

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 22ND DAY OF JULY, 2026

PRESENT

THE HON'BLE MRS. JUSTICE ANU SIVARAMAN

AND

THE HON'BLE MR. JUSTICE VENKATESH NAIK T

MISCELLANEOUS FIRST APPEAL NO.5955 OF 2025 (KPIDFA)
C/W

MISCELLANEOUS FIRST APPEAL NO.6511 OF 2025 (KPIDFA)
WRIT PETITION NO.38115 OF 2025 (GM-DRT)

IN MFA No.5955/2025

BETWEEN:

SRI. BYRANNA
S/O. LATE PUTTAIAH
AGED ABOUT 70 YEARS
R/AT YENTAGANAHALLI VILLAGE
KASABA HOBLI
NELAMANGALA TALUK
BENGALURU-562 123

...APPELLANT

(BY SRI. SAMPATH A., ADVOCATE)

AND:

1. COMPETENT AUTHORITY FOR
M/S. YELLOW EXPRESS LOGISTICS LTD.
REP. BY ITS COMPETENT AUTHORITY
ASSISTANT COMMISSIONER
DODDABALLAPURA SUB-DIVISION
DODDABALLAPURA
SMT. DURGA SREE N.
AGED ABOUT 31 YEARS
2. M/S. YELLOW EXPRESS LOGISTICS LTD.
HAVING ITS REGISTERED OFFICE AT:

Digitally
signed by
PAVITHRA
N
Location:
High Court
of Karnataka

JAKKASANDRA
KASABA HOBLI
NELAMANGALA TALUK
BENGALURU-562 123.

REP. BY ITS MANAGING DIRECTOR
SRI JOJU THOMAS
AGED MAJOR
R/AT NO.68, 3RD CROSS
NANDANA NAGAR NEAR
ESKAY HOSPITAL
SHETTIHALLI
BENGALURU-560 015

3. SMT. GEETHA C. L.
W/O LATE CHIKKANASWAMY
AGED ABOUT 39 YEARS
R/AT NO.18
VTC YENTAGANAHALLI POST
NELAMANGALA
BENGALURU RURAL DISTRICT-562 123
4. PAWAN C.
S/O CHIKKANNASWAMY P. Y.
AGED ABOUT 18 YEARS
R/AT NO.3,
2ND MAIN 2ND CROSS
KAMAKSHIPALYA
BENGALURU NORTH
BENGALURU-560 079
5. MS. HARSHITA C.
D/O CHIKKANNASWAMY
AGED ABOUT 8 YEARS
R/AT NO.3,
2ND MAIN, 2ND CROSS
KAMAKSHIPALYA
NEAR MARUTHINAGAR
BENGALURU NORTH
BENGALURU-560 079

SINCE RESPONDENT NO.5 IS A MINOR
REPRESENTED BY HER MOTHER

SMT. GEETHA C. L. - RESPONDENT NO.3

(AMENDED AS PER ORDER DATED 02.06.2026)

...RESPONDENTS

(BY SRI. VEERESH R. BUDIHAI, ADVOCATE FOR R1)

THIS MFA IS FILED UNDER SECTION 16 OF THE KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN FINANCIAL ESTABLISHMENTS ACT, 2004, AGAINST THE ORDER DATED 04.03.2025 PASSED IN MISC.NO.1430/2024 ON THE FILE OF THE XCI ADDITIONAL CITY CIVIL AND SESSIONS JUDGE AND SPECIAL JUDGE FOR KPIDFE CASES, BENGALURU (CCH-92), ALLOWING THE PETITION FILED U/S.5(2) OF THE KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN FINANCIAL ESTABLISHMENTS ACT, 2004.

IN MFA NO. 6511/2025

BETWEEN:

SRI CHIKKANNASWAMY
S/O LATE PUTTAIAH
(DIED ON 01/05/2021)
SMT. GEETHA C. L.
AGED ABOUT 38 YEARS
W/O LATE CHIKKANNASWAMY
R/AT YENTAGANAHALLI VILLAGE
KASBA HOBLI
NELAMANGALA TALUK
BENGALURU RURAL DISTRICT-562 123

...APPELLANT

(BY SRI. NAGESH S., ADV.)

