



CR-7257-2025 & CR-7272-2025

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

(117)

Reserved on 13.11.2025

Pronounced on: 29.11.2025

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1. CR-7257-2025

KHUSHBOO ARORA AND ANOTHER

... Petitioners

Versus

GURSAHIB SINGH

... Respondent

2. CR-7272-2025

KHUSHBOO ARORA AND ANOTHER

... Petitioners

Versus

GURSAHIB SINGH

... Respondent

CORAM : HON'BLE MR. JUSTICE AMARINDER SINGH GREWAL

Present: Mr. Ashish Aggarwal, Senior Advocate, with
Ms. Isha Goyal, Advocate, and
Mr. R.P. Saini, Advocate, and
Mr. Vishal Pundir, Advocate,
for petitioners.

Mr. Amit Jhanji, Senior Advocate, with
Mr. A.P.S. Sandhu, Advocate, and
Ms. Eliza Gupta, Advocate, and
Mr. Anhad Batta, Advocate,
for the respondent in both cases.

AMARINDER SINGH GREWAL, J. (ORAL)

1. The present revision petitions are being decided by a common order as they involve common question of law and facts. For the sake of convenience, facts are being taken from CR-7257-2025.
2. The petitioners have filed the present civil revision petition under Article 227 of the Constitution of India, challenging the order dated



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22.09.2025 passed by the learned Additional District Judge, Amritsar, whereby the Appellate Court set aside the order dated 17.02.2025 of the learned Civil Judge (Junior Division), Amritsar, and allowed the application under Order 39 Rules 1 & 2 CPC of the respondent–purchaser.

3. Brief facts of the case are that the petitioner is the owner of property bearing Khasra No.17//24 (8-0) and 17//23 (4-8), measuring 3 Kanals 16 Marlas situated in Village Sehchander, Tehsil Amritsar. Petitioner No.2, being the duly appointed General Power of Attorney holder of Petitioner No.1, entered into an agreement to sell dated 15.04.2024 with the respondent–Gursahib Singh for sale of the above-said property at the rate of Rs. 51,000/- per square yard, with an understanding that a sum of Rs. 3 crores would be paid as earnest money.

3.1 It was recorded in the agreement that the property was mortgaged with the Bank and that the petitioners would clear the loan at the time of execution of the sale deed. The respondent allegedly paid Rs.1,01,00,000/- in cash, and for the remaining amount, issued five cheques dated 15.04.2024. When the petitioners presented said cheques for encashment on 18.04.2024, three cheques amounting to Rs. 1,09,00,000/- were returned unpaid with the remarks “*Payment Stopped by Drawer*” vide memo dated 19.04.2024.

3.2 Despite issuance of legal notices dated 30.04.2024 and 22.08.2024, the respondent did not give any explanation for stopping the payment. Instead, he filed a civil suit No. 2803/2024 on 27.09.2024 claiming possession and injunction. Parallelly, the petitioner filed Civil Suit



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No. CS/4848/2024 seeking declaration that the agreement stood terminated and that earnest money stood forfeited.

3.3 Considering the respondent's failure to pay the earnest amount and alleged attempt to take forcible possession, the Trial Court dismissed the respondent's application under Order 39 Rule 1 & 2 CPC vide order dated 17.02.2025, holding that no *prima facie* case existed in favour of the respondent.

3.4 Aggrieved thereof, the respondent preferred Civil Appeal No. 22 of 2025, which has been allowed by the learned Appellate Court vide order dated 22.09.2025, relying upon certain documents and facts not pleaded by the parties, including an alleged previous agreement with one Bharat Bhushan. Hence, the present Revision Petition.

4. Learned counsel for the petitioner, *inter alia*, submits that the respondent is an admitted defaulter who breached the agreement to sell dated 15.04.2024 by stopping payment of the cheques without any lawful justification. It is emphasized that the agreement clearly stipulated that the seller's outstanding bank loan was to be cleared only at the time of execution of the sale deed, and therefore there was no ground for withholding or for stopping the earnest money. The respondent neither remained ready and willing nor took any steps to perform his part of the contract for nearly six months and initiated litigation only after receiving the petitioner's legal notices, thereby demonstrating *mala fides* and lack of clean hands.

