



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 10TH DAY OF FEBRUARY, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

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

COMMERCIAL APPEAL NO. 635 OF 2025

BETWEEN:

1. MAC-PERCITEC INDIA
A REGISTERED PARTNERSHIP FIRM
SITUATED AT NO. B291(a)
7TH MAIN, PEENYA 2ND STAGE
PEENYA INDUSTRIAL AREA
BENGALURU - 560 058
REPRESENTED BY ITS PARTNERS
RESPONDENT NO. 2 TO 6
2. H.S. SHIVAKUMAR
S/O SUBBAIAH
AGED ABOUT 57 YEARS
R/AT NO. E454, 8TH BLOCK
VISHWESHWARAIHA LAYOUT
NEAR KEMPEGOWDA CIRCLE
MUDDALAHANAPALYA
VISHWANEEDAM
BENGALURU - 560 091
3. GEETHA C. GOWRISHANKAR
W/O GOWRISHANKAR
AGED ABOUT 46 YEARS
R/AT NO. 18, GANGAMMA GARDEN
MALAGALA MAIN ROAD
NAGARABHAVI 2ND STAGE



VISHWANEEDAM POST
BENGALURU - 560 091

4. SUDHIR B. NAGALEEKAR
S/O BASAVARAJA BASAPPA
AGED ABOUT 48 YEARS
R/O No.40, 'AVUKTHA'
3RD MAIN, KHADHI LAYOUT
KATHRIGUPPE MAIN ROAD
NEAR GANESHA TEMPLE
VIVEKANANDA NAGAR
BANASHANKARI 3RD STAGE
BENGALURU - 560 085
5. RAMCHANDRA. N
S/O NARAYANAPPA NAGARAJU
AGED ABOUT 44 YEARS
R/AT NO. 79, 12TH CROSS
BOVIPAALYA
MAHALAKSHMIPURAM
BENGALURU - 560 086
6. ROHINI G.KULKARNI
W/O GURURAJ
AGED ABOUT 45 YEARS
R/AT NO. 3. 1ST FLOOR
PRAJWAL MINI APARTMENT
6TH CROSS, NEAR VASK
HAVNOOR EXTENSION
NAGASANDRA
BENGALURU - 560 073

...APPELLANTS

(BY SRI SACHIN B.S., ADVOCATE)

AND:

1. REKHA S
W/O LATE SHRI LAKSHMIPATHI
AGED ABOUT 47 YEARS



2. VEDANTH L
S/O LATE SHRI LAKSHMIPATHI
AGED ABOUT 4 YEARS
MINOR
3. VEDITH.L
S/O LATE SHRI LAKSHMIPATHI
AGED ABOUT 4 YEARS
MINOR

RESPONDENT NO.2 AND 3 ARE MINORS
REPRESENTED BY NATURAL GUARDIAN
AND MOTHER
REKHA S.

RESPONDENT NO.1 TO 3 ARE
R/AT NO. 5/3, 24TH CROSS
JAYANAGAR 6TH BLOCK
B.S.K 3RD STAGE
BENGALURU - 560 007

...RESPONDENTS

(BY SRI RAKESH B. BHATT, ADVOCATE)

THIS COMMERCIAL APPEAL IS FILED UNDER SECTION 13(1-A) OF COMMERCIAL COURTS ACT, 2015 PRAYING TO SET ASIDE THE IMPUGNED JUDGMENT DATED 22.09.2025 PASSED BY THE LXXXII ADDITIONAL CITY CIVIL AND SESSIONS JUDGE, COMMERCIAL COURT, BENGALURU IN COM.A.P NO.38/2025 DISMISSING THE ARBITRATION PETITION AND CONFIRMING THE ARBITRAL AWARD DATED 28.01.2025 PASSED IN A.C.NO.649/2023 BY THE LEARNED SOLE ARBITRATOR AND CONSEQUENTLY ALLOW COM.A.P NO.38/2025 AS PRAYED FOR & ETC.

