BEFORE THE TELANGANA REAL ESTATE REGULATORY AUTHORITY

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

COMPLAINT Nos. 504, 505, 506, 507, 508, 509, 510 & 511 OF 2025

Dated: 17th November 2026

Coram: Sri K. Srinivasa Rao, Hon'ble Member
Sri Laxmi Narayana Jannu, Hon'ble Member

Complaint No. 504 of 2025

Sri Arun Bharadwaj Dintyala

…Complainant(s)

Complaint No. 505 of 2025

1. Sri M. Vamshidhar Reddy
2. Sri Bondela Vedantha Vara Prasad

…Complainant(s)

Complaint No. 506 of 2025

Smt. Yaram Chengalvamma

…Complainant(s)

Complaint No. 507 of 2025

1. Sri Gowshanth Seethamsetty
2. Sri Ramana Gowtham Sethamsetty

…Complainant(s)

Complaint No. 508 of 2025

1. Sri Syed Abdul Muqthyar Ahmed
2. Smt. Khudsiya Anjum

…Complainant(s)

Complaint No. 509 of 2025

Sri Rayarapu Nagamuneswara Prasad

…Complainant(s)

Complaint No. 510 of 2025

1. Sri Kambampati Krishna Vishwesh
2. Smt. Sindhuja Pothumanchi

…Complainant(s)

Complaint No. 511 of 2025

1. Sri Ramakrishna Reddy Molgara
2. Smt. Lavanya Molgara

…Complainant(s)

Versus

1. M/s. Sanali IT Parks,
(a registered partnership firm, rep. by its Managing Partner Sri Noor Haq, having its office at H. No. 8-2-579, Road No. 8, Banjara Hills, Hyderabad – 500034, and at 5th Floor, B Block, Sanali Info Park, Banjara Hills, Hyderabad – 500034)

2. Sri Noor Haq
3. Smt. Asra Haq
4. Sri Ali Mohammed Haq
5. Miss Sana Fatima Haq
6. Sri Amir Mohammed Haq

…Respondents

The present batch of complaints came up for hearing on_____2026 before this Authority in the presence of Sri Counsel for the Complainants, and Sri Ramakrishna. K, Counsel for the Respondent 1 & 2, Sri M Balasubramanyam, Counsel for the Respondent 3,4,5 and 6; and upon hearing the arguments of both the parties, this Authority passes the following **COMMON ORDER**:

2. The present batch of eight complaints has been filed under Section 31 of the Real Estate (Regulation and Development) Act, 2016 (hereinafter "the Act") read with Rule 34(1) of the Telangana State Real Estate (Regulation and Development) Rules, 2017 (hereinafter "the Rules"), by persons who claim to have parted with substantial sums of money towards residential units in a proposed high-rise project styled "SANALI THE EDGE", said to be situated at Manchirevula Village, Gandipet Mandal, Ranga Reddy District. The complainants seek, among other reliefs, refund of the amounts paid with interest at 24% per annum, compensation, a declaration of the project as a "distressed project", restraint against alienation of the project land, and penal action against the Respondents.

3. Since the eight complaints arise out of an identical transaction structure, relate to the same project and the same set of Respondents, and the pleadings in each are materially the same, they were heard together and are being disposed of by this common order. Complaint No. 504 of 2025 is treated as the lead matter, and the facts are referred to from it, the Rejoinder having been filed by the complainant t herein on his own behalf and as the authorised representative of the complainants in the other matters.

A. Brief facts of the case:

4. The Complainants, in their complaint, have submitted that they are bona fide purchasers who intended to acquire a residential apartment in the project known as "SANALI THE EDGE", proposed to be developed by the Respondents at Manchirevula Village, Gandipet Mandal, Ranga Reddy District, Telangana. They submit that the Respondent No. 1 is a registered partnership firm, comprising Respondent Nos. 2 to 6 as its partners, and that its principal business activities relate to real estate development and construction, thereby attracting the provisions of the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred to as "the Act") and the Telangana Real Estate (Regulation and Development) Rules, 2017.

5. The Complainants submit that during June and July 2019, the Respondents undertook extensive promotional and marketing activities in respect of the proposed project through

brochures, digital advertisements, video campaigns and other promotional materials. The project was represented as a residential apartment complex comprising 35 floors, spread over approximately 14 acres, with three residential blocks and around 430 residential apartments, offering various amenities and residential units ranging from 1,350 to 2,400 square feet, at an indicative price of Rs.3,500/- per square foot. They contend that the Respondents made representations regarding their experience in real estate development, clear and marketable title over the project land and their ability to obtain all requisite statutory approvals, permissions and registration under the Act.