AND:

1. THE COMPETENT AUTHORITY FOR
M/S. YELLOW EXPRESS LOGISTICS LTD.

REPRESENTED BY ITS COMPETENT AUTHORITY
ASSISTANT COMMISSIONER
DODDABALLAPURA SUB-DIVISION
DODDABALLAPURA
SMT. DURGASHREE N.
AGED ABOUT 32 YEARS

2. M/S YELLOW EXPRESS LOGISTICS LTD.
HAVING ITS REGISTERED OFFICE
AT JAKKASANDRA, KASABA HOBLI
NELAMANGALA TALUK
BENGALURU-562 123

REPRESENTED BY ITS MANAGING DIRECTOR
SRI JOJU THOMAS
AGED MAJOR
R/AT NO.68, 3RD CROSS
NANDANA NAGAR
NEAR ESKAY HOSPITAL, SHETTIHALLI
BENGALURU-560 015

3. SRI BYRANNA
S/O LATE PUTTAIAH
AGED MAJOR
YENTAGANAHALLI VILLAGE
KASABA HOBLI
NELAMANGALA TALUK
BENGALURU-562 123

...RESPONDENTS

(BY SRI. VEERESH R. BUDIHAI, ADVOCATE FOR R1)

THIS MFA IS FILED UNDER SECTION 16 OF THE KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN FINANCIAL ESTABLISHMENTS ACT, AGAINST THE ORDER DATED 04.03.2025 PASSED IN MISC.NO.1430/2024 ON THE FILE OF THE XCI ADDITIONAL CITY CIVIL AND SESSIONS JUDGE AND SPECIAL JUDGE FOR KPIDFE CASES, BENGALURU (CCH-92), ALLOWING THE PETITIONS FILED U/S.5(2) OF THE

KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN
FINANCIAL ESTABLISHMENTS ACT, 2004.

IN WP NO. 38115/2025

BETWEEN:

KARNATAKA BANK LIMITED
HAVING ITS HEAD OFFICE AT
P.B.NO.599, MAHAVEERA CIRCLE
KANKANADY
MANGALURU-575 002

HAVING BRANCH OFFICE AT
HSR LAYOUT, 031, SHREYAS ARCADE
1031, 24TH MAIN RD,
1ST SECTOR, HSR LAYOUT
BENGALURU-560 102
REP. BY ASSISTANT GENERAL MANAGER

... PETITIONER

(BY SRI. SRIRANGA S., SENIOR COUNSEL FOR
SMT. SUMANA NAGANAND, ADVOCATE)

AND:

1. STATE OF KARNATAKA
REVENUE DEPARTMENT
ROOM NO.558, M.S. BUILDING
BENGALURU-560 001
REPRESENTED BY ITS SECRETARY
2. ASSISTANT COMMISSIONER
REVENUE DEPARTMENT
DODDABALLAPURA SUB-DIVISION
NELAMANGALA TALUK
DODDABALLAPURA
KARNATAKA-561 203
3. MRS. DADDABYLAMMA
AGED MAJOR
RESIDING AT NELAMANGALA TALUK

YENTIGANAHALLI
BENGALURU-562 123

4. MR. BYARANNA
AGED MAJOR
RESIDING AT NELAMANGALA TALUK
YENTIGANAHALLI
BENGALURU-562 123
5. MRS. CHIKKANNASWAMY
AGED MAJOR
RESIDING AT NELAMANGALA TALUK
YENTIGANAHALLI
BENGALURU-562 123
6. M/S. YELLOW EXPRESS LOGISTICS LIMITED
A COMPANY INCORPORATED UNDER
THE COMPANIES ACT, 2013
HAVING ITS REGISTERED OFFICE AT
JAKKASANDRA, KASABA HOBLI
NELAMANGALA-562 123
REPRESENTED BY ITS DIRECTOR

...RESPONDENTS

(BY SRI. VIKAS ROJIPURA, AGA FOR R1 & R2;
SRI. VEERESH R. BUDIHAL, ADVOCATE FOR IMPEADING ON
IA-1/2026)

THIS WP IS FILED UNDER ARTICLE 226 OF THE
CONSTITUTION OF INDIA, PRAYING TO ISSUE A WRIT OF
MANDAMUS OR ANY OTHER WRIT, ORDER, OR DIRECTION
DIRECTING RESPONDENT NO.2 TO REMOVE THE SEIZED
VEHICLES IN THE SCHEDULE PROPERTY AND ETC.

