IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 16.07.2025

Pronounced on : **23.07.2025**

CORAM :

THE HONOURABLE MR. JUSTICE N. SATHISH KUMAR

C.R.P.Nos.2374 & 2652 of 2024

Canara Bank,
Having its Head Office at
No.112, J.C.Road,
Bangalore – 560 002
and also having Zonal Office at
770-A, Anna Salai,
Chennai – 600 002. ... Petitioner in both petitions

Vs.

M/s.Dewa Properties Ltd.,
(as per order of Hon'ble High Court
in C.R.P.No.508 of 2010, dated 12.07.2013)
Music World Entertainment Ltd.,
Represented by its Director Mr.Ranjit Jacob,
M.Mohan Krishnan,
Having its Regd. Office at
No.769, Anna Salai,
Chennai – 600 002. ... Respondent in both petitions

Prayer in C.R.P.No.2374 of 2024 : Civil Revision Petition filed under Section 25 of the Tamil Nadu Buildings (Lease and Rent Control) Act 18 of 1960 as amended by Act 23 of 1973 against the judgment and decree passed by the VII Judge, Court of Small Causes at Chennai, dated 10.11.2023, in R.C.A.No.410 of 2016 dismissing the Appeal of the petitioner and confirming the order passed by the XV Judge, Court of Small Causes, Chennai, in R.C.O.P.No.1890 of 2001, dated 07.08.2015, filed by the respondent for fixation of fair rent under Section 4 of the Tamil Nadu Building (Lease and Rent Control) Act 18 of 1960.

Prayer in C.R.P.No.2652 of 2024 : Civil Revision Petition filed under Section 25 of the Tamil Nadu Buildings (Lease and Rent Control) Act 18 of 1960 as amended by Act 23 of 1973 against the fair and decretal order passed by the VII Judge, Court of Small Causes at Madras dated 10.11.2023 in M.P.No.4 of 2022 in R.C.A.No.410 of 2016 dismissing the petition filed by the petitioner for adducing additional evidence along with the appeal.

For Petitioner	:	Mr.K.Bijai Sundar in both petitions
For Respondent	:	Mr.J.Sivanandaraj Senior Counsel for Mr.Roshan Balasubramanian in both petitions

COMMON ORDER

Challenging the judgment and decree passed by the learned VII Judge, Court of Small Causes, Chennai, in R.C.A.No.410 of 2016, dated 10.11.2023, confirming the order of the learned XV Judge, Court of Small

Causes, Chennai, in R.C.O.P.No.1890 of 2001, fixing the fair rent at Rs.13,97,473/- per month, C.R.P.No.2374 of 2024 has been filed.

2.Challenging the order of the learned VII Judge, Court of Small Causes, Chennai, dated 10.11.2023, in M.P.No.4 of 2022 in R.C.A.No.410 of 2016, dismissing the petition to permit the petitioner/tenant to examine the expert witness, C.R.P.No2652 of 2024 has been filed.

3.Brief facts of the case are as follows :

3.1.The respondent/landlord has filed an application for fixation of fair rent under Section 4 of the Tamil Nadu Buildings (Lease and Rent Control) Act, 1960 (Act 18 of 1960). An extent of 2430 sq.m. bearing Door No.770-A, Anna Salai, Chennai – 2 (Spencer Tower-II) is the petition premises.

3.2.It is the case of the landlord that superstructures have been fully built in basement, ground, I, II, III, IV and V floors. The petitioner Bank is an exclusive tenant of these floors as per the lease deed, dated 28.06.1991, on a yearly rent of Rs.39,27,995.95. The land is situated at the junction of

Binny Road and Anna Salai at Chennai. Totally, the plinth area comprised in the basement, ground and four upper floors is 66,805.026 sq.ft. The said superstructure is 10 years old. Further, it is the contention of the respondent that superstructure in the petition premises was constructed with brickwork in cement mortar and plastered with the same. The flooring is partly marble and mosaic tiled. RCC roofing is done. Architectural works include the cornices, elevation bands, etc. It is a framed structure involving columns and roof beams. The roof height is 10 feet from ground level. The main walls are 1 feet thick. The partition walls are 4 ½” thick. The entire basement area is used for parking of vehicles relating to the petitioner staff and its customers. Right from the ground floor to the IV floor is the banking area. The entire petition premises along with the plot have been let out for non-residential purpose. Therefore, fair rent is calculated at the rate of 12% per annum. This is a Type 'A' Class I construction. PWD rate between the years April 2000 to March 2001 is adopted. Basic amenities include Corporation water, as well as bore well water connections, 3 phase electricity supply connection and drainage connection to Corporation Sewer. That apart, the respondent has also set out the list of fixtures and fittings and stated that the property is situated at Anna Salai, Chennai, and all the

Schedule-I amenities include ceramic tile flooring in the toilets and glazed tiles stuck to the walls, marble flooring in the passages and stair case area. Separate lift and elevator, also are available. Hence, the respondent/landlord sought to fix a fair rent at Rs.29,87,356/- per month.

