



2025:DHC:10236-DB



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Judgment reserved on: 06.11.2025

Judgment pronounced on: 21.11.2025

+ **FAO(OS) 136/2025 and CM APPL. 69067/2025**

GAURAV AGGARWALAppellant

Through: **Mr. Avnish Pandey, Adv.**

versus

RICHA GUPTARespondent

Through: **Mr Viraj R. Datar, Sr. Adv with
Mr. Chetan Lokur, Adv.**

CORAM:

HON'BLE MR. JUSTICE ANIL KSHETARPAL

**HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR**

J U D G M E N T

ANIL KSHETARPAL, J.

1. The present Appeal assails the correctness of the judgment dated 15.10.2025 passed by the learned Single Judge in O.M.P. 1/2025 [hereinafter referred to as “Impugned Judgment”], whereby the Petition filed by the Appellant under Section 34 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as “AC Act”] was dismissed and the Arbitral Award dated 10.01.2025 was upheld. By the said Award, the learned Sole Arbitrator terminated the arbitral proceedings under Section 32(2)(c) of the AC Act, holding that the Agreement to Sell [hereinafter referred to as ‘ATS’] dated 05.01.2024, was unstamped, unregistered, and therefore, unenforceable in law.



2. The issue which arises for consideration in the present Appeal is whether the learned Single Judge was justified in upholding the termination of the arbitral proceedings under Section 32(2)(c) of the AC Act by the Arbitral Tribunal, on the ground that the ATS dated 05.01.2024, forming the basis of the arbitral claims, being unregistered and unstamped in respect of immovable property situated in the State of Uttar Pradesh, was unenforceable and incapable of being acted upon.

FACTUAL MATRIX

3. The brief facts, leading to the filing of the present Appeal, are as follows. The Respondent is the sub-lessee in possession of a Flat bearing Unit No. KLP0152004 situated in Kalypso Court-15, Jaypee Greens, Noida, Uttar Pradesh [hereinafter referred to as “subject property”], under a Sub-Lease Deed dated 11.07.2021 executed by Jaypee Infratech Limited [hereinafter referred to as “JIL”] in her favour.

4. The Respondent approached the Appellant with an offer to transfer her sub-leasehold interest in the subject property. Pursuant thereto, an ATS was executed between the parties on 05.01.2024 for the transfer of the Respondent’s sub-leasehold rights in the subject property for a total consideration of Rs. 5 crores, out of which the Appellant paid a sum of Rs. 50,000/- as token money.

5. Under Clause 5.1 of the ATS, the Respondent was required to obtain prior permission from JIL and Yamuna Expressway Industrial Development Authority [hereinafter referred to as “YEIDA”] for



transfer of the sub-leasehold rights in the subject property and the Appellant was required to extend his complete cooperation to the Respondent in getting the said approval by signing, executing and submitting all necessary documents/application required for such approval. The Respondent, *vide* letter dated 15.01.2024, informed the Appellant regarding the requirement of filing a joint application before JIL and YEIDA for obtaining such permission.

6. Subsequently by a Notice dated 07.02.2024, the Respondent communicated the termination of the ATS to the Appellant, alleging breach of its terms. The Appellant disputed the allegations in his reply dated 08.03.2024. Thereafter, by notice dated 15.04.2024, the appellant invoked the arbitration clause contained in Clause 14 of the ATS in terms of Section 21 of the AC Act. The Respondent, in her reply, denied the existence of any valid or enforceable contract, asserting that the ATS was neither registered nor duly stamped and was, therefore, not arbitrable.

7. Notwithstanding the above objection, the arbitration proceedings commenced before the Sole Arbitrator named in the ATS. The Appellant filed his Statement of Claim seeking specific performance of the ATS, while the Respondent, in her Statement of Defence, reiterated that the ATS was unenforceable for want of registration and stamping as required under the law applicable in the State of Uttar Pradesh.

8. Subsequently, the Respondent moved an application under Section 32(2)(c) of the AC Act seeking termination of the arbitral



proceedings on the ground that the ATS, not being duly stamped or registered as required under the Registration Act, 1908, as applicable in the State of Uttar Pradesh, was an invalid and unenforceable document. The Appellant contested the said application, contending that the transaction was merely for the transfer of sub-leasehold rights and not ownership, and that such an agreement did not attract mandatory stamping or registration under Section 17 of the Registration Act, 1908.

