

**IN THE HIGH COURT OF JAMMU & KASHMIR AND
LADAKH AT SRINAGAR**

Reserved on: 27.08.2026

Pronounced on: 08.09.2026

Uploaded on: 08.09.2026

Whether the operative part or full
judgment is pronounced: **Full**

Arb P No.4/2025

c/w

CM(M) No.380/2025

CM(M) No.485/2025

Arb. P No.4/2025

MOHAMMAD RAFEEQ KARNAI

...PETITIONER(S)/APPELLANT(S)

Through: - Mr. Z. A. Shah, Sr. Advocate, with
Mr. A. Hanan & Mr. Saqib Shabir, Advocates.

Vs.

BASHIR AHMAD KARNAI & ORS.

...RESPONDENT(S)

Through: - Mr. Jahangir Iqbal Ganai, Sr. Advocate, with
Mr. Owais, Advocate-for R1.
Mr. Manzoor A. Dar, Advocate-for R2.
Mr. S. M. Ayoub, Advocate-for R3.
Mr. M. A. Rathore, Advocate-for R3 & R4.

CM(M) No.380/2025:

BASHIR AHMAD KARNAI

...PETITIONER(S)/APPELLANT(S)

Through: - Mr. Jahangir Iqbal Ganai, Sr. Advocate, with
Mr. Owais, Advocate.

Vs.

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Through: - Mr. Z. A. Shah, Sr. Advocate, with
Mr. A. Hanan & Mr. Saqib Shabir, Advocate-for R1.
Mr. M. A. Rathore, Advocate-for R2.
Mr. Manzoor A. Dar, Advocate-for R3.

CM(M) No.485/2025:

REGENTA HOTELS PRIVATE LIMITED

...PETITIONER(S)/ APPELLANT(S)

Through: - Ms. Asifa Padroo, Advocate.

Vs.

MOHAMMAD RAFEEQ KARNAI & ORS.

...RESPONDENT(S)

*Through: - Mr. Z. A. Shah, Sr. Advocate, with
Mr. A. Hanan & Mr. Saqib Shabir, Advocate-for R1.
Mr. S. M. Ayoub, Advocate-for R2
Mr. Jahangir Iqbal Ganai, Sr. Advocate, with
Mr. Owais, Advocate-for R3.
Mr. Manzoor A. Dar, Advocate-for R4.
Mr. M. A. Rathore, Advocate-for R5.*

CORAM: HON'BLE MR. JUSTICE SANJAY DHAR, JUDGE

JUDGMENT

01. By this common order, afore-titled three petitions are proposed to be disposed of. Arb. P No.4/2025 has been filed by the petitioner Mohammad Rafeeq Karnai under Section 11(6) of the Arbitration and Conciliation Act, seeking reference of disputes arising between the parties to an independent Arbitrator on the strength of arbitration clause contained in family settlement deed dated 23rd December, 2021, which has matured into a consent decree dated 20.04.2022 passed by the learned Additional District Judge, Srinagar. CM(M) No.80/2025 is a petition filed under Article 227 of the Constitution of India by petitioner Bashir Ahmad Karnai, challenging order dated 26th August, 2024, passed by the learned Additional District Judge,

Srinagar, in execution proceedings arising out of an Execution Petition in respect of the consent judgment and decree dated 20.04.2022, whereas vide CM(M) No.485/2025, filed by M/S Regenta Hotels Private Limited under Article 227 of the Constitution of India, the same order i.e. order dated 26.08.2024 passed by the learned Additional District Judge, Srinagar, has been put to challenge.

02. The parties to the petitions, excepting M/S Regenta Hotels Private Limited, belong to the same family. Mohammad Rafeeq Karnai, Bashir Ahmad Karnai, Nazir Ahmad Karnai, Manzoor Ahmad Karnai and Hilal Ahmad Karnai are brothers whereas Mst. Mehra happens to be their mother. M/S Regenta Hotels Private Limited is the franchisor which has entered into a Hotel Operation Agreement with the partnership firm, M/S Grand Center Point Hotel located at Zero Bridge, Rajbagh, Srinagar, which is one of the properties forming subject matter of dispute.

