

BEGUR BULLETIN

REAL ESTATE

JANUARY - MARCH 2026

***QUARTERLY REGULATORY
UPDATE***



WELCOME TO THE BEGUR BULLETIN!

This edition of the Begur Bulletin captures key real estate regulatory and policy developments for the period of January to March, 2026, covering a mix of legislative changes, regulatory actions and judicial developments impacting the sector.

The quarter has seen a continued focus on strengthening regulatory oversight and compliance under RERA, particularly through enforcement actions by state authorities such as Karnataka RERA and Maharashtra RERA, alongside administrative streamlining measures. At the same time, policy initiatives aimed at improving housing accessibility and urban planning, including easing of Transit-Oriented Development (TOD) norms and emphasis on affordable housing, signal a broader push towards sustainable and inclusive growth.

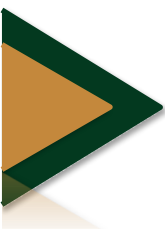
On the insolvency side, developments such as the passage of the IBC Amendment Bill, 2025 and judicial clarification on project-specific insolvency in real estate reflect a maturing framework that seeks to address sector-specific challenges, particularly in relation to project-level resolution and stakeholder protection.

Overall, the period reflects a balanced regulatory approach, tightening compliance and enforcement, while introducing targeted reforms to improve project viability, resolution outcomes, and ease of doing business across the real estate ecosystem.

We value your thoughts and suggestions. If there is feedback on how we can improve The Begur Bulletin, we'd love to hear from you on communications@begurs.com. Your input helps us keep this platform insightful.

Enjoy reading, here's to staying informed, compliant, and capital-ready.

— Team Begur





LEGISLATIVE UPDATES

1. CENTRE EASES TOD NORMS, MANDATES AFFORDABLE HOUSING ALONG METRO CORRIDORS

The Central Government has eased Transit-Oriented Development (TOD) norms, mandating that at least 65% of housing in projects along metro corridors be allocated to affordable housing. The move is aimed at improving urban density planning and enhancing accessibility to housing near public transport infrastructure.

The revised norms are expected to be implemented by states and urban local bodies, with a focus on integrating land use and transport planning to promote sustainable urban development.

B&P View: This is a significant policy push towards affordable housing and urban densification, which may improve housing supply in well-connected areas. However, it could potentially impact project economics for developers by limiting flexibility in product mix and pricing.

2. COMMITTEE OF CREDITORS MAY INVITE LAND AUTHORITIES IN REAL ESTATE CIRPs

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 was passed in the Lok Sabha and Rajya Sabha on March 30, 2026 and April 01, 2026 respectively, pursuant to which the Committee of Creditors (COC) of a company undergoing corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 ("IBC") may invite relevant land-owning authorities (such as NOIDA, HUDA etc.) to participate in COC meetings in real estate insolvency cases.

This development forms part of a broader set

of changes aimed at addressing real estate specific challenges under the IBC. The participation of such authorities is intended to enable COCs and Resolution Professionals to obtain inputs on land allotment terms, development conditions, approvals and other regulatory aspects which are often critical to the viability and implementation of resolution plans. Such participation shall be consultative in nature and shall not alter the statutory composition or voting rights of the COC.

B&P View: This is a targeted, real-estate focused reform that formally acknowledges the role of land authorities in CIRP processes and enables their involvement at the COC stage, which could help resolve title and approval-related issues earlier in the process and improve the feasibility and execution of resolution plans.



REAL ESTATE INVESTMENT TRUSTS (REITs) & INFRASTRUCTURE INVESTMENT TRUSTS (InvITs)**1. KEY DECISIONS TAKEN IN SEBI BOARD MEETING**

SEBI vide its Board Meeting dated March 23, 2026, has approved certain amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014 with a view to enhancing ease of doing business and addressing practical issues faced by InvITs and REITs.

