



**NATIONAL  
ASSOCIATION OF  
REALTORS - INDIA**

# NAR-India Realty News

A MONTHLY EDITION FROM THE NATIONAL ASSOCIATION OF REALTORS - INDIA

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# Robust Leasing of 29.4 m sqft in H1

The demand for quality office spaces continues to surge, reflecting the confidence of occupiers and investors alike, says Colliers survey.

Office market continued its strong performance in Q2 2024, registering 15.8 million square feet of office leasing across the top six cities, marking a notable 16% rise over previous quarter. Four out of six cities saw more than 20% increase in office leasing in the second quarter on a sequential basis, signaling robust occupier confidence and market sentiment. Bengaluru and Mumbai led the office demand in Q2 2024, cumulatively accounting for more than half of India's leasing activity. Office space demand in these two cities were driven by occupiers from diverse sectors such as BFSI, Technology and Engineering & Manufacturing.

After a prolonged phase of steady demand, Mumbai has seen a significant 3.5 million square feet of leasing during this quarter, twice the levels as compared to Q2 2023. This is mainly attributable to strong demand from newly completed office supply during the quarter.

"Driven by consistent demand across consecutive quarters, 2024 has already seen impressive leasing activity to the tune of 29.4 million square feet of office space, marking a 19% increase compared to the same period last year. The demand

for quality office spaces continues to surge, reflecting the confidence of occupiers and investors alike. Anticipated easing of global financial headwinds and continued resilience in domestic economy augurs well for sustained growth in India's office market. A strong H1 performance has set the tone for office space demand to comfortably surpass 50 million square feet for the third consec-



## TRENDS IN GRADE A GROSS ABSORPTION (IN MILLION SQ FEET)

| City      | Q2 2023 | Q2 2024 | YoY change % | H1 2023 | H1 2024 | YoY change (%) |
|-----------|---------|---------|--------------|---------|---------|----------------|
| Bengaluru | 3.4     | 4.8     | 41%          | 6.6     | 8.8     | 33%            |
| Chennai   | 3.3     | 2.0     | -39%         | 4.9     | 3.5     | -29%           |
| Delhi-NCR | 3.1     | 1.9     | -39%         | 5.3     | 4.4     | -17%           |
| Hyderabad | 1.5     | 2.6     | 73%          | 2.8     | 5.5     | 96%            |
| Mumbai    | 1.6     | 3.5     | 119%         | 2.6     | 5.4     | 108%           |
| Pune      | 1.7     | 1.0     | -41%         | 2.6     | 1.8     | -31%           |
| Pan India | 14.6    | 15.8    | 8%           | 24.8    | 29.4    | 19%            |

Source: Colliers

Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune

# Robust Leasing of 29.4 m sqft in H1

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utive time in 2024.” says Arpit Mehrotra, Managing Director, Office services, India, Colliers.

## Nearly 23.0 million square feet of Grade A supply added in H1 2024

During Q2 2024, new supply across the top 6 cities surged 6% YoY, at 13.2 million square feet. Mumbai accounted for 30% share in new supply, followed by Hyderabad at 27% share. Interestingly, on account of few prominent projects receiving completion certificates in Mumbai, new supply in Q2 2024 stood at 4.0 million square feet, the highest incremental quarterly supply in the past 3-4 years. Overall, with significant project completions and substantial materialization of pre-commitments, the first six months of 2024 have been particularly strong for the Mumbai office market.

## With highest ever quarterly leasing, flex space momentum to continue in 2024

Technology and Engineering & Manufacturing remained the front runners during Q2 2024, accounting for almost half of the total demand during the quarter. Flex spaces also saw healthy leasing of 2.6 million square feet across the top 6 cities, highest in any quarter. Bengaluru and Delhi-NCR accounted for 65% of the flex space leasing activity, indicating rising demand for such spaces in these markets.

“Overall office leasing continues to remain broad based in the first half of 2024. Although, with 25% share, Technology sector drove office demand during H1 2024, leasing activity by occupiers from BFSI and Engineering & Manufacturing sectors witnessed healthy traction. Flex space activity across the major cities continues to grow from strength to strength. Flex operators have already leased about 4.4 million square feet of office space in H1 2024, underscoring the occupiers’ continued preference for flex spaces. This also reflects the evolving needs for agility and adaptability in the modern business environment”, says Vimal Nadar, Senior Director and Head of Research, Colliers India.

Overall, with demand outpacing supply, vacancy levels remained under check across the major markets, hovering around 17% by the end of Q2 2024. While rentals have increased as compared to the previous year, they have largely remained stable on a sequential basis.



## TRENDS IN GRADE A NEW SUPPLY (IN MILLION SQ FEET)

| City             | Q2 2023     | Q2 2024     | YoY change % | H1 2023     | H1 2024     | YoY change (%) |
|------------------|-------------|-------------|--------------|-------------|-------------|----------------|
| Bengaluru        | 3.8         | 2.0         | -47%         | 7.8         | 6.4         | -18%           |
| Chennai          | 2.4         | 0.6         | -75%         | 3.2         | 0.9         | -72%           |
| Delhi-NCR        | 2.1         | 2.7         | 29%          | 3.4         | 3.2         | -6%            |
| Hyderabad        | 3.0         | 3.6         | 20%          | 5.4         | 6.2         | 15%            |
| Mumbai           | 0.2         | 4.0         | 1900%        | 0.6         | 5.0         | 733%           |
| Pune             | 0.9         | 0.3         | -67%         | 1.6         | 1.3         | -19%           |
| <b>Pan India</b> | <b>12.4</b> | <b>13.2</b> | <b>6%</b>    | <b>22.0</b> | <b>23.0</b> | <b>5%</b>      |

Source: Colliers

Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune

## KEY DEALS Q2 2024 PAN INDIA

| City      | Occupier / Tenant | Area leased (sq.ft.) | Building Name           | Micro market               |
|-----------|-------------------|----------------------|-------------------------|----------------------------|
| Bengaluru | Bosch             | 691,300              | 360 Business Park       | Electronic City            |
| Bengaluru | Synopsys          | 650,000              | Bagmane Capital         | ORR                        |
| Pune      | Avalara           | 250,000              | Panchshil Business Park | Viman Nagar                |
| Delhi-NCR | Incuspaze         | 218,000              | M3M Urbana Premium      | Golf course Extension Road |
| Bengaluru | Math Co.          | 212,000              | HP Campus               | Whitefield                 |

Source: Colliers



# PE Investments in Residential Sector



Residential real estate sector is undergoing a transformative phase driven by robust demand, favourable government policies, and increased interest from domestic and international PE investors, says Knight Frank India survey.

The residential sector experienced a staggering 209% YoY surge in PE investments, reaching USD 854 million in H1 2024, surpassing the annual investments received in 2022 and 2023. While Indian PE investors accounted for a majority share of 59% in the residential investment landscape, the sector also witnessed a landmark investment from the international arena, with ADIA contributing a notable USD 240 million.

In contrast to H1 2023, when investments were predominantly directed towards under-construction projects, H1 2024 saw a diversified approach from PE investors. A significant portion of investments was channelled into early-stage positions, highlighting the rising confidence in the sector's growth potential.