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. VIBHU BAKHRU, CHIEF JUSTICE)

1. The appellants have filed the present appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 [**A&C Act**] impugning an order dated 22.09.2025 passed by the learned LXXXII Additional City Civil and Sessions Judge, Commercial Court, Bengaluru [**Commercial Court**] in Com.A.P No.38/2025. The said application was filed under Section 34 of the A&C Act seeking that the arbitral award dated 28.01.2025 [**impugned award**] be set aside.

2. This Court considered the present appeal on 17.12.2025 and passed the following order:

"1. The appellants have filed the present appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 [**A&C Act**] read with Section 13(1A) of the Commercial Courts Act, 2015 impugning an order dated 22.09.2025 passed by the LXXXII Additional City Civil and Sessions Judge, Bengaluru [**Commercial Court**] in Com.A.P.No.38/2025.

2. The appellants had filed the said petition under Section 34 of the A&C Act to set aside an arbitral award dated 28.01.2025 [**impugned award**]. The impugned award was delivered by an arbitral tribunal



assessing the amount payable by the appellants to the respondents, who are the heirs of the deceased constituent partner of appellant No.1.

3. The subject matter of dispute before the arbitral tribunal was to ascertain the amounts paid by the appellants (the partnership firm and its continued constituent partners) and for settling the accounts of deceased partner (Sri Lakshmipathi), who had expired on 13.05.2021.

4. The arbitral tribunal based on the reports furnished by the expert (Chartered Accountant) determined the share of the deceased partner in the assets of the firm at ₹1,62,02,189/-. Additionally, the arbitral tribunal determined the share of profits from the date of the demise of the partner that is, 13.05.2021 to the date of the award at ₹84,26,914/-. Accordingly, the Arbitral Tribunal held that the respondents would be entitled to a total sum of ₹2,46,29,103/- after adjusting the amount of ₹51,99,177/- which was already paid prior to the delivery of the award. It was held that the respondents (claimants before the arbitral tribunal) would be entitled to ₹1,94,29,926/-. The arbitral tribunal awarded the said amount and further interest at the rate of 12% per annum from the date of the award that is, from 28.01.2025 till the date of payment. In addition to the above amounts, the Arbitral Tribunal also awarded costs quantified at ₹5,00,000 in favour of the respondents.

5. The appellants assailed the said award by filing a petition under Section 34 of the A&C Act (Com.A.P.No.38/2025) which was dismissed in terms of the impugned order.

6. The learned counsel for appellants advanced submissions to assail the arbitral award on essentially four fronts. First, the learned counsel for the appellants submitted that the share of the deceased partner had



been computed by taking the market value of the assets. However, the partnership deed between the parties prescribed that the accounts must be drawn strictly on the basis of the books of accounts as on the date of the demise of the partner. He referred to Clause 19(A) and 19(B) of the partnership deed dated 08.08.2014 in support of the said contention.

7. Second, he submitted that the value of the assets also included the value of goodwill as computed by the expert. However, the goodwill belonged to the continuing partners as the appellant-firm continues as a going concern.

8. Third, he submitted that the value of the plant and machinery, as determined is erroneous as the same was valued on the basis of an insurance policy and not on the basis of any other evidence.

9. Lastly, he submitted that the calculation of future profits is erroneous as the same is based on gross profit as disclosed in the profit and loss account of appellant-firm for the period 01.04.2021 to 31.05.2021.

10. The appellants' first contention rests on Clause 19(A) and 19(B) of the partnership deed. It is contended that the impugned award is contrary to those terms of the partnership deed and therefore, is liable to be set aside.

11. It is relevant to refer to Clause 19(A) and Clause 19(B) of the partnership deed. The same are set out below:

"19.[A] Upon death or retirement of any partner: the partnership firm shall not be dissolved. In the event of death, it will be open to the surviving partners whether to admit the legal heir as partner or settled outstanding amount with his account.



