

BEFORE TELANGANA REAL ESTATE REGULATORY AUTHORITY

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

Date: 22nd June, 2026

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

COMPLAINT NO. 217/2025/TGRERA

Galla Ramana Murthy Reddy

*(R/o- #3/97, Gallavandla Palle, Mydukuru
Cuddapah Andhra Pradesh 516172.)*

...Complainant

Versus

M/s AV Infracon Pvt. Ltd. represented by its Chairman, Sri Gogula Lakshmi Vijaya Kumar

*(Office at Plot No.193, 5th Floor SV Chambers,
Kavuri Hills, Gb Pet, Madhapur, Hyderabad 500033.)*

...Respondent

The present matter filed by the Complainants mentioned herein-above came up for hearing before this Authority in the presence of the Complainant, and the Respondent was absent. Upon hearing the submissions of all the parties, this Authority proceeds to pass the following **ORDER:**

2. The present Complaint has been filed by the Complainants under Section 31 of the Real Estate (Regulation & 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 relief(s) against the Respondent.

A. Brief facts of the Case as per Form M filed by Complainant

3. It was submitted before the Authority by the Complainant, Sri G. Ramannamurthy Reddy, son of Sri Rami Reddy, aged about 44 years, residing at 3/97, Gallavandla Palle, Mydukuru, Cuddapah, Andhra Pradesh - 516172.

4. The Complainant averred that he entered into an agreement in April 2022 at Hyderabad with the builder, M/s Av Infracon Pvt. Ltd. The said agreement was executed for the purchase of Flat No. 402, situated in C Block, based strictly on a draft plan that was shown to him at the time.

5. It was placed on record that, as part of the said agreement, the Complainant paid a substantial amount of Rs. 26,00,000/- (Rupees Twenty-Six Lakhs Only) to the aforementioned company. The Complainant emphasized that the entire sale consideration paid to the company was sourced from borrowed funds, which carried a severe interest burden of 2% per month.

6. The Complainant submitted that the company completely failed to fulfill its obligations under the agreement. Furthermore, a critical statutory violation was brought to the notice of the Authority, highlighting that the said project was not registered with RERA.

7. Detailing the financial understanding, it was submitted that a payment schedule was mutually agreed upon between M/s AV Infracon Pvt. Ltd. and the customer, which outlined the following installments:

S no.	Date	Amount
1.	27.01.2025	8,60,000
2.	27.02.2025	8,60,000
3.	27.03.2025	8,80,000
4.	27.04.2025	4,87,000

8. In view of the company's failure on its part, the Complainant prayed to the Authority for multiple reliefs. Specifically, a request was made to direct the company to repay the principal amount along with interest calculated at 2% per month up to the present date. Additionally, the Complainant prayed for the imposition of costs amounting to Rs. 3,00,000/- (Rupees Three Lakhs) and further sought compensation of Rs. 5,00,000/- (Rupees Five Lakhs) for the severe mental agony and hardship suffered.

9. The total monetary relief claimed by the Complainant summed up to Rs. 41,00,000/- (Rupees Forty-One Lakhs). The Complainant further prayed that the Authority pass such other orders as it may deem fit and proper in the circumstances of the case.

B. Relief(s) Sought

10. Accordingly, the complainant sought the following reliefs:

- i. *The complainant requests that the authority direct the company to repay the principal amount with 2% per month to date and also impose costs of 3,00,000 (Three Lakhs) and further compensate 5,00,000 (Five Lakhs) for the mental agony and hardship that he has suffered, summing up to 41,00,000 (Forty-One Lakhs) and pass such other orders that may deem fit in the circumstances.*
- ii. *Payment of Interest on paid amount from the date of transfer of amount.*
- iii. *Impose a penalty builder for non-registration of the project and not starting construction so far.*
- iv. *The entire consideration that the complainant has paid to the company was borrowed at 2% per month, and the company has failed on its part.*

C. Point(s) for Consideration

11. Based on the facts and circumstances placed before this Authority, the following questions arise for adjudication:

- I. Whether the Respondent has violated Section 3 of the Real Estate (Regulation and Development) Act, 2016?
- II. Whether the Complainant is entitled to the relief sought? If so, to what extent?