6. The Complainants further submit that, relying upon the aforesaid representations and assurances, they agreed to purchase a residential apartment in the project and paid an aggregate amount of Rs.70,95,000/- towards the proposed apartment. However, after receiving substantial amounts, the Respondents allegedly disclosed that they did not possess title or ownership over the entire land proposed for development and were only proposing to acquire a property bearing Municipal No.1-486, admeasuring 2,178 square yards, situated in Survey No.486/EE of Manchirevula Village, from one Mr. Anurag Reddy. It is further alleged that the said property was proposed to be acquired in the joint names of individual purchasers, including the Complainants, instead of in the name of the Respondent firm or its partners.

7. The Complainants submit that, upon making further enquiries, they came to know that the Respondents had entered into an Agreement for Sale with the said landowner and had paid certain amounts towards the proposed purchase. Subsequently, a Sale Deed bearing Document No.7154 of 2021, dated 05.05.2021, was executed and registered in favour of the Complainants along with 40 other individuals as joint purchasers, with the Respondent No.1 partnership firm also being included as a party to the transaction. On the same day, a Development Agreement-cum-Irrevocable General Power of Attorney bearing Document No.7155 of 2021 was executed and registered, whereby the Respondents allegedly obtained control over the property for undertaking the proposed development. The Complainants contend that these arrangements were devised by the Respondents under the pretext of avoiding income-tax and other fiscal implications, while transferring the financial burden and risks associated with land acquisition to the purchasers.

8. The Complainants further submit that, notwithstanding the execution of the aforesaid documents and receipt of substantial consideration, the Respondents failed to undertake any meaningful construction or development activity in the project. They allege that the

Respondents neither obtained the requisite statutory approvals, building permissions and environmental clearances nor commenced construction, despite the passage of several years. According to the Complainants, the Respondents had undertaken under the Development Agreement-cum-Irrevocable General Power of Attorney to complete the project and deliver possession within 42 months, with an additional grace period of eight months. However, even after the expiry of the stipulated period, the project remained stagnant without any tangible progress..

9. The Complainants also submit that the Respondents have been paying rent at the rate of Rs.10/- per square foot from December 2024 onwards, pursuant to repeated demands made by the purchasers. They contend that such payment does not absolve the Respondents of their obligation to obtain the requisite permissions, complete the project and deliver the promised residential apartments. They further state that, in a meeting held on 10.06.2023 with the purchasers, the Respondents had made fresh assurances and commitments regarding obtaining statutory approvals and commencing construction within the stipulated timelines, but failed to honour the same.

10. The Complainants have also brought to the notice of this Authority that a Show Cause Notice bearing No.1334/TSREA/23/2023/TSRERA, dated October 2023, was issued to the Respondents in respect of the alleged advertising, marketing, booking and sale of apartments in the project without obtaining prior registration under the Act. They submit that, in response thereto, the Respondents furnished a reply claiming to have applied for HMDA permission and RERA registration vide Application No.REA02400049766, while denying having undertaken any advertising, marketing, booking or sale activities in respect of the project. The Complainants contend that the said stand is contrary to the promotional activities undertaken by the Respondents, the amounts collected from purchasers and the execution of the registered Sale Deed and Development Agreement-cum-Irrevocable General Power of Attorney.

11. The Complainants further allege that the Respondents have failed to disclose material particulars concerning the title of the project land, statutory approvals, financial arrangements and their obligations as promoters. They contend that the promotional materials and advertisements did not contain the mandatory disclosures prescribed under the Act and the Rules, including the project registration particulars. It is their case that the Respondents collected substantial amounts from prospective purchasers without first obtaining registration of the project and without securing the necessary permissions to undertake development.

12. On the above grounds, the Complainants allege violations of the provisions of the Act, particularly Sections 3, 11, 13 and 18, and contend that the Respondents have failed to discharge their statutory obligations as promoters. They further allege that the Respondents, by structuring the transactions through joint Sale Deeds and Development Agreements-cum-Irrevocable General Power of Attorney, attempted to circumvent their statutory responsibilities and transfer the commercial and legal risks of the project to the purchasers.

13. The Complainants submit that the aforesaid acts and omissions of the Respondents have caused them financial hardship and mental distress, as substantial amounts have been paid towards the proposed residential apartment without any corresponding progress in the project or delivery of possession. Accordingly, they seek appropriate action against the Respondents for the alleged violations of the Act and enforcement of their statutory rights as purchasers/allottees.

