

**APPEAL No.(K-REAT) 30
& 36 of 2026
IN THE KARNATAKA REAL ESTATE APPELLATE
TRIBUNAL, BENGALURU**

DATED THIS THE 24th DAY OF SEPTEMBER, 2026

PRESENT

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

AND

**HON'BLE SRI SANTHOSH KUMAR SHETTY N.
JUDICIAL MEMBER**

APPEAL No. (K-REAT) 30/ 2026

C/W

APPEAL No. (K-REAT) 36 /2026

In APPEAL NO. (K-REAT) 30/2026

BETWEEN:

M/s. Casa Grande Garden City
Builders Pvt. Ltd.,
Salma Bizhouse, No.34/1,
3rd Floor, T-1 & T-2,
Meaneee Avenue Road,
Ulsoor Road, Bengaluru – 42.
Reptd by its Authorised Signatory
Mr. Bhaskar L.

.....APPELLANT

(Smt. Sujatha H.H., Advocate)

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AND:

1. Mr.Virupakshappa Irappa Bagewadi,
S/o. Mr. I.V. Bagewadi,
Aged about 40 years,
R/at Ramky One North Apartment,
B4 Block, Flat No.902,
Opp BMSIT College,
Doddaballapur Road, Avalahalli,
Bengaluru - 560 064.
2. Karnataka Real Estate
Regulatory Authority,
1/14, Ground Floor,
Silver Jubilee Block,
Unity Building,
CSI Compound, 3rd Cross,
Mission Road, Bengaluru-560027.
Reptd. by its Secretary.

RESPONDENTS

(R.1 by his GPA Holder Sri.Shashidhar Irappa Bagewadi
and Sri.I.S. Devaiah, Advocate for R.2 – RERA)

In APPEAL NO. (K-REAT) 36/2026

BETWEEN:

Mr.Virupakshappa Irappa Bagewadi,
S/o. Mr. I.V. Bagewadi,
Aged about 39 years,
Reptd.by GPA Holder
Sri.Shashidhar Irappa Bagewadi,
R/at C6-204,Ramky One North Apartment,
Opp BMSIT College, Avalahalli,
Bengaluru - 560 064

....APPELLANT

**APPEAL No.(K-REAT) 30
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(By his GPA Holder Sri.Shashidhar Irappa Bagewadi)

AND:

1. The Karnataka Real Estate
Regulatory Authority,
2nd Floor, Silver Jubilee Block,
Unity Building, CSI Compound,
3rd Cross Road, Mission Road,
Bengaluru-560027.
Reptd. by its Secretary,
2. M/s. Casa Grande Garden City
Builders Pvt. Ltd.,
Reptd by its Managing Director,
Salma Bizhouse, No.34/1,
3rd Floor, T-1 & T-2,
Meaneeee Avenue Road,
Ulsoor Road, Bengaluru – 42..... **RESPONDENTS**

(Sri.I.S.Devaiah, Advocate of R.1 – RERA, Smt. Sujatha
H.H., Advocate for R.2)

Both these appeals are filed under Section 44(1) of the RERA Act, 2016. The appellant in both the Appeals have sought to set aside the impugned order dated 10.11.2025 passed by the Authority in partly allowing the Complaint No.CMP/221107/10222 filed by the Appellant in Appeal No.36/2026.

These appeals having been heard and reserved for Judgment, coming up for pronouncement of Judgment,

this day, the **Hon'ble Judicial Member** delivered the following:

COMMON JUDGMENT

The captioned appeals arise out of the Judgment dated 10.11.2025 passed by the Karnataka Real Estate Regulatory Authority (hereinafter referred to as 'the Authority') in Complaint No.CMP/221107/10222, whereby the Authority partly allowed the Complaint filed by Respondent No.1 in Appeal No.30/2026 (hereinafter referred to as 'the Allottee') against the Appellant therein (herein after referred to as 'Promoter').

2. Since both the appeals arise out of the same order and involve common question of fact and law, they were clubbed together, heard analogously and are being disposed of by this common Judgment.

