

**IN THE HIGH COURT AT CALCUTTA
CIVIL APPELLATE JURISDICTION
ORIGINAL SIDE**

**RESERVED ON: 18.08.2026
DELIVERED ON: 24.09.2026**

PRESENT:

THE HON'BLE MR. JUSTICE GAURANG KANTH

**APO 11 OF 2026
IA NO: GA 1 OF 2026**

**FORUM PROJECTS PRIVATE LIMITED
VS
GAURAV KARNANI AND OTHERS**

Appearance: -

**Mr. Joy Saha, Sr. Adv.
Mr. Paritosh Sinha, Adv.
Mr. Ritoban Sarkar, Adv.
Ms. Shrayashee Das, Adv.
Mr. Tridibesh Dasgupta, Adv.
Mr. Subhradip Bhattacharyya, Adv.**

..... for the Appellant

**Mr. Anirban Ray, Sr. Adv.
Ms. Antara Biswas, Adv.
Mr. Soumava Mukherjee, Adv.
Mr. Subhajit Seth, Adv.**

..... for Respondents

JUDGMENT

Gaurang Kanth, J. :-

1. The Appellant preferred the present appeal under Section 37 of the Arbitration and Conciliation Act, 1996, challenging the order dated 05.02.2026 passed by the Learned Arbitral Tribunal whereby, upon an application filed by the Respondents under Section 17 of the said Act, a surveyor/chartered engineer was appointed to conduct a survey and inspection of the two penthouses and the E-Deck level apartment in terms of

prayers (a) and (b) of the said application, and the Appellant was further restrained from changing the nature and character of the common areas of the residential complex "Atmosphere" pending disposal of the arbitration.

2. The facts leading to the present Appeal are as follows.
3. The Appellant, Forum Projects Private Limited, is the developer of a residential complex known as "Atmosphere – The Luxurious Condominium", situated at Municipal Premises No. 1001/A, Eastern Metropolitan Bypass, adjacent to Science City, Kolkata – 700046, comprising two towers (East and West) connected by a sky bridge.
4. The Appellant had obtained the said premises on lease from the Kolkata Municipal Corporation under a registered Deed of Lease dated 17.04.2010. The building plan for the project was originally sanctioned on 06.06.2021, envisaging a B+G+35 structure, and was thereafter revised from time to time. By a revised sanctioned plan dated 05.11.2018, the Kolkata Municipal Corporation permitted, *inter alia*, construction of two penthouses on the 36th and 37th floors of the East and West Towers respectively, and an additional apartment on the "E-Deck" level on the first floor between the two towers.
5. By a registered Indenture of Sub-Lease dated 23.09.2022, the Appellant Sub-let Apartment No. B-205 situated on the 5th and 6th floors of the East Tower to the Respondents.
6. The construction of the main building stood completed by December, 2018; construction of the two penthouses commenced on or about 12.07.2021 and stood substantially complete by June, 2024; and the construction of E-Deck apartment, which commenced on 07.11.2018, was substantially completed on 11.12.2018, with a partial completion certificate having been issued by the Kolkata Municipal Corporation up to the 35th floor.

- 7.** The E-Deck apartment (E-101) has since been transferred to Ms. Ambica Beri by a registered Indenture of Sub-Lease dated 09.02.2024; the East Tower penthouse has been transferred to Mr. Rahul Saraf by a registered Indenture of Sub-Lease dated 10.09.2021 and to Anvay Warehousing LLP by a registered Deed of Assignment dated 27.05.2024; and the West Tower penthouse has been agreed to be sub-let to Dalmia Family Holdings LLP under an agreement dated 16.02.2023.
- 8.** On 21.12.2024, the Respondents, on the strength of the registered Indenture of Sub-Lease dated 23.09.2022, executed between the Appellant as sub-licensor and the Respondents as sub-licensee in respect of Apartment No. B-205, 5th and 6th floors, Tower (East) of the project "Atmosphere", instituted an application under Section 9 of the Arbitration and Conciliation Act, 1996, being Misc. Case (Arb.) No. 89 of 2024, before the Learned District Judge, South 24-Parganas, at Alipore, seeking injunctions against further construction and against alienation or creation of third party interest in respect of the two penthouses and the E-Deck apartment.
- 9.** An ad-interim order was passed therein on 10.01.2025, followed by a final order dated 14.02.2025, granting injunction as prayed for.
- 10.** Being aggrieved thereby, the Appellant preferred an appeal, being FMAT (ARBAWARD) No. 11 of 2025, which was allowed by a Division Bench of this Court by an order dated 25.02.2025, whereby, by consent of the parties, Mr. Ajoy Krishna Chatterjee, Advocate, was appointed as the sole Arbitrator.
- 11.** The Respondents filed a Statement of Claim before the Learned Arbitral Tribunal on 22.04.2025, *inter alia* praying for a declaration that the construction undertaken by the Appellant, as specified in Schedule B(1) and (2), is unauthorised and illegal, being violative of and contrary to the