9. The Sole Arbitrator, after hearing the parties, allowed the Respondent's application *vide* Award dated 10.01.2025 holding that the ATS constituted a "contract for sale" within the meaning of Section 54 of the Transfer of Property Act, 1882 [hereinafter referred to as "TPA"], and in view of the U.P. Civil Laws (Reforms and Amendment) Act, 1976 (Act 57 of 1976), significantly amending Section 54 of the TPA in Uttar Pradesh, all contracts for sale related to immovable properties, irrespective of its value, required mandatory registration and appropriate stamping. Consequently, the arbitral proceedings were terminated under Section 32(2)(c) of the AC Act.

10. The Appellant thereafter filed a petition under Section 34 of the AC Act before the learned Single Judge challenging the award dated 10.01.2025. The learned Single Judge, by the Impugned Judgment dated 15.10.2025, dismissed the petition, upholding the reasoning of the Arbitrator and concluding that the ATS, being unregistered and unstamped, was unenforceable in law and incapable of being acted upon in Arbitration.



SUBMISSIONS ON BEHALF OF THE APPELLANT

11. Learned counsel for the Appellant contended that the learned Single Judge erred in affirming the Award dated 10.01.2025, inasmuch as both the learned Arbitrator and the Court below failed to appreciate that the ATS did not create, declare, assign, limit, or extinguish any right, title, or interest in the immovable property. It was merely a contractual arrangement contemplating a future transfer, and therefore, did not require registration under Section 17 of the Registration Act, 1908.

12. It was submitted that the learned Single Judge overlooked the settled legal position that an unregistered ATS can, nonetheless, form the basis of an arbitral reference for enforcing contractual obligations, including specific performance, particularly when such an agreement does not itself convey any proprietary rights in the property.

13. Learned counsel further argued that the finding of the learned Arbitrator that the ATS was “unenforceable” for want of registration and stamping is contrary to the provisions of the Indian Stamp Act, 1899 [hereinafter referred to as “IS Act”]. Even assuming that the document was insufficiently stamped, the proper course would have been to impound the same and refer it to the competent authority for adjudication of stamp duty under Section 33 of the IS Act, and not to terminate the proceedings altogether under Section 32(2)(c) of the AC Act.

14. It was urged that Section 32(2)(c) of the AC Act empowers the Arbitral Tribunal to terminate proceedings only when “it becomes



impossible for the tribunal to continue the proceedings for any other reason.” The inability to continue cannot arise from a curable procedural defect such as deficient stamping. The Arbitrator, therefore, exceeded his jurisdiction in invoking Section 32(2)(c) of the AC Act to terminate the proceedings instead of proceeding with adjudication after curing the defect.

15. The Appellant also submitted that the learned Single Judge erroneously applied the provisions of the U.P. Civil Laws (Reforms and Amendment) Act, 1976, to the present case. The said amendment merely provides for compulsory registration of “contracts to transfer for consideration” of immovable property, but does not declare such unregistered agreements void or non-existent. Consequently, the agreement remained valid and enforceable inter partes, and any defect of registration could not render the arbitration clause inoperative.

SUBMISSIONS ON BEHALF OF THE RESPONDENT

16. *Per contra*, learned counsel for the Respondent submitted that the ATS, being unregistered and unstamped, was void and unenforceable in law, and consequently, no arbitral proceedings could validly be founded upon it. It was argued that under the U.P. Civil Laws (Reforms and Amendment) Act, 1976 (Act 57 of 1976), the provisions of Sections 17(1A) and 49 of the Registration Act, 1908 stand amended in their application to the State of Uttar Pradesh, making registration compulsory for all contracts for sale of immovable property. An unregistered contract for sale cannot be received in evidence, even for collateral purposes, nor can it be



specifically enforced. Thus, the ATS, not having been registered, was inadmissible in evidence and incapable of being acted upon even to maintain arbitral proceedings.

17. Learned counsel submitted that the Appellant's plea of impounding under the IS Act, was misconceived, as the defect in the present case went beyond mere deficiency of stamp duty. The requirement of registration was a substantive condition precedent under the amended Uttar Pradesh law, non-compliance with which rendered the document itself void and non-existent for legal purposes. The Arbitrator, therefore, rightly held that continuation of arbitral proceedings would be an exercise in futility.

18. It was further contended that Section 32(2)(c) of the AC Act, squarely empowered the Arbitrator to terminate the proceedings when it became impossible to continue them, and that impossibility arose once the foundational document was held to be inadmissible in evidence.

