TELANGANA REAL ESTATE APPELLATE TRIBUNAL: HYDERABAD
Krishna Block, First Floor, Dr.MCR HRDI Campus, Road No.25, MP & MLA's Colony, Jubilee Hills, Hyderabad-500 033.

CORAM: Hon'ble Sri Justice A. Santhosh Reddy, Chairperson.
Hon'ble Sri P. Pradeep Kumar Reddy, Judicial Member.

T.A.No. 35 of 2025 And T.A.No. 36 of 2025
AND
Review I.A.No. 01 of 2026 in T.A.No. 36 of 2025

T.A.No.35 of 2025

Between:

1.Neelima Vanamala

2.Srikanth Leburu

Represented by their Mother & GPA holder Leburu Vimala Devi, w/o Late Leburu Venkateswarlu, aged 63 years, House wife, residing at 19-5-82/1/15, Nandi Musalia Guda, Kishan Bagh, Bahadurpura, Hyderabad – 500 064,

Appellants/Complainants

AND

1. M/s Sankalp Infra Projects, (Pvt) Ltd (Now M/s Aakriti Constructions & Developers Pvt, Ltd),

2. Manoj Kothari
3. Alok Kumar

…Respondents/Promoters

Counsel for Appellants : Mr.M.Ravindra Babu
Mr.P.Venkata Ratnam

Counsel for Respondents 1 & 2 : Mr.N.Vinesh Raj

T.A.No. 36 of 2025

Between:

1. M/s. Sankalp Infra Projects (P) Ltd (presently Known as M/s Aakriti Constructions and Developers (P) Ltd, represented by its Director Alok Kumar, S/o Ramachandra Singh, 50 years.
2. Manoj Kumar Kothari, S/o S.K.Kothari, 45 years, Director of Sankalp Infra Projects (P) Ltd., Aditya Ram Square, MCH No.8-2-293/82A/646/A, 4th floor, Road No.36, Jubilee Hills, Hyderabad.
3. Alok Kumar, S/o Ramachandra Singh, 40 years, Director of M/s Sankalp Infra Projects (P) Ltd., O/o Aditya Ram Squar, MCH No.8-2-293/82A/646/A, 4th floor, Road No.36, Jubilee Hills, Hyderabad. (Not necessary party)

…Appellants/Promoters

AND

1. Neelima Vanamala, W/o Srikanth Leburu, 48 years, Housewife.
2. Srikanth Leburu, S/o Venkateswarlu, 52 years, Private employee.

   Both are residents of Villa No.30, Aakriti Viva, Tellapur, Hyderabad – 19.
   Presently residing at # 1101, Hidden Ridge Apt, 2005, Trying Texas 75038, USA.

…Respondents/Complainants

Counsel for Appellants : Mr.N.Vinesh Raj

Counsel for Respondents 1 & 2 : Mr.M.Ravindra Babu
Mr.P.Venkata Ratnam

Date of Decision : 06.05.2026

COMMON ORDER: (*Per Hon'ble Sri Justice A.Santhosh Reddy*)

These two appeals are being disposed of by this common Order since the parties and subject matter are one and the same and also T.A.No.35 of 2025 filed by Neelima Vanamala & Srikanth Leburu (Complainants) and T.A.No.36 of 2025 filed by M/s. Sankalp Infra Projects Private Limited (presently known as M/s Aakriti Constructions & Developers (P) Ltd., (Promoters) are directed against the very same Order of the Telangana Real Estate Regulatory Authority, Hyderabad (for short 'the Regulatory Authority'), in Complaint No.61 of 2024, dated 12.05.2025, whereby the complaint filed by the Complainants has been disposed of with the following directions:

> (i). The Complainants are hereby directed to pay the remaining balance sale consideration as has been agreed by the Complainants and the Respondents in the Agreement of Sale executed between the parties along with interest at the rate of 11.10% per annum in accordance with Rule 11 of the Rules, 2017 from the date on which such payment fell due until the total consideration is paid within a period of 30 (thirty) days;
>
> (ii). The Respondents/Promoters are directed to remit the compensation as agreed by them vide clause 3(b) of the Agreement of sale, accruing to the Complainants at the rate of Rs.4/- (Rupees Four Only) per month square feet of built-up area of the Villa No.113 for the period of the delay subject to receipt of all the payments which are due from the Complainants within a period of 30 (thirty) days;

(iii). In order to ease the payment process, the Respondents are hereby directed to set off the payment to be received from the Complainants while remitting the payment as stipulated in direction (ii) and the remaining balance is to be paid within a period of 30 (thirty) days to the Complainants;