03. It appears that one of the brothers, namely, Hilal Ahmad Karnai, filed a suit for declaration, partition, injunction and rendition of accounts before the Court of

learned Additional District Judge, Srinagar. In the said suit, the other four brothers and the mother were impleaded as defendants. The said suit came to be filed on 10.08.2021. During pendency of the suit, a compromise was arrived at between the parties, which was reduced into writing in the shape of Settlement Deed dated 23rd December 2021. The suit came to be disposed of in the light of the contents of the aforesaid Compromise/Settlement Deed in terms of judgment and decree 20.04.2022 passed by the learned Additional District Judge, Srinagar. The compromise decree pertained to all the properties owned and possessed by the parties jointly. In the Settlement Deed, Mst Mehra, the mother, has been shown as the first party, Bashir Ahmad Karnai has been shown as the second party, Mohammad Rafeeq Karnai has been shown as the third party, Nazir Ahmad Karnai has been shown as fourth party, Manzoor Ahmad Karnai has been shown as the fifth party whereas Hilal Ahmad Karnai has been shown as the sixth party. The Settlement Deed pertains to the following properties:

- a. Four storeyed Hotel building captioned "Hotel Grand Centre) Point" with Land underneath and appurtenant thereto admeasuring 2 Kanal, 6 Marlas and 86 Sft comprising survey) Nos 1345 and 1346 situated at Rajbagh Srinagar Mouza Nursing Garh Srinagar purchased vide Sale Deeds

dated 2-6-2011 & 4-6-2011 in the name of 2nd, 3rd, 4th, 5th and 6th parties.

- b. Four storeyed Hotel building captioned "Hotel Centre Point" with Land underneath and appurtenant thereto admeasuring 1 Kanal, 4 Marlas and 84 Sft. comprising survey No. 1685/1344 situated at Mouza Brarinambal Srinagar purchased vide Sale Deed executed on 4-11-2006 in the name of all the parties abovesaid.
- c. Houseboat captioned 'Peace of Mind' (2 bedrooms) moored at Nigeen Lake near Nigeen Club registered with J&K Tourism Department.
- d. Houseboat captioned "New Dilshad" (2 bedrooms) moored at Nigeen Lake near Nigeen Club registered with J&K Tourism Department.
- e. Donga boat "D" Class captioned "Young Dilshad" moored at Nigeen Lake near Nigeen Club registered with J&K Tourism Department.
- f. Single Storied Office Situated at N-9/1 Connaught Place Middle Circle New Delhi.
- g. Three BHK Flat with lobby (200) yards situated at 1-42 2nd Floor Jangpora Extension New Delhi.
- h. Shop NO. 07 located at First Floor Boulevard Shopping Z Complex Boulevard Road Srinagar.
- i. Office space located in the first floor of Competent House Z block-F Connaught Place New Delhi.

The terms of settlement in respect of the aforesaid properties are quoted below:

- i. That the 1^a party (Mst. Mehra Karnai) shall have life interest in all the abovesaid immoveable properties which would mean that she shall have right of use and enjoyment over the properties specified above during her life time.
- ii. That the 2nd, 3rd, 4th, 5th parties (Bashir Ahmad Karnai, Mohammad Rafiq Karnai, Nazir Ahmad Karnai and Manzoor Ahmad Karnai) abovesaid shall own and possess the Four storeyed Hotel building captioned "Hotel Grand Centre Point" with

Land underneath and appurtenant thereto admeasuring 2 Kanal, 6 Marlas and 86 Sft comprising survey Nos. 1345 and 1346 situated at Rajbagh Srinagar Mouza Nursing Garh Srinagar in equal proportion (i.e. 1/4th share each), to all intents and purposes as owners as well partners thereof. All the claims, interest/s; present or future in respect of the said Four storeyed Hotel captioned "Hotel Grand Centre Point" have been fully and finally settled and in consequence thereof, 1st and 6th parties have relinquished and surrendered all their rights, claims and interests whether present or future including causes of action, chooses in action etc. in respect of the said Four storeyed Hotel captioned "Hotel Grand Centre Point" in favour of 2nd, 3rd, 4th and 5th parties.

- iii. That the 3rd, 4th, 5th and 6th parties (Mohammad Rafiq Karnai, Nazir Ahmad Karnai, Manzoor Ahmad Karnai and Hilal Ahmad Karnai) above said shall own and possess the Four storeyed Hotel building captioned "Hotel Centre Point" with Land underneath and appurtenant thereto and measuring 1 Kanal, 4 Marlas and 84 Sft comprising survey No.1685/1344 situated at Mouza Brarinambal Srinagar in equal proportion i.e. 3rd party (Mohammad Rafiq Karnai) = 1/4th share, 4th party (Nazir Ahmad Karnai) -- 1/4th share, 5th parties (Manzoor Ahmad Karnai) = 1/4th share and 6th party (Hilal Ahmad Karnai) = 1/4th share to all intents and purposes as owners as well partners to the exclusion of 1st and 2nd parties. All the claims, interest/s; present or future in respect of the said Four storeyed Hotel captioned "Hotel Centre Point" have been fully and finally settled and in consequence thereof, 1st and 2nd parties have relinquished and surrendered all their rights, claims and interests whether present or future including causes of action, chooses in action etc. in respect of Hotel Centre point Bishember Nagar in favour of 3rd, 4th, 5th and 6th parties.
- iv. That the 2nd party namely Bashir Ahmad Karnai shall continue to hold the immovable property comprising of Single Storied Office Situated at N-9/1 Connaught Place Middle Circle New Delhi, Three BHK Flat with lobby (200) yards situated at 1-42, 2nd Floor Jangpora Extension New Delhi and