D. Observations of the Authority

12. The record clearly indicates that despite due service of notice and Show Cause Notice, duly effected through postal as well as personal service, the Respondent has failed to appear before this Authority or file any written response to contest the allegations made by the Complainant. In these circumstances, and upon being satisfied that due process has been duly followed and all procedural requirements have been complied with, this Authority proceeds ex parte against the Respondent.

Point I

13. This Authority now proceeds to examine whether the Respondent has violated Section 3 of the RE (R&D) Act, 2016 by accepting advance amounts and entering into an Agreement of Sale in respect of Flat No. 402, C-Block in the project "AV's West Heights," without obtaining prior registration of the said project with this Authority.

14. Section 3(1) of the RE (R&D) Act, 2016 provides as follows:

"No promoter shall advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any plot, apartment or building, as the case may be, in any real estate project or part of it, in any planning area, without registering the real estate project with the Real Estate Regulatory Authority established under this Act."

15. The exemption from mandatory registration is available only under Section 3(2) of the Act, which provides that registration shall not be required where the area of land proposed to be developed does not exceed five hundred square meters or where the number of apartments proposed to be developed does not exceed eight. In the present case, the Agreement of Sale dated 08.04.2022 clearly records that the project "AV's West Heights" is proposed to be developed on land admeasuring Ac. 2.14 Guntas situated in Survey No. 56/౭, Pocharam Village, Patancheru Mandal, Medak District, Telangana. Ac. 2.14 Guntas translates to approximately 9,331 square meters, which is manifestly and substantially in excess of the threshold of 500 square meters prescribed under Section 3(2) of the Act. The exemption from mandatory registration is therefore clearly not available to the Respondent, and the project was required to be mandatorily registered with this Authority under Section 3(1) of the Act before any act of advertisement, marketing, booking, sale, or invitation to purchase was undertaken.

16. It is further significant to note that the Agreement of Sale dated 08.04.2022 itself, executed between the Respondent and the Complainant for the purchase of Flat No. 402, C-Block in the project "AV's West Heights," constitutes direct and conclusive evidence that the Respondent was engaged in the booking and sale of units in the project prior to obtaining RERA registration. The Agreement of Sale itself records that the RERA registration of the project was to be obtained within three months of obtaining HMDA approval, and HMDA approval was to be obtained within six months of the date of the agreement. This unambiguously establishes that at the time of execution of the Agreement of Sale on 08.04.2022, neither the HMDA approval nor the RERA registration had been obtained. Despite this, the Respondent collected the full sale consideration of Rs. 26,00,000/- from the Complainant through multiple payments between March 2022 and November 2022. The execution of an Agreement of Sale and the collection of the entire sale consideration in respect of a unit in an unregistered project is a clear and direct violation of the statutory embargo contained in Section 3(1) of the RE (R&D) Act, 2016.

17. The Respondent, having been served with due notice and a Show Cause Notice, has chosen not to appear before this Authority or file any response, thereby leaving the allegations of the Complainant wholly uncontroverted. This Authority accordingly holds that the

Respondent has committed a clear violation of Section 3(1) of the RE (R&D) Act, 2016 by marketing, booking, and collecting the full sale consideration in respect of a unit in the project "AV's West Heights" without obtaining mandatory prior registration under the Act and is liable for imposition of penalty under Section 59 of the RE (R&D) Act, 2016.

Point I is answered accordingly in the affirmative.

Point II

18. Having established the violation of Section 3 of the Act by the Respondent, this Authority now proceeds to examine the Complainant's entitlement to refund of the amount paid along with interest under Section 18 of the RE (R&D) Act, 2016.