Indenture of Sub-Lease dated 23.09.2022, and that any allotment of any nature to a third party be delivered up and cancelled; a declaration that the Appellant is invading the Respondents' right to enjoyment of the property, such invasion being of a nature that compensation in money would not be an adequate relief, and that injunction is necessary to prevent multiplicity of judicial proceedings; a perpetual injunction restraining the Appellant and its men, agents, servants and assigns from carrying out any further construction and/or from changing the nature or character of the property described in Schedule B(1) and (2); a mandatory injunction directing the Appellant to demolish the unauthorised construction undertaken by it, particularly the penthouses and Flat E-101 in the E-Deck area, and to restore the common area to the Respondents; and costs.

- 12.** It is pertinent to note that the Respondents also initiated proceedings before the West Bengal Real Estate Regulatory Authority (RERA), by way of a complaint filed on 28.03.2025 against Forum Projects Pvt. Ltd. (the Appellant/developer), Rahul Saraf, Vidyut Saraf, and Ajay Kumar Agarwal, *inter alia* praying for cancellation of the project's RERA registration under Section 7, adjudication of the fraud alleged to have been committed on homebuyers in respect of the project's registration and sale to homebuyers, restraint on the promoter from dealing with, alienating, transferring or disposing of any part of the project and its common areas and facilities, blacklisting of the respondent/promoter group from registering any project under the Act, and a direction to pay a sum of Rs. 15,14,22,306/- with applicable interest, together with ancillary and interim reliefs including appointment of a Chartered Engineer/Surveyor and a Receiver. In the said proceedings, the RERA, by an order dated 23.04.2025, directed inspection of

the E-Deck level and the penthouses by the Kolkata Municipal Corporation. The said order was affirmed by the West Bengal Real Estate Appellate Tribunal by an order dated 02.01.2026.

- 13.** Before the Learned Arbitral Tribunal so constituted, the Respondents filed an application under Section 17 of the Arbitration and Conciliation Act, 1996, seeking, *inter alia*, appointment of a surveyor to inspect the E-Deck area and the two penthouses, restraint against handing over possession thereof, and restraint against change in the nature and character of the common areas.
- 14.** The Appellant filed its affidavit-in-opposition thereto, to which the Respondents filed an affidavit-in-reply, and the Appellant also filed its statement of defence in the arbitral reference, raising objections as to the arbitrability and maintainability of the claims.
- 15.** The said application was heard and disposed of by the Learned Arbitral Tribunal by the impugned order dated 05.02.2026.
- 16.** Being aggrieved by the said impugned order dated 05.02.2026, the Appellant preferred the present Appeal.

Submission on behalf of the Appellant

- 17.** Mr. Joy Saha, learned senior Counsel appearing for the Appellant submits that the subject matter of the dispute between the parties is not arbitrable, inasmuch as the same is governed and regulated by special statutes, namely, the Real Estate (Regulation and Development) Act, 2016 and the Kolkata Municipal Corporation Act, 1980, which constitute specialised fora, namely the Real Estate Regulatory Authority and the Appellate Tribunal thereunder, and the Specialised Tribunal under Section 415 of the Kolkata Municipal Corporation Act, for adjudication of disputes of the present nature, to the exclusion of arbitration. Reliance in this regard was placed on **Booz Allen**