[B] In the event of retirement or death or insolvency as the case may be, accounts of the partnership firm shall be made up and profits or losses shall be ascertained up to the date of retirement or death or insolvency as the case may be and the amount due to the retiring or the deceased partner or to the insolvent partner shall be ascertained and payable to the retiring partner or legal heir's of the insolvent partner as the case may be. In case any amount is found due from the partner, the same shall be forthwith paid in accordance with the provision of law."

12. A plain reading of the aforesaid clauses does not support the contention as advanced on behalf of the appellants. There is no term, which requires the share of a partner to be determined on the book value of the assets. In terms of Clause 19(B), the accounts of the partnership firm are required to be made up in the event of retirement or death or insolvency of a partner. The profits and losses upto the date of the retirement or death or insolvency are required to be computed and the amount due to the retiring partner/his estate is required to be ascertained on the said basis.

13. There is no cavil that the share of the retiring partner or the share of the deceased partner would require to be ascertained after accounting for the profits earned till the date of his retirement or demise as the case may be. However, there is no ground to accept that the retiring partner or the share of the partner who has expired, is required to be computed by taking only the book value of the assets and not their real value.

14. We find no ground to interfere with the impugned arbitral award on the aforesaid ground.

15. It is contended that there is an error in valuation of the plant and machinery inasmuch as the same has been valued on the basis of the insurance policy.



However, we find no grounds to interfere with the impugned award on that ground as well. The decision of the arbitral tribunal as to the appreciation and evaluation of evidence for determining the value of the plant and machinery cannot be interfered with, unless it is found that the arbitral tribunal's view is so unreasonable, that no reasonable person could accept the same.

16. It is well settled that an arbitral tribunal is the master of the quality and quantity of the evidence. **(P.R.Shah, Shares and Stock Broker (P) Ltd. v. M/s.B.H.H.Securities (P) Limited and others: (2012) 1 SCC 594)**. And, the court will not supplant its view in place of that of the arbitral tribunal, which is the final adjudicator of disputes.

17. In the present case, the insurance policy had disclosed the value of the plant and machinery ascertained by the appellants themselves and therefore, the decision of the arbitral tribunal to accept the said value for the purpose of evaluating the value of the plant and cannot be held to be perverse or one that would warrant interference under Section 34 of the A&C Act.

18. The contention that the retiring or deceased partner does not have any share in the goodwill of the firm, which is the an intangible asset of the firm, is unmerited. Like any other asset of the partnership firm, all partners are entitled to a share in that asset in the ratio as agreed.

19. Insofar as computation of future profits is concerned, there is merit that the same appears to have been computed on the basis of gross profit. The arbitral tribunal has determined that the profits for future years on an estimated basis of 14% of the value of the share of the deceased partner. However, it is not clear as to how the said margin is determined or the rationale of the method for determining the same.



20. However, it is not disputed that the amount payable to the deceased partner would also require to factor in the estimated profits that are attributable to his share from the date of his demise till the date of the award. Thus, even if it is accepted that the said estimation of 14% per annum rests on an erroneous premise, fresh proceedings are required to be undertaken to determine the same.

21. The learned counsel for the parties seek time to address submissions on the said issue.

22. List on 13.01.2026.

23. In the meanwhile, the parties may try and resolve this issue amicably as it constitutes only a small fraction of the amount in dispute, which stands adjudicated in terms of the impugned award."

3. It is apparent from the above that the only issue that remained to be examined was the quantum of estimated profit attributable to the deceased partner from the date of his demise till the date of the impugned award.

4. The parties have filed a compromise petition indicating that they have settled their disputes regarding estimated profits that are attributable to the share of the deceased partner from the date of his demise till the date of the impugned award. The appellants have agreed that the amount be fixed at ₹35,00,000/-. It is stated that the appellants have also paid the entire awarded amount and



no further amounts are payable. The learned counsel for the parties state that the impugned award stands fully discharged. The said petition is taken on record.

5. The appeal is, accordingly, disposed of.
6. The pending interlocutory application also stands disposed of.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(C.M. POONACHA)
JUDGE**

AHB
List No.: 1 SI No.: 8