3.3.A counter has been filed by the petitioner/tenant before the Rent Controller admitting that the respondent was the owner of the multi-storeyed building called "Spencer Tower-II" situated at Anna Salai, consisting of a basement, ground and four upper floors. It is the contention of the petitioner that, after several rounds of negotiation, the respondent agreed to construct a multi-storeyed building according to the plan and specifications and make provisions for the use of the entire block for the purpose of the petitioner to do their banking business. The contract between the petitioner and respondent was *sui generis* in nature by which the interest in the construction was to be transferred to the petitioner for a period of 99 years and the deposit of Rs.3,90,98,302.75 paid by the petitioner was to be returned by the respondent after a period of 99 years. It is the contention of the tenant that the arrangement, though was loosely termed as "lease", confers all the rights of absolute ownership and property upon the petitioner including the right to grant, sub-lease or enter into arrangements of leave and licence inclusive of the right to encumber or alienate by way of sub-mortgage, lease, under-lease, assignment or otherwise, howsoever, the whole or any part of the said property. Thus, according to the petitioner, all the rights of absolute ownership have been conferred upon the petitioner for adequate compensation which is calculated on the basis of multiple of the annual letting value based on the principles of valuation for the purpose of taxation adopted by the Muncipal Corporation, assessment of property tax and rating. Thus, the relationship between the petitioner and the respondent would not be that of landlord and tenant. According to them, there is no landlord and tenant relationship. Therefore, the respondent ought to have filed a civil suit for cancellation of the transaction. Even assuming without admitting that the transaction as described as lease, the various terms and conditions contained in the lease deed are normally incorporated only in a deed of conveyance and not in a lease deed and hence, it is the contention of the petitioner that the Rent Controller has no jurisdiction to decide the title issue.

3.4.In the additional counter, it is the contention of the petitioner that, under Section 291 of the Indian Companies Act, 1956, only a Director, who is authorised by the Board of Directors, is entitled to institute proceedings on behalf of the Company and any proceedings signed by any other person is *void ab initio*.

3.5.The Rent Controller, considering the oral and documentary evidence on record, has fixed a fair rent at Rs.13,97,473/- per month.

3.6.Challenging the same, the petitioner/tenant has filed an appeal. In the Appeal, the petitioner has also filed a petition to permit them to adduce additional evidence through an Expert witness by filing his report and examining him on the time value of money. The Appellate Authority, by the impugned judgment and decree, has confirmed the fair rent fixed by the trial Court, and has also dismissed the petition for additional evidence.

3.7.Challenging the concurrent findings of the Courts below fixing fair rent at Rs.13,97,473/- per month and the order dismissing the petition to adduce additional evidence, these revision petitions have been filed by the tenant.

4.Mr.K.Bijay Sundar, learned counsel appearing for the petitioner/tenant, would submit that the fair rent fixed by the Rent Controller is not proper and the very maintainability of the petition itself has not been gone into by the Rent Controller. According to him, there was no Board Resolution passed by the Company to maintain the rent control proceedings. When the Board Resolution has not been established, the very filing of the petition is not valid in the eye of law as per Section 291 of the Companies Act, 1956 (old Act) and Section 179 of the Companies Act, 2013 (new Act). Further, it is his contention that the plinth area as per the lease deed is only 66,805.026 sq.ft., whereas a larger extent has been taken note of by the Rent Controller. According to him, there is no such extent of area actually available on ground. According to him, there is a difference of 5000 sq.ft., which has not been taken note of. Further, the driveway extent of 3446 sq.ft. has to be excluded, since the driveway is constructed and compounded and that portion is not in possession of the petitioner Bank. Therefore, it has to be excluded while calculating the fair rent. It is his further contention that an amount of Rs.3,90,98,302.75 has been paid at the time of entering into the contract, which has to be returned after a period of 99 years. Therefore, the time value of the money as applied in other enactments like Motor Vehicles Act, 1988, etc., ought to have been taken into account, which has not been done by the trial Court. According to him, though the document is registered as a lease deed, the entire terms, when read together, lead to the conclusion that, absolute interest has been transferred in favour of the revision petitioner. Therefore, the time value of the money has to be assessed. Further, it is his contention that the land value has been calculated wrongly. Subsequent sale deed has been relied upon by the trial Court. In support of his judgments, the learned counsel has relied upon the following judgments :