The optimism surrounding the residential sector is further reinforced by the fact that over 72% of investments were made through equity, indicating a strong belief in the sector's growth prospects and a willingness among investors to assume calculated risks.

Traditionally, residential developers relied on incremental funding from consumers at various project stages. However, the increased interest from PE players signals a shift in the financing landscape, suggesting that the sector is increasingly viewed as a lucrative investment destination. This influx of PE capital has not only strengthened the financial backbone of the residential sector but it also provides de-

## PE INVESTMENTS RECEIVED ACROSS INDIA IN RESIDENTIAL SECTOR

| City         | Investment (US\$ million) |
|--------------|---------------------------|
| Bengaluru    | 403                       |
| Mumbai       | 201                       |
| Delhi-NCR    | 97                        |
| Hyderabad    | 92                        |
| Pune         | 46                        |
| Chennai      | 15                        |
| <b>Total</b> | <b>854</b>                |

**Source: Knight Frank Research, Venture Intelligence**

velopers with the necessary resources to expand their projects and cater to the ever-growing demand for housing in India.

Geographically, investments in the residential sector were dispersed across India with Bengaluru emerging as the top beneficiary attracting USD 403 million, followed by Mumbai

at USD 201 million, and Delhi-NCR at USD 97 million. This widespread investment activity underscores the nationwide appeal and potential of the residential market.

In conclusion, the residential real estate sector is undergoing a transformative phase driven by robust demand, favourable government policies, and increased interest from domestic and international PE investors. The sector's resilience, coupled with the growing confidence of investors, indicates a promising future with sustained growth and ample opportunities in the sector.

## TRENDS

# AIFs fuel Realty Growth

**R**egistered Alternative Investment Funds (AIFs) are privately pooled investment vehicles regulated by the Securities and Exchange Board of India (SEBI) which have emerged as a significant force in the Indian real estate market. AIFs offer investors a unique opportunity to diversify their portfolios beyond traditional assets like stocks and bonds, investing in diverse, nontraditional assets such as private equity, venture capital, real estate, hedge funds, and commodities, says Knight Frank India in a survey on trends in PE investments in realty sector during H1, 2024.

As of June 16, 2024, SEBI has close to 1,345 registered AIFs with around 49 of them specifically targeting real estate. The post-COVID era has seen a substantial boost in the real estate sector, and the capital-intensive nature of the industry has fuelled the rise of AIFs as a viable funding mechanism.

Since January 2021, a series of real estate-focused AIFs have announced plans to raise a staggering USD 8.2 bn from investors. To date, they have comfortably secured approximately USD 5.3 bn in investments, reflecting the growing confidence in the sector's potential. These AIFs have adopted a mixed focus, targeting residential, commercial, and logistics assets, with a majority of them concentrating their investments in Tier 1 cities, where demand and growth prospects are the highest.

This surge in AIF activity signifies a



paradigm shift in the Indian real estate investment landscape. The influx of capital through AIFs is not only bolstering the sector's financial foundation but also driving innovation and catalysing new projects.

The rise of AIFs has also democratised real estate investment, making it accessible to a wider range of investors. While traditionally, real estate investments were dominated by high-networth individuals and institutional investors, AIFs have opened up the market to smaller investors, allowing them to participate in the sector's growth potential.

From January 2021 to H1 2024, Indian PE investors have collectively infused around USD 3.3 bn into the Indian real estate market across various sectors. However, with a total of USD 5.3 bn raised during the same

As of June, SEBI has close to 1,345 registered AIFs with around 49 of them specifically targeting real estate as a viable funding mechanism, says Knight Frank India survey.

timeframe, investors currently hold approximately USD 2.0 bn, waiting to be deployed.

This reserve of dry powder signifies the potential for future investments in the Indian real estate market. As these funds seek to maximize returns and capitalize on emerging opportunities, we can expect it to translate into investment activity across various segments of the market.

Furthermore, recent developments in the global economic landscape have further enhanced the prospects for increased investments. The European Central Bank's (ECB) rate cut and the US Federal Reserve's (Fed) announcement of potential interest rate cut signal a softening of monetary policy, which is expected to attract foreign investors back to

the Indian market.

The Indian real estate sector, currently offering attractive valuations, is poised to benefit from this renewed interest. As Western markets regain strength and investor confidence rebounds, we are likely to witness an uptick in investments, particularly in prime locations and high-growth sectors like warehousing and office.

The combination of readily available dry powder from domestic PE funds and the anticipated influx of foreign capital creates a fertile ground for accelerated growth in the Indian real estate market. This convergence of favourable factors presents a unique opportunity for developers and investors alike to capitalise on the sector's potential and drive sustainable development.



# Institutional investments in Realty touch a new high at US\$2.5 b in Q2



After a steady start in Q1 2024, Q2 2024 saw accelerated momentum, registering USD 2.5 billion of inflows—the highest in any quarter since 2021. The industrial & warehousing segment accounted for the highest share of 61% of total investments, at USD 1.5 billion, led by select large deals in the segment, according to Colliers survey.

**T**he residential segment also witnessed significant rise in quarterly inflows, 7.5X times compared to Q2 2023, capturing a 21% share of total institutional inflows into Indian real estate. In contrast, with USD 0.3 billion of investments in office assets, the segment witnessed subdued activity in Q2 2024. Although the annual decline was significant at 83%, the QoQ drop was relatively modest at 41%. The surge in industrial & warehousing, and residential investments resulted in a healthy investment volume of USD 3.5 billion for H1 2024 at an overall level, making up for the slow start in first quarter. Foreign investments remained robust, accounting for 81% of the total inflows in Q2 2024, predominantly led by investors from the US and UAE.

"Private equity investments in the Indian real estate have shown remarkable resilience and strength in first half of the year at USD 3.5 billion, reflecting robust market confidence. With foreign investments leading the charge at a significant 73% share in H1 2024, the sustained momentum is expected to drive positive sentiment for

| INVESTMENT INFLOWS (USD MILLION) Q2 2024 |                |              |                |                                   |                |
|--|----------------|--------------|----------------|-----------------------------------|----------------|
| Asset Class                              | Q2 2023        | Q1 2024      | Q2 2024        | Q2 2024 vs Q2 2023 (% YoY Change) | YoY change (%) |
| Office                                   | 1,900.2        | 563.0        | 329.6          | -83%                              | -41%           |
| Residential                              | 72.3           | 102.6        | 543.5          | 652%                              | 430%           |
| Alternate assets*                        | -              | 21.0         | -              | -                                 | -100%          |
| Industrial & Warehousing                 | 133.9          | 177.7        | 1,533.1        | 1045%                             | 763%           |
| Mixed use                                | -              | 130.8        | 122.3          | -                                 | -6%            |
| Retail                                   | -              | -            | -              | -                                 | -              |
| <b>Total</b>                             | <b>2,106.4</b> | <b>995.1</b> | <b>2,528.5</b> | <b>20%</b>                        | <b>154%</b>    |

\*Note: Alternate assets include data centres, life sciences, senior housing, holiday homes, student housing, schools etc  
Source: Colliers

the entire year. Sustained growth in FDI and Domestic Capital in India Real Estate reciprocates the attractiveness and the positive long-term outlook for infrastructure, construction, and real estate in India. The domestic institutional and retail investor activity in Indian real estate is also expected to remain strong in second half of the year, driven by healthy economic activity and

consumer confidence," said Piyush Gupta, Managing Director, Capital Markets & Investment Services at Colliers India.

