



CNR: KAHC010656492026

NC: 2026:KHC:56154
WP No. 29833 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 7TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE K. V. ARAVIND

WRIT PETITION NO. 29833 OF 2026 (GM-CPC)

BETWEEN:

1. MR. CA. MUKUNDA
MANAGING PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES
S/O LATE MR. RAMANNA,
AGED ABOUT 46 YEARS,
RESIDING AT NO. 62, KRISHNA, 7TH MAIN,
2ND PHASE, 4TH BLOCK BSK III STAGE,
BENGALURU 560 085.
2. MRS. CA. SHUBHA SHANKAR,
PARTNER AT MUKUNDA
SHIVA AND ASSOCIATES
W/O C.A MUKUNDA,
AGED ABOUT 43 YEARS,
NO. 62, KRISHNA, 7TH MAIN, 2ND PHASE,
4TH BLOCK BSK III STAGE,
BENGALURU 560 085.
REPRESENTED BY
THEIR AUTHORIZED REPRESENTATIVE,
MR. C.A. MUKUNDA
3. MR. CA. ABHISHEK GUPTA,
PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES

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by VINUTHA B
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Location: High
Court of
Karnataka



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S/O VIJAYKUMAR GUPTA,
AGED ABOUT 39 YEARS,
H NO. 25, GT CAPITAL HOMES,
BEHIND SCIENCE CENTRE, SAD
REPRESENTED BY
THEIR AUTHORIZED REPRESENTATIVE,
MR. C.A. MUKUNDA

4. MR. CA. DEVENDRA NAYAK,
PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES
S/O ANANTHA NAYAK,
AGED ABOUT 64 YEARS,
NO. 710, 1ST E CROSS, 3RD STAGE,
4TH BLOCK, BASAVESHWARAN
REPRESENTED BY
THEIR AUTHORIZED REPRESENTATIVE,
MR. C.A. MUKUNDA
5. MR. CA. ABILASH R,
PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES
S/O RAMASWAMY,
AGED ABOUT 31 YEARS,
FLAT SI, DAKSH APARTMENT, NO. 1195,
6TH MAIN, A BLOCK, RAJAJI NAGAR, 2ND STAGE,
BENGALURU 560 010.
REPRESENTED BY
THEIR AUTHORIZED REPRESENTATIVE,
MR. C.A. MUKUNDA
6. MR. CA. THOKA MANIKANTESWARUDU,
PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES
S/O T. KITTAPPA,



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AGED ABOUT 33 YEARS,
NO.15/A, SRI MALLIKARJUNANILAYAM, 2ND CROSS,
GROUND FLOOR, KODICHIKKANAHALLI, SEENAPPA
LAYOUT, BOMMANAHALLI, BENGALURU 560 076.
REPRESENTED BY
THEIR AUTHORIZED REPRESENTATIVE,
MR. C.A. MUKUNDA

7. MR. CA. YALALA PRASHANTH REDDY,
PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES
S/O VENKAT REDDY,
AGED ABOUT 32 YEARS,
1-59, GUNDAL VILLAGE, CHEVELLA MANDAL,
RANGA REDDY DISTRICT,
TELANGANA 501 503.
REPRESENTED BY
THEIR AUTHORIZED REPRESENTATIVE,
MR. C.A. MUKUNDA

...PETITIONERS

(BY SMT. PRERNA PONAPPA.,ADVOCATE)

AND:

1. MR. CA. SHIVA PRAKASH H S,
SECOND FOUNDING PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES
S/O MR. SHANKARAIHAH H B,
AGED ABOUT 48 YEARS,
RESIDING AT NO. 106, SWANANDA,
VAKIL GARDEN CITY, KANAKAPURA ROAD,
THALGHATTAPURA,
BENGALURU 560 109.



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2. MRS. CA. ANUPAMA B,
PARTNER OF MUKUNDA
SHIVA AND ASSOCIATES
W/O MR. CA. SHIVA PRAKASH H S, AGED ABOUT 45
YEARS, RESIDING AT NO. 106, SWANANDA, VAKIL
GARDEN CITY, KANAKAPURA ROAD,
THALGHATTAPURA,
BENGALURU 560 109.

3. MUKUNDA SHIVA AND ASSOCIATES,
REPRESENTED BY ITS MANAGING PARTNER
HAVING OFFICE AT,
NO. 267, 6TH CROSS,
JAYANAGAR, I BLOCK,
BENGALURU 560 011

ALSO AT,
M-26, VEENA CHAMBERS,
HIGH STREET, RAMA WORLD, BEHIND MGM
EYE HOSPITAL, VIDHAN SABHA ROAD,
RAIPUR 492 001.

