

ORDER SHEET

APOT/31/2026
IA No.GA/1/2026

IN THE HIGH COURT AT CALCUTTA
Civil Appellate Jurisdiction
ORIGINAL SIDE

CRESSANDA RAILWAY SOLUTIONS LTD
VS
EASTERN RAILWAY AND OTHERS

BEFORE:

The Hon'ble JUSTICE ARIJIT BANERJEE

AND

The Hon'ble JUSTICE APURBA SINHA RAY

Date : 25th February, 2026.

Appearance:

Mr. Soumavo Mukherjee, Adv.

Mr. Indranil Munshi, Adv.

...for the appellants

Mr. Uday Shankar Bhattacharya, Adv.

Mr. Tapan Bhanja, Adv.

...for the respondent nos. 1, 2, 3 and 4

Dictated by Arijit Banerjee, J.

The Court: A judgment and order dated February 5, 2026, passed by a Learned Judge of this Court dismissing the appellants' writ petition being WPO NO. 861 of 2025, is under challenge in this appeal filed at the instance of the writ petitioners.

The writ petitioners participated in a tender process initiated by the Railway authorities inviting bids from eligible bidders for "Provision of Advertisement in EMU Trains and provisions of concierge service together with advertisement in Mail/Express and Premium Trains operated with rakes whose primary maintenance is done by Eastern Railway, on license basis". The petitioner was found eligible and was awarded a work order on May 17,

2023. The tenure of the work order/agreement was five years from July 17, 2023 till July 16, 2028.

It appears that on May 13, 2025, the Railway authorities raised a demand on the writ petitioners for the sum of Rs.4.98 crores (approximately) which included liquidated damages for certain periods and licence fee for certain periods. The writ petitioners made a representation dated May 19, 2025, objecting to such demand notice. Alleging that such representation was not being considered by the Railway authorities, the writ petitioners approached this Court in its writ jurisdiction by filing WPA No. 11491 of 2025 challenging the demand notice. A Learned Judge of this Court disposed of the writ petition by directing the respondent no.2 herein to take a decision on the representation of the writ petitioners within ten days.

In terms of the said order, the writ petitioners were granted a hearing. Overruling the contentions of the writ petitioners, the Railway authorities passed an order dated August 26, 2025.

On September 3, 2025, the writ petitioners again received a demand notice from the Railway authorities for a sum of Rs.9.70 crores (approximately). In view of there being an arbitration clause in the contract between the parties, the writ petitioners filed an arbitration petition under Section 9 of the Arbitration and Conciliation Act, 1996, being AP No. 169 of 2025, praying for an interim order to restrain the Railway authorities from taking any action for terminating the subject contract. The appellants say that on receipt of a copy of the application, the respondents forthwith terminated the contract by a letter dated September 17, 2025.

By an order dated September 18, 2025, the Arbitration Court stayed the operation of the termination notice dated September 17, 2025, for a period of three months, directing the writ petitioners to invoke the

arbitration clause within the said period for constitution of an arbitral tribunal. The impugned notice dated September 17, 2025, was stayed unconditionally till October 10, 2025, and the petitioners were directed to secure the claim of Rs.9.70 crores (approximately) within that time period. The writ petitioners were directed to deposit Rs.1 crore by way of demand draft and to furnish an unconditional bank guarantee for the balance amount. It was clarified in the order that in case of non-compliance of the conditions of the order, the order shall stand automatically vacated without any further reference to the Court and the Railway authorities shall proceed in accordance with law.

The appellants say that in compliance with the order dated September 18, 2025, they submitted a demand draft of Rs. 1 crore on October 7, 2025, but were not able to provide unconditional bank guarantee for the balance amount. They have taken out an application for extension of time to submit bank guarantee being G.A. NO. 2 of 2025 which is still pending before the Arbitration Court. However, the respondents again terminated the contract by a communication dated October 29, 2025. Challenging this communication, the appellants approached the Learned Single Judge in the present round of litigation.

The main contention of the appellants is that going by Clauses 4.5 and 4.6 of the subject contract, the Railway authorities were required to give thirty days' notice to the appellants before terminating the contract. If that was done, the appellants would have had an opportunity of explaining why the contract should not be terminated. Although the Learned Arbitration Judge permitted the Railways to proceed in the matter of termination of contract, the Railways were required to do so in accordance with law. This

the Railways have not done. Hence the termination notice dated October 29, 2025, needs to be set aside.

Learned advocate for the Railways says that in the notice dated September 3, 2025, it was clearly stated on what ground the demand was being raised and the action that would be taken by the Railways if the demand was not paid. In fact, sufficient time was granted to the appellants to pay the dues of the Railways. The appellants failed to do so. The Learned Judge has found that the Railways have lawfully terminated the contract relying on Clauses 2.2.5 - 2.2.7 of the subject contract. The Learned Judge also held that Clauses 4.5 and 4.6 of the contract are not applicable in the facts of this case. So, there is no infirmity in the order of the Learned Judge. Any grievance that the appellants may have, can be ventilated before the arbitral tribunal that could be constituted in view of there being an arbitration clause in the subject contract.

Having considered the rival contentions of the parties, we are inclined to agree with the submission made on behalf of the Railways. We do not find any apparent infirmity in the judgment and order under appeal.

The appellants were called upon to pay certain sums to the Railways in terms of the contract. The appellants failed to do so. Instead, the appellants challenged such notice by way of an application under Section 9 of the Arbitration and Conciliation Act, 1996. Interim relief was granted to the appellants on certain terms and conditions. The appellants failed to comply with such terms and conditions. Accordingly, the interim protective order stood vacated automatically. Thereafter, the Railways proceeded to issue the termination notice dated October 29, 2025. The appellants had sufficient time to make payment of the amounts claimed by the Railways or to comply with the conditions stipulated in the interim order

passed by the Arbitration Court. Having obtained an order of interim protection on certain terms and having failed to comply with such terms, the appellants cannot make any grievance today. They will be free to ventilate their grievances before the arbitral tribunal.

Additionally we find that disputed questions of fact are involved in this case and the Writ Court is not the appropriate or convenient forum for resolution of such disputes. The agreed dispute resolution mechanism of arbitration is much more suitable for that purpose.

We see no reason to interfere with the judgment and order under appeal.

The appeal being APOT/31/2026 and the connected application being IA No. GA/1/2026 stand dismissed.

We clarify that in the event an arbitral tribunal is constituted whether at the instance of the appellants or at the instance of the Railways, the tribunal shall decide the disputes between the parties independently and in accordance with law without being influenced by any observation either in this order or in the judgment and order of the Learned Single Judge which is assailed in this appeal.

Since we have not called for affidavits, the allegations made in the stay petition are deemed not to be admitted by the respondents.

(ARIJIT BANERJEE, J.)

(APURBA SINHA RAY, J.)