



IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on:18.09.2025

Pronounced on:12.12.2025

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THE HONOURABLE MR.JUSTICE P.B.BALAJI

**CRP. Nos.3186 & 3187 of 2012
and M.P. Nos.1 of 2012 & 1 & 2 of 2014 &
1 & 2 of 2014 & 1 of 2015, 1 & 2 of 2015**

Punjab & Sind Bank,
Area Office, Ground Floor,
Spencer Towers-I,
No.770-A, Anna Salai,
Chennai – 600 002.

Petitioner in both CRPs

Vs

M/s.Dewa Properties Limited,
(formerly M/s.Spencer Estates Limited),
No.769, Anna Salai, Chennai – 600 002.

Respondent in both CRPs

COMMON PRAYER: This Civil Revision Petition is filed under Section 25 of the Tamil nadu Buildings (Lease & Rent Control) Act, to call for the records in R.C.A. No.608 of 2005 & R.C.A. No.1301 of 2004 on the file of VIII Judge, Court of Small Causes, Chennai dated 28.11.2011 and the order dated 20.08.2004 made in R.C.O.P. No.1109 of 2001 on the file of XI Judge, Court of Small Causes, Chennai and dismiss the R.C.O.P. With costs.

For Petitioner : Mr.V.Raghavachari,
Senior Counsel for
M/s.M.Arunkumar for
M/s.Sampath Kumar Associates

For Respondent : Mr.Roshan Balasubramanian



COMMON ORDER

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The revision petitioner Bank, aggrieved by the order fixing fair rent under Section 4 of the Tamil Nadu Buildings (Lease and Rent Control) Act (Act 18 of 1960) (in short 'Act') and confirmed by the Appellate Authority has filed the instant revision petitions.

2. I have heard Mr.V.Raghavachari, learned Senior Counsel, assisted by Mr.M.Arun Kumar for M/s.Sampath Kumar Associates, learned counsel for the petitioner/tenant and Mr.Roshan Balasubramanian, learned counsel for the respondent/ landlord.

3. The brief case of the respondent as landlord before the Rent Controller is as follows:

The respondent owned land of an extent of 27,131 sq.ft, together with building constructed upon the said land. The petitioner Bank is a lessee who was supposed to enter into a 99-year lease agreement. According to the respondent, the petitioner Bank was liable to pay an annual rent of Rs.4,71,000/- to the respondent. It is also the case of the respondent that the Bank had paid Rs.46,50,000/-, which carries interest at 10% per annum. The premises is situated in a commercial location in the City and the premises itself is a premier commercial complex where the land value is approximately 2



crores per ground. Hence, the respondent sought for fair rent to be fixed for the said petition premises.

4. The case of the petitioner Bank before the Rent Controller is as follows:

The Bank had taken the premises based on the letter of offer dated 24.11.1980. The ground floor was taken at the rate of Rs.395 per sq.ft and the first floor was taken at the rate of Rs.295 per sq.ft., for a contractual period of 99 years. The petitioner has paid a sum of Rs.35,000,000 lakhs on 24.11.1980 as against Rs.39,03,486.40 and the balance was payable only at the time of registration of the lease deed.

5. The petitioner Bank has also deposited Rs.46,50,000/- to which deposit, they are entitled to 10% interest. The parties have specifically agreed upon payment of an annual lease rent of Rs.6,000/- alone, for 99 years and the interest accruing on the deposit made by the petitioner Bank would be adjusted as against rents payable. Therefore, the petitioner Bank contended that the respondent is not entitled to invoke Section 4 of the Act, during the contract period of 99 years. It was also contended by the petitioner Bank that the premises does not contain any facilities and there is heavy vehicular traffic in Mount Round and there are no locational advantages as claimed by the respondent/landlord.



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6. On enquiry, the Rent Controller, finding that despite several opportunities granted to the petitioner Bank, no evidence was let in and even thereafter, despite adjourning the fair rent petition for arguments to be heard on the side of the petitioner Bank, no arguments were advanced and hence the Rent Controller proceeded to fix the fair rent at Rs.86,460/- per month on available materials.

7. Aggrieved by the fair rent fixed, both the petitioner as well as the respondent preferred Rent Control Appeals. The petitioner Bank filed RCA.No. 1301 of 2004 and the respondent/landlord filed RCA.No. 608 of 2005. The Appellate Authority, in and by a common judgment disposed off the Rent Control Appeals finding that the petition for fixation of fair rent was maintainable and as regards the quantum, the Appellate Authority fixed the fair rent at Rs.2,53,161.97 payable for the period beginning the filing of the RCOP up to March 2002 and at Rs.3,00,665/- from the period April 2002 to March 2003 and Rs.3,22,186/- from the period April 2003 to July 2007 and Rs.5,48,100/- for the period August 2007 onwards. The appeal filed by the petitioner Bank was dismissed and the appeal preferred by the respondent/landlord was allowed, in the manner indicated herein above.



