



2026:DHC:2061



* IN THE HIGH COURT OF DELHI AT NEW DELHI

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Reserved on: 26th February, 2026

Pronounced on: 12th March, 2026

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RFA 32/2020 & CM APPL. 1735/2020

CORPORATION BANK

.....Appellant

Through: Mr. Rachit Batra & Mr. Rachit
Khandelwal, Advocates.

versus

HARVINDER SINGH & ORS

.....Respondents

Through: Mr. Prateek Chadha, Mr. Vijay
Wadhwa, Mr. Arush Malhotra, Mr.
Sreekar Aechuri, Mr. Aniket
Chauhaan and Ms. Surbhi Soni, Advs.

CORAM:

HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. Appeal under Section 96 read with Section 151 CPC has been filed on behalf of the Appellant/Defendant, against Judgment dated 13.09.2019, whereby the Suit of the Respondent / Plaintiff for *possession of the property in question and for mesne profit at a rate of Rs.200/- per sq. ft., has been decreed.*

2. The **facts in brief**, are that the Appellant, a public sector Bank, had taken the property bearing No.41, Ground Floor, North West Avenue, Club Road, Punjabi Bagh Extension, New Delhi, having carpet area of 1963 sq. ft.



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at a rate of Rs.65/- per sq. ft. (Rs.1,27,595/-) on Lease *vide* Agreement dated 28.12.2005, initially for a period of 05 years. As per the terms of Agreement, in case the Lease was renewed for another 05 years, the rent was to be enhanced by 15%. The Lease got renewed by period of 05 years and the rent was enhanced by 15% i.e. Rs.74.70/- per sq. ft.

3. The property had been taken on rent from the owner Mr. Rohit Grover. However, he subsequently, sold the property *vide* Sale Deeds dated 15.05.2014, to the three Respondents in equal share, who stepped into the shoes of erstwhile owner.

4. The Lease expired on 30.08.2015 and the Plaintiff sent Letters dated 13.03.2015, 06.07.2015 and 17.08.2015 offering to increase rent to Rs.350/- per sq. ft. against the original rent of Rs.65/- per sq. ft. In response to these letters, the Defendant Bank through its Assistant General Manager (AGM), held meeting with the Plaintiff on 13.08.2015 and offered to pay rent @ Rs.285/- per sq. ft. along with the applicable Service Tax.

5. The Defendant Bank had been informed that if it did not accept the offer of Plaintiff, then they may vacate the Suit property. Since the Defendant/Appellant failed to vacate the premises, a Legal Notice dated 15.09.2015 was sent to vacate the property by 30.09.2015, after which the Suit of Possession, Arrears of Rent and *mesne profits*, was filed by the Plaintiff / Respondent.

6. The Suit was contested by the Appellant/Defendant, wherein the **Written Statement**, it was stated that Defendant being a public sector Bank, is required to take permission from the competent authority, like Reserve Bank of India, for shifting the Branch and it takes about six months to shift



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the Branch. The Defendant also claimed that the negotiations were on going between the parties upto December, 2015. When the Defendant found that the Plaintiff was quoting exorbitant rent, negotiations failed and immediately thereafter, the Defendant commenced looking for another premises in the same locality. It was claimed that the delay in vacating the property, was on account of aforesaid circumstances.

7. Plaintiff by way of Replication, reaffirmed the assertions made in the Plaint.

8. During the pendency of the Suit, **Defendant/Appellant vacated the suit premises and handed-over the possession on 11.01.2017**. The Suit was continued for adjudication on the *mesne* profits.

9. The **Issue** was framed on 03.04.2017, which is as follows:

“To what amount, the Plaintiff is entitled from the Defendant on account of rent/damages and for what period?”

10. The Plaintiff, in support of its case, examined **PW-1 Sh. Surinder Singh Chadha**.

11. Defendant examined **DW-1 Sh. Kumar Vivek, its Chief Manager**.

12. Th **Learned Additional District Judge**, after consideration of evidence and documents led by the parties, concluded that the Plaintiffs were entitled to *mesne* profits @ Rs.200/- per sq. ft. (Rs.200/- x 1963 Sq. ft.= Rs.3,92,600/- per month) w.e.f. 01.10.2015 to 11.01.2017 (total Rs.60,19,866/-) and accordingly, *decreed Suit for recovery of mesne profit along with interest @ 12% per annum, with effect from 20.01.2016 till realization of amount mesne profits*.



