

BEFORE TELANGANA REAL ESTATE REGULATORY AUTHORITY

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

Complaint No. 248 of 2024

29th September 2025

Quorum: **Dr. N. Satyanarayana, IAS (Retd.), Hon'ble Chairperson**
Sri K. Srinivasa Rao, Hon'ble Member
Sri Laxmi Narayana Jannu, Hon'ble Member

1. Sumit Kumar Soni.

*R/o- Plot No.297 TNGO's Colony
Near Q City Building and Wipro Circle Gachibowli
Hyderabad- 500032*

2. Ranjana Bansal

*R/o- Plot No.297 TNGO's Colony
Near Q City Building and Wipro Circle Gachibowli
Hyderabad- 500032*

...Complainant(s)

AND

Jayathri Infrastructures Pvt Ltd. Rep. by Kakarla Srinivas
*141, 1st Floor, Eminent Plaza, Plot No. 140, KPHB 6th Phase Rd
Kukatpally Housing Board Colony
Kukatpally Hyderabad,
Telangana 500081*

...Respondent

The present matter filed by the Complainants herein came up for hearing before this Authority in the presence of and Complainants in person, none appeared on behalf of the Respondent despite service of notice, and therefore he was set ex-parte, and after hearing the Complainants, this Authority passes 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:

3. The complainants submitted that on 19.10.2020, they came across an online advertisement published by the Respondent on Facebook, promoting a proposed residential and commercial project under the name "SKY EXOTIC", situated at Gopanpally.

4. The complainants further stated that on 22.10.2020, one Mr. Vinay Reddy, an executive of the Respondent company, personally visited their residence and provided detailed information regarding the proposed project, including its location, amenities, and unit options.

5. It was submitted that the complainants, relying on the representations made, proceeded to book a 3BHK unit in the said project on 01.11.2020, and in doing so, paid a token amount of Rs.5,00,000/-. The payment receipts for this amount were duly signed by Mr. Bolla Srinivas Rao, who has been identified as Respondent No. 2 in the present matter.

6. The complainants highlighted that on 21.12.2020, they made an additional payment of Rs.25,00,000/- to the Respondent company. Out of this, Rs.13,00,000/- was paid by cheque, and the remaining Rs.12,00,000/- was handed over in cash. No construction activity or formal allotment followed despite the substantial payments made.

7. It was further stated that on 26.04.2023, during a personal meeting with Mr. Kakarla Srinivas and other directors of the Respondent company, the complainants were assured that the amounts collected from them, along with applicable interest, would be refunded within two months. The directors informed the complainants that the project could not be initiated due to financial constraints faced by the company.

8. The complainants also submitted that on 24.08.2024, they met Mr. Hari Prasad, another director of the Respondent company. However, Mr. Hari Prasad informed them that he **was** no longer associated with the company and expressed his inability to offer any assistance regarding the refund or the status of the project.

9. The complainants emphasized that, to date, they have paid a total sum of Rs.30,00,000/- to the Respondent. However, there has been no refund, no construction activity, and no allotment of any unit in the “SKY EXOTIC” project, despite repeated assurances and follow-ups with the Respondent.

B. Relief(s) Sought:

10. Aggrieved by the acts of the Respondent, the Complainants pray for the following:

a. Refund of money paid with interest rate mentioned in the MoU.

C. Points for Consideration

11. Upon due deliberation of the pleadings, contentions, and documents placed on record by the Complainants, the following issues arise for consideration before this Authority:

- I. Whether the Respondent has violated Sections 3 and 4 of the Real Estate (Regulation and Development) Act, 2016, by failing to register the *Gopanpally project - “Sky Exotica”* with this Authority? If so, whether the Respondent is liable to be penalized for such violation?
- II. Whether the Complainants are entitled to the reliefs as prayed for? If yes, to what extent?

D. Observation of the Authority

POINT I

12. This Authority has perused the pleadings, documents, and submissions on record. It is noted that notice of the proceedings was issued to the Respondent but returned unserved reason stating “no such person at this address”. In adherence to the principles of natural justice, the Complainants were directed to effect personal service, and they complied by serving notice through electronic means and providing proof. Further directions for substitute service were also duly complied with.

13. Despite service of notice, including a Show Cause Notice specifically concerning the Gopanpally project “Sky Exotica,” the Respondent neither appeared nor filed any reply. No explanation for such continued absence was provided. Accordingly, the Respondent was proceeded against ex parte, and the matter was adjudicated based on the available material from the Complainants.