## Quarterly investments in Industrial & warehousing segment surged to 11X times

During Q2 2024, the institutional investments in industrial

& warehousing segment rose manifold, 11X times compared to Q2 2023 led by select large deals in the segment. Amidst rising demand for superior quality Grade A supply and evolving supply-chain models, investor confidence in the segment has significantly improved. With healthy demand momentum, global as well domestic investors are going to play a prominent role in consolidation of in-

# Institutional investments in Realty touch a new high at US\$2.5 b in Q2

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dustrial & warehousing assets in the country. Amidst significant spurt in E-commerce and retail consumption in India, various asset-level investors are likely to enter the market, boosting the demand for AI enabled warehouses and micro-fulfilment centers in the upcoming quarters.

"Driven by foreign investments, the industrial & warehousing segment witnessed about half of the total inflows in the first half of 2024. Interestingly, institutional investments in the segment for H1 2024 is almost twice the inflows in the entirety of 2023. With India's Manufacturing Purchasing Managers' (PMI) Index staying close to 60.0 in the last few months, investor confidence in the industrial & warehousing segment is likely to remain strong in throughout 2024. Furthermore, strategic infrastructure projects such as Dedicated Freight Corridors (DFCs) & Bharatmala and robust government policies such as National Logistics Policy, under-

score substantial long-term growth opportunities for the industrial & warehousing segment in India," said Vimal Nadar, Senior Director and Head of Research, Colliers India.

**Bengaluru and Delhi NCR together drove about 23% of the quarterly inflows**

While at 72% share, multi-city deals continued to drive majority of the investment inflows during Q2 2024, Bengaluru and Delhi NCR together corresponded to about 23% of the total inflows during the quarter driven by foreign investments. About 56% of the quarterly inflows in Bengaluru were directed towards residential assets, followed by the office segment. Investments in the office segment were particularly strong in Delhi-NCR. Led by inflows into the office segment, Delhi NCR witnessed about 86% YoY rise in investment inflows during Q2 2024.

## INVESTMENT INFLOWS (USD MILLION) H1 2024

| Asset Class              | Q2 2023        | Q1 2024        | H1 2024 vs H1 2023 (% YoY Change) |
|--------------------------|----------------|----------------|-----------------------------------|
| Office                   | 2,807.8        | 892.5          | -68%                              |
| Residential              | 433.4          | 646.2          | 49%                               |
| Alternate assets*        | 158.2          | 21.0           | -87%                              |
| Industrial & Warehousing | 350.2          | 1,710.8        | 388%                              |
| Mixed use                | 15.1           | 253.1          | 1575%                             |
| Retail                   | -              | -              | -                                 |
| <b>Total</b>             | <b>3,764.7</b> | <b>3,523.6</b> | <b>-6%</b>                        |

\*Note: Alternate assets include data centres, life sciences, senior housing, holiday homes, student housing, schools etc  
Source: Colliers

## SELECT PE DEALS IN Q2 2024

| Investor                            | Investee                     | Deal Value (in USD million) | City                  | Asset class              |
|-------------------------------------|------------------------------|-----------------------------|-----------------------|--------------------------|
| ADIA, KKR                           | Reliance retail ventures Ltd | 1,500                       | Others/<br>Multi-city | Industrial & warehousing |
| Mapletree                           | Adarsh Developers            | 229.0                       | Bengaluru             | Residential              |
| Edelweiss Alternatives managed fund | MMTP Projects                | 180.0                       | Bengaluru             | Office                   |

Source: Colliers

## CLASSIFIED ADVERTISEMENT

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# Realty Data

## RESIDENTIAL MARKET – H1 2024

| Parameter                | 2023    | 2023<br>(Change YoY) | H1<br>2024 | H1 2024<br>(Change (YoY)) | Q2<br>2024 | Q2 2024<br>change<br>(YoY) |
|--------------------------|---------|----------------------|------------|---------------------------|------------|----------------------------|
| Launches (housing units) | 350,746 | 7%                   | 183,401    | 6%                        | 90,147     | 5%                         |
| Sales (housing units)    | 329,095 | 5%                   | 173,241    | 11%                       | 86,896     | 12%                        |

Source: Knight Frank Research

## THE GROWING PREFERENCE FOR LUXURY HOME OWNERSHIP

The table below delineates the evolving focal points addressed by developers in their recent launches.

| Project / Specs.                | No. of<br>apartment<br>per acre | No. of<br>apartment<br>per lift | Balcony<br>length x depth<br>(ft.in) | Club area<br>ratio (sqft) | IGBC/GRIHA<br>rating |
|---------------------------------|---------------------------------|---------------------------------|--------------------------------------|---------------------------|----------------------|
| Anant Raj The Estate Residences | 46                              | 16                              | 76'4"x10'2"                          | N.A.                      | Gold                 |
| BPTP The Amaario                | 52                              | 21                              | 71'3"x9'7"                           | 144                       | Platinum             |
| DLF Privana South               | 44                              | 40                              | 29'9"x8'6"                           | NA                        | NA                   |
| DLF The Arbour                  | 63                              | 40                              | 29'9"x8'6"                           | NA                        | NA                   |
| Elan The Presidential           | 57                              | 30                              | 81'3"x8'0"                           | NA                        | Gold                 |
| Godrej Aristocrat               | 76                              | 62                              | 57'1"x5'11"                          | 61                        | Silver               |
| Hines Elevate Reserve           | 50                              | 38                              | 53'1"x5'11"                          | 106                       | Platinum             |
| M3M Mansion                     | 110                             | 41                              | 67'6"x5'11"                          | NA                        | NA                   |
| Puri Diplomatic Residences      | 128                             | 31                              | 47'5"x8'0"                           | 60                        | Gold                 |
| Pyramid The Alban               | 117                             | 44                              | 76'4"x10'2"                          | NA                        | Gold                 |
| Signature Global Deluxe DXP     | 73                              | 41                              | 37'1"x6'11"                          | 34                        | Gold                 |
| Smartworld The Edition          | 89                              | 73                              | 73'7"x9'0"                           | NA                        | Gold                 |
| Sobha Aranya                    | 35                              | 28                              | 31'6"x7'5"                           | 140                       | Gold                 |

Source: C&WI Research

Excerpts from Luxury House – Transformation in Delhi-NCR by Cushman & Wakefield.

## SIGNIFICANT INVESTMENT TRANSACTIONS – Q2 2024

| Investor            | Investee             | Transaction<br>Asset | City     | Investment<br>(Rs billion) |
|---------------------|----------------------|----------------------|----------|----------------------------|
| ADIA & Kotak AIF    | Reliance Retail      | Industrial           | Multiple | 128.6                      |
| Daibiru Corporation | Atrium Place Project | Office               | Gurugram | 10.33                      |
| IFC                 | Tata Realty          | Office               | Chennai  | 8.25                       |

Source: Knight Frank Research

## AROUND NAR-INDIA (A ROUND UP OF REALTOR EVENTS ACROSS THE COUNTRY)

### NAR-India suggests use of social media to become Brand Ambassadors

**N**AR-India members should intensify efforts to deal with NAR-India's social media pages by inviting all sections of people whom they consider ideal to follow suit, said Ravish Manchanda, Chair (social media), NAR-India.

