

**BEFORE TELANGANA REAL ESTATE REGULATORY AUTHORITY**

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

**Complaint No. 177 of 2024**

**Dated: 19<sup>th</sup> July, 2025**

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

Madikonda Mallesh  
*R/o-H. nO. 3-1-109/1, Mallapur Kpara*  
*Hyderabad, Ranaga reddy, Telangana-500076*

**...Complainant**

**Versus**

M/s Roy All Diamond Infra Developers  
*Rep. by Kethavath Nagesh Nayak*  
*R/o-H. No. 17-1-391/ST/I/B/75*  
*Singareni Colony, Saidabad,*  
*Hyderabad-500059*

**...Respondent**

The present matters filed by the Complainant hereinabove came up for hearing before this Authority in the presence of Complainant, and none for Respondent despite service of notice who was set *ex-parte* vide Order dated 21.01.2025, and upon hearing the arguments, 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") seeking appropriate action against the Respondent.

**A. Brief facts of the case:**

3. The Complainant submitted that he is Madikonda Mallesh, S/o M. Narsimha, aged about 40 years, presently working as a government employee and residing at H.No. 3-1-109/1, Mallapur, Kapra, Hyderabad, Rangareddy District, Telangana – 500076. He stated that one person by the name of Kethavath Nagesh Nayak, S/o Kethavath Bichya Nayak, aged about 38 years, introduced himself as a venture owner and partner of M/s. Roy All Diamond Infra Developers, having its office at Plot No.147, H.No. 3-2-357, SBH Colony-2, Shatavahana Nagar, above Union Bank, L.B. Nagar, Hyderabad – 500074, with residential address at H.No.17-1-391/ST/I/B/75, Singareni Colony, Saidabad, Hyderabad – 500059.

4. The Complainant submitted that the said Nagesh Nayak claimed to be the absolute owner and possessor of a vacant land being Plot No. 43, admeasuring 150 square yards (equivalent to 125.42 sq. meters), situated in Survey Nos. 7/P, 8/P, 9/P, 10/P, 11/P, 8/1/P, 92/P of the venture titled “Kaasvi E-City,” located in Ferozguda village, Ibrahimpatnam Revenue Mandal, Ranga Reddy District, Telangana. He offered the said plot for a total sale consideration of Rs. 36,00,000/- (Rupees Thirty-Six Lakhs only) at the rate of Rs. 24,000/- per square yard. The Complainant stated that he was shown the physical boundaries of the property and believing the representations made, he agreed to purchase the same.

5. The Complainant submitted that based on this representation, he paid a total advance amount of Rs. 9,00,000/- (Rupees Nine Lakhs only) to Mr. Nagesh Nayak through various transactions. The payment details are as follows:

1. Rs. 11,000/- on 08.03.2024
2. Rs. 89,000/- on 21.03.2024 via PhonePe
3. Rs. 5,00,000/- on 22.03.2024 via NEFT
4. Rs. 1,00,000/- on 29.03.2024 via PhonePe
5. Rs. 2,00,000/- on 30.03.2024 via NEFT

6. The Complainant submitted that despite receiving this substantial advance, Mr. Kethavath Nagesh Nayak did not show interest in executing a sale agreement. After several reminders and personal visits to his office and residence, he finally executed a Sale Agreement on 07.06.2024 in favour of the Complainant. As per the second covenant of the said agreement, the Complainant was required to pay the balance amount of Rs. 27,00,000/- (Rupees Twenty-Seven Lakhs only) within 40 days from the date of the agreement.

7. The Complainant submitted that after this execution, Mr. Nagesh Nayak became completely unresponsive and unreachable. He neither answered phone calls nor was available at his office or residence. Upon a friend’s suggestion, the Complainant obtained an Encumbrance Certificate (EC) for the said property and was shocked to discover that the plot in question actually belongs to “SUARNALAKSHMI DEVELOPERS,” represented by one Bachireddy.

8. The Complainant submitted that the sale agreement and brochure handed over to him by Mr. Kethavath Nagesh Nayak falsely stated that the venture is approved under RERA Registration No. P02400007405, which, upon verification, turned out to be incorrect. This confirms that the Complainant was intentionally misled and cheated under the false pretence of ownership by misusing the name of Suvarnalakshmi Developers.

**B. Relief(s) Sought:**

9. In light of the above, aggrieved by the actions of the Respondents, Complainant sought for the following reliefs:

*a. Requesting to kindly handover the plot as mentioned in the Agreement of Sale.*

**C. Observations of the Authority:**

10. Before embarking upon the substantive merits of the dispute, it is imperative to address the procedural compliance with respect to service of notice. The record reflects that statutory notice was duly issued by this Authority and served upon the Respondent via registered post, with proof of delivery on file. Despite the service of such notice, the Respondent failed to appear before this Authority, either in person or through an authorized representative. In the interest of upholding the principles of natural justice, the Complainant was directed to effect personal service of notice. A Memo evidencing personal service was thereafter filed by the Complainant. Despite this, the Respondent's authorized representative, one J.N. Prakash Rao, appeared only once without filing any reply or subsequent appearance. The Respondent's persistent non-cooperation and disregard for the Authority's directions led to the matter being set ex parte vide order dated 21.01.2025. Consequently, the present adjudication proceeds based on the un rebutted pleadings, documents, and submissions made by the Complainant.