i. *M/s.Nibro Limited v. National Insurance Co. Ltd.* ***[1990 SCC Online Del 65]***
ii. *Indian Commerce and Industries Private Ltd. v. Swadharma Swarjya Sangha* ***[1994 SCC Online Mad 377]***
iii. *H.P.Horticultural Produce Marketing and Processing Corporation Ltd. v. United India Insurance Company Ltd. and another* ***[1999 SCC Online HP 12]***
iv. *Schmenger GMBH and Company Leder v. Saddler Shoes Private Limited* ***[2010 SCC Online Mad 6539]***
v. *State Bank of Travancore v. Kingston Computers India Private*

Limited ***[2011 (11) SCC 524]***

vi. *Balram Prasad v. Kunal Saha and others* ***[2014 (1) SCC 384]***

vii. *Sakthi & Co. through its Partner Veeranan v. Shree Desigachary* ***[2006 (2) CTC 433]***

viii. *Nirankar Nath Pandey v. State of U.P. and others* ***[Criminal Appeal No.5009 of 2024, dated 04.12.2024]***

ix. *Dale & Carrington Invt. (P) Ltd. and another v. P.K.Prathapan and others* ***[2005 (1) SCC 212]***

5.Whereas, Mr.J.Sivanandaraj, learned Senior Counsel appearing for the respondent/landlord, would submit that Ex.P1 (authorisation letter) authorises P.W.1 to depose on behalf of the Company. Even thereafter, a Board Resolution, dated 25.03.2019, ratifying the filing of the R.C.O.P. has been passed and that resolution is filed before the Appellate Court. The Appellate Court has held that the same is not necessary, since the very maintainability issue has already been decided by the trial Court. Therefore, once again, the maintainability issue cannot be raised by the tenant. As far as the time value of money is concerned, it is the contention of the learned Senior Counsel that, what is required to be seen in fixation of fair rent proceedings is only the relationship between the landlord and tenant. The rent control proceedings, being summary in nature, time value of money principle cannot be applied in such proceedings to any advance paid under the contract. The learned Senior Counsel relied upon the judgment of the Constitution Bench of the Hon'ble Supreme Court in ***M/s.Raval and Co. v. K.G.Ramachandran and others*** reported in ***(1974) 1 SCC 424***, to buttress his contention that the fair rent is payable by both contractual tenant or statutory tenant, whoever may be; what is fixed is not the fair rent payable by the tenant or to the landlord, but fair rent for the building *per se*. It is his contention that the Rent Control Act applies to "contractual tenancies" as well as cases of "statutory tenants" and their landlords. The learned Senior Counsel relied upon the judgment of the Constitution Bench of Hon'ble Supreme Court in ***V.Dhanapal Chettiar v. Yesodai Ammal*** reported in ***(1979) 4 SCC 214***, wherein, it is held that the landlord is also entitled to invoke Section 4 of the Act seeking fixation of fair rent. The learned Senior Counsel also submitted that there is some mistake in calculation of plinth area. It is his contention that, even if the same is rectified, the total amount of fair rent payable by the tenant would be more than the amount fixed by the Rent Controller. Since the property is used for non-residential purposes, a factor of 12% p.a. on the total cost of the building ought to have been calculated as fair rent. Whereas, the trial Court has calculated only at the rate of 9% p.a. Hence, according to him, even if correct plinth area is taken into account, the fair rent will come around Rs.14,25,679/-, whereas, the trial Court has fixed the fair rent only at Rs.13,97,473/-. Hence, according to the learned Senior Counsel, mere difference in the plinth area will not make any difference, and in fact, the tenant has to pay more amount. In support of his submissions, the learned counsel relied upon the following judgments :

i. *M/s.Bapalal & Co. v. Thakurdas and others* ***[AIR 1982 Mad 399]***
ii. *M.Radhakrishna Rao v. A.B.Ahmed Basha and others* ***[1993 (1) LW 344]***
iii. *Reliance Life Insurance Company Limited v. Hartford Academy of Insurance and Education Pvt. Ltd.* ***[MANU/TN/1803/2025]***
iv. *United Bank of India v. Naresh Kumar and others* ***[1996 (6) SCC 660]***
v. *J.K.Industries Ltd. and others v. Chief Inspector of Factories and Boilers and others* ***[1996 (6) SCC 665]***