THESE APPEALS AND PETITION HAVING BEEN HEARD
AND RESERVED FOR JUDGMENT ON 24.06.2026 AND COMING
ON FOR PRONOUNCEMENT OF JUDGMENT THIS DAY, **ANU
SIVARAMAN J.,** PRONOUNCED THE FOLLOWING:

CORAM: HON'BLE MRS. JUSTICE ANU SIVARAMAN
and
HON'BLE MR. JUSTICE VENKATESH NAIK T

CAV JUDGMENT

(PER: HON'BLE MRS. JUSTICE ANU SIVARAMAN)

Miscellaneous First Appeals No.5955/2025 and 6511/2025 are filed challenging the Order dated 04.03.2025 passed by the XCI Additional City Civil and Sessions Judge, Bengaluru (CCH-92) ('Special Court' for short) in Misc.No.1430/2024.

Writ Petition No.38115/2025 is filed seeking the following reliefs:-

- "a. Issue a writ of mandamus or any other writ, order, or direction directing Respondent No.2 to remove the seized vehicles in the Schedule Property;*
- b. Issue a writ of mandamus or any other writ, order, or direction directing Respondent No.2 to consider the representations dated 26.09.2024 (Annexure 'L');*
- c. Declare that the action of Respondent No.2 in not removing the seized vehicles in Schedule Property is illegal and arbitrary;*
- d. Issue a writ of mandamus or any other writ, order, or direction directing Respondent No.2 to*

auction the vehicles in the Schedule Property as directed by the Hon'ble Supreme Court in Sunderbhai Ambalal Desai v. State of Gujarat, (2002) 10 SCC 283."

2. We have heard Shri. Sriranga S, learned senior counsel as instructed by Smt. Sumana Naganand, learned counsel appearing for the writ petitioner; Shri. Sampath A, learned counsel appearing for the appellant in MFA No.5955/2025 and Shri. Nagesh S, learned counsel appearing for the appellant in MFA No.6511/2025; Shri. Veeresh R. Budihal, learned counsel appearing for respondent No.1 in both the Miscellaneous First Appeals and for the impleading applicant in IA No.1/2026 in the writ petition and Shri. Vikas Rojipura, learned Additional Government Advocate, appearing for respondents No.1 and 2 in the writ petition.

3. For the sake of convenience, the parties are referred to as per their rankings before the Special Court.

4. The brief facts of the case are as follows:-

M/s. Yellow Express Logistics Limited ('Company' for short) is a Company incorporated under the Companies

Act, 2013. The Company entered into a registered Lease Deed dated 02.11.2018 with the appellants, Shri. Byranna and Shri. Chikkannaswamy, the joint owners of the schedule property, whereby the property was leased to the Company for a period of ten years at a monthly rent of Rs.6,07,500/-, subject to a lock-in period of two years and the Company paid a security deposit of Rs.60,75,000/-.

The Company had accepted the deposits from the public, which it was unable to repay. Consequently, several FIRs were registered against the persons associated with the Company. The Government issued an interim order of attachment under Section 3(2) of the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004, ('KPIDFE Act' for short) by Notification dated 04.03.2024. The interim order of attachment was published in the Official Gazette on 04.03.2024 and thereafter published in two newspapers, namely, 'The Hindu' and 'Vijayavani' on 15.03.2024. The order of attachment was also affixed at a conspicuous place on the schedule property and a mahazar was drawn to that effect.

The Competent Authority instituted proceedings under Section 7(1) of the KPIDFE Act in Misc.No.789/2024, which was allowed on 09.07.2024. Relying upon the said order, the Competent Authority filed the petition on 09.12.2024 under Section 5(2) of the KPIDFE Act seeking to make the interim order of attachment absolute with a delay of 228 days.