"With a larger social media following, NAR-India can more effectively advocate for industry interests, influence public opinion, and shape policy decisions and regulatory frameworks. A vibrant social media presence will also help us attract new members, stakeholders, and sponsors, adds Ravish.

Ravish has requested all association presidents, secretaries and leaders to ensure the message reaches across all members to enable them for better cooperation and support.

The social media links can be found on Linktree page: <http://wa.wati.io/s/p09oc>.

### 14th SMART Foundation Day held at Worli

On the occasion of the 14th SMART Foundation Day, NAR-India chairman, Sumanth Reddy, addressed the gathering at Jolie's Club, Worli. He was joined by Chandresh Vithlani, President-Elect, Ashwin Rasane, Organising Secretary, Mehul Vithlani, West Zone Head, and other association leaders, including the President and Secretary of AREA Group, MERA, TEAA, TREK, and Mira Bhayander.



### Ahmedabad Realtors Association's Blood Donation Camp

The Ahmedabad Realtors Association (ARA) has achieved a new milestone under its CSR programme. It has collected almost 175 units of blood under a blood donation camp. In all, 215 volunteers registered themselves for blood donation. Unfortunately, 40 units got rejected. However, the strenuous efforts and initiative taken by ARA clearly indicates the strength of the association and its vibrant members stellar in organising the event.

### KDRA's Mega Plantation drive in Dombivli West

**T**he Kalyan Dombivli Realtors Welfare Association (KDRA) has set a remarkable example by organising a successful tree plantation drive on July 1 at Railway Ground, in Dombivli west. The drive showcases KDRA's utmost dedication to environmental sustainability and community service, which drew wide appreciation.

The planting of 50 saplings of various species, including Banyan, Peepal, Almond, Javaplum, Neem and others, will not only enhance the ambience and beauty of the entire area but

also significantly contribute to the environment and biodiversity.

KDRA members' untiring efforts and total commitment to giving back to the society will inspire others to follow suit. Their contribution will have a lasting impact on the community's future generation to replicate such exercise in the overall benefit of society.

The KDRA has urged NAR-India's city associations to organise similar tree plantation drives, paving the way for a greener environment in the interest of nation and nature.





### AROUND NAR-INDIA (A ROUND UP OF REALTOR EVENTS ACROSS THE COUNTRY)

## Team GAR gearing up for Mega Event

Enormously powered by Goa Realtors Association (GAR) GAR signs will be displayed for 45-days around Panjim, and more on the anvil during the first week of July in Porvorim, Mapusa, Margao and other places. Every member is requested to come out and support team GAR.

Walk or Run 2-km, 5km, 10km, 21km or just come for breakfast and cheer on TEAM GAR, while bringing family and friends to support girls' education and women's

healthcare. All proceeds go to charity, says GAR team. While four members have registered so far, the event is powered by GAR and NAR-India. Registration can be done at

[https://rainrun.rcporvorim.org/?fbclid=IwAR1JdNoO4XrKF-qfP8i4JKFkKKRQLHLD-942pg\\_jAm5BgLxrx9I1QY-HoZT0s](https://rainrun.rcporvorim.org/?fbclid=IwAR1JdNoO4XrKF-qfP8i4JKFkKKRQLHLD-942pg_jAm5BgLxrx9I1QY-HoZT0s)

Contact Thomas Grimes at 8007811222 for more help and registration formalities.



## Surge in Realty Sector's Contribution to Indian Economy

In India, the real estate sector serves as the second-largest source of employment, trailing only agriculture. Forecasts anticipate significant expansion, projecting the sector to grow to US\$ 5.8 trillion by 2047, thereby increasing its contribution to GDP from the current 7.3% to 15.5%. Moreover, it is expected that by 2030, the real estate market will reach US\$ 1 trillion, with a market size of US\$ 650 billion by 2025, equivalent to 13% of India's GDP.

Private equity investments in the Indian real estate sector have increased significantly, reaching US\$ 5.5 billion in 2023, up from US\$ 5.2 billion in 2022. Notably, the residential asset class contributed US\$ 2.9 billion to this total from 2022 through Q1 2024. Currently, Indian real estate developers are experiencing a phase of robust growth, with sales showing substantial improvement in 2024. The residential sector, in particular, has seen strong demand, with several prominent developers reporting the sale of entire projects within days or weeks, underscoring high buyer sentiment and demand. For instance, DLF, India's largest real estate firm, sold 1,137 luxury apartments in Gurugram for over INR 8,000 crore in just three days in March 2023, highlighting the intense demand for high-end properties.

The market is also witnessing a consolidation towards branded and trusted developers, who are aggressively expanding their land banks for future development. Leading developers, such as Godrej Properties, have reported sales bookings surpassing those of the previous fiscal year, reflecting their strong performance and market presence.

According to the annual results of Godrej Properties Limited (GPL), "GPL's highest ever annual sales - booking value stood at INR 22,527 crore, a YoY growth of 84%, from the sale of 20 million sq. ft. (14,310 units) of area. NCR was the largest contributor with INR 10,016 crores through sale of 3,932 units with total sales of 7.50 million sq. ft. in the financial year".

In the annual results of SOBHA, the company reported its strongest year in FY-24, achieving its best-ever annual sales value of INR 66.44 billion. Sales value registered growth of 27.8% to INR 66.44 bn from INR 51.98 bn.

Source: Cushman & Wakefield

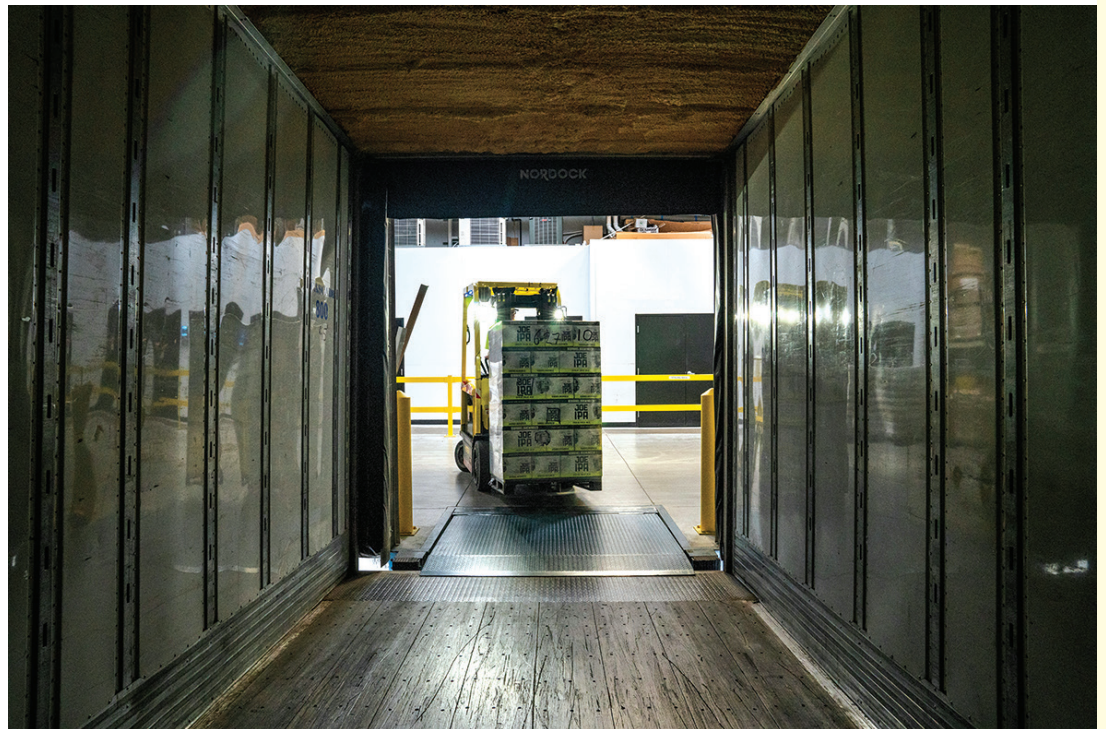
# Bengaluru's Industrial and Warehousing Scenario

