

**GOVERNMENT OF TELANGANA
TELANGANA REAL ESTATE REGULATORY AUTHORITY
HYDERABAD**

Circular No: 3806/ TG RERA/2025.

Date:22/10/2025

Subject: Importance of Proper Disclosure and Certification of Report on *Means of Finance (RMoF)* for Project Execution and Completion - Instructions to Promoters and Chartered Accountants-Reg

1. Background

The Authority has observed that in several ongoing and registered projects, delays in project execution and delivery are primarily attributable to liquidity crunch, improper financial planning, and absence of contingency strategies by promoters. Hence, a well-prepared RMoF is critical to ensure uninterrupted construction and timely completion of the real estate project.

In exercise of the powers conferred under Section 37 of the *Real Estate (Regulation and Development) Act, 2016* read with Rule 14 of the Telangana Real Estate (Regulation and Development) Rules, 2017, the Authority has decided to issue Circular to emphasize the importance of proper assessment, declaration, and certification of the Means of Finance (RMoF) at the time of registration and during project monitoring.

2. Importance of RMoF in Project Execution

The *Report on Means of Finance (RMoF)* is a key disclosure document forming the financial foundation of the project and must demonstrate a realistic and sustainable financial plan. The RMoF ensures that the promoter has adequate liquidity and a clear financing roadmap to honour commitments made to allottees and statutory authorities.

In view of the above, the Authority instruct all the Developers/Promoters to submit certificate on Means of Finance as per revised Form 3 at the time of registration of the Project duly certified by the Chartered Accountant in practise.

It should consist of:

(a) Estimated Cash Outflows

- Land Cost payments shall correspond to the terms of *Development Agreement / Sale Deed*.

- Development Cost estimation shall be based on construction schedule, bill of quantities, and resource planning for each block and phase.
- Interest and Borrowed Fund Repayments must be aligned with the approved borrowing plan and institutional loan agreements.
- Other Costs, such as marketing, administrative, and advertisement expenditure.

(b) Estimated Cash Inflows

- Promoter's Capital Contribution shall be supported by financial capacity documents such as IT returns, Reserves & surplus, and Bankable assets.
- Receipts from Allottees shall be based on a realistic quarterly marketing and sales plan consistent with project construction stages.
- Institutional Loans shall be disclosed with sanctioned amounts, repayment terms, and collateral details, duly verified by the Chartered Accountant.
- Other Borrowings, including unsecured loans from friends, relatives, or group entities, must be supported with past financial records and repayment timelines.

(c). Ensuring Liquidity and Financial Discipline

- The *Means of Finance Plan* shall remain cash-positive for every quarter throughout the project period to avoid disruption in construction.
- The Authority directs all promoters and CAs to prepare the RMoF with adequate contingency and liquidity buffer, considering statutory payments, land dues, and construction obligations.
- Therefore, submission of a comprehensive RMoF is not only a regulatory requirement under Section 4(2)(l)(D) of the Act but also a risk-mitigation mechanism for ensuring smooth execution and delivery by the project end date.

(d). Legal Basis and Compliance Requirement

- As per Section 4(2)(l)(D) of the RE(R&D) Act 2016, every promoter shall provide an estimate of project costs, including land, construction, and other related expenses, duly certified by a Chartered Accountant.

- Under Section 11(1)(b) and (c) of RE(R&D) Act 2016, the promoter is responsible for ensuring that project funds are utilized only for the purpose for which they are raised and that project progress is commensurate with financial inflows.
- The Authority, under Section 34(f), is mandated to ensure that promoters adhere to approved plans and timelines by maintaining proper financial discipline.
- Any misrepresentation or incorrect certification in RMoF or Form-3 shall be liable for action under Section 61 and 63 of the, RE(R&D) Act 2016.

3. Directions to Promoters and Chartered Accountants

- All new applications for project registration must include a properly structured *Means of Finance (RMoF)* certified by a Chartered Accountant in practise as per revised Form 3.
- For ongoing and registered projects, promoters shall review their existing RMoF and ensure alignment with actual financial progress and update the same as per the revised Form 3 every Quarter as per the Section 11 of RE (R&D) Act,2016.
- The Chartered Accountants certifying RMoF must exercise due diligence and ensure compliance with the *ICAI Guidance Note on Real Estate Transactions* and TG RERA Circulars issued from time to time.