5. The Special Court held that, in the absence of an express bar on the application of Section 5 of the Limitation Act, 1963 or any prescribed consequence for delay under Section 5(2) of the KPIDFE Act, the limitation period is directory in nature and, considering the interests of innocent depositors, condoned the delay of 228 days in filing the petition. Further, the Special Court held that, as respondents No.2 and 3 had received a security deposit of Rs.60,75,000/- under the Lease Deed and the assets of the Company were insufficient to satisfy the claims of the depositors, the leasehold property was liable to be proceeded against in terms of Section 3(2) of the KPIDFE Act. The Special Court also observed that it was not the

case of respondents No.2 and 3 that there were sufficient assets with the Company to satisfy the claims of the depositors. Accordingly, the petition was allowed on 04.03.2025, and by exercising powers under Section 12(4) of the KPIDFE Act, the Special Court made the interim attachment absolute to the extent of Rs.60,75,000/- with interest at 6% per annum from 07.12.2024 until realisation. The Special Court further directed respondents No.2 and 3 to deposit the amount within two months to secure release of the attached property and in default, authorised the Competent Authority to sell the attached property through e-auction and distribute the proceeds among the depositors in accordance with law.

6. The learned counsel appearing for the appellant in MFA No.5955/2025 contends that the impugned order is vitiated in law, as it was passed against respondent No.2, Late Shri. Chikkannaswamy, who had admittedly expired on 01.05.2021, despite the Special Court recording that the notice issued to him had been refused. It is contended that once respondent No.2 had died prior to the institution

of the proceedings, there could have been no valid service or refusal of notice upon him and the proceedings initiated and continued without impleading his legal representatives are void and unsustainable in law.

7. It is further contended that the attachment could not have been made absolute since the appellants had entered into a valid Lease Agreement with the Company. The Company was in substantial arrears of rent and therefore the security deposit paid under the lease was liable to be appropriated towards the outstanding rent dues to the appellants. It is further contended that the amount paid as security deposit cannot be treated as a deposit as per Section 2(2) of the KPIDFE Act, particularly, when the appellant also falls within the class of persons entitled to protection as a depositor under the KPIDFE Act. Further, without first proceeding against the personal and other assets of the Company, the action of attaching the appellants' property is contrary to the provisions of the KPIDFE Act. In any event, the property does not belong to the Company and therefore, its attachment is

unsustainable in law. It is also contended that there was an inordinate delay in filing the petition and no satisfactory reasons were assigned and that the appellants deserve an opportunity to contest the case before the Special Court.

8. The learned counsel appearing for the appellant in MFA No.5955/2025 has relied on the following decisions:-

- ***Sri Srikanth M N v. The Competent Authority For Sri Gurusarvabhauma Souharda Credit Co-operative Limited, Bengaluru and Additional Regional Commissioner Office of the Regional Commissioner and Another***, by Judgment ***dated 16.05.2024*** passed in ***MFA No.2982/2024 (KPIDFA)***;
- ***M/s. The Karntiveera Sangolli Rayanna Urban Co-operative Society Limited and Another v. The Competent Authority For M/s. The Karntiveera Sangolli Rayanna Urban Co-operative Society Limited*** by Judgment ***dated 17.01.2025*** passed in ***MFA No.8493/2022 (KPIDFA)***; and
- ***Sri Shankar Venkappa Naikar and Another v. The Competent Authority and Additional Regional Commissioner For S.M.N Credit Souharda Sahakari Niyamitha, Vijayapura and***

Others, by Judgment ***dated 10.07.2025*** passed in ***MFA No.3694/2025 (KPIDFA)***.

9. The learned counsel appearing for the appellant in MFA No.6511/2025 contends that the suit schedule properties are ancestral and joint family properties jointly owned and enjoyed by the family members. Late Shri. Chikkannaswamy, as the manager and Karta of the joint family, secured loans for construction of a godown, utilising the lease income and other joint family resources for repayment of liabilities. Following the death of Shri. Puttaiah in the year 2017 and the subsequent demise of Late Shri. Chikkannaswamy on 01.05.2021, the legal heirs assumed management of the family affairs and continued to utilise the lease proceeds for the benefit of the joint family and discharge of liabilities.

10. It is further contended that the legal heirs came to know of the impugned order only in August 2025. The impugned order is vitiated in law, having been passed against a deceased person without bringing his legal representatives on record and without affording them an opportunity of hearing. The appellant had no knowledge of

the proceedings or the alleged liabilities of the Company, and there was no occasion for service or refusal of summons by the deceased. It is further contended that, the leased property forms part of the schedule properties involved in the pending partition suit. It is further contended that the Karnataka Bank had also issued a sale notice in the year 2023 in respect of the schedule property. Despite these material facts, the Competent Authority proceeded against deceased persons without impleading their legal representatives and obtained the impugned order.