Shop NO. 07 located in the First Floor of Boulevard Shopping Complex Boulevard Road Srinagar in his ownership and possession to all intents and purposes and to the exclusion of all other parties above said. All the claims, interest/s; present or future in respect of said immovable properties situated in New Delhi and the shop situated at Boulevard Road Srinagar mentioned in this clause have been fully and finally settled and in consequence thereof, all other parties have relinquished and surrendered all their rights, claims and interests whether present future including causes of action, chooses in action etc. in respect of the properties mentioned in this clause in favour of 2nd party.

- v. That the 3rd party shall continue to hold the Houseboat captioned 'New Dilshad (2 Bedrooms) moored at Nigeen Lake near Nigeen Club registered with J&K Tourism Department in his ownership and possession to all intents and purposes and to the exclusion of all other parties abovesaid. All the claims, interest/s; present or future in respect of said house boat has been fully and finally settled and in consequence thereof, 1st, 2nd, 4th, 5th and 6th parties have relinquished and surrendered all their rights, claims and interests whether present or future including causes of action, chooses in action etc. in respect of said Houseboat in favour of 3rd party. However, in consideration of the relinquishment and surrender of share in the said houseboat, the 3rd party was liable to pay an amount of Rs. 3400000/- (Rupees thirty four Lakhs only) unto 4th party. However, in lieu of relinquishment of share in the Office space located in the first floor of Competent House, the amount of Rs. 34.00 Lakhs has been adjusted/set-off as per the terms and conditions as specified in clause-(xiv) of this settlement deed.
- vi. That the 2nd Party shall continue to hold the Houseboat captioned "Peace of Mind" (2 bedrooms) moored at Nigeen Lake near Nigeen Club registered with J&K Tourism Department in his ownership and possession to all intents and purposes and to the exclusion of all other parties abovesaid. All the claims, interest/s; present or future in respect of said house boat has been fully and finally settled and in consequence thereof, 1st, 3rd, 4th, 5th and 6th parties have relinquished and

surrendered all their rights, claims and interests whether present or future including causes of action, chooses in action etc. in respect of said Houseboat in favour of 2nd party.

- vii. That the 2nd and 3rd parties (Bashir Ahmad Karnai, and Mohammad Rafiq Karnai) abovesaid shall both own and possess Donga boat "D" Class captioned "Young Dilshad" moored at Nigeen Lake near Nigeen Club registered with J&K Tourism Department in equal proportion. The 2nd party shall use the portion of Donga Boat "Young Dilshad" as Kitchen. However, the License of the said Donga boat "D" Class captioned "Young Dilshad" issued by the J&K Tourism Department shall be transferred in the name of 5th party by all other parties. The Kitchen structure located near the houseboats shall exclusively belong to 3rd party.
- viii. That the 2nd, 3rd, 4th and 5th party shall regularly pay an amount of Rs. 50,000/- per month unto the 1st party as maintenance for meeting her day to day expenses on medicine etc. The amount of Rs. 50,000/- per month shall be paid by the 2nd, 3rd, 4th, and 5th parties unto the 1st party till her lifetime without any fail. The said amount shall be paid out of the profits earned by 2nd, 3rd, 4th and 5th party from Hotel Grand Centre Point. Besides, Rs. 2.00 crore in cash have been allocated as share of 1st party in Hotel Grand Centre Point which shall be paid to her on demand or shall be distributed/given to any person/s as per her will and choice. This amount of Rs. 2.00 Crores in cash in Hotel Grand Centre Point is due from 3rd, 4th and 5th parties only and shall be a charge on their share in Hotel Grand Centre Point as the 2nd party has already paid his due share unto the 1st party prior to the execution of this settlement deed.
- ix. That the Hotel operation of Hotel Grand Centre Point Rajbagh, including finalization of rates, appointment of staff, fixation and revision of Room tariff, control on Hotel Staff, maintenance of proper bank accounts, maintenance of Hotel etc. shall be sole responsibility of 2nd party. Whileas day book and daily cash transactions of the Hotel Grand Centre Point shall be the sole responsibility of 3rd party. However, the marketing, promotion of Hotel etc. shall be the sole responsibility of 5th party. The profits of Hotel Grand Centre Point

