

TELANGANA REAL ESTATE APPELLATE TRIBUNAL: HYDERABAD
Krishna Hostel, Opp. to Canteen, Ground Floor, Dr.MCR HRDI Campus, Road No.25, MP & MLA's
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 Smt. Chitra Ramchandran, Administrative Member.

T.A.No. 19 of 2025 AND T.A.No.34 of 2025

T.A.No.19 of 2025

Between:

1. Mohmmmed Mushtaq S/o. Late M.A. Razack
2. Azizunnisa W/o. Mohammed Mushtaq
3. Mohd. Imtiaz S/o. Late M.A. Razack
4. Tabassum Sultana W/o. Mohd. Imtiaz.
Residents of H.No.8-2-293/82/A, Plot 424,
Jubilee Hills, Shaikpet (v), Hyderabad.

...Appellants/Complainants

AND

M/s. Sanali Housing Projects Pvt. Ltd.
Represented by its Directors Mr. Ali Mohammed Haq,
Mr. Amir Mohammed Haq & Mr. Noor Haq.
B-Block, Sanai Info Park, 8-2-120/113, Road No.2,
Banjara Hills, Hyderabad-500034.

...Respondent/Developer

Counsel for the Appellants : Mr.Khaja Aijazuddin

Counsel for the Respondent : Mr. A.L Raju

T.A.No.34 of 2025

Between:

M/s. Sanali Housing Projects Pvt. Ltd.
Represented by its Directors Mr.Ali Mohammed Haq,
Mr. Amir Mohammed Haq & Mr. Noor Haq.
B-Block, Sanai Info Park, 8-2-120/113, Road No.2,
Banjara Hills, Hyderabad-500034.

...Appellant/Developer



AND

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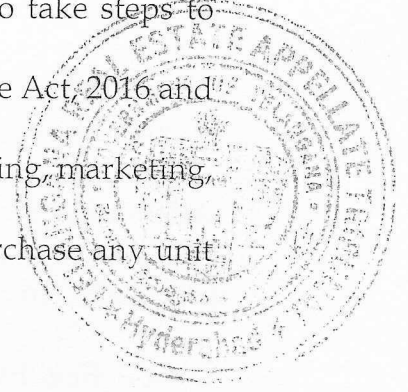
Counsel for the Appellant : Mr. A.L. Raju

Counsel for the Respondents : Mr. Khaja Aijazuddin

Date of Decision : 24th October, 2025**COMMON ORDER::** (*Per Hon'ble Sri Justice A. Santhosh Reddy*)

These two appeals arise out of the order are being disposed of by this common Order since T.A.No.19 of 2025 filed by Mohammed Mushtaq and others (hereinafter referred to as 'Complainants') and T.A.No.34 of 2025 filed by M/s. Sanali Housing Projects Pvt. Ltd (hereinafter referred to as 'Developer') are directed against the very same Order of the Telangana Real Estate Regulatory Authority, Hyderabad (for short 'the Regulatory Authority'), in Case No.84 of 2025, dated 28.03.2025, whereby the complaint filed by the Complainants has been disposed of imposing a penalty of Rs.4,27,013/- on the Developer/Promoter under Section 59 of the Real Estate (Regulation and Development) Act, 2016 (for short 'the Act, 2016) for violation of Sections 3 and

4 of the Act, 2016 and that the Developer was also directed to take steps to register the 'Sanali Pinnacle Project' under Sections 3 and 4 of the Act, 2016 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.



2. The complainants case, in brief, is that they are the lawful owners of land bearing Municipal No.8-1-332/3/12 and 8-1-332/3/12/A in TSNos./ Sy.Nos.16, 17 admeasuring 2986.11 sq. yards situated in Aziz Bagh Colony, Shaikpet, Hyderabad, vide G.O.Ms.No.1387 dated 16.07.2005. It is stated that the complainants executed a Development Agreement-cum-General Power of Attorney No.3227/2021, dated 30.04.2021, with the promoter for the development of a residential-cum-commercial project with a stipulation that the development would commence only upon obtaining requisite approvals from the GHMC. However, even after three years, the Developer failed to secure necessary permissions or provide updates. Since the Promoter commenced illegal excavation without obtaining approval from the GHMC, a legal notice, dated 03.05.2024, was issued for cancellation of the agreement, so also the GHMC directed the Promoter/Developer to remove the unauthorized constructions vide orders dated 15.05.2024. Thereafter, the complainants filed O.S.No.224 of 2024 before the XXV Additional Chief Judge, City Civil Court, Hyderabad, and obtained interim orders, vide I.A.No.789 of 2024 dated