4. Conclusion

The Authority reiterates that a realistic and compliant Means of Finance is a cornerstone for project success and a safeguard for allottees. Promoters are therefore advised to plan their financial resources judiciously and ensure timely infusion of capital to meet their obligations in a time-bound manner and mandatorily submit the Report of Means of finance (RMoF) as per Revised Form 3 at the time of registration of the Project along with QPR's.

This Circular shall have immediate effect.

(By orders of the Authority)

Sd/-
Secretary,
TG RERA

FORM-3

(See Regulation 5)

CHARTERED ACCOUNTANT'S CERTIFICATE (On Letter Head)

(To be submitted at the time of Registration of a project and subsequent withdrawal of money from Separate account of the Project)

To

The Promoter:

Project Name:

Project Registration Number:

Period: ____/____/20 to ____/____/20

Sub: Certificate of Financial progress of work of <project Name> having TG RERA Registration number _____ being developed by <Promoter Name>.

Sir,

This certificate is being issued for RERA compliance for the <Project Name> having TG RERA Registration _____ being developed by <Promoter Name> and is based on the records and documents produced before me and explanations provided to me by the management of the company; based on the verification of books of accounts for the Quarter ended _____.

Table A- Estimated Cost of the Project (at the time of Registration of Project)

| SL.NO | | Particulars | Amount (In Rs) | |
|--------------|------------|---|---------------------------------|--------------------------------|
| | | | Estimated (Column-A) | Incurred (Column-B) |
| 1 | (I) | Land Cost: | | |
| | a. | Cost of Land or Development Rights, lease Premium, least rent, interest cost incurred or payable on Land Cost and legal cost. | | |

| | | | | |
|--|-------------|---|--|--|
| | b | Amount of Premium payable to obtain development rights, FSI, additional FSI, and any other incentive under DR from Local Authority or State Government or any Statutory Authority. | | |
| | c | Acquisition cost of TDR (if any) | | |
| | d | Amounts payable to State Government or competent authority or any other statutory authority of the State or Central Government towards stamp duty, transfer charges, registration fees etc. and | | |
| | e | Land Premium payable as per annual statement of rates (ASR) for developmental of land owned by Public Authorities. | | |
| | f | Under Redevelopment/Rehabilitation Scheme: | | |
| | (i) | Estimated construction cost of redeveloped/rehab building including site development and infrastructure for the same as certified by Engineer (Column-A) | | |
| | (ii) | Actual Cost of construction of redeveloped /rehab building incurred as per the books of accounts as verified by the CA (Column-B) | | |
| | Note | (For total cost of construction incurred, Minimum of (i) or (ii) is to be considered) | | |
| | (iii) | Cost towards clearance of land of all or any encumbrances including cost of removal of legal/illegal occupants, cost for providing temporary transit accommodation or rent in lieu of Transit Accommodation, overhead cost. | | |
| | (iv) | Fees, charges and security deposits or maintenance deposits, or any amount whatsoever payable to any authorities towards and in project of rehabilitation. | | |
| | | Sub -Total of LAND COST | | |
| | (II) | Development Cost/Cost of Construction: | | |

| | | | | |
|--|--------------|--|--|--|
| | a | (i) Estimated Cost of Construction as Certified by Engineer (Column-A) | | |
| | | (ii) Actual Cost of Construction incurred and paid as per the books of accounts as verified by the CA (Column- B) | | |
| | | Note: (for adding to total cost of construction incurred, Minimum of (i) or (ii) is to be considered) | | |
| | (III) | On-site expenditure for development of entire project excluding cost of construction as per (i) or (ii) above, i.e., salaries, consultants' fees, site overheads, development works, cost of services (including water, electricity, sewerage, drainage, layout roads etc.), cost of machineries and equipment including its hire and maintenance costs, consumable etc. All costs directly incurred to complete the construction of the entire phase of the project registered. | | |
| | b | Payment of Taxes, cess, fees, charges, premiums, interest etc. to any Statutory Authority. | | |
| | c | Interest payable to financial institutions, scheduled banks, non- banking financial institution on construction funding or money borrowed for construction. | | |
| | | Sub- Total of = Development Cost | | |
| | | Total Estimated Cost of the Real Estate Project (1(I) + 1(II) of Estimated Column - A | | |
| | | Total Cost incurred and Paid of the Real Estate Project (1(I) + 1 (II) of incurred and Paid Column - B | | |
| | | Percentage of completion of Construction Work. (as per Project Architect's Certificate on completion of project) % | | |
| | | Proportion of the Cost incurred and paid on Land Cost and Construction Cost to the Total Estimated Cost (Sl.No.3/2__% | | |

