IN THE KARNATAKA REAL ESTATE APPELLATE TRIBUNAL, BENGALURU

DATED THIS THE 04th DAY OF AUGUST, 2026

PRESENT

HON'BLE Ms. JUSTICE J.M. KHAZI, CHAIRPERSON

AND

HON'BLE SRI SANTHOSH KUMAR SHETTY N. JUDICIAL MEMBER

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APPEAL No. (K-REAT) 72/ 2025

BETWEEN:

M/s. Sobha Ltd.,
A Company incorporated under provisions of the Companies Act, 1956,
Having its registered office at : SOBHA Devarabisanahalli,
Sarjapur – Marathalli outer ring road,
Bengaluru – 560 103.
Reptd.by its Authorised Signatory
Mr. Rajesh Marathe. **APPELLANT**

(Sri. Vikram Huilgal, Senior Counsel for Sri.Vinayaka S. Pandit, Advocate)

AND:

1. The Karnataka Real Estate Regulatory Authority,
1/14, Silver Jubilee Block,

Unity Building Backside,
CSI Compound, 3rd Cross Road,
Mission Road, Bengaluru-560027.
Reptd. by its Secretary,

2. Mrs. Priyanka Prakash, Major,

3. Kumar Mangalam, Major,

4. Kumar Krisha Prakash, Major,

R2 to 4 are R/at
303, New Building,
Maruthi Nilaya Apartment,
4th Main Road,
BEML Layout 6th Stage,
Brookfield,
Bengaluru Urban – 560 066.

5. Mr.Jagadish Nangineni **RESPONDENTS**
(Dismissed)

(By Sri.Rajashekhar K, Advocate for R.1 – RERA,
R.2 to 4 Placed Expate VOC 4.12.2025, R.5-dismissed VOC 13.8.2025)

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This Appeal is filed under Section 44(1) of the Real Estate (Regulation and Development) Act, 2016, praying to set aside the Direction No.(iii) of the impugned order dated 10.06.2025, passed by the 1st Respondent-RERA in Complaint No.00495/2024.

This appeal having been heard and reserved for Judgment, coming up for pronouncement of Judgment, this day, the **Hon'ble Judicial Member** delivered the following:

JUDGMENT

The captioned appeal arise out of the Common Judgment dated 10.06.2025 passed by the Karnataka Real Estate Regulatory Authority (hereinafter referred to as 'the Authority' for short) in Complaint No.00495/2024, whereby the Authority partly allowed the Complaint filed by the Respondents No.2 to 4/Allottees (hereinafter referred to as 'the Allottees' for short) against the Appellant/Promoter (herein after referred to as 'Promoter' for short).

2. The facts gathered from the record broadly revealed that, the allottees had entered into an Agreement to Sell dated 13.01.2023 with the Promoter to purchase an apartment in the project "Sobha Sentosa Phase 1 (Wing 7)" situated at Balagere Village, Varthur Hobli, Bengaluru East Taluk, developed by "Sobha Limited". The said project was duly sanctioned by the Bruhat Bengaluru Mahanagara Palike (BBMP) on 04.03.2022. The grievance of the allottees is that, subsequently, they noticed certain

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defects/deviations in the apartment from the sanctioned plan and accordingly they lodged a complaint before the Authority and sought for the reliefs as stated below:

i) Rectifying deviation of windows;
ii) Construction of permanent concrete home office wall;
iii) Registration of agreement to Sale;
iv)Deliver all amenities and landscaping as illustrated and designed in the marketing videos and brochures
v) Litigation cost;
vi) Penalty to promoter; and
vii) Handover Final payment request letter with Occupancy Certificate.

3. After registration of the complaint and in response to the notice, the authorised signatory of the promoter appeared before the Authority through counsel and filed the Statement of Objections. On hearing both sides, Authority has partly allowed the complaint and passed the following Common Order on 10.06.2025:

"In exercise of the powers conferred under Section 31 of the Real Estate (Regulation and Development) Act, 2016, the complaint bearing No.00495/2024, 00528/2024, 482/2024, 00505/2025, 00515/2024, 00517/2024 and 00452/2024 are hereby partly allowed.

(i) The respondent, M/s.Sobha Ltd., is directed to obtain the Occupancy Certificate for all components

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of the project on or before 30.06.2027, in strict conformity as per the RERA registration.

(ii) The respondent shall file regular quarterly updates on the progress of the project, including construction status; approvals obtained, and anticipated timelines, as required under the Act and applicable rules.

(iii) The respondent is further directed to execute and register the Agreement for Sale with all complainants, within 30 days from the date of this order, if not already done, in accordance with Section 13 of the Act.

(iv) The respondent shall also execute and register the Sale Deeds in favour of the complainants within 45 days of obtaining the Occupancy Certificate, or as per mutually agreed timelines, subject to fulfillment of payment obligations by the allottees in accordance with the agreement terms.