(iv). Subsequent to the complying with direction (i) by the Complainants and direction (ii) by the Respondents, after issuance of a "No Dues Certificate", the Respondents are hereby directed to handover vacant peaceful possession of the Villa No.113 to the Complainants;

(v). The Respondents are directed to pay a penalty of Rs.12,32,527/- (Rupees Twelve Lakhs Thirty-Two Thousand Five Hundred Twenty-Seven Rupees Only) for violating Sections 3 & 4 of the Act, 2016 payable within 30 (thirty) days in favour of TG RERA FUND through a Demand Draft or online payment to A/c No. 50100595798191, HDFC Bank, IFSC Code: HDFC0007036;

(vi). As the Occupancy Certificate for the said Villa is not yet procured and the Project is not yet complete, Respondents are hereby directed not to advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any unit in the Project – SANKALP ARV VIVA without registering the real estate project with this Authority failing which, appropriate action under Sections 59 (2) and 63 will be initiated against the Respondents;

(vii). The parties are hereby informed that non-compliance of directions of the Authority shall attract penalty under Sections 63 and 68 of the Act, 2016.

2. For the sake of convenience, the parties hereinafter referred to as Complainants and Promoters as they were arrayed before the Telangana Real Estate Regulatory Authority.

3. The case of the Complainants, in brief, is that they had booked a Villa No.113 in the project of the respondents/Promoters named 'Aakriti VIVA', admeasuring 220 square yards with a super built up area of 2674 sq. ft., situated at Tellapur village, Ramachandrapuram Mandal, Sanga Reddy district, in October 2014, for a total sale consideration of Rs.73,41,000/- and that they have entered into an agreement of sale and construction agreement followed by a registered sale deed dated 27.01.2015. The Promoters had agreed to complete the rest of the construction of civil works in Villa No.113 and other common area works as per the agreement on or before 30.04.2016. The Complainants have paid an amount of Rs.66,48,140/- as against the total consideration leaving balance payable is only of 10%, i.e., Rs,6,92,852/-. The Complainants further submitted that they have to hand over the possession of the Villa No.113 within 18 months from the date of the agreements plus a grace period of 6 months, i.e., by 30.04.2016, failing which the Promoters are liable to pay penalty for the delayed period of handing over the completed Villa No.113, at the rate of Rs.4/- per square feet of super built up area per month from 01.05.2016 till the handover of possession of the Villa No.113. But till today the Promoters have not delivered Villa No.113, thereby causing an abnormal delay of 9 years. The Complainants further submitted that they have taken Housing Loan from SBI

on 09.12.2014 for Rs. 59,79,000/- and that they have repaid the entire housing loan to the SBI. They added that the Complainants being NRIs and staying away from India, the Promoters have taken full advantage of the situation and diverted their money to the other projects and always pleaded some lame excuses. The Complainants also submitted that the Promoters informed them in the month of January 2020 that majority of the works in the Villa No.113 have been completed and that they have categorically admitted that they have utterly failed to fulfil their promise made in the agreement and the Villa No.113 was not made ready for occupation by 01.05.2016. But, till today the completion certificate is not obtained from the local authority as required, which is mandatory and that the Promoters have demanded an amount of Rs.37,00,000/-, vide their e-mail communication, for handover of the Villa No.113 and also threatened them by email in the month of February 2023 about the unilateral cancellation of the agreement and the sale deed. The Complainants further submitted that blank cheques given by them to respondent No.1 at the time of registration in January 2015 were deposited after 8 years, and the same were bounced in December 2022. Respondent No.1 was trying to encash an additional amount of Rs. 29,00,000/- by depositing the cheques, whereas the payable balance amount due was only Rs. 10,00,000/-. The Complainants further submitted that in February 2023, the Complainants had received a cancellation notice of Villa from respondents No.1 due to non-payment of the balance amount. Promoter No.1 had also demanded the