Key amendments include:

- a. **Continuation of SPV holdings by InvITs post concession expiry:** InvITs will be permitted to continue holding investments in Special Purpose Vehicles (SPVs) even after the underlying infrastructure project or concession agreement has concluded or terminated. InvITs must, however, exit such investments or acquire new infrastructure assets within one year from completion of relevant events (including litigation or defect liability periods), subject to exclusions for time taken in obtaining regulatory approvals.
- b. **Expanded investment avenues for REITs and InvITs:** REITs and InvITs will be allowed to invest surplus funds in a broader category of liquid mutual fund schemes (including those with slightly lower credit thresholds—AA and above), thereby providing greater flexibility and reducing concentration risk in treasury management.
- c. **Investment in greenfield projects by privately listed InvITs:** Privately listed InvITs will be permitted to invest up to 10% of their asset value in under-construction (greenfield)

infrastructure projects, aligning their investment flexibility with publicly listed InvITs.

- d. **Relaxation in borrowing norms for InvITs:** InvITs with leverage between 49% and 70% of asset value will be allowed to undertake additional borrowings not only for acquisition/development but also for capital expenditure, major maintenance, and refinancing of existing debt, thereby improving financial flexibility.

B&P View: The amendments adopt a pragmatic approach to address operational challenges in the InvIT and REIT framework. Measures such as permitting continued SPV holdings, expanding investment avenues, and easing leverage norms are likely to enhance flexibility and capital efficiency. However, their effectiveness will depend on clear implementation and robust investor safeguards.

2. RBI STATEMENT ON DEVELOPMENTAL AND REGULATORY POLICIES FOR REITs

The RBI vide Statement on Developmental and Regulatory Policies dated February 6, 2026, has proposed to permit commercial banks to extend finance to Real Estate Investment Trusts (REITs), subject to appropriate prudential safeguards. The proposal follows RBI's review of the regulatory and governance framework applicable to listed REITs.

Key proposals include:

- a. **Proposed bank financing to REITs:** RBI has indicated its intent to allow



commercial banks to lend to REITs, whereas such lending was previously not permitted.

- b. **Prudential safeguards:** The proposed permission will be subject to appropriate risk management and prudential conditions, details of which will be specified separately.
- c. **Harmonization with InvIT framework:** RBI will align the existing guidelines on bank lending to InvITs with the safeguards proposed for REIT lending.
- d. **Draft directions awaited:** The RBI has stated that detailed draft directions will be issued shortly for public consultation.

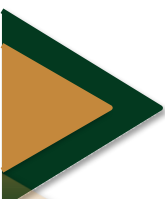
B&P View: The proposal marks a significant policy shift by potentially opening a new financing channel for REITs through bank funding. However, the practical impact will depend on the prudential limits and eligibility conditions to be prescribed in the forthcoming draft directions.

3. CONSULTATION PAPER ON MEASURES TOWARDS EASE OF DOING BUSINESS FOR REITs AND InvITs

SEBI, vide consultation paper dated February 05, 2026 has proposed measures towards ease of doing business for REITs and InvITs. The paper seeks public comments on specific amendments based on industry representations from the Indian REITs Association (IRA) and Bharat InvITs Association (BIA), and recommendations of the Hybrid Securities Advisory Committee (HYSAC).

Key proposals include:

- a. **Introduction of SPV status post concession:** It is proposed to amend the definition of SPV to allow InvITs to continue holding entities where the concession agreement has ended or been terminated. The investment manager must either exit such entity or acquire a new infrastructure project within one year from the later of (i) end/termination of concession, (ii) conclusion of pending claims/litigations, or (iii) completion of defect liability period. Detailed InvIT-level and SPV-level disclosures will be required during the interim period.
- b. **Disclosure requirements:** Enhanced disclosures are proposed where concession periods have ended, including project status, vesting details, asset-liability position, contingent liabilities, outstanding debt, sufficiency of assets to meet liabilities, and a clear exit strategy and timeline at the SPV level.
- c. **Investment in liquid mutual funds:** REITs and InvITs may be permitted to invest in liquid mutual fund schemes with credit risk value (CRV) ≥ 10 (Class A-I or Class B-I), instead of the existing CRV ≥ 12 requirement, to expand investment options while maintaining low-to-moderate credit risk.
- d. **Private InvIT greenfield exposure:** Privately listed InvITs may be allowed to invest up to 10% of asset value in under-construction (including pure greenfield) projects, aligning them with publicly listed InvITs.
- e. **Use of borrowings above 49% leverage:** It is proposed to expand the permitted end-use of borrowings (where net borrowings exceed 49% of asset value) by introducing an enabling provision to include specified additional

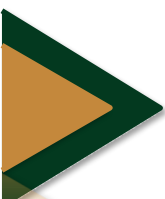




purposes such as capital expenditure for asset performance enhancement, capacity augmentation, or meeting project/concession requirements.