(v) The impleadment of the Managing Director in his personal capacity is not found to be legally sustainable, in the absence of specific allegations of individual misconduct. Accordingly, respondent No.1 is discharged from the proceedings in his personal capacity.

No order as to costs."

4. Being aggrieved by the Direction No.(iii) of the impugned order, the promoter has preferred the present Appeal, interalia, contending that the Agreement to Sell (for short "ATS") was executed in favour of the allottees in the

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year 2023 and that more than 2 years have been elapsed from the date of its execution. Consequently, it is contended that the document became time barred for the registration under Section 23 of the Registration Act, 1908. The promoter further contended that as per Section 13 of RERA Act, 2016, registration of ATS is not made compulsory. The Authority has failed to consider the legal barriers of the Registration Act, 1908 before issuing direction for registration of ATS and exceeded its jurisdiction in contrary to law by compelling to register the ATS, which is barred under the Central enactment.

5. The promoter has further emphasised that the registration of the ATS loses its relevance once the Sale Deed itself is ready for execution and registration, as the ATS merges with the Sale Deed. The Sale Deed to be executed and registered in favour of the allottees are getting ready and in this regard promoter has already sent the emails requesting them to come forward to execute and register the Sale Deed in their favour. But the allottees have refused to execute and register the Sale Deed on the

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ground that, until and unless the ATS is registered as per the directions of the Authority, they are not willing to proceed with the execution and registration of the Sale Deed.

6. It is further contended by the promoter that, with an intention to comply with the order of the Authority, the promoter made its efforts to upload the details in the Kaveri portal for the registration of ATS, but the same is not accepting due to bar under Section 23 of the Registration of Act, 1908. The allottees have given an undertaking letter to the promoter stating that they could not be able to come for registration of ATS and requested for some time with the promoter. Now, after a period of more than 2 years, the allottees raised the demand for registration of ATS, which is time barred and the promoter is unable to comply with the direction No.(iii) of the common order dated 10.06.2025. Accordingly, promoter prayed to allow the Appeal and set aside the direction (iii) in the common order dated 10.06.2025, award costs of the proceedings and grant such other relief as this Tribunal

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deems fit in the facts and circumstances of the present case.

7. Despite service of notices of the appeal, the Allottees remained absent and they were placed exparte. The respondent No.1 RERA appeared through its counsel.

8. Having considered the submissions of the Parties and the material on record, the points that would arise for our consideration are:

1. Whether the Promoter proves that direction No.3 in the common judgment dated 10.06.2025 is against the settled principles of law and is liable to be set aside?

2. What Order?

9. Our findings on the above Points are as under:

Point No.1 - in the **Affirmative**
Point No.2 – As per final order
For the following:

<u>R E A S O N S</u>

10. **<u>Point No.1:-</u>** Before adverting to the controversy involved in the present appeals, it is necessary to

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recapitulate certain undisputed facts. As stated in paragraph No.3 above, the complaint lodged by the Allottees was partly allowed and the promoter was directed to comply with four directions contained in the operative portion of the impugned judgment. It is evident that the promoter has no objection to complying with all the said directions except the direction at Sl.No.(iii), which pertains to the registration of the Agreement to Sell.

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11. The Principal contention advanced by the promoter is that the Agreement of Sale in question was executed in the year 2022-23 and that more than 2 years have been elapsed thereafter. Hence, it is time barred as per Sec.23 of the Registration Act, 1908 and the registration of such an old agreement of sale is not legally permissible, so the Authority could not have directed the promoter to perform the said act. The further contention of the Promoter is that, in the case on hand, the possession was not delivered as on the date of the agreement and therefore, in view of Sec.17(2)(v) of the Registration Act and

Sec.53A of the Transfer of Property Act, the agreement in question is saved from compulsory registration.

12. The other submission advanced by the learned counsel for the Promoter is that Sec.13 of the RERA Act, provides that an Agreement to Sell shall be registered in accordance with the law for the time being in force. Hence, the law governing the registration of an agreement to sell is the Registration Act, 1908 and no other enactment.

13. The other contention urged by the learned counsel for the promoter is that, the demand made by the Allottees for registration of the agreement of sale and the corresponding direction issued by the Authority are beyond the scope of Section 13(1) of the RERA Act. It is contended that the said provision unequivocally casts an obligation upon the Promoter to register an Agreement to Sell only where the Promoter proposes to accept more than 10% of the consideration amount. It is further argued that even this statutory requirement is subject to the law for the time being in force governing such registration. In the present case, all the requisite formalities for the execution of the

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Sale Deed have already been completed and there exists no legal impediment to the execution and registration of the Sale Deed in favour of the Allottees. Therefore, the direction to register the Agreement to Sell has lost its relevance, as the Agreement to Sell merges into the Sale Deed once the latter is ready for execution and registration. On this ground also the direction No.(iii) issued by the Authority, compelling the promoter to register the time barred agreement of sale is contrary to the statutory provisions and is liable to be set aside.