Complainants to pay Rs. 37,00,000/- as interest and take possession of Villa No.113. That the Complainants have suffered huge loss due to the delay in delivery of possession of the Villa No.113 by the Promoters. Therefore, the Complainants sought for the following reliefs:

i. Direct the respondents/Promoters to hand over the peaceful vacant possession of Villa No.113 to the Complainants along with all common amenities and facilities as promised by the respondents;

ii. Grant a decree of perpetual injunction restraining the Promoters, their agents, servants, representatives from interfering with the peaceful possession and enjoyment of Villa No.113 by the Complainants;

iii. Grant a decree for payment of penalty/compensation of Rs.10,27,000/-, as per agreement to the Complainants for the delay of 9 years in delivering the possession of the Villa;

iv. Grant a decree for payment of loss of rent of Rs.48,00,000/- for the delay of 96 months in delivery of possession @ Rs.50,000/- per month;

v. Direct the Promoters to pay future rent @ 50,000/- per month from March 2024 till handing over of Villa No.113 to the Complainants;

vi. Direct the Promoters to reimburse a sum of Rs 8,00,000/- spent on several pending civil works, unfinished plastering, civil works and painting, laying tiles etc.;

vii. Direct the Promoters to reimburse loan interest of Rs.12,00,000/- paid due to the delay;

viii. Grant a decree for Rs. 10,00,000/- towards compensation for the mental agony, harassment, and deficiency in service caused to the Complainants;

ix. Grant a decree for Rs.1,00,000/- for the payment of litigation costs incurred by the Complainants;

x. Pass appropriate orders to register the Project under the Act with immediate effect and to punish the Promoters for non-registration under Section 3 of the Act as contemplated under Sec 59 of the Act 2016.

4. Promoters filed a counter, *inter alia*, contending that the present complaint is not maintainable either in law or on facts. It was further submitted that subject Project was approved by the Gram Panchayath, Tellapur Village, RC Puram Mandal, vide proceedings No.GP/10/2014 dated 05.09.2014. That the sale agreement was executed in the year 2014 and sale deed was executed in the year 2015, wherein it was categorically recited that HMDA has accorded permission vide permit No.15/MP2/PLG/HMDA/2013 dated 23.09.2013 by a letter vide No.1888/MP2/P8/1MDA/2012 dated 23.09.2013 for construction of 131 Villas. It was submitted that there are several legal notices being exchanged between the parties. By legal notice, dated 13.07.2023, the Complainants categorically admitted that cheques reflected in the sale deed towards consideration have been issued only as a security which clearly establishes that the sale deed of land for 200 square yards is illegal and non-executable, i.e., without any consideration. The Complainants, in accordance with the General

Power of Attorney executed by the landowners in favour of the Promoters, executed a Sale Deed, dated 27.01.2015, bearing Document No. 1178/2015, with the landowner acting through the Promoters. That the said Sale Deed is for semi-finished Duplex House/Villa No.113, admeasuring 220 square yards/183.95 sq. mtrs. consisting of ground plus First Floor together with super built-up area admeasuring 2674 sq. ft. in Group Housing under Gated Community project known as "SANKALP ARV VIVA" (Now called as Aakriti ARV VIVA), in Sy. No. 406/Part, situated at Tellapur Village and Grampanchayath, Ramchandrapuram Mandal, Medak District. That as per the said Sale Deed, the Complainants made payment of Rs.5,85,400/- to Promoter No.1 and issued cheques amounting to Rs.29,36,400/- vide four cheques drawn on ICICI Bank under a specific condition that the developer would have a right to revoke the Sale Deed in case the amounts are not released as per specific milestone alternate mode of payment. At the time of executing the Sale Deed, the Complainants assured the Promoters that arrangements for the transaction had been made and requested its execution. Relying on this assurance, the Promoters executed the Sale Deed based on the cheques specified therein. That subsequent to the execution of the said sale deed, the Complainants have not approached the Promoters, however the Promoters continued the construction in spite of pandemic and was also waiting for the Complainants to meet their part of obligation. The Promoters also issued e-mails to the Complainants and after receiving the said emails the Complainants approached the Promoters

through his relative who visited the site and upon satisfaction of the progress, he instructed the Promoters to deposit the cheques mentioned in the Sale Deed. As per the said instructions, the Promoters deposited the cheques with their banker, but the said cheques were returned for the reason "Funds insufficient" vide return memo, dated 22.12.2022. That thereupon, Promoters have issued a legal notice to the Complainants as the Sale Deed, dated 27.01.2015, and the Agreement of Sale contain an Arbitration clause at paragraph Nos. 25 & 22, respectively and the Promoters have invoked Arbitration by notice dated 16.04.2024. However, the Complainants refused for appointment of Arbitrator as suggested by the Promoters. As the Complainants refused Arbitrator suggested by the Promoters, the Promoters filed Arbitration Application Under Section 11(6) of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court for the State of Telangana, vide Arb Appl No. 135/2024 and the Hon'ble High Court was pleased to order notice by order dated 21.06.2024 to the Complainants and the same was served upon the Complainants and posted for the counter of the Complainants. It was submitted that the very sale deed, dated 27.01.2015 and its validity is under challenge due to non- payment of sale consideration. Further, upon perusal of the documents submitted by the Complainants, it is established that the Complainants have violated the terms of the agreements and failed to meet their obligations. Upon perusal of the account statement, the amount of Rs.59,79,000/- has not come into the account of the Promoters that too through the State Bank of India. In fact, upon perusal