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13. Aggrieved by the said Judgment, Bank has filed the Appeal, wherein the **grounds of challenge** are that the Learned Additional District Judge has wrongly assessed the *mense* profit at Rs.200/- per sq. ft., by relying on the property bearing No.33, North West Avenue, Club Road *taken by Yes Bank/ a Private Bank @ Rs.200/- per sq. ft., vide Lease deed dated 19.03.2016*. It has not been considered that Yes Bank is a Private Bank, unlike the Appellant, which is a Public Sector Bank, standing on a different financial footing. Moreover, it has been ignored that the same property was offered to the Appellant @ Rs.174/- per Sq. Ft., when the Appellant Bank invited bids to locate itself in the new premises.

14. The Learned Additional District Judge has further ignored that after handing over of the possession, Plaintiff, on its own, rented out major portion of Suit premises i.e., 1500 sq. ft. @ Rs.194/- per sq. ft. *vide Lease Deed dated 11.12.2017 to Bata India Ltd., which is again a private entity*. Moreover, even this rent was less than Rs.200/- per sq. ft., which has been assessed by the Learned ADJ.

15. Further, it has not been considered that the Appellant has taken a nearby property in the same area, i.e. Punjabi Bagh Extension, @ Rs.138/- per sq. ft., for which registered Lease Deed dated 27.08.2016 has been executed, copy of which has been placed on record.

16. There is no discussion in the Judgment, as to why the rate of rent of the property leased by the Appellant, has not been taken as the prevailing rate of rent in the area, especially when PW-1 during cross-examination, had admitted that newly tenanted premises was merely 150 meters away from the suit premises. Further, Appellant had placed on record, four other similar



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bids for properties in the similar area, which were @ Rs.178/-, Rs.174/-, Rs.148/- and Rs.126/- per sq. ft.

17. It has also not been considered that though the property taken on rent by the Appellant was initially offered @ Rs.178/- per sq. ft., it was eventually taken @ Rs.138/- per sq. ft. It has been ignored that the Plaintiff had carried out major structural changes in the suit premises before it could be leased out to different private entities; because of the structural changes, value was added to the Suit premises and it fetched higher rent, that too, from private entities unlike a public sector Bank.

18. *Section 2 (12) of CPC* defines *mesne profits* as profits, which the person in wrongful possession of the property received or might have received and not as profits that the landlord or owner could have derived from such property. Mesne profits earned by the Appellant / Corporation Bank can only be the difference between the rent paid for Suit premises and rent which is now being paid by it, for carrying on his operations.

19. The Court has erred in calculating damages and *mesne* profits, when in fact, these are two different concepts of law. Damages mean the loss suffered by owner of property, while *mesne* profits mean the wrongful benefit derived by a person by continuing in wrongful possession. In the absence of any evidence to show that there was any interested party at the relevant time to take the rented premise, no damages can be said to have been suffered by the Respondent.

20. Learned Trial Court has completely ignored that even after 15 months between expiry of Lease and new tenancy created by Respondent / Plaintiff, the Suit premises could not fetch the decreed rent of Rs.200/- per sq ft.,



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despite it being let out to a retail outlet.

21. In the end, it is asserted that the interest granted on profits for even prior to date of accrual of *mesne* profits / principal *vide* impugned Judgment, is liable to be set aside. Learned Trial Court has granted interest @ 12 % per annum from 20.01.2016 for *mesne* profits, which had accrued from the period 01.11.2015 to 11.01.2017. There could not have been interest granted on the rent / *mesne* profits, which were to accrue in future. Therefore, it is submitted that the impugned Judgment dated 13.09.2019, be set aside.

22. *Respondents have filed their written submissions*, wherein it has been explained in detail that Order XX Rule 12 of CPC empowers the Court to assess *mesne* profits, based on the fair rent that would have otherwise, accrued to the lawful owner. Reliance is placed on Ashok Chopra vs. Syndicate Bank, 2010 SCC OnLine Del 1340, wherein it was held that Defendant not quitting the property and his un-authorized use and occupation, would have to pay damages at the prevailing market rent (i.e. market rate for the adjoining properties).

23. It is submitted that the market rate of rent @ Rs.200/- per sq. ft., has been correctly assessed by considering the Lease Deeds dated 19.03.2016 of Sh. Kuldeep Prakash Suri in favour of Yes Bank Ltd., at a rate of Rs.3,65,000/- per month for 1825 sq. ft., or Rs.200/- per sq. ft.; Lease Deed dated 22.11.2017 between the Respondents and Bata India Ltd. at Rs.2,91,000/- per month for 1500 sq. ft., or Rs.194/- per sq. ft.; and Lease Deed dated 05.02.2018 between the Respondents and GMB Hospitality India at Rs.1,55,000/- per month for 650 sq. ft., or Rs.238/- per sq. ft.