and Hamilton Inc. v. SBI Home Finance Ltd. & Ors., reported as **(2011) 5 SCC 532**, and **Vidya Drolia & Ors. v. Durga Trading Corporation**, reported as **(2021) 2 SCC 1**, for the proposition that where a specific court or forum is vested with exclusive jurisdiction to decide special rights and obligations arising out of a mandatory statute, the dispute is non-arbitrable. Reliance was further placed on **Army Welfare Housing Organisation & Anr. v. Col. R. Ganesan**, reported as **2021 SCC OnLine Mad 16554**; **Nesh India Infrastructure Private Ltd. v. Savita Sah & Ors.**, reported as **AIR 2025 Pat 19**; and **Rashmi Reality Builders Pvt. Ltd. v. Rahul Rajendrakumar Pagariya & Ors.**, reported as **2024 SCC OnLine Bom 3871**, to submit that disputes falling within the four corners of the RERA Act, including those concerning sanctioned plans, common areas and construction by a promoter, are required to be adjudicated by the Real Estate Regulatory Authority alone, and that the Learned Arbitral Tribunal, in appointing a surveyor and passing directions touching the E-Deck apartment and penthouses, matters already the subject of proceedings before the RERA and the REAT, has trenched upon a field occupied by a special statute and exceeded its jurisdiction. It was accordingly submitted that the impugned order, having been passed on a non-arbitrable dispute, is void and unsustainable in law.

- 18.** Mr. Saha, learned senior counsel for the Appellant further submitted that the possession of the two penthouses and the E-Deck level apartment (Flat E-101) presently vests in third parties, namely, Mr. Rahul Saraf and Anvay Warehousing LLP (East Tower penthouse), Dalmia Family Holdings LLP (West Tower penthouse), and Ms. Ambica Beri (E-101), none of whom are parties to the arbitration or were heard before the impugned order was passed, and that the impugned order, insofar as it appoints a surveyor to inspect and directs

restraint in respect of the said units and the common areas, directly and adversely affects the rights, title and possession of the said third parties without affording them any opportunity of hearing. Reliance was placed on ***State Bank of India v. Ericsson India Pvt. Ltd. & Ors.***, reported as **(2018) 16 SCC 617**; ***Kishor Singh Ratan Singh Jadeja v. Maruti Corporations & Ors.***, reported as **(2009) 11 SCC 229**; and ***Kauvery Medical Care (India) Ltd. v. CeeDee Yes Health Care Services (P) Ltd. & Ors.***, reported as **(2024) 5 CTC 524** , for the settled proposition that an interim order passed in arbitral or other proceedings cannot bind or affect the rights of persons who are not parties thereto, and that in the absence of such necessary parties, no effective order or relief could have been granted by the Learned Arbitral Tribunal. It was submitted that this constitutes an independent ground vitiating the impugned order.

- 19.** Mr. Saha, learned senior counsel for the Appellant again submitted that the issue of maintainability and non-arbitrability of the dispute, having been specifically raised by the Appellant in its Statement of Defence and in its Affidavit-in-Opposition to the application under Section 17 of the Arbitration and Conciliation Act, 1996, and having been noted by the Learned Arbitral Tribunal itself in the impugned order, ought to have been decided as a preliminary issue in terms of Section 16(5) of the Arbitration and Conciliation Act, 1996, before the Learned Arbitral Tribunal proceeded to grant any interim relief on merits. Reliance was placed on ***T.K. Lathika v. Seth Karsandas Jamnadas***, reported as **(1999) 6 SCC 632**, and ***Sathyanath & Anr. v. Sarojamani***, reported as **(2022) 7 SCC 644**, in support of the proposition that where a preliminary objection going to the very jurisdiction and maintainability of the proceeding is raised, the same is required to be

decided at the threshold, and an order granting substantive interim relief without first deciding such objection is unsustainable. It was submitted that the Learned Arbitral Tribunal, having failed to decide the said preliminary issue and having proceeded straightaway to appoint a surveyor and grant restraint orders, acted contrary to the mandate of Section 16(5) and the aforesaid settled position of law.

20. For the reasons aforesaid, and having regard to the grounds raised in the Memorandum of Appeal, namely, that the subject matter of the dispute is not arbitrable; that the issue of maintainability, though raised, was not adjudicated by the Learned Arbitral Tribunal; that the proceedings before the Learned Arbitral Tribunal are bad for non-joinder of necessary parties, including the Kolkata Municipal Corporation and the third-party transferees of the penthouses and the E-Deck apartment; and that the impugned order has, in any event, been rendered infructuous inasmuch as the survey and inspection directed by the RERA, affirmed by the REAT, already stands carried out and a report filed, it was submitted that the impugned order dated 05.02.2026 is unsustainable in law and on facts, and is liable to be set aside, and the present Appeal be allowed.