6.In the light of the above submissions, the points that arise for consideration in these revision petitions are as follows :

i. *Whether Ex.P2 dated 28.06.1991 entered into between the parties is a lease or sale as contended by the tenant ?*

ii. *Whether the principle of time value of money can be applied in contractual matters ?*

iii. *Whether a specific resolution is required authorising a person to initiate rent control proceedings on behalf of the respondent Company, despite marking of Ex.P1-Authorisation letter before the Rent Controller ?*

iv. *Whether the fair rent fixed by the Rent Controller requires interference ?*

v. *Whether Section 4 of the Tamil Nadu Buildings (Lease and Rent Control) Act, 1960, is applicable to contractual tenancies ?*

Point No.(i) :

7.The revision petitioner became a tenant under the respondent Company as per the lease deed, dated 28.06.1991, marked as Ex.P2. The lease is for a period of 99 years. At the time of lease, though various rights have been given, a deposit of a sum of Rs.3,90,98,302.75 was also made by the lessee and it is agreed between the parties that the amount deposited by the lessee shall carry interest at the rate of 10% p.a. from the date of commencement of the lease payable on or before 15th December of every year. It is agreed between the parties that the said amount shall be returned at the time of expiry of the lease. It is also agreed between the parties that, towards such deposit, a mortgage by deposit of title deeds is also created by the lessor. It is agreed under the lease deed that, only a rent of Rs.39,27,995.95 is payable by the lessee. However, rent control proceedings have been filed by the landlord invoking Section 4 of the Tamil Nadu Buildings (Lease and Rent Control) Act, 1960 (Act 18 of 1960) for fixation of fair rent, in R.C.O.P.No.1890 of 2001.

8.In the earlier round of litigation, an application has been filed in M.P.No.56 of 2003 questioning the very maintainability of the RCOP. The said application was originally dismissed by the Rent Controller, as against which, a Civil Revision Petition in C.R.P.No.586 of 2003 was filed before this Court. This Court, by order dated 23.12.2005, has directed the Rent Controller to decide the question of jurisdiction as a preliminary issue. Thereafter, the said application was contested before the Rent Controller. It was the contention of the tenant that, though the document is titled as lease, it is an absolute sale in view of the various terms and conditions contained in the document. After hearing the parties, the said application has been dismissed by the Rent Controller. Again, a revision in C.R.P.(PD) No.1099 of 2006 was filed before this Court. This Court, by order dated 05.06.2007, negatived the contention of the tenant that Ex.P2 is only a sale and not lease.

This Court, while dismissing the Civil Revision Petition, clearly held that the document dated 28.06.1991 is only a lease deed and cannot be termed as sale deed. Challenging the said order of this Court, a Special Leave Petition has also been filed before the Hon'ble Supreme Court in S.L.P.(Civil) Nos.16315-16316 of 2007, but the same has been dismissed by the Apex Court by order dated 17.09.2007. Therefore, the issue with regard to the nature of the document Ex.P2 has already reached finality between the parties, wherein, it is conclusively held it is a lease, not sale. Therefore, now, the revision petitioner, once again, cannot rely upon the terms and conditions of the document Ex.P2 to contend that it is only a sale deed.

Point No.(ii) **:**

9.Insofar as the contention of the learned counsel for the revision petitioner with regard to time value of money is concerned, the very contract Ex.P2 makes it clear that a deposit of a sum of Rs.3,90,98,302.75 has been made by the tenant, which carries interest at the rate of 10% p.a. and to secure that amount, a mortgage is also created. Therefore, for such deposit an interest has been quantified and to secure that amount a mortgage is also created, now, in the fair rent proceedings, the tenant cannot take a plea that the deposit made by them has to be assessed on the basis of time value of money. If such contention is accepted, the very contractual terms agreed between the parties of the contract will, in fact, be defeated. Normally, while deciding the quantum of compensation, Cost Inflation Index (CII) is followed by the Courts. However, when the parties herein have agreed to a certain amount being deposited and agreed to receive a definite interest for the said amount and when the deposited amount is also secured by way of mortgage, this Court is of the view that the Cost Inflation Index Theory or devaluation of money aspect cannot be applied to contractual matters as contended by the learned counsel for the revision petitioner. Therefore, the contention of the learned counsel for the revision petitioner in this regard has no legs to stand.

