

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

**12<sup>th</sup> August 2024**

**Corum: Dr. N. Satyanarayana, IAS (Retd.), Hon'ble Chairperson  
Sri LaxmiNarayanaJannu, Hon'ble Member  
Sri K. SrinivasaRao, Hon'ble Member**

**COMPLAINT NO.1037 OF 2023**

Between  
Sri D. Sri Ramachandra Varma .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1515 OF 2023**

Between  
Sri Paramjyoti Veera .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1589 OF 2023**

Between  
Sri Vangari Sridhar Babu .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1520 OF 2023**

Between  
Sri Vinay Kumar Gasapa .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1106 OF 2023**

Between  
Sri Siva Jagan Mohan Rao .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1109 OF 2023**

Sri Shanmukha Rao Mopidevi Subrahmanya .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1689 OF 2023**

Sri Kanimati Prakash Shetiya .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 753 OF 2023**

Sri Shaik Jeelani Basha .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 659 OF 2023**

Sri Chandan Choudary .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1201 OF 2023**

Sri Solomon Branham Gorantla .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1038 OF 2023**

Sri Swetha Sama .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1102 OF 2023**

Sri T. Siva Sankara Rao .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1103 OF 2023**

Sri Srinivas Rao Guda .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 891 OF 2023**

Sri Bandi Madhavi .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 951 OF 2023**

Sri Srinivasa Rao Mukkapati .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 911 OF 2023**

Sri L.Narsimha .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 857 OF 2023**

Sri Akula Govinda Narasing .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMPLAINT NO. 1590 OF 2023**

Sri Yerragudi Lavanya .... **Complainant**

**AND**

M/s Jayathri Infrastructures India Pvt Ltd. rep by Sri K.Srinivas .... **Respondent**

**COMMON ORDER**

There complaints have come for final hearing on 23.04.2024, before this authority, in the presence of Complainants party in persons and Respondent counsel Sri Ramabika in all the complaints and after hearing both the parties, the Authority passes the following:

2. These complaints have been filed under Section 31 of the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred to as the “RE(R&D) Act”) read with Rule 34(1) of the Telangana Real Estate (Regulation and Development) Rules, 2017 (hereinafter referred to as the “Rules”) seeking directions from this Authority to take action against the Respondent.

3. The case of the complainants in all the complaints is on similar grounds. Similarly the stand taken by the Respondent in their counters is

also same. Therefore for the sake of the convenience and to avoid repetitions the pleadings from the complaint no.1520 of 2023 are referred below.

**A. Facts of the Case:**

4. The complainants have booked commercial spaces/apartments from the Respondent in the project "Western Galaxy" located at Gopanpally Village, Serilingampally Mandal, Sy. No. 361/20, by M/s Jayathi Infrastructures Private Ltd., as part of a pre-launch booking offer.

5. The complainants have paid amounts to the Respondent and entered into MoUs for the same. All the complainants have paid the entire sale consideration amount, yet to date, the Respondent has failed to even initiate construction in the promised premises. The Respondent has absconded and has not been reachable to the allottees of the concerned project for the past two years.

6. The Respondent was booked with a criminal case at KBHB Police Station, was sent to custody, and is presently out on bail.

7. On various occasions, the complainants have tried to approach the Respondent Company to refund the amount with interest; however, no efforts have been made by the Respondent to date.

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

8. In view of the above mentioned fact, direct the Respondent to refund the amount along with interest.

**C. Respondent's Reply:**

9. That the Respondent has registered the collateral land security for the amount paid by the existing customer, which is still in the customer's name. Once the Respondent settles the amounts through the lands, cash, or any property with the customer's consent, the above collateral land should be returned to the client or held in their name.

10. These customers have filed complaints against my client.

<b>Customers List</b>	
1.	VEERA PARAMJYOTHI
2.	Sirish Daspet&Maitri joshi.
3.	NARASIMHULU
4.	Akula Narsing
5.	Janaharsha Group
6.	Sridhar babu Vangari
7.	Md.Ifteqaruddin farooqui.
8.	SHAIK JEELANI PASHA
9.	D.S.R VARMA
10.	L NARASIMHA
11.	V MURALI KRISHNA
12.	RAMA DEVI
13.	P SREEDEVI
14.	T LAKSHMA REDDY
15.	H SAI KUMAR
16.	NARASIMHA RAO
17.	RENUKA
18.	SANDHYA
19.	CHANDRA SHEKAR

11. That if the Authority accepts the proposal, the Respondent shall process for refunding the amount through property or any suitable land for the paid amount.

