

BEFORE TELANGANA REAL ESTATE REGULATORY AUTHORITY

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

SUO MOTU CASE NO. 1994/2025

Date: 23rd June 2026

**Quorum: Sri Laxmi Narayana Jannu, Hon'ble Member
Sri K. Srinivasa Rao, Hon'ble Member**

M/s Fortune Infra Developer Pvt. Ltd.
Rep. by its Chairman and Managing Director, Sri B Seshagiri Rao
H.No.1299 H, Road No.68, Jubilee Hills. Hyderabad – 500033

...RESPONDENT No.1

Alluru Naveen Reddy
H.No.8-3-231/C/5/B, Sri Krishna Nagar,
Yousufgua, Hyderabad – 500045

...RESPONDENT No.2

Fortune Butterfly City

...PROJECT NAME

ORDER

The present Suo motu proceedings have been initiated by the Telangana Real Estate Regulatory Authority (hereinafter referred to as “the Authority”), in exercise of the powers conferred under Section 35(1) of the Real Estate (Regulation and Development) Act, 2016 (hereinafter “the RE(R&D) Act, 2016”), upon receiving information through a newspaper advertisement dated 28.06.2025 that M/s Fortune Infra Developers Pvt. Ltd. (hereinafter “the Respondent No.1”), has been advertising, marketing, offering for sale, and inviting persons to purchase open plots in respect of its project titled “Fortune Butterfly City” situated at Srisailem Highway, Amangal, Ranga Reddy District, without displaying the mandatory TG RERA Registration Number P02400000955 and other permissions issued by the competent authorities, in contravention of Section 11(2) of the RE(R&D) Act, 2016.

1. Accordingly, a Show Cause Notice dated 30.06.2025 was issued to the Respondent No.1 for contravening Section 11(2) of the RE(R&D) Act, 2016, directing it to submit a written explanation within seven days from the date of receipt of the show cause notice to explain as to why penal proceedings under Section 61 of the RE(R&D) Act, 2016, should not be initiated against him.

2. In response to the Show Cause Notice, the Respondent No.1 had submitted a reply on 14.10.2025 stating that the newspaper advertisement in question had been issued by an individual purchaser namely Sri A. Naveen Reddy, who had purchased property from the company vide Document No.20074/2024 dated 05.12.2024, and that the said advertisement

was published independently by the customer without its knowledge, involvement, or authorisation and that it had no role in the creation, contents, or publication of the said advertisement.

3. The Respondent No.1 submitted that the project “Fortune Butterfly City” is duly registered with TG RERA under Registration No. P02400000955, and that all official communications, promotional materials, and advertisements issued by it invariably include the mandatory RERA Registration Number and approved Layout Permit numbers. The omission of RERA particulars in the impugned advertisement occurred solely because the same was not routed through its internal compliance or legal team, and that the lapse was a one-time inadvertent act on the part of the customer and not a deliberate act on its part.

4. The Respondent No.1 further submitted that upon becoming aware of the issue, it initiated steps to sensitise and inform customers not to publish advertisements independently without including the required RERA particulars, and the incident occurred was isolated on without any malicious intent or recurring pattern and have prayed to drop penal proceedings against it under Section 61 of the RE(R&D) Act, 2016.

5. On that notices were issued to Respondent No.1 and Mr. Naveen Reddy (hereinafter referred to as “the Respondent No.2”), for hearing before this Authority on 02.12.2025. In obedience the Respondent No.1 appeared in person and struck to the same submissions as made in the written reply. While so the Respondent No.2, also appeared in person and submitted that he had issued the newspaper advertisement independently due to urgent financial necessity to sell his plots, without knowledge of the statutory requirement of mentioning of the RERA Registration Number, and that such omission was inadvertent. In the circumstance, he tendered an unconditional apology, and undertook to comply with all statutory requirements in future, and sought time to file a detailed written reply in this regard.

6. Accordingly, he, Respondent No.2, submitted reply dated 15.12.2025 stating that he had purchased multiple plots in the project “Fortune Butterfly City”, Kadthal, and that due to an emergency requirement of funds, he intended to sell his plots. He submitted that while making inquiries, he approached some local persons who provided incorrect and unrealistic information regarding the prevailing market price per square yard, stating that the market conditions were not favourable and that there were no buyers at present. He further submitted that one of his friends suggested that, in order to avoid middlemen and to obtain a better price, he could give a paper advertisement directly, and being unaware of the procedures and requirements under the RE(R&D) Act, 2016, he issued a newspaper advertisement mentioning

the project name “Fortune Butterfly City” without mentioning the RERA Registration Number, purely out of ignorance and without any intention to violate the rules.