19. The facts emerging from the Agreement of Sale dated 08.04.2022 placed on record establish that the Complainant paid the total sale consideration of Rs. 26,00,000/- (Rupees Twenty-Six Lakhs Only) to the Respondent in the following manner:

- i. Rs. 1,00,000/- paid vide online transfer bearing Reference No. 32235279, Receipt No. 906, dated 07.03.2022.
- ii. Rs. 5,00,000/- paid vide online transfer bearing Reference No. 331309675, Receipt No. 930, dated 19.03.2022.
- iii. Rs. 4,00,000/- paid vide online transfer bearing Reference No. 340019831, Receipt No. 1405, dated 21.03.2022.
- iv. Rs. 10,00,000/- paid vide online transfer bearing Reference Nos. 436777126 and 436480854, Receipt No. 163, dated 04.07.2022.
- v. Rs. 2,00,000/- paid vide online transfer bearing Reference No. 0442327604, Receipt No. 858, dated 11.07.2022.
- vi. Rs. 4,00,000/- paid vide online transfer bearing Reference No. 42999186158, Receipt No. 106, dated 10.11.2022.

20. The Respondent has admitted and acknowledged receipt of the entire amount of Rs. 26,00,000/- in the Agreement of Sale itself.

21. For the purpose of determining the Complainant's entitlement to refund, reference is made to Section 18(1) of the RE (R&D) Act, 2016, which provides as follows:

"18. Return of amount and compensation.— (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,

the promoter 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."

22. In the present case, the Agreement of Sale dated 08.04.2022 stipulated that HMDA approval would be obtained within six months of the date of agreement, i.e., by October 2022, and that RERA registration would be obtained within three months thereafter, i.e., by January 2023. It is an admitted position that the project has not been registered under the RE (R&D) Act, 2016 till date, HMDA approval has not been obtained, construction has not commenced, and possession of the flat has not been offered to the Complainant. The Respondent has thus completely failed to discharge its obligations under the Agreement of Sale and has not taken any steps towards completion or registration of the project. The Complainant, who borrowed the entire amount of Rs. 26,00,000/- at a substantial interest burden for the purpose of this investment, has been left remediless by the Respondent's complete inaction, thereby entitling him to seek withdrawal from the project and refund of the entire amount paid with statutory interest.

23. Accordingly, this Authority holds that the Complainant is entitled to refund of the total amount paid of Rs. 26,00,000/- (Rupees Twenty-Six Lakhs Only), along with interest at the rate of 10.70% per annum, being the SBI MCLR of 8.70% plus 2% as prescribed under Rule 15 of the Telangana Real Estate (Regulation and Development) Rules, 2017, calculated from the respective dates of each payment made by the Complainant as set out in paragraph 20 hereinabove, until the date of actual refund, in accordance with Section 18(1) of the RE (R&D) Act, 2016.

24. With regard to the Complainant's claim for compensation of Rs. 5,00,000/- for mental agony and hardship, and costs of Rs. 3,00,000/-, such claims being compensatory in nature fall

within the exclusive jurisdiction of the Adjudicating Officer appointed under Section 71 of the RE (R&D) Act, 2016. The Complainant is accordingly at liberty to approach the Adjudicating Officer for adjudication of such claims, if so advised.

Point II is answered accordingly.

E. Directions of the Authority

25. In light of the discussions and findings made hereinabove, this Authority, vide its powers under Sections 37 and 38 of the RE (R&D) Act, 2016, issues the following directions:

- i. The Secretary, TG RERA, is directed to initiate proceedings for imposition of penalty upon the Respondent, M/s AV Infracon Pvt. Ltd., represented by its Chairman, Sri Gogula Lakshmi Vijaya Kumar, under Section 59 of the RE (R&D) Act, 2016 for violation of Section 3(1) of the Act, in accordance with law.
- ii. The Respondent is directed to refund the total amount of Rs. 26,00,000/- (Rupees Twenty-Six Lakhs Only) to the Complainant, along with interest at the rate of 10.70% per annum (SBI MCLR of 8.70% + 2%) as prescribed under Rule 15 of the Telangana Real Estate (Regulation and Development) Rules, 2017, calculated from the respective dates of each payment made by the Complainant until the date of actual refund, in accordance with Section 18(1) of the RE (R&D) Act, 2016, within a period of 45 (forty-five) days from the date of receipt of this Order.
- iii. Failing to comply with the above direction (ii) by the Respondent shall attract further penal action against the Respondent in accordance with Section 63 of the RE (R&D) Act, 2016.

26. In view of the above, the present complaint is disposed of. 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