11. The learned counsel appearing for the appellant in MFA No.6511/2025 has relied on the following decisions:-

- ***The Income Tax Officer and Another v. Smt. Preethi V*** by Judgment ***dated 22.01.2025*** passed in ***Writ Appeal No.1407/2024 (T-IT)***, and
- ***Rampratab Brijmohandas v. Gavrishankar Kashiram*** reported in ***LAWS(PVC)-1922-9-23***.

12. The learned counsel appearing for respondent No.1 - Competent Authority, contends that the

proceedings before the Special Court were instituted and respondents No.2 and 3 therein were placed *ex parte* only upon their failure to appear and contest the matter. The mere fact that an order is *ex parte* does not render it illegal or void, particularly when the Special Court, acting within its statutory jurisdiction under the KPIDFE Act, proceeded on the basis of the pleadings and materials placed before it to protect the interests of depositors. It is further contended that the KPIDFE Act is a welfare legislation intended to provide expeditious and effective remedies against fraudulent financial establishments, and permitting parties to frustrate proceedings through non-participation would defeat the legislative object and prejudice the claims of innocent depositors. Respondents No.2 and 3 therein had every opportunity to enter appearance, file objections, and contest the alleged nexus between the attached property and the depositors' funds, but failed to do so and cannot now complain of denial of opportunity. It is further contended that no substantial prejudice has been demonstrated by respondents No.2 and 3 therein, particularly when they have admitted the

receipt of the lease security deposit and have not disputed the existence or validity of the lease transaction.

13. The Competent Authority also relies upon the fact that the attachment Notification was duly published in newspapers and affixed on the schedule property, thereby providing adequate public notice and enabling any interested person to approach the Special Court. As regards the appellants' prayer for reopening of the proceedings on the ground of improper service, it is contended the fact that one of the respondents had died prior to service does not confer an automatic right to reopen concluded proceedings. It is further contended that reopening proceedings under the KPIDFE Act can be permitted only in exceptional circumstances, which is absent in the present case, as the appellants herein have not disclosed any *bona fide* defence. It is emphasised that any remand or reopening at this stage would prejudice the interests of depositors and undermine the statutory scheme, particularly when the appellants herein have

failed to demonstrate any substantive defence or actual prejudice.

14. It is further contended that the assets of the Company are about Rs.9.80 crores, whereas the liability towards the gullible depositors stands at Rs.41.66 crores. It is further contended that the question with regard to the applicability of the Limitation Act to proceedings of a Special Court has already been decided by this Court in the case of **Smt. Yashoda and Others v. The Competent Authority and Another** passed in **MFA No.380/2025 (KPIDFA)** by Judgment **dated 20.01.2026** and it has been held that the power of the Special Court to condone the delay, applying Section 5 of the Limitation Act is unaffected by the timeline as provided in Section 5(2) of the KPIDFE Act.

15. The learned counsel appearing for respondent No.1 has placed reliance on the decision of the Apex Court in the case of **Krishna Swaroop Agarwal (Dead) THR. LR. v. Arvind Kumar**, by Judgment dated **16.07.2025** passed in **Civil Appeal No.9518/2025**.

16. The learned senior counsel appearing for the writ petitioner submits that the writ petitioner, a scheduled Commercial Bank, had sanctioned a term loan of Rs.8,00,00,000/- to respondents No.3 to 5 on 02.01.2019, secured by an assignment of lease rentals payable by respondent No.6 - Company and by an equitable mortgage over properties bearing Survey No.89 and 94/8 situated at Yantaganahalli Village, Kasaba Hobli, Nelamangala. Upon default in repayment, the loan account was classified as a Non-Performing Asset on 29.02.2020, whereupon the writ petitioner initiated proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ('SARFAESI Act') and obtained orders for taking possession of the secured assets. It is submitted that repeated e-auction attempts conducted between January 2023 and July 2024 failed due to the presence of 159 vehicles belonging to the Financial Establishment on the schedule property. Respondent No.6, which was engaged in the business of car rentals, became the subject matter of criminal proceedings in Crime

No.143/2019 involving allegations of unauthorised acceptance of deposits, pursuant to which the Principal District and Sessions Judge, Bengaluru Rural District, by order dated 18.02.2022, directed the Investigating Officer to hand over custody of the seized vehicles to respondent No.2 - Competent Authority under the provisions of the Banning of Unregulated Deposit Schemes Act, 2019 ('BUDS Act' for short). Although the vehicles were inventoried and formally handed over to respondent No.2 on 30.03.2022, respondent No.2 has allegedly failed to remove or otherwise deal with the said vehicles.