8. I have carefully considered the submissions advanced by the learned counsel on either side and I have also gone through the order impugned in these revision petitions.

9. Mr.V.Raghavachari, learned Senior Counsel, would invite my attention to the offer letter with regard to the parties being desirous of entering into an 99 year contract. In fact, a Civil Suit in [CS.No.668](#) of 2004 has been tagged along with these revision petitions. The said suit is also decided by me simultaneously and the prayer sought for in the Suit is for specific performance in order to give effect to the offer and acceptance, pertaining to the 99-year agreement.

10. Mr.V.Raghavachari, learned Senior Counsel would first and foremost contend that, the fair rent is not payable insofar as the present arrangement between the petitioner and the respondent is concerned. He would state that when the parties had categorically agreed for a specific rate to be paid per sq.ft for the entire period of 99 years, it is not a case of a regular tenancy, entitling the respondent to seek fixation of fair rent. As regards the payment of Rs.6,000/- as an annual lease amount, Mr.V.Raghavachari, learned Senior Counsel would contend that the said amount was agreed upon only for affirming the right of ownership of the respondent and not for any other purpose. He would therefore contend that the arrangement between the



petitioner and the respondent is outside the purview of the Rent Control Act itself and it was not even open to the respondent to initiate proceedings for fixation of fair rent.

11. Mr.V.Raghavachari, learned Senior Counsel, would also state that the petitioner has unilaterally stated that the annual rent is Rs.4,71,000/-, which is not borne out of any record and such an averment has been made only to bring the petition within the jurisdiction of the Rent Control Act. The learned Senior Counsel also stated that even at the stage of offer and acceptance, it is borne out of records that the respondent themselves have admitted the market rates of rent to be approximately Rs.5 or 6 per sq.ft. However, the petitioner has paid Rs.395/- per sq. ft for the ground floor and Rs.295/- per sq.ft for the first floor and that such huge payments were made in advance, only in order to facilitate the respondent to even put up the superstructure which had fallen apart in a bizarre fire accident. He would therefore contend that this was a case where the amounts paid by the petitioner Bank were in fact, for purchase of the property itself and the question of seeking fixation of fair rent cannot and does not arise.

12. In support of his contention, Mr.V.Raghavachari, learned Senior Counsel, has relied on the following decisions:

1. *V. Dhanapal Chettiar vs Yesodaiammal*, reported in 1979 SCC Online SC 315;
2. *Raval and co vs K G Ramachandran and others*, reported in (1974) 1 SCC 424;



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3. *N. Mothilal and others v. Faisal Bin Ali and Another*, reported in (2020) 13 SCC 667; and

4. *Dattonpant Gopalvarao Devakate v. Vithalrao Maruthirao Janagaval*, reported in (1975) 2 SCC 246

13. Per contra, Mr.Roshan Balasubramanian, learned counsel for the respondent/landlord would first and foremost contend that even assuming without admitting that there is no document to evidence the annual rent of Rs.4,71,000/-, still when even according to the petitioner a sum of Rs.6,000/- is payable only towards rent, the Rent Controller gets jurisdiction to fix fair rent under Section 4 of the Act. He would refute the arguments of learned Senior Counsel Mr.V.Raghavachari, that the agreement was an intended lease cum sale agreement.

14. With regard to the argument of the petitioner Bank that a huge amount has been paid by the petitioner Bank in advance, Mr.Roshan Balasubramanian, learned counsel for the respondent/landlord would also contend that as long as the petitioner is liable to pay even Rs.1/- as rent, the respondent is entitled to seek fixation of fair rent, by invoking the provisions of the Tamil Nadu Buildings (Lease and Rent Control) Act. Therefore, it is his contention that even if the amount of Rs.4,71,000/- averred is not taken into consideration, when the petitioner Bank has agreed to pay Rs.6,000/- towards rent, the specific agreement between the parties cannot be interpreted to mean



otherwise and be contended that it is not rent but only a payment to affirm the ownership of the respondent. Mr.Roshan Balasubramanian, learned counsel for the respondent/landlord would further contend that the petitioner Bank has not even chosen to adduce any evidence and rightly the Rent Controller as well as the Appellate Authority have assumed the jurisdiction vested with them and proceeded to fix the fair rent.

