BEFORE THE TAMIL NADU REAL ESTATE REGULATORY AUTHORITY (TNRERA)
(Tamil Nadu, Andaman & Nicobar Islands)
at Anna Nagar (East), Chennai – 600 102
[Under the Real Estate (Regulation and Development) Act, 2016]

Bench 1 : **Thiru K. Phanindra Reddy, I.A.S. (Retd.), Hon'ble Chairperson**
Thiru A. Nazir Ahamed, District Judge (Retd.) Hon'ble Member
Tmt. Reeta Harish Thakkar, I.A.S. (Retd.), Hon'ble Member

C.No.58 of 2025

07th day of August, 2026

Saranya Jeyasundaram ...Complainant

Versus

1. K.G. Foundations (P) Ltd.
2. KG Chandravista Owners Residents Association ...Respondents

This complaint came up for final hearing on 27.07.2026 before this Authority in the presence of M/s. J. Ibrahim Ahamed, Advocates - Counsel for Complainant and M/s. B. Deepak Narayanan, Advocates- Counsel for the 1st Respondent. The 2nd Respondent was treated exparte on 09.02.2026 and upon hearing both the parties this Authority passes the following order.

FINAL ORDER

Averments of the Complainant:

1. The Complainant avers that the project known as KG Chandra Vista, situated opposite Sathyabama University, Semmancherry, Chennai – 600119, was developed by KG Foundation (P) Ltd. The Complainant submits that the initial planning permit was issued by CMDA

vide PP No. C/PP/MSB-IT/14 A to C/2014 (Letter No. C3/3873/2012 dated 28.03.2014), which was subsequently revised under Letter No. EC/ S-I/542/2017 dated 04.04.2017. The Complainant further states that the Completion Certificate was issued by CMDA on 26.03.2019 (EC/ South-I/100/2019).

2. The Complainant submits that despite the project clearly falling within the purview of the Real Estate (Regulation and Development) Act, 2016, the project was not registered under the provisions of the RERA Act, thereby violating the mandatory provisions of the Act.

3. The Complainant states that on 11.01.2021, she purchased Flat No. A-504 from the developer for a total consideration of Rs.77,99,051/-, which included a corpus fund of Rs.40,000/- and advance maintenance charges of Rs.47,820/-. The Complainant further avers that an additional sum of Rs.20,000/- was subsequently collected from each home owner on the ground that the corpus fund had been "eaten" by the builder, as communicated through an email issued by the then Association Secretary dated 24.07.2021.

4. The Complainant submits that following the fire incident which occurred on 11.04.2024, the residents sought financial records and accountability from the Association. The Complainant states that the Association members refused to share the financial statements or audit report and allegedly harassed the Complainant, represented through her Power of Attorney, and her son. The Complainant further avers that following a police complaint lodged by another resident, the Association reluctantly released the owners' version of the financial records, which disclosed discrepancies when compared to the audited financial records submitted to the Registrar of Societies.

5. The Complainant states that her husband issued a legal notice to the Association, upon which the Respondents claimed that the corpus fund remained with the builder. However, the Complainant submits that the builder, through Mr. Sujith, Vice President (Sales), KG Foundation, furnished a handover letter dated 05.01.2021 confirming that the corpus fund had already been utilized even before the Complainant took possession of the flat, without the knowledge or consent of the homeowners and in violation of Clause 9.7 of the Builder-Buyer Agreement.

6. The Complainant avers that the unauthorized utilization of the corpus fund, with the consent of the Association members (Regn. No. 194/2020), constitutes a serious breach of trust, misappropriation of funds, and indicates possible collusion between the developer and the Association.

7. The Complainant submits that despite collecting Rs.38,000/- from each resident towards post-fire restoration works, the Association has failed to maintain transparency in its accounts and has not carried out effective repair works. The Complainant further states that the residents were subsequently called upon to pay an additional sum of Rs.45,000/- without disclosing the cause of the fire or furnishing any supporting particulars.

8. The Complainant states that no First Information Report (FIR) was registered in relation to the fire incident, nor were the findings of the incident disclosed to the residents. The Complainant further avers that her family was publicly defamed by being labelled as defaulters for withholding maintenance charges as a protest against the lack of financial transparency, which was also brought to the notice of the Registrar of Societies through a written representation dated 10.03.2025.