17. The learned senior counsel appearing for the writ petitioner contends that, as the secured creditor and mortgagee of the schedule property, the writ petitioner is entitled to enforce its security interest and realise its dues in accordance with the provisions of the SARFAESI Act. It is contended that the continued presence of the 159 vehicles on the schedule property has effectively prevented the writ petitioner from conducting a successful auction of the mortgaged property and recovering the

outstanding dues. It is further contended that, notwithstanding the order dated 18.02.2022, directing transfer of custody of the seized vehicles to respondent No.2 and the formal handover effected on 30.03.2022, respondent No.2 has failed to remove, dispose of, or otherwise deal with the vehicles in accordance with law.

18. The learned senior counsel appearing for the writ petitioner has placed reliance on the judgment of the Apex Court in the case of ***Sunderbhai Ambalal Desai v. State of Gujarat*** reported in ***(2002) 10 SCC 283***, to contend that in the said judgment, directions were issued for the expeditious disposal of seized properties, the continued retention of the vehicles on the schedule property amounts to unauthorised interference with the writ petitioner's rights as a secured creditor and mortgagee.

19. It is further contended that the Bank is ready and willing to pay the entire amounts which are found to be due from the appellants, with interest, on condition that attachment may be lifted and the secured properties may

be released so that the Bank can proceed in accordance with law under the provisions of the SARFAESI Act.

20. We have considered the contentions advanced. Section 3(2) of the KPIDFE Act provides for issuance of an order by publishing in the Official Gazette, attaching the money or property believed to have been acquired by the Financial Establishment in its own name, or in the name of any other person from and out of deposits collected by the Financial Establishment. Where such property is not sufficient for repayment of the deposits, such other property of the Financial Establishment or the personal assets of promoters, partners, or other persons related to the establishment can also be attached. It is clear that what is contemplated under Section 3(2) of the KPIDFE Act is only an order of interim attachment of money or property which is "believed to have been acquired" by the Financial Establishment or the personal assets of its Directors etc. The said provisional attachment can be made absolute only after following the procedure under Section 5 of the KPIDFE Act.

21. Further, Section 5 of the KPIDFE Act contemplates an application to be made by the competent authority under the Act before the Special Court to make the order of attachment, absolute. It also contemplates a consideration of objections by any person having an interest in the property. Section 11 of the KPIDFE Act provides for the powers of the Special Court regarding realisation of assets and payment to depositors. Section 12 of the KPIDFE Act provides for consideration of objections by persons claiming an interest in the attached property.

22. Further, Section 12(3) of the KPIDFE Act specifically provides that any person claiming an interest in the property attached or any portion thereof may, notwithstanding that no notice has been served upon him under this Section, make an objection, as aforesaid, to the Special Court at any time before an order is passed under sub-Section (4) or sub-Section (6).

23. It is clear that the KPIDFE Act is an enactment intended to provide for protection of interest of gullible depositors in Financial Establishments. It is a regulatory and penal statute and has to be construed specifically as such, so that the purpose of the enactment can be given effect to.

24. Section 5(2) of the KPIDFE Act provides a period of 30 days from the date of the order made under Section 3 of the KPIDFE Act for the competent authority to apply to the Special Court for making the order of attachment absolute. A proviso has been added to sub-Section 5(2) by the Karnataka Act No.06 of 2021, providing as follows:-

"Provided that, the Secretary to Government, Revenue Department, may on the request of the Competent Authority, extend this period by another fifteen days in cases having valid reasons and based on the merits of the case."

25. The contention urged by the learned counsel appearing for the appellants is that the petition filed by the Competent Authority under Section 5(2) of the KPIDFE Act

was barred by limitation and that the Special Court lacked jurisdiction to condone the delay of 228 days. It is contended that the proviso to Section 5(2) specifically empowers only the Secretary to the Government, Revenue Department, to extend the period of limitation by a further period of 30 days and, therefore, the provisions of Section 5 of the Limitation Act stand excluded.