19. It was submitted that the learned Single Judge correctly applied binding precedents and found no jurisdictional error in the award warranting interference under Section 34 of the AC Act. The scope of judicial review under Section 34 of the AC Act being narrow and confined to patent illegality or contravention of public policy, the Impugned Judgment, upholding the Arbitrator's view, calls for no interference in appellate jurisdiction.

ANALYSIS & FINDINGS

20. This Court has carefully considered the submissions advanced



by learned counsels for the parties and examined the record of the Arbitral proceedings, the Award dated 10.01.2025, and the Impugned Judgment dated 15.10.2025 passed by the learned Single Judge.

21. The core question that arises for consideration is whether an unstamped and unregistered Agreement to Sell, executed in the State of Uttar Pradesh with respect to immovable properties, is enforceable and admissible in evidence, such as to sustain continuation of arbitral proceedings and consequent grant of relief.

22. It is not in dispute that the subject property is situated in the State of Uttar Pradesh, where the Transfer of Property Act, 1882, and the Registration Act, 1908, as applicable in that State, stand materially amended by the U.P. Civil Laws (Reforms and Amendment) Act, 1976 (Act 57 of 1976). By virtue of this amendment, Section 54 was amended to mandate that every Contract for sale of immovable property, irrespective of its value, can be made only by a registered instrument.

By the same Amendment Act of 1976, clause (f) was inserted in Section 17(1) of the Registration Act, thereby bringing within the fold of compulsory registration “*any other instrument required by any law for the time being in force to be registered*”, which has the effect of making contracts for sale in Uttar Pradesh compulsorily registrable.

By the same amendment Act, Section 49 of the Registration Act was also substantially modified, reinforcing that an instrument required to be registered but not duly registered shall not be received as evidence of any transaction affecting such property or conferring such power,



creating such right or relationship, unless it has been registered, and the proviso was omitted.

It is necessary to set out a comparative overview of the Central enactment and the amendments introduced in the State of UP. The position may be tabulated as under:

Statute / Provision	Central Law	Law as applicable to Uttar Pradesh after the UP Civil Laws (Reforms and Amendment) Act, 1976
Section 54, Transfer of Property Act, 1882	“Sale” defined.—“Sale” is a transfer of ownership in exchange for a price paid or promised or part-paid and part-promised. Sale how made.—Such transfer, in the case of tangible immoveable property of the value of one hundred rupees and upwards, or in the case of a reversion or other intangible thing, can be made only by a registered instrument. In the case of tangible immoveable property of a value less than one hundred rupees, such transfer may be made either by a registered instrument or by delivery of the property. Delivery of tangible immoveable property takes place when the seller places the buyer, or such person as he directs, in possession of the property.	“Sale” defined.—“Sale” is a transfer of ownership in exchange for a price paid or promised or part-paid and part-promised. Sale how made.—Such transfer, in the case of tangible immoveable property, or in the case of a reversion or other intangible thing, can be made only by a registered instrument. . Contract for sale.—A contract for the sale of immoveable property is a contract that a sale of such property shall take place on terms settled between the parties. It does not, of itself, create any interest in or charge on such property Such contract can be made only by a registered instrument. [inserted vide UP Act No. 57 of 1976]



	Contract for sale.—A contract for the sale of immoveable property is a contract that a sale of such property shall take place on terms settled between the parties. It does not, of itself, create any interest in or charge on such property	
Section 17(1) (f) Registration Act, 1908	No equivalent clause in the Central Act.	Clause (f) inserted: “ <i>any other instrument required by any law for the time being in force, to be registered.</i> ” [This brings contracts for sale within compulsory registration in UP]
Section 17(2)(v) (documents creating right to obtain another document)	These documents need not be registered unless the interest is ₹100 or more.	UP inserts the words “other than contract for sale”, and omits the value threshold [Contracts for sale are carved out and treated separately; they become compulsorily registrable irrespective of value in UP]
Explanation to Section 17(2) Registration Act, 1908	Explanation.—A document purporting or operating to effect a contract for the sale of immovable property shall not be deemed to require or ever to have required registration by reason only of the fact that such document contains a recital of the payment of any earnest money or of the whole or any part of the purchase money.	Explanation omitted by the UP Amendment Act [removes the statutory exception that protected such documents from compulsory registration even when they recited payment of any earnest money]
Section 49 (main paragraph) Registration	Bars effect of unregistered documents required to be registered u/s 17 or by any provision of the Transfer of	Inserts: “or of any other law for the time being in force.” [Strengthens the bar: if any law as applicable in UP requires registration and it is not



