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

SUO MOTU CASE NO. D6/1024/2025
Date:23rd June 2026

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

M/s Sensation Infracon Private Limited,
Rep. by its Directors/Managing Partners
Sri Bhavishya Gupta and Smt. Bhoomika Gupta
8-2-616/1, 4th Floor, Saha Building, Road No.11,
Banjara Hills, Hyderabad – 500034

...Promoter/Respondent

ORDER

The present Suo Motu proceedings have been initiated by the Telangana Real Estate Regulatory Authority (hereinafter referred to as "the Authority"), pursuant to directions issued by this Authority while hearing Complaint No.289 of 2025 filed by Ms. Pooja Kachalia against M/s Sensation Infracon Private Limited (hereinafter referred to as "the Respondent") in relation to the project "Hyderabad One" situated at Nanakramguda Village, Serilingampally Mandal, Rangareddy District, Hyderabad.

2. During the course of hearing of the said complaint, material was placed before this Authority indicating that the Respondent had accepted substantial amounts from the complainant towards allotment of a specified unit in the proposed project prior to registration of the project under the provisions of the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred to as "the RE(R&D) Act"). The complaint disclosed that the complainant had booked 397 Sq. Ft. of super built-up area on the 17th Floor in the proposed project "Hyderabad One" pursuant to a Pre-Launch Investment Offer dated 25.03.2021 issued by the Respondent and had paid an aggregate amount of Rs.28,90,160/- towards the said allotment.

3. Upon verification of records available with this Authority, it was ascertained that the project "Hyderabad One" was registered with TG-RERA only on 03.12.2021 vide Registration No.P02400003653. However, the material placed before this Authority disclosed that the Respondent had issued the aforesaid Pre-Launch Investment Offer on 25.03.2021 and had accepted consideration from the complainant commencing from March, 2021, much prior to registration of the project.

4. This Authority examined the Pre-Launch Investment Offer dated 25.03.2021 produced by the complainant. Upon careful perusal of the said document, it was disclosed that the Respondent had proposed the allotment of 397 Sq. Ft. of super built-up area on the 17th Floor in the proposed project "Hyderabad One" at a consideration of Rs.6,500/- per square foot and had acknowledged receipt of amounts from the complainant towards such allotment. The document further recorded that the Respondent proposed to allot the said area to the complainant and execute necessary documents upon obtaining statutory approvals.

5. This Authority further examined the Memorandum of Understanding executed between the parties. The said Memorandum recorded that the complainant had invested an amount of Rs.25,80,500/- together with applicable GST and that, upon obtaining RERA approvals, the Respondent would allocate 397 Sq. Ft. of super built-up area in the project "Hyderabad One" and thereafter execute the Agreement of Sale and Sale Deed in favour of the complainant. The said Memorandum also contained detailed payment particulars corresponding to the amounts paid by the complainant between March, 2021 and October, 2021.

6. In view of the aforesaid material indicating booking, allotment and acceptance of consideration in relation to a real estate project prior to registration, this Authority issued Show Cause Notice No.D6/1024/2025 dated 29.07.2025 calling upon the Respondent to explain as to why action should not be initiated under Sections 59 and 60 of the RE(R&D) Act, 2016 for contravention of Sections 3(1) and 4(1) of the RE(R&D) Act, 2016.

7. In response to the Show Cause Notice, the Respondent through Smt. Bhoomika Gupta, Director of the Company, submitted a reply dated 19.08.2025 denying the allegations levelled therein. The Respondent contended that the transaction between the parties was not in the nature of a sale transaction but constituted a financial investment carrying interest at the rate of 15% per annum. It was further contended that the documentation executed between the parties was intended only to provide comfort and security to the complainant and was not intended to market, sell, book or offer for sale any portion of the proposed development.

8. The Respondent further submitted that the project was subsequently registered with TG-RERA vide Registration No.P02400003653 dated 03.12.2021 and that it had agreed to return the amounts received from the complainant together with applicable interest. The Respondent therefore contended that no violation of Sections 3(1) and 4(1) of the RE(R&D) Act, 2016 had occurred and requested that the proceedings be dropped.

