

+



DECCAN EDUCATION SOCIETY'S

Shri. Navalmal Firodia Law College, Pune

(Permanently Affiliated to Savitribai Phule Pune University ID No.PU/PN/LAW/207/2004)

Recognised u/s "2 (f) & 12 (B) of UGC Act 1956 "

(Approved by Bar Council of India) NAAC Accredited : B++ ,ISO 9001:2015 certified

NOVICE MOOT PROPOSITION

[Academic Year 2026-2027]

AARAV INFRA PROJECTS PRIVATE LIMITED ...Plaintiff

Versus

MEGHA DEVELOPERS LLP ... Defendant

Statement of Facts:

Aarav Infra Projects Private Limited is a company engaged in the construction of commercial complexes in the State of Maharashtra. Megha Developers LLP owns a prime plot of land measuring 12,000 square feet situated in Vaner, Pune.

On 10th January 2025, Aarav and Megha entered into a registered Agreement to Sell, under which Megha agreed to sell and Aarav agreed to purchase the said property for a consideration of Rs. 10 crores. The Agreement recorded that Aarav had paid Rs. 1 crore as earnest money through banking transactions which are acknowledged by Megha Developers. It further provided that the sale deed would be executed within six months, i.e., on or before 10th July 2025, after Aarav obtained sanction for construction of a commercial complex from the concerned municipal authority.

Clause 5 of the Agreement stated that time was "of the essence" for completion of the transaction. Clause 9 provided that, in the event of default by either party, the defaulting party would pay Rs. 50 lakhs as "agreed compensation" to the other party. Clause 10 required Aarav to commence construction within ninety days of execution of the sale deed and expressly prohibited Megha from creating any third-party interest over the said property until completion of the sale.

Aarav applied for the requisite sanction on 20th January 2025. Due to a delay in obtaining an environmental clearance, the sanction was granted only on 28th June 2025. Aarav immediately

informed Megha and requested execution of the sale deed by 10th July 2025, as stipulated in the Agreement.

Meanwhile, On 2nd July 2025, Megha received an offer of Rs. 15 crores from Skyline Realty Private Limited, a competing developer. On 5th July 2025, Megha sent a notice to Aarav stating that Aarav had failed to obtain sanction within a reasonable time and that Megha was treating the Agreement as terminated. Megha offered to refund the earnest money of Rs. 1 crore along with Rs. 50 lakhs under Clause 9.

Aarav replied on 8th July 2025, denying breach and stating that the delay was neither wilful nor attributable to it. Aarav also pointed out that he had incurred expenditure of Rs. 45 lakhs on architectural plans, legal due diligence, and preliminary site work in anticipation of the sale. On 12th July 2025, Megha executed a registered agreement to sell the said property to Skyline for Rs. 15 crores and received an advance of Rs. 2 crores. However, the sale deed in favour of Skyline has not yet been executed.

Aarav has filed a suit before the Hon'ble District Court Pune seeking Specific Performance of the Agreement, a Permanent Injunction restraining Megha from alienating the Said Property to any third party, and damages. Megha contends that time was of the essence, that Aarav failed to obtain sanction within the stipulated period, and that the agreed compensation of Rs. 50 lakhs was intended to give Megha an option to terminate the Agreement by paying compensation. Megha further argues that specific performance is not maintainable because the transaction is essentially commercial and monetary compensation is adequate.

Issues for Consideration [Point for Determination]

1. Whether the Agreement between Aarav and Megha was validly terminated by Megha on the ground that time was of the essence and Aarav failed to obtain the requisite sanction within the stipulated period?
2. Whether Aarav is entitled to specific performance of the Agreement under Section 10 of the Specific Relief Act, 1963, notwithstanding the stipulation for Rs. 50 lakhs as agreed compensation under Clause 9?
3. Whether Aarav is entitled to damages, including expenditure incurred in anticipation of performance, in addition to or in lieu of specific performance under the Indian Contract Act, 1872 and the Specific Relief Act, 1963?

