



2026:DHC:4567



\$~

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Reserved on: 13.05.2026
Pronounced on: 21.05.2026

+ O.M.P. (COMM) 84/2017 & I.A. 2256/2017 (For summoning of the complete arbitral record)

POORVA SANSKRITIK KENDRA SOCIETY THROUGH
MEMBER SECRETARYPetitioner

Through: Ms. Ruchika Rathi &
Ms. Anam Sahar, Advocates.

versus

G&S SAROVAR PARK PLAZA HOSPITALITY PVT. LTD.

.....Respondent

Through: None.

CORAM:
**HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR**

J U D G M E N T

HARISH VAIDYANATHAN SHANKAR, J.

1. The present Petition has been filed under Section 34 of the **Arbitration and Conciliation Act, 1996¹**, seeking to modify the **Arbitral Award dated 10.11.2016²** on the limited ground that the same suffers from a manifest computational inconsistency in calculating the *mesne* profits granted in favour of the Petitioner.

BRIEF FACTS:

2. Shorn of unnecessary details, the brief factual background

¹ Act

² Impugned Award



2026:DHC:4567



necessary for the adjudication of the present Petition is set out herein below:

- a) The disputes between the parties arise out of a **License Agreement dated 17.12.2004³**, whereby the Respondent was granted a license in respect of the premises known as **Poorva Sanskritik Kendra, situated at Plot No. 14, District Centre, Laxmi Nagar, Delhi⁴**, for a period of nine (09) years.
- b) Under the said Agreement, the Respondent was engaged as an operator to manage, maintain and run the said cultural centre, and was required to pay an annual license fee of Rs. 24,00,000/- along with 14% of the gross receipts on a monthly basis.
- c) During the subsistence of the Agreement, disputes arose between the parties towards the end of 2011, *inter alia*, on account of alleged defaults and breaches on the part of the Respondent.
- d) Subsequently, in January 2012, the Petitioner issued a show cause notice to the Respondent, which was replied to on 11.04.2012. A second show cause notice dated 10.04.2013 was thereafter issued, raising similar allegations.
- e) Since issues were unresolved, the Petitioner terminated the Agreement *vide* Notice dated 13.08.2013, thereby calling upon the Respondent to vacate the premises within a period of thirty days and to pay the outstanding amount of Rs. 1,27,97,552/-.
- f) In order to resolve the disputes that had arisen between the parties, this Court, in Arb. P. No. 295/2013, appointed a learned

³ Licence Agreement

⁴ Licensed Property



2026:DHC:4567



Sole Arbitrator for adjudication of the disputes in accordance with law.

- g) Pursuant thereto, the learned Sole Arbitrator entered upon reference and, upon adjudication of the respective claims and counter-claims advanced by the parties, rendered the Impugned Award. By way of the said Award, the learned Arbitrator, *inter alia*, adjudicated and granted *mesne* profits under Issue No. 7, which forms the subject matter of challenge in the present Petition preferred under Section 34 of the A&C Act.

SUBMISSION ON BEHALF OF THE PARTIES:

3. Learned counsel appearing on behalf of the Petitioner would submit that the learned Arbitrator has, in Paragraph 65 of the Impugned Award, returned a categorical finding to the effect that the Petitioner is entitled to *mesne* profits in respect of the Licensed Property at the rate of Rs. 12,16,500/- per month.

4. Learned counsel for the Petitioner would further contend that the *mesne* profits were liable to be computed for the period spanning eight months, i.e., from 14.09.2013 to 15.05.2014, which position, according to her, stands expressly recorded in the concluding portion of Paragraph 67 of the Impugned Award.

5. It would, however, be contended by the learned counsel for the Petitioner that the computation ultimately undertaken by the learned Arbitrator in the concluding portion of the issue concerning *mesne* profit, *namely*, Paragraph 68 of the Impugned Award, is wholly inconsistent with the categorical findings recorded in Paragraph 65 read conjointly with the concluding observations contained in Paragraph 67 of the Impugned Award.



