IN THE KARNATAKA REAL ESTATE APPELLATE TRIBUNAL, BENGALURU

DATED THIS THE 12TH DAY OF NOVEMBER, 2026

PRESENT

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

AND

HON'BLE SRI SANTHOSH KUMAR SHETTY N.
JUDICIAL MEMBER

APPEAL No. (K-REAT) 29/ 2026

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BETWEEN:

M/s. Space Properties,
A registered partnership firm
Having its office at No.2/1 and 3/1,
'Sri Srinivasa Ananda Nilaya,
NKM Signature, 5th Floor,
V.S.Reddy Colony,
A.B. Vajapayee Road,
Kadugodi, Bengaluru – 560 067.
Retpd. by its Managing Partner
Sri. Munesh N.K. **APPELLANT**

(Dhirendra N. Katti, Advocate)

AND:

1. Mrs. Supriya Sinha,
   W/o. Mr. Piyush Sahay,
   Aged about 38 years,

No.J-401, Bollineni Silas,
Belathur Main Road,
Bengaluru Urban.

2. Karnataka Real EstateRegulatory Authority,
No.1/14, 2nd Floor, Silver Jubilee Block,
Unity Building Backside, CSI Compound,
3rd Cross, Mission Road,
Bengaluru-560027.
Reptd. by the Secretary .....**RESPONDENTS**

(Sri. Muralimohan, Advocate for R1., Sri. Rajashekhar K., Advocate for R.2 – RERA)

This Appeal is filed under Section 44(1) of the Real Estate (Regulation and Development) Act, 2016, praying to set aside the impugned order dated 09.12.2025, passed by the 2nd Respondent-RERA in Complaint No.01365/2024.

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

JUDGMENT

The facts leading to the filing of this appeal, in brief, are that, the Respondent No.1, hereinafter referred to as the 'allottee' for the sake of convenience, had booked a flat bearing No.68 in the residential project known as 'Soahan Serenity', developed by the appellant-promoter, on 30.03.2024, for a total sale consideration of

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Rs.92,31,172/-. At the time of booking, the allottee paid an advance sale consideration of Rs.20,00,000/- to Mr. Deepak Kumar S., the Customer Relationship Manager (CRM) of the promoter and agreed to pay the balance sale consideration at the time of registration of the sale deed. It is the specific case of the allottee that, subsequently, the promoter acknowledged receipt of only Rs.13,00,000/- and contended that the remaining sum of Rs.7,00,000/- had been wrongfully credited to the personal account of its CRM, Mr. Deepak Kumar S. On that premise, the promoter demanded that the allottee should once again pay the said sum of Rs.7,00,000/- along with the remaining sale consideration. The allottee contended that, instead of taking responsibility for the acts of its representative and resolving the issue, the promoter sought to burden her with the liability to pay the disputed amount and thereby subjected her to undue harassment. She further lodged a complaint against the promoter before the jurisdictional police. Despite issuance of notice, the promoter failed to

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respond to the same. Hence, alleging deficiency in service and seeking appropriate relief, the allottee approached the Authority by filing a complaint, inter alia, seeking a direction restraining the promoter from alienating the subject flat in favour of any third party and directing it to execute and register the sale deed in her favour upon receipt of the balance sale consideration.

2. In response to the summons issued by the Authority, the promoter appeared through its learned counsel and filed statement of objections. In the said statement, the promoter admitted the booking of the subject flat by the allottee and acknowledged receipt of advance sale consideration of Rs.13,00,000/-. It further admitted that, acting on the instructions of Mr. Deepak Kumar, who was employed as a Customer Relationship Manager with the promoter, the allottee had transferred a sum of Rs.7,00,000/- to the account of one Mr. Venkatesh P.K., who, according to the promoter, had no connection whatsoever with it. The promoter further contended that it

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had lodged a complaint on 19.11.2024 against the said Deepak Kumar and two others, including Mr. Venkatesh, pursuant to which the police had arrested them and that the allottee was required to make the payment afresh to the promoter's account. It was specifically contended that the allottee, without bringing the matter to the notice of the promoter and without exercising due diligence, had transferred the said amount of Rs.7,00,000/- to the account of a third party and therefore, the promoter could not be held responsible for the same. Accordingly, it was contended that the allottee was liable to pay the balance sale consideration directly to the promoter to enable it to proceed with the transaction. The Authority, after hearing the learned counsel appearing for the parties and upon consideration of the material available on record, allowed the complaint and directed the promoter to acknowledge the payment of Rs.20,00,000/- made by the allottee, receive the balance sale consideration out of the total consideration of Rs.93,00,000/- and execute the registered

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sale deed in her favour in accordance with the agreed terms and conditions, within 60 days from the date of the order. The promoter was further restrained from alienating or transferring the subject flat bearing No.68 in favour of any third party.

