

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

COMPLAINT NO.472 OF 2022

30th Day of October, 2023

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

1. Smt. Swetha Kanagala
2. Sri Krishna Chand Boyapati ...Complainants

Versus

1. Sri Ramesh Muddana
2. Sri Naveen Mandava ...Respondents

The present matter filed by the Complainant herein came up for hearing on 16.08.2023, 30.08.2023 and 19.09.2023 before this Authority in the presence of the Complainants in person and the Respondent No.1 in person also appearing for Respondent No.2, and upon hearing the arguments of both the parties, this Authority passes the following **ORDER:**

2. The present Complaint has 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") requesting appropriate action against the Respondent Builder.

A. Brief facts of the case:

3. The Complainants, both software engineers, discovered "Blue Lotus Villas" situated at Sy. Nos. 03,106,107,122,124, at Patancheru, Sangareddy, Telangana,

502305, through an advertisement on *magicbricks.com*. They contacted Mr. Venkata Naveen Mandava, Respondent No.2, who assured them of HMDA and RERA approvals and a handover by 30.04.2022. The Complainants paid an advance of Rs.50,00,000/- (Rupees Fifty Lakhs Only) and agreed to a bank loan for the remaining Rs.1,10,00,000/- (Rupees One Crore Ten Lakhs Only).

4. On 09.02.2022, Respondent No.2 pressured them to transfer the amount, citing a relative's trust. Complainant No.2 entered into an Agreement of Sale on the said date with the Respondent No.1. Following that, the Complainants, in touch with Respondent No.2, agreed to register the semi-finished house for financial aid and applied for a loan, with personal documents handed to Mr. Narendra, introduced as an ICICI bank representative. Despite doubts, the relationship manager never clarified.

5. The said Villa 44 was registered in the name of the Complainants by M/s Lotus Blue Infra Projects Pvt. Ltd. & M/s Crescent Spaces Pvt. Ltd. represented through Respondent No.1 in favour of the Complainants vide document No.2881 dated 06.04.2022. Subsequently, upon verification, the Complainants found no progress during a site visit on 09.04.2022.

6. Attempts to communicate with Respondent No.1 regarding pending works and documents yielded no response. The Respondents demanded Rs.4,50,000/- (Rupees Four Lakh Fifty Thousand Only) for water, electricity, corpus fund, and maintenance charges. The Complainants allege fraudulent promises, suppressed facts, and fabricated documents, causing financial loss and unnecessary interest payments since 01.04.2022.

7. Accordingly, she submitted that a total amount of Rs.1,64,00,000/- (Rupees One Core Sixty-Four Lakh Only) was paid by the Complainants and the banker to the Respondents. In lieu thereof, she requested this Authority to direct the Respondents to pay interest to the Complainants for the amount received by the Respondents being a total of Rs.1,64,00,000/- (Rupees One Core Sixty-Four Lakh Only) from the date of agreement 09.02.2022 till the date of possession (Occupancy certificate). She also sought for penalty to be imposed on the Respondents to the tune of Ten Lakh Rupees for delay in handover and mental agony.

8. The Complainants filed reminders in the year 2022 to consider their plea and filed a representation on 23.08.2023 reiterating the contents of the Complaint, however sought for fresh prayer and added more respondents as opposed to the original complaint as mentioned above. However, the same cannot be taken into consideration in the absence of the Authority's due approval.

9. Further, on 19.09.2023, the Complainants filed additional documents producing FIR copy, Power Supply Application made by the Respondent, TS RERA Application submitted by the Respondent No.1, Whatsapp Chats between the Complainants and the Respondent No.2 and Respondent No.1's wife, Smt. Sharmila Muddana and email dt. 09.12.2022 issued by ICICI Bank which states that bank was not involved in the third-party agreement entered between the Complainants and Sri K Rao. The same are considered however, this Authority refrains from commenting on the aforementioned matter as it does not fall within this Authority's subject matter jurisdiction.

B. Reply on behalf of the Respondent:

10. Accordingly, vide Notice dated 17.10.2022, served upon the Respondent, this Authority directed the Respondent to submit a reply in terms of Rule 34 (1) & (2) of the Rules, 2017 along with such other information with regard to the Project. However, no response was received. Therefore, another reminder Notice dated 16.11.2023 was issued to the Respondent directing him to submit a response to the present Complaint.

11. Vide Reply dated 30.08.2023, the Respondent No.1 submitted that he has completed the villa as per the Agreement, pictures of which have been annexed with his reply. He also added that water connection will be provided by 15.11.2023 and the final project including amenities by February 2024. He obtained RERA permission on 07.12.2022 valid up until 30.12.2024, vide Registration No. P01100005442.

12. He narrates the facts and submits that the Complainants bought Villa 44 through reference of Respondent No.2, who, along with his friends and relatives bought 8 (eight) villas. Agreement of Sale was done between the Respondent and the Complainant No.2 for a total sale consideration of Rs.1.6 Crore with witness of Sri Naveen Mandava and the Complainant No.1. The Respondent received Rs.50 Lakhs as initial payment and remaining amounts from the bank. For eligibility of loan, the Complainant No.1 was added as co-applicant in the ICICI Bank loan.

13. For convenience sake, the buyer, bank and the Respondent Builder agreed to consider the payments of Rs.1.11 crores as a work order, which the bank paid to the Respondent Builder and Mr. Leela Kutumbarao who was a lender for the completion of Villa 44 to the Respondent Builder. He submitted that all the

documentation to the bank was done by the applicants and the bank officials. The cancelled cheques were given by the Respondent Builder and Mr. Leela Kutumbarao (lender) along with Aadhar Card on 09.03.2022.

14. That MOTD of Rs.50,000/- (Rupees Fifty Thousand Only) was paid by the buyers of the Villa 44 to ICICI Bank on 01.03.2022 for disbursement of loan amount of Rs.1.10 crores. Further, cheques were printed by the bank on 31.03.2023 and the copies were sent to the buyers i.e., the Complainants by the bank on 01.04.2022. Subsequently, Villa was registered in favour of the Complainants. After registration, lawyers from the bank handed over the cheques in the presence of the Complainants.

C. Observations & Directions of the Authority:

15. The parties appeared for hearing on 16.08.2023, 30.08.2023 and 19.09.2023 and reiterated the contents of their submissions as mentioned above. During the course of hearing, it was observed that partially few villas has been completed and as per the Complainant's agreement also, Villa No.44 is completed excepting the interior works being under progress. As the interior works are not part of the Agreement of Sale dated 09.02.2022, this Authority cannot insist on the same. Resolution of this matter is incumbent upon the Complainants and the Respondent Builder.

16. Respondent No.1 is hereby directed to obtain Occupancy Certificate as early as possible. Essential services such as electricity and water supply to be provided to the said Villa No.44 without any hindrance.

17. The matter is disposed of on the above terms and parties are hereby informed that non-compliance with the Orders of the Authority shall attract Section 63 of the Act.

18. If aggrieved by this Order, the parties may approach the TS Real Estate Appellate Tribunal (vide G.O.Ms.No.8, Dt.11-01-2018, the Telangana State Value Added Tax Appellate Tribunal has been designated as TS Real Estate Appellate Tribunal to manage the affairs under the Act till the regular Tribunal is established) within 60 days from the date of receipt of this Order.

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

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

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