



**THE ANDHRA PRADESH REAL ESTATE REGULATORY AUTHORITY
AT: VIJAYAWADA**

On 1st day of September, 2025.

Corum: Sri E.Rajasekhara Reddy, Hon'ble Member,
Sri. U.S.L.N.Kameswara Rao, Hon'ble Member,
Sri. A.Jagannadha Rao, Hon'ble Member.

Complaint No:106/2025

Between:

Sri. Pagolu Naren,
S/o. Pagolu Kishore Babu,
R/o. Door No:20-4-83,
Ayodhya Nagar, Vijayawada,
NTR District.

...Complainant

And

1. Machineni Koteswara Rao,
S/o.Machineni Venkataratnam,
1st road, Plot No.19, RTC Colony,
Near Stella College, Vijayawada.
2. Sainedi Srikanth,
S/o. Sainedi Venkateswara Rao,
Managing Partner, Builder,
Hasini Infrastructures, Kakinada
R/o. D.No.3-16-185, Flat No.103,
Indraprastha Yudhishthira Apartment,
Sri Vijaya Colony, Kakinada,
East Godavari District.

...Respondents

ORDER

The complaint is filed under Section 31 of the Real Estate (Regulation and Development) Act, 2016, alleges that the promoter has failed to fulfill their promises, and neglected their obligations.



The Complainant is a homebuyer in the real estate project titled "Platinum Entity", undertaken by Respondents No.1 & 2 (i.e land owner and builder) on land owned by Respondent No.1 (the Landowner). The Complainant claims to be fully acquainted with the facts of the case.

Respondent No.1 had purchased multiple extents of non-agricultural land situated in Sy. Nos. 139/2A and 139/2B, located at Chinna Avutapalli Village, Gannavaram Mandal, Krishna District, through the following registered sale deeds Sy. No. 139/2B - 2,904 Sq. Yards (Sale Deed No.133/2014), Sy. No. 139/2A - 2,904 Sq. Yards (Sale Deed No.6020/2016), Sy. No. 139/2B - 4,065 Sq. Yards (Sale Deed No.6018/2016) and Sy. No. 139/2A - 4,840 Sq. Yards (Sale Deed No.6021/2016).

After leaving portions of the land for internal roads, Respondent No.1 entered into a Development Agreement-cum-General Power of Attorney with Respondent No.2 on 17.05.2018, registered as Document No.3546/2018 at the Sub-Registrar's Office, Gannavaram. The development project was launched under the name "Platinum Entity", consisting of Stilt + Ground + Four Upper Floors spread across nine blocks (Blocks A to J).

Initially, the project was taken up by Sri Aditya Infra Housing India Pvt. Ltd., which secured technical permission from APCRDA to construct 235 flats under the name *Aditya Heights*, vide R.C. No. C2-660/2014, B.P. No. 111/2015, dated 18.04.2015. Subsequently, the same land was handed over to Respondent No.2 under the said Development Agreement for execution as *Platinum Entity*.



The Complainant agreed to purchase a 2-bedroom flat bearing No. E-2A on the Second Floor of E Block, in the said project, for a total sale consideration of ₹38,00,000/-. An Agreement of Sale was executed on 11.06.2015, and the Complainant made part payments as follows: ₹5,00,000/- on 11.06.2015, ₹4,00,000/- on 15.02.2016, ₹1,00,000/- on 23.02.2017, ₹2,00,000/- on 30.04.2017, ₹2,00,000/- on 11.11.2017, ₹2,00,000/- on 31.01.2018 and ₹1,00,000/- on 01.02.2018 total part consideration paid ₹18,00,000/- (Rupees Eighteen Lakhs Only).

The agreement executed by respondent No.1 and stated that the flat would be constructed and handed over shortly. However, despite receiving nearly 50% of the consideration between 2015 and 2018, the respondents have failed to complete the construction and hand over possession of the flat to the Complainant. The project remains incomplete, and the flat in question has not been delivered.

Additionally, the Platinum Entity project is not registered under the Real Estate (Regulation and Development) Act, 2016 (RERA), thereby violating mandatory statutory provisions. The Agreement of Sale itself was not executed in compliance with the requirements of the RERA Act. It is alleged that the respondents have failed to discharge their contractual and legal obligations, thereby causing serious financial hardship and mental agony to the Complainant.

The Complainant further submits that under Section 18(1) of the RERA Act, 2016, the promoter is liable to pay interest for every month of delay until the possession is handed over. Given the prolonged delay and



failure to complete the project or refund the amount, the Complainant has approached this Hon'ble Authority seeking refund of amount along with compensation and interest.