10.Further, it is relevant to note that such a contention has never been raised in the pleadings. Only in the Appellate Court, the issue as regards time value of money has been raised for the first time. In any event, when the parties themselves have agreed for deposit of a certain amount and receipt of interest at a specific rate of interest considering the long period of lease, now they cannot seek to apply the time value of money to claim any benefit under the fair rent proceedings.

11.Therefore, the dismissal of the application filed by the tenant before the Appellate Court to examine the Expert to prove the devaluation of money each year, in the view of this Court, does not require any interference, since the very time value of money itself cannot be raised as an issue in contractual matters.

***Point No.(iii)* :**

12.The other ground urged by the learned counsel for the revision petitioner is that no Board resolution as required under Section 291 of the Companies Act, 1956 (old Act) and Section 179 of the Companies Act, 2013 (new Act) to file the rent control proceedings on behalf of the respondent Company, was filed. It is relevant to note that this issue was also never raised in the earlier round of litigation. The main focus of the tenant in the earlier round of litigation was on the nature of the document entered into between the parties (Ex.P2) by contending that it is only a sale and not lease.

13.Be that as it may, Ex.P1-Authorisation Letter is filed before the Rent Controller, which shows the Minutes of the Meeting of the respondent Company authorising one V.Prabha, W/o.P.Vivekanandan, to represent and depose on behalf of the Company in the suits filed by or against the Company in the Rent Control Court, Small Causes Court, City Civil Court and the Madras High Court. The very nature of Ex.P1 authorising one V.Prabha to represent and depose on behalf of the Company in the suits filed by or against the Company in Rent Control Court makes it clear that, by the authorisation Ex.P1, the Company has, in fact, ratified the filing of the rent control proceedings already pending in the Rent Court. Therefore, this Court is of the view that there is no requirement of any other special resolution for filing the rent control petition itself. Even assuming that Ex.P1 is not a proper Board Resolution, the Company can ratify the filing of the suit or proceedings either expressly or impliedly. The respondent Company has also passed a latest resolution to that effect on 25.03.2019 ratifying the filing of the RCOP and sought to file it as an additional document before the Appellate Court. Despite the same, the Appellate Court, while disposing of the Appeal, found that, since this Court has already answered the question on maintainability of the RCOP in

C.R.P.No.1099 of 2006, the tenant cannot raise such an issue once again.

14.The fact remains that, on record, Ex.P1-authorisation letter, as referred above, is only available. In this regard, it is relevant to note that the Hon'ble Supreme Court, in ***United Bank of India v. Naresh Kumar and others*** reported in ***(1996) 6 SCC 660***, has held as follows :

> ***"10.****It cannot be disputed that a company like the appellant can sue and be sued in its own name. Under Order 6 Rule 14 of the Code of Civil Procedure a pleading is required to be signed by the party and its pleader, if any. As a company is a juristic entity it is obvious that some person has to sign the pleadings on behalf of the company. Order 29 Rule 1 of the Code of Civil Procedure, therefore, provides that in a suit by or against a corporation the Secretary or any Director or other Principal Officer of the corporation who is able to depose to the facts of the case might sign and verify on behalf of the company. Reading Order 6 Rule 14 together with Order 29 Rule 1 of the Code of Civil Procedure it would appear that even in the absence of any formal letter of authority or power of attorney having been executed a person referred to in Rule 1 of Order 29 can, by virtue of the office which he holds, sign and verify the pleadings on behalf of the corporation. In addition thereto and dehors Order 29 Rule 1 of the Code of Civil Procedure, as a company is a juristic entity, it can duly*

authorise any person to sign the plaint or the written statement on its behalf and this would be regarded as sufficient compliance with the provisions of Order 6 Rule 14 of the Code of Civil Procedure. A person may be expressly authorised to sign the pleadings on behalf of the company, for example by the Board of Directors passing a resolution to that effect or by a power of attorney being executed in favour of any individual. In absence thereof and in cases where pleadings have been signed by one of its officers a corporation can ratify the said action of its officer in signing the pleadings. Such ratification can be express or implied. The court can, on the basis of the evidence on record, and after taking all the circumstances of the case, specially with regard to the conduct of the trial, come to the conclusion that the corporation had ratified the act of signing of the pleading by its officer."

