**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

Reserved on :- 16.04.2026
Date of Pronouncement:-01.05.2026
Uploaded on:- 01.05.2026

1. CR-3305-2024

ASHOK KUMAR BHATIA

… Petitioner

Versus

VEENU BHATIA

... Respondent

2. CR-3352-2024

PARVEEN BHATIA

… Petitioner

Versus

VIJAY KUMAR BHATIA

... Respondent

3. CR-3590-2024

PARVEEN BHATIA

… Petitioner

Versus

VIJAY KUMAR BHATIA

... Respondent

4. CR-3592-2024

ASHOK KUMAR BHATIA

… Petitioner

Versus

VEENU BHATIA

... Respondent

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CORAM: HON'BLE MR. JUSTICE VIRINDER AGGARWAL

Argued by :-

Mr. Ashish Chopra, Senior Advocate and
Mr. Yash Pal Sharma, Advocate,
for the petitioners **in all cases**.

Mr. Sunil Chadha, Senior Advocate with
Ms. Kashish Aggarwal, Advocate,
for the respondent **in all cases**.

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VIRINDER AGGARWAL, J.

1. This consolidated order shall govern the adjudication of the above-captioned civil revisions, all of which emanate from an identical factual substratum and raise overlapping legal issues. In view of the commonality of parties, the coextensive nature of the impugned orders, and with the consent of learned counsel for the parties, the matters are taken up together and disposed of by this common order to ensure judicial economy, consistency in adjudication, and procedural efficiency.

2. At the joint request of learned counsels, the factual matrix has been comprehensively drawn from the records of the each connected revision petition separately, which furnish the most complete and coherent account of the relevant facts. Though certain issues may vary across the revisions, the extracted facts are adopted as the common foundational basis for adjudication of all the present matters.

3. The petitioner(s), through the instant civil revisions, assail the respective impugned orders passed by the learned Additional District Judge, Ludhiana, modifying and/or setting aside the orders of the learned Trial Court.

4. The brief facts of revision petitions are summarized hereunder:-

CR-3305-2024, CR-3352-2024, CR-3590-2024 & CR-3592-2024

5. The parties were admittedly associated in two distinct business concerns, namely, *M/s Indian Pressing and Turnings*, constituted vide partnership deed dated 12.04.1970, and *M/s National Enterprises*, which was likewise constituted through a separate partnership deed. Under both arrangements, the terms and conditions governing the partnership were duly reduced into writing, with each party holding an equal share of 50% in the profits and losses of the respective firms.

5.1. Subsequently, separate suits came to be instituted by Ashok Kumar Bhatia and Praveen Bhatia seeking dissolution of the aforesaid firms and rendition of accounts. Alongside the said suits, applications were filed for appointment of a receiver as well as for grant of interim injunction, praying, *inter alia*, that the defendants be restrained from alienating, transferring, or otherwise disposing of the assets of the partnership firms.

6. The suits and accompanying applications were contested by the defendants, who asserted that the partnership firms had already been dissolved in the year 1989 by virtue of a duly executed dissolution deed. It was further pleaded that, for the purposes of settlement of accounts and winding up of the firms, an arbitrator, namely Shri T.N. Mahajan, had been appointed, who had rendered his award. It was contended that, thereafter, the defendants had been carrying on the business as sole proprietorship concerns. On these premises, dismissal of the applications for injunction and appointment of receiver was prayed for.

7. Upon consideration of the rival submissions, the learned Trial Court allowed the applications for appointment of a receiver and appointed Shri M.C. Mehta as receiver to manage and administer the affairs of both business concerns. The defendants were simultaneously restrained in terms of the interim directions issued.

7.1. Aggrieved by the aforesaid orders, four multiple appeals were preferred. Two appeals were directed against the order relating to the appointment of the receiver, while two separate appeals were filed assailing the order concerning the grant/refusal of injunction.

7.2. Upon reappraisal of the matter, the learned First Appellate Court allowed the appeals challenging the appointment of the receiver and consequently set aside the orders of the learned Trial Court to that extent.