3. The case of the Allottee is that, he booked flat No.C305 in Third Floor of the project titled 'CASA GRANDE LORENZA', developed by the Promoter for total sale

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consideration of Rs.67,20,532/- and entered into an Agreement for Sale dated 07.05.2019 and paid advance amount of Rs.7,56,000/-. As per the Agreement for Sale, Promoter agreed to deliver possession of the flat on 15.10.2020 with force majeure clause. The Allottee had paid in all a sum of Rs.71,52,237/-. Since there was a delay in completion of the project, the Allottee filed a complaint before the Authority seeking compensation for the delay period, as set out in his memo of calculation upto the date of handover of the unit.

4. In response to the notice, the Promoter appeared before the Authority through its counsel and filed a statement of objections, contending that in clause No.7 of the Agreement for Sale contained a force majeure clause and both the parties had agreed to extend the time for delivery of possession of the apartment. On 03.03.2020, the promoter sent a payment remainder to the Allottee, calling upon him to pay the balance amount of Rs.4,97,164/-. In response the Allottee requested that he be permitted to visit the apartment before making the

payment. The promoter contended that, owing to the COVID-19 pandemic, visitation to the project was not permitted and the allottee was not ready to make the balance payment. It was further contended that, during the pandemic, the promoter faced considerable difficulties in arranging the men and material required for completion of the project. Taking benefit of the nine-month extension granted suo motu by the RERA Authority, the promoter completed the project, applied to the BBMP for issuance of the occupancy certificate on 27-07-2021 and procured the same on 28-01-2022. It was further contended that, on 17-03-2022, the promoter sent an email to the allottee requesting him to visit the project on 27-03-2022 for rechecking the points raised by him in his email dated 18-03-2022 and sought confirmation that the construction was in accordance with the BBMP by-laws and the National Building Code. On 04-04-2022, a meeting was conducted with the allottee, wherein he expressed dissatisfaction with the final finishing of the unit and requested a buyback option. The promoter further contended that, despite being

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given sufficient time, the allottee had neither made any payment since 2020 nor come forward to execute the sale deed, even after the offer of possession and had also failed to accept the buyback offer. Consequently, the promoter issued a termination notice dated 18-06-2022, invoking Clause 9.3 of the Agreement for Sale and calling upon the allottee to furnish his bank details. Aggrieved by the termination, the allottee's brother, acting as his GPA holder, filed a complaint before the BBMP, which resulted in cancellation of the occupancy certificate on 01-07-2023. Challenging the said cancellation, the promoter preferred W.P. No. 14135 of 2023 against the BBMP. It was further contended that, upon revival of the occupancy certificate, the promoter intimated the allottee to take possession of the unit. According to the promoter, sufficient opportunity had been given to the allottee to explore all available options, but he had failed to fulfil his obligations. Hence, the promoter prayed for dismissal of the complaint.

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5. After hearing both sides, the Authority partly allowed the Complaint. The operative portion of the impugned order reads as under:

“(2). The Respondent is directed to pay interest on delay period to the Complainant on the amount paid by the Complainant till the possession date agreed in the agreement of sale at the rate of SBI MCLR plus 2 from 15.10.2020 till the date of obtaining the Occupancy Certificate i.e., 28.01.2022 within 60 days from the date of the Order.

(3) Respondent is also directed to handover the possession of the apartment by executing the registered sale deed in favour of the complainant within 60 days from the date of the order with all amenities as per agreement of sale by receiving the balance sale consideration and interest on delayed payments, if any, payable by the Complainant.

(4) The complainant is at liberty to initiate action for recovery in accordance with law if the respondent fails to comply as per the orders of the Authority.”

6. Being aggrieved by the impugned order, both the promoter and the allottee have preferred separate appeals. In the memorandum of appeal in Appeal No. 30/2026 and in the statement of objections filed to Appeal No. 36/2026, the promoter has contended that the Authority committed a serious error in holding that the promoter was liable to

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pay interest for the delay period. It is contended that, under Section 11(5) of the RERA Act, the promoter has the right to cancel the allotment in accordance with the terms of the Agreement for Sale. Though the contractual terms of the Agreement for Sale are binding on the parties, the Authority failed to recognise the same and passed the impugned order. It was further contended that, on 23-08-2025, the High Court of Karnataka allowed W.P. No. 14135/2023 (LB-BMP), thereby setting aside the cancellation order dated 01-07-2023 passed by the BBMP. Subsequent to the production of the order passed in the writ petition, the Authority proceeded to pass the impugned order. The promoter further contended that the project had been completed in all respects and that the units had been successfully handed over to the respective allottees without any allegations. According to the promoter, the allottee had intentionally delayed payment of the balance amount and taking possession of the unit and had made unnecessary allegations against the promoter. It was also contended that the Authority failed to consider the various additional

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parameters and the citations relied upon by the promoter while adjudicating the complaint. Hence, the promoter contended that the impugned order dated 10-11-2025 was manifestly arbitrary, erroneous, and contrary to law and the facts of the case. Accordingly, the promoter sought to set aside the impugned order and to permit termination of the booking/Agreement for Sale pertaining to the allottee's unit by allowing Appeal No. 30/2026.