3. Aggrieved by the impugned order, the Managing Partner of the promoter has preferred the present appeal, contending, inter alia, that the impugned order is contrary to law, facts, equity and principles of natural justice and is vitiated by arbitrariness. It is contended that the Authority has committed a serious error in holding that the promoter is liable to acknowledge the payment of Rs.20,00,000/- made by the allottee and in issuing consequential directions. The Authority failed to appreciate that no enforceable right accrued in favour of the allottee merely on the basis of the booking application form and that the allottee had admittedly failed to pay the agreed sale consideration in accordance with the stipulated terms and conditions and had also failed to execute the agreement for

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sale, thereby disentitling herself from claiming protection under the provisions of the RERA Act. It is further contended that the booking application form constituted only a provisional arrangement and did not culminate in a concluded contract between the parties. The Authority also failed to appreciate that the promoter was always ready and willing to execute the agreement for sale and thereafter, the sale deed, subject to receipt of the sale consideration in accordance with the agreed terms. It is further urged that the provisions of the RERA Act cannot be interpreted or applied in such a manner as to cause unnecessary, unwarranted or disproportionate prejudice, financial burden or expense to the promoter, particularly when the promoter had acted bona fide. According to the Promoter, the Authority has failed to consider several relevant and material aspects borne out by the record and has passed the impugned order without proper appreciation of the facts, circumstances and grounds urged by the promoter. On these grounds, the Promoter

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has sought to set aside the impugned order and permit the promoter to cancel the allotment made in favour of the allottee, refund the amount received from her in accordance with law and further permit it to deal with, alienate or otherwise dispose of the subject flat in accordance with law.

4. In response to the notice issued by this Tribunal, the allottee as well as Respondent No.2–Authority entered appearance through their respective learned counsel.

5. We have heard the arguments advanced by the learned counsel appearing for the promoter as well as the allottee and have carefully perused the pleadings and the material available on record.

6. In view of the rival contentions advanced by the learned counsel appearing for the parties and upon careful perusal of the pleadings and the material available on record, the following points arise for our consideration:

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1. Whether the appellant-promoter proves that the impugned order passed by Respondent No.2–Authority is illegal, arbitrary and contrary to the facts and circumstances of the case?

2. What Order?

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

Point No.1 : In the Negative
Point No.2 : As per final order, for the following:

REASONS

8. Point No. 1:- Before proceeding to examine and adjudicate the point in controversy, it would be appropriate to recapitulate certain undisputed facts. A perusal of the pleadings, the impugned order and the records secured from the office of the Authority would reveal that the allottee, with an intention to purchase flat No.68 in the project known as 'Sohan Serenity', initially paid a sum of Rs.5,00,000/- on 21.03.2024, as averred in paragraph 5.6 of the Memorandum of Appeal. She made a further payment of Rs.5,00,000/- on 18.04.2024 through Immediate Payment Service (IMPS) and another sum of

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Rs.3,00,000/- on 11.05.2024 through Real Time Gross Settlement (RTGS). Thus, the allottee admittedly paid a total sum of Rs.13,00,000/- directly to the promoter. However, the dispute between the parties essentially revolves around the remaining sum of Rs.7,00,000/- paid by the allottee, which, according to the promoter, was not credited to its account but was transferred in favour of one Mr. Venkatesh P.K., who, according to the promoter, is a complete stranger and has no connection whatsoever with the promoter or the subject project. In this background, the promoter, in its statement of objections filed before the Authority, raised certain specific contentions, which are material and require consideration for proper adjudication of the controversy involved in this appeal. The relevant averments made in paragraph 5 of the statement of objections are extracted hereunder:

> *"The respondent had issued payment receipt for Rs.13,00,000/- (Rupees Thirteen Lakh only). As the complainant suppose to pay the balance amount of Rs.7,00,000/- (Rupees*

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Seven Lakh Only) to enter into an Agreement of Sale. One Mr.Deepak Kumar who was employee of the promoter and working in the post of customer relationship manager had approached the complainant and asked her to pay the part sale consideration amount of Rs.7,00,000/- (Rupees Seven Lakh Only) to the account of third party by name Mr.Venkatesh P.K. who is no related to the Promoter nor related to the project land."

9. The aforesaid assertions made by the promoter before the Authority unequivocally establish that, as on the date of the transaction in question, Mr. Deepak Kumar was working as its Customer Relationship Manager and that it was at his instance and on his instructions that the allottee transferred the sum of Rs.7,00,000/- in favour of Mr. Venkatesh P.K. Thus, the fact that the said payment was made at the instance of an employee of the promoter is not in dispute.