...RESPONDENTS

(BY SRI. B. VACHAN, ADVOCATE FOR C/R1)

THIS WP IS FILED UNDER ARTICLE 226 AND 227 OF THE
CONSTITUTION OF INDIA PRAYING TO (a) QUASH THE
IMPUGNED ORDER DATED SEPTEMBER 17, 2026 PASSED BY
THE LXXXVII ADDITIONAL CITY CIVIL AND SESSIONS JUDGE
(COMMERCIAL COURT), AT BENGALURU (CCH-88) IN COMM.
ARBITRATION APPLICATION NO. 424 OF 2026 (ANNEXURE-A)
(b) PENDING DISPOSAL OF I.A. NOS. 1 TO 4, RESTRAIN THE
RESPONDENT NOS. 1 AND 2 FROM ACTING ON AND/OR



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GIVING EFFECT TO THE LETTER DATED SEPTEMBER 12, 2026 ISSUED BY RESPONDENT NO. 1 TO HDFC BANK AND THE INTIMATION DATED SEPTEMBER, 15, 2026 ADDRESSED BY THE HDFC BANK PLACING A DEBIT FREEZE ON THE FIRM'S ACCOUNTS (ANNEXURE - B).

THIS PETITION, COMING ON FOR FURTHER HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE K. V. ARAVIND

ORAL ORDER

Heard Sri. K. Arun Kumar, learned Senior Counsel appearing for Smt. Prerana Ponnappa, learned counsel for the petitioners, and Sri. B. Vachan, learned counsel appearing for the caveator/respondent No. 1.

2. This petition is filed impugning the order dated 17.09.2026 passed in Com.A.A.424/2026 by the LXXXVII Additional City Civil and Sessions Judge, Bangalore (for short 'Commercial Court') whereby I.A. Nos. I to IV, filed under Section 9 of the Arbitration and Conciliation Act, 1996 (for short, 'the Arbitration Act'), read with Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908, (for short 'the CPC'),



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though ordered to be heard, remained inconclusive for want of further arguments.

3. The brief facts of the case as pleaded are that the petitioners and respondent Nos.1 and 2 are partners of the partnership firm, namely, Mukunda Shiva and Associates. Respondent No.3 is the said partnership firm, which is a firm of Chartered Accountants and has been in operation for more than 22 years.

3.1 A dispute arose between respondent Nos.1 and 2 and the other partners with regard to the management of the Firm, and respondent Nos.1 and 2 expressed their desire to retire from the Firm. However, having regard to the terms of the partnership deed, respondent No.1 proceeded to dissolve the Firm, contending that the partnership was one at will. Accordingly, notice dated 12.09.2026 came to be issued, resulting in the freezing of the bank accounts, deposits and other facilities standing in the name of the Firm.

3.2 The partnership deed contains an arbitration clause providing for resolution of disputes arising between the



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partners or their legal representatives by arbitration. In that view of the matter, applications under Section 9 of the Arbitration Act read with Order XXXIX Rules 1 and 2 of the CPC came to be filed.

3.3 When the said applications were taken up for consideration, there was no consensus between the parties for interim arrangement. The matter was posted for further arguments. The said order is impugned in the present petition.

4. Learned Senior Counsel appearing for the petitioners, submits that whether the partnership is a partnership at will, and whether the partnership continues notwithstanding the retirement of one of the partners, are themselves arbitrable disputes. It is submitted that, until such disputes are adjudicated by the Arbitral Tribunal, the status of the Firm ought to be retained and the Firm be permitted to continue its operations, particularly since more than 185 employees are working in the Firm and several contracts have been entered into appointing the Firm as an auditor, thereby casting statutory obligations upon the Firm.



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4.1 Learned Senior Counsel submits that unless the status of the Firm is restored, the statutory obligations undertaken by the Firm cannot be duly discharged. He further submits that, having regard to the correspondences placed on record, respondent Nos.1 and 2 had expressed their desire to retire from the Firm and that the modalities of their retirement, including determination of their entitlements, were under consideration. In that view of the matter, according to the petitioners, the issue is one of retirement from the Firm, and respondent Nos.1 and 2 would be entitled to the benefits provided to a retiring partner under the partnership deed.

4.2 It is further submitted that the dissolution notice dated 12.09.2026 not only affects the employees working in the Firm, but also has an adverse impact on the clients who have engaged the Firm as accountants, particularly in view of the statutory obligations requiring timely compliance with the applicable statutory provisions. Learned Senior Counsel submits that, in view of the approaching due date for filing income-tax returns and the requirement of monthly compliance under the GST Act, restoration of the Firm and permitting it to function,



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subject to adjudication of the disputes by the Arbitral Tribunal, is the object sought to be achieved by invoking Section 9 of the Arbitration Act.

5. *Per contra*, learned counsel appearing for respondent No.1 submits that, where the duration of the partnership is not specified and the partnership is agreed to be one at will, the same would be governed by the provisions of the Indian Partnership Act, 1932. It is submitted that respondent Nos.1 and 2 have exercised their rights under the terms of the partnership deed and, upon issuance of the notice of dissolution, the partnership firm stood dissolved in terms of Section 43 of the Indian Partnership Act, 1932.