9. The Complainants have prayed for the following reliefs:

i. Direct the Builder to register the project with RERA.

ii. Direct the Builder to provide a detailed explanation and documentary evidence regarding the collection of the corpus fund for the 49 dwelling units (Floor 2 to 13) and the commercial space (whole first floor of and partially the stilt area of A Block measuring App. 520 sq.mt. as per clause 9.7 of the builders agreement.

iii. Direct the Builder to refund the corpus fund collected by him between the period mentioned below with interest and penalty.

a) from the date of issue of completion certificate by CMDA (26/03/2019) and the date of handing over the accounts to the KG Chandravista Owners and Resident Association (05/02/2021).

b) After handing over to the Association(i.e. from 06/02/2021 and the date of selling the last dwelling unit / Commercial space)

iv. Direct the Builder & Association to furnish the basis and authorization for any utilization or depletion of the said fund prior to handing over possession to flat purchasers.

v. Additionally, the Hon'ble Authority may summon relevant financial statements, bank records, and minutes of meetings to determine the veracity of the complainant's allegations and to ensure compliance with the terms of the sale agreement and applicable laws.

vi. Direct the KG Chandravista Owners Resident Association to provide a detailed explanation and documentary evidence regarding the collection of the additional corpus fund @ Rs. 20,000/- from every flat owner (the 49 dwelling units (Floor 2 to 13) and the commercial space (whole first floor of and partially the stilt area of A Block measuring App. 520 sq.mt.

vii. Direct the KG Chandravista Owners Resident Association to refund the additional corpus fund collected by then between vide email communication of Mr. Nandan, then Secretary.

viii. Direct the Builder and Association to provide a detailed explanation and documentary evidence regarding the expenditure, utilisation and depletion of the one year lump sum maintenance fee at rate of the Rs.2.5/- sq.ft. from the 49 dwelling units (Floor 2 to 13) and the commercial space (whole first floor of and partially the stilt area of A Block measuring App. 520 sq.mt as per clause 9.3 of the builders agreement.

Averments of the 1st Respondent:

10. The 1st Respondent denies all allegations, averments, and contentions raised by the Complainant except those specifically admitted herein and puts the Complainant to strict proof of the same.

11. The 1st Respondent states that many of the documents annexed to the complaint, particularly the screenshots of emails and whatsapp communications, are of poor quality, blurred and substantially illegible.

12. The 1st Respondent states that the complaint reveals the grievances articulated by the Complainant are against the 2nd Respondent. This 1st Respondent in its capacity as the project promoter fulfilled its obligations by completing the construction and formally handing over the maintenance and administration of the complex, along with a detailed financial reconciliation to the duly formed association on 05.01.2021.

13. The Respondent states that the Complainant purchased the flat on 11.01.2021, which is subsequent to the date this Respondent formally handed over the maintenance and reconciled all accounts with the 2nd Respondent association on 05.01.2021. The Complainant entered the complex only after the Respondent ceased entirely.

14. The Respondent submits that it is an undisputed and officially documented fact that the project "KG-Chandravista" was structurally completed as on the date of commencement of the RERA Act. This is confirmed by the CMDA which has published an official list of projects that were structurally completed prior to the act coming into force. In the specified list, the subject project is unequivocally listed at Serial No.81. The inclusion of the project in this official list by a statutory body is conclusive proof of its completed status. Consequently, the project does not fall within the definition of an "ongoing project" under the RERA Act, and the requirement of registration under section 3 is not applicable. Therefore, the Respondent states that the present complaint is not maintainable either in law or on facts and is liable to be dismissed in limine as this Authority does not have jurisdiction to entertain this case.

15. The 1st Respondent submits that with respect to the collection of corpus fund of Rs.40,000/- and advance maintenance charges of Rs.47,820/- is admitted. However, the allegation that the corpus fund was "eaten" by the builder is denied as false and defamatory. The entire amount was duly accounted for in the reconciliation statement handed over to the 2nd Respondent association vide letter dated 05.01.2021.

16. The 1st Respondent further submits that the allegation of Rs.20,000/- collected by this Respondent is false and incorrect. This

Respondent is not responsible for any amounts collected by the association thereafter.

