



IN THE HIGH COURT OF KARNATAKA AT BENGALURU
DATED THIS THE 29TH DAY OF APRIL, 2026
BEFORE
THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM
WRIT PETITION NO. 3045 OF 2026 (GM-RES)

BETWEEN:

1. SRI. BASAVARAJU H K
S/O. HANUMEGOWDA
AGED ABOUT 32 YEARS,
2. SMT. GOWRAMMA
W/O. HANUMEGOWDA
AGED ABOUT 58 YEARS,
RESIDING AT NO.471,
1ST FLOOR, BEML 3RD STAGE,
R.R.NAGAR,
BENGALURU - 560 098.

...PETITIONERS

(BY SRI. C G GOPALA SWAMY, SENIOR COUNSEL FOR
SRI. BHARGAV G, ADVOCATE)

AND:

1. GOVERNMENT OF KARNATAKA
DEPARTMENT OF REVENUE,
REP. BY ITS UNDER SECRETARY,
M.S.BUILDING,
DR.AMBEDKAR VEEDI,
BANGALORE - 560 001.
2. THE COMPETENT AUTHORITY
FOR M/S BRUNDAVAN PROPERTIES
PRIVATE LIMITED, BENGALURU.

REPRESENTED BY ITS

Digitally
signed by
CHAITHRA A
Location:
HIGH COURT
OF
KARNATAKA



OFFICE OF THE SPECIAL OFFICER
AND COMPETENT AUTHORITY,
IMA AND OTHER FRAUD CASES
3RD FLOOR, V.V. TOWER
PODIUM BLOCK,
DR. B.R.AMBEDKAR VEEDHI
BANGALORE - 560 001.

3. STATE BY CID (FIU) THROUGH
RAJAJINAGAR POLICE,
BENGALURU, REPRESENTED BY
STATE PUBLIC PROSECUTOR,
HIGH COURT BUILDING,
BENGALURU - 560 001.
4. DEPUTY SUPERINTENDENT OF POLICE
AND INVESTIGATING OFFICER,
CT AND R DIV-CID,
PALACE ROAD,
BANGALORE - 01.

...RESPONDENTS

(BY SMT. NAVYA SHEKAR, AGA FOR R1, R3 & R4;
V/O DATED 13/3/2026 -
SRI. VEERESH R. BUDIHAL, ADVOCATE FOR R2)

THIS WP IS FILED UNDER ARTICLE 226 OF THE
CONSTITUTION OF INDIA PRAYING TO QUASHING ANNEXURE-
A THE NOTIFICATION ISSUED BY RESPONDENT NO.1 DATED
03.03.2023 VIDE NO:E-RD 99 GRC 2021 AND ENDORSEMENT
DATED 17/06/2025 VIDE:SPLOCA/MIS/01/2025-26 ISSUED BY
THE RESPONDENT NO.2 COMPETENT AUTHORITY ANNEXURE-B
AND ETC.,

THIS PETITION, COMING ON FOR DICTATING ORDERS,
THIS DAY, ORDER WAS MADE THEREIN AS UNDER:



CORAM: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

ORAL ORDER

The captioned writ petition is filed calling in question the legality and validity of the order of interim attachment dated 03.03.2023 issued by the Competent Authority, under the provisions of the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004 (for short, "KPIDFE Act"), whereby the properties belonging to the petitioners are attached.

2. The material facts, in brief, are that petitioner No.1 claims to be the absolute owner of suit schedule properties Nos.1 and 2, while petitioner No.2 claims ownership over suit schedule property No.3. The petitioners have placed reliance on registered sale deeds and RTC extracts, produced at Annexures-C to H, to substantiate their title and lawful possession.



3. It is not in dispute that a criminal case came to be registered in Crime No.97/2021 on 29.07.2021 against Brundavan Properties Pvt. Ltd. and others for the offences punishable under Section 420 of IPC and Section 21 of the Banning of Unregulated Deposit Schemes Act, 2019 (for short 'BUDS Act'). Pursuant to the investigation conducted by the CID authorities, a report was submitted to the State Government.

4. Acting on the said report, the Additional Secretary to Government, Revenue Department, exercising powers under the KPIDFE Act, passed an order of interim attachment not only in respect of the properties of the accused financial establishment, but also the properties belonging to the present petitioners. Consequential Gazette Notification was also issued and directions were given to the jurisdictional Sub-Registrar not to entertain any transactions relating to the said properties.



5. The case of the petitioners is that petitioner No.1 was merely an ex-employee of the accused company and was initially suspected. However, after completion of investigation, his name has been dropped from the charge-sheet and no offence is alleged against him.

6. The petitioners, aggrieved by the attachment, submitted a representation to the CID seeking removal of attachment and issuance of No Objection Certificate (NOC). The CID, however, relegated them to approach the Competent Authority. The Competent Authority, in turn, issued an endorsement directing the petitioners to approach the Special Court.