5.1 Consequently, learned counsel submits that the freezing of the bank accounts would operate, and what remains thereafter is the settlement of accounts, including distribution of the goodwill and other consequential monetary benefits among the partners.

5.2 Learned counsel, placing reliance on the judgment of the Hon'ble Supreme Court in **V. Sumitra Reddy and Others v.**



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K. Ranganadha Reddy and Others, in ***Civil Appeal No.8167/2017***, decided on **09.09.2026**, submits that, where the partnership is one at will, upon receipt of the notice of dissolution, the partnership firm stands dissolved. Thereafter, continuation of the partnership firm by the remaining partners is not permissible.

6. Considered the submissions made by learned counsel for both parties.

7. The limited grievance that arises for consideration by this Court in the present petition is as to whether the interests of the parties require to be protected pending consideration of the applications filed under Section 9 of the Arbitration Act, read with Order XXXIX Rules 1 and 2 of the CPC.

8. The dispute relates to a partnership firm carrying on the profession of accountancy and audit. It is not in dispute that more than 185 employees, including Chartered Accountants, articled clerks, paid assistants, consultants and support staff, are working in the Firm. Section 139 of the Companies Act, 2013 provides for the appointment of Firm as an auditor, and



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Section 140 thereof also recognises the Firm in the context of an auditor. Similarly, Section 141 of the Companies Act contains provisions enabling the appointment of a firm as an auditor.

9. It is the specific case of the petitioners that the Firm has been appointed as auditor by various companies / tax payers and, pursuant thereto, has contractual and professional obligations to discharge its responsibilities as an auditor. Such obligations include preparation of balance sheets, filing of income-tax returns, the due date for which is in October 2026, and weekly/monthly compliances under the GST Act.

10. The dispute between the partners ought not to be permitted to extend to a situation causing professional inconvenience to the clients of the Firm or resulting in irreversible consequences. The questions as to whether the partnership firm can be dissolved at the will of a partner or whether the matter is one of retirement, and whether there is a specific duration of the partnership, are larger issues which are required to be adjudicated by the Arbitral Tribunal.



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11. On perusal of Clause 36 of the partnership deed, it is evident that any dispute between the partners or their legal representatives, whether relating to the conduct of the profession, the terms of the deed or the dissolution of the Firm, is required to be referred to arbitration. Therefore, the dispute as to whether the Firm could be dissolved at will or whether the matter is one of retirement remains an arbitrable issue.

12. Section 9 of the Arbitration Act empowers the Court to grant such interim measures of protection as may be necessary, just and convenient during the arbitral proceedings. While considering the aforesaid dispute, the interests of third parties, namely, the employees and clients of the Firm, also require to be protected.

13. If this Court expresses any opinion on the contentions urged by the respective parties, it may prejudice their rights and contentions before the Commercial Court in the pending applications. Therefore, keeping all the issues open for consideration by the Commercial Court, this Court is of the view that an interim arrangement is warranted, as the



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petitioners have made out a prima facie case for such arrangement.

14. In that view of the matter, the following order is passed:

ORDER

- I. Pending consideration of I.A. Nos. I to IV filed under Section 9 of the Arbitration and Conciliation Act, 1996, the petitioners are permitted to continue the professional activities of the partnership firm, namely, Mukunda Shiva and Associates, in the manner in which the Firm was functioning immediately prior to issuance of the notice dated 12.09.2026.
- II. The partnership Firm is permitted to continue its professional activities and discharge its contractual, statutory and professional obligations, including those arising in respect of its existing clients, subject to the outcome of the proceedings before the Commercial Court.
- III. The petitioners are permitted to operate the bank accounts of the partnership Firm to the limited extent



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necessary for making payments towards salaries, statutory dues, taxes, GST liabilities, professional expenses and other overhead expenses that were being incurred by the Firm prior to issuance of the notice dated 12.09.2026. The Bank Accounts are hereby de-frozen.

- IV. The aforesaid arrangement shall remain in force until consideration of I.A. Nos. I to IV filed under Section 9 of the Arbitration Act read with Order XXXIX Rules 1 and 2 of the CPC by the Commercial Court.
- V. The Commercial Court shall consider and decide the applications independently and uninfluenced by any of the observations made in this order.
- VI. All contentions of the parties are kept open. The parties are directed to cooperate with the Commercial Court for expeditious disposal of the pending applications.
- VII. It is submitted that the next date of hearing before the Commercial Court is on 09.10.2026. On that day,



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both the parties shall endeavour to address their arguments.

VIII. The Commercial Court is requested to expedite and dispose of the pending applications on or before 13.11.2026.

With the aforesaid observations and directions, the writ petition stands ***disposed of***

**Sd/-
(K. V. ARAVIND)
JUDGE**

VP/DDU
List No.: 1 SI No.: 110