2026:DHC:4567



6. Learned counsel for the Petitioner would submit that, despite having held that *mesne* profits were payable at the rate of Rs. 12,16,500/- per month for the aforesaid period of eight months, the learned Arbitrator has erroneously restricted the computation at the said rate only for the period from 01.04.2014 to 15.05.2014, i.e., approximately one and a half months.

7. It would further be submitted by the learned counsel for the Petitioner that, for the earlier period from 14.09.2013 to 31.03.2014, the learned Arbitrator has awarded only 50% of the earlier rent as *mesne* profits and that too on the basis of Rs. 8,11,000/- per month, instead of Rs. 12,16,500/- per month, which had already been determined in Paragraph 65 of the Impugned Award as the applicable monthly *mesne* profit.

8. Learned counsel for the Petitioner would submit that the learned Arbitrator has erroneously taken into consideration 50% of Rs. 8,11,000/-, which amount pertains to a period prior to the accrual of *mesne* profits and, therefore, could not have formed the basis for the computation of *mesne* profits payable in favour of the Petitioner.

9. On the aforesaid basis, learned counsel for the Petitioner would contend that the methodology employed by the learned Arbitrator in Paragraph 68(ii) of the Impugned Award is *ex facie* erroneous and contrary to the categorical findings recorded in Paragraph 65 thereof. It would, accordingly, be submitted that the Impugned Award, to the aforesaid extent, is liable to be modified and corrected by this Court.

ANALYSIS:

10. At the outset, this Court notes that the present Petition has remained pending since the year 2017. The record further reveals that



2026:DHC:4567



no one has appeared on behalf of the Respondent on several previous dates of hearing, *namely* 10.07.2025, 09.10.2025, 21.01.2026, 01.04.2026 and 07.05.2026.

11. It is further observed that even on 13.05.2026, when the matter was taken up for hearing, none appeared on behalf of the Respondent. Despite adequate opportunities having been granted, there has been continued non-appearance on behalf of the Respondent over the course of several hearings. In these circumstances, this Court found no justification to defer the adjudication of the present Petition any further and, accordingly, proceeded to hear and decide the matter on the basis of the submissions advanced on behalf of the Petitioner and the material available on record.

12. Now turning to the issue at hand, this Court has extensively heard learned counsel appearing on behalf of the Petitioner and, with her able assistance, carefully perused the material placed on record, including the Impugned Award.

13. The sole controversy raised by the Petitioner before this Court lies within a narrow compass and pertains to the correctness of the computation of *mesne* profits undertaken by the learned Arbitrator in the Impugned Award.

14. For the sake of clarity and ready reference, the relevant extracts of the Impugned Award, insofar as they are necessary for the adjudication of the present Petition, are reproduced herein below:

“Mense Profits

62. Now, mense profits what would be the mesne profits for the building meant to be used as a cultural centre? The respondent/counter claimant has produced witness RW 4 who is a Govt. Approved Valuer. RW 4 says that the property could fetch a rental income of Rs. 25,43,306/- (Rupees Twenty Five Lakhs Forty Three Thousand Three Hundred and Six only) per month. In his



2026:DHC:4567



affidavit of evidence he says that he conducted a survey and noticed that the rate of rent for similar properties varied from Rs. 650/- (Rupees Six Hundred and Fifty only) to Rs. 660/- (Rupees Six Hundred and Sixty only) per square meter. He then says that he calculated the rate of rent for the ground floor and second floor at the rate of Rs. 650/- (Rupees Six Hundred and Fifty only) per square meter and for the basement at the rate of Rs. 160/- (Rupees One Hundred and Sixty only) per square meter and on such calculation, the total rental of the property would be Rs. 25,43,306/- (Rupees Twenty Five Lakhs Forty Three Thousand Three Hundred and Six only) per month. Unfortunately the probative value of the statement of this witness was completely demolished in cross examination. In the first place the witness concedes that he did not peruse any lease deed of the properties in the neighbourhood. His information regarding the rate, he says, is based on the information given by the local property dealers. The local dealers gave the information only verbally. He made no notes during his inspection. The only document he had before he wrote his report Ext. RW 4/1 was that the plan of the property in question. Though he denies that he did not visit the premises at all, his report fails to evoke any confidence.