14. Having thus established the Respondent’s continued non-participation, this Authority now proceeds to examine the core issue namely, whether the Respondent has contravened the mandatory registration requirement under Section 3 of the Real Estate (Regulation and Development) Act, 2016. Section 3(1) of the Real Estate (Regulation and Development) Act, 2016, imposes a categorical bar against *any promoter advertising, marketing, booking, selling, or offering for sale any plot, apartment, or building in a real estate project without prior registration*

of the project with the Real Estate Regulatory Authority. This provision is a substantive legal mandate and not a mere procedural formality. Registration under the RE(R&D) Act, 2016 ensures that a project adheres to essential regulatory safeguards including sanctioned plans, lawful title, financial prudence, and declared timelines, thereby serving the larger objectives of consumer protection and transparency in the real estate sector.

15. The only statutory exemption to the mandate under Section 3(1) is provided in Section 3(2) of the RE(R&D) Act, 2016, which exempts projects where the land proposed to be developed *does not exceed 500 square meters or the number of apartments does not exceed eight*. However, in the present case, the documentary evidence on record clearly establishes that the proposed project was to be developed over 9.25 acres, which equates to approximately 37,433.42 square meters. Therefore, the said project squarely falls within the scope of Section 3(1) and is not exempted under Section 3(2) of the RE(R&D) Act, 2016. Consequently, registration with the Authority was a mandatory pre-condition before any form of advertisement, agreement, or collection of funds could take place.

16. In the present matter, a careful scrutiny of the material on record shows that the Respondent advertised and marketed the project under a so-called “pre-launch” offer, without obtaining requisite registration or approvals as mandated by the Act. It is further evidenced that the Respondent entered into a Memorandum of Understanding dated 21.12.2020 with the Complainants and collected a sum of Rs.30,00,000/- (Rupees Thirty Lakhs only) towards part of the total sale consideration amounting to Rs.61,71,000/- (Rupees Sixty-One Lakhs Seventy-One Thousand only).

17. Engaging in commercial activities of advertising, soliciting bookings, executing agreements, and receiving substantial consideration from allottees without registration constitutes a clear and wilful contravention of Section 3(1) of the RE(R&D) Act, 2016. The Respondent’s actions, as demonstrated by the undisputed documents and pleadings, are in direct violation of the transparency and accountability framework mandated by the statute.

18. Accordingly, in light of the documentary evidence, the duly issued and served Show Cause Notice, and the Respondent’s failure to furnish any rebuttal or justification, this Authority is

satisfied that the Respondent has violated Section 3 of the Real Estate (Regulation and Development) Act, 2016. Point I is, therefore, answered in the affirmative.

19. This Authority further takes judicial notice of the fact that the Respondent company, Jayathri Infrastructures Pvt Ltd. has already been declared a defaulter in Complaint Case No. 1269 of 2023 and connected batch matters before this Authority. It is pertinent to observe that not only has the company been held guilty of persistent defaults, but even its managing director, Mr. Kakarla Srinivas, has been individually declared a defaulter in his personal capacity in Complaint No.113 & 247 of 2024. Such repeated findings against both the company and its key managerial person demonstrate a consistent pattern of non-compliance and wilful disregard of the statutory framework under the Real Estate (Regulation and Development) Act, 2016.

20. The repeated declaration of default, both against the Respondent company and its managing director, clearly reflects the extent of their dubious practices and inability to either deliver projects or honour commitments made to allottees. This Authority is constrained to observe that the Respondent's conduct is not an isolated lapse in the present case but rather a continuing modus operandi, which undermines the very objectives of transparency, accountability, and consumer protection envisaged under the RE(R&D) Act, 2016. Such a history of default reinforces the seriousness of the present violation and calls for strict regulatory intervention.

Point II.

21. As the Complainants have specifically sought a refund of the amount paid, this Authority has carefully examined the obligations of the Respondent under the contractual Memorandum of Understanding (MoU) as well as the statutory framework under the Real Estate (Regulation and Development) Act, 2016.

22. The record clearly establishes that the Respondent failed to fulfil both its contractual and legal obligations. Despite executing an MoU dated 21.12.2020 and receiving a substantial sum of Rs.30,00,000/- (Rupees Thirty Lakhs Only) from the Complainants towards the Gopanpally project titled "Sky Exotica," the Respondent has not demonstrated any progress on the project.

23. The Complainants have submitted that they made several attempts to contact the Respondent to seek updates regarding the status of the project. However, all such attempts proved unsuccessful.

24. It is further submitted that there is no identifiable or functional office of the Respondent at any known location. The Complainants were unable to locate the Respondent or establish any line of communication. Even after service of notice, the Respondent neither appeared before this Authority nor filed any reply. The Respondent has also failed to communicate or disclose the current stage of construction, thereby evading all responsibility and accountability.

25. In light of the above facts including the Respondent's failure to perform under the MoU, absence of developmental activity, inability to update the Complainants regarding the current status of the project, the Complainants were constrained to file the present complaint seeking refund of the amount paid along with appropriate reliefs under the Act.

