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

APPEAL No. (K-REAT) 69/ 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. Mr.Mitali Jain, Major,

3. Mr. Siddharth Ranka, Major,

Both are R/at
C-110, SAF TEJAS BLOOMINDALE,
14B Cross Pai Layout, Mahadevapura,
Bengaluru Urban – 16.

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

(Sri.Rajashekhar K, Advocate of R.1 – RERA,
R2 & 3 - Parties – in – person, R.4 dismissed VOC 13.8.2025)

This Appeal is filed under Section 44(1) of the Real Estate (Regulation and Development) Act, 2016, praying to set aside Direction No.(iii) in the impugned common order dated 10.06.2025, passed by the 1st Respondent-RERA in Complaint No.00505/2024.

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.00505/2024, whereby the Authority partly allowed the Complaint filed by the Respondents No.2 & 3/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 04.11.2022 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 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 a memo adopting the Statement of Objections already filed in Complaint No.496/2024, with a request that the same may be treated as the Statement of Objections in the complaint giving rise to the present Appeal. 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 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 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 year 2022 and that more than 3 years have been elapsed from the date of its execution. Consequently, it is contended that the document has became time barred for 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 allottees have paid a sum less than 10% of the cost of an apartment. Therefore, as per the provision of Section 13(1) of the RERA Act, the ATS ought not have executed and registered, but the same was executed in favour of the allottees on 04.11.2022 and as such question of registration of ATS does not arise. The promoter further stated that 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 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 deems fit in the facts and circumstances of the present case.

7. Per contra, the allottees filed a Statement of Objections contending more or less the facts narrated in the complaint. Added to that, allottees contended that there is absolutely no cause of action in favour of the promoter. The promoter is not adhering to the order given by the Authority and is thereby harassing the allottees and delaying the process of natural justice. The promoter is guilty of suppressio veri and suggestio falsi and is trying to arm-twist and tarnish the image and work-life balance of the allottees without adhering to the BBMP Sanction Plan. The allottees further stated in the Statement of Objections that, the promoter has taken more than 10% of the consideration value after signing the ATS without registering it, which is mandatory under Section 13(1) the RERA Act, 2016. The allottees were forced to make payments without registration of ATS with interest and were also forced to take possession before acquiring Fire Clearance for Towers 5, 6 and 7 and before getting the Occupancy Certificate from the BBMP and even before completing the entire phase. The allottees further contended that the Promoter has filed a false, misleading, and bogus appeal based on a fabricated and cooked-up story solely to assail the findings rendered by the Authority regarding violation of Sections 13, 14, 12 and 17 of the RERA Act. There are many serious violations in the construction, which form part of the findings in the Order of the Authority. Allottees further stated that the Order of the Authority directing registration of ATS is fully in line with law and precedents. Denying all other contentions raised by the promoter and reiterating the averments made in each and every paragraphs of the Appeal, the allottees have prayed for dismissal of the Appeal with exemplary costs and for imposition of penalty under Section 60 of the

RERA Act for the deliberate violation of Section 13 of the Act.

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.(iii) 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 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.3, which pertains to the registration of the Agreement to Sell.

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, in the present case, Allottees had not even paid 10% of the cost of the apartment. Hence, 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

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.3 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.

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. ”

15. Per contra, reiterating the contentions urged in the statement of objections, the learned counsel for the Allottees vehemently contended that the promoter had collected a substantial sum, far in excess of 10% of the sale consideration, but failed to execute the registered Agreement of Sale. The High Court of Bombay, in Grand Centrum Realty LLP Vs. The State of Maharashtra and others[2], held that “execution and registration of Agreement for Sale is a mandatory statutory requirement and not a mere formality and that delay in the execution or

[2] 2025 SCC Online Bom.2579

registration does not absolve the builders of its obligation nor extinguish the rights of the Allottees.”

16. It was further argued that the MahaRERA Appellate Tribunal, in Sanjeevani Vyapaar LLP Vs. Snehalata Devram Deokar, placing reliance on the decision of Apex Court in Kusheshwar Prasad Singh Vs. State of Bihar and others[3], has categorically held that registration is a mandatory obligation as per Sec.13 of the RERA Act. Further, placing reliance on several decisions of this Tribunal, it was vehemently argued that compliance with Sec.13 of the RERA Act is mandatory and that no Promoter can accept any deposit or advance exceeding the prescribed limit without first entering into a registered Agreement of Sale. He further argued that the decision relied upon by the learned counsel for the Promoter in Chennamma (supra) is inapplicable to the facts of the present case, as it arise out of a civil dispute and the present proceedings are governed by the provisions of the RERA Act, which is a special enactment. In view of non-

[3] (2007) 11 SCC 447

obstante clause contained in Section 89 of the Act, the principles laid down in the said decision have no application to the case on hand.

17. Keeping in view the rival contentions advanced by the parties, we have carefully considered the principles of law laid down in the series of decisions relied upon by the learned counsel for the Allottees. 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 under any law for the time being inforce.

(Underlined for emphasis)

18. In the present appeal as well as 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. As such, no right accrued in favour of the Allottees to insist upon the execution and registration of the Agreement of Sale. 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.

19. 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 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."

20. 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.

21. At this juncture, it is relevant to note that an Agreement for Sale is merely an executory contract and by 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[4].

22. The averments made in paragraph 6.7 of the Memorandum of Appeal probabilise the fact that the Allottees had paid a sum less than 10% of the cost of the apartment. On that ground as well the request made by the Allottees and the direction issued by the Authority compelling the Promoter to register the Agreement to Sell cannot be sustained, as the same is contrary to the provisions of Section 13 of the RERA Act and the settled principles of law. 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

[4] AIR 2012 SC 206

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 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:

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.00505/2024 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/-