17. The 1st Respondent avers that as per the reconciliation statement as documented in the handover letter dated 05.01.2021 revealed that the maintenance expenses incurred by this Respondent exceeded the total amount collected from all flat purchasers by a sum of Rs.2,27,543/- which remains payable by the Association to this Respondent.

18. The 1st Respondent states that the unauthorized usage of corpus fund is denied as this Respondent's action were fully sanctioned by the Builder's agreement executed by the Complainant. As per clause 9.3 of the said agreement expressly states that this Respondent to manage the maintenance for the initial period and to handover the balance, if any available after deducting expenses. The final reconciliation was documented in the handover letter dated 05.01.2021, which was duly signed as "agreed & accepted" on 04.02.2021 by the President, Secretary and Treasurer of the 2nd Respondent. This signed acceptance constitutes a full and final settlement of the accounts between this Respondent and the association. Hence the complaint is liable to be dismissed.

Issues and Findings:

19. The 2nd Respondent remained absent on 08.10.2025, 17.11.2025, 07.01.2026, 09.02.2026. Therefore, the 2nd Respondent is treated as exparte on 09.02.2026.

20. An attempt to settle the matter amicably has failed.

21. After hearing the Complainant and 1st Respondent, perusing the documents placed before the Authority, the following points arise for determination:

i. Whether the Builder has contravened the provisions of the Real Estate (Regulation and Development) Act, 2016 by failing to register the project with the Authority?

ii. Whether the Complainant is entitled for refund of corpus fund and additional corpus fund?

iii. Whether the Respondents disclosed the documentary evidence regarding expenditure and utilization of corpus fund and maintenance fee collected from the Complainant?

Answer to point No.(i)

22. The Complainant has booked a flat in the Respondent's project 'KG Chandra Vista" located in Semmancherry, Chennai. Initial planning permit has been issued by CMDA vide PP No. C/PP/MSB-IT/4 A to C/2014(Letter No.C3/3873/2012 dated 28.03.2014. Completion certificate has been issued by CMDA on 26.03.2019. This Complaint was filed before the Registry, the Registry has returned the Complaint in light of the Hon'ble Appellate Tribunal Order in A.No. 48 of 2024, wherein it has been ordered that the Regulatory Authority and the Adjudicating Officer constituted under the Real Estate (Regulation and Development) Act, 2016 have no jurisdiction to deal with the complaints in respect of un-registered real estate project. Hence, this complaint has been placed before this Authority to decide on maintainability.

23. This Authority in its order dated 01.09.2025 in S.R.No.568 of 2025, held as follows:

"As in this project; the completion certificate was obtained only on 26.03.2019 after introduction of the RERA Act coming into force in May 2017. Size of the project also exceeds 500 sq.mts and eight dwelling units,

hence as per Section 3(2) of the Act, this project is liable to be registered as per the provisions of the RERA Act. Hence, this Authority is of the view that the present Complaint is maintainable before this Authority."

And also it is relevant to note that in the decision in Subashini Thulasiram Vs. M/s. SPR & RG Constructions Private Limited, cited above, the Hon'ble Division Bench of the Madras High Court held as follows:

"As rightly pointed out by the learned Senior Counsel appearing on behalf of the Appellant, it is well settled law that the parent Act will prevail over the rules and there cannot be any rules contrary to Act. Assuming that Rule 2(h)(ii) gives some relief to the 1st Respondent, it is in contrary to Section 3 of the Act. When the Act has come into force on 01.05.2017, the 1st Respondent should have complied with. The principle that the subordinate legislation cannot be in violation of the Act is supported by following decisions of the Apex Court:

1. Ramesh Meha Vs. Sanwal Chand Singhvi reported in 2004 (5) SCC 409.

2. Global Energy Ltd., Vs. Central Electricity Regulation Commission reported in (2009) 15 SCC 570.

The State Government Rule 2(h)(ii) is contrary to Section 3 of the Act and therefore the 1st Respondent cannot take advantage of the same and claim exemption from registration. Therefore, the contentions of the learned Counsel for the Respondents are not sustainable. Hence, this issue was already dealt in the above said order of this Authority. Thus, answer to point (i) is answered accordingly."

