



CR No. 5766 of 2025 &
CR No. 5799 of 2025

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

CR No. 5766 of 2025
Reserved on : 26.08.2025
Date of Pronouncement :- 03.09.2026

**M/s Sheikhupura Transport Company Private Limited through its
Director and another** **...Petitioners**

Versus

Jagjit Singh others **...Respondents**

CR No. 5799 of 2025

Jagjit Singh **...Petitioner**

Versus

M/s Sheikhupura Transport Company (Private Limited) and others
...Respondents

CORAM: HON'BLE MR. JUSTICE VIRINDER AGGARWAL

Present:- Mr. Abhishek Sharma, Advocate for the petitioners
in CR-5766-2025 and for the respondents in CR-5799-2025.

Mr. Divanshu Jain, Advocate for the petitioner
in CR-5799-2025 and for respondent No. 1 in CR-5766-2025.

VIRINDER AGGARWAL, J.

1. Petitioner filed this revision petition under Article 227 of the Constitution of India read with Section 15(5) of East Punjab Urban Registration Act, 1949 assailing the order dated 12.08.2025 passed by learned Appellate Authority, Ludhiana vide which the application filed by the petitioner for staying the operation of the impugned eviction order dated 23.10.2024 as well as application dated 28.01.2025 filed by respondent No. 1 for fixing mesne profit on account of use and occupation charges of the property has been disposed of subject to payment of Rs.75,000/- per month



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from the date of order of eviction. The order has been assailed on the ground that the Appellate Authority has passed the order without considering reply of the petitioners and the order is contrary to the settled principles of law. The assessment of mesne profit to the tune of Rs.75,000/- is far more than the contractual rent of Rs.600/- which was provisionally assessed by the learned Rent Controller and that the assessment of mesne profit at the rate of Rs.75,000/- per month has literally rendered the appeal to be infructuous. The learned Appellate Authority has not taken into consideration any lease deeds of the adjacent buildings to prove the prevailing market rent. Photographs annexed by respondent No. 1 with the application were of other areas and valuation report has been prepared without any formulae and without inspecting the demised premises in question. The Appellate Authority has failed to look into the photographs placed on record by the petitioners which showed the actual and factual position of the property in question which is sufficient to conclude that building is in dilapidated condition and that construction is very old and the building would not fetch rent of more than Rs.4,000-5,000/- per month. The learned Appellate Authority has wrongly directed the petitioner to pay the mesne profits and arrears to the land lord whereas during the pendency of the appeal the same is required to be kept in a fixed deposit/recurring deposit, hence the petition.

2. When the petition was taken up for admission hearing, respondent landlord has also filed another revision petition bearing CR-5799 of 2025 for modification of the impugned order by enhancing the mesne profit to the tune of minimum by Rs.1,46,210/- on the basis of report of the Building expert. Both the revision petitions came up for hearing together.



3. Learned counsel for the petitioners in CR-5766 of 2025 argued that the impugned order is not sustainable as the learned Rent Controller has not taken into consideration the judgment of '*Angoori Devi and others versus Smt. Satya Bhama*' 2016(5) RCR (Civil) 1043. The relevant portion of the judgment has been extracted in the grounds of revision as under :-

"8. Pursuant to the above decisions disputes regarding fixation of mesne profits have proliferated exponentially. However, the exact contours have not yet been worked out. Both sides have placed reliance on a multitude of orders passed by different Courts fixing mesne profits. However, in no case have the issues which are delineated above been considered. As regards issue No.1, on the one side is the landlord who claims that on eviction order being passed he would have to be compensated for any future use and occupation on the same rate at which he would have been able to let it out in the open market. For instance, in a subsequently instituted suit for mesne profits he would be able to claim the exact amount which he could have got in the open market. On the other hand, the tenant would claim that such amount cannot be fixed which the tenant can never afford to pay and be forced to vacate the premises without his claim being adjudicated, thus rendering his appeal infructuous, and this would hold true even if the increased amount is not paid to the landlord and is kept in an escrow account, to be handed over to the party who may be found entitled to the same at the conclusion of the lis.