8. Insofar as the appeals pertaining to the injunction orders are concerned, the same were partly allowed, and the impugned orders were suitably modified.

8.1. Dissatisfied with the aforesaid determinations, the parties have preferred the present set of four appeals.

9. I have heard learned counsel for the parties at considerable length and have perused the paper-books with due care and circumspection, with the able assistance rendered by the learned counsel appearing on behalf of the parties.

10. Learned counsel for the petitioners vehemently contended that the learned First Appellate Court has fallen into manifest error in passing

the impugned orders without duly appreciating the scope and ambit of the provisions contained in Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908 (for short, "CPC"). It is submitted that the powers exercisable by the learned Trial Court under Orders XXXIX and XL of the CPC are essentially discretionary in nature, and where such discretion has been exercised judiciously, upon due consideration of the material on record, the same ought not to be lightly interfered with. It is further urged that the jurisdiction of the Appellate Court, in such matters, is circumscribed and limited, and it cannot supplant its own view merely because an alternative plausible view is possible. Interference is warranted only where the order under challenge is vitiated by patent illegality, perversity, or a manifest misapplication of legal principles.

10.1. In support of the aforesaid proposition, reliance has been placed upon the judgment of the Hon'ble Supreme Court in ***Wander Ltd. and Another v. Antox India Pvt. Ltd.*****, 1990 Supp SCC 727**, wherein the contours of appellate interference with discretionary orders have been authoritatively delineated. It is further contended that the execution of the partnership deeds between the parties stands admitted, whereas the defence set up by the respondents-defendants rests upon an alleged dissolution deed and an arbitral award, both of which have been categorically disputed by the plaintiffs.

10.2. Elaborating further, learned counsel submits that the arbitral award relied upon by the respondents is ex facie inequitable and demonstrably skewed in their favour, indicative of collusion between the arbitrator and the defendants. It is pointed out that the said award has neither been made a rule of the Court nor is there any order of reference available on record, thereby rendering its legal sanctity highly questionable.

10.3. It is further contended that the learned First Appellate Court has failed to appreciate that once the existence of a partnership inter se the parties is admitted, the question as to whether the firm stood dissolved and whether its assets were duly distributed are matters requiring adjudication upon a full-fledged trial and appreciation of evidence. At the interlocutory stage, the plaintiffs have successfully established a prima facie case, and permitting the respondents-defendants to unilaterally continue the business operations would result in irreparable loss and prejudice to the plaintiffs. It is, thus, submitted that the order of the learned Trial Court appointing a receiver to manage the affairs of the partnership concerns was both legally sound and equitable, and did not warrant interference.

10.4. Additionally, it is contended that the arbitrator, while rendering the purported award, has failed to adhere to the statutory mandate embodied in Sections 46 to 49 of the Indian Partnership Act, 1932, which govern the rights and obligations of partners upon dissolution. The learned First Appellate Court, it is urged, has erred in placing reliance upon the alleged award dated 30.04.1989, ignoring the contention that the same is a fabricated document brought into existence in collusion with the arbitrator.

10.5. It is further submitted that both the alleged dissolution deed and the arbitral award are vitiated for want of consideration and are, therefore, hit by the provisions of Section 25 of the Indian Contract Act, 1872, rendering them legally unenforceable.

10.6. It has been further contended on behalf of the petitioners that the impugned orders suffer from patent illegality, having been rendered in derogation of the mandate of Section 53 of the Partnership Act, 1932. It is urged that subsequent to the dissolution of a partnership firm, no partner is legally entitled to carry on a competing or identical business in the name of the firm for personal gain until the affairs of the firm are fully wound up and accounts finally settled.