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14. In support of the afore said contention the learned counsel for the Promoter has placed reliance on the decision of Hon'ble High Court of Karnataka in Smt. K.S.Chennamma and Others Vs. Sri.K.S.Maharudrappa[1]. In the said decision, it was held as under:

> "The aforesaid section makes it very clear that no document other than the Will shall be accepted for registration unless presented for the purpose to the proper officer within 4 months from the date of its execution. In other

[1] 2025 Supreme (Kar) 207

> words, the limitation provided under Section 23 of the Registration Act is for 4 months for the purpose of presentation of the instrument from the date of its execution. In the case on hand, the instrument at Ex.D86 is dated 05.09.1982. Though the party may have paid the stamp duty and the penalty as required under the provision of the Stamp Act, that would not confer any right on the party to seek registration of the instrument. "

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15. Keeping in view the contentions advanced by the Promoter, we have carefully considered the principles of law laid down in the decision relied upon by the learned counsel for the Promoter. It is not in dispute that Sec.13(1) of the RERA Act makes it abundantly clear that a Promoter shall not accept a sum exceeding 10% of the cost of apartment, plot or building, as the case may be, as an advance payment or application fee, without first entering into a written Agreement for Sale with such person and registering the said Agreement <u>under any law for the time being inforce.</u>

(Underlined for emphasis)

16. In the connected matters concerning the same Promoter, the foremost contention advanced is that the Allottees had not even paid 10% of the sale consideration. The other contention urged on behalf of the Promoter is that, although they were ready and willing to register the Agreement for Sale, the jurisdictional Sub-Registrar refused to register the same on the ground that it was barred by limitation under Sec.23 of the Registration Act. The further submission on behalf of the Promoter is that, since the Promoter is ready and willing to execute a comprehensive registered Sale Deed incorporating all the terms and covenants proposed to be incorporated in the Agreement for Sale, no useful purpose would be served by directing the Promoter to first execute and register a separate Agreement for Sale.

17. Since this constitutes the crux of the controversy, we consider it appropriate to examine the provisions of Section 23 of the Registration Act, 1908. The said provision is reproduced as under:

> "Section 23 : Time for presenting the documents – subject to the provisions

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contained in Section 24, 25, and 26 no document other than a will shall be accepted for registration unless presented for that purpose to the proper office within four months from the date of its execution. Provided that a copy of decree or order may be presented within four months from the day on which the decree or order was made, or where it is appealable, within four months from the day on which it became final."

18. It is thus clear that, in view of the statutory bar contained in section 23 of the Registration Act, the Promoter cannot compel the Sub-Registrar to register an Agreement to Sell, if it is presented beyond the period prescribed under the said Act. Added to that, it is not the case of the Allottees that possession was delivered to them on the date of execution of the Agreement for Sale. Hence, the provisions of the Transfer of Property Act also do not come in the way of the Promoter in declining to register the agreement.

19. At this juncture, it is relevant to note that an Agreement for Sale is merely an executory contract and by

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itself, does not create any right, title or interest in the immovable property. It is the registered Sale Deed that constitutes the operative instrument for transfer of title. Therefore, when the Promoter is ready and willing to execute a registered sale deed conveying title, insistence upon prior registration of the agreement to sell serves no substantive purpose. This legal position is evident from Section 54 of the Transfer of Property Act and has been authoritatively affirmed by the Apex Court in the case of Suraj Lamp & Industries (P) Ltd. Vs. State of Haryana[2].

20. This being the state of affairs, the law laid down in the case of K.S.Chennamma, relied by the learned counsel for the Promoter squarely applies to the facts of the present case. Although the said decision arose out of a civil dispute, it was categorically held that, in view of the bar contained in Section 23 of the Registration Act, the parties cannot compel the Registering Authority to register a document presented beyond the period prescribed under the Act. Accordingly, we find no merit in the argument

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[2] AIR 2012 SC 206

advanced on behalf of the Allottees. In the factual and legal matrix of the case, the direction issued by the Authority compelling the Promoter to execute and register the Agreement for Sale before the Sub-Registrar is not sustainable under law. Consequently, the said direction is liable to be set aside. With these observations, point No.1 is answered in the Affirmative. We accordingly, proceed to pass the following:

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ORDER

(a) The Appeal is hereby allowed;

(b) Consequently, direction No.(iii) of the Impugned Judgment dated 10.06.2025, passed by the Authority in Complaint No.00495/2024 is hereby set aside.

(c) In view of disposal of the main appeal, pending I.As., if any, shall stand disposed of, as they do not survive for consideration;

(d) Registry is directed to comply with the provisions of Section 44(4) of the Act and to return the records to RERA, if any received.

There shall be no order as to costs.

Sd/-

(JUSTICE Ms. J.M. KHAZI)
HON'BLE CHAIRPERSON

Sd/-

(SRI SANTHOSH KUMAR SHETTY N.)
HON'BLE JUDICIAL MEMBER

GRL/-

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