15. However, Mr.Roshan Balasubramanian, learned counsel for the respondent/ landlord would fairly submit that the Appellate Authority was not right in fixing different fair rents for different periods and he would state that the fair rent would have to be fixed on the date of the filing of the Rent Control Original Petition alone and in this regard, he has expressed no objection for the judgment of the Appellate Authority being suitably modified.

16. The learned counsel for the respondent has relied on the following judgments in support of his contentions:-

1. *Atma Ram v. Charanjit Singh*, reported in (2020) 3 SCC 31;
2. *Pyadi Ramana @Ramulu v. DavarasetyManmadha Rao*, reported in *Civil Appeal No. 434 of 2013*;
3. *Residents Welfare Association, India v. State of Uttar Pradesh and others* reported in (2009) 14 SCC716;
4. *Nathulal v. Phoolchand*, reported in (1969) 3 SCC 120;
5. *R.K. Palshikar(HUF) v. Commissioner of Income Tax, M.P. Nagpur*, reported in (1988) 3 SCC 594;



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6. *Commissioner of Income Tax Assam, Tripura and Manipur v. Panbari Tea Co. Ltd*, reported in (1965) 57 ITR 422;

7. *Member for the Board of Agricultural Income Tax, Assam v. State of Assam*, reported in (1957) 32 ITR 169;

8. *M. Subbaih Nadar v. Commissioner of Income Tax, Madras*, reported in (1953) 23 ITR 58;

9. *Raval & Co. Vs. K.G Ramachandran*, reported in (1974) 1 SCC 424;

10. *V. DhanapalChettiar Vs. YesodaiAnimal*, reported in (1979) 4 SCC 214;

11. *Canara Bank Vs. Music World Entertainment Ltd.*, reported in (C.R.P (PD) 1099 of 2006];

12. *Canara Bank Vs. Music World Entertainment Ltd*, reported in [Order dated 17.09.2007 in SLP Nos. 16315-16316 of 2007];

13. *Aboobacker. Vs. Vasu*, reported in 2003 SCC Online Ker 314;

14. *Edger Ferus Vs. Abraham Ittycheris*, reported in 2004 SCC Online Ker 39;

15. *Edger Ferus Vs. Abraham Ittycheria*, reported in Order dated 04.11.2009 in Civil Appeal No(s) 7088-7089 of 2004;

16. *V.S Kanodia Vs. A.L Muthu*, reported in (2012) 11 SCC 269;

17. *Atma Ram Vs. Federal motors*, reported in (2005) 1 SCC 705; and

18. *Hindustan Petroleum Corporation Limited Vs. Dilbahar Singh*, reported in 2014 (9) SCC 78.

17. As seen from the above narration, in view of the petitioner Bank not even disputing the evidence pertaining to the various determinative factors that go into fixation of fair rent, the only point that survives for consideration in these revision petitions is as to whether the petitioner can be categorized under the 'tenant' category in view of the arrangement that was agreed upon between the petitioner and the respondent and as to whether the petitioner Bank is



entitled to claim that they are not bound to pay one rupee more than what has been agreed upon between the parties.

18. The existence of a landlord/tenant relationship in respect of a building which falls within the definition of Section 2(2) of the Tamil Nadu Buildings (Lease and Rent Control) Act, Act 18 of 1960, is a pre-requisite for either the landlord or the tenant to move an application under Section 4 of the Act, seeking to fix fair rent for the tenanted premises. It is the contention of the learned Senior Counsel, Mr.V.Raghavachari, appearing for the tenant that when the parties had contemplated execution of a 99 years old lease and a suit has also been filed to enforce the said agreement, the question of fixing of fair rent cannot arise.

19. He would further state that under the contract which is sought to be specifically enforced the parties have agreed upon a specific rate to be fixed which was not even in the nature of rentals, but was actually reflecting the prevailing market values insofar as sale of the property itself. In such circumstances, learned Senior Counsel Mr.V.Raghavachari, contends that the provisions of the Rent Control Act cannot be made applicable to contract of this special nature.



20. It is however, what is contended on behalf of the learned counsel for the landlord, Mr.Roshan Balasubramanian, is that when the parties had agreed upon a rent payable, irrespective of the quantum of rent, then the landlord would certainly be entitled to fall back on Section 4 of the Act and seek to fix fair rent for the tenanted premises. In fact, it was only maintainability of the Fair Rent Petitions that was elaborately argued and even learned Senior Counsel Mr.V.Raghavachari, appearing for the tenant has not seriously disputed the calculations that have been adopted by the Courts below in arriving at the fair rent for the premises under the occupation of the revision petitioner Bank. Even according to the petitioner Bank, they have come into possession of the property only as a tenant under a long lease for a period of 99 years. No doubt there is a dispute with regard to the rate per sq.ft that has been offered by the petitioner Bank in advance and whether it was a contract for lease or one actually for purchase itself.