- f. **Major maintenance funding:** Debt used for major maintenance of road projects being non-routine maintenance required under concession agreements is proposed to be expressly treated as a permitted use under Regulation 20(3)(b)(ii).
- g. **Refinancing permitted:** Refinancing of debt originally raised for permitted purposes by the InvIT, HoldCo or SPV may be allowed, subject to conditions that (i) there is no increase in the aggregate consolidated borrowings and deferred payments of the InvIT, holdco and the SPV(s), net of cash and cash equivalents, due to such refinancing; and (ii) only the principal portion of debt is refinanced.

B&P View: The consultation paper proposes targeted regulatory relaxations for REITs and InvITs while embedding safeguards through conditions, leverage controls and enhanced disclosures. If implemented, the measures should improve operational flexibility for InvITs and REITs without materially diluting investor protection.



1. NCLAT CLARIFIES PROJECT SPECIFIC CIRP IN REAL ESTATE INSOLVENCY

The Principal Bench of the National Company Law Appellate Tribunal, New Delhi, in its order dated 27th March 2026, has held that the Corporate Insolvency Resolution Process (CIRP) in real estate companies must be restricted to the specific project where the debt and security are project-based, and not extend to the entire corporate debtor. The ruling modifies the earlier order of the National Company Law Tribunal, Chandigarh Bench, which had admitted a Section 7 application against Vatika Limited as a whole.

The case arose from an application filed by IDBI Trusteeship Services Limited in relation to NCDs issued by Vatika Limited, secured against a specific project, 'Project Aspirations' in Gurgaon. The appellant (a suspended director) contended that both the debt and security were project-specific and that extending CIRP to all projects would prejudice stakeholders in unrelated projects. The NCLAT, relying on the Debenture Trust Deed and prior judicial precedents, held that while default was established, CIRP must be confined only to the concerned project, and directed the IRP to proceed accordingly.

B&P View: This ruling reinforces the evolving position that real estate insolvency under the Insolvency and Bankruptcy Code, 2016 should be applied in a project-specific manner where the underlying financing and security are ring-fenced to a particular project, thereby protecting solvent projects and homebuyers from being dragged into unrelated insolvency proceedings, while also ensuring that creditors retain the flexibility to initiate separate actions for other projects.

STATE SPECIFIC UPDATES

1. NO HIKE IN MAHARASHTRA READY RECKONER RATES

The Government of Maharashtra has decided to retain the Ready Reckoner (RR) rates at existing levels for FY 2026–27, with no increase notified across the state. The decision has been taken in light of global geopolitical uncertainties and a slowdown in the real estate and construction sectors.

RR rates, which serve as the minimum benchmark for property valuation (impacting stamp duty, registration charges, and certain tax computations), had last seen an average increase of ~3.89% in FY 2025–26. By maintaining a “nil” hike for the current financial year, the state aims to prevent additional financial burden on buyers and support stability in the real estate market.

B&P View: The decision to keep RR rates unchanged supports affordability and helps sustain transaction activity in the current subdued real estate environment. By not increasing the benchmark valuation, the state avoids putting upward pressure on property prices and stamp duty costs, while also providing a degree of stability and predictability for developers and investors.

2. MAHARERA ORDERS CLOSURE OF LONG-PENDING INCOMPLETE APPLICATIONS ON OLD PORTAL

Maharashtra RERA, vide Order No. 65/2026 dated February 23, 2026 (“Order”) directed closure of long-pending incomplete applications on the MahaRERA old portal for administrative streamlining. The Order reiterates that under Section 3 and Section 4 of the Real Estate (Regulation and Development) Act, 2016, promoters are required to register

projects and submit complete applications with all prescribed details and documents.