B. Relief(s) sought:

14. Upon the above averments, the complainants pray that this Authority may be pleased to:

(a) Take cognizance of the material violations, fraudulent conduct, and systematic contra- ventions of the Real Estate (Regulation and Development) Act, 2016 and the Telangana Real Estate (Regulation and Development) Rules, 2017 committed by the respondents;

(b) Declare the "SANALI THE EDGE" project as a "distressed project" in view of the respondents' proven incompetence, systematic violations, fraudulent conduct, and com- plete failure to implement the project;

(c) Issue appropriate directions to the respondents to immediately cease and desist from undertaking any further promotional, marketing, or selling activities in respect of the said project or any other real estate venture until they comply with all provisions of the Act and obtain requisite registrations;

(d) Direct the respondents to forthwith refund the entire sale consideration amounting to Rs. 70,95,000/- (Rupees Seventy Lakhs Ninety Five Thousand Only) paid by the petitioner, together with interest at the rate of twenty Four (24%) per annum, calculated from the respective dates of payment until the date of actual realization, as compensation for the delay, financial loss, and opportunity cost suffered by the petitioners

(e) Award exemplary and punitive damages of Rs. 10,00,000/- (Rupees Ten Lakhs Only) to the petitioners as just and reasonable compensation for the severe mental

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agony, emotional trauma, harassment, financial hardship, and irreparable injury caused due to the respondents' willful, fraudulent, and unlawful conduct;

(f) Impose appropriate penalties, sanctions, and punitive measures upon the respondents under the penal provisions of the Act for their systematic violations and contraventions of the statutory requirements

(g) Blacklist and debar the respondents from engaging in any real estate business, transactions, or ventures under the purview of this Hon'ble Authority for a reasonable period to protect innocent homebuyers from similar fraudulent schemes and malpractices;

(h) Direct the respondents to bear and pay all costs, charges, and expenses incurred by the petitioner in pursuing this complaint, including legal fees, court fees, and other ancillary expenses;

(i) Issue appropriate restraint orders preventing the respondents from alienating, transferring, encumbering, or disposing of the project land or any other assets until complete refund is made to all affected allottees;

(j) Direct the respondents to publish a public notice in leading newspapers apologising for their misconduct and warning potential buyers about the status of the project;

(k) Issue such other orders, directions, writs, or reliefs as this Hon'ble Authority may deem fit, proper, necessary, and expedient in the facts and circumstances of the case and in the interests of justice, equity, and consumer protection.

15 By way of interim relief, the complainants sought directions restraining the Respondents from collecting further amounts and from alienating or encumbering the project land, and a direction to maintain a separate escrow account for amounts collected from allottees.

C. Counter of the Respondents:

16. The Respondent No. 1, in its Counter, has primarily contended that the present complaint is not maintainable either in law or on facts, as the Complainants have failed to establish the existence of a promoter-allottee relationship so as to invoke the jurisdiction of this Authority under the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred to as "the Act"). It is contended that the Complainants are attempting to mischaracterise a landowner-developer relationship arising out of a registered Development Agreement-cum-Irrevocable General Power of Attorney (DAGPA) as a transaction between a promoter and an allottee.

17. The Respondents submit that the Complainants had purchased the subject land under registered Sale Deed Document No. 7154 of 2021, dated 20.04.2021, and subsequently entered into a registered Development Agreement-cum-Irrevocable General Power of Attorney with the Respondent No. 1 under Document No. 7155 of 2021, entrusting the subject property to the Developer for development in accordance with the terms and conditions stipulated therein. In this regard, reliance is placed upon Clause 4(i) of the Development Agreement, which, according to the Respondents, places the responsibility upon the landowners to clear and settle any claims, disputes or other issues relating to the schedule property. It is further contended that, in the event of any interference or dispute affecting the development works, the landowners are responsible for resolving the same and the period for completion of the project would stand extended accordingly.

18. The Respondents have also relied upon Clause 8(b) of the Development Agreement, which stipulates that the Developer shall not be held liable for delay in construction arising out of force majeure circumstances, defects in the title of the landowners or other reasons beyond the control of the Developer. It is contended that the subject property was embroiled in litigation and that the Developer could not obtain the requisite permissions on account of the disputes relating to the property. Therefore, according to the Respondents, the delay in development cannot be attributed to the Developer, and the dispute arising out of the said contractual arrangement cannot be adjudicated under the provisions of the Act.

19. The Respondents further contend that the Complainants do not fall within the definition of an "allottee" under Section 2(d) of the Act or an "aggrieved person" under Section 31(1) thereof. It is submitted that no Agreement for Sale or allotment letter has been executed in favour of the Complainants in respect of any specific apartment. In this regard, reliance is placed upon Clause 3(c) of the DAGPA, which, according to the Respondents, contemplates execution of a supplementary agreement between the landowners and the Developer, specifying the respective apartments and the corresponding undivided share of land, upon receipt of the requisite statutory permissions. It is their contention that, in the absence of such supplementary agreement or a concluded allotment of any specific apartment, the Complainants cannot claim the status of allottees under the Act.