of the account statement, majority of the amounts were paid through Bank of Baroda. It also establishes that the Complainants have diverted the loan amount and thereby defaulted in payments with the Promoters. Further, regarding the document filed by the Complainants regarding release of the final instalment, it is an unauthenticated document created for the purpose of the case. Further this is also an admission on the part of the Complainants that there are dues of more than Rs. 10,00,000/-. The said document also shows that the amount is not released by the Bank. It is further submitted that regarding Certificate dated 30.09.2023, issued by the State Bank of India certifying that original documents for creation of housing loan are availed with the bank, it is established that the Complainants have deposited the documents, on 30.09.2023, which are executed in the year 2014 and this itself establishes that the Complainant have not even complied with the terms of sanction. Regarding the No Dues-cum-Possession Certificate, dated 27.01.2017, and Occupancy Certificate dated 26.06.2018, the Promoters submitted that they are misleading documents as they belong to Villa No.30 in "AAKRITI CRR LAKE SIDE VILLA". That as the Complainants went incognito, the Promoters issued demand letter, dated 10.08.2020, duly bringing to the notice of the Complainants that they are due of amount of Rs. 13,72,835.56/- including taxes. As the Complainants did not respond to the demand notice, the Promoters issued e-mail dated 22.02.2023 duly bringing to the notice of the Complainants that cheques towards Sale Consideration as mentioned in Sale Deed were returned and due to non-

response of the Complainants, the Promoters were forced to cancel the booking and also offered to receive the due amount of Rs.60,29,333/- vide cheque No.089582. That only after receipt of the said cancellation letter, the Complainants have come up with a series of emails, wherein the Complainants agreed to pay the due amounts. Regarding e-mail, dated 29.01.2024, issued by ARV VIVA Owners Group to the Promoters and email dated 30.01.2024 issued by the Promoters to ARV VIVA Owners Group, which is self-explanatory and that there are maintenance dues from the Villa owners of around Rs.32 Lakhs, in spite of which the Promoters are maintaining the layout. The Promoters denied that Complainants are the absolute joint owners and possessors of Villa No.113, AAKRITI ARV Gated Community, Tellapur. That the Complainants have not paid any amounts since December, 2015. The Complainants came into contact with the Promoters only after receipt of the email of cancellation dated 22.02.2023. The Complainants have failed to explain the delay between the period 2015 to 2023. Therefore, the Promoters prayed to dismiss the complaint as it is barred by the limitation.

5. The Complainants filed a Rejoinder to the Counter filed by the Promoters, *inter alia*, contending that that the counter filed by the "non-party individual" cannot be taken on record as the individual has no locus-standi to file the present counter and that the individual who signed the affidavit has no right or authority to represent the Promoters in this case. They further submitted that that the individual who filed the counter lacks the legal

authority to represent the company, as no Board resolution has been presented, nor has their position been disclosed. Additionally, that the project in question remains unregistered under the RERA Act, reflecting negligence on the part of the Promoters. Despite a legal notice, dated 13.07.2023, and multiple reminders, the Promoters have failed to clarify the existence of the company. They added that it is well-established that a duly executed and registered sale deed cannot be revoked unilaterally, and the notion of re-execution lacks legal basis. The statement of account of Promoters confirms full payment of the sale consideration, and the challenge to the sale is time-barred, having not been raised within the three-year limitation period. Moreover, no adequate explanation has been provided for the delayed deposit of cheques seven years after the transaction, rendering Clause 25 of the Sale Agreement inapplicable. Further, Arbitration, being an additional remedy, does not preclude adjudication before the Authority. The Promoters have failed to initiate proceedings for cancellation of the sale deed within the last decade, thereby undermining their claim. Notably, the Promoters have admitted the receipt of entire sale consideration, with the housing loan sanctioned on 09.12.2014 and the sale deed registered on 27.01.2015. Furthermore, the failure to hand over Villa No.113 and its maintenance responsibilities to the society demonstrates the Promoter's indifference. In light of these factors, the Complainants prayed that the counter filed by the Promoters lacks merit.