4.1 It is argued that the trial Court rightly held that no *prima facie* case, balance of convenience, or irreparable loss existed in favour of the



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respondent; however, the learned Appellate Court exceeded its jurisdiction by re-appreciating evidence and relying upon facts outside the pleadings to grant injunction in favour of a party who is himself in breach. This approach, it is submitted, is contrary to the settled principles laid down by the Hon'ble Supreme Court of India in **R. Hemalatha v. Kasthuri**, CA No. 2535/2023 (SC); **M/s Virgo Industries (Engg.) Pvt. Ltd. v. M/s Venturetech Solutions Pvt. Ltd.**, CA Nos. 6372–6373/2012 (SC); **Cuddalore Powergen Corporation Ltd. v. Chemplast Cuddalore Vinyls Ltd.**, 2025 AIR SC 849; **Mohan Singh v. Prem Aggarwal**, SLP Nos. 22471–22472/2022 (SC); **Padhiyar Prahladji Chenaji v. Maniben Jagmalbhai**, (2022) 12 SCC 128; **Saradammni Kandappan v. S. Rajalakshmi**, 2011 (4) RCR (Civil) 130 (SC); and **Mahabir Prasad Jain v. Ganga Singh**, 1999 (4) RCR (Civil) 464 (SC), wherein it has been consistently held that a defaulting purchaser cannot seek equitable relief, cannot take advantage of his own wrong, and cannot secure an injunction against the true owner without proving continuous readiness and willingness.

4.2 The same principle has been reiterated by this Court in **Ram Singh v. Mansa Singh** in RSA-2124/1985; **Subhash Chander v. Dayanand** in RSA-2223/2015; and **Bhagwan Singh v. Dalel Singh** in RSA-5904/2019, as well as by the Hon'ble Andhra Pradesh High Court in **Chellingi Narayanmurthy v. Chellingi Satyanarayana** in SA-455/1998. In view of the respondent's admitted breach, absence of *bona fides*, and failure to fulfil essential contractual obligations, the impugned appellate



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order granting injunction is wholly unsustainable and deserves to be set aside.

4.3 Lastly, it is submitted that a bare perusal of the agreement to sell establishes that possession was to be delivered only upon the purchaser making full and final payment to the seller. Since the respondent deliberately stopped payment of the cheques, the agreement stood cancelled on account of his own default. Learned counsel for the petitioner has further emphasized that from the bare perusal of the agreement to sell dated 15.04.2024, it is evident that the possession of the suit property was never handed over to respondent–Gurshaib Singh at the time of execution of the agreement, and was to be delivered only at the stage of registration upon payment of the entire sale consideration. He further submits that although the agreement contains a recital stating that the purchaser, Gurshaib Singh, would have the rights to carve out the plots and execute further agreements during the intervening period, such incorporation was only a protective clause and does not, in any manner, signify that actual physical possession had been delivered to the respondent at the time of execution of the agreement.

5. *Per contra*, learned counsel for the respondent, supporting the impugned order, submits that the learned Appellate Court rightly protected the existing possession arising from the admitted agreement to sell and that the record discloses sufficient *prima facie* material justifying interim relief. Reliance is placed on the judgments of the **Supreme Court** in ***Lakshmi @ Bhagyalakshmi v. E. Jayaram in CA-1004/2013***, holding that settled possession under an agreement deserves protection during litigation;



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Ramakant Ambala Choksi v. Harish Ambala Choksi, 2025 (2) RCR (Civil) 74 (SC), affirming that interim injunction may be granted to preserve status quo where balance of convenience so requires; and *K.S. Manjunath v. Moorasavirappa @ Muttana Chennapa Batil, SLP (C),13507-13508/2025 (SC)*, reiterating that Order 39 Rules 1 & 2 CPC relief is warranted to prevent irreparable harm. On this basis, it is urged that the injunction granted by the Appellate Court calls for no interference.

6. I have heard learned counsel for the petitioner and perused the record with his assistance.

7. It is apparent from the record that an agreement to sell dated 15.04.2024 was executed between the parties at the rate of Rs. 51,000/- per square yard, under which a sum of ₹3,00,00,000/- was agreed to be paid as earnest money. Out of this amount, ₹1,01,00,000/- was paid in cash by the purchaser, and for the remaining amount the following cheques were issued:

Sr. No.	Cheque No.	Amount
1	000026	Rs.32,00,000/-
2	000027	Rs.32,00,000/-
3	000030	Rs.45,00,000/-
4	000031	Rs.45,00,000/-
5	000037	Rs.45,00,000/-

The agreement further stipulates that an additional amount of ₹1,50,00,000/- was to be paid by the purchaser to the seller within six months of the execution of the agreement, against which the purchaser was entitled to secure receipts. The agreement also contains a clause that, in



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case of refusal by either party, the defaulting party would pay double the amount received. Importantly, the agreement obliges the seller to clear all outstanding charges and liabilities pertaining to the suit property at the time of registration. These are the express terms and conditions of the agreement to sell dated 15.04.2024.