20. It is further contended that, by virtue of the registered DAGPA, the Complainants have assumed the role of co-promoters within the meaning of Section 2(zk) of the Act and, consequently, the present dispute is essentially one between parties to a development

arrangement and not a dispute between a promoter and an allottee. The Respondents therefore contend that the Complainants cannot maintain a complaint against the Developer in respect of the alleged disputes arising out of their arrangement as co-promoters.

21. With regard to the allegations made in the complaint concerning promotional activities, misrepresentation and unfair trade practices, the Respondents have denied having undertaken any such activities or having made any false representations to the Complainants. They have also denied the allegations relating to fraud, mala fide intention, unauthorised collection of advances and payment of rents, and have submitted that the Complainants were fully aware of the nature of the transaction and had voluntarily entered into the registered Sale Deed and DAGPA, the terms of which are binding upon them.

22. The Respondents have further submitted that they had duly filed their response to the Show Cause Notice issued by the Authority and that the Complainants cannot rely upon the said notice without awaiting the outcome of the proceedings. It is also contended that any delay in obtaining statutory permissions was occasioned by circumstances beyond their control, particularly the disputes concerning the title of the subject property, and that appropriate steps are being taken to complete the project, subject to the landowners discharging their obligations under the Development Agreement.

23. On the above grounds, the Respondents contend that the complaint is premature, misconceived and devoid of jurisdiction, and that the Complainants have an alternative remedy before the appropriate civil forum. Accordingly, the Respondents have prayed that the complaint be dismissed as not maintainable, that the Complainants be held not to be allottees under Section 2(d) of the Act, that the complaint be rejected for want of jurisdiction and that costs be imposed upon the Complainants for alleged abuse of process and suppression of material facts.

D. Rejoinder of the complainants:

24. The Complainants, in their Rejoinder Affidavit, have denied the averments and contentions raised by the Respondents in their Counter and have reiterated the averments made in the original complaint. They submit that the objections raised by the Respondents are legally untenable, factually incorrect and intended to avoid their statutory obligations under the Act.

25. At the outset, the Complainants have disputed the Respondents' contention that they are not allottees within the meaning of Section 2(d) of the Act. They submit that the definition of

an allottee is wide enough to include a person to whom an apartment has been allotted, sold or otherwise transferred by the promoter. In support of their contention, they have relied upon the judgment of the Hon'ble Supreme Court in Manish Kumar v. Union of India, (2021) 5 SCC 1, particularly paragraphs 149.2, 149.3 and 154.3, to contend that the execution of a registered Sale Deed or any other formal instrument is not, by itself, a ground to exclude a purchaser from the definition of an allottee under the Act.

26. The Complainants submit that they have paid a total sale consideration of Rs.70,95,000/- to the Respondents towards a specific residential apartment, and that the said payment is evidenced by the receipts issued by the Respondents and the ledger statement maintained by them. According to the Complainants, the said documents identify the apartment as Flat No.1201, situated on the 12th Floor, admeasuring 2,200 square feet of super built-up area, together with the corresponding undivided share of land. They therefore contend that the receipt and acceptance of the entire consideration by the Respondents, coupled with the identification of a specific apartment, establishes the existence of a promoter-allottee relationship between the parties.

27. The Complainants have further contended that, even otherwise, they qualify as aggrieved persons under Section 31(1) of the Act, having allegedly suffered financial loss and deprivation on account of the failure of the Respondents to undertake and complete the development in accordance with their representations and statutory obligations. Accordingly, they submit that the jurisdiction of this Authority cannot be defeated merely by describing the transaction as a landowner-developer arrangement.

28. With regard to the Respondents' contention that the Complainants are investors or co-promoters, the Complainants submit that the nature of the transaction must be determined by examining its substance and the rights and obligations arising therefrom, rather than merely relying upon the nomenclature of the registered Development Agreement. They contend that they have not undertaken any development, construction, marketing or sale of the project, nor have they exercised any control over the planning, statutory approvals or execution of the project. Their entitlement, according to them, is confined to receiving a specific residential apartment, together with the proportionate undivided share of land, car parking and other amenities, against the consideration paid by them. They further submit that there is no provision for profit-sharing, assured returns or participation in commercial risks so as to characterise the transaction as an investment or joint venture.

29. In support of the above contention, the Complainants have relied upon the judgment of the Hon'ble Bombay High Court in Shree Khambhati Modh Vanik Samaj v. State of Maharashtra and Others, 2023 SCC OnLine Bom 2725, to contend that mere ownership of land or an undivided share therein does not automatically render a person a promoter under the Act. They have also placed reliance upon the judgment of the Hon'ble Supreme Court in Neelkamal Realtors Suburban Pvt. Ltd. v. Union of India, (2018) 2 SCC 412, to submit that the provisions of the Act must be interpreted in a manner that advances its object of protecting the interests of allottees. The Complainants further contend that the absence of a formal Agreement for Sale or allotment letter cannot be relied upon by the Respondents to defeat their statutory rights, particularly when the Respondents themselves have accepted the consideration and issued receipts acknowledging the transaction.