24. It is further contended by the Respondent that the Appellant has



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incorrectly stated that the Learned Trial Court has ignored and not considered the Lease Deed dated 27.07.2026 @ Rs.138/- per sq. ft. per month, in respect of another premises. However, Learned ADJ had duly considered this Lease Deed, as well. Moreover, this Lease Deed does not state anything about the service tax amount, which is to be paid over and above the rent. All Lease Deeds produced in the evidence, were duly considered by the Learned Trial Court and it has reasonably assessed the *mesne* profit @ Rs.200/- per sq. ft.

25. Reliance has been placed on State Bank of India vs. Pawanveer Singh, 2015 SCC OnLine Del 11598, wherein in the similar facts, the *mesne* profit was granted against the facts.

26. Further, reliance has placed on Mahant Narayana Dasjee Varu vs. Board of Trustees, 1964 SCC OnLine SC 125, wherein it has been held that the interest is the integral part of the profits. Similar observation has also been made in Hindustan Motors Ltd. vs. Seven Seas Leasing Ltd., 2018 SCC OnLine Del 11391.

27. Furthermore, Learned ADJ has rightly held that the Lease was commercial transaction and the rate of rent would exceed 6% in terms of Proviso to Section 34(1) of CPC. This has also been explained by Hon'ble Apex Court in ABL International Ltd. vs. Export Credit Guarantee Corporation of India Ltd., (2005) 10 SCC 495.

28. It is contended that the contention of the Appellant that because it is a Public Sector Bank, the benchmark for calculating the *mesne* profit should be different when compared with private entities, is totally without any merit. In fact, the Bank is attempting to take advantage of its public nature to



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avoid paying the correctly imposed amount as *mesne* profit to the Respondent. The market rate of the property in the area does not change vis-a-vis the financial and commercial nature of the party/body in question. It is independently determined by factors such as the nature of neighbourhood, proximity to amenities, etc. Therefore, the financial and commercial nature of the body in unlawful possession, cannot be a factor to reduce or discount the fair rent accrued to the lawful owner, as *mesne* profits. It is therefore, submitted that the present Appeal is liable to be dismissed.

Submissions heard and record perused.

29. It is an admitted fact that the Appellant Corporation Bank took the Suit property admeasuring 1963 sq. ft. on rent @ Rs.65 per sq. ft. (Rs.1,27,595/-) per month *vide* Lease Agreement dated 28.12.2005. It was initially for a period of five years. It got renewed for another five years and rent was enhanced by 15% in terms of the Lease Deed and the rent was thus enhanced to Rs.74.70/- per sq. ft.

30. Apparently, thereafter, the erstwhile owners sold the property to the Respondents *vide* Sale Deed dated 15.05.2014. The Lease expired on 30.08.2015 and the Possession of the Suit property was handed over on 11.01.2017, even though, they were liable to hand over the peaceful and vacant Possession on 01.10.2015. ***The Corporation Bank remained in occupation from 01.10.2015 till 11.01.2017 and were, therefore, liable to pay the Mesne Profits. There is no challenge on this aspect.***

31. The question for determination was *what should be the rate at which the Mesne Profits must be calculated.* The Mesne Profits are defined under Section 2(12) of CPC as under :



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“2(12) "mesne profits" of property means those profits which the person in wrongful possession of such property actually received or might with ordinary diligence have received therefrom, together with interest on such profits, but shall not include profits due to improvements made by the person in wrongful possession;”

32. The very definition of Mesne Profits means the profits that the person has derived from the wrongful possession of the property. It is, therefore, evident that the calculation of *Mesne* Profits is not of the profits that the Plaintiff may have derived from sale or otherwise of the property, but it is the wrongful benefit derived by the Tenant, who has continued in unlawful Possession.

33. In the case of *Bureau of Indian Standards vs. Goodwill Threatres Pvt. Ltd.* 2018(1) RCR (Civil) 400, while referring to the definition of *Mesne* Profits under Section 2(12) CPC, it was observed that the *Mesne* Profits do not include profits due to improvements made by the person in wrongful possession. It is the value of the usage of the land to the person in wrongful possession.

34. In the light of the aforesaid, it was pertinent to consider what was the wrongful benefit derived by the Appellant. In this regard, the Plaintiff/Respondent had relied upon the two Lease Deeds which it had subsequently, let out the suit property in two parts, to the two tenants.