7. The petitioners accordingly approached the Special Court by filing Misc. Petition No.1163/2025 under Section 12 of the KPIDFE Act. The said application came to be rejected by order dated 06.11.2025 on the ground that the petitioners can agitate their rights only after the



Competent Authority files an application under Section 5(2) of the Act.

8. Heard learned counsel appearing for the petitioners and learned counsel appearing for the respondents. In the light of the rival contentions, the following points arise for consideration:

i) Whether the continued interim attachment of the petitioners' properties is sustainable in law, particularly in the absence of compliance with Section 5(2) of the KPIDFE Act?

ii) Whether the Special Court was justified in rejecting the petitioners' application under Section 12 of the Act on a hyper-technical ground?

iii) Whether the impugned order of attachment calls for interference under Article 226 of the Constitution of India?

Finding on Point Nos.(i) to (iii):

9. Before adverting to the rival contentions, it is necessary to examine the statutory scheme. Section 5(2) of the KPIDFE Act mandates that the Competent Authority



shall, within thirty days from the date of the order of attachment, apply to the Special Court for making the attachment absolute. The provision is couched in mandatory terms and is intended to ensure that an interim attachment is subjected to judicial scrutiny within a prescribed timeframe.

10. Section 12 of the Act confers jurisdiction on the Special Court to adjudicate upon claims and objections relating to attachment. Sub-section (3) of Section 12 clearly enables any person claiming interest in the attached property to approach the Special Court at any time before the attachment is made absolute. Section 13 deals with attachment of properties of mala fide transferees. The said provision empowers the Court to attach properties of third parties only upon satisfaction that the transfer was not in good faith or without consideration.



11. In the present case, it is an admitted fact that though the order of interim attachment was passed on 03.03.2023, the Competent Authority has not filed any application under Section 5(2) within the statutory period, nor within the extended period contemplated under the proviso.

12. The legislative intent behind Section 5(2) is to prevent indefinite continuation of interim attachment without judicial oversight. An interim measure cannot be permitted to assume the character of a permanent deprivation of property. The failure of the Competent Authority to adhere to the mandatory timeline renders the continuation of attachment arbitrary and violative of Article 300A of the Constitution, which protects the right to property.

13. The Special Court, while dismissing the petitioners' application, has taken the view that the petitioners must await filing of an application under



Section 5(2). This reasoning, in the considered view of this Court, is fundamentally flawed. Section 12(3) expressly enables any person claiming interest in the property to approach the Special Court at any time before the attachment is made absolute. Therefore, the remedy under Section 12 is not contingent upon filing of an application under Section 5(2).

14. The Special Court has, thus, adopted a hyper-technical and restrictive interpretation, which defeats the very object of the provision and results in denial of an effective remedy.

15. It is not in dispute that petitioner No.1's name has been dropped from the charge-sheet. Though the respondents place reliance on a Division Bench judgment to contend that proceedings under Section 13 can still be initiated, such power is conditional. Section 13 requires a specific finding that the property is a result of a transfer not made in good faith or without consideration. In the



present case, there is no material whatsoever to demonstrate that the petitioners' properties fall within the ambit of Section 13. Mere suspicion or prior association with the accused financial establishment cannot be a ground to continue attachment in the absence of cogent material establishing nexus between the property and the alleged offence.

16. The Co-ordinate Bench of this Court in W.P. No.35194/2017, placing reliance on the judgment of the Hon'ble Supreme Court in ***State of Maharashtra v. Greatship (India) Ltd.***¹, has held that the Special Court has wide powers under Section 12 to adjudicate claims; the Act is a self-contained code; persons claiming interest in the property must be given an effective opportunity to establish their rights. The impugned order of the Special Court runs contrary to the aforesaid settled principles.

17. This Court is of the considered view that the continued attachment is vitiated by non-compliance of

¹ AIR 2022 SC 4408



mandatory statutory requirements under Section 5(2). The Special Court has failed to exercise jurisdiction vested in it under Section 12, the attachment, insofar as it relates to the petitioners' properties, is unsupported by material linking the properties to the alleged offence.

Accordingly, point Nos.(i) and (ii) are answered in the **negative** and point No.(iii) is answered in the **affirmative**.

18. For the foregoing reasons, this Court proceeds to pass the following:

ORDER

(i) The writ petition is **allowed**;

(ii) The order of interim attachment dated 03.03.2023 issued by respondent No.1 vide Annexure-A, insofar as it relates to the petitioners' schedule properties, is hereby set aside;



(iii) The endorsement dated 17.06.2025 vide Annexure-B issued by the respondent No.2 Competent Authority directing the petitioners to approach the Special Court is quashed;

(iv) The respondents are directed to forthwith communicate to the jurisdictional Sub-Registrar to lift the embargo on registration of documents pertaining to the petitioners' properties;

(v) Liberty is reserved to the respondents to initiate appropriate proceedings strictly in accordance with law, if material exists, in compliance with Sections 5, 12 and 13 of the KPIDFE Act;

(vi) No order as to costs.

**Sd/-
(SACHIN SHANKAR MAGADUM)
JUDGE**