30. The Complainants have also disputed the Respondents' contentions concerning the non-registration of the project. They submit that Section 3(1) of the Act mandates registration of a real estate project before the promoter advertises, markets, books, sells or offers any apartment for sale. According to the Complainants, the Respondents' failure to register the project before undertaking such activities constitutes a violation of the statutory provisions, and the Respondents cannot take advantage of their own non-compliance. In this regard, they have relied upon Rule 3 of the Telangana Real Estate (Regulation and Development) Rules, 2017, and the decision of this Authority in Bhavani Velivala v. M/s. Pagadala Constructions, wherein, according to the Complainants, the Authority dealt with the collection of amounts exceeding ten per cent of the sale consideration without execution of an Agreement for Sale and directed appropriate statutory relief.

31. The Complainants have further relied upon Section 11(4)(a) of the Act to contend that the promoter continues to remain responsible for all obligations, responsibilities and functions under the Act, the Rules and the Agreement for Sale until conveyance of the apartments and common areas in favour of the respective allottees or the association of allottees, as the case may be. They submit that the Respondents cannot avoid their statutory responsibilities by relying upon contractual arrangements or other conditions contained in the DAGPA.

32. With regard to the consideration paid, the Complainants specifically dispute the Respondents' attempt to rely upon the consideration reflected in the Sale Deed to limit their liability. They submit that the consideration reflected in Sale Deed Document No.7154 of 2021, dated 20.04.2021, was Rs.7,18,42,800/- for the purchase of 2,178 square yards of land, which

works out to approximately Rs.32,986/- per square yard. According to the Complainants, their proportionate undivided share of land measuring 67.70 square yards would account for approximately Rs.22,33,152/-, whereas the total amount actually paid by them to the Respondents was Rs.70,95,000/-. They contend that the balance amount of approximately Rs.48,61,848/- was paid towards the cost of construction of the apartment. Therefore, they submit that the entire amount of Rs.70,95,000/- received by the Respondents ought to be treated as the actual consideration paid for the apartment for the purpose of determining their entitlement to refund, interest and other statutory reliefs under Section 18 of the Act.

33. In this regard, the Complainants have also relied upon the decision of the Maharashtra Real Estate Appellate Tribunal in M/s. Omkar Ventures Pvt. Ltd. v. Rohit Khanna & Anr. (2021), to contend that the true nature of a transaction must be determined from its substance and the consideration actually received, and not merely from the description or figures reflected in a formal instrument.

34. The Complainants have, accordingly, disputed the Respondents' objections concerning the maintainability and jurisdiction of this Authority. They contend that the alleged violations relating to non-registration of the project under Section 3, collection of amounts without compliance with the statutory requirements under Section 13, alleged non-compliance with the obligations under Section 11 and the failure to deliver the apartment, thereby attracting Section 18 of the Act, fall within the jurisdiction of this Authority under Section 31 read with the other applicable provisions of the Act.

35. On the above grounds, the Complainants have sought rejection of the preliminary objections raised by the Respondents and have reiterated their entitlement to the reliefs sought in the original complaint.

E. Points for consideration

36. Upon consideration of the pleadings, the documents and the submissions made, the following points arise for determination:

i. Whether the complaints are maintainable before this Authority?

ii. Whether the relief of refund, and the other personal reliefs claimed, can be granted by this Authority

iii. Whether the Respondents have contravened Section 3 of the Act by advertising, marketing, booking, selling, offering for sale and inviting persons to purchase apartments in the project "SANALI THE EDGE" without registering it with this Authority?

G. Observations of the authority:

Point I:

37. Before adverting to the merits, it is necessary to deal with the preliminary objection raised by Respondent No. 1 as to the maintainability of these complaints. The objection is that the complainants are not "allottees" under Section 2(d) of the Act, since no Agreement for Sale or Allotment Letter in respect of any specific apartment was ever executed in their favour, that Clause B of the Memorandum of Understanding dated 10.12.2020 records an arrangement to purchase land and give it for development, which is in the nature of an investment and that the complainants, having become co-owners of the land under the registered Sale Deed and having entrusted it to Respondent No. 1 under the registered Development Agreement-cum-Irrevocable GPA, stand on the side of the promoter within the meaning of Section 2(zk). Per contra, the complainants contend that they parted with their money only towards residential units in the project, that the land-purchase structure was put to them by the Respondents as a means of saving tax, and that their grievance is a statutory one arising under Sections 3 and 18 of the Act.