11. Per contra, learned counsel appearing for the respondents–defendants has submitted that, as a matter of fact, both the partnership concerns are no longer operational and the respondents are not conducting the business of the erstwhile firms. It is contended that the learned First Appellate Court has rightly returned a categorical finding that the firms stood dissolved in the year 1989, a fact well within the knowledge of the appellants–plaintiffs, who, despite such knowledge, remained indolent for nearly three decades before invoking the jurisdiction of the Civil Court to challenge the dissolution deed and the arbitral award.

11.1. It is further submitted that the partnership being one at will stood validly dissolved upon issuance of notice expressing the intention to dissolve the firm, followed by the execution of formal dissolution deeds *inter se* the parties. The appointment of the arbitrator, it is argued, was merely ancillary, intended to facilitate rendition of accounts and completion of winding-up proceedings. Emphasis has been laid on the prolonged inaction of the appellants–plaintiffs, who neither participated in the business nor asserted any subsisting rights for an inordinate period of approximately thirty years. In such circumstances, it is contended that the appellants are disentitled to any equitable relief, and no useful purpose would be served by the appointment of a receiver at this belated stage.

12. Insofar as the issue pertaining to the appointment of a receiver is concerned, the learned First Appellate Court, upon a reappraisal of the material on record, allowed the appeals and set aside the order of the learned trial Court, assigning cogent and germane reasons in paragraph 8 of the impugned order, which reads as under:-

> *"By appointing receiver, trial Court has virtually handed over reins of business to a stranger who has no interest, acumen to run the business. Such a practice may surely put the business into stigmatic pedestal in the business world and the firm is likely to lose the credibility and sustainability. There does not seems to be any possibility of wastage, damage to the firm's assets.*
>
> *Comparative conduct of the plaintiff is also questionable, as despite admitting signatures on dissolution deeds, it is trying to come out of that. It shall also be not out of place to mention that admittedly plaintiff is out of business for the last 25/30 years and have no reason to watch into business by getting the receiver appointed and stall the smooth running of the business which is already in the hands of defendant-appellant for considerable period. This court while disposing of appeal under Order 39 Rule 1 and 2 had already put reasonable*

> *restraint upon alienation of firm's immovable assets. That restraint is sufficient to balance the rights. On the contrary, appointment of receiver is an extreme order which was clearly avoidable. It has virtually put the business in the hands of stranger and may not be commercially viable nor is needed. The order of the trial Court is held to be too harsh, one-sided and not correct appreciation of material on record. So, the order of appointment of Local Commissioner is held not sustainable."*

12.1. It is clarified that the impugned orders, insofar as it refers to the "*appointment of Local Commissioner*," suffers from an inadvertent clerical misdescription. The same is liable to be read and construed as an order pertaining to the "***appointment of a Receiver***." This interpretation is fortified by a plain reading of paragraph 55 of the order disposing of the application under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908, wherein explicit reference has been made to the report of the Local Commissioner concerning the stock and material lying at the premises in question. Such report, if necessary, may legitimately be utilized for the limited purpose of effecting a proper settlement of accounts inter se the parties at the stage of final adjudication. Consequently, the evidentiary value of the Local Commissioner's report cannot be nullified or disregarded on the basis of the aforesaid inadvertent misdescription.

13. In the conspectus of the admitted position that the appellants–plaintiffs have not participated in the affairs of the partnership concerns for nearly three decades, coupled with the stand of the respondents–defendants that the business operations have since ceased, no fruitful purpose would be served by the appointment of a Receiver at this belated stage. The core

issues requiring adjudication in the civil suit pertain to whether the partnership firms stood validly dissolved in the year 1989 and whether the assets thereof were duly distributed in accordance with the arbitral award.

14. On the aspect of dissolution, it is noteworthy that during the course of his testimony, plaintiff Ashok Kumar Bhatia has candidly admitted that he acquired knowledge of the dissolution deed as far back as the year 1989, whereas the present suit came to be instituted only in the year 2019. The prolonged and unexplained inaction on the part of the plaintiffs, extending over a period of approximately three decades even after acquiring knowledge of the dissolution, assumes considerable legal significance.