9. In para 13 of M/s Atma Ram Properties (P) Ltd. case (supra) their Lordships approved the decision of the Nagpur High Court to the effect that the amount of use and compensation for continued occupation of the property by the tenant can be assessed at the real value of the property and not to be tagged to the rate of rent payable under the provisions of the rent control order. In para 17 also, their Lordships have quoted the case of



Marshall Sons & Co. (I) Ltd. v. Sahi Oretrans (P) Ltd. and another, reported as (1999) 2 SCC 325, wherein the Court had ordered the mesne profits which may be equivalent to the market rent. However in para 18, while drawing up the conclusions their Lordships have read down the doctrine to reasonable terms'.

10. In Anderson Wright and CO.'s case (supra) in para 5 their Lordships held that from the date of decree of eviction the tenant is liable to pay mesne profits or compensation for use and occupation of the premises at the same rate at which the landlord would have been able to let out the premises being vacated by the tenant. However, while fixing the amount their Lordships noticed that the examples showed rent @L32/- per sq. foot and L 25/- per sq. foot for the first floor but fixed the amount of mesne profits at L 15/-per sq. foot.

11. A learned Single Judge of the Bombay High Court in the matter of Chandrakant Dhannu v. Sharmila Kapur, passed in Writ Petition No.6858 of 2008, decided on 07.01.2009, after reviewing the entire law summarised the same. The relevant extracts are as under:-

"21. What emerge from these are:-

(a) The basic burden lies upon the landlord to prove and support his case of reasonable compensation/mesne profits. He must put on record material documents/compensation along with the affidavit to support his case of enhanced. The material if placed by the landlord/Licensor/Owner, the Court needs to consider the said material by giving full opportunity to the tenant/Licensee/Occupant/ trespasser/obstructionists.....

(c) The Court also needs to consider the principle of Order 20, Rule 12 of the C.P.C. while determining this ad-interim compensation/mesne profits. The Court also needs to keep in mind as observed in Para 8 in Atma Ram (supra), "quantified by this Court in this order, is only a tentative opinion formed by the Court basis of material made available for the parties".....



(d) The Court, needs to consider and take note of (i) the Rent Control Legislation, governing the particular premises/Location/residential or non-residential area of the premises (ii) the age/nature of (iii) the construction of the building/premises (iv) the facilities in the premises and outside the premises, advantages and disadvantages (v) the market value and the rental value of the premises based on architecture/expert/valuation reports/ opinion (vi) other instances of the rent/license fees of similarly situated premises (vii) the date of termination of the tenancy/license.

(e) The Court also needs to consider that the compensation was awarded as condition precedent should not be oppressive and unreasonable which in a given case, if tenant failed to pay, has no option but to suffer the execution of a decree, as observed by the Apex Court in Niyas Ahmed (supra). The user and the use of the premises are also material.

(f) The market value changes with time. The stamp duty is also changes accordingly. The rent/license fee/compensation so fixed at the interim period, based upon the market value may in a given case needs to be changed or re-fixed if case is made out. It may go up or go down if market value changes drastically.

(g) One cannot overlook that at the time of basic agreement, both the the parties mutually agreed to particular rent/Leave license fee irrespective of valuation of the property. Now, when the Court fixes the compensation/license fee, after termination of the tenancy, there is no question of any agreed rent compensation. The Court decides the same Or based upon the material available/placed on the record read with other various factors as referred in the Judgment.

(h) One important aspect is that the Court, after giving opportunities to both the parties, needs to decide the interim and urgent issue of grant of provisional fair and reasonable compensation/occupation charges, no based upon authenticated material produced on the record, pending the Appeal,



summarily. There is question of detail trial, but it is an essential condition precedent to grant stay of the eviction decree/order on the footing of Order 41, Rule 5 of Civil Procedure Code.

The final decision of the appeal should be uninfluenced by such tentative figure/order. Such provisional be condition payment precedent but it is always adjustable. The amount so fixed in such proceedings is tentative figure. Such interim order/payment is always subject to the final result of the appeal.....