7. The promoter, in its statement of objections to Appeal No. 36/2026, has submitted that the allottee has failed to establish any illegality, perversity or jurisdictional error in the impugned order warranting interference by this Tribunal. It has further contended that this Tribunal lacks jurisdiction to adjudicate upon the additional reliefs sought by the allottee in the appeal, including compensation for hardship, mental agony and other related claims, which were not sought before the Authority. The promoter has also submitted that the documents produced and relied upon by the allottee are irrelevant to the challenge against

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the impugned order, as this Tribunal lacks jurisdiction to examine the validity of the occupancy certificate or other statutory approvals issued by the competent authorities. On these grounds, the promoter has prayed for dismissal of Appeal No. 36/2026.

8. In the memorandum of appeal in Appeal No. 36/2026, the allottee has sought to set aside / modify the impugned order on the ground that the same is illegal, arbitrary and unsustainable in law and on facts. It is contended that the Authority erred in equating the issuance of the occupancy certificate dated 28-01-2022 with lawful possession, without recording any finding as to whether the project and the subject apartment were statutorily compliant, habitable and fit for lawful occupation. The allottee further contended that the Authority committed a jurisdictional error in treating the order dated 23-08-2025 passed by the High Court of Karnataka in W.P. No. 14135/2023 as conclusive, despite liberty having been reserved to him to pursue his grievance before the appropriate forum. It was also contended that

the Authority failed to consider material evidence, including the promoter's admissions, rectification photographs and documents produced on 02-04-2024, which, according to the allottee, were relevant to determining whether lawful possession had actually been offered. The allottee further contended that the Authority failed to consider the relevant statutory records and enforcement proceedings and erroneously conflated Sections 14(3) and 18 of the RERA Act, thereby restricting his entitlement to delay compensation and interest only up to the date of the occupancy certificate. It was urged that the finding regarding the balance payment was contrary to the record, as payments had been made in accordance with the stage-wise demand notes and that the direction to execute the sale deed and hand over possession was premature, as execution of the sale deed could not cure the absence of lawful possession or pending statutory compliance. On these and other grounds, the allottee contended that the impugned order suffered from non-

application of mind and failure to adjudicate the determinative issue of lawful possession.

9. The allottee accordingly prayed for setting aside the order dated 10-11-2025 and for a declaration that he is entitled to delay compensation and interest under Section 18(1) of the RERA Act from the committed date of possession until lawful possession is actually handed over, with a direction to the promoter to pay the accrued compensation and continue to pay the same until such lawful possession is delivered. He further sought a declaration that the order dated 23-08-2025 passed by the High Court did not adjudicate upon the merits of statutory compliance and could not be treated as conclusive proof of lawful possession and that he could not be compelled to execute the sale deed or accept possession until all rectifications and statutory compliances were completed and a valid occupancy certificate was in force. He also sought compensation for the mental agony, hardship and prolonged deprivation caused by the promoter's failure to

deliver lawful possession within the stipulated period and prayed for allowing the appeal.

10. In his Statement of objections, the allottee contended that the promoter had selectively relied upon the Agreement for Sale while omitting his reciprocal contractual obligations and that the records established the allottee's bonafide and consistent participation in the transaction. Despite cumulative demands of ₹71,50,645, the allottee had paid ₹71,52,327 and the promoter had accepted the payments, issued receipts and continued to demand further instalments without ever treating him as a defaulter. The allottee further contended that the project remained incomplete even after successive extensions and that his requests for inspection, rectification of deficiencies, and discussions were legitimate contractual safeguards and not attempts to delay the transaction. The promoter's subsequent negotiations for buyback, followed by the purported termination, demonstrated that the disputes remained unresolved; the termination was immediately

disputed by email dated 21-06-2022 and was never accepted or acquiesced in by the allottee. It is further contended that, in so far as the partial relief granted in favour of the Allottee is concerned, the impugned order was passed after due and proper consideration of the pleadings, evidence and rival submissions. Accordingly, the allottee prayed for dismissal of Appeal No. 30 of 2026.