9. Upon consideration of the reply, this Authority deemed it appropriate to afford an opportunity of personal hearing and accordingly issued hearing notice directing the parties to appear before this Authority. The matter was taken up for hearing on 18.11.2025. On the said date, Sri Vishnu Vardhan Rao, General Manager of the Respondent Company, appeared before this Authority and sought time to place additional material on record. Accordingly, the matter was adjourned.

10. Thereafter, the matter was taken up for hearing on 05.02.2026. During the course of the said hearing, learned counsel appearing on behalf of the Respondent filed a memo together with judicial precedents relied upon by the Respondent. In the said memo, the Respondent reiterated its earlier stand that the complainant was merely an investor and not an allottee and further relied upon the judgment of the Hon'ble Kerala High Court in Graceland Foundation v. Kerala Real Estate Regulatory Authority and the judgment of the Hon'ble Supreme Court in Hindustan Steel Ltd. v. State of Orissa. The Respondent accordingly requested this Authority to drop further proceedings initiated pursuant to the Show Cause Notice.

<u>Observations of the Authority:</u>

11. The Authority has carefully considered the Show Cause Notice dated 29.07.2025, the reply dated 19.08.2025 submitted by M/s Sensation Infracon Private Limited, the complaint record in Complaint No.289 of 2025, the Pre-Launch Investment Offer dated 25.03.2021, the Memorandum of Understanding executed between the parties, the receipts evidencing payments aggregating to Rs.28,90,160/-, the memo dated 05.02.2026 filed by the Respondent together with the judicial precedents relied upon therein, the submissions advanced during the hearings conducted on 18.11.2025 and 05.02.2026, and all such other material available on record.

12. Upon careful scrutiny of the material placed before it, this Authority finds that the Pre-Launch Investment Offer dated 25.03.2021 and the Memorandum of Understanding executed between the Respondent and the complainant do not support the defence sought to be advanced by the Respondent that the transaction was merely an investment arrangement. On the contrary, both documents consistently and unequivocally refer to a specifically identified unit in the proposed project "Hyderabad One", namely 397 Sq. Ft. of super built-up area on the 17th Floor, specify the consideration payable in relation thereto, acknowledge receipt of amounts from the complainant and contemplate execution of the Agreement of Sale and Sale Deed upon completion of statutory formalities. The cumulative effect of these documents leaves little scope for doubt regarding the true nature of the transaction.

13. The Respondent has sought to contend that the complainant was merely an investor and that the amounts received from her were in the nature of an investment carrying interest at the rate of 15% per annum. This Authority is unable to accept the said contention. The legal character of a transaction cannot be determined merely by the nomenclature adopted by the parties. What is required to be examined is the substance of the arrangement and the rights and obligations flowing therefrom. The documents placed on record unmistakably disclose that the complainant was promised allotment of a specific unit in the proposed project and that the amounts were received in relation to such allotment. The transaction, therefore, cannot be reduced to a simple investment arrangement merely by describing it as one.

14. The Authority further notes that the complainant paid amounts aggregating to Rs. 28,90,160/- (Rupees Twenty-Eight Lakhs Ninety Thousand One Hundred and Sixty Only)**.** between March, 2021 and October, 2021 and that the Respondent accepted the said amounts. The Respondent has nowhere disputed receipt of the said consideration. The records maintained by this Authority further establish that the project "Hyderabad One" came to be registered with TG-RERA only on 03.12.2021. Consequently, the acceptance of consideration by the Respondent admittedly preceded registration of the project under the RE(R&D) Act, 2016.

15. The Memorandum of Understanding assumes considerable significance in the facts and circumstances of the present case. Clause 4 thereof specifically records that, upon obtaining approvals, the Respondent would allocate 397 Sq. Ft. of super built-up area in the project "Hyderabad One" and execute the Agreement of Sale and Sale Deed in favour of the complainant. Such obligations are wholly inconsistent with a lender-borrower relationship and are entirely consistent with an arrangement directed towards allotment and eventual transfer of a unit in a real estate project.