15. Given that the partnership in question was admittedly one "at will," the learned First Appellate Court has rightly concluded that the firms *prima facie* stood dissolved upon communication of the intention to dissolve by the defendants. It is further an undisputed position that the appellants–plaintiffs have remained completely disengaged from the affairs of the firms for nearly thirty years.

16. The case set up by the respondents–defendants is that the accounts were settled and the assets duly distributed, leaving no subsisting matters for adjudication. The learned First Appellate Court has, on an appraisal of the record, returned a categorical finding that the prolonged silence and inaction on the part of the plaintiffs operate to their detriment. The absence of any documentary evidence evidencing continued participation or assertion of rights in the affairs of the partnership for over

two decades renders the plaintiffs' claim prima facie implausible and contrary to the ordinary course of human conduct.

17. Notwithstanding the above, the learned First Appellate Court has exercised restraint and only partially modified the order of the learned trial Court. While disposing of the injunction application, it has safeguarded the interests of the appellants–plaintiffs by directing that the respondents–defendants shall not alienate or otherwise encumber the immovable assets of the partnership firm. However, limited liberty has been granted to utilize such immovable assets strictly for the purposes of the firm's business, including availing financial facilities.

17.1. The respondents–defendants have further been permitted to utilize the movable assets, stock-in-trade, and bank accounts of the firm, subject to the caveat that such utilization shall remain subject to the final outcome of the suit. It has been duly observed that, in the event of the plaintiffs ultimately succeeding, the immovable assets of the firm, as well as the personal assets of the defendants, may be resorted to for satisfying any decree or compensatory relief that may be granted.

18. The respondents–defendants have also been directed to ensure that all acts undertaken in relation to the business remain within the confines of bona fide commercial necessity. Any misuse, siphoning of funds, or dissipation of the firm's assets would entitle the appellants–plaintiffs to seek appropriate modification or review of the interim arrangement during the pendency of the suit.

19. Upon a holistic consideration of the matter, this Court finds that the impugned orders passed by the learned First Appellate Court neither suffer from perversity nor disclose any jurisdictional infirmity warranting interference. The discretion vested in the Appellate Court has been exercised judiciously, with due regard to the principles governing interim relief and equitable balancing of rights. The prolonged acquiescence and inaction of the appellants–plaintiffs, coupled with their non-participation in the affairs of the firms for an inordinate period, disentitle them from seeking intrusive interim measures such as the appointment of a Receiver.

20. Accordingly, the impugned orders are found to be legally sound, well-reasoned, and in consonance with settled principles of law, having been passed upon a proper and judicious exercise of appellate jurisdiction. Considering the fact that respondents has stopped running business activities of firm, so revision against order on applications for interim injunction are required to be modified to the ex t ent that immovable property shall not even be used for firm's business and record regarding movable property, funds and banking accounts shall be preserved so that those can be accounted for in case of need at the time of final adjudication , if it is proved that accounts between parties has not been settled. So accordingly revision in **CR-3305-2024** and **CR-3352-2024** are partly allowed accordingly and other revisions **CR-3590-2024** and **CR-3592-2024** are dismissed.

13. It is, however, clarified that the observations recorded here-in-above are not intended, and shall not be construed, as an expression of opinion on the merits of the underlying dispute. All such observations are confined solely to the adjudication of the present issue and are limited to the scope of the controversy examined for the purposes of this order. Nothing stated herein shall prejudice or influence the rights, claims, or contentions of any party in any other proceeding, nor shall it be treated as a determination of any substantive question of fact or law in the main matter.

14. Since the principal matter has now been adjudicated and stands finally disposed of on merits, all ancillary, interlocutory, or pending application(s), if any, are shown to be subsisting on the record shall, by necessary implication, also stand disposed of, as no separate orders are required thereon.

15. Photocopy of this order be placed on the each connected files for ready reference and for compliance, if any.

(VIRINDER AGGARWAL)
JUDGE

01.05.2026
Gaurav Sorot

Whether reasoned / speaking? Yes / No

Whether reportable? Yes / No