shall be shared by 2nd, 3rd, 4th and 5th party in the ratio as 2nd party =33.50%, 3rd party =25%, 4th party=20% and 5th party=21.50%. The 2nd party has been allocated additional 8.50% from the profits every month in consideration of conducting Hotel Operation of Hotel Grand Centre Point. The 2nd party shall wholly and solely operate Hotel Grand Centre Point on the terms and conditions initially for a period of two years from the date of execution of this settlement deed and on expiry of the period of two years, the Hotel operation shall be conducted by such party who shall be nominated by the parties by voting. The 2nd party shall be bound under all circumstances to distribute the profits of the Hotel Grand Centre Point amongst the partners (3rd, 4th and 5th parties) on monthly basis, latest by 10th of every month. It is made clear that no payment shall be made to any of the vendor/s other than partners, out of the profits of Hotel Grand Centre Point without the consent of 2nd party till such time he would be conducting the Hotel operation of the Hotel and thereafter the same condition would apply to other party who would conduct the Hotel Operation. The 2nd party shall share the daily occupancy details and rates thereof in respect of the Hotel Grand Centre Point with 3rd, 4th and 5th parties either through WhatsApp or through any other viable mode. The 5th party shall be included/inducted as signatory in all the bank account/s of Hotel Grand Centre Point as a joint signatory. The parties shall be bound to execute a fresh partnership deed in respect of Hotel Grand Centre Point and shall be bound to reflect all these conditions in the said partnership deed.

- x. That the 2nd, 3rd, 4th and 5th parties shall be at liberty either individually or collectively to look for a potential buyer for Hotel Grand Centre Point Rajbagh Srinagar, but none amongst the parties shall offer to sell Hotel Grand Centre Point Rajbagh Srinagar for an amount lesser than Rs. 55.00 crores and any amount over and above 55.00 crores shall be acceptable to all other parties. The sale proceeds of the Hotel Grand Centre Point Rajbagh shall be shared equally by 2nd, 3rd, 4th and 5th parties above. However, in case the parties fail to sell the Hotel within two years period, then in that eventuality the minimum

cap of Rs. 55.00 corers shall be revised after the period of two years subject to the consent of all other parties. It is made clear that no party shall cause any obstacle hindrance in the selling/alienation of the Hotel as per the conditions stipulated in this settlement deed.

- xi. That the Hotel operation of Hotel Centre Point Bishember Nagar including appointment of staff, fixation and revision of Room tariff, control on Hotel Staff, maintenance of proper bank accounts shall be sole responsibility of 5th party. While as maintenance of Hotel building, including necessary repairs of the building etc. maintenance of day book and handling of daily cash/cash counter of the Hotel shall be the sole responsibility of Mr. Riyaz Ahmad Karnai (son of 3rd party). However, marketing, promotion of Hotel etc. shall be the sole responsibility of 6 party. However, the profits of Hotel Centre Point Bishember Nagar shall be shared by 3rd, 4th, 5th and 6th parties in the ratio as 3rd party=25%, 5th party=25%, and 6th party=50%. The 4th party has surrendered his share of profit in favour of 6th party. The profits shall be calculated at the end of each month and the net profits earned out of the hotel business shall be credited in the banking account of 3rd and 6th party and it shall be the sole responsibility of the 5th party and Mr. Riyaz Ahmad Karnia to render proper accounts of the Hotel business to 6th party details and rates thereof in respect of the Hotel with 3rd and 6th party either through WhatsApp or through any other viable mode. The 6th party shall be included/inducted as signatory in all the bank account/s of Hotel Centre Point Bishember Nagar as a joint signatory. The parties shall be bound to execute a fresh partnership deed in respect of Hotel Centre Point and shall be bound to reflect all these conditions in the said partnership deed.
- xii. That 5th party shall be bound to change the name of his "Tour and Travel business license" from "Explore India Journeys" to any other name/s like "Explore India Holidays etc, and the 4th party shall register his Tour and Travel business under the name and style "Explore India Journeys" with the competent authority/s and the 5th party shall cooperate with the 4th party in this regard and shall not create any hindrance/obstacle thereof. The 5th party shall be bound to surrender the domain