(j) The cases of trespasser, unauthorised occupant, obstructionist need to be dealt with again on different footing than that of a regular tenant/protected tenant/licensee as they are not governed by the Rent Control Legislation. Such unauthorised or illegal occupants, based upon the material produced on record, after giving opportunity to them may be directed to pay such occupation charges/compensation, pending the Appeal, at the current market rate/rent which may be determined by the Court, taking note of interest of both the parties."

A perusal of the above judgment indicates that the Courts have drawn a balance between the two competing claims by fixing mesne profits at a rate between the contractual rent and the market rent. In the circumstances, it has to be held that there could be no straight jacket formula while fixing the amount of mesne profits in such cases and the Courts would have to be guided by the facts of each case and the judgments extracted above.

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18. As regards question No.(v), the same would be covered by the judgment of the Hon'ble Supreme Court in the matter of Super Max International Pvt. Ltd.'s case (supra) wherein it was held as follows:-

"48. Before concluding the decision one more question needs to be addressed: what would be the position if the tenant's



appeal/revision is allowed and the eviction decree is set aside? In that event, naturally, the status quo ante would be restored and the tenant would be entitled to get back all the amounts that he was made to pay in excess of the contractual rent. That being the position, the amount fixed by the court over and above the contractual monthly rent, ordinarily, should not be directed to be paid to the landlord during the pendency of appeal/revision. The the deposited amount, along with the accrued interest, should only be paid after the final disposal to either side depending upon the result of the case. In case for some reason the Court finds it just and expedient that the amount fixed by it should go to the landlord even while the matter is pending, it must be careful to direct payment to the landlord on terms so that in case the final decision goes in favour of the tenant the payment should be made to him without any undue delay or complications."

Thus it has to be held that the mesne profits should not be paid to the landlord during the pendency of the appeal/revision unless some special reasons have shown and the deposited amount should be put in a Fixed Deposit/Recurring Deposit which should only be paid after the final disposal to either side depending upon the result of the case."

4. Learned counsel for the respondent-landlord argued that the learned Appellate Authority has not quantified the mesne profit by taking into consideration the location of the premises, age, nature of and type of construction, facilities in the premises, advantages and disadvantages, market value and rental value of the premises but has wrongly considered the report of expert submitted by the respondent-landlord whereas the learned Appellate Authority was required to determine the mesne profit by taking into consideration the aspects highlighted in the judgment of '*Angoori Devi and others versus Smt. Satya Bhama*'(Supra). He further



argued that in case any other criteria was not available before the Appellate Authority, then the Appellate Authority should have adopted gold standard as has been held by a Coordinate Bench of this Court in the case of '*Pardeep Kumar versus Rajinder Kumar Shukla and another*' 2024 *NCPHHC 6224* wherein in para No. 9 of the judgment the Coordinate Bench of this Court has held that mesne profit can be fixed by taking into consideration the proportionality between the rate of gold and the rent fixed at the time of entering into tenancy.

5. Learned counsel for the petitioner in CR-5799-2025 and respondent in CR-5766-2025 has submitted that the mesne profit fixed by the Appellate Authority requires to be enhanced as per the report of expert submitted by the petitioner landlord as the report is based upon the actual site visit by the expert. He has inspected the disputed premises. He has taken photographs of the premises located in the vicinity of the disputed premises. In order to show that the building in question is located in the business hub and is surrounded by hotels and restaurants and he has conducted a general survey of the market rate of rent prevalent in the locality and came to the conclusion that the monthly rent payable should be to the tune of Rs.1,46,210/- whereas the Rent Controller has reduced the same to Rs.75,000/-, so the petition of the tenant be dismissed and that of the landlord be allowed and rate of mesne profit be modified to Rs.1,46,210/- per month and he further argued that since there remains to be no relationship between the parties but respondent-tenant is enjoying the building of landlord so the mesne profit are required to be handed over to the landlord and no interference on this aspect is required.



6. Learned counsel for the petitioners placed reliance upon the various judgments of Coordinate Benches '*S. Prabhpreet Singh versus Jatinder Singh Khara*' passed in CR No. 4158 of 2024 (O&M) decided on 29.04.2024, '*Pardeep Kumar versus Rajinder Kumar Shukla and another*' 2024 NCPHHC 6224, '*Inderjit & another versus Kamal Kishore*' 2018(1) RCR (Rent) 660 and '*Angoori Devi and others versus Smt. Satya Bhama*' 2016(1) RCR (Rent) 588.