Key highlights:

- a. Several applications for project registration, correction, and extension remained incomplete due to non-completion or non-resubmission by promoters.
- b. Despite notices dated October 15, 2025 and January 2, 2026 granting time to rectify deficiencies, many promoters failed to respond or complete filings.
- c. In some cases, communications could not be delivered due to non-functional email IDs and outdated contact details.
- d. Such long-pending incomplete applications on the MahaRERA 1.0 portal are ordered to be removed/closed purely for administrative purposes.
- e. Closure shall not be treated as adjudication on merits or rejection of the application.
- f. Promoters may file fresh applications on MahaRERA Web Portal 2.0 (MahaCRITI) in accordance with applicable procedure, statutory requirements, and prescribed fees.
- g. The Order comes into force with immediate effect.

B&P View: This Order is an administrative clean-up measure aimed at removing stale and incomplete filings from the old portal. It ensures better system efficiency while preserving promoters’ right to reapply through the updated portal without prejudice.



3. KARNATAKA RERA ISSUES CORRIGENDUM EXTENDING DEADLINE FOR QUARTERLY PROGRESS REPORTS (FY 2025–26)

Karnataka RERA, vide Corrigendum dated February 20, 2026 (“Corrigendum”) revised the deadline prescribed under its earlier Circular dated January 20, 2026 for submission of Quarterly Progress Reports for FY 2025–26.

Key highlights:

- a. The earlier deadline of February 20, 2026 for submission of Quarterly Progress Reports for Quarter 1, Quarter 2, and Quarter 3 of FY 2025–26 has been extended.
- b. The revised deadline for submission of these quarterly reports is March 31, 2026.
- c. Promoters are required to submit the Quarterly Progress Reports for Q1, Q2, and Q3 on or before March 31, 2026.
- d. All other provisions of the earlier Circular dated January 20, 2026 remain unchanged.

B&P View: This Corrigendum provides additional time for compliance in respect of quarterly reporting obligations without altering the underlying penalty framework.

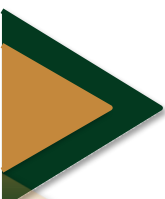
4. KARNATAKA RERA IMPOSES PENALTY FOR NON-SUBMISSION / DELAY IN SUBMISSION OF ANNUAL AUDIT REPORT (FY 2022–23)

Karnataka RERA vide Circular dated February 7, 2026 (“Circular”) imposed penalties on promoters for non-submission or delay in submission of the Annual Audit Report (Form-7) for the financial year 2022–23. The Circular is issued under Sections 25, 37, 38 and 60 of the Real

Estate (Regulation and Development) Act, 2016.

Key highlights:

- a. Promoters are required under Section 4(2)(l)(D) of the Act to get accounts audited within six months of the end of each financial year and submit a certified Annual Audit Report.
- b. The timeline for submission of the Annual Audit Report for FY 2022–23 was extended up to December 31, 2023.
- c. Despite sufficient opportunities and notices, several promoters failed to submit the Annual Audit Report.
- d. Such failure attracts penalty under Section 60 of the Act for non-compliance.
- e. Penalty is levied based on project cost (per financial year of default/delay):
 - Less than Rs. 25 crore: Rs. 20,000
 - Rs. 25 crore to Rs. 50 crore: Rs. 25,000
 - Rs. 50 crore to Rs. 100 crore: Rs. 50,000
 - Above Rs. 100 crore: Rs. 1,00,000
- f. Promoters are required to submit the pending Annual Audit Report and pay penalties through the KRERA portal via e-payment.
- g. A final opportunity is granted up to March 31, 2026 to submit the Annual Audit Report without penalty.
- h. In case of continued default, recovery proceedings will be initiated from April 1, 2026 in accordance with the Act and Rules.





B&P View: This Circular reiterates strict enforcement of audit compliance obligations and introduces a structured penalty framework linked to project size. It also provides a final compliance window while signalling regulatory intent to initiate recovery actions for persistent defaults.