7. Respondent No.2 further submitted that he had no prior knowledge of the mandatory requirement of mentioning the RERA registration details in such advertisements and that upon realising his mistake, he deeply regretted his inadvertent action and sincerely apologised to the Authority for the same, assuring that such an error would not be repeated in the future. He further submitted that, as he could not find any genuine buyer offering a reasonable price, he had mortgaged his plots with Shriram Finance to meet his urgent financial needs. He therefore requested the Authority to kindly consider his explanation and pardon him for this unintentional lapse, and assured that he shall strictly comply with all the Authority's rules and regulations.

Observations of the Authority:

9. The Authority has considered the newspaper advertisement dated 28.06.2025, the Show Cause Notice dated 30.06.2025, the replies submitted by Respondent No.1 and Respondent No.2, the submissions made during the course of hearing held on 02.12.2025, and other material placed on record. Upon a comprehensive examination of the record, this Authority finds that the advertisement published in respect of the project titled “Fortune Butterfly City,” situated at Srisailam Highway, Amangal, Ranga Reddy District, did not disclose the mandatory TG-RERA Registration Number and statutory particulars as required under Section 11(2) of the RE(R&D) Act, 2016, thereby constituting a clear contravention of the statutory mandate.

10. The available record demonstrates that the impugned advertisement was issued in the name of the project inviting members of the public to purchase plots therein. Such publication squarely falls within the scope of “advertisement” and “marketing” as contemplated under the RE(R&D) Act, 2016. The statutory scheme expressly mandates that every advertisement issued in respect of a registered project shall conspicuously display the registration number and prescribed details. The obligation is absolute and non-delegable, and the promoter remains responsible for ensuring that the project is not marketed in any manner inconsistent with the RE(R&D) Act, 2016.

11. The submissions of Respondent No.1 that the advertisement was issued independently by Respondent No.2, a purchaser, without its knowledge or authorisation, do not absolve of its liability. The record does not disclose any material demonstrating that Respondent No.1 initiated corrective or deterrent action against Respondent No.2 or took effective steps to caution its purchasers against issuing of unauthorised advertisements in the name of the project.

A mere assertion of lack of involvement, unsupported by evidence of remedial or preventive measures, cannot exonerate him being a promoter from statutory responsibility.

12. The Authority is therefore of the considered view that Respondent No.1, being the promoter of the registered project, is under a continuing statutory duty to ensure that all marketing or promotional activities relating to the project, irrespective of the person issuing, remained with him, as contemplated under Section 11(2) of the RE(R&D) Act, 2016. When that is so, it is obvious that he, Respondent, implicitly permitted the project to be advertised and thus failed to exercise due diligence or supervisory control to prevent such non-compliance publication, which is in violation of the RE(R&D) Act, 2016. Hence, he, Respondent No.1, is accordingly liable for contravention of Section 11(2).

13. The Authority also notes that Respondent No.2 admittedly issued the newspaper advertisement inviting the public to purchase plots in the project and held out himself to be competent to transact with prospective buyers. By publicly offering plots for sale, attempted to secure purchasers by projecting himself to be an authorised person to negotiate or conclude transactions, and thus thereby, he assumed the functional role of a real estate agent within the meaning of Section 2(zm) of the RE(R&D) Act, 2016.

14. Respondent No.2 has sought to rely upon the defence of ignorance of law and financial exigency. However, it is a settled preposition of law that ignorance of statutory requirements cannot be accepted as a valid defence for non-compliance with a regulatory statute. A person who chooses to advertise and market immovable property to the public is presumed to be aware of the governing legal framework. The plea that the omission occurred inadvertently or under financial pressure is therefore untenable and does not dilute the statutory violation.

15. The Authority further observes that Respondent No.2 did not hold any registration as a real estate agent under Section 9 of the RE(R&D) Act, 2016, at the time of issuing the advertisement or attempting to sell the plots. The said section of the RE(R&D) Act, 2016, unequivocally prohibits any person from acting as a real estate agent in respect of a project without obtaining registration. The conduct of Respondent No.2 in advertising plots and inviting purchasers without registration constitutes a direct and personal contravention of Section 9 of the RE(R&D) Act, 2016.