37. The power of this Authority to direct refund, as explained by the Hon'ble Supreme Court in *M/s. Newtech Promoters and Developers Pvt. Ltd. v. State of U.P. & Ors.*, (2021) 18 SCC 1, arises out of the statutory relationship between a promoter and an allottee in respect of an apartment, plot or building in a real estate project. Whether the complainants answer the description of "allottees" must therefore be decided at the threshold. To answer it, we shall turn to the definition of "allottee" in Section 2(d) of the Act, which reads as under

Section 2(d) of the Act defines "allottee" as follows:

> *"(d) "allottee" in relation to a real estate project, means the person to whom a plot, apartment or building, as the case may be, has been allotted, sold (whether as freehold or leasehold) or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfer or otherwise but does not include a person to whom such plot, apartment or building, as the case may be, is given on rent;"*

38. The mere reading of the definition is clear that the Parliament did not tie the status of an allottee to any particular form of document. A person becomes an allottee where an apartment has been allotted, sold or otherwise transferred to them by the promoter. The words otherwise transferred are there precisely so that the protection of the Act does not limit this Authority to what the documents are called by, but also to what the transaction actually is. The Act is, as its preamble declared, a law enacted to protect the interests of consumers in the real estate sector, and this Authority believes that a beneficial statute must be read so as to advance its object and not to defeat it.

39. Measured against this standard, the sequence of events in the present batch, which is borne out by the complainants' pleadings, the Respondents' own counter and the registered instruments themselves, speaks for itself. The complainants did not approach Respondent No. 1 as landowners seeking a developer. They came as homebuyers in search of a home. They were drawn in from 2019 onwards by brochures and campaigns. They paid money towards those apartments, as the bare reading of the Payment receipts issued by the Respondent no.1 here clearly mentioned that the they ha recievd a sum of amont towards the proposed purchase of undivided share of land admeasuring 96.8 sq. yards at Macnhirevula Village, Gandipet Mandal, Ranga Reddy District on poolin basis with an understanding that the same land shall be given on joint development to Sanali IT parks and in turn shall be getting a super built up area of ranging from 1350- 2400 sft in the proposed residential complex. Further, the Agreement of sale with the landowner came on 27.03.2021. The land was then purchased with the complainants' own money and registered in their names on 20.04.2021, and on that very same day at the sub-registrar's office, all rights of development over it were handed back to Respondent No. 1 under an irrevocable power of attorney.

40. This Authority cannot shut its eyes to what the sequence reveals. Title passed to the complainants, and then subsequently the same was taken back by the Respondents. What the complainants were left holding was not a piece of land they could use, sell, or develop, but a fraction of an undivided extent shared with 42 others and irrevocably tied to the promoter. Reading the payment receipts and sequences, it is clear that what they were promised in return was exactly what they had set out to buy in the first place: a flat with car parking.

41. We have been noticing in more than one matter that has come before it, promoters adopting precisely this route. Instead of entering into an agreement for sale with the homebuyer, as section 13 of act requires, collects money for a flat, routes that money into the

purchase of land, registers the land in the buyer's name, and on the same day takes a development agreement and an irrevocable power of attorney from him. The purpose is not hard to see. The homebuyer is dressed up as a land owner, so that the promoter may collect money for a project that is not registered, and then turn around and say that no apartment was ever sold, that the buyer is himself a "promoter" under the Explanation to Section 2(zk), and that the doors of this Authority are closed to him. It is a device to circumvent the Act under section 3, and this Authority will treat it as one.

42. The plea taken by the Respondent No. 1 that the complainants are co-promoters turns the Act untenable. The Explanation to section 2(zk) exists so that a genuine land owner who joins hands with a developer and shares in the sale of the project cannot escape the obligations of a promoter. It was never meant to convert a homebuyer, who has been placed on title with his own money at the promoter's instance, into a promoter answerable for the very project he paid to buy into. A promoter who manufactures the landowner status of his buyers cannot then rely on the status to defeat their claims. It is settled principle that a wrongdoer cannot be permitted to take advantage of his wrong and this Authority will not permit the Respondents to do so here.

43. Nor are we persuaded by the submission made by the Respondent No. 1 that the entitlement is only to an unnumbered, unidentified flat. A promise of a residential unit with car parking in a named project, against money received for that purpose, is an allotment in every sense that matters under section 2(d).

44. Hence, observing the substance of the transactions and not merely their form, this Authority holds that the complainants are "allottees" within the meaning of section 2(d) of the Act, and that the Respondents are "promoters" in relation to them under section 2(zk). The objection to maintainability founded on the registered instruments is rejected. Point 1 answered accordingly.