Statutes and Concepts Involved:

- Indian Contract Act, 1872
- Specific Relief Act, 1963

Annexure:

AGREEMENT TO SELL

THIS AGREEMENT TO SELL is made and executed at Pune on this 10th day of January, 2025.

BY AND BETWEEN

MEGHA DEVELOPERS LLP, a Limited Liability Partnership registered under the Limited Liability Partnership Act, 2008, having its registered office at Pune, Maharashtra, represented through its authorised partner, **Mr. XYZ** (hereinafter referred to as the “**Seller**”, which expression shall, unless repugnant to the context, include its successors-in-interest, legal representatives, and permitted assigns) of the **ONE PART**;

AND

AARAV INFRA PROJECTS PRIVATE LIMITED, a company incorporated under the Companies Act, 2013, having its registered office at Pune, Maharashtra, represented through its authorised director, **Mr. PQR** (hereinafter referred to as the “**Purchaser**”, which expression shall, unless repugnant to the context, include its successors-in-interest and permitted assigns) of the **OTHER PART**.

The Seller and the Purchaser are hereinafter collectively referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS,

1. The Seller is the absolute and lawful owner of, and is otherwise well and sufficiently entitled to, the piece and parcel of land admeasuring 12,000 square feet, situated at Vaner, Pune, and more particularly described in the First Schedule hereto (hereinafter referred to as the “**Said Property**”).

2. The Seller has represented that the Said Property is free from all encumbrances, charges, liens, mortgages, leases, tenancies, Lis-pendens, attachments, acquisition proceedings, and other claims or demands whatsoever.
3. The Purchaser is desirous of purchasing the Said Property for the construction of a commercial complex, and the Seller has agreed to sell the Said Property to the Purchaser on the terms and conditions recorded herein.
4. The Parties intend that the sale shall be completed by execution and registration of a regular Sale Deed after the Purchaser obtains the requisite sanction from the concerned municipal authority for construction of a commercial complex on the Said Property.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED AS FOLLOWS:

1. Sale and Purchase

1.1 The Seller hereby agrees to sell, transfer, assign, and convey unto the Purchaser, and the Purchaser hereby agrees to purchase from the Seller, the Said Property, together with all rights, title, interest, easements, advantages, and appurtenances thereto, free from all encumbrances.

1.2 The total sale consideration for the Said Property shall be Rs. 10,00,00,000/- (Rupees Ten Crores only) (hereinafter the "Sale Consideration").

2. Earnest Money

2.1 The Purchaser has, on the date of execution of this Agreement, paid to the Seller a sum of Rs. 1,00,00,000/- (Rupees One Crore only) as earnest money through banking transaction.

2.2 The Seller hereby acknowledges receipt of the earnest money and confirms that the same shall form part of the Sale Consideration.

2.3 The receipt whereof the Seller hereby admits and acknowledges.

3. Payment of Balance Consideration

3.1 The balance Sale Consideration of Rs. 9,00,00,000/- (Rupees Nine Crores only) shall be paid by the Purchaser to the Seller at or before the execution and registration of the Sale Deed.

3.2 The balance Sale Consideration shall be paid by account payee cheque, demand draft, RTGS, NEFT, IMPS, or any other permitted banking mode.

4. Sanction and Execution of Sale Deed

4.1 The Purchaser shall apply for and obtain the requisite sanction from the concerned municipal authority for construction of a commercial complex on the Said Property.

4.2 Upon the Purchaser obtaining such sanction, the Seller shall execute and register a regular Sale Deed in favour of the Purchaser, or its nominee, on or before 10th July, 2025.

4.3 The Purchaser shall bear the expenses of obtaining the sanction, while the expenses of registration of the Sale Deed shall be borne as mutually agreed between the Parties.

5. Time to be of the essence

5.1 The Parties expressly agree that time shall be of the essence of this Agreement for the completion of the transaction and for the execution and registration of the Sale Deed.

5.2 If either Party fails to perform its obligations within the time stipulated under this Agreement, such failure shall constitute a default under this Agreement, subject to the provisions of Clause 9.