Respondent No. 1 has filed a counter-affidavit denying the allegations made in the complaint and asserting that the complaint is an abuse of the process of law, filed with suppression of material facts and misrepresentation of contractual obligations.

It is the stand of Respondent No. 1 that the complaint is barred by limitation and laches. He contends that the Agreement of Sale was executed on 11.06.2015 for a consideration of Rs. 38,00,000/-, out of which the Complainant admittedly paid only Rs. 18,00,000/-, the last payment being in February 2018. Respondent No. 1 submits that the Complainant failed to pay the balance consideration of Rs. 20,00,000/- and made no efforts to secure a loan as stipulated. Consequently, the agreement stood frustrated due to the Complainant's default, and the claim now sought to be agitated after nearly a decade is not maintainable.

It is further submitted that Respondent No. 1 is only the landowner of the subject property and not the developer. The entire responsibility for construction, financial management, and delivery of flats was vested in Respondent No. 2, M/s. Hasini Infrastructures, under a registered Development Agreement-cum-General Power of Attorney dated 17.05.2018. Respondent No. 1 asserts that he is himself a victim of the fraudulent acts of Respondent No. 2 and has initiated separate proceedings against its partners in C.P. No. 110 of 2025.



Respondent No. 1 has also contended that the liability to register the project under Section 3 of the Real Estate (Regulation and Development) Act, 2016 rests solely with the developer/promoter and not with the landowner. Hence, any attempt to fasten liability on him for non-registration is stated to be legally untenable.

It is also submitted that the reliefs sought for interest, refund, and compensation are in the nature of unliquidated damages, which fall within the jurisdiction of the Adjudicating Officer under the Act and not before this Authority in a summary proceeding.

Respondent No. 1 has further alleged that the partners of Respondent No. 2 engaged in fraudulent practices, including siphoning of funds, abandonment of the project, fraudulent registration of 41 flats in their own names, and filing of a sham insolvency petition to evade obligations. He submits that the entire liability for completion, refund, or damages, if any, rests solely with Respondent No. 2 and not with him.

On these grounds, Respondent No. 1 prays for dismissal of the complaint against him with exemplary costs, contending that there is no cause of action against him.

The counsel for the complainant Sri. Y. Kanakalingeswara Rao, Advocate, is present, the counsel for the respondent Sri. K. Pavan, Advocate present.

Relevant Provisions:



Sec. 11(4): The promoter shall – (a) be responsible for all obligations, responsibilities, and functions under the provisions of this Act or the rules and regulations made thereunder or to the allottees as per the agreement for sale, or to the association of allottees, as the case may be, till the conveyance of all the apartments, plots, or buildings, as the case may be, to the allottees, or the common areas to the association of allottees or the competent authority, as the case may be.

Provided that the responsibility of the promoter, with respect to the structural defect or any other defect for such period as is referred to in sub-section (3) of section 14, shall continue even after the conveyance deed of all the apartments, plots, or buildings, as the case may be, to the allottees is executed.

(b) be responsible for obtaining the completion certificate or the occupancy certificate, or both, as applicable, from the relevant competent authority as per local laws or other laws for the time being in force and making it available to the allottees individually or to the association of allottees, as the case may be.

Section 18. (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,

he 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:


Provided that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of the possession, at such rate as may be prescribed.

(2) The promoter shall compensate the allottees in case of any loss caused to him due to defective title of the land, on which the project is being developed or has been developed, in the manner as provided under this Act, and the claim for compensation under this subsection shall not be barred by limitation provided under any law for the time being in force.

(3) If the promoter fails to discharge any other obligations imposed on him under this Act or the rules or regulations made thereunder or in accordance with the terms and conditions of the agreement for sale, he shall be liable to pay such compensation to the allottees, in the manner as provided under this Act.

Section 2 (zk) "promoter" means, —

- (i) a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees; or
- (ii) a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon; or
- (iii) any development authority or any other public body in respect of allottees of—





- (a) buildings or apartments, as the case may be, constructed by such authority or body on lands owned by them or placed at their disposal by the Government; or
- (b) plots owned by such authority or body or placed at their disposal by the Government, for the purpose of selling all or some of the apartments or plots; or
- (iv) an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings; or
- (iv) any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale; or
- (v) such other person who constructs any building or apartment for sale to the general public.