35. The Lease Deed Ex.PW2/2 dated 11.12.2017 had been executed by the Respondent with Bata India Ltd for an area admeasuring 1500 sq. ft., at Rs.2,91,000/- @Rs.194/- per sq. ft. The Second Lease Deed dated 15.02.2018 Ex.PW2/3 in respect of 650 sq. ft. i.e. part of the Suit premises



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were let out by the Respondent/Plaintiff to M/s GVK Hospitality India at Rs.1,55,000/- per month i.e. Rs.238.46 per sq. ft.

36. It is pertinent to observe here that these two Lease Deeds have been executed after almost one year of the property being vacated on 11.01.2017. The *Mesne* Profits were to be calculated w.e.f 01.10.2015. These two subsequent Lease Deeds, therefore, cannot be any parameter to assist the calculation of the *Mesne* Profits especially when it was suggested to the Respondent in the cross-examination, that material renovations were carried out in Order to let out the property to the two Agencies, which were Private Agencies and were in commercial business.

37. The third Lease Deed on which the Respondent had relied was dated 19.03.2016 Ex.PW2/1 whereby Kuldeep Prakash Suri of nearby property had let out 1825 sq. ft. on Ground Floor to YES Bank, at Rs.365000/- per month i.e. @ Rs.200 per sq. ft. ***However, it is again, a Private Bank.***

38. The Defendant took the similarly located premises admeasuring 1716.57 sq. ft., for a period of ten years @ Rs.138/- per sq. ft. (total Rs.236887/- per month) for the first five years and @ Rs.172.50 for the next block of five years, *vide* Lease Deed dated 27.07.2016 which is Ex.PW1/7.

39. This implies that the wrongful gain driven by the Defendant, needed to be calculated @ Rs.138/- per sq. ft. The reference to the Lease Deed Ex.PW2/1 at Rs.200/- per sq. ft is not justified for *firstly*, the location of the property has not been explained. *Secondly*, it is also not pointed out if the fittings and fixtures in the property so taken on rent, was similar to that of the Appellant. *Thirdly*, it cannot be overlooked that YES Bank is a Private Bank, while the Appellant was a Corporate Bank. Additionally, it was a new



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Lease taken by YES Bank, while the Appellant had been in possession of the property as a tenant since 2005, and as per the Lease Agreement, there was to be an enhancement of 15% after every five years, in case the Lease was renewed.

40. Considering all these factors, the Learned District Judge fell in error in relying upon the Lease Deed Ex.PW2/1 executed with the YES Bank for the simple reason that there were no circumstances to explain the parity between the Appellant and the YES Bank. Furthermore, in terms of Section 2(12) CPC it is the wrongful gain which has been derived by the Bank, which was to be a factor for calculating the *Mesne* Profits. Herein, it has been proved that the benefit drawn by the Appellant was in getting the premises at Rs.138/- per sq. ft.

41. It is, therefore, held that the *Mesne* Profits have been wrongly awarded @ Rs.200/- per sq. ft. The record reflects that the Plaintiff was entitled to *Mesne* Profits @ Rs.138/- per sq. ft.

42. The other aspect which has been challenged by the Appellant, is that the interest has been granted @ 12% per annum w.e.f. 01.11.2015 till 11.01.2017. Further, the interest has been granted @ 12% per annum w.e.f. 20.01.2016 till the realization of the *Mesne* Profits.

43. It has been rightly contended on behalf of the Bank, that the *Mesne* Profits were payable every month and the entire amount calculated was not due as on 20.01.2016 and, therefore, the Court fell in error in granting the interest @ 12% per annum from 20.01.2016.

44. Therefore, the grant of interest on the calculated *Mesne* Profits @ 12% per annum is hereby, granted w.e.f. 20.01.2016. The principal rent



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which becomes due as on 11.01.2017, would attract interest @ 12% per annum till the date of realization. The interest be calculated for the period after 11.01.2017 @ 12% per annum on the monthly rent, as it becomes due and thereafter, on the total amount of the *Mesne* Profits which becomes due, minus the interest.

Relief:

45. In view of the aforesaid discussion, the Judgment dated 13.09.2019 is hereby modified. The *Mesne* Profits for the Suit premises are granted w.e.f. 01.11.2015 till 11.01.2017 @ Rs.138 per sq. ft. for a total area of 1963 sq. ft. Additionally, the interest @ 12% per annum shall be payable from 20.01.2016 till January, 2017 on the monthly rent of 12% to be calculated on the monthly rent. The Interest on the Principal amount due as rent from 11.01.2017 till the date of payment of the *Mesne* Profits @ 12% per annum, shall be payable, as it becomes due every month.

46. The Judgment and the Decree is accordingly, modified/partly allowed and the Appeal is disposed of.

**(NEENA BANSAL KRISHNA)
JUDGE**

MARCH 12, 2026
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