IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

(**129**)

CR-4665-2026 (O&M)
Date of Decision:**29.05.2026**

KEWAL KRISHAN AGGARWAL

… Petitioner

Versus

PRABHJOT SINGH

... Respondent

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CORAM: HON'BLE MR. JUSTICE VIRINDER AGGARWAL

Present:- Mr. Deepak Arora, Advocate
for the petitioner.

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VIRINDER AGGARWAL, J. (Oral)

1. The present revision petition has been instituted under Article 227 of the Constitution of India invoking the supervisory jurisdiction of this Court, assailing the order dated 05.03.2026 passed by the learned Appellate Authority, Ludhiana, whereby the petitioner–tenant has been directed to deposit mesne profits at the rate of ₹10,000/- per month during the pendency of the appellate proceedings.

2. Briefly stated, the respondent–landlord instituted an ejectment petition seeking eviction of the petitioner from the shop in dispute. Upon contest by the tenant, the learned Rent Controller allowed the ejectment petition and passed an order of eviction against the petitioner. The admitted rate of rent between the parties was ₹700/- per month. Aggrieved against the order of eviction, the petitioner–tenant preferred an appeal before the learned Appellate Authority.

2.1. During the pendency of the appeal, the respondent–landlord moved an application seeking payment of mesne profits, contending therein that the shop in dispute was capable of fetching rent to the tune of ₹30,000/- per month in the open market. It was further pleaded that the petitioner–tenant had failed to pay the arrears of rent since January, 2014 and, therefore, was liable to compensate the landlord by way of use and occupation charges commensurate with the prevailing market rent.

3. The said application was contested by the petitioner–tenant. However, the learned Appellate Authority, after considering the rival submissions, allowed the application and directed the petitioner to pay mesne profits at the rate of ₹10,000/- per month. While passing the impugned order, the learned Appellate Authority observed that the shop in question had been let out nearly four decades earlier at a monthly rent of ₹700/- and, keeping in view the prevailing inflationary trends and escalation in rental values, the premises were reasonably capable of fetching at least ₹10,000/- per month. The learned Appellate Authority further directed that the aforesaid amount shall be payable from the date of the eviction order.

4. Feeling aggrieved by the impugned order passed by the learned Appellate Authority, the petitioner has approached this Court by way of the present revision petition.

5. Learned counsel for the petitioner contended that the rate of mesne profits determined by the learned Appellate Authority is excessively exorbitant and wholly disproportionate to the prevailing rental value of the

premises in question. It was argued that it is a settled proposition of law that mesne profits are required to be assessed on the basis of cogent material and evidence produced by the respective parties. However, in the present case, the learned Appellate Authority, on the basis of conjectures, assumptions, and extraneous considerations, has committed a manifest illegality while determining the amount payable by the petitioner.

5.1. It was further contended that the respondent–landlord failed to adduce any documentary or oral evidence to establish that similarly situated shops in the vicinity or locality were fetching rent at the rate assessed by the learned Appellate Authority. It was argued that the town of Raikot, where the demised premises are situated, is not a commercially flourishing urban centre but rather a comparatively remote area with limited commercial activity, and therefore the fixation of mesne profits at the rate of ₹10,000/- per month is arbitrary, excessive, and unsustainable in law.

6. A perusal of the impugned order, however, clearly demonstrates that the learned Appellate Authority has duly applied its judicial mind to the facts and circumstances of the case while determining the amount of mesne profits. The learned Appellate Authority specifically took into consideration the location of the demised premises and observed that the shop in question is situated near the Old Bus Stand, Talwandi Gate, Raikot, which constitutes a commercially significant area of the town.

6.1. The learned Appellate Authority further noticed that the petitioner–tenant had remained in possession of the demised premises for approximately 46 years at a meagre monthly rent of ₹700/-. It was also observed that no documentary evidence had been produced by either party regarding the prevailing rent of similarly situated shops in the locality. In such circumstances, the learned Appellate Authority applied the "gold standard" principle as recognized by this Court in ***Pardeep Kumar vs. Rajinder Kumar Shukla and another, CR-86-2024***, decided on ***11.01.2024***, wherein it was held that while determining mesne profits, the Court is required to strike a balance between the competing claims of market-rate compensation and reasonable recompense to the landlord.

6.2. This Court in the aforesaid judgment further held that where no reliable comparative rental evidence is available on record, the increase in the price of gold, being directly proportional to inflationary trends, may legitimately be taken into consideration while assessing reasonable mesne profits. Apart from the inflationary index reflected through the increase in gold prices, factors such as the location of the property, surrounding infrastructure, condition of the premises, facilities available to the tenant, and the nature of business being conducted from the premises are also relevant considerations.

6.3. The learned Appellate Authority, while determining mesne profits, duly considered the substantial escalation in the price of gold since the inception of tenancy, the advantageous location of the property, and the fact that the petitioner is operating a machinery store from the demised premises. The tenancy admittedly commenced in the year 1980–81, whereas the impugned order determining mesne profits was passed on 05.03.2026. Had the learned Appellate Authority solely applied the inflationary increase reflected through the rise in gold prices, the amount of mesne profits assessed would have been substantially higher than ₹10,000/- per month. However, the learned Appellate Authority moderated the same after taking into consideration all surrounding circumstances and relevant equitable considerations.

6.4. In view of the aforesaid circumstances, the mesne profits assessed by the learned Appellate Authority cannot be said to be arbitrary, unreasonable, or excessive so as to warrant interference by this Court in exercise of its supervisory jurisdiction under Article 227 of the Constitution of India. The impugned order does not suffer from any material illegality, perversity, or jurisdictional infirmity. Consequently, finding no merit in the present revision petition, the same is hereby **dismissed**.

7. It is, however, clarified that the observations recorded here-in-above are confined exclusively to the adjudication of the present revision petition and shall not be construed as an expression of opinion on the merits of the substantive controversy pending between the parties. Any findings, observations, or conclusions recorded in this order are purely tentative in nature and limited to the determination of the issues arising in the present proceedings. Nothing contained herein shall prejudice, affect, or influence the rights, claims, defences, or contentions of either party in

any other proceedings, nor shall the same be treated as a final adjudication on any disputed question of fact or law involved in the principal matter.

8. In view of the fact that the principal matter stands finally adjudicated, all pending miscellaneous applications, if any, arising out of or ancillary to the present proceedings, shall also stand disposed of accordingly. No separate or further orders are required to be passed in respect thereof.

(VIRINDER AGGARWAL)
JUDGE

29.05.2026
Gaurav Sorot

Whether reasoned / speaking? Yes / No

Whether reportable? Yes / No