



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 13TH DAY OF FEBRUARY, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MR. JUSTICE C.M. POONACHA

MISCELLANEOUS FIRST APPEAL NO. 587 OF 2026 (AA)

BETWEEN:

1. DR. SRINIVAS BOJANAPU
C/O B.REDDAPPA
AGED ABOUT 41 YEARS
R/AT, NO.307, BLOSSOM BLOCK,
MSV VIVEK MARVELAPARTMENT,
SHIVANAHALLI JAKKUR ROAD,
YELAHANKA, BENGALURU - 560064.
2. SMT. PRATHIMA K.N
W/O SRINIVAS BOJANAPU
AGED ABOUT 39 YEARS
R/AT, NO.1452/B, NES OFFICE ROAD,
NEAR RAILWAY GATE,
SUQAPPA LAYOUT, YELAHANKA,
BENGALURU - 560064.
3. SMT. DEEPALI N.V
W/O ASHOK M.S
AGED ABOUT 38 YEARS
R/AT NO.5.1ST CROSS,
CHOLANAGAR
RT NAGAR POST, HEBBAL
BANGALORE-5600323

...APPELLANTS

(BY SRI. RAVINDRANATH K, ADVOCATE)

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signed by
NIRMALA
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Location:
HIGH COURT
OF
KARNATAKA



AND:

1. Dr. KRISHNA
S/O NINGAIAH NAGARAJU,
AGED ABOUT 44 YEARS,
2. DR. LALITHA.J,
W/O DR KRISHNA,
AGED ABOUT 37 YEARS,
3. SMT. SWARNALATHA,
WO JAYARAM. P,
AGED ABOUT 62 YEARS

SL.NO.1 TO 3 ARE RESIDING AT
NO.224/12, 6TH MAIN, 8TH CROSS,
BEML 5TH STAGE,
RAJARAJESWHARI NAGAR,
BENGALURU-560098.

4. SMT. USHA RANI,
W/O MANJUNATH,
AGED ABOUT 47 YEARS,
R/AT NO.94, ACHINTYA DESAI
GARDEN, NEAR LAXMI TEMPLE,
VASANTAPURA,
UTTARAHALLI MAIN ROAD,
DODDAKALLASANDRA,
BANGALORE-560062.
5. SRI. MAHESH,
B.R. UNIFORM, NO.1452/B, N.E.S.
OFFICE ROAD, NEAR RAILWAY GATE,
SUGGAPPA LAYOUT, YELAHANKA,
BENGALURU-560064.

...RESPONDENTS

(BY SRI. ROOPESHA B, ADVOCATE FOR R1 TO R3)



THIS MFA IS FILED U/S.37(1)(a) OF THE ARBITRATION AND CONCILIATION ACT, 1996, AGAINST THE ORDER DT.21.11.2025 PASSED ON IA.NO.1 IN OS.NO. 8344/2023 ON THE FILE OF THE XXIV ADDITIONAL CITY CIVIL AND SESSIONS JUDGE, BENGALURU, REJECTING THE IA.NO.1 FILED U/S 8(1) OF THE ARBITRATION AND CONCILIATION ACT, 1996.

THIS APPEAL, COMING ON FOR ADMISSION, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MR. JUSTICE C.M. POONACHA

ORAL JUDGMENT

(PER: HON'BLE MR. JUSTICE C.M. POONACHA)

1. The present appeal is filed by defendant Nos.1 to 3 challenging the order dated 21.11.2025 passed in OS No.8344/2023 by the XXIV Additional City Civil and Sessions Judge, Bengaluru City (CCH-6) [**Commercial Court**], whereunder the application - IA.No.1 filed by the defendant Nos.1 to 3 and 5 under Section 8(1) of the Arbitration and Conciliation Act, 1996 [**A&C Act**] was rejected by the Commercial Court.

2. The relevant facts are that respondent Nos. 1 to 3 [plaintiffs] instituted a suit in OS No.8344/2023 against the appellants [defendant Nos. 1 to 3] and respondent Nos.4 and 5 [defendant



Nos. 4 and 5] for recovery of a sum of ₹46,77,436/- together with 24% p.a.

3. It is the case of the plaintiffs that plaintiff No.1 and defendant No.1 were known to each other, having worked at a hospital. That defendant No.1 had represented that defendant Nos.1 to 3 had constituted a partnership firm under the name and style of 'Dhara Health Care Services' [hereinafter referred to as 'partnership firm/firm'] with the intention of setting up of a hospital. He requested plaintiff No.1 to join the said partnership firm. The plaintiff No.1 agreed to make a capital contribution of ₹8,20,000/- against 10% ownership in the hospital/project. Accordingly, plaintiff No.1 along with defendant No.4 joined the partnership firm as partners on 23.08.2021. Plaintiff No.1 had 10% share of the profits/losses of the said firm.