While Bengaluru is known to the world as an IT-Hub, it has a strong industrial and warehousing base too. These have been on a high growth trajectory of late, supported by a large consumer base and surging 3PL and manufacturing sectors. The warehousing revolution in the city was led by the e-commerce industry, as this segment transformed the warehousing sector from basic backend storage into the versatile and cutting-edge tech-enabled modern complex of today. This has been attained mainly by prioritizing and enhancing operational efficiencies. A significant aspect of the Bengaluru market, which sometimes goes unnoticed, is its progressive infrastructure and investment ecosystem, which has facilitated the growth of the industrial and logistics market.

Bengaluru has been experiencing annual supply and absorption levels exceeding 2.5 million sq ft since 2020. The overall stock in the city stands at 46.7 million sq ft in Q1/2024. Industrial and logistics real estate started the year on an impressive note, with a strong absorption of 1.7 million sq ft in Q1/2024 compared to 1.0 million sq ft in Q1/2023, representing 70% YoY growth. The sector witnessed a fresh supply of 1.5 million sq ft in Q1/2024, indicating a 114% growth rate from Q1/2023 levels. The overall absorption during Q1/2024 is led by sustained demand from the 3PL and manufacturing sectors as well as a surge in demand from the FMCG sector. In addition, the uptake of manufacturing warehouses has significantly contributed to the overall absorption. Grade A stock in the Bengaluru market has been consistently on the rise, reflecting a growing demand for high-quality graded facilities.

## Sectoral Demand

Over the last three to four years, the 3PL sector has played a significant



role in driving demand, accounting for a 30% to 51% share of the total demand at different times. The manufacturing sector has gained momentum due to a high degree of focus on the secondary economy across the country and is powered by various incentive schemes including the Production Linked Incentive Scheme (PLI). In 2023, the 3PL sector continued to drive warehousing demand, accounting for 51% of total absorption, followed by the manufacturing and retail sectors at 16% each and FMCG/ FMCD sector at 5%.

## Outlook

Bengaluru, a major global tech hub, appears prominently in world rankings reflecting its economic dynamics, innovation, robust startup ecosystem, availability of a skilled workforce, and high quality of life. The presence of numerous multinational corporations and startups, co-work-

ing players, flexible space operators, and a growing number of GCCs continues to drive demand for office space, while the demand for industrial

and logistics space has been largely due to the expansion of the 3PL, retail, FMCG/FMCD and manufacturing sectors.

## INDUSTRIAL AND WAREHOUSES – SUPPLY AND ABSORPTION – Q1/2024 VS Q1/2023

|                           | Q1/2024 | Q1/2023 | YoY change |
|---------------------------|---------|---------|------------|
| Absorption (million sqft) | 2,807.8 | 892.5   | -68%       |
| Residential               | 433.4   | 646.2   | 49%        |
| Supply (million sqft)     | 158.2   | 21.0    | -87%       |
| Stock (million sqft)      | 350.2   | 1,710.8 | 388%       |
| Vacancy (%)               | 15.1    | 253.1   | 1575%      |

Source: Savills India Research



# Mumbai - Dip in Quarterly Residential Launches

In the second quarter of 2024, the city's residential sector saw launches of 17,514 units, marking a slight decline of 8% and 10% compared to the previous quarter and Q2-23, respectively. Q2-24 launches were primarily driven by the eastern and western suburban submarkets, accounting for 29% and 27% of the launches, respectively. Within these submarkets, the majority of the launches were concentrated in locations such as Chembur, Mulund, Jogeshwari, and Borivali. Conversely, peripheral markets experienced a slowdown in quarterly launches, contributing a cumulative share of less than 5% of the total quarterly launches, the lowest in recent years. South Central Mumbai submarkets witnessed a notable increase in launches, predominantly from high-end segment projects in areas like Mahim and Dadar. The first half of 2024 cumulatively saw 36,975 unit launches, consistent

Enhanced connectivity from the newly operational coastal roads and advanced stages of the metro line 3 is expected to further boost capital values in south, south central, and parts of the western suburbs, says Cushman & Wakefield.

with the performance over the same period in the last three years.

#### Mid segment continued to dominate launches driven by suburban markets

Mid-segment properties dominated quarterly launches, accounting for about 67% of the launches, while the high-end segment comprised around 20%. Midsegment launches were predominantly concentrated in the Eastern Suburbs (34% of the segment volume), Thane (25%), and Western Suburbs (25%). Compared

launches, near Mulund to Vikhroli, in near term. Numerous prominent land acquisitions and redevelopment project proposals are active in these suburban markets.

#### Quoted capital values continue to rise

The increasing number of redevelopment projects, particularly in the Western Suburbs Prime and Western Suburbs markets, has sustained high rental housing demand, with rental values exhibiting a 5-6% growth over last quarter. Capital values have seen a rise of about 3-6% across all submarkets compared to the previous quarters, driven by significant progress in infrastructure projects. Enhanced connectivity from the newly operational coastal roads and advanced stages of the Metro Line 3 project is expected to further boost capital values in South, South Central, and parts of the Western Suburbs.