Submission on behalf of the Respondents

21. Mr. Anirban Ray, learned senior Counsel for the Respondent submits that the Appellant's main ground of challenge is that the West Bengal RERA ousts arbitration does not survive scrutiny. Learned Counsel draws the attention of this Court to ***Priyanka Taksh Sood v. Sunworld Residency (P) Ltd.***, reported as **2022 SCC OnLine Del 4717**, and to ***Pallab Ghosh v. Simplex Infrastructures Ltd.***, reported as **2024 SCC OnLine Gau 751**, submitting that both decisions, on facts materially identical to the present case, hold that

RERA does not oust arbitration: that Sections 88 and 89 of RERA operate only where there is an inconsistency with another statute, that no such inconsistency exists with the Arbitration and Conciliation Act, 1996, and that claims of allottees/sub-lessees arising from their agreements are rights *in personam* and hence arbitrable. Learned Counsel further submits that this position is reinforced by ***Experion Developers (P) Ltd. v. Sushma Ashok Shiroor***, reported as **(2022) 15 SCC 286** and ***IREO Grace Realtech (P) Ltd. v. Abhishek Khanna***, reported as **(2021) 3 SCC 241**, both of which hold that RERA and other remedies, there, the Consumer Protection Act, are concurrent and run in addition to, not in derogation of, one another. Learned Counsel submits that the dispute in the present case concerns the Respondents' specific, contractual entitlement under a registered Deed of Sub-Lease dated 23.09.2022 to demarcated common areas, a private right *inter partes*, and not a matter RERA was constituted to adjudicate *in rem*, and that the four-fold test in ***Vidya Drolia*** (*supra*), which the Appellant itself invokes, is therefore unfulfilled.

22. Mr. Ray, Learned senior Counsel further submits that the jurisdictional objection raised by the Appellant is, in any event, a matter for the Arbitrator, and not this Court, to finally decide. It is submitted that Section 16(1) of the Act empowers the Tribunal to rule on its own jurisdiction, and that Section 16(5) obliges it, upon rejecting such a plea, to continue with the proceedings and does not require a standalone order before any other step is taken. Learned Counsel points out that the impugned order expressly records the Appellant's objection at paragraphs 3(c), 3(e) and 7(g) and, having done so, proceeded only to appoint a surveyor, a neutral, fact-gathering measure that prejudices no one and leaves the jurisdictional question fully open for final

determination along with the merits, precisely as Section 16(5) contemplates. Learned Counsel places reliance on ***Ramakant Ambalal Choksi v. Harish Ambalal Choksi & Ors.***, reported as **(2024) 11 SCC 351**, and submits that an appellate court will not disturb a discretionary order of the forum below unless the discretion was exercised arbitrarily, capriciously, perversely, or in disregard of settled legal principles, and that no such infirmity attaches to a case-management direction for a technical survey under Section 19 read with Section 27 of the Act. It is submitted that the Appellant's attempt to distinguish this ruling, by presupposing the very question of arbitrability that remains undecided, puts the cart before the horse.

23. Mr. Ray, learned senior Counsel for the Respondent next submits that the reliefs claimed by the Respondents require no separate plea of "damages" or "specific performance," and that there is no multiplicity of proceedings. Relying on ***Experion Developers*** (*supra*), learned Counsel submits that entitlement to a remedy for breach flows from the breach itself and not from the nomenclature used in the pleadings, and that the Statement of Claim pleads breach of specific covenants of the registered Sub-Lease Deed through unauthorised construction on and alteration of the common areas, such that the injunctive and declaratory reliefs sought are the natural consequence of that breach.

24. Learned Counsel further submits that there is no forum shopping, since the WBRERA/REAT proceedings address the regulatory question of compliance with the KMC-sanctioned plan, a matter *in rem*, while the arbitration addresses the private, contractual question of the Respondents' demarcated common-area rights *inter se* the parties to the Sub-Lease Deed, a distinction which, it is submitted, both ***Experion Developers*** (*supra*) and ***IREO Grace***

Realtech (*supra*) endorse by recognising the coexistence of statutory and contractual remedies for overlapping real-estate grievances.