6. Seller's Covenants

6.1 The Seller covenants with the Purchaser that:

- The Seller has clear, marketable, and absolute title to the Said Property;
- The Seller has full authority to enter into this Agreement and to sell the Said Property;
- The Said Property is free from all encumbrances as on the date of this Agreement;
- The Seller shall not create any charge, mortgage, lease, licence, tenancy, or other third-party interest over the Said Property;
- The Seller shall provide all title documents, approvals, and information reasonably required by the Purchaser for due diligence and sanction of the proposed project.

7. Purchaser's Covenants

7.1 The Purchaser covenants with the Seller that:

- The Purchaser shall diligently pursue and obtain the requisite municipal sanction;
- The Purchaser shall pay the balance Sale Consideration in the manner provided under this Agreement;

- The Purchaser shall commence construction of the commercial complex on the Said Property within ninety (90) days from the date of execution and registration of the Sale Deed;
- The Purchaser shall comply with all applicable laws, sanctions, and approvals relating to the proposed construction.

8. Negative Covenant Pending Sale

8.1 Until the execution and registration of the Sale Deed in favour of the Purchaser, the Seller shall not sell, transfer, assign, mortgage, lease, gift, or otherwise create any third-party interest in the Said Property or any part thereof.

8.2 The Seller shall not enter into any agreement, negotiation, or arrangement for the sale or transfer of the Said Property to any third party during the subsistence of this Agreement.

9. Default and Agreed Compensation

9.1 In the event of default by either Party in performing its obligations under this Agreement, the defaulting Party shall pay to the other Party Rs. 50,00,000/- (Rupees Fifty Lakhs only) as agreed compensation.

9.2 The Parties agree that the said amount represents a genuine pre-estimate of the loss likely to be suffered by the non-defaulting Party on account of such default.

9.3 The payment of agreed compensation shall be without prejudice to the rights and remedies available to the non-defaulting Party under law, including the right to seek specific performance, injunction, damages, or any other equitable relief.

10. Possession

10.1 The Seller shall hand over vacant, peaceful, and physical possession of the Said Property to the Purchaser upon execution and registration of the Sale Deed and receipt of the entire Sale Consideration.

11. Representations and Warranties

11.1 Each Party represents and warrants that it has full power and authority to execute this Agreement and perform its obligations hereunder.

11.2 The Seller further represents that there is no pending litigation, acquisition proceeding, attachment, or statutory restriction affecting the Said Property, except as specifically disclosed in writing to the Purchaser.

12. Dispute Resolution and Jurisdiction

12.1 Any dispute or difference arising out of or in connection with this Agreement shall first be resolved through mutual discussion between the Parties.

12.2 Subject to Clause 12.1, the courts at Pune shall have exclusive jurisdiction over all disputes arising out of or in connection with this Agreement.

13. Stamp Duty and Registration

13.1 This Agreement shall be duly stamped and registered in accordance with the Maharashtra Stamp Act, 1958 and the Registration Act, 1908.

13.2 The Parties shall sign, execute, and present this Agreement for registration before the jurisdictional Sub-Registrar of Assurances.

IN WITNESS WHEREOF, the Parties have executed this Agreement to Sell on the day, month, and year first above written.

SIGNED AND DELIVERED BY THE SELLER	SIGNED AND DELIVERED BY THE PURCHASER
For MEGHA DEVELOPERS LLP	For AARAV INFRA PROJECTS PRIVATE LIMITED
Signature:	Signature:
Name: XYZ	Name: PQR
Designation: Authorised Partner	Designation: Authorised Director
Date: 10 th January, 2025	Date: 10 th January, 2025

WITNESSES:

1. Name:

Address:

Signature: _

2. Name:

Address:

Signature: _

FIRST SCHEDULE

ALL THAT piece and parcel of land admeasuring 12,000 square feet, situated at Vaner, Pune, and bounded as follows:

Boundaries	Description
North	‘A’ Complex
South	‘B’ Mall
East	Main Road
West	School

[BEST WISHES FROM DES’s SNFLC, MOOT COURT SOCIETY]