8. Firstly, the learned trial Court, however, primarily proceeded on the premise that the purchaser-respondent had committed a default by stopping payment of the aforesaid cheques, thereby violating the terms and conditions of the agreement to sell dated 15.04.2024. The trial Court also rejected the purchaser's claim of possession, relying upon Section 17 of the Registration Act, 1908, to hold that if possession was delivered in pursuance of the agreement, such agreement would require compulsory registration. By invoking Section 49 of the Registration Act, the trial Court refused to consider documents such as photographs, electricity bills, bills for raw construction material, social-media posts, and a certificate issued by the Sarpanch, documents which, according to the purchaser, established his possession. The Trial Court further ignored the admitted fact that a huge outstanding loan was pending against the suit property, including dues towards one Bharat Bhushan.

9. At this stage, the crucial question before this Court is: *Can the purchaser be termed a defaulter merely because he stopped payment of the cheques after learning that a loan of ₹26 crore was already pending on the suit property?* Once the purchaser became aware of this serious encumbrance, he stopped payment of the cheques and immediately issued legal notices, asserting his readiness and willingness to perform the



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contract, subject only to the condition, which is already part of the agreement, that the seller must first clear all outstanding dues. The Trial Court failed to appreciate this aspect in its correct legal perspective.

10. Secondly, the learned First Appellate Court, upon re-appraisal of the entire material on record, recorded a categorical finding that the purchaser (appellant therein) came to know only subsequently that the suit property had been mortgaged with the Bank of India, Kennedy Avenue Branch, Mall Road, Amritsar, and that an outstanding debt of approximately ₹26 crore was due against the seller, namely, Khushboo Arora. This encumbrance was undisputed and materially affected the seller's legal ability to convey a clear and marketable title. The learned First Appellate Court correctly held that, upon discovering this mortgage, the act of the purchaser in stopping payment of the cheques could not be treated as a default or *mala fide* conduct.

11. The respondent-purchaser, while contesting the petitioner's allegations regarding default and lack of readiness and willingness, placed on record his bank account statements showing a balance of ₹11,55,81,636/- as on 01.05.2025, which was more than sufficient to fulfil his part of the contractual obligations. On the contrary, the purchaser's conduct stood justified, as the subsequent discovery of a subsisting mortgage over the suit property legitimately raised doubts about the seller's ability to perform her corresponding obligations under the Agreement to Sell. The First Appellate Court correctly observed that the said discovery constituted the genesis of the dispute and had a direct bearing on the enforceability of the agreement to sell. The learned Appellate Court, on re-



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appreciation of the material on record, found that the Trial Court had mechanically proceeded on the singular premise of cheque dishonour without examining the explanation offered by the respondent.

12. The Appellate Court held that the explanation furnished by the respondent was plausible and bona fide and that stoppage of payment pending clarification over title deficiency could not, at the interlocutory stage, be treated as a conclusive default disentitling him from equitable relief. In doing so, the Appellate Court correctly appreciated that readiness and willingness cannot be adjudicated with finality at the injunction stage, as held in *Man Kaur v. Hartar Singh Sangha*, (2010) 10 SCC 512.

13. A perusal of the record further reveals that the purchaser issued a detailed legal notice dated 01.03.2025 through his counsel, calling upon the seller to clear her liabilities towards one Bharat Bhushan and to redeem the mortgaged property so that the sale deed could be executed in terms of the agreement to sell. The seller did not respond to the said notice, and consequently, the respondent instituted a suit for permanent injunction seeking to restrain the petitioners, their attorneys, representatives, privies, employees etc. from interfering in any manner with his peaceful possession or from forcibly dispossessing him from the land measuring 3 kanals 16 marlas. A careful scrutiny of the file further demonstrates that the petitioner had earlier executed an agreement to sell dated 27.08.2021 in favour of Bharat Bhushan for a consideration of ₹5,65,00,000/-, but failed to execute the sale deed within the stipulated period i.e. on or before 08.04.2022. Thereafter, the petitioner continued to extend the time for execution of the sale deed from time to time upon receiving an additional amount of



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₹3,20,00,000/-. In order to give effect to this intention, the petitioner even filed a suit for declaration seeking a decree that the agreement to sell dated 15.04.2024 executed in favour of the respondent stood rescinded and that the earnest money paid by the respondent stood forfeited, along with a consequential relief of permanent injunction. However, the petitioner subsequently withdrew the prayer for declaration and chose to contest only the relief of permanent injunction. These factual circumstances clearly indicate the petitioner's deliberate intention to usurp the earnest money paid by the respondent.