11. Heard the arguments of learned counsel for the Promoter and the GPA holder of the Allottee. Arguments on behalf of the Authority were taken as heard. Perused the documents placed before us and the Trial Court Records.

12. Now the points that would arise for our consideration are:

1. Whether the Promoter proves that the order of the Authority, in so far as it partly allowed the complaint, is liable to be set aside and that the termination effected by the Promoter is liable to be upheld?
2. Whether the Allottee proves that the Authority, having misunderstood the findings recorded in the writ petition, granted only

partial relief in his favour and that he is entitled to the reliefs as prayed for?

3. What order?

13. Our findings on the above points are as under:

Point No.1 : In the Negative

Point No.2 : Partly in the Affirmative

Point No.3 : As per final order, for the following:

REASONS

14. Points No.1 & 2:- Before advertng to the materials of challenge, it is necessary to notice certain undisputed facts which, in our considered opinion, have a material bearing upon the maintainability of these two appeals and the exercise of the appellate jurisdiction of this Tribunal. In terms of the Agreement for Sale dated 07.05.2019, the promoter had promised to hand over the unit in favour of the allottee on 15.10.2020, unless there was any delay or failure occasioned by war, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature affecting the regular development of the real estate project, constituting a force majeure event. It is not in

dispute that, before the aforesaid cut-off date, the whole world was affected by the COVID-19 pandemic and consequently, the Authority was constrained to issue a General Circular extending the completion period by a further period of nine months. Thus, though the contractual date for delivery of the unit was 15.10.2020, the promoter was entitled to avail the benefit of the said nine-month extension granted by the Authority on account of the COVID-19 pandemic. However, in the case on hand, after availing the benefit of the suo motu extension of nine months granted by the Authority, the promoter approached the Authority seeking a further extension of one year.

15. It is needless to mention that, in exercise of the power conferred under Section 6 of the RERA Act, the Authority has the power to extend the period for completion of the project, subject to the statutory limitation that such extension, in the aggregate, shall not exceed a period of one year. On perusal of the order produced by the promoter at Annexure-11, which is

available at page 301 of the trial Court record, it is evident that the Authority had extended the time for completion of the project up to 15.07.2022 and while granting such extension, further directed the promoter to ensure that the occupancy certificate was obtained and that the sale deeds were registered in favour of the allottees, free from any mortgage or encumbrance. Thus, on a plain reading of the said order, it is clear that the time granted for completion of the project stood extended up to 15.07.2022.

16. The promoter's grievance, in substance, is that the Authority, while passing the impugned order, failed to take into consideration the suo motu extension granted by the Authority by its order dated 20.12.2021 and instead, proceeded to compute the interest towards the period of delay with reference to the date stipulated in the Agreement for Sale. It is therefore contended that, to that extent, the impugned order is unsustainable. The further submission advanced on behalf of the promoter is that, despite repeated requests and reminders, the allottee failed

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to pay the balance sale consideration of ₹4,97,164/- and consequently, the promoter was constrained to cancel the allotment. It is contended that, thereafter, the allottee was called upon to furnish his bank account details to enable the promoter to refund the earnest money paid by him.

17. The principal contention raised by the promoter is that, though it had obtained the occupancy certificate from the BBMP on 28.01.2022, the brother of the allottee subsequently made certain allegations against the promoter before the BBMP, pursuant to which the said authority, without affording an opportunity of hearing to the promoter, proceeded to cancel the occupancy certificate. It is contended that, having been left with no other efficacious remedy, the promoter preferred Writ Petition No.14135/2023 before the Hon'ble High Court of Karnataka and obtained an interim order of stay in its favour. Upon hearing both parties, the said writ petition came to be allowed on 23.08.2025, whereby the Hon'ble High Court set aside the order dated 01.07.2023 passed by

the BBMP. According to the promoter, the effect of the said judgment is that the occupancy certificate dated 28.01.2022 stands restored and remains valid from the date of its inception. On this premise, it is contended that the allottee cannot claim any relief on the ground of absence or cancellation of the occupancy certificate and that the termination of the allotment made by the promoter is liable to be upheld.