10. Though the promoter has taken a specific contention that the sum of Rs.7,00,000/- transferred by

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the allottee in favour of Mr. Venkatesh P.K. has nothing to do with the promoter and that the allottee is liable to remit the said amount directly to the promoter's account as a precondition for execution of the Agreement for Sale, the material available on record does not lend support to such a contention. In this regard, the Invoice produced at page No.52 of the Memorandum of Appeal assumes considerable significance. A perusal of the said invoice would reveal that it bears the seal of the promoter as well as the signature of its Authorised Signatory. The contents of the invoice further disclose that, on 30.05.2024, the allottee had paid a sum of Rs.7,00,000/- towards flat No.68 in the project known as 'Sohan Serenity'. Thus, the said document prima facie lends credence to the case of the allottee that the payment in question was made towards the sale consideration of the subject flat and not towards any independent or unrelated transaction.

11. The copy of the complaint dated 19.11.2024, lodged before the Station House Officer, Tirumalasetty

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Police Station, Hoskote Taluk, further assumes significance. A perusal of the said complaint would reveal that Mr. Deepak Kumar, while serving as the Customer Relationship Manager under the promoter, had allegedly collected amounts aggregating to more than Rs.1 crore from several customers of the promoter and defrauded the firm. Consequently, the promoter lodged the said complaint against Mr. Deepak Kumar and several others, including the aforesaid Mr. Venkatesh P.K. These circumstances lend support to the fact that the disputed transaction arose in the course of dealings involving an employee of the promoter and its customers.

12. It is pertinent to note that the promoter has no where disputed the fact that Mr. Deepak Kumar was its employee and was serving as its Customer Relationship Manager at the time of the transaction in question. Added to this, the invoice produced by the promoter itself assumes considerable evidentiary significance, as it clearly reflects the payment of Rs.7,00,000/- made by the allottee

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towards the subject flat in favour of the promoter. It is also significant that the allottee was issued an invoice in a printed format bearing the seal and signature of the authorised signatory of the promoter. These circumstances, when considered cumulatively, lend considerable support to the case of the allottee that the disputed amount was paid towards the sale consideration of the subject flat through the representative of the promoter.

13. In the circumstances, the contention of the promoter that the sum of Rs.7,00,000/- was received by Mr. Venkatesh P.K. at the instance of its erstwhile CRM, Mr. Deepak Kumar, in his individual capacity and therefore, cannot be treated as having been paid to the promoter, cannot be accepted merely on the strength of the criminal complaint lodged against the said employee alleging commission of criminal breach of trust. Admittedly, Mr. Deepak Kumar was working as the Customer Relationship Manager of the promoter at the

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relevant point of time and the receipt acknowledging the payment of the disputed amount was issued in the printed invoice format of the promoter itself. Further, the amount was admittedly paid towards the sale consideration of the apartment proposed to be allotted to the allottee. In such circumstances, the conduct of the promoter in permitting its CRM to interact with prospective allottees and undertake transactions relating to booking and collection of sale consideration assumes considerable significance. Having regard to the principles of agency embodied in Sections 182, 186, 187, 188, 226 and 237 of the Indian Contract Act, 1872, the promoter cannot disown the acts of its representative insofar as such acts fall within the scope of his actual or apparent authority. Even assuming that the CRM had subsequently misappropriated or diverted the amount received from the allottee, such alleged misconduct, by itself, would not absolve the promoter of its liability towards the allottee, provided that the payment was made bona fide under the legitimate belief that the

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said employee was authorised to receive the amount on behalf of the promoter. The promoter is, of course, at liberty to pursue appropriate remedies against the errant employee and other persons involved, in accordance with law. However, it cannot, on that ground alone, shift the burden of such alleged misconduct onto the allottee and compel her to pay the same amount once again. Consequently, subject to the genuineness of the invoice and the circumstances surrounding its issuance being established, the sum of Rs.7,00,000/- acknowledged therein deserves to be reckoned as part of the sale consideration paid by the allottee towards the subject flat.

14. In view of the factual matrix discussed hereinabove, we are of the considered opinion that the observations made and findings recorded by the Authority in the impugned order are well-founded, sound and reasonable and do not call for any interference by this Tribunal. The appellant-promoter has failed to make out any grounds warranting interference with the impugned

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order. Consequently, the appeal is devoid of merit and is liable to be dismissed. Accordingly, we answer Point No.1 in the Negative and proceed to pass the following:

ORDER

(a) The Appeal is hereby dismissed.

(b) The Impugned Order dated 09.12.2025, passed by the Authority in Complaint No.01365/2024 is hereby confirmed.

(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 is no order as to costs.

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

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