Answer to point No.(ii)

24. Pertaining to the collection and maintenance of corpus fund, the Complainant stated that the 1st Respondent has collected Rs.40,000/- towards corpus fund and Rs.47,820/- towards advanced maintenance

charges which is inclusively collected as total sale consideration. The 1st Respondent also agreed and acknowledged the same in the counter affidavit filed by the 1st Respondent.

25. The Complainant had stated that an additional sum of Rs.20,000/- was collected from each apartment owners on the ground that earlier corpus fund had been exhausted by the 1st Respondent. This was denied by the 1st Respondent stating that the 1st Respondent formally handed over all maintenance related affairs to the Association on 05.01.2021 and is not responsible for any amounts collected by the Association thereafter. The Authority is of the view that as per clause 9.7 of the builders agreement dated 11.01.2021, it is stated that, "*The allottee shall pay the sum specified in Annexure – A towards the corpus fund. This corpus fund is required for long term unforeseen major repairs purposes and it is agreed that the amount deposited towards corpus fund will be handed over to the Association of owners of KG Chandravista in the building when it is formed, without any interest upon handing over.*" As per the Annexure A (Para 7) in Tamil Nadu Real Estate (Regulation and Development) Rules, 2017 it is stated that "*7. a sum of Rs.[ ]/- (Rupees [ ] only) towards corpus fund, to be utilized for major expenditure in maintenance of the building and other infrastructural facilities and amenities in the Project shall be paid at the time of handing over possession of the SCHEDULE "C" PROPERTY. The Promoter shall transfer this amount after deducting any expenses incurred, for the purpose of maintenance of the buildings; without interest to the agency to be appointed by them or the Association / Society to be formed by the Allottee.*"

26. As per the handing over letter dated 05.01.2021 the maintenance and corpus fund account of KG Chandravista Blocks A & B are handed over to the 2nd Respondent along with the enclosure of detailed statement of accounts and common area maintenance expenses. Therefore, the Complainant as the individual allottee cannot claim the refund of corpus fund from the Respondents. If any discrepancies in the statement of accounts relating to the corpus fund produced by the 1st Respondent, it is for the 2nd Respondent to raise the issue. Thus, answer to point (ii) is answered accordingly.

Answer to point No.(iii):

27. The Complainant has claimed to furnish the documentary evidence regarding the collection and utilization of corpus fund, maintenance from the Respondents. The Authority is of the view that, as per Rule 10 of Tamil Nadu Real Estate (Regulation and Development) Rules, 2017, the Association of Allottees shall be formed, registered and governed by the provisions contained in the Tamil Nadu Apartment Ownership Act, 1994 (Tamil Nadu Act 7 of 1995), and the applicable rules for the time being in force. The Association shall take over the maintenance of the project including the common areas and amenities provided in the project within 3 months from the date of intimation by the promoter upon completion of the project.

28. In the present case, the Association has been duly formed and registered vide Reg.No.194 of 2020 as "KG CHANDRAVISTA OWNERS RESIDENTS ASSOCIATION – SEMMANCHERRY". The 1st Respondent has stated that the construction was completed and the handing over of the maintenance and administration was handed over along with a detailed financial reconciliation to the duly formed association on 05.01.2021.

29. Therefore, the corpus fund and the accounts have been handed over to the Association and the maintenance of the apartment is carried on by the Association. Since the Complainant is an allottee and logically happens to be a member of the 2nd Respondent, the Complainant is entitled to access the accounts of the 2nd Respondent. The Complainant is at liberty to address their grievance before the appropriate forum. Thus, answer to point (iii) is answered accordingly.

As a result,

30. The 1st Respondent has failed to register the said project before this Authority, the promoter has sold apartments without TNRERA registration which contravenes section 3(1) of the RERA Act and liable for punishment under section 59 of the Act. Hence, this Authority imposes penalty of Rs.10,00,000/- by invoking Sec 59(1) of the RERA Act and directed the 1st Respondent to register the project on or before 21.08.2026.

With the above directions the complaint is disposed of.

Sd/-...07.08.2026	Sd/-...07.08.2026	Sd/-....07.08.2026
MEMBER (R), TNRERA	MEMBER (N), TNRERA	CHAIRPERSON, TNRERA

/TRUE COPY/

7/8/26

ADMINISTRATIVE OFFICER, TNRERA

Copy to:

The Additional Director (R), TNRERA