63. Further the rental income of the property depends not only on its area but also on various other things including its user. The same area of premises used for commercial purpose can fetch more than when used for residential or some charitable purpose. The PSK building is meant for running cultural centre at modest cost and so when assessing the mesne profit this factor also has to be kept in mind.

64. Since there is no reliable evidence regarding the possible income from the PSK building, when used for such social/cultural purpose, one has to fall back upon the terms of the contract entered into by the parties and assess a reasonable mesne profit. Now, the present contract gives the following returns viz. 14% of the gross receipts, plus Rs. 24,00,000/(Rupees Twenty Four Lakhs only) guarantee licence fee and approximately Rs. 80,000/- (Rupees Eighty Thousand only) by way of interest on the goodwill fund. Gross receipts have sometimes been above Rs. 5.18 Crores and sometimes less. In any case, Rs. 5.18 Crores be safely taken as a standard sale/receipt from the activities in the PSK. 14% on Rs. 5.18 Crores yields an income of Rs 72,52,000/- (Rupees Seventy Two Lakhs Fifty Two Thousand only). Rs. 24,00,000/- (Rupees Twenty Four Lakhs) and Rs. 80,000/- (Rupees Eighty Lakhs only) added to this make Rs 97,32,000/- (Rupees Ninety Seven Thousand Thirty Two Lakhs only). Hence return from the building per month



would work out as Rs. 8,11,000/- (Rupees Eight Lakhs Eleven Thousand only).

65. The Ld. Counsel for the respondent has submitted that Judicial Notice be taken of hike in property prices and rentals in the last decade. There is no denying the fact that real estate prices have risen between 2004 and 2014-15 although the rise may not have been of uniform pattern. Hence to the figure of Rs. 8,11,000/- (Rupees Eight Lakhs Eleven Thousand only) calculated in the last paragraphs, one can safely add 50% of it to arrive at a reasonable rate of mesne profit that can be awarded against the claimant. This figure is Rs. 12,16,500/- (Rupees Twelve Lakhs Sixteen Thousand Five Hundred only) per month.

66. The licence was terminated vide the notice dated 13.08.2013. A month's time was given to vacate from 13.09.2013. Hence mesne profit is payable for the period commencing from 14.09.2013 till the time the claimant vacates the building.

67. The claimant vacated the PSK building after the application for injunction against the respondent was dismissed. The claimant gave an undertaking to the tribunal to vacate the PSK building by 30th April 2014. The claimant in its letter dated 20.05.2014 alleged that it was being prevented from removing its materials by the officials of the respondent. There were differences between the parties over the ownership of articles which the claimant wanted to remove. It was also alleged by the respondent that the claimant was causing damage to the premises while removing the articles including fixtures. The tribunal vide order dated 02.06.2014 appointed the date 5th, 6th and 9th of June for removal of articles in the presence of engineers of the respondent. An inventory was ordered to be prepared of the goods claimed by both the parties. The exercise went beyond the month of June 2014. For the purpose of mesne profits, it will not be just and fair to burden the claimant for the period beyond the middle of May 2014. **Hence mesne profit is payable for 8 months i.e, from 14.09.2013 to 15.05.2014.**

68. Admittedly the guarantee licence fee as well as 14% of gross receipts stands paid upto March 2014. Therefore the further amount that would be payable is the mesne profit as under:

- i. For the period of April 2014 and 15 days of May 2014 = Rs 18,24,750/- (Rupees Eighteen Lakhs Twenty Four Thousand Seven Hundred and Fifty only)
- ii. for the period of 14th September 2013 to 30th March 2014 i.e. for a period of six and half months a further amount of Rs. 4,05,500/- (Rupees Four Lakhs Five Thousand Five Hundred only) per month (Being 50% of Rs. 8,11,000/- payable towards mesne profit per month). This amounts to Rs. 26,35,750/-



2026:DHC:4567



(Rupees Twenty Six Lakhs. Thirty Five Thousand Seven Hundred and Fifty only).