6. In the additional Counter filed by the Promoters, it is stated that the Promoters being a business entity engaged in Infrastructure Development and incorporated under the name "M/s. Sankalp Infra Private Projects" and later renamed as "M/s Aakriti Constructions & Developers Private Limited" as per incorporation certificate dated 18.05.2015, with CIN No. U45400TG2008PTC060093 and registered office at 8-2- 293/82/A/646A, Adityaram Square, Road No.36, Jubilee Hills, Hyderabad, represented by their Director, Mr. Manoj Kothari. That the Complainants, having gained the confidence, requested registration of the property in their favour and issued four undated cheques bearing Nos.023711, 023712, 023713 & 023714, amounting to Rs.29,36,400/- towards land consideration and promised to arrange the balance amount. Trusting this assurance, the Promoters executed a registered Sale Deed, dated 27.01.2015, bearing Document No. 1178/2015. It was mutually agreed at the time of execution that the Complainants would adhere to the payment schedule, failing which the Promoters retained the right to revoke the sale deed along with other agreed terms. Therefore, it is prayed to dismiss the present complaint.

7. After hearing the learned Counsel appearing for the Complainants and the learned Counsel appearing for the Promoters and perusing the entire material available on record, the learned Regulatory Authority, *vide* impugned order, dated 12.05.2025, disposed of the complaint filed by the Complainants as stated supra.

8. Feeling aggrieved by the aforesaid order of the learned Regulatory Authority, dated 12.05.2025, the Complainants filed T.A.No.35 of 2025 and the Promoters filed T.A.No.36 of 2025.

9. Learned Counsel appearing for the Complainants submitted that the learned Regulatory Authority has imposed a nominal penalty of Rs.12,32,527/- on the Promoters for violation of provisions of Sections 3 and 4 of the Act and that it is grossly inadequate as per Section 59 of the Act, which mandates a penalty up to 10% of the estimated project cost. He has further submitted that the Promoters had failed to complete the pending civil works and common amenities or obtain the Occupancy Certificate for Villa No.113 by 11.06.2025, as directed by the learned Regulatory Authority and that this constitutes a clear violation of the order of the Authority and warrants additional penalty under Sections 63 and 68 of the Act. He has further submitted that the Promoters have failed to hand over the original sale deed dated 27.01.2015 despite the Complainants paying 90% of the sale consideration. Further, the Regulatory Authority has failed to grant compensation for future loss of rent at Rs.50,000/- per month from March, 2024 until the handover of Villa No.113. He has further submitted that the learned Regulatory Authority erred in not granting the reimbursement of Rs.8,00,000/- for civil works undertaken by the Complainants due to the failure of the Promoters to complete the Villa; compensation of Rs.12,00,000/- towards loan interest paid due to the delay; compensation of Rs.48,00,000/- for rental loss over 96 months and

Rs.10,00,000/- for mental agony and harassment caused by the Promoters and also litigation costs of Rs.1,00,000/- due to protracted proceedings. Therefore, he prayed to impose additional penalty on the Promoters under Sections 63 and 68 of the Act for non-compliance of directions of the learned Regulatory Authority.

10. Per contra, learned Counsel appearing for the Promoters submitted that the Complainants have not challenged any of the directions passed by the learned Regulatory Authority, more particularly directions '(i), (ii) and (iii)' of the impugned order and that the said directions have become final and that since the Complainants have not complied with the direction No.(i) of the impugned order, the appeal filed by them has to be dismissed. He has further submitted that the layout of the plots was revised for affecting the statutory/public purpose by the concerned authorities, which is squarely covered under the provisions of Section 3(2) (C) of the Act and, therefore, the Act is not applicable. He has further submitted that the learned Regulatory Authority failed to see that Sections 3 and 4 of the Act read with Telangana State Rules are applicable to the real estate projects whose building permissions were approved on or after 01.01.2017 and that since the appellants obtained permission vide Permit No.15/MP2/PLG/HMDA/2013, dated 23.09.2013, the provisions of Sections 3 and 4 of the Act are not applicable.