11.06.2024, restraining GHMC from granting building permission. It is further stated that the Promoter failed to register the project with TGRERA and proceeded to advertise 'Sanali Pinnacle' on various platforms including Google, Real Estate Websites and official website false claiming approvals had been secured. Therefore, the complainants sought for the following reliefs:

- (i) to direct the Developer to remove the advertisement boards displayed at the front side of the project or across to the project at the main boundary wall.
- (ii) to levy penalty on the Developer up to 10% of estimated cost of the real estate project i.e., Rs.2,34,60,549/- for violation of Section 3 of the Act, 2016.

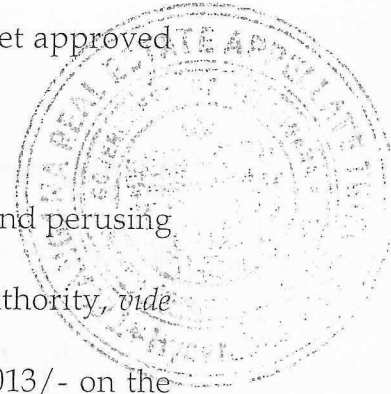
3. Developer filed a reply, *inter alia*, contending that the Development Agreement-cum-GPA bearing Document No.3227/2021 has been executed with the complainants on 10.05.2021 and it is still subsisting. The complainants/land owners are the joint promoters of the project with 52% share and as such they shall be considered as promoters, as per Section 2 (zk) of Act, 2016, and are liable to both in the ratio of 52% and 48% in case of guilty of violation of Section 3 (1) of the Act, 2016. It is further contended that they have not started any advertisement in any social media websites, but they have shown in their website as ongoing project without showing the location, prices, plans etc., and as such it may not be taken as an advertisement. The estimated cost of Real Estate Project is Rs.14,58,908/- and that the cost of construction

cannot be arrived at this point as the total built-up area was not yet approved by the GHMC.

4. After hearing the learned Counsel appearing on either side and perusing the entire material available on record, the learned Regulatory Authority, *vide* impugned order, dated 28.03.2025, imposed a penalty of Rs.4,27,013/- on the promoter/developer under Section 59 of the Act, 2016 for violation of Sections 3 and 4 of the Act, 2016 and directed him to register the project 'Sanali Pinnacle' and also restrained him from advertising, marketing, booking and offering for sale of the flats in the project till registration of the project is obtained.

5. Being not satisfied with the quantum of penalty imposed on the Developer, *vide* impugned order, dated 28.03.2024, passed by the learned Regulatory Authority, the complainants/landowners filed T.A.No.19 of 2025 and aggrieved by the said order, the Developer also filed T.A.No.34 of 2025.

6. Learned Counsel for the Complainants/landowners submitted that the Developer, who has been entrusted the responsibility to develop the subject land as per the Development Agreement-cum-Irrevocable GPA dated 30.04.2021, failed to avail the construction sanction and illegally excavated the cellar without permission from the GHMC and as such they filed a suit being O.S.No.224 of 2024 before the Civil Court for cancellation of the said registered Development Agreement and for possession of the subject land and obtained



interim order, dated 11.06.2024, restraining the GHMC from granting building permission to the developer and the said order is still subsisting.

7. He has further submitted that the Developer has displayed advertisement boards at the front side of the project without getting the project registered with the RERA and as such they filed a Complaint Case No.84 of 2025 before the Regulatory Authority seeking removal of the advertisement boards and 10% of estimated cost of the real estate project of Rs.2,34,60,549/- however, the Regulatory Authority has imposed a paltry penalty of Rs.4,27,013/- on the Developer, which needs to be enhanced. He has further submitted that the directors of the Developer have been involved in the forgery of TDR certificate to be availed for getting the sanction plan for construction of the project.