15.The above judgment makes it clear that, even if there is no such specific resolution, the Company can ratify such act. Such ratification can be express or implied. Even the Court can, on the basis of evidence on record, and after taking note of the facts and circumstances of the case, specifically with regard to the conduct of the trial, come to the conclusion that the Company has ratified the act of signing of the pleading by its officer. Therefore, when the matter herein has been all along agitated by the tenant on earlier occasions which went up to Hon'ble Supreme Court, they cannot take the different stand at every stage on technical grounds. The very Ex.P1-authorisation letter itself makes it clear that the Company has ratified the very filing of the RCOP, wherein, it authorises one V.Prabha to depose in that matter which is already pending. Therefore, it is be concluded that, in fact, the Company has ratified the very filing of the RCOP and therefore, this Court is of the view that no such special resolution is required in this regard.

Point No.(iv) :

16.Insofar as the other contention of the learned counsel for the revision petitioner that the plinth area as per the lease deed is only 66,805.026 sq.ft. and the same has not been properly calculated and sale deed also has not been properly taken note of, is concerned, it is relevant to note that the Rent Controller has fixed the fair rent as follows :

FAIR RENT CALCULATION :

Cost of Construction :

Basement floor area : 12,490.91 sq.ft. x Rs.353/sft.	=	Rs.44,09,201
Ground floor	=	Rs.44,36,419
1st floor : 12,490.91 sq.ft. x Rs.328 + 76.85 sq.ft. x Rs.353	=	Rs.40,97,018
2nd floor : 12,490.91 sq.ft. x Rs.333	=	Rs.41,59,473

3rd floor : 12,490.91 sq.ft. x Rs.330	=	Rs.41,22,000
4th floor : 6976 sq.ft. x Rs.334	=	Rs.23,29,984
5th floor : 1094.44 sq.ft. x Rs.352	=	Rs.3,85,242
6th floor : 655 sq.ft. @ Rs.360	=	Rs.2,35,800
		Rs.2,41,75,227
Add 20% for basic amenities		Rs.48,35,045
	=	Rs.2,90,10,272
Depreciation @ 1% for 10 years (0.9043) x (Rs.2,90,10,272)	=	Rs.2,62,33,989
Add 10% for special nature of construction		Rs.26,23,399
	=	Rs.2,88,57,388
Land Value :		
Exclusive plot area available to respondent (126' x 176'.0”)	=	22,176 sq.ft.
Built up plinth area in Ground Floor (12,490.91 sq.ft. + 76.85 sq.ft.)	=	12,567.76 sq.ft.
Total appurtenant land available to respondent in excess = Rs.22,176 sq.ft. - 12,567.76 sq.ft.	=	9,608.24 sq.ft.
Apportioned site area available to respondent = 12,567.76 sq.ft. x 1.5	=	18,851.64 sq.ft.
Appurtenant land to be treated as schedule-1 amenity = 22176 – 18851.64 = 3324.36		
$\frac{\text{Rs.1,25,00,000}}{2400}$ x 18,851.64 sq.ft.	=	Rs.9,81,85,625
Cost of construction + land value together = Rs.9,81,85,625 + 2,88,57,388	=	Rs.12,70,43,013
Add 10% towards appurtenant land as schedule-I amenities	=	Rs.1,27,04,301
	Total	Rs.13,97,47,314

17.The only grievance of the revision petitioner is that the plinth area is wrongly calculated by the Rent Controller. The Engineers' Report submitted by the Engineers on both sides are *ad idem* on PWD rates of construction, which is extracted below :

"I.Value of Building taking Constructed Areas as per Lease Deed

Note – Both Engineers are ad idem on PWD rates of construction

Basement : 11,557.199 sq.ft. x Rs.353 per sq.foot = Rs.40,79,691.25

Ground Floor : 11,572.798 sq.ft. x Rs.355 per sq.foot = Rs.41,08,343.29

1st Floor : 11,557.199 sq.ft. x Rs.328 per sq.foot = Rs.37,90,761.27

2nd Floor : 11,679.838 sq.ft. x Rs.333 per sq.foot = Rs.38,89,386.05

3rd Floor : 11,679.838 sq.ft. x Rs.330 per sq.foot = Rs.38,54,346.54

4th Floor : 7131.729 sq.ft. x Rs.334 per sq.foot = Rs.23,81,997.49

5th Floor : 1626.425 sq.ft. x Rs.352 per sq.foot = Rs.5,72,502.6

Total = 2,26,77.028.50

20% for Basic Amenities = Rs.45,35,405.70

(Note – Even Tenant Engineer has granted 20% for basic amenities)