11. Learned Counsel for the Promoters further submitted that since the RERA Act is not applicable to the Promoters, the directions issued by the learned Regulatory Authority viz., (v), (vi) and (vii) are liable to be set aside. Further, since the Complainants have not complied with direction No.(i) of the impugned order, the consequential directions (ii), (iii) and (iv) of the impugned order will not come into play. He has further submitted that since the Villas were sold much prior to the Act coming into force and the revision process of layout does not involve any marketing, advertisement, selling etc., the Act is not applicable for the present layout nor the present layout is required to be registered under the Act. He has further submitted that since the Complainants have not paid the full sale consideration even as on today nor complied with the direction of the learned Regulatory Authority, they are not entitled for delivery of possession of the subject Villa. Further, the sale deed has become void for non-payment of sale consideration and as such it is liable to be cancelled and in support of the said contention, he relied upon a judgment of the Hon'ble Apex Court in ***Kewal Krishan vs. Rajesh Kumar and others***[1].

12. Lastly, the learned Counsel appearing for the Promoters submitted that the Telangana Rules 2017 specifically states that the Rules will come into effect from on or after 01.01.2017 and the amendment of the Rules 2025 is not in compliance of Section 86 (2) of the Act and that there is no material to show that

[1] 2022 AIR (SC) 564

the amendment is in compliance of the Act and as such the said amendment is *non-est* in the eye of law. Therefore, he prayed this Tribunal to set aside the impugned order of the learned Regulatory Authority.

13. We have heard learned Counsel appearing on either side and have gone through the entire material placed on record along with the written submissions filed by them.

14. The Point that arise for consideration in these appeals are as under:

> *Whether the impugned order, dated 12.05.2025, passed by the learned Regulatory Authority legally sustainable in law?*

POINT:

14. Admittedly, the Complainants had booked a Villa No.113 in the project of the Promoters named 'Aakriti VIVA', admeasuring 220 square yards with a super built up area of 2674 sq. ft., situated at Tellapur village, Ramachandrapuram Mandal, Sanga Reddy district, in October 2014, for a total sale consideration of Rs.73,41,000/- and that they have entered into an agreement of sale and construction agreement followed by a registered sale deed dated 27.01.2015.

15. The contention of the learned Counsel for the Complainants is that the Promoters had agreed to complete the construction of civil works in Villa No.113 and other common area works as per the agreement of sale on or before 30.04.2016, however, they failed to fulfil their promise. Further, the project remains incomplete in all material respects without any Occupancy Certificate

issued till date. The Complainants admitted in the complaint that they had paid an amount of Rs.66,48,140/- to the Promoters as against the total sale consideration leaving balance amount of Rs.6,92,852/-.

16. The contention of the learned Counsel for the Promoters is that the Complainants have not paid the entire sale consideration as promised and as per Section 19 (6) of the Act, the Complainants are obligated to pay necessary payments in the manner and time specified in the agreement of sale and as such for non-payment of sale consideration, the sale deed has become void in view of the decision of the Hon'ble Supreme Court in ***Kewal Krishan vs. Rajesh Kumar*** (cited supra), wherein it was held as under:

> "A sale of an immovable property has to be for a price. The price may be payable in future. It may be partly paid and the remaining part can be made payable in future. The payment of price is an essential part of a sale covered by Section 54 of the T.P. Act. If a sale deed in respect of an immovable property is executed without payment of price and if it does not provide for the payment of price at a future date, it is not a sale at all in the eyes of law. It is of no legal effect. Therefore, such a sale will be void. It will not affect the transfer of the immovable property."

17. In the aforesaid decision, the sale deeds were executed without consideration. In the instant case, admittedly, substantial part of sale consideration has been paid by the Complainants to the Promoters. The case of the Complainants is that since the Promoters delayed in completing the construction of the subject Villa, they could not remit the balance sale

consideration. Therefore, the learned Regulatory Authority has rightly held that the Complainants have violated Section 19(6) of the Act and as such it directed the Complainants to pay the remaining balance sale consideration as has been agreed by the parties in the agreement of sale along with interest as per sub section (7) of Section 19 of the Act.

18. That apart, the Promoters straight away issued an e-mail, dated 22.02.2023, to the Complainants for cancellation of allotment of subject Villa as they had failed to pay the total sale consideration as per Section 11 (5) of the Act.

19. A perusal of Clause 7 (b) of the agreement of sale entered into between the parties in 2014 would disclose that "in case of any material delay in the payment for a delivered milestone by the purchaser, developer at his sole discretion reserves the right to cancel this agreement by giving a notice of one month in writing to the purchaser." The Annexure to Rule 38 of the Telangana State Real Estate (Regulation and Development) Rules, 2017 containing draft Agreement for Sale to be executed between an allottee and the Promoter also stipulates that the Promoter has to issue a one-month prior notice before cancelling the allotment of the apartment. In the absence of such prior notice, the unilateral cancellation of allotment of the subject Villa is in violation of Section 11 (5) of the Act and cannot be sustained solely on the basis of a clause in the agreement of sale. Further, cancellation of a registered sale deed cannot be affected unilaterally or merely by invoking a contractual clause.