5. KARNATAKA RERA IMPOSES PENALTY FOR NON-SUBMISSION / DELAY IN SUBMISSION OF ANNUAL AUDIT REPORT (FY 2023–24)

The Karnataka RERA vide Circular dated February 7, 2026 (“Circular”) imposed penalties on promoters for non-submission or delay in submission of the Annual Audit Report (Form-7) for the financial year 2023–24. The Circular is issued under Sections 25, 37, 38 and 60 of the Real Estate (Regulation and Development) Act, 2016.

Key highlights:

- a. Promoters are required under Section 4(2)(I)(D) of the Act to get accounts audited within six months of the end of each financial year and submit a certified Annual Audit Report.
- b. The timeline for submission of the Annual Audit Report for FY 2023–24 was extended up to December 31, 2024.
- c. Despite multiple notices and opportunities, several promoters failed to submit the Annual Audit Report.
- d. Such failure attracts penalty under Section 60 of the Act.
- e. Penalty is levied based on project cost (per financial year of default/delay):
 - Less than Rs. 25 crore: Rs. 20,000

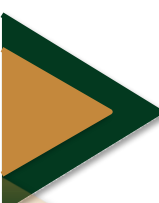
- Rs. 25 crore to Rs. 50 crore: Rs. 25,000
 - Rs. 50 crore to Rs. 100 crore: Rs. 50,000
 - Above Rs. 100 crore: Rs. 1,00,000
- f. Promoters are required to submit pending Annual Audit Reports and pay penalties through the KRERA portal via e-payment.
 - g. A final opportunity is granted up to March 31, 2026 to submit the Annual Audit Report without penalty.
 - h. In case of continued default, recovery proceedings will be initiated from April 1, 2026.

B&P View: This Circular continues the Authority’s strict stance on audit compliance by imposing structured penalties and granting a final window for compliance. It underscores the importance of timely financial disclosures and signals enforcement action for persistent non-compliance.

6. KARNATAKA RERA IMPOSES PENALTY FOR NON-SUBMISSION / DELAY IN SUBMISSION OF QUARTERLY UPDATES (FY 2017–18 TO FY 2024–25)

Karnataka RERA vide Circular dated February 7, 2026 (“Circular”) imposed penalties on promoters for non-submission or delay in submission of Quarterly Updates for the period from FY 2017–18 till completion of Quarter-4 of FY 2024–25. The Circular is issued under Sections 11, 35, 37, 38 and 61 of the Real Estate (Regulation and Development) Act, 2016 read with Rule 15(1)(D) of the Karnataka RERA Rules, 2017, and in light of the Karnataka High Court order dated September 19, 2025.

Key highlights:





- a. Promoters are mandatorily required to submit quarterly updates within 15 days from the end of each quarter through the K-RERA portal.
- b. The Authority noted persistent defaults in submission of quarterly updates across multiple financial years.
- c. The earlier delay fee framework (Circular dated September 3, 2020) was quashed by the Karnataka High Court; however, the Court clarified that lawful levy of fees/penalties is permissible.
- d. Accordingly, fresh penalty framework has been prescribed under Section 61 of the Act.
- e. Penalty of Rs. 25,000 per quarterly update is levied for delay/non-submission.
- f. The Circular prescribes cumulative penalties for different financial years including:
 - FY 2018–19: up to Rs. 50,000
 - FY 2019–20 to FY 2024–25: up to Rs. 1,00,000 per year (Rs. 25,000 per quarter)
- g. Promoters must submit pending quarterly updates and pay applicable penalties through the K-RERA portal via e-payment.
- h. A final opportunity is granted up to March 31, 2026 to submit all pending quarterly updates without penalty.
- i. In case of continued default, recovery proceedings will be initiated from April 1, 2026.

B&P View: This Circular consolidates long-pending compliance defaults and introduces a uniform penalty structure

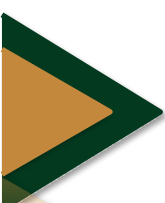
across multiple financial years. It aligns with judicial directions while reinforcing strict enforcement and providing a one-time compliance window before initiating recovery actions.

7. KARNATAKA RERA IMPOSES PENALTY FOR NON-SUBMISSION / DELAY IN SUBMISSION OF QUARTERLY PROGRESS REPORTS

Karnataka RERA vide Circular dated January 20, 2026 (“Circular”) imposed penalties on promoters for non-submission or delay in submission of Quarterly Progress Reports for the financial year 2025–26. The Circular is issued under Sections 11, 35, 37, 38 and 61 of the Real Estate (Regulation and Development) Act, 2016 read with Rule 15(1)(D) of the Karnataka RERA Rules, 2017.