Therefore, the respondent is entitled to. an award for Rs. 44,60,550/- (Rupees Forty Four Lakhs Sixty Thousand Five Hundred and Fifty only) towards mesne profits.”

15. This Court has carefully examined the computation undertaken by the learned Arbitrator in Paragraph 68 of the Impugned Award in the backdrop of the findings recorded in Paragraphs 65, 66 and 67 thereof.

16. Upon a holistic and contextual reading of the Award, this Court is of the considered view that the computation ultimately undertaken by the learned Arbitrator does not suffer from any inconsistency, contradiction, or computational error, as has been sought to be contended on behalf of the Petitioner.

17. At the outset, it is important to note that the Petitioner has not assailed the findings recorded by the learned Arbitrator in Paragraphs 62 to 64 of the Impugned Award. In the said paragraphs, the learned Arbitrator examined the evidence led by the parties for the determination of *mesne* profits after termination of the Licence Agreement.

18. The learned Arbitrator specifically noted that the Petitioner herein had examined a Government Approved Valuer to establish the alleged market rental value of the Licensed Property. However, upon appreciation of the cross-examination of the said witness, the learned Arbitrator found the valuation evidence to be unreliable and lacking probative value. The learned Arbitrator observed that the witness had neither examined comparable lease deeds nor maintained any contemporaneous record of his inspection, and that the valuation was substantially based upon unverifiable verbal inputs allegedly received



2026:DHC:4567



from local property dealers.

19. Having found that there was no reliable independent evidence available on record to determine the market rental value of the premises, the learned Arbitrator proceeded to adopt the contractual arrangement between the parties as the most reasonable basis for determining the monthly value of occupation of the Licensed Property.

20. Accordingly, in Paragraph 64 of the Impugned Award, the learned Arbitrator analysed the financial structure of the Licence Agreement, *namely*:

- (i) payment of 14% of gross receipts;
- (ii) guaranteed licence fee of Rs. 24,00,000/- annually; and
- (iii) interest earned on the goodwill fund.

On the basis of these contractual components, the learned Arbitrator computed the effective monthly return from the Licensed Property at Rs. 8,11,000/- per month.

21. Significantly, the aforesaid determination of Rs. 8,11,000/- as the effective monthly contractual return from the Licensed Property has not been disputed by the Petitioner before this Court.

22. Thereafter, in Paragraph 65 of the Impugned Award, the learned Arbitrator considered the fact that after termination of the Licence Agreement, the contractual arrangement between the parties no longer governed the occupation of the premises. The learned Arbitrator further took judicial notice of the increase in real estate prices and rental values during the relevant period between 2004 and 2014-15.

23. Taking into account the aforesaid increase in rental values, the learned Arbitrator considered it appropriate to enhance the earlier contractual monthly return of Rs. 8,11,000/- by 50%. Consequently,



2026:DHC:4567



an additional amount equivalent to 50% of Rs. 8,11,000/- was added to the base figure of Rs. 8,11,000/-.

24. Upon such addition, the learned Arbitrator determined the *mesne* profits payable after termination of the Licence Agreement at Rs. 12,16,500/- per month.

25. Thus, the figure of Rs. 12,16,500/- determined in Paragraph 65 was not an entirely independent or fresh figure. Rather, it comprised two components, *namely*:

- (i) the pre-existing contractual monthly return of Rs. 8,11,000/-; and
- (ii) an additional enhancement of 50% over the said amount, i.e., Rs. 4,05,500/-.

26. The learned Arbitrator thereafter determined, in Paragraphs 66 and 67 of the Impugned Award, the period for which *mesne* profits were payable, *namely* from 14.09.2013 till 15.05.2014. Even this determination regarding the relevant period of liability has not been disputed by the Petitioner before this Court.

27. It is upon the basis of these findings that the learned Arbitrator undertook the actual computation in Paragraph 68 of the Impugned Award.

28. A careful reading of Paragraph 68 makes it evident that the learned Arbitrator divided the post-termination period, for which the *mesne* profits were to be granted, into two distinct parts:

- (i) The period from 01.04.2014 to 15.05.2014; and
- (ii) The earlier period from 14.09.2013 to 31.03.2014.