Explanation. – For the purposes of this clause, where the person who constructs or converts a building into apartments or develops a plot for sale and the persons who sells apartments or plots are different persons, both of them shall be deemed to be the promoters and shall be jointly liable as such for the functions and responsibilities specified, under this Act or the rules and regulations made thereunder;

Under Section 18(1) of the RERA Act, 2016, where the allottee intends to withdraw from the project on account of failure of the promoter to complete or deliver possession in accordance with the terms of the agreement, the promoter is obliged to refund the amounts received from



the allottee, together with interest payable for every month of delay until refund. The statutory duty to complete the project and hand over possession lies squarely upon the promoters.

Both Respondent Nos.1 and 2 fall within the ambit of the definition of "Promoter" under Section 2(zk) of the RERA Act. The liability under Section 18 is joint and several, and cannot be restricted to the builder or developer alone. The internal arrangements between promoters are immaterial from the perspective of an allottee, who is entitled to look to all promoters for compliance.

A narrow interpretation, as suggested by the respondent No.1 that liability rests only on the developer/builder and not on the landowner, would defeat the object of the Act. If accepted, it would enable promoters to evade statutory liability by diverting sale consideration between themselves. This argument cannot be sustained in light of the consumer protection intent underlying RERA Act.

In the present case, it is an admitted fact that Respondent No.1 executed the agreement of sale in favour of the complainant and directly received sale consideration for the flat falling to his share. Therefore, Respondent No.1, being a "Promoter" within the meaning of Section 2(zk), is jointly and severally liable for refund under Section 18 of the Act.

The contention of Respondent No.1 regarding the absence of privity of contract is misconceived. The Act expressly envisages promoter liability beyond strict contractual relationships. The protection conferred upon an allottee by Section 18 cannot be defeated by internal arrangements between multiple promoters.



The respondents have not produced satisfactory evidence to demonstrate that the flats were completed as per the agreed timeline and specifications. The admitted failure to hand over possession within the agreed period and the specifications, coupled with the complainant's request for refund, squarely attracts Section 18 of the Act.

As far as claim for damages/compensation under section 18(3) of the Act is concerned, the instant complaint filed by the promoter, bearing No. 106 of 2025, is hereby referred to the Adjudicating Officer for adjudication of compensation in terms of section 71 of the Real Estate (Regulation and Development) Act, 2016.

In exercise of the powers conferred under Section 37 of the Real Estate (Regulation and Development) Act, 2016, this Authority hereby issues the following directions:

- i. Respondent No.1 is directed to refund to the complainant the sum of ₹18,00,000/- (Rupees Eighteen Lakhs only), along with interest @ 11% per annum (i.e SBI MCLR 9% + 2%), calculated from the respective dates of deposit until the date of realization within 60 days from the date of this order.
- ii. To secure compliance with this order, a charge is created on the project property forming part of the group development project known as "Aditya Heights/Platinum Entity" approved by the APCRDA under File No. R.C-C2-660/2014 and Building Permit No. 111/2015, admeasuring a total extent of 14,096.96 Sq. Yards, comprising blocks designated as "A"



(Club House) and "B, C, D, E, F, G, H, and J" (residential apartment blocks), situated in R.S. No. 139/2A and 139/2B of Chinna Avutapalli Village, Gannavaram Mandal, Krishna District, within the jurisdiction of the Sub-Registrar Office, Gannavaram, and bounded as follows:

East: Land of Donka and Park,

South: Land of Potluri Raja Rao,


West: Lands of Potluri Raja Rao, Machineni Bhavani, and A. Srinivasa Rao,

North: Road.

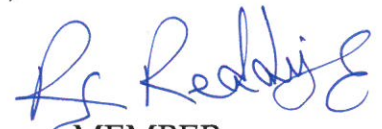
- iii. This charge shall remain operative until the entire refund amount along with interest is paid to the complainant in full.
- iv. The Sub-Registrar, Gannavaram, is directed to record the aforesaid charge in the relevant registration/revenue records and ensure that no transfer, sale, or alienation of the said property is effected until full compliance with this order.
- v. The respondent No.1 is directed to pay a sum of ₹10,000/- (Rupees Ten Thousand only) to the complainant towards litigation expenses.
- vi. In case of failure to comply with this order within the stipulated period, the respondents shall be liable for further action under Section 63 of the Act, including imposition of additional penalties.

*An appeal lies to the Appellate Tribunal within a period of 60 days from the date of receipt of a copy of the order, as per Section 44 of the Real Estate (Regulation and Development) Act, 2016.

(Typed as per the dictation of the Authority, corrected, and pronounced by the Authority in open court on this 1st day of September, 2025.)


MEMBER


MEMBER


MEMBER