14. The learned First Appellate Court also took into consideration the documents produced by the purchaser, including his application for amendment before the Trial Court, proof of his appearance before the Sub-Registrar, Amritsar, several photographs, and receipts for payment of electricity bills standing in the seller's name. The Court observed that these documents demonstrated the continuous readiness and willingness of the purchaser, Gursahib Singh, to fulfil his obligations under the contract. The Court also noted that the purchaser had placed on record evidence of sufficient funds in his bank account, thereby establishing his financial capability to complete the transaction. These materials appropriately satisfied the requirement of readiness and willingness under Section 16(c) of the Specific Relief Act, 1963. The relevant extract of Section 16(c) of the Specific Relief Act, 1963 is as under:

“16. Personal bars to relief.—Specific performance of a contract cannot be enforced in favour of a person—

(a) who has obtained substituted performance of contract under section 20; or



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(b) who has become incapable of performing, or violates any essential term of, the contract that on his part remains to be performed, or acts in fraud of the contract, or wilfully acts at variance with, or in subversion of, the relation intended to be established by the contract; or

(c) 3 [who fails to prove] that he has performed or has always been ready and willing to perform the essential terms of the contract which are to be performed by him, other than terms the performance of which has been prevented or waived by the defendant.

Explanation.—For the purposes of clause (c),

(i) where a contract involves the payment of money, it is not essential for the plaintiff to actually tender to the defendant or to deposit in court any money except when so directed by the court;

(ii) the plaintiff 4 [must prove] performance of, or readiness and willingness to perform, the contract according to its true construction.”

15. Further, the respondent also relied upon several documents namely electricity bills, bills of raw material, certain postal receipts issued by the Department of Posts, and a certificate issued by the Sarpanch—to demonstrate that he is in exclusive possession of the suit property. The learned Trial Court, however, disregarded these documents on the ground that their authenticity is a matter to be established during the course of evidence. Nevertheless, a *prima facie* assessment clearly indicates that the purchaser, Gursahib Singh, is in exclusive possession of the suit property, and the aforesaid documents, at this stage, remain un rebutted and cannot be effectively disputed by the counsel for the petitioner. Moreover, the recitals of the agreement to sell itself speaks that possession of the suit property was handed over to the purchaser, Gurshaib Singh, as the agreement expressly permitted him to carve out the plots and execute further agreements.



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16. Applying the equitable maxim that “*he who seeks equity must do equity*,” the First Appellate Court rightly concluded that the purchaser had consistently remained ready and willing to perform his part of the contract dated 15.04.2024, subject only to the seller fulfilling her own contractual obligation of clearing all outstanding dues and encumbrances—which is expressly provided in the agreement itself. Instead of honouring this obligation, the petitioner-seller, Khushboo Arora, filed a suit seeking a declaration that the agreement stood cancelled due to alleged non-payment of earnest money by the purchaser. This suit was later dismissed as withdrawn, leaving only a bare injunction suit being pursued by the petitioner against the purchaser. Such conduct is wholly inconsistent with the equitable relief now sought and clearly reflects that the petitioner has not approached the Court with clean hands, whereas the purchaser has demonstrated bona fides at all stages.

17. The petitioners also relied upon judicial authorities laying down that a defaulting purchaser cannot seek equitable protection. This Court has carefully considered those judgments. The principles enunciated therein are sound and undisputed. However, their petition depends entirely on whether the purchaser was, on facts, a deliberate defaulter. In the present case, the respondent’s stoppage of payment was preceded by discovery of significant encumbrances on the property and was accompanied by materials demonstrating his financial capacity. Therefore, the authorities relied upon by the petitioners are distinguishable on facts.

18. The respondent, on the other hand, relied upon precedents relating to protection of possession, particularly *Nair Service Society v.*



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K.C. Alexander, AIR 1968 SC 1165, and *Rame Gowda v. Varadappa Naidu*, (2004) 1 SCC 769, wherein it has been held that even a person in settled possession under an unregistered agreement cannot be dispossessed without due process. The learned Appellate Court correctly applied these principles in holding that dispossession of the respondent at this stage would cause irreparable loss.

19. The Trial Court, while granting injunction in favour of the petitioners, did not examine the vital aspects of possession, balance of convenience, irreparable harm, the encumbrances on the property, or the respondent’s financial capacity. The learned Appellate Court found these omissions to be significant and has recorded detailed reasons for interfering with the order of the Trial Court.

20. In view of the above, the present civil revision petitions stand dismissed, without commenting upon the merits of the case. The order dated 22.09.2025, passed by learned Additional District Judge, Amritsar is hereby affirmed.

21. Pending applications, if any, also stand disposed of.

22. A photocopy of this order be placed on the file of connected case.

(AMARINDER SINGH GREWAL)
JUDGE

29.11.2025
Shubham

Whether speaking/reasoned:-	Yes/No
Whether Reportable:-	Yes/No