#### **D. Hearing Conducted:**

10. During the hearing, both parties requested the consolidation of the seventeen complaints and the issuance of a common order. Consequently, the seventeen (17) complaints were disposed of by a common order. Both parties were heard.

11. Hearings were conducted on 06.03.2024, 02.04.2024, and 23.04.2024. During the hearings, the complainants reiterated their original contentions. Given the Respondent's unclear role and the Authority's awareness of malpractices by M/s Jayathri Infrastructures Pvt Ltd in other projects, the Authority, under Section 35 of the Real Estate (Regulation and Development) Act, 2016 (RE(R&D) Act), directed the Engineering Staff College India (ESCI) via letter no. 1458/2023/TSRERA dated 10.10.2023 to conduct an inspection and submit a comprehensive evaluation report of the "Western Galaxy".

12. As per the ESCI report ESCI/PD/TSRERA/07/2023-24 dated 01.12.2023, during the inspection, it was stated that the concerned project site is located on the main road leading to Gopanpally Thanda, adjacent to Bhagya Nagar TNGOs Mutually Aided Co-operative Housing Society, Hyderabad. As of the date of inspection, it was noticed that the site is a vacant land with no progress of work. It was learned that the builder had proposed residential apartments in 6 acres of land and a commercial complex in 4 acres of land, totaling 10 acres of land. Prima facie, it appears that the company has no legal authority to undertake the project.
13. Upon perusing the documents furnished by the complainants, the ESCI team could not find any circumstantial evidence of either property rights or authorization or a sale deed of ownership of land by M/s Jayathri Infra for the "Western Galaxy" project. No progress has been made on the site.
14. During the hearing, the complainants submitted to this Authority that they are not interested in the collateral land given by the Respondent, as the value of those lands is nowhere near a substitute for the amounts paid by the complainants. Hence, they requested the Authority to direct the Respondent to take back the collateral lands and refund the amount paid to the Respondent along with interest.
15. Further, the Respondent submitted to this Authority that due to a few non-compliance terms of the Agreement of Sale entered with Sri M. Laxmi Kanthai and Sri V. Gowrith dated 25.03.2021, part of the concerned project land is under pending litigation before the Supreme Court, hence, the project could not be initiated.

**E. Points for Consideration:**

- a. Whether the Respondent is in violation of Section 3 of the RE(R&D) Act?
- b. Whether the complainants are entitled to the relief sought?

16. **Point a:** The Authority has carefully reviewed the material on record and considered the contentions of the parties, along with the detailed and

comprehensive report submitted by ESCI. It is evident that the Respondent has advertised the project "Western Galaxy" on various websites, entered into MoUs with the allottees, and collected amounts for the flats in the concerned project. The Respondent, without acquiring any legal title, indulged in these acts despite having no RERA registration for the project. The Respondent has evidently violated Section 3 of the RE(R&D) Act, 2016. Hence, the answer is affirmative.

**17. Point b:** The complainants have sought a refund with interest. As the Respondent neither disputed nor refuted the relief sought by the complainants but instead stated that they shall settle the amount through property or any suitable land for the paid amount. It is noted that the Respondent has entered into collateral land agreements with the complainants as security for their amounts paid for the concerned project. However, it is crystal clear that the complainants do not wish to keep the collateral lands and are instead only interested in the refund of the amount along with interest.

18. In view of the above observations, the Authority is of the opinion that the Respondent entered into collateral land agreements; however, as those land values are not proportionate to the amounts paid by each complainant, the allottees are not willing to accept the registration of those lands and are only seeking their amount to be paid back. The Authority is of the view that as it is evident that there is a fault on behalf of the Respondent that he failed to provide the possession of the allotted commercial space/units assured by the Respondent in its MoUs, and in such cases as per Section 18 of the RE(R&D) Act, allottees have the remedy for the return of the amount paid by them in respect to the commercial space/units.

19. Hence, this Authority views that, as the Respondent is unable to give possession to the complainants herein due to his own fault, and the complainants wish for a refund of the amount, the Respondent shall refund the amount. Wherein the collateral lands shall be returned to the Respondent as soon as the payment is made to the complainants as agreed and submitted by the Respondent in its reply dated 10.11.2023.

20. Now, whether the Respondent shall also pay interest is a point that needs clarification.

21. The provision for interest for delayed possession applies when the promoter fails to complete the project and the allottee wishes to withdraw. The allottee is entitled to interest to safeguard their interests if the promoter fails to perform their obligations and is unable to hand over possession.