Point 2:

45. A finding that the complainants are allottees gives jurisdiction to this Authority over them. However, it does not, by itself, unlock every relief they have sought for. The relief of refund under section 18 is restitutionary in nature; upon the promoter's default, the allottee withdraws from the project and accordingly seeks a refund by giving up his claim to the unit and the promoter returns what he received for it along with interest due to his default. However, that is not the position here. On the complainants' own case, the money paid did not remain

with the Respondent No. 1 as the price of an apartment; it was applied to the purchase of land, and that land now stands registered in the complainants' own names under Sale Deed No. 6547 of 2021.

46. However, in the ordinary case of an allottee, the promoter holds or controls the land, and the allottee pays a price to the promoter for an apartment carved out of the promoter's project. Here the direction of the transaction is the reverse due to the promoter's action now the land belongs, in part, to the complainants themselves; it is they who have conferred development rights on Respondent No. 1 and the unit they expect to receive is not an apartment sold to them by the promoter, but their own share of the developed area in exchange for their land. If refund of the full amount were ordered while that Sale Deed stands, the complainants would retain both the land and the money paid for it. No direction of that kind can be made consistently with Section 18. To properly order a refund, the Sale Deed would have to be undone, the irrevocable Development Agreement-cum-GPA No. 6548 of 2021 revoked, and the respective shares of the 40 co-owners in the undivided extent worked out.

47. On the complainants' own case, the money they paid did not remain with Respondent No. 1 as the price of an apartment; it was applied to the purchase of land, and that land now stands registered in the complainants' own names. The complainants here seek a refund of the amount paid towards the units. However, if a refund of the full amount were ordered while the complainants continue to hold title under Sale Deed No. 6547 of 2021, the complainants would retain both the land and the money paid for it. Such a result cannot be the intent of Section 18, which is restitutionary in nature and presupposes that the allottee, upon withdrawal, gives up his claim to the unit, while the promoter returns what he received for it.

48. And in such cases, those are the matters this Authority has no power to decide. The cancellation of a written instrument is a relief the law entrusts to civil court. Questions of title to, and partition of, the undivided land among 40 co-owners, and the settlement of accounts between them and the developer, are of the same character. This Authority does not doubt that several of the complainants intended, in substance, to acquire a home for their own use, and nothing in this order should be read as describing them as speculative investors. What this Authority has found under Point I is a finding as to the status of the complainants for the purposes of the Act; it is not, and cannot be, a declaration that the registered instruments are void.

49. Several of the remaining reliefs have no footing in the Act. There is no provision under which an unregistered project can be declared as "distressed project" at the instance of a complainant; section 7 for revocation and 8 for handover of the project operate upon a project that has been registered and, to the extent claimed, lies within the domain of the Adjudicating Officer under Section 71.

50. Accordingly, in view of the foregoing observations and findings under Point No. 2, this Authority is of the considered view that, while the complainants are recognised as allottees for the purposes of the Act, the reliefs sought by them, in the facts and circumstances of the present case, cannot be granted by this Authority. The adjudication of such reliefs would necessarily involve the cancellation or setting aside of registered instruments, the determination of rights and shares in the undivided land among the co-owners, and the settlement of accounts between the parties, which are matters falling outside the jurisdiction and statutory powers conferred upon this Authority under the Act. Point 2 answered accordingly.

Point 3:

51. Section 3(1) of the Act is the foundation on which the entire regulatory scheme rests. It reads:

> *"3. (1) 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: …"*

52. We are always of the understanding that the prohibition is in diverse possible terms. It is not confined to the sale; it extends to every step that precedes the sale: advertisement, marketing, booking, offering, and inviting persons to purchase "in any manner". Now in such circumstances, we shall also look into section 2(b) of the Act, which gives "advertisement" an equally broad meaning, taking in any document, notice, circular or publicity in any form which informs persons about a real estate project, offers an apartment for sale, or invites persons to purchase it or make advances or deposits for that purpose. The exemptions in section 3(2) apply to every small project where the land does not exceed 500 square metres, or where apartments do not exceed 8. A project of about 430 apartments on 3.6 acres is nowhere near that threshold.

53. On the records before this Authority, the brochure for "SANALI THE EDGE", the brochure preview for the proposed high-rise apartments and the web-based brochure preview advertise and market apartments in the project. The offer of units of 1350 to 2400 sq. ft. at Rs.

3,500/- per sq. ft., along with the specifications in the project, is nothing but an offer for sale and an invitation to purchase. The receipt of money from the complainants towards those units, and the receipts. Their own application for registration under Application No. REA02400049766 is an acknowledgement that this real estate project requires registration, which is still pending.

54. The structure discussed under point 1 does not take the Respondents outside the section. The words "in any manner" in section 3(1) were placed there for exactly this kind of case. What we have noticed is that the promoters find indigenous ways to collect money before registration, and the vast aspect in any manner given to the Authority has closed doors on all of them. Whether the money is described as an advance, a booking amount, an investment, or a contribution towards land, if it is collected from persons invited to buy apartments in an unregistered project, Section 3 is violated.

