An agreement of sale and an amendment agreement, even if executed prior to commencement of CIRP, do not by themselves confer any right, title or interest in immovable property of the corporate debtor in favour of the applicant, since title passes only through a duly executed and registered conveyance deed

The **National Company Law Tribunal (NCLT), Bengaluru Bench** in the case of **Fortuna Integral Projects Private Limited vs Shivadutt Bannanje [I.A. No. 596 of 2024] dated May 26, 2026**, has held that an agreement of sale and an amendment agreement, even if executed prior to commencement of CIRP, do not by themselves confer any right, title or interest in immovable property of the corporate debtor in favour of the applicant, since title passes only through a duly executed and registered conveyance deed.

Accordingly, where the applicant seeks enforcement of such pre-CIRP agreements in respect of a corporate debtor's asset, and the transaction is already under challenge in avoidance proceedings as preferential, undervalued or fraudulent, the applicant cannot claim conveyance as of right merely on the basis of those agreements, particularly when payments were made during moratorium and no cogent proof of possession is produced.

The Tribunal identified as undisputed that the agreement of sale and amendment agreement had been executed before commencement of CIRP, that TGMC Bank was the secured creditor in respect of the schedule property, that CIRP commenced, that the applicant made payment to TGMC Bank during moratorium, that application seeking avoidance of the impugned sale transactions was pending, and that the applicant was seeking enforcement of the sale transaction by execution of the sale deed in its favour.

The Tribunal observed that the applicant had not filed any document showing physical possession of the schedule property except the recital in the amendment agreement, and further held that since payment was made by the applicant during CIRP, possession could not have been delivered earlier. It also observed that the agreement of sale and amendment agreement by themselves did not confer title or convey interest in favour of the applicant in the schedule property. The Tribunal also reiterated that an agreement to sell is only a promise of future transfer and does not itself create any interest in or charge upon immovable property; transfer of right, title and interest occurs only upon execution and registration of the sale deed.

The Tribunal further took note of the memo filed by the successful resolution applicant enclosing the discharge deed executed by TGMC Bank, under which the bank acknowledged satisfaction of its claims and discharged the equitable mortgage over the schedule property after payments under the approved resolution plan. On that basis, the Tribunal recorded that this reflected a possible dubious role of TGMC Bank in receiving money from the applicant while keeping the CoC in the dark, and again receiving amounts under the approved resolution plan, thereby warranting explanation from the bank regarding the entire scenario and its conduct as a public institution. The Tribunal also observed that the application, which sought enforcement in 2024 of agreements of 2019–20 without cogent explanation for the delay, was barred by limitation.

The Tribunal thus dismissed the application seeking enforcement of the 2019–20 agreements and execution of the sale deed in favour of the applicant. In addition, while noting the discharge deed issued by TGMC Bank after implementation of the resolution plan, the Tribunal stated that TGMC Bank needed to be summoned to explain the entire scenario and its conduct in receiving money both from the applicant and again under the approved resolution plan.