Cost of construction + Basic Amenities = Rs.2,72,12,434.20

Depreciation @ 1% for 10 years = (0.9043) x 2,72,12,434.20

= Rs.2,46,08,204.20

Add 10% for nature of construction = 2,46,08,204.20 + 24,60,820.42

= Rs.2,70,69,024.7

Building Value as per Section 4 = Rs.2,70,69,024.7

II.Taking Site Extent as 22.176 sq.ft. And Footprint (i.e. site on which Building constructed) as 11,577.199 (as per Lease)

Plot Area = 22,176 sq.ft.

Footprint of Building = 11,557.199 sq.ft

50% of footprint = Rs.5,788.5995 sq.ft.

Land Area to be considered as Site = 11,577.199 + 5788.5995

= 17,365.79 sq.ft.

Land Cost = Rs.1,25,00,000/- per ground = Rs.5208.33 per sq.foot

Value of Site = 17,365.79 sq.ft. x Rs.5208.33 per sq.ft. = Rs.9,04,46,765/-

III.Cost of Construction + Value of Land = Rs.9,04,45,765/- + Rs.2,70,69,024.7 = Rs.11,75,14,790.7

IV.Schedule I Amenities :

Following Schedule 1 Amenities Available :

1. *Lift*
2. *Mosaic Flooring*
3. *Side Dadoos*
4. *Compound Walls*
5. *Overhead Tank for water supply*
6. *Electric pump and motor for water supply*
7. *Sun-breakers*
8. ***Excess Appurtenant Land***

Excess Appurtenant Land Available : 22,176 sq.ft (Plot area) – 17,365.9 (site) = 4,810.25 sq.ft

Value of 4810.25 sq.ft @ Rs.5208.33 per sq.foot = Rs.2,50,53,125/-

Learned Rent Controller has awarded 10% as Schedule 1 amenity and same has been confirmed by learned Appellate Authority

10% of 11,75,14,790/- = Rs.1,17,51,479/-.

However, actual value of appurtenant land (subject to maximum of 25% of cost of site + cost of construction as per Section 4(4) 2n proviso (ii)) ought to have been granted.

*25% of cost of site + cost of construction = 25/100 * 11,75,14,790 =*

Rs.2,93,78,697.5

Therefore, entire value of excess appurtenant land of Rs.2,50,53,125/- (which is less than 25%) ought to have been allowed.

V.Fair Rent

Total Value as per Section 4 = Rs.11,75,14,790.7 + 2,50,53,125/- = Rs.14,25,67,916/-

As building is commercial, annual fair rent @ 12% = Rs.1,71,08,149/-

Monthly Fair Rent = Rs.14,25,679/- (Amount awarded by RCA Court is only Rs.13,97,473/-)"

18.Though there is little variance with regard to the plinth area as calculated by the Rent Controller, the fact remains that the Rent Controller ought to have granted actual value of appurtenant land subject to the maximum of 25% of cost of site and cost of construction as per 2nd proviso to Section 4(4) of the Act, which has not been done in this case. If the proviso was properly applied by the Rent Controller, the actual fair rent payable as per the extent available on ground will arrive as follows :

*25% of cost of site + cost of construction = 25/100 * 11,75,14,790 = Rs.2,93,78,697.5*

Therefore, entire value of excess appurtenant land of Rs.2,50,53,125/- (which is less than 25%) ought to have been allowed.

<u>V.Fair Rent</u>

Total Value as per Section 4 = Rs.11,75,14,790.7 + 2,50,53,125/- = Rs.14,25,67,916/-

As building is commercial, annual fair rent @ 12% = Rs.1,71,08,149/-

Monthly Fair Rent = Rs.14,25,679/-

19.In fact, the fair rent ought to have been arrived at Rs.14,25,679/- as calculated above. However, the Rent Controller has fixed the fair rent only at Rs.13,97,473/-. Therefore, the contention of the learned counsel for the revision petitioner that the correct plinth area has not been taken note of, is of no avail. In fact, it will not give any advantage to the tenant. Though the fair rent as arrived above would be Rs.14,25,679/-, the landlord has not challenged the fair rent fixed by the Rent Controller. Therefore, the fair rent fixed by the Rent Controller need not be interfered with.