4. It is the further case of the plaintiffs that in the process of setting up of the hospital, defendant No.1 was in need of the funds and accordingly, plaintiff No.1 lent a sum of ₹4.00 lakhs on 22.10.2021. Further, at the request of defendant No.1, plaintiff Nos.2 and 3 also lent various amounts which were paid to the



proprietorship concern of defendant No.5 on the instructions of defendant No.1.

5. It is the further case of the plaintiffs that when they requested defendant No.1 to return the amounts, defendant No.1 expressed helplessness by stating that he was in financial crisis. The plaintiffs claimed that the defendants owed them a sum of ₹33,52,690/-. Hence, they filed the suit for recovery of the said amount together with interest. The suit was filed for recovery of the said sum together with interest up to the date of the suit. Hence, the suit was filed claiming a sum of ₹46,77,436/- together with future interest at 24% pa.

6. The defendants entered appearance in the suit and defendant Nos.1 to 3 and 5, *inter alia*, filed IA.No.1 under Section 8(1) of the A&C Act to "pass an order dismissing the suit as there is an arbitration clause existing in the agreement". It was contended by the said defendants vide the application (IA.No.1) that the defendant Nos.1, 2 and 3 had entered into a Partnership Deed on 05.05.2021 and subsequently, plaintiff No.1 and defendant No.4 joined the said firm. That clause 20 of the Partnership Deed



contained an arbitration clause, where the said parties had agreed to resolve the disputes by arbitration. The said defendants contend that the amounts paid by the plaintiffs were in the course of business carried out by the partnership firm.

7. The said application was opposed by the plaintiffs contending, *inter alia*, that the amounts lent by the plaintiffs were independent transactions and that they are not part of the business of the firm. That the amounts were given as a hand. The plaintiffs also contended that the Partnership Deed dated 05.05.2021 was not registered.

8. It is forthcoming that vide the Partnership Deed dated 05.05.2021, defendant Nos. 1, 2 and 3 constituted themselves as the partnership firm. The nature of business to be carried out was Health Care and Diagnostic Services and other related services. It was agreed by defendant Nos.1, 2 and 3 that the profit and loss would be shared in the ratio of 48%:18.6%:33.4% respectively. Subsequently, a Deed of Admission dated 23.08.2021 was entered into, whereunder plaintiff No.1 and defendant No.4 were inducted into partnership firm. The profits and losses of the firm were



agreed to be shared between defendant Nos.1 to 4 and the plaintiff No.1 in the ratio of 34.56%:13.392%:24.048%:18.00%:10.00% respectively. Clause 20 of the Partnership Deed dated 05.05.2021 stipulated that "all disputes arising out of this partnership shall be subject to arbitration and shall be decided in accordance with Arbitration and Conciliation Act, 1996". Both the Partnership Deed dated 05.05.2021 and the Deed of Admission dated 23.08.2021 were not registered.

9. It is the specific case of the plaintiffs that the defendants had requested for funds and on such request, the plaintiff Nos.1, 2 and 3 have individually transferred various amounts as averred in the plaint to defendant No.1 as also to defendant No.5 on the instructions of defendant No.1. Hence, it is clear that the case put forth by the plaintiffs was that they independently lent money at the request of defendant No.1. It is also pertinent to note that plaintiff Nos.2 and 3 as well as defendant No.5 are not the partners of the partnership firm. Hence, the arbitration clause in the Partnership Deed does not bind plaintiff Nos.2 and 3 as well as defendant No.5.



10. The Commercial Court noticing the fact situation noticed that plaintiff Nos.2 and 3 are not the partners of the firm and hence, dismissed IA.No.1. In the factual matrix as noticed above, the Commercial court was justified in rejecting IA.No.1.

11. Although, it is the vehement contention of the learned counsel for the appellants that the moneys lent by the plaintiffs, which was the subject matter of the suit claim were for the business of the firm, as noticed above, plaintiff Nos.2 and 3 as well as defendant No.5 are not the partners of the firm and the plaintiff Nos.2 and 3 have independently transferred the amounts to defendant No.5. It is further relevant to note that plaintiff No.1 has transferred the amounts to defendant No.1 and not to the partnership firm. No material has been placed on record by the defendants to demonstrate that the amounts claimed in the suit have been transferred by the plaintiffs to the firm or that it was agreed that the said amount would be received by defendant No.1 for and on behalf of the firm and any of its partners.

12. We are unable to accept that an arbitration agreement exists between plaintiffs nos. 2 and 3. We are also unable to accept that



the said plaintiffs have been joined in the suit to overcome the arbitration agreement. The appellants have failed to demonstrate that the findings of the Commercial Court are in any manner erroneous and liable to be interfered with by this Court in the present appeal. Accordingly, the present appeal is dismissed as being devoid of merit.

13. Pending IAs., if any, also stand disposed of.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(C.M. POONACHA)
JUDGE