Key highlights:

- a. Promoters are mandatorily required to submit quarterly updates of their projects on the K-RERA portal within 15 days from the end of each quarter.
- b. Prescribed timelines include:
 - Q1: on or before 15 July
 - Q2: on or before 15 October
 - Q3: on or before 15 January
 - Q4: on or before 15 April
- c. Failure to comply with quarterly reporting obligations attracts penalty, which may extend up to 5% of the total estimated cost of the project under Section 61 of the Act.
- d. The Authority has specifically imposed a penalty of Rs. 25,000 for each quarterly report for non-submission or delay for FY 2025–26.
- e. Promoters are required to submit pending quarterly reports and pay





penalties through the K-RERA portal via e-payment.

- f. A final opportunity is granted up to February 20, 2026 to submit Quarterly Reports for Q1, Q2, and Q3 of FY 2025–26 without penalty.
- g. For continued default, penalty of Rs. 25,000 per delayed quarterly report shall be applicable.
- h. Promoters must submit Q4 report on or before April 15, 2026 to avoid penalty from April 16, 2026.
- i. Recovery proceedings for penalties will be initiated from February 20, 2026 for defaults in Q1, Q2, and Q3.

B&P View: This Circular strengthens compliance enforcement by mandating timely quarterly disclosures and imposing fixed monetary penalties for defaults. It reflects a stricter regulatory approach to ensure continuous project transparency and accountability under the RERA framework.

8. KARNATAKA RERA IMPOSES PENALTY FOR NON-SUBMISSION / DELAY IN SUBMISSION OF ANNUAL AUDIT REPORT

Karnataka RERA vide Circular dated January 9, 2026 (“Circular”) imposed penalties on promoters for non-submission or delay in submission of the Annual Audit Report (Form-7) for the financial year 2024–25. The Circular is issued under Sections 25, 37, 38 and 60 of the Real Estate (Regulation and Development) Act, 2016.

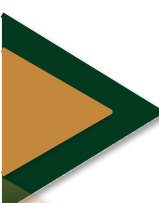
Key highlights:

- a. Promoters are required under Section 4(2)(I)(D) of the Act to get accounts

audited within six months of the end of each financial year and submit a certified Annual Audit Report.

- b. The timeline for submission of the Annual Audit Report for FY 2024–25 was extended up to December 31, 2025.
- c. Failure to submit the report within the prescribed timeline attracts penalty under Section 60 of the Act.
- d. Penalty is levied based on project cost (per financial year of default/delay):
 - Less than Rs. 25 crore: Rs. 20,000
 - Rs. 25 crore to Rs. 50 crore: Rs. 25,000
 - Rs. 50 crore to Rs. 100 crore: Rs. 50,000
 - Above Rs. 100 crore: Rs. 1,00,000
- e. Promoters must submit the pending Annual Audit Report and pay penalties through the KRERA portal via e-payment.
- f. A final opportunity is granted to submit the report without penalty up to January 20, 2026.
- g. For continued default between January 21, 2026 and March 31, 2026, penalty will apply, and recovery proceedings will be initiated from April 1, 2026.

B&P View: This Circular reinforces compliance discipline by linking audit reporting obligations with monetary penalties based on project size. It also provides a limited final window for compliance, after which strict recovery action is contemplated under the RERA framework.





BEGUR & PARTNERS

ADVOCATES & SOLICITORS

MUMBAI

The Capital, B/513, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra 400051

(+9122) 40049800 | 40049801

communications@begurs.com

BENGALURU

236 Sumitra, 2'C Cross, 1st Main Rd, 2nd Stage, Domlur, Bengaluru, Karnataka 560071

(+91-80) 4123 9800 | 40936801

communications@begurs.com

UAE

A4-115, Building No. A4, Al Hamra Industrial Zone – FZ, RAK – United Arab Emirates.

(+971) 502234052

communications@begurs.com



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