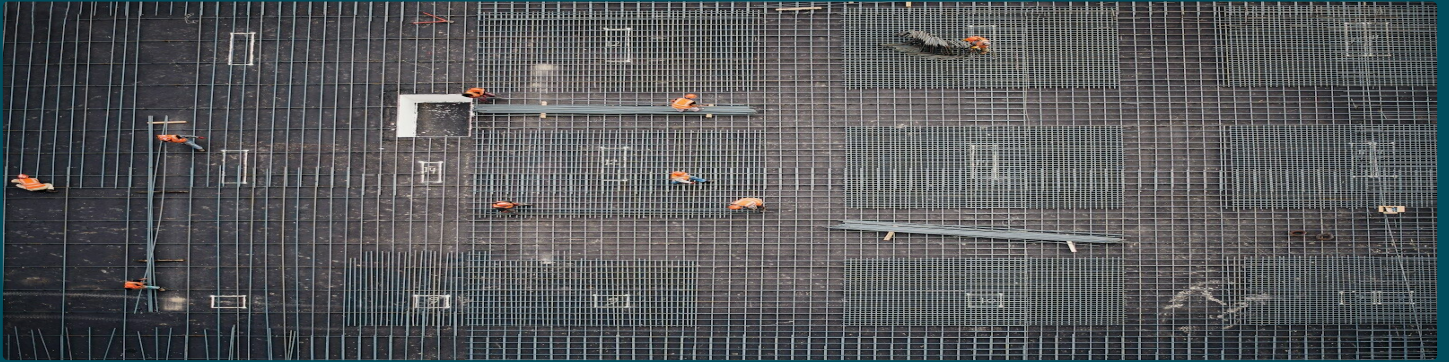




REAL ESTATE

NGT Orders and COVID Extensions in RERA Adjudication: The Karnataka REAT Ruling in Alekhya Property Developments v. Resmi Maream Vergis

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The Karnataka Real Estate Appellate Tribunal, in its judgment dated March 26, 2026, in *Alekhya Property Developments Pvt. Ltd. v. Resmi Maream Vergis and Others* [(2026) ibclaw.in 159 REAT], Appeal No. (K-REAT) 112/2025, delivered by a Bench comprising Smt. Justice J.M. Khazi (Chairperson), Sri Santhosh Kumar Shetty N. (Judicial Member), and Sri Mahendra Jain (Administrative Member), addressed the contentious intersection of promoter defences, statutory delay compensation, and pandemic-induced extensions under the Real Estate (Regulation and Development) Act, 2016. The ruling modifies the compensation framework ordered by the Karnataka Real Estate Regulatory Authority while affirming the underlying liability of the promoter for project delays.

The appellant before the Tribunal, Alekhya Property Developments Pvt. Ltd., was the promoter of the real estate project “Adarsh Lakefront Residential Phase-1. The respondent-allottees, Resmi Maream Vergis and others, had booked Apartment No. 204 in ‘B’ Block for a total sale consideration of Rs. 1,06,59,338/-, subsequently revised to Rs. 1,04,56,948/- through a unilateral deduction of Rs. 2,36,288/- by the promoter. The allottees paid Rs. 94,29,972/- comprising Rs. 14,67,972/- as personal contribution and Rs. 79,62,000/- as a home loan disbursed by State Bank of India. They further paid Rs. 7,33,249/- towards legal charges, BESCOM/BWSSB deposits, possession-related payments, and excess TDS, as well as Rs. 3,01,725/- towards maintenance charges as demanded by the promoter.

The Agreement of Sale dated November 16, 2019, stipulated that the promoter would complete the project and hand over possession by December 2020, with a six-month grace period extending the deadline to June 30, 2021. The promoter failed to meet this timeline, did not obtain the Occupancy Certificate, and never delivered physical possession. Construction progress stagnated, amenities remained incomplete, and the delay in loan disbursement was solely attributable to the promoter’s failure to issue the No Objection Certificate. The allottees consequently filed Complaint No. 000923/2024 before the Karnataka Real Estate Regulatory Authority seeking delay compensation and execution of the sale deed.

The Authority, by its order dated July 23, 2025, allowed the complaint and directed the promoter to pay delay period interest of Rs. 32,80,839/- calculated at SBI MCLR plus 2% from June 30, 2021, to September 11, 2024 (the date of soft handover), after deducting Rs. 2,36,288/- already paid, resulting in a net compensation of Rs. 30,44,551/-. The Authority further directed the promoter to execute and register the Sale Deed within two months from the issuance of the Occupancy Certificate upon payment of the balance consideration and stamp duty by the allottees.