16. The Authority further observes that the act of publishing an advertisement in the name of a registered project without statutory particulars has the effect of misleading prospective purchasers and undermining the transparency and safeguards embedded in the RE(R&D) Act, 2016.

17. The conduct of Respondent No.1 reflects failure to exercise the statutory diligence expected of a promoter, while the actions of Respondent No.2 demonstrate a clear disregard for the mandatory registration requirement governing real estate agents.

18. In this circumstances, the Authority finds that Respondent No.1 has permitted the project to be advertised in a manner inconsistent with the mandatory requirements of Section 11(2) of the RE(R&D) Act, 2016 and thereby is consequently liable for penal action under Section 61 of the RE(R&D) Act, 2016. The Authority further finds that Respondent No.2 has undertaken activities in the nature of real estate agent without obtaining registration and has thereby violated Section 9 of the RE(R&D) Act, 2016, attracting penal consequences under Section 62 of the RE(R&D) Act, 2016.

19. Both violations, therefore, warrant the imposition of penalties under Sections 61 and 62 of the RE(R&D) Act, 2016, respectively.

DIRECTIONS OF THE AUTHORITY:

20. In light of the foregoing observations and findings, and in exercise of the powers conferred under Sections 35, 37 and 38 of the RE(R&D) Act, 2016, this Authority hereby issues the following directions:

- a) For violation of Section 11(2) of the RE(R&D) Act, 2016, i.e., for permitting the advertisement and marketing of the registered plotted layout project titled “Fortune Butterfly City” without disclosure of the mandatory TG-RERA Registration Number and statutory particulars, Respondent No.1, being the promoter of the said project, is liable for penalty under Section 61 of the RE(R&D) Act, 2016. Accordingly, a penalty of ₹7,59,840/- (Rupees Seven Lakh Fifty-Nine Thousand Eight Hundred Forty Only) is hereby imposed upon Respondent No.1, and it is directed to remit the said penalty amount within thirty (30) days from the date of receipt of this Order in favour of TGRERA FUND through Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036.
- b) For violation of Section 9 of the RE(R&D) Act, 2016, i.e., for acting as a real estate intermediary and advertising plots for sale in a real estate project without obtaining registration as a real estate agent, Respondent No.2 is liable for penalty under Section 62 of the RE(R&D) Act, 2016. Accordingly, a penalty of ₹94,980/- (Rupees Ninety-Four Thousand Nine Hundred Eighty Only) is hereby imposed upon Respondent No.2, and he is directed to remit the said penalty amount within thirty (30) days from the date

of receipt of this Order in favour of TGRERA FUND through Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036.

- c) Respondent No.1 is hereby directed to forthwith issue written instructions, public notice, or appropriate communication to all purchasers/allottees in the project “Fortune Butterfly City,” situated at Srisailem Highway, Amangal, Ranga Reddy District, cautioning them against issuing any advertisement, marketing material, or public notice relating to sale of plots in the said project without including the mandatory RERA registration particulars and without complying with the provisions of the RE(R&D) Act, 2016, and to file a compliance report before this Authority within thirty (30) days.
- d) Respondent No.2 is hereby directed to immediately cease and desist from advertising, marketing, offering for sale, inviting purchasers, or otherwise facilitating any transaction in respect of plots in the project “Fortune Butterfly City” or any other real estate project unless and until he obtains valid registration as a real estate agent under Section 9 of the RE(R&D) Act, 2016 and complies with all statutory requirements.
- e) Respondent No.1 shall hereinafter ensure strict supervisory compliance over all promotional or sale-related activities pertaining to the project and shall not permit, directly or indirectly, any person to publish advertisements or marketing communications relating to the project in contravention of the RE(R&D) Act, 2016. Any future violation of similar nature shall be viewed seriously and treated as a continuing contravention attracting enhanced penal consequences under the RE(R&D) Act, 2016.

21. The Respondent Nos. 1 and 2, respectively, are hereby informed that failure to comply with the directions issued herein shall attract further penal consequences under Sections 63 and 65 of the RE(R&D) Act, 2016.

Sd/-
Sri K. Srinivasa Rao,
Hon’ble Member,
TG RERA

Sd/-
Sri Laxmi Narayana Jannu,
Hon’ble Member,
TG RERA