18. Refuting each and every contention advanced by the learned counsel for the promoter, the General Power of Attorney holder of the allottee, in substance, reiterated that the Authority committed a jurisdictional error in treating the order dated 23.08.2025 passed by the High Court of Karnataka in W.P. No.14135/2023 as conclusive, notwithstanding the fact that liberty had been reserved to the allottee to pursue his grievance before the appropriate forum. It was therefore contended, inter alia, that the interest towards the period of delay granted by the Authority only up to the date of the occupancy certificate,

i.e., 28.01.2022, is erroneous. According to the allottee, since the promoter had neither provided the unit with all the required amenities nor rectified the deviations attributable to it, the liability to pay delay-period interest ought to continue until the unit was duly completed and made available with all the requisite amenities and facilities. In addition, reliance was placed upon the criminal case registered against the promoter and the proceedings initiated by the Pollution Control Board. It was further contended that the promoter had failed to obtain the requisite clearances and approvals from the competent authorities, particularly in relation to environmental clearance and fire safety. On this premise, it was urged that the allottee was entitled to claim delay-period interest until the promoter obtained all such requisite clearances and approvals from the competent authorities.

19. In the light of the contentions and rival contentions of the parties, we deem it appropriate to first consider the foremost contention raised by the promoter,

namely, that the allottee had committed default in payment of the balance sale consideration of ₹4,97,164/-, which compelled the promoter to cancel the allotment. It is contended that, despite repeated demands and reminders, the allottee failed to discharge the said outstanding liability and therefore, the cancellation of the allotment was justified on account of the allottee's default and laches. On this premise, the promoter seeks to sustain the termination of the allotment and contends that the impugned order, insofar as it grants relief in favour of the allottee, is liable to be set aside.

20. In respect of Unit No. C-305, the total sale consideration is set out in page No. 4 of the Agreement for Sale dated 07.05.2019. A perusal thereof makes it clear that the total price of the apartment, calculated on the basis of the carpet area, was ₹67,20,532/-. As on the date of booking, the allottee had paid a sum of ₹7,56,000/-, leaving a balance construction cost of ₹59,64,532/-, apart from the corpus fund of ₹50,000/-. However, the vehement

contention of the allottee is that, whenever demands were raised by the promoter, he duly paid each and every instalment within ten days from the date of such demand. According to the allottee, he had, in all, paid a sum of ₹71,52,237/-, which was slightly in excess of the amount demanded by the promoter. In support of this contention, the allottee has produced a chart setting out the details of the demands raised and the corresponding payments made, which is available between pages 107 and 108 of the trial Court record. It is pertinent to note that the payments reflected therein are supported by the voluminous receipts produced at pages 108 to 116. Since the said receipts were issued by the Authorised Signatory of the promoter, it can prima facie be concluded that, up to 20.04.2021, the allottee had paid, in all, a sum of ₹71,52,237/-. However, in order to arrive at a proper conclusion on the issue, we deem it appropriate to place reliance upon the email dated 02.02.2021 produced by the promoter along with the Memorandum of Appeal, which is available at page 173 of the record. The said email was addressed by the GPA

holder of the allottee to the Authorised Signatory of the promoter and the substance of the said communication is as follows:

“We two brothers booked two flats C305 and C306 in Lorenza project.

We have made all the payments without single question asked.

For C305 – nil balance

For C306 – we have cleared all the dues till fourth floor stage including TDS. Even for brick and plastering stage also I had made payment, but Rs.4,97,164/- payment was returned back to our account for which reason still not furnished by CRM team.”

(Underlined for emphasis)

21. It is pertinent to note that the contents of the aforesaid email were never disputed or questioned by the promoter. Added to this, the said email correspondence having itself been produced by the promoter, there is no reason to doubt the genuineness or correctness of its contents. The contention of the allottee is further supported by the voluminous receipts issued by the

promoter, which, read along with the contents of the email produced by the promoter itself, make it manifestly clear that the allottee had been punctual in making the periodical payments whenever demands were raised by the promoter. In such circumstances, the contention of the promoter that a sum of ₹4,97,164/- remained due and payable by the allottee and that, despite repeated requests and demands, the allottee failed or refused to pay the said amount, does not merit acceptance. In view of the aforesaid factual position, the bald assertion of the promoter that the allottee had failed to make the balance payment and that such alleged default compelled the promoter to cancel the allotment cannot be sustained. Consequently, the unilateral cancellation of the allotment by the promoter is contrary to the terms agreed between the parties and cannot be upheld. For the aforesaid reasons, we find no merit in the appeal preferred by the promoter.