name www.exploreindiajourneys.com including the user name and password of GoDaddy.com within a period of three months from the date of execution of this settlement Deed and in case the 5th party fails to change the name of his Tour and Travel business license within a period of three months, then in that eventuality, the 5th party shall surrender the domain name www.exploreindiajourneys.com including the user name and password of GoDaddy.com in favour of 4th party and 5th party shall not be entitled to carry on any business in the name of "Explore India Journeys". The 5th party shall use the Office Cabin at Delhi temporary basis for a period of one year or till the final payment as mentioned in clause xiv is received by the 5th party from 4th party in full and final. The 5th party shall not cause any interference either directly or indirectly with the office staff and the functioning by 4th party at Delhi.

- xiii. That the Tour and travel license captioned "Centre Tour and Travels: shall belong to 2nd party whiles the tour and travel licences captioned Discover Journey and Amarnath Tour and Travels shall belong to 3rd party. Besides the Guest house license captioned Dilshad Guest House shall also belong to 3rd party. It is made clear that all the parties shall execute necessary document/s, affidavit/s agreement/s etc. as may be required in regard to charge of name/s in the respective licence/s in their exclusive name.
- xiv. That the 4th party namely Nazir Ahmad Karnai shall own and possess the Office space located in the first floor of Competent House block -F Connaught Place New Delhi in his ownership and possession to all intents and purposes and to the exclusion of all other parties abovesaid. All the claims, interest/s; present or future in respect of said Office space located in the first floor of Competent House Block-F Connaught Place New Delhi mentioned in this clause have been fully and finally settled and in consequence of relinquishment and surrender of rights, claims and interests whether present or future including causes of action, chooses in action etc. in respect of Office space located in the first floor of Competent House, the 4th party shall pay an amount of Rs. 31.00 Lakhs (Thirty One Lakhs) unto the 3rd party and Rs. 65.00 Lakhs (sixty five Lakhs) unto 5th party within

a period of One year by or before 31st of December 2021. However, this amount shall be paid by 4th party unto the 3rd and 5th parties after reconciling outstanding dues of the vendors etc. For removing ambiguity it is made clear that the amount of Rs. 34.00 Lakhs due to be paid by 3rd party unto the 4th party has been set-off as such the 4th party shall pay only Rs. 31.00 Lakhs unto the 3rd party in lieu of relinquishment of his share in the Office space located in the first floor of Competent House.

- xv. That in respect of Hotel Centre Point Bishember Nagar, this settlement shall be deemed to have come into force w.e.f 10-12-2021 and till 10-12-2021, the 3rd, 4th and 5th parties shall be bound to and reconcile accounts of Hotel Centre Point" w.e.f 1-1-2019 till 10-12-2021 and the profit of "Hotel Centre Point" shall be shared by the 3rd, 4th and 5th parties and credited into the account of 4th party. The 3rd and 5th parties shall be bound to give all the accounts of "Hotel Centre Point" till 10-12-2021 and share the same with 4th party. The 6th party shall not be responsible for liquidation of any unpaid till 10-12-2021.
- xvi. That in case of death of any of the parties above said, the legal heirs of the deceased party shall step into the shoes of the deceased party/s and all the terms and conditions contained herein this settlement, deed shall ipso facto apply to the legal heirs of the deceased party.
- xvii. That this settlement deed or a concise form of this settlement deed shall be presented before the court of Addl. District and Sessions Judge Srinagar in the civil suit and the said civil suit shall be deemed to have been settled as per the terms and conditions of this settlement deed.
- xviii. That all the documents/deeds which were executed by the parties with regard to the properties mentioned in this settlement deed, prior to the execution of this settlement deed shall be annulled and it shall be presumed that all those documents have been superseded by this settlement deed.
- xix. That if any dispute arises out of this settlement deed or as to interpretation, operation or

enforcement of terms of this settlement deed amongst the parties or their legal representatives, the same shall be referred for adjudication to the arbitrator to be appointed mutually by the parties. The decision of the arbitrator shall be final and binding on all parties and their legal representatives. The seat of the Arbitration shall be at Srinagar and the courts at Srinagar only shall have jurisdiction to decide any issue between the parties.

04. Two brothers, namely, Mohammad Rafiq Karnai and Manzoor Ahmad Karnai, filed an application before the Court of learned Additional District Judge, Srinagar, on 28.03.2024, seeking execution of the decree and order dated 20.04.2022 passed on the basis of the Compromise/Settlement Deed dated 23rd December 2021. In the execution petition, a direction was sought that the judgment debtors be asked to comply with the terms of the Settlement Deed dated 23rd December 2021 and they be directed to submit details of accounts pertaining to Hotel Grand Centre Point from January 2022 onwards.