26. The Respondent's failure to commence any development activity, coupled with the absence of communication and non-compliance with the RE(R&D) Act, 2016, constitutes a fundamental breach of its obligations under the said Act. It is further submitted that, on multiple occasions, the Respondent had assured the Complainants that the amount paid would be refunded; however, despite such repeated assurances, no refund was made. This continued inaction and failure to honour express commitments clearly establish the Respondent's default, both in terms of contractual obligations and the statutory provisions of the RE(R&D) At, 2016.

27. In these circumstances, the Complainants' claim for refund is not only factually justified due to the complete inaction and failure of the Respondent to refund the amount despite repeated assurances, but is also legally sustainable under the Real Estate (Regulation and Development) Act, 2016. The failure to execute or proceed with the project, coupled with the failure to refund the amount received, squarely attracts the consequences contemplated under Section 18(1) of the Act.

28. Section 18(1) of the Real Estate (Regulation and Development) Act, 2016 provides a statutory remedy to the allottee in cases where the promoter fails to complete or is unable to give possession in accordance with the agreed terms. The provision confers an unqualified right on the

allottee to withdraw from the project and seek a refund of the entire amount paid, along with interest at the prescribed rate, if the promoter defaults in delivery. In the present case, the prolonged inaction by the Respondent and the failure to even commence construction constitutes a clear and continuing default under both the MoU and the RE(R&D) Act, 2016. The Complainants are, therefore, lawfully entitled under Section 18(1) to seek a full refund of the amount paid, together with interest for the entire duration of the delay.

29. The Hon'ble Supreme Court, while interpreting Section 18(1), has laid down clear principles reinforcing the allottee's statutory right. In ***Civil Appeal Nos. 3581–359 of 2022, Civil Appeal Diary No. 9796/2019, M/s Imperia Structures Limited vs. Anil Patni & Others***, 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."

30. Similarly, in Civil Appeal Nos. 6745–6749 of 2021, ***M/s Newtech Promoters and Developers Private Limited vs. State of UP & Others***, the Hon'ble Supreme Court held:

"Section 18(1) of the RE(R&D) Act, 2016 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."

31. In addition to the legal defaults, this Authority takes notice of the Respondent's own declaration via circular dated 14.04.2023, wherein it was stated that customer refunds would be processed within 3-6 months. However, this self-imposed timeline has remained unfulfilled.

32. Therefore, upon careful consideration of the statutory provisions, judicial precedents, and factual record, this Authority concludes that the Complainants having invested a substantial sum in good faith and in expectation of acquiring the allotted space have been wrongfully deprived of their rights due to the Respondent's absolute failure to initiate or complete the project. The Respondent's conduct, including deceptive practices in other projects, further reflects a pattern of willful default and regulatory evasion.

33. The Complainants have however sought for refund of the amount along with interest rate mentioned in the Memorandum of Understanding dated 21.12.2020. The interest rate for the refund will be governed strictly in accordance with the Telangana RE(R&D) Rules, 2017. Hence, Point No. II answers in affirmative.

34. In light of the above, this Authority, exercising its powers under Sections 37 and 38 of the RE(R&D) Act, 2016, holds that the Complainants are entitled to refund along with interest in accordance with Rule 15 of the TG RE (R&D) Rules, 2017, which prescribes interest at the rate of State Bank of India's highest Marginal Cost of Lending Rate (MCLR) plus 2%.

35. Accordingly, the Respondent is hereby directed to refund the entire amount of Rs.30,00,000/- (Rupees Thirty Lakhs Only) paid by the Complainants, along with interest at the rate of 10.75% per annum (i.e., current MCLR of 8.75% plus 2%), computed from the date of the Memorandum of Understanding dated 21.12.2020 until the date of actual realization. The entire amount, along with accrued interest, shall be refunded within 90 days from the date of this order.

E. Directions of the Authority:

36. 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 complainants for the unit in the project "Sky Exotica" as mentioned above, along with interest of 10.8% per annum from the date of the Memorandum of Understanding (MOU) entered into with complainants, until the date of actual realization.
 - ii. The refund of the entire amount shall be paid by the Respondent to the complainants within a period of 90 days from the date of this Order.
 - iii. For contravening Section 3 of the RE (R&D) Act, 2016 this Authority, exercising its powers under Section 59 of the RE (R&D) Act, 2016 imposes a penalty of Rs. 18,35,000/- (Eighteen lakhs thirty-five thousand). This penalty is imposed for marketing/selling flats 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 Respondent/Promoter.
37. Failure to comply with this Order shall attract Section 63 of the RE(R&D) Act, 2016.
38. In light of the above findings and directions, the present complaint stands disposed of.

Sd/-

**Sri K. Srinivasa Rao,
Hon'ble Member,
TG RERA**

Sd/-

**Sri Laxmi Narayana Jannu,
Hon'ble Member,
TG RERA**

Sd/-

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