26. The question as to whether the Special Court constituted under Section 10 of the KPIDFE Act possesses the power to condone delay by applying Section 5 of the Limitation Act is no longer *res integra*. This Court in **Smt. Yashoda's** case (supra), after considering the provisions of the KPIDFE Act and the Limitation Act, has categorically held that the Special Court constituted under Section 10 of the KPIDFE Act is a Court for the purposes of the Limitation Act and that, in the absence of an express exclusion, the power of the Special Court to condone delay under Section 5 of the Limitation Act remains unaffected by the period prescribed under Section 5(2) of the KPIDFE Act. It was further held that the power conferred on the

Government to extend the period of limitation does not, by itself, exclude the jurisdiction of the Special Court to condone the delay.

27. Further, in ***Sri. N. Shivprasad v. The Competent Authority and Another*** passed in ***MFA No.2959/2023 (KPIDFA)*** by order dated **09.03.2026**, this Court has held as follows:-

"17. The Special Court is constituted under Section 10 of the KPIDFE Act. Such Court is clearly a "Court" for the application of the Limitation Act. As such, the Special Court exercises its power under Section 5 of the KPIDFE Act by virtue of its status as a Court. The time period provided under the Act and the power provided to the Government to extend the time for a period of 15 days thereafter cannot therefore, be construed as limiting the powers of the Special Court under Section 5 of the Limitation Act. In the instant case, the delay in filing the application under Section 5(2) of the KPIDFE Act had been condoned by a separate order which is not under challenge before us. In any view of the matter, the contention that a delay cannot be condoned cannot be accepted by this Court."

28. In the said circumstances, we are of the considered view that the Special Court was justified in

condoning the delay of 228 days in filing the petition under Section 5(2) of the KPIDFE Act.

29. The further ground raised is that the attachment under Section 3(2) of the KPIDFE Act was against a dead person and was therefore *non est* in law. The learned counsel appearing for respondent No.1 has relied on several decisions to contend that it is not in all circumstances that an order passed against a dead person becomes invalid. In ***Smt. Lila Vati Bai v. State of Bombay*** reported in ***1957 AIR SC 521***, the Apex Court has clearly held that an order cannot be said to be unenforceable only because it was directed against a dead person in all proceedings. Where the order is not the one in the nature of an order in judicial proceedings and is administrative in nature, the order will not be rendered *non est* only on account of the fact that it is passed against a dead person. In ***Savithri Ammal v. State of Tamil Nadu*** reported in ***(2006) 3 MLJ 389*** and ***Tmt Leelavathi v. State of Tamil Nadu*** reported in ***(2008) 5 MLJ 1063***, the Madras High Court had considered the

contention that a Notification issued under Section 4(1) of the Land Acquisition Act, 1894 against a dead person vitiates the proceedings. It was held that it is true that as a general principle of law, proceedings against dead persons are null and void but the principle is not without exception. It was held that where the proceedings are against the property and the name of the person recorded in the Record of Rights is mentioned in the Notification, the contention that the acquisition is bad in law in respect of the property, cannot be accepted.

30. In the instant case, the order of attachment is passed as against the property. The order is notified and duly published. The copy of the order is also affixed on all the properties which are subject to attachment. Thereafter, an opportunity is given to any person interested in the property or any part thereof to show cause as to why the order of attachment shall not be made absolute.

31. In the above circumstances, it is clear that no prejudice has been caused to the appellants by virtue of an administrative order of attachment having been passed as against the property in question. In the scheme of the KPIDFE Act, the initial attachment is only a temporary attachment. Once the application under Section 5 of the KPIDFE Act is preferred before the Special Court, there is a clear opportunity provided under Section 12(3) of the KPIDFE Act to any person interested in any of the attached properties, or having a right in the same, to approach the Special Court and show cause as to why the attachment shall not be made absolute. If sufficient cause can be shown by the persons having an interest in the property or portions thereof, the attachment cannot be made absolute.