05. During pendency of the execution petition, an application came to be filed by Nazir Ahmad Karnai seeking appointment of Receiver for enforcement and implementation of the Settlement Deed dated 23rd December 2021. The learned Executing Court, vide impugned order dated 26.08.2024, proceeded to decide the

said application and appointed Mr. Ajaz Ahmad Hakak, Advocate, as a Receiver in respect of Hotel Grand Centre Point. It was also provided that the Receiver shall take assistance of Shri Shafat Ahmad, Chartered Accountant. The Court further directed that the Receiver shall perform the following functions:

- i. The Receiver shall review and examine all financial transactions of Hotel Grand from 25-04-2022 (the day following the order dated 24-04-2022) until the present date, and prepare a detailed statement showing the profits earned and distributed among the partners of M/s Hotel Grand Centre Point situated at Rajbagh and shall take every measure to preserve, monitor and manage all the affairs of M/s Hotel Grand Centre Point.
- ii. The Receiver shall consolidate the amounts received by each partner strictly in accordance with the Consent Decree, ensuring payment to each partner as per the terms of the Settlement Deed. If any partner has already received payments under the Settlement Deed, such amounts shall be duly deducted or set off against any fresh claims and in case any partner has remained unpaid qua any amount/profit, same shall be paid to him as per the terms of the Settlement Deed.
- iii. The Receiver shall ensure that Mohammad Rafeeq Karnai is not permitted to enter the premises of the hotel, nor shall create any hindrance in its operation or management of the hotel, until the decision of the Hon'ble Supreme Court and the business ties between Royal Orchid Associated Hotels Pvt Ltd and M/s Hotel Grand Centre Point shall continue to operate till the decision of the Hon'ble Supreme Court.

- iv. The Receiver shall investigate any diversion of funds, if any, from the profits of the hotel business and furthermore the receiver shall also ensure distribution of other assets and properties reflected in the consent decree among the parties/signatories to Settlement Deed.
- v. The Receiver shall verify the bank accounts of all hotel employees to ascertain whether hotel profits have been diverted into their accounts. Further, it shall also be examined whether Judgment Debtor No. 1 Bashir Ahmad Karnai has routed a substantial number of hotel bookings through his personal travel agency, "CentreTours& Travels", thereby diverting hotel income for his personal benefit.
- vi. The Receiver shall monitor all business transactions of the hotel and ensure that all amounts, bookings, and claims are deposited exclusively into the bank accounts operated in the name of M/s Hotel Grand Centre Point. No withdrawals from such accounts shall be made without prior permission of this Court, and any withdrawal shall require a joint motion by all the partners.

06. While the aforesaid proceedings were going on, Mohammad Rafiq Karnai and Manzoor Ahmad Karnai filed another petition under Section 9 of the Arbitration and Conciliation Act before the learned Principal District Judge, Srinagar on 01.04.2024. In the said petition, Bashir Ahmad Karnai, Nazir Ahmad Karnai and Hilal Ahmad Karnai, as also M/S Royal Orchid Associated Hotels Private Limited, were impleaded as respondents. An order to restrain the respondents therein from interfering into the participation

of the petitioners in the business of the hotel with a further direction that the respondents therein be asked to render accounts from January 2022 onwards, was sought in the said petition. An *ex-parte* interim order came to be passed by the learned Principal District Judge, Srinagar, in the said petition on 01.04.2024, whereby status quo with regard to operation of the hotel was directed to be maintained. It was also directed that in the light of Clause (ix) of the Settlement Deed, the respondents to the said petition be temporarily restrained from causing any interference to Shri Mohammad Rafiq Karnai in maintaining the daybook and daily cash transactions of the hotel. The said petition is still pending before the Court of learned Principal District Judge, Srinagar.

07. It further appears that Manzoor Ahmad Karnai and Mohammad Rafiq Karnai have filed another suit against Bashir Ahmad Karnai, Branch Manager, J&K Bank, Branch Rawalpura, Srinagar, and Firdos Ahmad, account holder of S.B. Account No.26346, J&K Bank, Air Cargo, Rajbagh, Srinagar, and Nazir Ahmad Karnai, seeking rendition of accounts with regard to Hotel Grand Central Point situated at Rajbagh.