16. Significantly, and this is a circumstance to which this Authority attaches considerable weight, the dispute between the parties ultimately culminated in registration of the subject unit in favour of the complainant. The subsequent conduct of the Respondent substantially undermines the defence now sought to be raised before this Authority. Had the transaction been merely an investment arrangement, the natural consequence would have been repayment of the amount together with the agreed returns. The eventual registration of the unit in favour of the complainant clearly establishes that the transaction was intended from its inception to culminate in allotment and transfer of a specific unit in the project.

17. The Respondent has further sought to place reliance upon the judgment of the Hon'ble Kerala High Court in Graceland Foundation v. Kerala Real Estate Regulatory Authority. This Authority finds that the said judgment dealt with issues concerning registration of ongoing projects and the applicability

of the provisions of the Act in the context of completion certificates. The controversy involved therein bears no resemblance to the issue arising for consideration in the present proceedings. The present case does not concern an ongoing project, nor does it involve questions relating to completion certificates or applicability of registration requirements to completed developments. The issue before this Authority is whether the Respondent accepted consideration and undertook allotment activities in relation to a specific unit prior to registration of the project. The said judgment is therefore wholly distinguishable on the facts and does not assist the Respondent.

18. The Respondent has also relied upon the judgment of the Hon'ble Supreme Court in Hindustan Steel Ltd. v. State of Orissa. This Authority finds that the principle laid down therein pertains to imposition of penalty in cases involving technical, venial or bona fide breaches of statutory obligations. The facts of the present case disclose no such circumstance. Acceptance of consideration from a prospective allottee in relation to a specifically identified unit and undertaking to allot the same prior to registration of the project cannot be characterised as a technical or inadvertent lapse. The contravention established on record is substantive in nature and strikes at the very foundation of the statutory framework established under the RE(R&D) Act, 2016. The said judgment is therefore clearly distinguishable and does not advance the case of the Respondent.

19. This Authority is firmly of the view that the statutory prohibition contained under Section 3(1) of the RE(R&D) Act, 2016, is broad, absolute and unambiguous in its operation. The provision prohibits a promoter from advertising, marketing, booking, selling, offering for sale or inviting persons to purchase any apartment, plot or building in a real estate project without first obtaining registration from the Authority. Registration under the Act is not a post-facto procedural requirement but a mandatory statutory pre-condition intended to protect prospective purchasers from unregulated transactions.

20. The material available on record conclusively establishes that prior to registration of the project on 03.12.2021, the Respondent had identified a specific unit in the proposed project, accepted substantial consideration from the complainant towards the said unit and entered into arrangements contemplating allotment and eventual execution of sale documents. These activities squarely fall within the ambit of booking, offering for sale and allotment of a unit in a real estate project.

21. The cumulative effect of the documentary evidence placed on record admits of only one conclusion, namely, that the Respondent undertook booking and allotment activities and accepted consideration in relation to a specific unit prior to registration of the project with this Authority. The

Respondent has therefore contravened the provisions of Section 3(1) of the RE(R&D) Act, 2016 and is consequently liable for penalty under Section 59 of the RE(R&D) Act, 2016.

<u>Directions of the Authority:</u>

22. 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 3(1) of the RE(R&D) Act, 2016, namely, accepting consideration and undertaking booking and allotment activities in relation to a specific unit in the project "Hyderabad One" prior to registration of the project with this Authority, the Respondent is liable for penalty under Section 59 of the RE(R&D) Act, 2016. Accordingly, the Respondent is hereby directed to pay a penalty of ₹1,43,92,932/- (Rupees One Crore Forty-Three Lakh Ninety-Two Thousand Nine Hundred Thirty-Two Only) payable within 30 days from the date of receipt of this Order, in favour of TGRERA through Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036.

b) The Respondent-promoter shall henceforth strictly comply with the provisions of the RE(R&D) Act, 2016 and shall not advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any plot, apartment, building or unit in any real estate project prior to obtaining registration of such project from the Authority in accordance with the provisions of the RE(R&D) Act, 2016.

23. The Respondent is hereby informed that failure to comply with the directions issued herein shall attract further penal consequences under Section 63 of the RE(R&D) Act, 2016.

Sd/-	**Sd/-**
Sri K. Srinivasa Rao,	**Sri Laxmi Narayana Jannu,**
Hon'ble Member,	**Hon'ble Member,**
TG RERA	**TG RERA**