11. The Complainant's case is that the Respondent represented himself as the absolute owner and lawful possessor of Plot No. 43, admeasuring 150 square yards, within a venture styled "Kaasvi E-City." The Respondent further claimed to be a partner in M/s Roy All Diamond Infra Developers, and furnished a project brochure claiming RERA registration. Based on these representations and promises, the Complainant was induced to invest a sum of Rs. 9,00,000/- in instalments and entered into an Agreement of Sale dated 07.06.2024.

12. The Agreement of Sale categorically records that the Respondent is "the sole and absolute owner and peaceful possessor" of the said plot and affirms his "legal, subsisting, valid and marketable title to sell" the same. It also prescribes that the balance consideration of Rs. 27,00,000/- was to be paid within 40 days of execution, after which the Respondent was obligated to register the sale deed in favour of the Complainant.

13. However, upon subsequent verification, the Complainant discovered that the subject land is not registered in the name of the Respondent. The Encumbrance Certificate, as well as the RERA registration details, indicate that the property belongs to “Suvarna Lakshmi Developers and Others,” and not the Respondent. The Complainant has not placed on record any Memorandum of Understanding or Power of Attorney which would indicate that the Respondent had any legal authority to deal with the said property.

14. From a plain reading of the executed Agreement and conduct of the Respondent, it becomes evident that the Respondent projected himself as the developer or owner of the subject land. In this regard, the Authority relies upon Section 2(zk) of the Real Estate (Regulation and Development) Act, 2016, which defines a “promoter” to include:

*“..any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale..”*

15. The legal character of the Respondent squarely falls within this definition. By representing himself as the developer and entering into an agreement for sale, collecting substantial sums from the Complainant, and issuing a brochure with purported RERA credentials, the Respondent acted as a promoter. All statutory responsibilities, obligations, and liabilities applicable to a promoter under the RE(R&D) Act must necessarily attach to the Respondent.

16. The Complainant seeks registration and handover of the allotted plot. However, the record establishes beyond doubt that the Respondent neither holds ownership nor has been authorized by the actual landowners. There is no documentary evidence to support even a facilitative role. On the contrary, the documents filed by the Complainant establish a case of inducement by misrepresentation. In such circumstances, this Authority is unable to grant relief for registration of the plot, as the Respondent has no legal title over the same.

17. However, keeping in mind the object and purpose of the RE(R&D) Act to protect allottees and impose accountability on promoters for misconduct this Authority holds that the Complainant is entitled to refund of the entire amount paid, along with applicable interest.

18. Since the Respondent is held to be a promoter under Section 2(zk), Section 11(4)(a) of the RE(R&D) Act, 2016 applies, which provides:

*“The promoter shall be responsible for all obligations, responsibilities and functions under the provisions of this Act or the rules and regulations made thereunder or to the allottees as per the agreement for sale, or to the association of allottees, as the case may be, till the conveyance of all the apartments, plots or buildings, as the case may be, to the allottees, or the common areas to the association of allottees or the competent authority, as the case may be*

19. Here, the Respondent has failed to fulfil his obligation under the agreement to transfer the plot, thereby triggering Section 18(1)(b), which states:

*1) If the promoter fails to complete or is unable to give possession of an apartment, plot or building,—*

*(a) in accordance with the terms of the agreement for sale or, as the case may be, duly completed by the date specified therein; or*

*(b) due to discontinuance of his business as a developer on account of suspension or revocation of the registration under this Act or for any other reason,*

*he shall be liable on demand to the allottees, in case the allottee wishes to withdraw from the project, without prejudice to any other remedy available, to return the amount received by him in respect of that apartment, plot, building, as the case may be, with interest at such rate as may be prescribed in this behalf including compensation in the manner as provided under this Act: Provided that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of the possession, at such rate as may be prescribed.*

*(2) The promoter shall compensate the allottees in case of any loss caused to him due to defective title of the land, on which the project is being developed or has been developed, in the manner as provided under this Act, and the claim for compensation under this subsection shall not be barred by limitation provided under any law for the time being in force.*

*(3) If the promoter fails to discharge any other obligations imposed on him under this Act or the rules or regulations made thereunder or in accordance with the terms and conditions of the agreement for sale, he shall be liable to pay such compensation to the allottees, in the manner as provided under this Act*

20. The phrase “or for any other reason” in Section 18(1)(b) is broad and encompasses situations such as the present, where the promoter lacks legal title and is incapable of delivering possession. Thus, the Respondent’s failure to perform his obligation renders the agreement void ab initio. The Complainant is entitled to refund with interest, even in the absence of an express prayer for withdrawal.