25. Learned senior Counsel lastly submits that the plea of non-joinder is misconceived, inasmuch as KMC is a statutory regulator with no rights or obligations under the Sub-Lease Deed and is not bound by any order the Tribunal may pass, and inasmuch as a preliminary survey does not adjudicate the rights of any other flat owner, rendering the non-joinder plea premature. It is further submitted that the RERA/REAT survey, being confined to regulatory compliance, cannot substitute for an independent survey directed toward the distinct contractual question before the Tribunal, and that the impugned order is accordingly not rendered infructuous. On these submissions, Learned Counsel prays that this Court be pleased to dismiss the appeal, uphold the order dated 05.02.2026, leave all contentions on arbitrability and merits open for decision by the Learned Arbitral Tribunal under Section 16 along with the final award.

Legal Analysis

26. This Court has heard the arguments advanced by both the sides and examined the documents and judgments cited at the bar.

27. The core issue involved in the present matter is whether the Learned Arbitral Tribunal committed any illegality or exercised its discretion perversely in passing the impugned order dated 05.02.2026, whereby, pending decision on the preliminary objections raised by the Appellant under Section 16 of the Arbitration and Conciliation Act, 1996, the Learned Arbitrator appointed a surveyor/chartered engineer to conduct a survey and inspection under Section 17 of the Act, and restrained the Appellant from making any change

in the nature and character of the common areas of the residential complex "Atmosphere," pending disposal of the arbitration.

28. Before advertng to the rival contentions of the parties, it is necessary to notice, at the outset, the limited compass of the present appeal. The impugned order is an interim order passed under Section 17 of the Act. It does not decide, one way or the other, the preliminary objection raised by the Appellant as to the maintainability and arbitrability of the disputes referred to arbitration, that objection having been expressly recorded by the Learned Arbitrator at paragraphs 3(c), 3(e) and 7(g) of the impugned order and left open to be determined under Section 16 of the Act. It is well settled, and indeed not disputed before this Court, that the question of jurisdiction and arbitrability of a dispute is, in the first instance, a matter squarely within the domain of the Arbitral Tribunal under Section 16 of the Act, and it is for the Learned Arbitrator, and not this Court in the present proceedings, to rule upon the said objection. This Court, therefore, refrains from expressing any finding or even an observation on the question of maintainability or arbitrability of the arbitral proceedings, and confines itself to the limited question of whether the interim measures granted by way of the impugned order suffer from any illegality or perversity warranting interference under Section 37 of the Act.

29. In this regard, both sides have cited a body of case law bearing on the question of maintainability of the Claim Petition having regard to the existence of the West Bengal Real Estate (Regulation and Development) Act, 2016. Learned Counsel for the Appellant has relied upon **Vidya Drolia** (*supra*), **Army Welfare Housing Organisation** (*supra*) and **Rashmi Realty Builders (P) Ltd** (*supra*) in support of the submission that the dispute is non-

arbitrable. Learned Counsel for the Respondents, on the other hand, has relied upon **Priyanka Taksh Sood** (*supra*), **Pallab Ghosh** (*supra*), **Experion Developers (P) Ltd.** (*supra*) and **IREO Grace Realtech (P) Ltd.** (*supra*) in support of the submission that the dispute is arbitrable notwithstanding the existence of RERA. This Court notes that there is, *prima facie*, a divergence between the legal propositions canvassed by either side, each supported by judicial authority of coordinate or superior courts. However, it is precisely for this reason that the question is neither self-evident nor free from rival authority, that it is a matter requiring adjudication in the first instance by the Learned Arbitral Tribunal under Section 16 of the Act, and not by this Court in an appeal confined to an interim order under Section 17. This Court accordingly declines to enter upon, or express any view on, the merits of the rival propositions canvassed on maintainability and arbitrability, the same being left entirely open for decision by the Learned Arbitral Tribunal.