20. So far as the violation of provisions of Sections 3 and 4 of the Act is concerned, admittedly, the Promoters had obtained permission from the HMDA, vide Permit No.15/MP2/PLG/HMDA/2013, dated 23.09.2013 for construction of 131 independent duplex houses/villas and the project remains incomplete without any occupancy certificate till date. It is settled law that any project, which has not obtained an Occupancy Certificate as on the date of commencement of the Act and for which development activities are continuing, is mandatorily required to be registered under RERA.

21. In *Newtech Promoters and Developers Pvt. Ltd. Vs. State of UP and others*[2] the Hon'ble Supreme Court held as under:

> "Looking at the scheme of Act 2016 and Section 3 in particular of which a detailed discussion has been made, all 'ongoing projects' that commence prior to the Act and in respect to which completion certificate has not been issued are covered under the Act. It manifests that the legislative intent is to make the Act applicable not only to the projects which were yet to commence after the Act became operational but also to bring under its fold the ongoing projects."
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> "The clear and unambiguous language of the statute is retroactive in operation and by applying purposive interpretation rule of statutory construction, only one result is possible, i.e., the legislature consciously enacted a retroactive statute to ensure sale of plot, apartment or building, real estate project is done in an efficient and transparent manner so that the

[2] (2021) ibclaw.in 188 SC

interest of consumers in the real estate sector is protected by all means".

The Hon'ble Supreme Court further made it clear that 'it can safely be observed that the projects already completed or to which the completion certificate has been granted are not under its fold and, therefore, vested or accrued rights, if any, in no manner are affected. At the same time, it will apply after getting the ongoing projects and future projects registered under Section 3 to prospectively follow the mandate of the Act 2016'.

22. Thus, the failure of the Promoters to register the project constitutes a clear violation of Section 3 of the Act, which prohibits the Promoter from advertising, marketing, selling or offering for sale any apartment, plot or building in a real estate project not registered under the Act. Therefore, the learned Regulatory Authority has rightly held that the project is an ongoing project and the Promoters having failed to get the project registered violated the provisions of Sections 3 and 4 of the Act and as such it has imposed a penalty of Rs.12,32,527/- on the Promoters for contravention of the said Sections.

23. The learned Counsel for the Promoters has vehemently submitted that the document i.e., the layout permission dated 23.09.2013, issued by the HMDA is a completion certificate and comes within the definition of Section 2 (q) and covered under Section 3 (1) of the Act and as such, it comes under the exemptions and the project need not be registered under the Act. With great respect, we do not agree with the said submission as the HMDA letters dated

23.09.2013 relied by the Promoters are the permissions issued by the HMDA and not the completion certificates. Apart from that, the project was not completed and the occupancy certificate was not obtained as per the provisions of the Act. Therefore, provisions of Section 3 and 4 of the Act are rightly applicable to the real-estate project of the Promoters.

24. The other submission of the learned Counsel for the Promoters is that the amendment of rules 2025 are not in compliance of Section 86 (2) of the Act. Therefore, the amendment of rules of 2025 is *non-est* in the eye of law. We disagree with the said submission, as there is no provision in the Act which stipulates that non-compliance of Section 86 (2) of the Act, the amendment of rules 2025 would become *non-est* in the eye of law. It is a legislative procedure to be followed and to be complied with by the State Government and by not placing any document in proof of the said compliance, the amendment of the rules 2025 does not become *non-est* in the eye of law.

25. The submission of the learned Counsel for the Complainants is that the penalty imposed on the Promoters for non-registration of the project is manifestly inadequate and disproportionate to the scale of violation, whereas the learned Counsel for the Promoters submits that the penalty imposed on the Promoter is excessive and exorbitant. Considering the gravity of violation, we are of the considered opinion that the penalty, imposed by the learned Regulatory Authority on the Promoters under Section 59 of the Act for

contravention of the provisions of Sections 3 and 4 of the Act, is legally justified and no interference is called for by this Tribunal.