| | | | |
|--|---|--|--|
| | Amount which can be withdrawn from the Designated Account Total Estimated Cost x Proportion of cost incurred and paid (Sl. number 2 x Sl. Number 5) | | |
| | Less: Amount withdrawn till date of this certificate as per the Books of Accounts and Bank Statement | | |
| | Net Amount which can be withdrawn from the Designated Bank Account under this certificate. | | |

Part B: Statement for calculation of Receivables from the Sales of the Ongoing Real Estate Project

(A) Booked Inventory

| Sl. No. | Block/Type/ Bungalow/ Category (as per Form 1) | Flat/Bungalow/ Office/ Plot No.(s) | Built up Area (in Sq. Mts) | Unit amount Consideration as per agreement (as per Clause 1(b) of the Model Form of Agreement to be entered between Promoter and Allottee(s)) | Received amount | Balance Amount |
|---------|--|------------------------------------|----------------------------|---|-----------------|----------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |

(B) Unbooked Inventory Valuation Of the Residential/commercial/Plotted Rs per Sq. Mts.

| Sl. No. | Block/Type (as per Form 1) | Flat/Office/ Plot No.(s) | Built up Area (in Sq. Mts) | Estimated Amount of Sale Proceeds |
|---------|----------------------------|--------------------------|----------------------------|-----------------------------------|
| | | | | |
| | | | | |
| | | | | |

| | Total Proposed | Total Booked |
|-------------------------------|-----------------------|---------------------|
| No. of Covered Parking | | |
| No. of open parking | | |

Part C: Details of RERA Bank Accounts:

| Particulars | Collection Account of the Project | Separate Account of the Project | Transaction Account of the Project |
|---|--|--|---|
| Account No | | | |
| Bank IFSC Code | | | |
| Bank Name | | | |
| Opening Balance as on ___/___/20___ | | | |
| Deposits during the period ___/___/20___ to ___/___/20___ | | | |
| Withdrawals during the period ___/___/20___ - ___/___/20___ | | | |
| Closing Balance as on ___/___/20___ | | | |

I hereby Certify that required proportion of money, as specified in the Act, collected from allottees of the project unit as indicated in Table B has been deposited in Designated RERA Bank Account.

I hereby certify that (Name of promoter) has utilized the required proportion of money, as specified in the Act, collected from allottees for this project only land and construction of this project.

Table D: Means of Finance

| S.No | Particulars | Estimated (At time of Registration) (In Rs) (Proposed and indicative) | Proposed/Estimated (As on the date of the certificate) (In Rs.) | Actual (As on the date of Certificate) (In Rs.) |
|------|--|--|--|--|
| 1 | Own Funds | | | |
| 2 | Total Borrowed Funds (Secured) - Drawdown availed till date | | | |
| 3 | Total Borrowed Funds (Unsecured) - Drawdown availed till date | | | |
| 4 | Customer Receipts used for project | | | |
| 5 | Total funds for project | | | |
| 6 | Total estimated cost as per Table A | | | |

Yours faithfully,

Name and Signature of Chartered Accountant with Stamp.

For (Name of CA Firm)

Partner/Proprietor

(Membership Number)

UDIN:

Sd/-
Secretary
TG RERA

(ADDITIONAL INFORMATION)

1. Estimated Balance Cost to complete the Real Estate Project (Difference of Total Estimated Project cost less Cost incurred)
2. Balance amount of receivables from booked apartments as per Table B to this Certificate (as certified by Chartered Accountant as verified from the records and books of Accounts)
3. (i). Balance Unbooked area (to be certified by Management and to be verified by CA from the records and books of accounts)
 - (ii) Estimated amount of sales proceeds in respect of unbooked apartments as per table B to this certificate.
 - (iii) Estimated receivables of the project. Sum of 2+3 (ii)
 - (iv) Amount to be deposited in Designated Account – 70% or 100% If 4 is greater than 1, then 70% of the balance receivables of the project will be deposited in designated Account. If 4 is lesser than 1, then 100% of the balance receivables of ongoing project will be deposited in designated Account.