22. As stated supra, in his appeal, the foremost contention raised by the allottee is that, notwithstanding

the expiry of the stipulated date of delivery, the promoter has, till date, failed to complete the construction of the unit in all respects, including the provision of all the requisite amenities and compliance with the applicable statutory requirements. It is therefore contended that, from 15.10.2020, being the date stipulated for delivery under the Agreement for Sale, until the date on which the unit is duly completed and made available to the allottee with all the required amenities and statutory compliances, the promoter is liable to pay interest for the period of delay on the amounts paid by the allottee.

23. Section 19(10) of the RERA Act makes it clear that every allottee is required to take physical possession of the apartment, plot or building, as the case may be, within a period of two months from the date of issue of the occupancy certificate for the said apartment, plot or building. Thus, the occupancy certificate assumes considerable significance in determining the stage at which the promoter can be said to have completed the project and made the premises fit for lawful occupation and

consequently has a material bearing upon the computation of the period for which delay-period interest may be claimed by the allottee. The expression “occupancy certificate” is defined under Section 2(zf) of the Act to mean the occupancy certificate or such other certificate, by whatever name called, issued by the competent authority permitting occupation of any building, as provided under local laws, which has provision for civic infrastructure such as water, sanitation and electricity. Therefore, the issuance of an occupancy certificate by the competent authority is not a mere procedural formality; rather, it is a statutory recognition that the building is permitted to be occupied in accordance with the applicable local laws and has the requisite civic infrastructure. Consequently, while determining the period of delay and the consequential liability of the promoter, the date and legal effect of the occupancy certificate issued by the competent authority assume significance. This version also leaves room to distinguish between lawful occupation pursuant to the OC

and cases where, despite an OC, the promoter has not fulfilled other contractual or statutory obligations.

24. In the instant case, the then BBMP, now the Greater Bengaluru Authority, is the competent authority empowered under the applicable local laws to certify completion of the project and to issue the occupancy certificate permitting lawful occupation of the building. In view of the statutory scheme, the issuance of the occupancy certificate by the competent authority assumes considerable significance for determining the stage at which the building was completed and became fit for occupation. Consequently, the pendency of disputes or proceedings initiated by the allottee before other forums, by itself, cannot extend the period of delay or furnish a basis for computation of delay-period interest beyond the date on which the competent authority issued the occupancy certificate. Unless the allottee establishes that any such proceedings or deficiencies relate to matters having a direct and legally sustainable bearing upon the promoter's

obligation to complete and hand over the unit in accordance with the Agreement for Sale and the requirements of the RERA Act, such extraneous proceedings cannot be taken into consideration for the purpose of enlarging the period of delay and the consequential liability towards interest. This formulation is stronger judicially because it focuses on the statutory significance of the OC while preserving room for a genuinely established defect or contractual/statutory non-compliance that may independently affect lawful handover.

25. As narrated in the preceding paragraphs, the principal contention advanced by the promoter is that, owing to the alleged animosity of the brother of the allottee towards the promoter, a false and untenable complaint was lodged before the BBMP, pursuant to which the BBMP proceeded to cancel the occupancy certificate without properly ascertaining the factual position and without affording the promoter a reasonable opportunity of being heard. It is further contended that the promoter questioned

the said action before the Hon'ble High Court of Karnataka and that the writ petition came to be allowed, whereby the order dated 01.07.2023 passed by the BBMP cancelling the occupancy certificate was set aside. Consequently, according to the promoter, the occupancy certificate originally issued by the BBMP on 28.01.2022 stood restored and continued to remain valid from the date of its original issuance. Thus, the promoter contends that, in law, the occupancy certificate is required to be treated as having remained operative with effect from 28.01.2022, notwithstanding its subsequent cancellation by the BBMP, which cancellation has since been set aside by the High Court.