7. Learned counsel for the respondents has placed reliance upon judgment of Supreme Court of India passed in the case '*Mohammad Ahmad and another versus Atma Ram Chauhan and others*' 2011 AIR (Supreme Court) 1940, order dated 03.11.2023 passed by this Court in '*Baldev Raj Vs. Durga Rani (since deceased) through her LR*' passed in CR No. 1895 of 2020 (O&M), judgments passed by Coordinate Bench of this Court in CR No. 555 of 2019 (O&M) titled as '*Maya Ram Bajaj versus Pankaj Dua*' decided on 16.11.2023, '*Ashwani Chatley versus Gurwinder Singh*' 2016(2)PLJ 538, the judgments passed by Hon'ble Apex Court i.e. '*Bijay Kumar Manish Kumar HUF versus Ashwin Bhanulal Desai*' 2024 INSC 445, '*R.K. Bansal versus Jag Pravesh Sharma*' 2012(3) PLJR 33, '*State of Maharashtra and another versus M/s Super Max International Pvt. Ltd and others*' 2009(3) Apex Court judgments (SC) 495, '*M/s Martin & Harris Private Limited & Anr. Versus Rajendera Mehta*' & Ors. 2022 AIR (Supreme Court) 3287, '*Ms/ Atma Ram Properties (P) Ltd. Versus M/s Federal Motors Pvt. Ltd.*' 2005(3) PLR 643.

8. A perusal of all these judgments show that there can be no straight jacket formulae for determination of mesne profit rather basis of

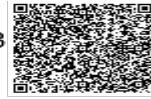


determination of amount of mesne profit depends upon facts and circumstances of each case. While considering the mesne profit it has to be kept in mind as to where the property is located, nature of the premises i.e. commercial or residential, rate of rent prevalent in the area and valuation report can be helpful in determination of rate of mesne profit.

9. In the present case, vide impugned order the learned Appellate Authority has taken into consideration the valuation report submitted by the landlord and has also not considered it appropriate to fix the mesne profit at the rate suggested by the petitioner tenant but the mesne profits has been fixed by keeping in mind the location of property, inflation rate and the Appellate Authority was alive to the fact that mesne profits should not be fixed at such a rate that the right of appeal of the tenant would get defeated.

10. In the present case, landlord has produced on record a report of Building expert and the expert has inspected the premises and after considering the locality, prevalent rate of rent in the locality and conducting general survey of the area has suggested the market rent at Rs.1,46,210/- whereas the petitioner tenant has submitted some photographs of the premises showing that the premises is an old construction.

11. Considering the fact that property in dispute is situated in Ludhiana City and is near to main Bus Stand, Kochar Market, Railway Station and there are some hotels and other commercial establishments in the nearby vicinity. The valuation of rental suggested by the building expert at the rate of Rs.1,46,210/- cannot be held to be highly exaggerated but keeping in mind that the previously rent was assessed during the pendency of the petition at a meagre rate, so increasing the mesne profit to



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Rs.1,46,210/- would have certainly proved to be detrimental to the petitioner tenant and his right to appeal would have been certainly effected due to his inability to pay mesne profit at such high rate. So, the learned Appellate Authority applied moderation and assessed the mesne profit at the rate of Rs.75,000/- per month. The assessment made by the Appellate Authority is based upon material on record and keeping in mind the facts and circumstance of the case. As such, the same is not required to be interfered with.

12. As regards the Appellate Authority allowing the landlord to withdraw the amount of mesne profit is concerned the interest of petitioner tenant can be secured by directing the petitioner landlord to furnish adequate security, undertaking to refund the amount of mesne profit if appeal of the petitioner tenant succeeds.

13. Accordingly, both the revision petitions are disposed of with modification in the impugned order to the effect that the amount of mesne profit would be released to the petitioner landlord subject to his furnishing adequate security to the satisfaction of Rent Authority.

(VIRINDER AGGARWAL)
JUDGE

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P.Singh

Whether speaking/reasoned

Yes/No

Whether Reportable

Yes/No