8. Learned Counsel for the Developer submitted that the complainants have no *locus standi* to file T.A.No.19 of 2025 as they do not cover under the definition of 'aggrieved persons' within the meaning of Sections 31 and 44 of the Act, 2016, but, in fact, they are Promoters as defined under Section 2(zk) of the Act, 2016 and as such the said appeal may be dismissed on this sole ground.

9. He has further submitted that the penalty levied by the learned Regulatory Authority is not correct in law, even otherwise, that the definition of 'estimated cost of real estate project' under Section 2(v) of the Act, 2016 includes the land cost, taxes, cess, development and other charges. However,

the Act itself remains silent on the exact scope of land cost. He has further submitted that clause (i) of Rule 2(i) of Rules, 2017 makes it abundantly clear that land cost refers primarily to the acquisition cost incurred by the promoter.

10. 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.

11. 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.

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

1. *Whether the impugned order, dated 28.03.2025, passed by the learned Regulatory Authority legally sustainable in law?*
2. *Whether the impugned order, dated 28.03.2025, warrants modification with regard to the quantum of penalty imposed on the Developer by the learned Regulatory Authority?*

POINTS 1 and 2 :

13. The facts remain undisputed are that the Complainants entered into a Development Agreement-cum-Irrevocable General Power of Attorney, dated 30.04.2021, vide document No.3227/2021 (for short 'DAGPA) with the Developer for the development of a residential-cum-commercial project comprising two cellar levels and seventeen upper floors. The DAGPA stipulated that the development would commence only upon obtaining

requisite approvals from the GHMC. It is alleged that the Developer commenced illegal excavation without obtaining approval from the GHMC. Thereafter, the Complainants filed a suit being O.S.No.224 of 2024 before the XXV Additional Chief Judge, City Civil Court, Hyderabad, for cancellation of the said DAGPA, dated 30.04.2021, and obtained interim orders, vide I.A.No.789 of 2024, dated 11.06.2024, restraining GHMC authorities from granting building permission to the Developer and the said order is still subsisting.

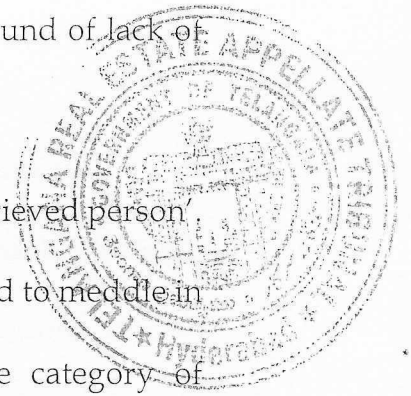
14. The case of the Complainants is that the Developer started advertising on the said land with advertisement boards displayed at the front side of the project, without getting the project registered with the Authority, and aggrieved by the same, the Complainants filed the present complaint before the Regulatory Authority and that the Regulatory Authority passed the impugned order dated 28.03.2025.

15. The contention of the learned Counsel for the Developer is that the Complainants being the owners of the land does not qualify as aggrieved persons/allottees/agents under the provisions of the Act, 2016. On the contrary, the Complainants are promoters as defined under the said Act, until such time an Allocation-cum-Supplementary Deed is duly executed between the parties. Therefore, the learned Regulatory Authority ought not to have

entertained the complaint and is liable to be rejected on the ground of lack of jurisdiction.

16. Section 31 (1) of the Act, 2016 uses the expression 'any aggrieved person'. 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'. Only a person who has suffered legal injury can challenge the act/action/order in a Court of law. Therefore, the phrase 'aggrieved person' used in Section 31 (1) of the Act, 2016 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.

17. In the instant case, the Complainants entered into a DAGPA, dated 30.04.2021, with the Developer for construction of residential-cum-commercial building and there was no Allocation-cum-Supplementary Deed executed between the parties, as permission for construction of the proposed project was not approved by the concerned authorities. As per Section 2 (d) of the Act, 2016, an 'allottee' in relation to a real estate project, means the person to whom a plot, apartment or buildings, as the case may be, has been allotted, sold or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfer or otherwise. Since the Complainants are landowners, without execution of the Allocation-cum-Supplementary Deed, cannot be said to be 'aggrieved parties' or 'allottees'.



18. Admittedly, the complainants are landowners and whether they come under the definition of Promoters under Section 2(zk) of the Act, 2016 is also to be considered.