08. It also appears that an application under Order XXIII Rule 3 CPC has been filed by Hilal Ahmad Karnai seeking an order for setting aside/recall of the compromise decree dated 20.04.2022, which is pending before the Court of learned Additional District Judge, Srinagar.

09. The matter does not end here. Another set of litigation has been initiated by M/S Regenta Hotels Private Limited. The said company filed a petition under Section 9 of the Arbitration and Conciliation Act before the Court of learned 9th Additional City Civil and Sessions Judge, Bengaluru, against M/S Hotel Grand Centre Point, Rajbagh, and others, including Bashir Ahmad Karnai. Initially, in the said petition, an ex parte interim order came to be passed by the Civil Court at Bengaluru on 17.02.2024, thereby restraining Bashir Ahmad Karnai from interfering with the operations/ management of the hotel. However, the application under Section 9 came to be dismissed by the City Civil Court at Bengaluru, which order was upheld by the High Court of Karnataka vide its judgment dated 14th November, 2024. The said judgment was challenged by M/S Regenta Hotels Private Limited by way of a Special Leave Petition before the Supreme Court and, vide judgment

dated 7th January 2026, the judgment of the High Court of Karnataka was set aside and the *ex-parte* interim order dated 17.02.2024 passed by the City Civil Court at Bengaluru has been restored.

10. M/S Regenta Hotels Private Limited also filed a petition under Section 11(6) of the Arbitration and Conciliation Act before the High Court of Karnataka at Bengaluru seeking appointment of Sole Arbitrator, as the Franchise Agreement executed between the franchisor, M/S Regenta Hotels Private Limited, and the franchisee M/S Grand Centre Hotel contains an arbitration clause.

11. It appears that the High Court of Karnataka, vide its order dated 12th March 2026, has referred the disputes arising between the franchisor M/S Regental Hotels Pvt. Ltd. and the partnership firm, which includes Bashir Ahmad Karnai, Mohammed Rafiq Karnai, Manzoor Ahmad Karnai and Nazir Ahmad Karnai, to the sole arbitration of Shri S. Siddhalinges, former District Judge. A copy of the claim petition filed by the franchisor before the learned Sole Arbitrator has been placed on record before this Court.

12. The claims which are the subject matter of arbitration before the learned Arbitrator appointed by the High Court of Karnataka, are relating to the validity of notice dated 17.02.2024 issued by Mohammed Rafiq Karnai threatening the termination of the Franchise Agreement and the issue relating to interference in the operations of the hotel by the franchisor.

13. I have heard learned Senior Counsels/counsels appearing for the parties and I have also gone through the entire record of the case.

14. The bone of contention between the parties seems to be the operation and management of Hotel M/S Grand Centre Point, Rajbagh, Srinagar. As per Clause (ix) of the Settlement Deed, which has matured into a consent decree, Bashir Ahmad Karnai was authorized solely to operate Hotel Grand Centre Point on the terms and conditions mentioned in the said clause for a period of two years from the date of execution of the Settlement Deed. It is further provided in the said clause that on expiry of the period of two years, the operation of the hotel shall be conducted by such party who shall be nominated by the parties by voting. The grievance of the other brothers of Bashir Ahmad Karnai

is that after the expiry of the period of two years from the date of execution of the Settlement Deed, Bashir Ahmad Karnai is not vacating his position as sole operator of the hotel so as to pave way for operation of the said hotel by a party to be nominated by the other parties to the Settlement Deed. It is also the contention of brothers of Bashir Ahmad Karnai that he has not rendered accounts after the expiry of two years from the date of execution of the Settlement Deed dated 23rd December 2021 and that Bashir Ahmad Karnai has misappropriated and diverted the funds, which fact is being denied by Shri Bashir Ahmad Karnai.

15. The Settlement Deed contains an arbitration agreement in the shape of Clause (xix). This arbitration agreement is comprehensive enough to deal with disputes as to the interpretation, operation and enforcement of the terms of the said Deed amongst the parties or their legal representatives.

16. During the course of hearing, learned counsels appearing for the parties have reached a consensus that if all the disputes arising between the parties, not only in respect of the terms of the Settlement Deed but also in

respect of the other pending litigations between the brothers including the application of Hilal Ahmad Karnai seeking recall of the compromise decree, are referred to an Arbitral Tribunal, they would have no objection to the same. It has also been agreed by learned counsels for the parties that if there is any need to pass an interim order or to make an interim arrangement during the pendency of the arbitration proceedings, the parties should be left free to approach the learned Arbitrator for that purpose and that the order passed by the learned Additional District Judge, Srinagar, for appointment of Receiver may be set aside so as to pave the way for the learned Arbitrator to pass a fresh order, if need arises, without getting influenced by the order passed by the learned Additional District Judge, Srinagar.