## RENTAL VALUES AS OF Q2 2024

| Submarket               | Average Quoted Rent (Rs/month) | QoQ change (%) | YoY change (%) |
|-------------------------|--------------------------------|----------------|----------------|
| <b>HIGH-END SEGMENT</b> |                                |                |                |
| South                   | 79,000 – 7,10,000              | 1.0%           | 6.0%           |
| South Central           | 79,000 – 6,20,000              | 2.0%           | 7.0%           |
| Eastern suburbs         | 32,000 – 4,50,000              | 1.0%           | 6.0%           |
| Western suburbs - Prime | 65,000 – 972,000               | 1.0%           | 6.0%           |
| <b>MID-SEGMENT</b>      |                                |                |                |
| Eastern suburbs         | 24,000 – 91,000                | 6.0%           | 6.0%           |
| Western suburbs         | 26,000 – 104,000               | 6.0%           | 6.0%           |
| Thane                   | 19,000 – 36,000                | 5.0%           | 5.0%           |
| Navi Mumbai             | 12,000 – 65,000                | 5.0%           | 5.0%           |

Source: Cushman & Wakefield

## CAPITAL VALUES AS OF Q2 2024

| Submarket               | Average Quoted Rent (Rs/month) | QoQ change (%) | YoY change (%) |
|-------------------------|--------------------------------|----------------|----------------|
| <b>HIGH-END SEGMENT</b> |                                |                |                |
| South                   | 52,000 – 100,000               | 1.0%           | 11.0%          |
| South Central           | 28,000 – 87,000                | 2.0%           | 10.0%          |
| Eastern suburbs         | 16,000 – 71,000                | 4.0%           | 10.0%          |
| Western suburbs - Prime | 29,000 – 72,000                | 3.0%           | 6.0%           |
| <b>MID-SEGMENT</b>      |                                |                |                |
| Eastern suburbs         | 13,000 – 29,000                | 4.0%           | 9.0%           |
| Western suburbs         | 11,500 – 31,000                | 2.0%           | 8.0%           |
| Thane                   | 8,500 – 17,000                 | 4.0%           | 9.0%           |
| Navi Mumbai             | 6,000 – 17,000                 | 1.0%           | 5.0%           |

Source: Cushman & Wakefield

# INDIAN RETAIL - The Rise of Omnichannel Strategies

Indian retail is undergoing a profound transformation, with e-commerce soaring to new heights. As of 2023, e-commerce accounts for 7.1% of total sales in India, compared to 4.7% in pre-pandemic 2019. This rapid growth is just the tip of the iceberg. Another significant shift is the rise of omnichannel marketing, a strategy that has moved from optional to essential for retailers.

## The Evolution of Omnichannel Retailing

Omnichannel retailing aims to provide a seamless shopping experience across all channels, namely in-store, mobile, and online.

Think of a potluck dinner where each guest brings a different dish. Despite the variety, the host ensures a cohesive and enjoyable meal.

In omnichannel retailing, each sales channel (online store, physical store, mobile app) is like a guest's dish. The retailer, as the host, ensures all channels work together seamlessly, providing customers with a consistent and unified shopping experience.

First seen in 2010 in global markets like the United States, Canada, Europe, and China, omnichannel strategies made their way to India around 2017 with brands like Levi's, United Colours Of Benetton, and USPA leading the way in cities such as Delhi, Mumbai, and Bengaluru.

## The Drivers of Omnichannel Retail Strategies

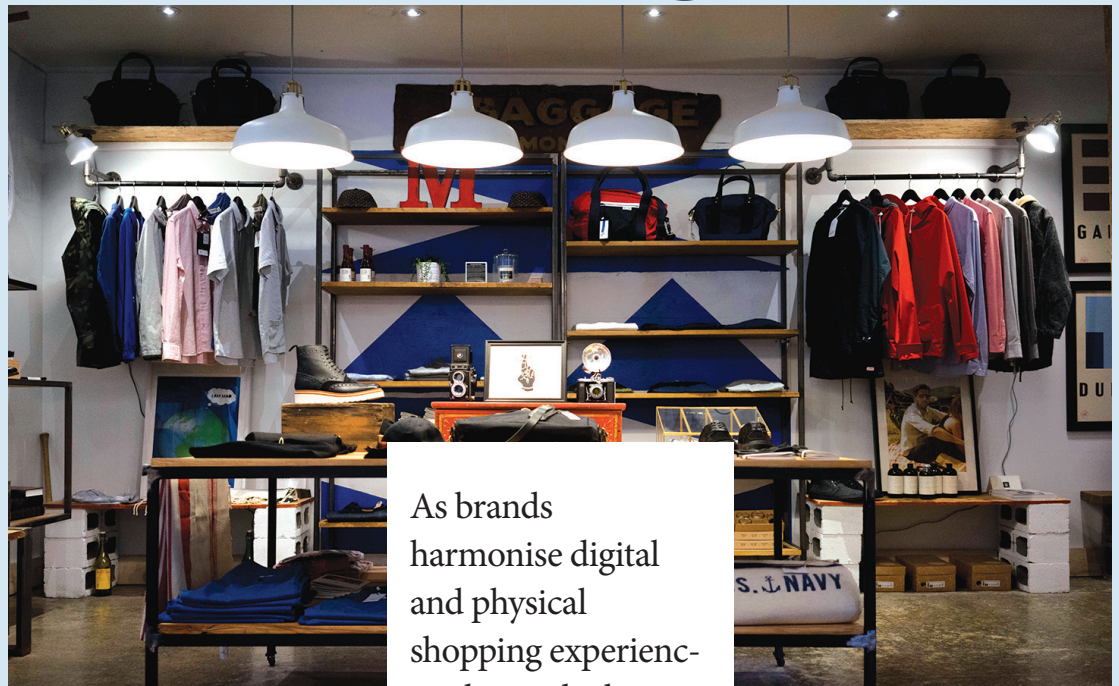
Broadly speaking, there are two primary drivers of omnichannel retail strategies:

1. Need for brands to leverage scale
2. Transformation of stores into fulfilment centres

In 2023, ANAROCK saw 33% more D2C brands opening physical stores. They expanded into 11 top retail markets, up from 9 the previous year.

Brands have evolved, making stores more experiential

There was a 59% increase in store



As brands harmonise digital and physical shopping experiences, they unlock new levels of customer engagement and satisfaction, says Anarock survey.

sizes—from an average of 730 sq. ft. in 2022 to 1,160 sq. ft. in 2023—as more brands ventured into offline spaces, integrating omnichannel marketing and curating unique experiences.

## Consumer Behaviour and Statistics

Statistics reinforce the trend towards omnichannel strategies:

- Over 70% of Indian consumers conduct online research before making offline purchases (Kantar IMRB).
- Over 40% of consumers prefer a blend of online and offline shopping channels (PWC India).
- Seamless omnichannel experiences result in a 20-25% increase in customer lifetime value (Harvard Business Review).

## Omnichannel Success Stories

Lenskart achieved a remarkable 70% conversion rate by strategically leveraging online platforms for product dis-

covery while using their offline stores for try-ons and purchases. Similarly, Fabindia enhanced customer convenience by integrating their online and offline inventories. Nykaa successfully combined beauty advisors in their physical stores with personalised online recommendations and click-and-collect options, creating a cohesive and unified brand experience for their customers.

Omnichannel strategies are no longer an option

It's not about choosing between online or offline; it's about harmonising them. Here's how:

- Offer seamless inventory visibility across channels.
- Enable click-and-collect, buy online, return in-store (BORIS), and other omnichannel fulfilment options.
- Train staff to be omnichannel champions, guiding customers seamlessly.
- Leverage data to personalize the experience across channels.

As brands harmonise digital and physical shopping experiences, they unlock new levels of customer engagement and satisfaction. For Indian retailers, the message is clear: to thrive in this evolving market, it's time to embrace the omnichannel revolution. Because in today's world, it's not about being everywhere; it's about being everywhere your customer needs you to be.

Welcome to the future of retail, where convenience, connectivity, and customer-centricity reign supreme. Ready to ride the omnichannel wave? The journey has just begun.