21. Moreover, the Respondent’s conduct also attracts the provisions of Section 12 of the RE(R&D) Act. The brochure circulated by him falsely indicated a valid RERA registration (P02400007405), when in fact the registration pertains to an entirely unrelated entity. By inducing the Complainant to invest based on this misrepresentation, the Respondent has caused pecuniary loss and thereby violated Section 12, which reads:

*“Where any person makes an advance or a deposit on the basis of the information contained in the notice, advertisement or prospectus, or on the basis of any model apartment, plot or building, as the case may be, and sustains any loss or damage by reason of any incorrect, false statement included therein, he shall be compensated by the promoter in the manner as provided under this Act.”*

22. Therefore, this Authority finds that the Respondent has committed fraudulent misrepresentation, thereby attracting Section 12 and penalty under Section 61 of RE(R&D) Act. Further that The Respondent, having acted as a promoter, failed to hand over possession and is consequently liable under Section 18 for refund with interest, therefore The Respondent’s actions were in breach of Sections 11 and 18 of the RE(R&D) Act, and merit regulatory scrutiny.

23. This Authority also notes with grave concern the unauthorised and deceptive conduct of the Respondent in marketing and transacting in a project over which he has no ownership or authority. Accordingly, the Secretary, Telangana RERA, is directed to initiate a detailed inquiry and issue a Show Cause Notice to the registered promoters of “Kaasvi E-City,”



seeking an explanation as to how the Respondent was permitted to market, negotiate, and collect payments in respect of their project. All relevant documents, including any executed agreements, authorizations, or correspondence, must be summoned.

24. The RE(R&D) Act is a consumer welfare legislation and must be interpreted purposively. The Respondent cannot be allowed to escape liability merely because he was not a registered promoter or because the Complainant failed to verify the RERA number beforehand. The fraud perpetuated by the Respondent cannot be ignored, and relief cannot be denied on mere technicalities.

25. Therefore, in exercise of the powers conferred under Sections 37 and 38 of the Real Estate (Regulation and Development) Act, 2016, this Authority holds the Respondent liable to refund the entire sum of Rs. 9,00,000/- received from the Complainant, along with interest at the prescribed rate from the respective dates of receipt, till the date of realization.

26. The rate of interest shall be calculated at the rate prescribed under the TG RE(R&D) Rule 2017, i.e., MCLR of SBI plus two per cent, i.e. 11% (9.0 + 2) per annum calculated from the date of receipt of each payment until the date of repayment.

#### **E. Directions of the Authority:**

27. In exercise of the powers conferred upon this Authority under Sections 37 and 38 of the Real Estate (Regulation and Development) Act, 2016, and in furtherance of the findings and conclusions drawn hereinabove, the following directions are hereby issued:

- I. The Respondent is held liable for contravention of Section 12 and Section 11(4)(a) of the Real Estate (Regulation and Development) Act, 2016, and is accordingly directed to pay a penalty of Rs. 4,54,682/- (Four Lakhs Fifty Four Thousands Six Hundred and Eighty Two Rupees) under Section 61 of the Act. The said amount shall be remitted within thirty (30) days from the date of receipt of this Order in favour of TG RERA FUND through a Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036; and
- I. The Respondent is further directed to refund the entire amount received from the Complainant, as stipulated in the Agreement of Sale dated 07.06.2024, along with interest at the rate of 11.00% per annum (being the prevailing SBI MCLR of 9.00% plus 2%) calculated from the respective dates of each payment till the date of actual realization. The said refund shall be effected within thirty (30) days from the date of receipt of this Order.

II. In light of the serious irregularities observed, the Secretary, Telangana RERA is directed to initiate a detailed inquiry into the conduct of the Respondent, who has purportedly engaged in marketing, advertising, selling, and collecting monies from allottees while projecting himself as the absolute owner of the project titled “*Kaasvi E-City*.” A Show Cause Notice shall be issued to the registered promoters of the said project with a detailed written explanation clarifying:

- a) Whether the Respondent was ever authorized, either expressly or impliedly, to market, advertise, or transact in respect of the said project;
- b) The basis, if any, on which such conduct by the Respondent was permitted or overlooked; and
- c) All supporting documents, communications, or agreements in relation to the same.

28. Failing to comply with the above-said directions by Respondent shall attract penalty in accordance with Section 63 of the RE(R&D) Act, 2016.

29. The Complaints are disposed of in lieu of the above directions. No order as to costs.

Sd/-

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

Sd/-

**Sri Laxmi Narayana Jannu,**  
**Hon'ble Member,**  
**TG RERA**

Sd/-

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