55. The gravity of the violation must be understood here; what the Act mandates herein is that the promoter must disclose his title, his approvals, his plans, his timelines and his track record, and must undertake, under Section 4(2)(l)(D), to keep seventy per cent of the money collected from allottees in a separate account to be used only for that project. By choosing not to register while collecting money, the Respondents stripped these families of all those protections. Their money went into land without any of the safeguards the Act provides; more than four years later, there is no building permission; and the families are left holding fractions of land they cannot use, tied by an irrevocable power to a promoter who has not built. This is precisely the mischief Section 3 was enacted to prevent.

56. We accordingly hold that Respondent No. 1 has contravened Section 3(1) of the Act and is liable to a penalty under Section 59(1). Point 3 answered accordingly.

57. Before parting, we consider it necessary to say a few words to homebuyers and to promoters alike, because what has happened to these complainants is not an isolated occurrence.

58. To homebuyers, the protection of this Act begins with registration. Before parting with any money for a flat or a plot, a buyer must check whether the project is registered with this Authority, and the registration details are available to every member of the public on the Authority's website. A buyer who sets out to purchase a flat and is instead asked to sign a sale deed for a fraction of land, followed the same day by a development agreement and an irrevocable power of attorney in favour of the seller, an allottee should also pause and ask why.

A structure offered as a way to "save tax" or to "get a better price" is very often a way of keeping the buyer outside the Act. Registered documents bind those who sign them, and once signed, they can be undone only before a civil court. Therefore, every homebuyer must make a cautious decision before entering into any such transactions.

59. For the promoters, this Authority will look at the substance of a transaction, not at the label placed on it. Dressing a homebuyer up as a land owner, routing his money through a land purchase, or taking a same-day development agreement from him will not take the transaction outside the Act. Any promoter who advertises, markets, books, or collects money for a project before it is registered, in whatever form and under whatever name, will be subject to the full rigour of Sections 59, 61, and 63 of the Act, and this Authority will not hesitate to declare them defaulters.

H. Directions of the Authority:

60. In view of the foregoing facts, circumstances and findings, this Authority, in exercise of the powers conferred under Sections 34, 37 and 38 of the Real Estate (Regulation and Development) Act, 2016, hereby directs as follows:

a) This Authority holds that Respondent No. 1, M/s. Sanali IT Parks, acting through its Managing Partner, Respondent No. 2, Sri Noor Haq, has contravened the provisions of Section 3(1) of the Act by advertising, marketing, offering for sale and inviting persons to purchase residential apartments in the project styled "SANALI THE EDGE", situated at Manchirevula Village, Gandipet Mandal, Ranga Reddy District, without obtaining registration from this Authority, despite the project being one that falls within the ambit of Section 3(1) of the Act.

b) For violation of Sections 3 and 4 of the RE(R&D) Act, 2016 Respondent no.1 is liable for penalty under Sections 59, and 60 respectively, therefore, the Respondent is directed to pay penalty of Rs. 25,00,000/- (rupees twenty five lakhs) payable within 30 days in favour of TGRERA through a Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036.

c) The Respondents are directed to forthwith cease and desist from advertising, marketing, booking, selling, offering for sale or inviting persons to purchase any apartment or other unit in the project "SANALI THE EDGE" until the project is duly registered with this Authority in accordance with the provisions of the Act and the Rules made thereunder.

Any further activity in contravention of Section 3(1) shall invite appropriate action under the applicable provisions of the Act.

d) The prayer of the complainants seeking refund of the amounts paid, together with interest, is declined in the present proceedings, since the grant of such relief would necessarily involve examination and determination of the rights and liabilities arising out of the registered Sale Deed bearing Document No. 6547 of 2021 dated 20.04.2021 and the Development Agreement-cum-Irrevocable General Power of Attorney bearing Document No. 6548 of 2021 dated 20.04.2021, including the determination of respective ownership shares between the parties, which fall beyond the jurisdiction of this Authority. The complainants are at liberty to avail such remedies as may be available to them before the competent forum in accordance with law.

e) The other reliefs sought by the complainants, including declaration of the project as a distressed project, award of exemplary and punitive damages, blacklisting or debarring of the Respondents, restraint against alienation of the project land and publication of an apology, are declined for the reasons recorded in the foregoing observations.

f) Respondent Nos. 1 and 2 are cautioned that failure to comply with any of the above directions shall attract penalty under Section 63 of the Act.

61. The complaints are accordingly disposed of in the above terms. There shall be no order as to costs.

Sd/-
Sri. Laxmi NaryanaJannu,
Hon'ble Member
TG RERA

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