20.With regard to the submission of the learned counsel for the revision petitioner that sale exemplars have not been properly taken note of, in fact, the Rent Controller has rightly taken note of the market value and considering the locational advantage, fixed the land value at Rs.1,25,00,000/-. The landlord Engineer's report indicates that the value of the land is Rs.1.5 Crores. Though the respondent Engineer's report indicates the value of the land as Rs.1,18,99,730/-, his report does not indicate the locational advantage. Therefore, the Rent Controller has fixed the land value at Rs.1,25,00,000/-. Admittedly, the subject property is located in one of the prime areas in Chennai, originally known as Mount Road, inside the famous "Spencers Plaza". Therefore, the value adopted by the Rent Controller, in the view of this Court, is a reasonable one and requires no interfere.

Point No.(v) **:**

21.Insofar as the contention of the learned counsel for the revision petitioner as regards applicability of Section 4 proceedings to contractual tenancies is concerned, the Constitution Bench of the Hon'ble Supreme Court in ***M/s.Raval and Co. v. K.G.Ramachandran and others*** reported in ***(1974) 1 SCC 424,*** in majority view, has held that the fair rent proceedings is applicable notwithstanding any contract even during the subsistence of the contract. A seven Judges' Bench of the Hon'ble Supreme Court, in

V.Dhanapal Chettiar v. Yesodai Ammal reported in ***(1979) 4 SCC 214,*** has approved the majority decision in ***M/s.Raval's case (supra)*** with regard to the applicability of Section 4 of the Tamil Nadu Buildings (Lease and Rent Control) Act, 1960 (Act 18 of 1960) to contractual tenancies. In latest judgment of the Hon'ble Supreme Court in ***N.Motilal and others v. Faisal Bin Ali and another*** reported in ***(2020) 13 SCC 667,*** it is held that fixation of fair rent, even for contractual tenancy, is maintainable. Though the matter therein arises out of Telengana Building (Lease, Rent and Eviction) Control Rent, 1960, it is in fact *pari materia* to the Tamil Nadu Buildings (Lease and Rent Control) Act, 1960.

22.In the light of the above discussion, this Court is of the view that the fair rent fixed by the Rent Controller as confirmed by the Appellate Court, is proper and reasonable and requires no interference. Accordingly, **C.R.P.No.2374 of 2024 is dismissed,** confirming the concurrent findings of the Court below.

23.As far as the revision challenging the order of the Appellate Court dismissing the application to adduce additional evidence by examining the Expert witness, is concerned, as discussed above, when the parties have agreed to an interest for the deposited amount at a specific rate of 10% p.a. and to secure the deposit, a mortgage is also created, the very quantum of interest agreed itself is a time value of money. Therefore, the principle as applied in other fields while determining the compensation by taking note of the inflation and devaluation of the currency, cannot be applied to the amount that has been quantified in a contract which is in existence. In such view of the matter, mere examination of an Expert in this regard, will not serve any purpose. Therefore, **C.R.P.No.2652 of 2024 is dismissed.** No costs.

mkn **23.07.2025**

Internet : Yes
Index : Yes / No
Speaking order / Non-speaking order
Neutral Citation : Yes / No

C.R.P.Nos.2374 of 2024 and 2652 of 2024

N.SATHISH KUMAR.J.

After the orders were pronounced dismissing the revision petitions, the learned counsel for the respondent/landlord submitted that this court, by order dated 30.06.2025, had directed the revision petitioner/tenant to deposit 50% of the rental arrears before this court to the credit of the revision petition within a period of one month from 30.06.2025 and if the amount as directed by this court is deposited by the revision petitioner/tenant, the respondent/landlord may be permitted to withdraw the same.

Acceding to the request made by the learned counsel for the respondent/landlord, the respondent/landlord is permitted to withdraw the amount, if the revision petitioner/tenant deposits the amount pursuant to the order of this court dated 30.06.2025.

Index : yes / no 23..07..2025
Neutral Citation : yes / no

kmk

To

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

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

3.The Section Officer,
VR Section,
High Court, Madras.

N. SATHISH KUMAR, J.

mkn

Common Order in
C.R.P.Nos.2374 & 2652 of 2024

23.07.2025