26. Insofar as handing over possession of subject Villa is concerned, during the pendency of T.A.No.36 of 2025, this Tribunal, after hearing the learned Counsel for the Complainants and since the Promoters had failed to comply with the mandatory provisions of Section 17 of the Act, passed an interim order directing the Promoters to handover Villa No.113 in Aakriti VIVA project, located at Tellapur, Hyderabad, to the Complainants and also comply the mandatory provisions of Section 17 of the Act, vide order dated 23.12.2025, and the matter was directed to be listed on 08.01.2026 for compliance report.

27. In the meanwhile, the Promoters filed I.A.No.01 of 2026 in T.A.No.36 of 2026 seeking to review the aforesaid interim order, dated 23.12.2025, *inter alia*, contending that non-appearance of learned Counsel for the promotors on the date of passing of the said interim order, is neither wilful nor wanton. Further, the Complainants are liable to pay balance sale consideration along with interest and upon such payment the Promoters are liable to handover the possession of subject Villa to the Complainants. However, the Complainants contested the said application by filing counter, *inter alia*, contending that the matter underwent number of adjournments before being finally posted for interim orders and on, 23.12.2025, neither the counsel for the Promoters nor any representative of the Promoter appeared despite due notice and opportunity

afforded by the Tribunal and that no exceptional ground exists to review the interim order passed by this Tribunal.

28. When the matter was taken up for hearing on 12.01.2026, learned Counsel for the Promoters submitted that the Promoters have handed over the Villa to the representative of the Complainants, on 09.01.2026, and to that effect a memo has been filed. On 04.02.2026, learned Counsel for the Promoters submitted that they had already filed original sale deed bearing No.1178/2015, dated 27.01.2015, executed in favour of the Complainants in respect of the subject Villa, before the Registry of this Tribunal. Learned Counsel for the Complainants submitted that it is an obligation and mandate on the part of the Promoters to handover Occupancy Certificate and original sale deed to the Complainants. In the circumstances, the learned Counsel for the Promoters is directed to comply the mandate under Sections 3 and 17 of the Act positively.

29. Subsequently, questioning the delay in hearing the appeal and also against the orders, dated 04.02.2026, passed by this Tribunal, the Promoters filed W.P.No.4832 of 2026 and the Hon'ble High Court for the State of Telangana, Hyderabad, by order dated 17.02.2026, disposed of the said Writ Petition directing this Tribunal to decide the review application along with the appeals, as expeditiously as possible.

30. By virtue of the interim orders passed by this Tribunal, dated 23.12.2025, the Promoters have handed over the subject Villa to the representative of the Complainants, on 09.01.2026, and also deposited the original sale deed bearing

No.1178/2015, dated 27.01.2015, before this Tribunal on 19.01.2026. Therefore, we are of the considered view that no further orders are required to be passed in the review application. Accordingly, the review application is closed.

31. In the aforesaid circumstances, the Complainants are directed to pay the balance sale consideration, if any, along with interest as per Rule 15 of the Rules, 2017 and that the Promoters shall issue No due certificate. Since, possession of the Villa is already delivered to the Complainants. That apart, since there is inordinate delay in completing the construction of the subject Villa and handing over possession to the Complainants, the Promoters are liable to pay compensation as per Clause 3 (b) of the Agreement of sale to the Complainants. Therefore, the learned Regulatory Authority has rightly directed the Promoters to pay compensation at the rate of Rs.4/- per month per square feet of built-up area of the subject Villa for the period of delay subject to receipt of all payments, which are due from the Complainants.

32. On a cumulative consideration of the entire material available on record, we do not find any justifiable grounds or reason to interfere with the impugned order, as the findings and directions issued by the learned Regulatory Authority are legally sound based on factual aspects.

33. In the result, T.A.No.35 of 2025 and T.A.No.36 of 2025 filed by the Complainants and Promoters respectively, are dismissed. Consequently, the impugned order, dated 12.05.2025, passed by the learned Regulatory Authority in Complaint No.61 of 2024, is hereby upheld. Review I.A.No.01 of 2026 in

T.A.No.36 of 2025 is closed. The Registrar of the Tribunal is directed to handover the registered sale deed of the Villa to the Complainants. There shall be no order as to costs.

Pending miscellaneous applications, if any, shall stand closed.

Registry is hereby directed to transmit a copy of this order to the Regulatory Authority and parties as per provisions of Section 44 (4) of the Act.

Pronounced on this 6th day of May, 2026.

_____Sd/-_____
A. SANTHOSH REDDY, J
(CHAIRPERSON)

_____**Sd/-**_____
P. PRADEEP KUMAR REDDY
(JUDICIAL MEMBER)

06th MAY, 2026
GSN