Act, 1908	Property Act, 1882	<i>registered]</i>
Section 49(b) Registration Act, 1908	Non-registration of documents required to be registered cannot “confer, any power to adopt”	clause (b) substituted to: “confer any power or create any right or relationship.” <i>[The restriction becomes broader even powers or relationships cannot arise from an unregistered document.]</i>
Section 49(c) Registration Act, 1908	“be received as evidence of any transaction affecting such property or conferring such power, unless it has been registered” <i>[Bars admission of unregistered document affecting immovable property in evidence.]</i>	Amendment adds: “or creating such right or relationship.” “be received as evidence of any transaction affecting such property or conferring such power, or creating such right or relationship, unless it has been registered” <i>[Makes the evidentiary bar more comprehensive.]</i>
Proviso to Section 49 Registration Act, 1908	Unregistered document may be admitted as evidence of a contract in a suit for specific performance or collateral transaction not required to be effected by registered instrument. .	omits the words “as evidence of a contract in a suit for specific performance” <i>[an unregistered instrument cannot be used in evidence even for specific performance.]</i>

23. In view of the aforesaid comprehensive statutory framework, the contention of the Appellant that the ATS dated 05.01.2024 merely contemplated transfer of sub-leasehold rights and, therefore, did not require registration, cannot be accepted. The amendment introduced by the U.P. Civil Laws (Reforms and Amendment) Act, 1976 makes no distinction between agreements to sell relating to freehold, leasehold, or sub-leasehold interests. Any instrument that has the effect of creating, declaring, assigning, limiting, or extinguishing



rights in immovable property, whether ownership or leasehold, falls within the expression “contract for sale” under Section 54 of the Transfer of Property Act, 1882. Consequently, every such agreement concerning immovable property situated in Uttar Pradesh must be duly stamped and registered under the Registration Act, 1908, as amended in its application to that State.

24. It is thus evident that unless the Agreement to Sell is duly registered, no valid or legally enforceable contract comes into existence in the eyes of the law in respect of immovable property situated in Uttar Pradesh. Registration, in such context, is not a mere procedural formality but a statutory condition precedent to the formation of a legally enforceable contract for sale. While the doctrine of separability preserves the arbitration agreement at the referral stage, it does not enable the Arbitral Tribunal to proceed where the underlying contract can be made only by a registered instrument and is rendered inadmissible for want of compulsory registration. In such circumstances, the continuation of the Arbitral proceedings becomes legally untenable.

Deficiency in payment of stamp duty under the Stamp Act, although a curable defect, does not dilute the consequences of non-registration of an instrument required to be compulsorily registrable by the amended Registration Act and the Transfer of Property Act, as applicable in Uttar Pradesh, where the law mandates that contracts for sale of immovable property can be made only by a registered instrument.

25. Once the Agreement to Sell is found to be unregistered and



unstamped, the necessary consequence under the amended Section 49 of the Registration Act is that such a document cannot be received in evidence or acted upon for any purpose, including the enforcement of any contractual or Arbitral rights purportedly arising therefrom. The Arbitral Tribunal, therefore, rightly concluded that there was no valid and enforceable agreement capable of any relief in Arbitration. The learned Single Judge, in affirming this view, committed no error.

26. The Allahabad High Court in ***Irfan Qureshi v. Up State Industrial Development Authority and Another***¹ has interpreted that amendment to mean that an agreement to sell immovable property in U.P. must be registered to create any right, title or interest and that a non-registered agreement is inadmissible for the purpose of seeking specific performance or other relief. Accordingly, in the present case, since the ATS is unregistered and concerns immovable property situated in U.P., the Arbitral tribunal correctly treated the document as legally incapable of supporting the claimed relief and terminated the proceedings; the learned Single Judge rightly upheld that conclusion.

27. For the foregoing reasons, this Court finds no infirmity in the view taken by the learned Sole Arbitrator or by the learned Single Judge. The ATS dated 05.01.2024, being neither registered nor properly stamped as required under the amended law applicable in the State of Uttar Pradesh, where a contract for sale can be made only by a registered instrument, was rendered inadmissible for the purpose of seeking any relief affecting immovable property, including specific performance. Without a legally admissible foundational document, the

¹ 2024:AHC:132540



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Arbitral proceedings lacked the essential substratum for adjudication and could not continue. The termination of the Arbitral proceedings under Section 32(2)(c) of the AC Act, therefore, cannot be faulted.

28. Consequently, the Appeal, along with the pending application, stands dismissed.

ANIL KSHETARPAL, J.

HARISH VAIDYANATHAN SHANKAR, J.

NOVEMBER 21, 2025

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