# South India's Data Centre Market to Witness 65% Capacity Growth by 2030



South India's data centre market is on an impressive growth trajectory, with major cities like Chennai, Bangalore, and Hyderabad at the forefront. This surge is supported by substantial government incentives, strategic infrastructure investments, and a rising demand for digital services. The region is poised to play a crucial role in the global data centre landscape, with capacity projected to grow 65% by 2030, according to Colliers survey.

## Significant Capacity Expansion

As of now, the combined in-

**stalled data centre capacity in Chennai, Bangalore, and Hyderabad stands at approximately 200 MW.** This foundation is set to be significantly bolstered, with 190 MW currently under construction and an additional 170 MW planned. These developments are expected to increase the total capacity by 80% over the next few years, underscoring the region's strategic importance in supporting global digital infrastructure.

## City-wise Data Centre Dynamics

**Chennai** is a prime data centre hub due to its strategic coastal location,

offering excellent submarine cable connectivity. The city has an installed capacity of 87 MW, with 156 MW under construction and 104 MW planned. The favourable climate and robust power infrastructure make Chennai an attractive destination for data centre investments.

**Bangalore**, known as the Silicon Valley of India, leverages its strong IT ecosystem. The city currently has an installed capacity of 79 MW, with 10 MW under construction and 26 MW in the planning stages. Bangalore's technological prowess and availability of skilled workforce are key drivers for its growing data centre market.

**Hyderabad** is rapidly emerging as

a data centre hotspot, thanks to proactive government policies and excellent connectivity. The city has an installed capacity of 47 MW, with 20 MW under construction and 38 MW planned. Hyderabad's competitive real estate market and robust infrastructure are significant advantages.

## Diverse Occupier Landscape

The occupier landscape in Chennai, Bangalore, and Hyderabad is diverse and dynamic. According to recent data, BFSI dominate the market, accounting for nearly 35% of total occupancy. IT firms follow with 30%, while Hyperscalers occupy 20% and other

From Previous Page

# South India's Data Centre Market to Witness 65% Capacity Growth by 2030

## DATA CENTRE MARKET DATA - CAPACITY

| Location    | Installed    |     | Under Construction |     | Under Planning |     |
|-------------|--------------|-----|--------------------|-----|----------------|-----|
|             | Million sqft | MW  | Million sqft       | MW  | Million sqft   | MW  |
| Chennai     | 1.7          | 87  | 2.3                | 156 | 1.6            | 104 |
| Bangalore   | 2            | 79  | 0.1                | 10  | 0.3            | 26  |
| Hyderabad   | 1            | 47  | 0.3                | 20  | 0.5            | 38  |
| South India | 4.7          | 213 | 2.7                | 186 | 2.4            | 168 |

Source: Cushman & Wakefield

sectors constitute the remaining 15%. Occupiers are increasingly seeking additional services to optimize their operations, which include:

**Managed Services:** Comprehensive IT management solutions that enable businesses to focus on core activities.

**Security Solutions:** Advanced security measures such as encryption, threat detection, and incident response services.

**Disaster Recovery:** Robust disaster recovery solutions ensuring business continuity in the face of unforeseen events.

**Edge Computing:** Proximity to end-users to reduce latency and improve service delivery, essential for IoT and real-time data processing.

### Competitive Pricing and Service Offerings

The monthly recurring charges for data centres in South India are competitive, ranging between 6,650 – 8,500 INR/kW/Month according to the usage, offering significant value for money given the advanced infrastructure and extensive range of services provided. This competitive

landscape ensures continuous upgrades and enhancements by service providers, meeting the evolving needs of occupiers.

### Outlook

The outlook for South India's data centre market in Chennai, Bangalore, and Hyderabad is exceedingly positive. The combination of strategic location, robust government support, and technological advancements positions these cities as pivotal players in the global data centre industry.

Demand for data centres is expected to rise continually, driven by increasing cloud service adoption, digital transformation initiatives by enterprises, and the advent of new technologies such as 5G and IoT.

South India's data centre market, particularly in Chennai, Bangalore, and Hyderabad, is set for substantial growth, underpinned by significant investments, strategic government incentives, and a diverse occupier base. The competitive pricing, advanced infrastructure, and additional service offerings make these cities attractive destinations for data cen-

tre investments. As South India continues to develop its digital infrastructure, it is poised to play a pivotal role in the global data centre market, offering immense opportunities for investors and occupiers alike.

### Chennai Data Centre Ecosystem

Of the South Indian State, Tamil Nadu State witnessed a positive growth and revive & contribute heavily to India's GDP. It's evident that the Southern metropolis always has been a 'favourable' investment destination and has a significant proportion of investment proposals of INR 50,000+ crores.

Comparing the industrial ecosystem, Tamil Nadu, always been leading in automobile, wind energy, and electronics hardware manufacturing sector. However, in the recent years, due to the stable system of governance and its related policies, Tamil Nadu, especially the Chennai region has emerged as a data centre capital of India.

The government is also proactive in providing 24/7 power facilities, followed by land, connectivity infra-

structure for DCs, fiscal & non-fiscal incentives, and promoting renewable energy use for everyday management. This has created a supportive technology bubble and also acts as a catalyst for industries to set up data centres.

It has to be noted that Tamil Nadu was the 1st state to come up with ethical AI, blockchain, and cyber security policies in the country. And Chennai is already geared up to provide a ready, built and well-established supply chain for data centres to integrate scale within the region.

Chennai is a prime data centre hub due to its strategic coastal location, offering excellent submarine cable connectivity. The favourable climate and robust power infrastructure make Chennai an attractive destination for data centre investments. Chennai is also a popular option for DC colocation firms since it provides an abundance of experienced IT & Non-IT talent, along with strong manufacturing bases and lower set-up costs. As a whole, the city is an excellent location for data centers because of its attractive cost structure and ample land supply.



# Section 54 deduction allowable on Cash Transaction of Residential Property Sale & Purchase



By Rathi

**1** 6 Jul 2024 594 Views 0 comment Print Income Tax | Judiciary Case Law Details Case Name : Ashwinbhai Babubhai Dudhat Vs Interim Board For Settlement (IBS)-1 & Anr. (Gujarat High Court) Appeal Number : R/ Special Civil Application No. 20186 of 2023 Date of Judgement/Order : 14/06/2024 Related Assessment Year :

Courts : All High Courts Gujarat High Court Become a Premium member to Download. If you are already a Premium member, Login here to access. Sponsored Ashwinbhai Babubhai Dudhat Vs Interim Board For Settlement (IBS)-1 & Anr. (Gujarat High Court)

Conclusion: Section 54 deduction was allowable on cash transactions involving residential property as it

was ensured that genuine investments in residential properties were duly recognized for tax exemptions. Held: During search proceedings, various incriminating materials and documents were seized, leading to an assessment under Section 153A. Subsequently, Dudhat filed an application before the Settlement Commission, disclosing undisclosed income from real estate transactions and unaccounted investments. Following the abolition of the Settlement Commission by the Finance Act, 2021, the case was transferred to the Interim Board for Settlement.

