

2026 SupremeCourtOnline 1002

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SUPREME COURT OF INDIA

Present: Justice Vikram Nath and Justice Sandeep Mehta.

SUBHASH AGGARWAL - Appellant

Versus

MAHENDER PAL CHHABRA & ANR. - Respondents

Civil Appeal No. 50 of 2026 (Arising out of SLP (Civil) No. 30936 of 2025).

(i) Specific Relief Act, 1963 - Specific performance - Readiness and willingness - No straitjacket formula - Must be construed with respect to facts and circumstances of each case - Appellant failed to prove financial wherewithal to make balance payment of Rs. 5.21 crores on due date - Did not visit Sub-Registrar's office on stipulated date - However, respondents also failed to fulfil contractual obligations regarding mutation and conversion from leasehold to freehold - Both parties at fault - After passage of seventeen years since execution of agreement, grant of specific performance not an equitable relief. [Paras 5, 6]

"As held by this Court in multiple cases, there is no straitjacket formula with regard to 'readiness and willingness'. The same has to be construed with respect to the facts and circumstances of each case." [Para 6]

(ii) Specific Relief Act, 1963 - Equity - Forfeiture of earnest money - Both parties at fault - Unjust enrichment - Where both parties have failed to fulfil their contractual obligations, directing forfeiture of earnest money would result in equitable windfall to respondents - Equity must operate to prevent unjust enrichment and restore parties to original position as far as possible - In lieu of specific performance and forfeiture, lump sum compensation of Rs. 3 crores directed to be paid to appellant to fully reconstitute him while bringing quietus to protracted dispute. [Paras 7, 8]

"It is a settled principle that equity must operate in a manner that prevents unjust enrichment and restores the parties to their original position, as far as possible particularly where both the parties are at fault." [Para 7]

The appellant instituted a suit for specific performance of an Agreement to Sell dated 22.01.2008 for purchase of property at Ashok Vihar, Delhi for Rs. 6.11 crores, of which Rs. 90 lakhs was paid (Rs. 60 lakhs as earnest money and Rs. 30 lakhs as part payment). The Trial Court decreed specific performance in appellant's favour. The High Court initially dismissed respondents' appeal but upon remand by the Supreme Court, set aside the decree holding appellant failed to prove readiness and willingness. The High Court directed forfeiture of Rs. 60 lakhs earnest money but ordered refund of Rs. 30 lakhs with 9% interest. In appeal, the Supreme Court upheld denial of specific performance but modified the order, directing respondents to pay Rs. 3 crores as lump sum to appellant to prevent unjust enrichment where both parties were at fault.

For Appellant: Mr. Aneesh Mittal, Advocate. For Respondents: Mr. Siddharth Batra, Advocate.

JUDGMENT

Vikram Nath, J. - (05-01-2026) - Leave granted.

2. The appellant is aggrieved by the final order passed by the Delhi High Court in

RFA (OS) No. 12/2021 dated 03.09.2025 whereby the Court has set aside the decree of specific performance granted in favour of the appellant by the Single Judge. The appellant was the plaintiff before the Trial Court and respondents were defendants. For the sake of convenience, the parties shall be referred to in terms of their status before this Court.

3. The facts giving rise to the present appeal are as follows:

i. The appellant had instituted a suit for specific performance for execution of an Agreement to Sell dated 22.01.2008 for purchase of 300 square yards property bearing no. C-20, Ashok Vihar, Phase-1, Delhi, 110052. Out of the total sale consideration of Rs. 6.11 Crores, a sum of Rs. 60 lakhs was paid as earnest money on the date of agreement and Rs. 30 lakhs was further advanced as part payment on 24.03.2008. The receipt of Rs. 90 lakhs has been duly accepted by the respondents.

ii. The Trial Court by an order dated 15.02.2021 in CS(OS)/1765/2008 decreed the suit for specific performance, holding that the appellant had demonstrated readiness and willingness whereas the respondents had defaulted on their obligations.

iii. Aggrieved, respondents preferred RFA(OS) 12/2021 before the High Court. By an order dated 12.04.2021, the High Court dismissed the appeal noting that the appellant had the wherewithal to make the balance payment.

iv. Against this order, the respondents approached this Court by way of SLP No. 12465/2021. This Court allowed the appeal and set aside the impugned order of the High Court. It was further provided that the matter be decided afresh by the High Court.

v. The High Court vide the impugned order dated 03.09.2025 set aside the decree of specific performance earlier granted by the Single Judge and dismissed the suit for relief of specific performance. It further held that respondents were entitled to forfeit the earnest money of Rs.60 lakhs. However, it directed for refund of the additional amount of Rs.30 lakhs paid after the agreement to sell along with interest of 9% per annum from 24.03.2008 till the date of payment. Aggrieved by the same, the plaintiff is in appeal before this Court.

4. We have heard the learned counsel for the parties.

5. We find merit in the finding of the High Court that the appellant failed to prove his readiness and willingness. He had not been able to demonstrate that he had the necessary financial wherewithal to make the balance payment of Rs. 5.21 crores on 10.05.2008, the due date. In addition to that, he did not even visit the office of the Sub-Registrar on the above date. At the same time, it must also be noted that the respondents too did not fulfil their contractual obligations, particularly with respect to obtaining mutation and securing conversion of the suit property from leasehold to freehold.

6. As held by this Court in multiple cases, there is no straitjacket formula with regard to 'readiness and willingness'. The same has to be construed with respect to the facts and circumstances of each case. In light of the facts of this case, and bearing in mind the passage of more than seventeen years since the execution of agreement, we

agree with the view of the Division Bench that the grant of specific performance is not an equitable relief at this stage.

7. It is a settled principle that equity must operate in a manner that prevents unjust enrichment and restores the parties to their original position, as far as possible particularly where both the parties are at fault. We, therefore, are of the view that directing forfeiture of the earnest money would result in an equitable windfall to the respondents.

8. Therefore, to do complete justice and adjust the equities between the parties, we are of the considered view that appropriate course is to direct the respondents to pay a lumpsum amount of Rs. 3,00,00,000/- (Rupees Three Crores only) to the appellant, within four weeks from the date of this order. This would fully reconstitute the appellant while avoiding further complications relating to the contract and also bring quietus to a dispute that has been protracted for over a decade. The judgment of the High Court shall stand modified to the above extent.

9. In view of the above directions, the appeal stands partly allowed.

10. Pending application(s), if any, shall stand disposed of.

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