21. On going through the said agreement, I do not find that there is any Clause empowering the tenant to purchase the property. Merely because, the petitioner Bank has agreed to pay fanciful upfront amounts, in the absence of a contract to the contrary, the petitioner Bank cannot contend that it was not a lease agreement, but was in fact, only a sale agreement.



22. Leaving this contentious issue aside, for a moment, there is yet another Clause in the agreement which requires an annual lease rent of Rs.6,000/- to be paid by the petitioner Bank. In such circumstances, when there is a lease of a building and there is also a rent fixed for occupation of the tenanted premises, there is no embargo for the landlord to approach the Rent Controller and seek for fixation for fair rent. I am unable to countenance the submission of Mr.V.Raghavachari, learned Senior Counsel that the payment was only to affirm the right of ownership, in the absence of any indication in this regard in the agreement.

23. The Hon'ble Supreme Court in *N.Motilal's* case (referred herein supra), held that it is open to both the landlord and tenant, even during currency of a contractual tenancy to approach the Court and seek fixation of fair rent. The facts in the said case are quite similar to the facts of the present case. In the said case, an objection has been raised by the tenant to the fair rent fixed contending that the amount of enhanced rent for 20 months was the sale price of the tenanted property itself. However, the Hon'ble Supreme Court has rejected such contentions and held that the same had no bearing on the determination of the fair rent in terms of provisions of Act 18 of 1960. Even applying the ratio laid down in this case, which would squarely apply to the facts of the present case, I do not see how the landlord is prevented from seeking fixation of fair rent invoking Section 4 of the Act.



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24. Mr.V.Raghavachari, learned Senior Counsel, relied on the decisions of the Hon'ble Supreme Court in *Raval & Co., V. Dhanapal Chettiar and Dattonpant Gopalvarao Devakate's* cases (referred herein supra) to contend that the issue before the Hon'ble Supreme Court in *Raval & Co's case*, was whether a Rent Control statute interferes with contractual tenancy governed by the Transfer of Property Act and consequently, such rent control statutes are only restrictive and not enabling. In *Raval & Co's case*, the landlord filed an application for fixation of fair rent during subsistence of the contractual tenancy, it was held that then it was not competent for the landlord to apply for fixation of fair rent under Section 4 during subsistence of the contractual tenancy. However, in *V.Dhanapal Chettiar, referring to Raval & Co's case*, the learned Senior Counsel would submit that the issue before the Hon'ble Supreme Court was whether a notice under Section 106 of the Transfer of Property Act was a pre-requisite for filing an eviction petition alone and the issue regarding filing of a fair rent petition subsisting a contractual tenancy was not even discussed. However, in a later decision in *N.Motilal's case*, after considering *Raval & Co., and V.Dhanapal Chettiar's* cases, the Hon'ble Supreme Court held that the application for determination of fair rent can be made by both the landlord and tenant even during the currency of the contractual tenancy. Therefor, there is no impediment for the respondent to seek fixation of fair rent by invoking Section 4 of the Act.



25. In the light of the above, the order passed by the Rent Controller and confirmed by the Appellate Authority, with regard to the maintainability of the fair rent petition does not call for interference. Even the fair rent that has been fixed after following the mandate of Section 4 of the Act. The Rent Controller has factored the relevant criteria under Section 4 of the Act. However, the Appellate Authority while entertaining the fair rent, applying the correct market values, has erroneously fixed different fair rents for different periods, which is not permissible under Section 4 of the Act. The fair rent has to be fixed as on the date of filing of the fair rent petitions. In such circumstances, to such extent the judgment of the Appellate Authority is set aside.

26. In fine, CRP.3187 of 2012 is partly allowed fixing the fair rent of Rs.2,53,161.97 rounded off to Rs.2,53,162/- per month and CRP. No.3186 of 2012 is dismissed. Consequently, connected Miscellaneous Petitions are closed. No costs.

12.12.2025

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Index : Yes
Internet : Yes

To:



1. The VIII Judge, Court of Small Causes, Chennai

2. The XI Judge, Court of Small Causes, Chennai

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P.B.BALAJI, J.,

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Pre-delivery order in
CRP. Nos.3186 & 3187 of 2012
and M.P. Nos.1 of 2012 & 1 & 2 of 2014 &
1 & 2 of 2014 & 1 of 2015, 1 & 2 of 2015



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