Assessee claimed an exemption under Section 54 for long-term capital gains on the sale of a residential bungalow, asserting that the investment in a new property was made using cash received from the sale. However, the Interim Board rejected the claim,

arguing that the exemption could not be granted for cash transactions not declared in the initial income return and not deposited in the capital gains deposit scheme. It was held that the grounds on which the deduction under Section 54 was denied by the board were not tenable, as none of the grounds on which the deduction under Section 54 of the Act was denied could be said to be contrary to the provisions of the Act and that such contravention had prejudiced assessee and assessee was entitled to get the deduction under Section 54 also qua the amount paid in cash to purchase the property as amount received in cash by assessee was considered as part of undisclosed income of assessee, then once the same was considered as undisclosed income, assessee was also entitled to deduction under Section 54 when it was

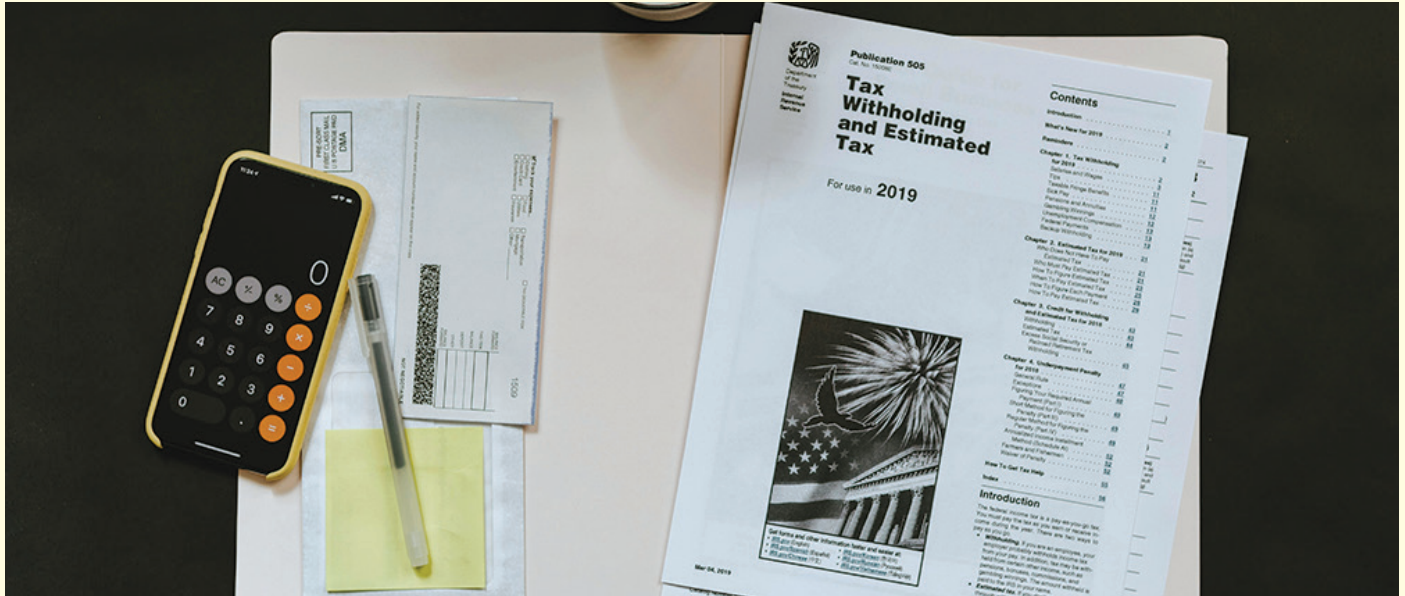
also not in the dispute that the such amount had been invested for purchase of the property by payment of cash.

Therefore, the order of the Settlement Commission on the issue of denial of deduction under Section 54 was required to be interfered with being not in accordance with the provisions of section 54 and accordingly the order of the Settlement Commission to the extent of denial of deduction under Section 54 in respect of cash portion of Rs.2,40,14,000/- was quashed and set aside.

Read more at: <https://taxguru.in/income-tax/section-54-deduction-allowable-cash-transaction-sell-purchase-residential-property.html>

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# Income Tax Dues Don't Bar Property Registration in Auctions: Karnataka HC



CA Sandeep Kanoji

**S**ri T. Bharathgowda Vs State Of Karnataka (Karnataka High Court) In a significant judgment, the Karnataka High Court clarified that pending income tax dues against borrowers do not obstruct the registration of properties purchased in auctions conducted under the SARFAESI Act. This ruling came in the case of Sri T. Bharathgowda Vs. State of Karnataka, where the petitioner sought a writ mandating the Sub-Registrar to register a sale certificate. This decision has substantial implications for property transactions involving auction purchases and highlights the precedence of secured creditors' rights over other statutory dues.

## Background of the Case

The petitioner, Sri T. Bharathgowda, emerged as the successful bidder in an auction conducted by Canara Bank to recover dues from borrowers who had defaulted on their loan payments. Despite paying the entire auction consideration and fulfilling all

registration requirements, the petitioner faced a hurdle when the Sub-Registrar refused to register the sale certificate, citing pending income tax dues against the original property owners.

## Legal Framework and Arguments

The central issue revolved around the interpretation and application of the SARFAESI Act, particularly Sections 26E and 35. These sections prioritize the rights of secured creditors over other debts, including taxes and other statutory dues. The petitioner argued that the Sub-Registrar had no legal basis to deny registration since the auction and subsequent sale certificate issuance complied with the SARFAESI Act's provisions.

## SARFAESI Act Provisions

Section 26E: This section mandates that debts due to secured creditors take precedence over all other debts, including taxes and other statutory dues, following the registration of the security interest.

Section 35: It asserts that the SARFAESI Act overrides any other inconsistent laws, ensuring the primacy of secured creditors' rights.

The Sub-Registrar's refusal, based on the argument of pending income tax dues, was challenged by the petitioner, supported by the bank. The Additional Government Advocate contended that the statutory dues needed to be cleared before registration could proceed, suggesting the property was not free from encumbrance.

## Court's Observations and Judgment

The court examined the relevant legal provisions and previous judicial pronouncements, particularly the Supreme Court's stance on the priority of secured creditors' rights. The court emphasized that:

1. The SARFAESI Act's provisions unequivocally prioritize secured creditors' claims over other statutory dues.
2. The Sub-Registrar's refusal to register the document based on pending income tax dues lacked legal justification, as no provision in the SARFAESI Act or the Registration

Act supported such an action.

3. Past judgments, including those from the Supreme Court, have consistently upheld that secured creditors' rights

e. The Karnataka High Court, aligning with these principles, ruled in favor of the petitioner, directing the Sub-Registrar to register the sale certificate without considering the pending income tax dues against the original owners.

The Karnataka High Court's judgment in Sri T. Bharathgowda Vs. State of Karnataka reaffirms the supremacy of secured creditors' rights under the SARFAESI Act. This ruling provides clarity and reassurance to auction purchasers, ensuring that their transactions are not hindered by the borrower's pending statutory dues. It underscores the importance of following the legal framework established by the SARFAESI Act and strengthens the position of secured creditors in recovering dues through property auctions. This decision will likely influence similar cases and enhance the efficiency and reliability of the property auction process.

Courtesy: [www.taxguru.in](http://www.taxguru.in)



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