26. However, it is the contention of the allottee that there is no observation in the said writ petition to the effect that the Occupancy Certificate is valid from the date of its issuance. It is further contended that the Hon'ble High Court had granted liberty to the allottee to agitate his grievance before the appropriate forum, including in the complaint which was pending before the Authority as on

that date. According to the allottee, the Authority, without properly appreciating the findings and directions contained in the said writ petition, misconstrued the order as having allowed the writ petition and on that basis, proceeded to hold that the Occupancy Certificate had acquired validity from the date of its inception.

27. In view of the aforesaid contention, we deem it appropriate to examine the actual observations and directions contained in the order passed by the Hon'ble High Court of Karnataka on 23.08.2025 in W.P. No.14135 of 2023. A copy of the said order has been produced at page No.213 of the Memorandum of Appeal. The relevant portion of the order is extracted hereunder:

“The petitioner has put up a multistoried apartment complex in the name and style of Casa Grand Lorenza Apartments. Respondent no.3 is one of the purchasers of an apartment. On the ground that the apartment complex has been constructed in violation of the building bye-laws, he has made a complaint to respondents-BBMP. Upon his complaint, action was initiated and the

occupancy certificate granted in favour of petitioner was cancelled. Aggrieved by the same, the present writ petition is filed.

2. Learned counsel for the petitioner submits that by inadvertence, there were certain violations in the complex put up and after receipt of the notice from respondents-BBMP (Bruhat Bengaluru Mahanagaa Palike), the same have been corrected. However, without verifying the same, the impugned order of cancellation of occupancy certificate (vide Annexure-A to the writ petition) has been passed by respondent no.2.

3. The respondents-BBMP has filed an affidavit dated 05.08.2025, wherein it has been stated presently there is no deviation by the petitioner.

4. Learned counsel for respondent nos.1 and 2 submits that they have no objection in allowing the writ petition. However, respondent no.3 disputes the submission of the counsel for BBMP and submits still there are deviations and also submits that there are cases pending before Lokayukta and RERA.

5. *If there is any deviation or not, it is for the BBMP to inspect and make a submission in that regard. Respondents - BBMP have specifically stated that there are no deviations presently and the counsel has categorically submitted that writ petition may be allowed. Under the circumstances, writ petition will have to be allowed.*

6. *With regard to the dispute raised by respondent no.3, it is always open for him to agitate the same before the appropriate forum.* This Court in exercise of its powers under Article 226 of Constitution of India cannot appreciate disputed question of facts which require adducing of evidence.

7. *For the aforementioned reasons, reserving liberty to respondent no.3 to agitate his grievance before the appropriate forum, the writ petition is hereby disposed of by setting aside the impugned order dated 01.07.2023 passed by respondent no.2 (vide Annexure-A to the writ petition)."*

(Underlined by us for emphasis)

28. On perusal of the averments contained in paragraph No.2 of the order passed in the writ petition, it is

evident that the promoter had admitted that, when the officials of the BBMP inspected the project, certain violations were noticed in the complex and that, upon receipt of the notice issued by the BBMP, the said violations were rectified. It is not in dispute that the proceedings before the BBMP were initiated only after issuance of the Occupancy Certificate dated 28.01.2022. Thus, the admission of the promoter itself establishes that, subsequent to the issuance of the Occupancy Certificate, certain violations or deviations were noticed in the project, which necessitated further action by the BBMP. Otherwise, there would have been no occasion for the BBMP to initiate proceedings and cancel the Occupancy Certificate which had earlier been issued.

29. Further, as recorded in paragraph No.3 of the order in the writ petition, the Authorised Signatory of the BBMP filed an affidavit dated 05.08.2025, clearly stating that, as on that date, there was no deviation in the project. The necessary implication of the said statement is that the

deviations or violations which had been noticed earlier had been rectified by that time. However, neither the order passed in the writ petition nor the material placed before us discloses the precise date on which such violations or deviations were rectified. In the absence of any material establishing that the violations had been rectified prior to 05.08.2025, we find no justification to presume that the Occupancy Certificate had become operative or valid prior to that date merely because it had originally been issued on 28.01.2022.

30. Therefore, having regard to the admitted position regarding the subsequent violations, the proceedings initiated by the BBMP and the specific stand taken in its affidavit dated 05.08.2025 that there were no deviations as on that date, the benefit of the Occupancy Certificate, for the purpose of determining lawful and compliant possession, can be recognised only from 05.08.2025 and not retrospectively from 28.01.2022. The contention of the promoter that the Occupancy Certificate acquired validity

from the date of its original issuance, therefore, cannot be accepted on the basis of the material available on record.