32. Further, in the light of the provisions of the KPIDFE Act and the intentions of the Act, we are of the clear opinion that the contention that the entire proceedings are bad on account of the fact that the initial order of temporary attachment had been issued as against

a dead person, cannot be accepted. As rightly contended by the learned counsel appearing for respondent No.1, relying on the decisions of the Apex Court, it is not in every situation that legal proceedings against a dead person become invalid.

33. The contention that the security deposit paid under the Lease Deed was liable to be appropriated towards the alleged arrears of rent due from the Company also cannot be accepted. Admittedly, the appellants had received a sum of Rs.60,75,000/- from the Company under the registered Lease Deed dated 02.11.2018. The existence of any claim arising out of the contractual relationship between the parties to the lease cannot override the statutory proceedings initiated under the KPIDFE Act for the protection of depositors. Further, no material is placed on record before the Special Court or even before this Court in support of the contention that there were arrears of rent due from the Company to the lessor.

34. The further contention that the lease security deposit cannot be treated as a "deposit" within the meaning of the KPIDFE Act is misconceived. The proceedings have not proceeded on the basis that the lease security deposit itself constitutes a "deposit" under the KPIDFE Act. The attachment has been effected on the premise that the amount paid by the Company under the lease transaction constitutes property liable to be proceeded against under Section 3(2) of the KPIDFE Act, particularly when the assets of the Financial Establishment are found to be insufficient to satisfy the claims of the depositors. The status of the appellants, if any, as claimants or depositors of the Financial Establishment would not create protection against proceedings under Section 3(2) of the KPIDFE Act nor confer priority over other depositors.

35. We also find no merit in the contention that the Competent Authority ought to have first realised the assets of the Company before proceeding against the attached property. Section 3(2) of the KPIDFE Act enables

attachment of money or property believed to have been acquired by the Financial Establishment and also other properties where the available assets are insufficient to satisfy the claims of depositors. The finding of the Special Court that the assets of the Company were insufficient to satisfy the claims of depositors has not been shown to be either perverse or unsupported by material. The contention that the attached property does not belong to the Company is also of no assistance, since Section 3(2) of the KPIDFE Act permits attachment of property believed to have been acquired by the Financial Establishment in its own name or in the name of any other person and, where such property is insufficient, such other properties as may be attached in accordance with Section 3(2) of the KPIDFE Act.

36. The contention urged on behalf of the appellant in MFA No.6511/2025 that the schedule properties are ancestral and joint family properties and that a partition suit is pending in respect thereof also cannot assist the appellants. The pendency of civil proceedings relating to

inter se rights of family members cannot operate as a bar to the exercise of statutory jurisdiction under the KPIDFE Act. Similarly, the fact that Karnataka Bank had initiated recovery proceedings in respect of the schedule property does not render the attachment proceedings invalid. Questions relating to priority, if any, between competing claims over the property do not arise for consideration in the present proceedings. The appellants have not demonstrated either any jurisdictional error or any perversity in the findings recorded by the Special Court warranting interference by this Court in exercise of its appellate jurisdiction.

37. Having regard to the object and purpose of the KPIDFE Act and the facts noticed above, we are of the considered opinion that no ground is made out for interference with the order passed by the Special Court. Accordingly, Miscellaneous First Appeals No.5955/2025 and 6511/2025 fail and the same are accordingly ***dismissed.***

We notice that repeated opportunities have been given to the appellants in MFA to pay the amount of Rs.60,75,000/- with interest to release the property from the attachment. The learned senior counsel appearing for the Karnataka Bank has raised clear contentions that the property is a secured asset against which the Bank has already initiated proceedings under the SARFAESI Act and that the Bank is ready to make the entire payment due from the appellants with interest. Considering the said contentions against the backdrop of the facts of this case, we are of the opinion that the said prayer is liable to be granted.

Accordingly, there will be a direction that in case the Bank pays the entire money due from the appellants with interest at contractual rates, the attachment shall be lifted and the Bank shall be free to proceed in accordance with law treating the schedule property as a secured asset. The seized vehicles which are kept in the schedule property shall be removed by respondent No.2 within a period of four weeks from the date of receipt of a copy of this

judgment. Accordingly, the writ petition shall stand ***disposed of.***

All pending interlocutory applications shall stand *disposed of.*

**Sd/-
(ANU SIVARAMAN)
JUDGE**

**Sd/-
(VENKATESH NAIK T)
JUDGE**

cp*