19. Section 2(zk) of the Act, 2016 defines 'promoter', which reads as under:

“(i) a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees, or

(ii) 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” or

(iii) xxxxx

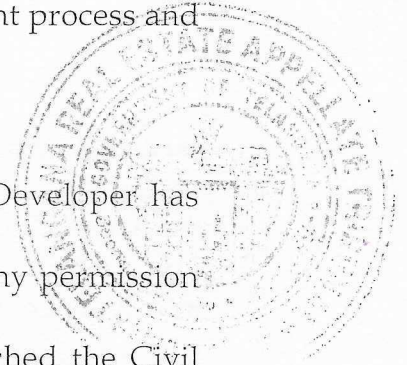
20. In this case, in view of the Development Agreement-cum-Irrevocable General Power of Attorney entered into between the Complainants and Developer for development of the land into a residential-cum-commercial project, the complainants/landowners would fall under the definition of Promoters and as such they are also co-promoters along with the Developer. The landowner who enters into a joint development agreement and is a party to the project and reaps benefits from the sale proceeds is equally responsible as a promoter. Thus, by virtue of DAGPA, the complainants/landowners in the present case are contributing the land for development and becoming

parties to the marketing, revenue sharing, or apartment allotment process and assumes the role of promoters under the Act, 2016.

21. Coming to the allegation of the Complainants that the Developer has excavated the cellar of the project illegally without obtaining any permission from the GHMC is concerned, the complainants have approached the Civil Court by filing a suit being O.S.No.224 of 2024 for cancellation of the registered Development Agreement-cum-GPA dated 30.4.2021 and the said matter is ceased of by the Civil Court. Therefore, as rightly contended by the Developer, it appears that the dispute raised by the Complainants does not fall within the scope of the Regulatory Authority.

22. With regard to the display of the name board bearing the title 'Sanali group', the Developer submitted that the said board has been merely demonstrated the name of the company and did not contain any further information regarding the nature of the project. He further submitted that they have shown in their website as 'Ongoing project' without showing the location, area, locality, prices, plans etc., and as such it may not be taken as advertisement and no one can buy a flat without knowing the location. It is further submitted that the complainants have filed a suit for injunction against the Developer and GHMC praying not to grant building permission.

23. On a perusal of the facts and circumstances of the case, it is evident that the Developer has neither marketed the project nor tried to sell by erecting the



advertisement board. The name board of Development of project without any promotional offer or transactional information cannot be constructed as an act of advertisement or marketing under the provisions of Sections 3 and 4 of the Act, 2016. Further, the learned Regulatory Authority has failed to consider the vital documentary evidence submitted by the Developer including confirmations from digital service providers that any website content was not generated or authorized by the Developer.

24. For the aforementioned reasons, we are of the considered view that the complainants/landowners cannot be said to be 'aggrieved persons, to make a complaint under Section 31 (1) of the Act, 2016, and take recourse to the provisions of the Act, 2016 for redressal of their grievance, but are, in fact, Promoters as defined under Section 2(zk) of the Act, 2016. Since the complaint arises out of contractual and commercial terms of a development agreement, for which Civil Court is the appropriate forum. Therefore, the impugned order passed by the learned Regulatory Authority imposing penalty of Rs.4,27,013/- on the Developer for violation of Sections 3 and 4 of the Act, 2016, is not sustainable in law.

25. Accordingly, we pass the following order:

- (i) T.A.No.19 of 2025 filed by the Complainants/landowners is dismissed as not maintainable.

- (ii) T.A.No.34 of 2025 filed by the Developer is allowed by setting aside the impugned order passed by the learned Regulatory Authority in Case No.84 of 2025 dated 28.03.2025. Consequently, the 30% penalty amount deposited by the Developer shall be refunded to him, after expiry of appeal time. No order as to costs.
- (iii) Pending miscellaneous applications, if any, shall stand closed.
- (iv) Registry is hereby directed to transmit a copy of this order to the learned Regulatory Authority and the parties.

Pronounced on this the 24th day of October, 2025.

Sd/-

A. SANTHOSH REDDY, J
(CHAIRPERSON)

Sd/-

P. PRADEEP KUMAR REDDY
(JUDICIAL MEMBER)

Sd/-

CHITRA RAMCHANDRAN
(ADMINISTRATIVE MEMBER)

24th OCTOBER, 2025
CSN