31. It is also pertinent to note that, even assuming that the contents of the affidavit dated 05.08.2025 were incorrect or that the violations had in fact been rectified on an earlier date or that the violations were still continuing, it was open to either party to challenge or place material before the competent forum to establish the correct date of rectification. No such material or challenge has been brought to our notice. Consequently, in the absence of evidence establishing an earlier date of rectification, the date 05.08.2025, being the date on which the BBMP itself unequivocally certified the absence of deviation, assumes significance for determining the date from which the Occupancy Certificate could be relied upon as evidencing compliant completion of the project.

32. As discussed hereinabove, the work relating to the project undertaken by the promoter was affected by the COVID-19 pandemic. Taking the said circumstances into

consideration, the Authority granted a suo motu extension of nine months and thereafter, on the request of the promoter, granted a further extension of twelve months. On perusal of the respective extension orders, it is evident that the period for completion of the project as well as the date for delivery of possession stood correspondingly extended. Therefore, the date stipulated for delivery of possession cannot be reckoned as 28.01.2022, as held by the Authority in the impugned order. Having regard to the extensions granted by the Authority, the contractual/statutory date for delivery of possession stood extended up to 15.07.2022.

33. Consequently, the allottee would be entitled to interest for the period of delay commencing from 16.07.2022. In view of the finding recorded hereinabove that the Occupancy Certificate could not be relied upon as evidencing compliant completion of the project prior to 05.08.2025, the allottee is entitled to delay-period interest on the amount paid by him, calculated in accordance with

Rule 16 of the Karnataka RERA Rules, from 16.07.2022 up to 05.08.2025.

34. The other point for consideration is with regard to the nature of the relief sought by the allottee. The complaint was instituted by the allottee seeking compensation/interest for the period of delay in handing over possession and throughout the proceedings before the Authority, he confined his claim to the said relief. No separate or independent relief of the nature now sought by way of the Memorandum of Appeal was claimed before the Authority. In the absence of the necessary pleadings and foundation before the Authority, the ancillary relief sought for the first time in the appeal cannot be entertained, particularly when such relief would require consideration of factual matters which were neither pleaded nor adjudicated upon by the Authority. Accordingly, the said ancillary relief has no foundation in the proceedings and is not sustainable in law.

35. In view of the foregoing discussion and for the reasons recorded hereinabove, we find no ground warranting interference with the impugned order at the instance of the promoter. Consequently, the appeal preferred by the promoter is liable to be dismissed. On the other hand, the appeal preferred by the allottee deserves to be allowed in part to the extent indicated hereinabove. Accordingly, the allottee is entitled to delay-period interest from 16.07.2022 till 05.08.2025 at the rate of SBI MCLR plus 2% per annum on the amount of ₹71,52,237/- paid by him. With these observations, Point No.1 is answered in the negative and Point No.2 is answered partly in the affirmative. In the result, we proceed to pass the following:

ORDER

- (a) Appeal No.30/2026 preferred by the promoter is hereby dismissed;
- (b) Appeal No.36/2026 preferred by the allottee is partly allowed;
- (c) Consequently, Clause No. 2 of the impugned judgment dated 10-11-2025,

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passed by the Authority in Complaint No.221107/10222, is hereby modified;

- (d) The promoter is directed to pay interest for the delayed period to the allottee on the sum of ₹71,52,237/-, being the total amount paid by him, at the rate of SBI MCLR plus 2% per annum, from 16-07-2022 to 05-08-2025, within 30 days from the date of this order;
- (e) In default of payment within the stipulated period, the aforesaid principal amount shall carry further interest at the same rate from the date of this order until realization;
- (f) The promoter is directed to hand over possession of the apartment to the allottee by executing a Registered Sale Deed in his favour within 30 days from the date of this order;
- (g) In view of disposal of the main appeals, pending I.As., if any, shall stand disposed of, as they do not survive for consideration;

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- (h) Registry is directed to comply with the provisions of Section 44(4) of the Act and to return the records to RERA;
- (i) The Registry is directed to keep the original of this Judgment in Appeal No.30/2026 and copy thereof in appeal No.36/2026.

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