30. Turning to the impugned order itself, it is seen that the Learned Arbitrator, having recorded the objections raised by the Appellant, proceeded to grant two limited interim measures: first, the appointment of an independent surveyor/chartered engineer to conduct a survey and inspection of the construction in the Schedule B area and to submit a report; and second, a restraint on the Appellant from making any change in the nature and character of the common areas of the residential complex "Atmosphere," pending disposal of the arbitration. Neither measure finally adjudicates upon any right of the parties, nor does either measure pre-empt or foreclose the objections raised by the Appellant under Section 16 of the Act. The direction for a survey is a neutral, fact-finding exercise conducted through an independent professional, intended to place before the Learned Arbitrator an

objective factual record of the construction in question, which will assist in the just adjudication of the rival claims, whichever way the question of arbitrability is ultimately decided. Likewise, the restraint against altering the nature and character of the common areas, pending disposal of the arbitration, is protective and status-quo in character; does not require the Appellant to demolish, restore or undo anything, but merely preserves the subject matter of the dispute from further alteration until the rival contentions, including the question of maintainability, are finally determined.

31. A submission was also advanced that the Learned Arbitrator ought, as a matter of first principle, to have decided the objection under Section 16 of the Act before passing any order under Section 17, and reliance in this behalf was placed on **T.K. Latika** (*supra*), for the proposition that a question of maintainability, once raised, must be decided before any interim order is passed. This Court is unable to accept the submission. The decision in **T.K. Latika** (*supra*) was rendered in an altogether different statutory context and does not purport to lay down an inflexible, universal rule of procedure binding upon every forum, irrespective of the statutory scheme under which it functions. The Act, being a self-contained code, provides its own answer to the sequencing of these questions: Section 16(5) obliges the Arbitral Tribunal, upon rejecting a plea under sub-sections (2) or (3), to continue with the arbitral proceedings and make an arbitral award; it does not, either expressly or by necessary implication, require the Tribunal to first record a decision on such a plea before it may exercise its power to grant interim measures under Section 17. The two provisions operate in different fields and serve different purposes, Section 16 goes to the continuance and jurisdiction of the reference, while Section 17 is concerned with preserving the subject matter of the

dispute and preventing the arbitral proceedings, once validly invoked, from being rendered infructuous by reason of an intervening change in the status quo. To insist that every objection to jurisdiction must be conclusively decided before any interim protection can be granted would, in a given case, defeat the very purpose of Section 17, since the harm sought to be averted here, namely, alteration of the common areas of the residential complex "Atmosphere", could well become irreversible during the interregnum. The Learned Arbitrator's course of noting the objection, leaving it open for decision under Section 16, and, in the meantime, granting limited protective measures under Section 17, is consistent with the scheme of the Act and does not disclose any procedural defect or infirmity warranting interference by this Court.

- 32.** It is also necessary to advert to the limited scope of interference available to this Court in an appeal under Section 37 of the Act. It is well settled that the jurisdiction of the Court under Section 37 is akin to, and as circumscribed as, the jurisdiction under Section 34 of the Act, and does not clothe the appellate court with the jurisdiction of a first appeal to re-appreciate evidence or to substitute its own view for that of the Arbitral Tribunal as a matter of routine. The scope of interference is confined to cases where the order under challenge is patently illegal, perverse, or has been passed in violation of the fundamental policy of Indian law, and does not extend to correcting every possible error in the exercise of the Tribunal's discretion. Where two views are reasonably possible on a given question, whether of fact, law, or procedure, and the Learned Arbitrator has taken one such possible view, it is not open to this Court, sitting in appeal under Section 37, to substitute that view with another merely because a different view is also plausible or because this Court, sitting as the Tribunal, may have decided the matter differently.

Interference is warranted only where the view taken is such that no reasonable person could have taken it, that is to say, where it is perverse or contrary to law. Tested on this touchstone, this Court finds that the course adopted by the Learned Arbitrator, of deferring the objection as to maintainability/arbitrability to be decided under Section 16 of the Act, while, pending such decision, granting limited protective interim measures in the nature of a fact-finding survey and a restraint against alteration of the common areas, is a plausible and permissible course, consistent with the scheme of Sections 16 and 17 of the Act, and does not suffer from any perversity or illegality warranting interference by this Court.

33. In view of the discussion hereinabove, this Court does not find any merit in the present appeal. The Appeal is dismissed. The question of maintainability and arbitrability of the disputes referred to arbitration, and all other contentions raised by the parties on merits, are left entirely open to be decided by the Learned Arbitral Tribunal under Section 16 of the Arbitration and Conciliation Act, 1996, along with the final award.

34. All pending applications, if any, stand disposed of.

(Gaurang Kanth, J.)