22. Attention is drawn to the decision of the Hon'ble Supreme Court of India in Civil Appeal Nos. 3581-359 of 2022, Civil Appeal Diary No. 9796/2019, M/s Imperia Structures Limited vs. Anil Patni & Others, wherein it was held:

***"In terms of Section 18 of the RERA Act, if a promoter fails to complete or is unable to give possession of an apartment by the date specified in the agreement, the promoter would be liable, on demand, to return the amount received in respect of that apartment if the allottee wishes to withdraw from the project. Such a right of the allottee is 'without prejudice to any other remedy available to him'. This right is unqualified, and if availed, the deposited money must be refunded with interest as prescribed. The proviso to Section 18(1) contemplates that if the allottee does not intend to withdraw from the project, they are entitled to interest for every month of delay until possession is handed over. The allottee may proceed under Section 18(1) or the proviso thereto."***

23. The RERA Act thus provides a remedy to an allottee who wishes to withdraw from the project or seek a return on their investment. Therefore, as per Section 18(1) of the RE(R&D) Act, the promoter is liable to return the amount received along with interest and compensation if the promoter fails to complete or deliver possession of the apartment as per the sale agreement.

26. Further, in the decision of the Hon'ble Supreme Court in Civil Appeal Nos. 6745-6749 of 2021, M/s Newtech Promoters and Developers Private Limited vs. State of UP & Others, it was held:

***"Section 18(1) of the Act spells out the consequences if the promoter fails to complete or is unable to give possession of an***



***apartment, plot, or building in terms of the agreement for sale. The allottee/home buyer holds an unqualified right to seek a refund of the amount with interest as prescribed."***

24. From the averments made in the complaint, it is evident that the Respondent kept the complainants on hold for two – three years, making false promises about registering the commercial space or units in the complainants' names. After the complaints were filed, the Respondent revealed they failed to acquire the project, preventing registration. The Authority believes that the complainants, having paid a significant amount in the hope of acquiring allotted space/units, have been wronged due to the Respondent's complete failure to execute the project. It is unjust for the complainants not to receive interest on the amount paid. Additionally, the Respondent has consistently violated the RE(R&D) Act by deceiving the public in various other projects, demonstrating malafide intentions.

25. Therefore, in the interest of the allottees, the Authority believes that the complainants are entitled to interest. Under Sections 37 and 38 of the RE(R&D) Act, the Authority opines that the Respondent should pay interest as per Rule 15 of the TG RE(R&D) Rules, which stipulates the Marginal Cost of Lending Rate (MCLR) plus 2% interest. The current MCLR of the State Bank is 8.65% plus 2%.

26. The Respondent is directed to repay the entire amount paid by each complainant, along with interest at the rate of 10.65% per annum, calculated from the date of the Memorandum of Understanding (MOU) entered into with each allottee, until the date of actual realization. This repayment must be completed within 90 days from the date of this order.

27. The complainants shall return the collateral lands to the Respondent immediately upon receipt of the refunded amount, inclusive of interest.

**F. Directions of the Authority:**

28. In exercise of the powers conferred under Section 31 of the Real Estate (Regulation and Development) Act, 2016, the complaint numbered 756 of 2023 is hereby allowed. In light of the findings of the Authority as recorded above, the following directions are issued under Section 37 of the RE(R&D)

Act to ensure compliance with the obligations imposed upon the promoter as per the functions entrusted to the Authority under Section 34(f) of the RE(R&D) Act:

- I. The Respondent is directed to refund the entire amount paid by the each complainant for the commercial spaces/units in the project "Western Galaxy" as mentioned above, along with interest of 10.65% per annum from the date of the Memorandum of Understanding (MOU) entered into with each allottee, until the date of actual realization.
- II. The refund of the entire amount shall be paid by the Respondent to the allottees within a period of 90 days from the date of this Order.
- III. The complainants shall return the collateral lands to the Respondent immediately upon receipt of the refunded amount, inclusive of interest.
- IV. For contravening Section 3 of the Act, this Authority, exercising its powers under Section 59 of the Act, imposes a penalty of Rs 36,70,000/-. This penalty is imposed for marketing/selling villas of the Project without registering the project before this Authority. The amount is payable in favor of TGRERA FUND through a Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036, within 30 days of receipt of this Order by the Respondents/Promoter.

29. In light of the above findings and directions, the present complaint stands disposed of. The parties shall bear their own costs. The parties are hereby informed that failure to comply with this Order shall attract Section 63 of the Act.

30. If aggrieved by this Order, the parties may approach the Telangana Real Estate Appellate Tribunal as per Section 44 of the Act, 2016.

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

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

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