29. Insofar as sub-paragraph (i) of Paragraph 68 is concerned, the learned Arbitrator awarded *mesne* profits for the period from 01.04.2014 to 15.05.2014 at the full rate of Rs. 12,16,500/- per month, which for approximately one and a half months came to Rs.



2026:DHC:4567



18,24,750/-.

30. Importantly, learned counsel for the Petitioner has not disputed the correctness of this computation.

31. The sole grievance raised by the Petitioner pertains to sub-paragraph (ii) of Paragraph 68, whereby for the earlier period from 14.09.2013 to 31.03.2014, the learned Arbitrator awarded only Rs. 4,05,500/- per month, i.e., 50% of Rs. 8,11,000/-.

32. However, in the considered opinion of this Court, the aforesaid computation becomes entirely clear once sub-paragraph (ii) is read conjointly with the opening portion of Paragraph 68, wherein the learned Arbitrator expressly observed as follows:

“Admittedly the guarantee licence fee as well as 14% of gross receipts stands paid upto March 2014. Therefore the further amount that would be payable is the mesne profit as under.”

33. The significance of the aforesaid observation is that the learned Arbitrator clearly recorded a finding that, upto March 2014, the Respondent had already paid the contractual components constituting the base monthly return of Rs. 8,11,000/-, *namely*, the guaranteed licence fee and 14% share of gross receipts.

34. In other words, the foundational contractual amount of Rs. 8,11,000/- per month already stood satisfied for the period upto 31.03.2014. Consequently, what remained unpaid for the said period was only the additional enhancement component granted by the learned Arbitrator in Paragraph 65, *namely*, the additional 50% increase over Rs. 8,11,000/-.

35. Since 50% of Rs. 8,11,000/- comes to Rs. 4,05,500/-, the learned Arbitrator rightly awarded only the said differential amount for the period from 14.09.2013 to 31.03.2014.



2026:DHC:4567



36. Therefore, when Paragraphs 64, 65 and 68 of the Impugned Award are read conjointly and harmoniously, the computation undertaken by the learned Arbitrator emerges as both logical and internally consistent. The learned Arbitrator has not disregarded or departed from the determination of *mesne* profits at the rate of Rs. 12,16,500/- per month as recorded in Paragraph 65 of the Impugned Award.

37. Rather, insofar as the earlier period upto March 2014 is concerned, the learned Arbitrator consciously awarded only the differential enhancement component, *namely* 50% of Rs. 8,11,000/-, since the foundational contractual amount of Rs. 8,11,000/- per month had admittedly already been paid by the Respondent. Significantly, the factum of such payment having been made upto March 2014 has also not been disputed by the Petitioner before this Court.

38. Thus, the contention advanced on behalf of the Petitioner proceeds on an incorrect reading of Paragraph 68 of the Impugned Award by overlooking the express opening observation that the contractual payments upto March 2014 already stood paid.

39. In view of the aforesaid discussion, this Court finds no computational inconsistency, contradiction, or patent error in the manner in which the learned Arbitrator computed the *mesne* profits under Paragraph 68 of the Impugned Award. The challenge raised by the Petitioner in this regard is, therefore, devoid of merit.

DECISION:

40. In view of the aforesaid discussion, this Court finds that the computation of *mesne* profits undertaken by the learned Arbitrator in Paragraph 68, particularly sub-paragraph (ii) thereof, is fully



2026:DHC:4567



consistent with the findings on entitlement recorded in the preceding portions of the Impugned Award. This Court does not find any inconsistency, patent illegality, or computational error warranting interference in the exercise of jurisdiction under Section 34 of the A&C Act.

41. Accordingly, this Court finds no merit in the challenge raised by the Petitioner, and the present Petition, being devoid of merit, is dismissed.

42. The present Petition, along with pending application(s), if any, stands disposed of in the aforesaid terms.

HARISH VAIDYANATHAN SHANKAR, J.
MAY 13, 2026/sm/jk