agreement, land title deed, or building permission. On the contrary, the Complainant, in the complaint, has categorically stated that the Respondent lacks valid title over the property and has similarly deceived several other allottees through one-sided and vague agreements, executed without any approvals or ownership rights.

21. It is further observed that the Respondent, while being a registered real estate agent, projected himself in the Agreement of Sale as the vendor and purported to sell and develop the plot, despite having no ownership or development rights. This amounts to misrepresentation and deception. Though the Complainant appears to have been aware of the Respondent's lack of title, the request to enforce the Agreement of Sale cannot be granted when the Respondent never possessed legal title, authority, or approval to develop and sell the said property.

22. That said, the Real Estate (Regulation and Development) Act, 2016 is a consumer-protection statute, intended to shield homebuyers who are not in breach, from losses arising due to the promoter's failures or external factors beyond their control. Section 11(4)(a) of the Act stipulates that a promoter shall be responsible for all obligations under the said Act, and those arising out of the Agreement for Sale. In this case, the Respondent has not fulfilled his obligations, failed to secure necessary permissions, and has not executed the sale deed in favour of the Complainant. This constitutes a clear breach of the Agreement for Sale, and a failure of the promoter's statutory duties.

23. In light of the above, this Authority holds that the Respondent, having marketed and sold the plot without legal title or approvals, and having acted as a promoter under the RE(R&D) Act, is not entitled to the relief of registering the plot as specified in the Agreement of sale. However, in the interest of justice, and considering that the Complainant had parted with his hard-earned money based on misrepresentations made by the Respondent, this Authority directs that the Complainant shall be refunded the entire amount paid to the Respondent.

24. The refund shall be made along with interest, in accordance with Rule 15 of the Telangana Real Estate (Regulation and Development) Rules, 2017, i.e., State Bank of India's Marginal Cost of Funds Based Lending Rate (MCLR) 9% plus 2%, which presently stands at 11% per annum, calculated from the date of each respective payment made by the Complainant to the Respondent.

25. It is further observed that although the Respondent holds a valid registration as a real estate agent under Registration No. A02500000223, he has acted far beyond the permissible scope and mandate of such registration. Instead of merely facilitating transactions between promoters and allottees as contemplated under Section 10 of the RE(R&D) Act, the Respondent has, in the present case, executed an Agreement for Sale in his own name as the absolute owner and vendor of the subject plot without having any legal title. Such conduct amounts to a grave misrepresentation and contravention of the roles and responsibilities assigned to a real estate agent under the RE(R&D) Act. By misusing the registration and projecting himself as a promoter without requisite title or approvals, the Respondent has not only deceived the Complainant but also violated the trust reposed by the regulatory framework in registered agents. Therefore, the Respondent is liable to be treated as a *defaulter* under the provisions of the RE(R&D) Act and appropriate action may be initiated by TG RERA Secretary for making sure the Respondent registration certificate is listed in the defaulters list for acting in a fraudulent and unauthorized manner detrimental to the interest of allottees and the credibility of the regulatory mechanism.

26. The Complainant has also prayed for the imposition of a penalty of ₹10,000/- per day for the Respondent's non-compliance, invoking Section 62 of the Real Estate (Regulation and Development) Act, 2016. However, upon a detailed examination of the record and the Agreement for Sale, it is evident that the Respondent has not acted merely in the capacity of a real estate agent but has assumed the role and functions of a *promoter*, as defined under Section 2(zk) of the Act. By advertising, selling, and executing agreements for unapproved plots without legal title, requisite permissions, or registration of the project under Section 3, the Respondent has violated the mandatory provisions of Sections 3 and 4 of the RE(R&D) Act.

27. Accordingly, this Authority holds the Respondent liable under Sections 59 and 60 of the RE(R&D) Act, which provide for penalties on promoters who fail to register their projects or furnish requisite information. The Respondent's failure to comply with the statutory mandate, despite being afforded multiple opportunities, attracts penal consequences.

D. Directions of the Authority:

28. Based on the facts submitted, evidence on record, and the findings given thereon by us as discussed herein above, this Authority holds that the complainant is entitled to the relief as prayed by her, and the same is allowed in her favour, and the Respondents are hereby directed as follows:

- i. The Respondent is hereby directed to refund the entire amount received from the Complainant towards the subject plot under the Agreement for Sale dated 18.05.2019. The refund shall be made along with interest at the rate prescribed under Rule 15 of the Telangana Real Estate (Regulation and Development) Rules, 2017, i.e., the State Bank of India Marginal Cost of Lending Rate (MCLR) plus 2%, currently amounting to 11% per annum, calculated from the respective dates of receipt of each payment by the Respondent. The refund shall be made within forty-five (45) days from the date of this Order.
- ii. For violation of Sections 3 and 4 i.e., for non-registration of the project the Respondent is liable for penalty under Sections 59 and 60 respectively, therefore, the Respondent No.2 is directed to pay penalty of Rs.09,01,000/- (Rupees Nine Lakh One thousand only) payable within 30 days in favour of TGRERA FUND through a Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036;
- iii. In light of the aforementioned violations and continued non-compliance, the Respondent is hereby declared as a 'Defaulter'. The Secretary, Telangana Real Estate Regulatory Authority, is hereby directed to:
 - a. Publish the name and details of the Respondent on the official TG RERA website under the "List of Defaulters" section, along with the this Order.
 - b. Remove the real estate agent registration certificate of the Respondent (Registration No. A02500000223) from the TG RERA webpage with immediate effect, in view of the misuse of registration and gross violation of the provisions of the RE(R&D)Act.

29. The Respondents are hereby informed that failure to comply with the directions issued herein shall attract further penal consequences under Section 63 of the RE(R&D) Act.

30. The complaint is disposed of with these directions. There shall be no order as to costs.

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

**Sd-
Sri. Laxminaryana Jannu
Hon'ble Member
TG RERA**

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