The promoter challenged this order before the Appellate Tribunal on multiple grounds. It contended that the Authority erred in not considering the delay in payments by the allottees against construction milestone demands, which allegedly caused monetary loss and delayed completion. It argued that the Authority failed to grant the nine-month extension as per COVID-19 guidelines. It submitted that the Authority did not consider its objections to the allottees’ Memo of Calculations filed on May 9, 2025. It further contended that the delay compensation already paid by its CRM team was known to the allottees, yet the Authority ordered further compensation. The promoter attributed the delay to factors beyond its control, including strikes, labor shortages, delay in height approvals, COVID-19, shortage of materials, delay in obtaining approvals, liquidity issues, and an NGT buffer zone order restricting construction. It maintained that since full payment had not been made, the sale deed could not be executed, and that the allottees had taken soft possession on September 11, 2024, for interior work, thereby waiving or acquiescing to the delay. During oral arguments, the promoter elaborated that an NGT order dated May 4, 2016, had mandated a non-construction buffer zone, which held up construction for nearly three years until the Supreme Court clarified the position in March 2019.

The allottees filed a comprehensive Statement of Objections denying these averments. They contended that the promoter had deliberately failed to disclose material facts and misrepresented project timelines. They submitted that they had fully complied with their contractual obligations, whereas the promoter failed to fulfil statutory and contractual obligations including timely completion and obtaining the Occupancy Certificate. They refuted the NGT defence as wholly untenable, noting that there was no restraint on construction in the project area at the relevant time and that the delay arose from the promoter’s own flawed phasing plan. They argued that the COVID-19 defence was factually untenable since construction activities were permitted to resume from May 2020 onwards, and that the promoter voluntarily committed to the June 30, 2021 possession date despite full knowledge of the pandemic impact. They emphasized that no written disclosure of anticipated delay existed in the Agreement of Sale, that they had strictly adhered to the payment schedule without default, and that the promoter’s internal milestone dates were never shared with or agreed by them. They further contended that the promoter had unilaterally applied a flat rate of Rs. 2/- per sq. ft. for delay compensation, which had no basis under the RERA-mandated interest formula prescribed under Section 18 read with Rule 18 of RERA. They maintained that soft possession taken on September 11, 2024, was only under practical difficulty and promoter pressure, not because the project was complete, and that in the absence of an Occupancy Certificate, the

promoter could not claim lawful possession had been delivered.

The Tribunal framed two points for consideration: whether the impugned order was illegal, arbitrary, and opposed to the facts and circumstances; and what order should be passed.

On the NGT buffer zone contention, the Tribunal observed that the Agreement of Sale was entered into on November 16, 2019, which was after the Supreme Court had set aside the NGT order except with reference to two specific promoters, not only well after the NGT order imposing restrictions. In view of this timeline, the Tribunal held that the promoter's contention regarding the NGT order was not applicable to this appeal, and no concession could be extended for delay on that account.

On the COVID-19 extension, the Tribunal examined three RERA Circulars issued on April 4, 2020, May 19, 2020, and December 18, 2020. The April 2020 circular extended completion dates expiring on or after March 15, 2020, by three months. The May 2020 circular extended this to six months per the Ministry of Housing and Urban Affairs directive. The December 2020 circular granted a further three-month extension by invoking Force Majeure. As per these circulars, projects with due dates of March 15, 2020, or thereafter were entitled to a total COVID extension of nine months. The Tribunal found that the Agreement was entered into on November 16, 2019, before COVID-19, and the due date of June 30, 2021, fell subsequent to the lockdown period starting March 15, 2020. Accordingly, the project deserved the nine-month extension, extending the due date of completion to March 30, 2022.

The Tribunal held that the delay from March 30, 2022, onwards was entirely attributable to the promoter, for which it was liable to pay interest as ordered by the Authority. The Occupancy Certificate was issued only on November 12, 2025, establishing clear delay. The Tribunal rejected the promoter's claim that allottee payment delays caused the project delay, noting that the allottees had paid in accordance with demands raised and that internal milestone dates were never shared.

The Tribunal partly allowed the appeal and modified the impugned order. The promoter was directed to pay delay period interest from March 30, 2022, to September 11, 2024,. The Registry was directed to release the recalculated amount to the allottee and refund the balance deposit to the promoter. Pending interlocutory applications were disposed of as not surviving, and the Registry was directed to comply with Section 44(4) of the Act and return records to RERA. There was no order as to costs.

This judgment establishes that promoters cannot invoke pre-existing regulatory developments to excuse delays when the agreement was executed after such developments were resolved, while simultaneously recognizing RERA-mandated COVID-19 extensions as legitimate grounds for postponing completion deadlines. The Tribunal's nuanced approach ensures that promoters remain accountable for delays attributable to their own deficiencies, while providing equitable relief for pandemic-related disruptions that affected the entire construction sector. For homebuyers and developers alike, the ruling shows the need for precise contractual timelines, transparent communication regarding delays, and strict adherence to statutory disclosure obligations under RERA.

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