17. As already stated, arbitration proceedings are going on between the franchisor and the partners of the firm which is running the hotel Grand Centre Point, Rajbagh, Srinagar. So, care has to be taken to ensure that there is no overlapping of the areas of conflict which would be the subject matter of the proposed arbitration and the subject matter of dispute which is already under determination

before the Arbitral Tribunal constituted pursuant to the orders of the High Court of Karnataka.

18. In view of the consensus arrived at between the parties, the following directions are issued:

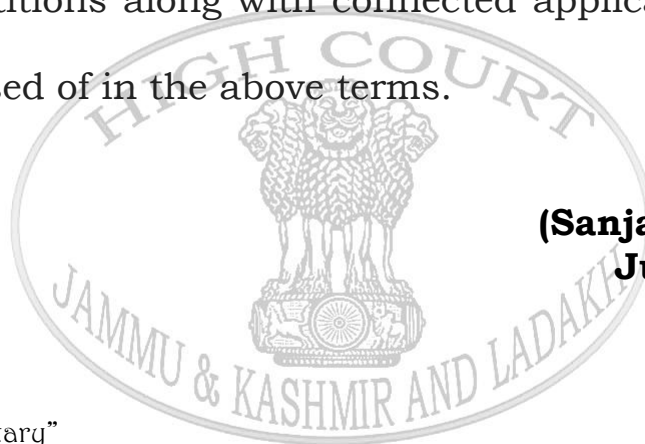
- (i) All the disputes arising between the parties, namely, the brothers and their mother, relating to joint properties owned and possessed by them, including the dispute relating to interpretation, operation and enforcement of the terms of the Settlement Deed dated 23.12.2021, as also the claim of Hilal Ahmad Karnai with regard to recall of the said Deed of Settlement, are referred to arbitration.
- (I) Hon'ble Sh. Justice Rashid Ali Dar (former Judge of this Court), is appointed as the Sole Arbitrator to adjudicate upon the disputes and differences between the parties arising out of and in connection with the agreement referred to above.
- (II) A copy of this order be communicated to the learned Sole Arbitrator by the Registry of this Court within a period of ten days from today.
- (III) The learned Sole Arbitrator is requested to forward the statutory statement of disclosure under Section 11(8) read with Section 12(1) of the Act of 1996 to the parties within a period of two weeks from the date of receipt of this order.

- (IV) The parties shall appear before the learned Sole Arbitrator on a date and place to be fixed by the learned Sole Arbitrator.
- (V) All the arbitral costs and fee of the Arbitral Tribunal shall be borne by the parties equally and shall be subject to final award that may be passed by the learned Arbitrator in relation to the costs.
- (VI) The learned Arbitrator shall be at liberty to pass directions with regard to interim measures in terms of Section 17 of the Arbitration and Conciliation Act at the instance of any of the parties to the arbitration and, as and when any such application is made, the same shall be dealt with by the learned Arbitrator with due dispatch.
- (VII) Before making any orders with regard to any interim measure, the learned Arbitrator shall issue notice to the franchisor M/S Regenta Hotels Private Limited so as to safeguard its rights under the franchise agreement.
- (VIII) The learned Arbitrator shall not deal with any aspect or claim which is the subject matter of determination before the Arbitral Tribunal constituted pursuant to the orders of the High Court of Karnataka.
- (IX) Order dated 26.08.2024 passed by the learned Additional District Judge, Srinagar, for appointment of Receiver shall stand set aside.
- (X) Since the matter regarding passing of orders relating to interim measures is left to the jurisdiction of the learned Arbitrator, the petition under Section

9 of the Arbitration and Conciliation Act filed by Mohammad Rafeeq Karnai and others before the Court of learned Principal District Judge, Srinagar, shall stand dismissed.

- (XI) The proceedings in the execution petition as also the proceedings in the application under Order XXIII Rule 3 CPC filed by Hilal Ahmad Karnai and in the suit titled “Manzoor Ahmad Karnai and another v. Bashir Ahmad Karnai and others”, seeking rendition of accounts, shall remain stayed till conclusion of the arbitration proceedings or until further orders, whichever is earlier.

19. The petitions along with connected applications shall, stand disposed of in the above terms.



**(Sanjay Dhar)
Judge**

Srinagar,
08.09.2026
“Bhat Altaf-Secretary”

Whether the judgment is reportable: **YES/NO**