HC-KAR

NC: 2026:KHC:61282
WP No. 11143 of 2024

CNR: KAHC010218312024

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 4TH DAY OF NOVEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE T.P.VIVEKANANDA

WRIT PETITION NO. 11143 OF 2024 (GM-RES)

BETWEEN:

1. SHRI. SUTRAM SURESH,
S/O. S. R. SHANKARA RAMAIAH,
AGED ABOUT 57 YEARS,
R/AT A-1505,
BRIGADE GATEWAY,
MALLESHWARAM WEST,
BANGALORE - 560 055.

2. SMT. VANITHA SURESH,
W/O. SUTRAM SURESH,
AGED ABOUT 49 YEARS,
R/AT A-1505,
BRIGADE GATEWAY,
MALLESHWARAM WEST,
BANGALORE - 560 055.

Digitally signed by PREMCHANDRA M R
Location: HIGH COURT OF KARNATAKA

3. MS. AISHWARYA SURESH,
D/O. SUTRAM SURESH,
AGED ABOUT 27 YEARS,
R/AT A-1505,
BRIGADE GATEWAY,
MALLESHWARAM WEST,
BANGALORE - 560 055.

4. MS. SOUNDARYA SURESH
D/O. SUTRAM SURESH,
AGED ABOUT 24 YEARS,
R/AT A-1505,

BRIGADE GATEWAY,
MALLESHWARAM WEST,
BANGALORE - 560 055.

…PETITIONERS

(BY SRI. PRASHANTH P.N., ADVOCATE)

AND:

1. STATE OF KARNATAKA,
REPRESENTED BY ITS UNDER SECRETARY,
REVENUE DEPARTMENT (SPECIAL CELL),
KARNATAKA GOVERNMENT SECRETARIAT,
M.S. BUILDING,
BANGALORE - 560 001.

2. THE COMPETENT AUTHORITY FOR VIKRAM INVESTMENTS
3RD FLOOR, MINI V.V. TOWER,
PODIUM BLOCK,
DR. AMBEDKAR VEEDHI,
BANGALORE - 560 001.

…RESPONDENTS

(BY SRI.M. SRINIVAS KUMAR, HCGP FOR R1,

SRI. VEERESH BUDIHAL, ADVOCATE FOR R2)

THIS WRIT PETITION IS FILED UNDER ARTICLE 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO QUASH THE AD INTERIM ORDER OF ATTACHMENT VIDE NOTIFICATION NO. RD 06 FRC 2018 DATED:07/02/2019 ISSUED BY R1, AS CONTAINED IN ANNEXURE-A IN SO FAR AS BANK ACCOUNTS AS CONTAINED IN ITEM NO. 1 TO 9 THAT BELONGED TO PETITIONER NO. 1, PETITIONER NO. 2, PETITIONER NO. 3 AND 4 IN ANNEXURE-1, LIC POLICY BONDS AS CONTAINED IN ITEM NO. 1 TO 12 BELONGING TO PETITIONER NO. 2 IN ANNEXURE-1, MOVABLE PROPERTIES AS CONTAINED IN ITEM NO. 4 LIST-3 VEHICLES BELONGING TO PETITIONER NO. 2 IN ANNEXURE-1 ARE CONCERNED, FOR BEING CAPRICIOUS, IMPULSIVE AND FOR NOT BEING SUBSTANTIATED IN ACCORDANCE WITH THE PROVISO OF KPIDFC ACT, MORE FULLY AS DETAILED IN THE

PETITION QUASH THE AD-INTERIM ORDER OF ATTACHMENT VIDE SUBSEQUENT NOTIFICATION NO. RD 06 GRC 2018 DATED 06/11/2020 ISSUED BY R1, AS CONTAINED IN ANENXURE-B IN SO FAR AS THE IMMOVABLE PROPERTY AS CONTAINED IN ITEM NO. 1, BELONGING TO PETITIONER NO. 2, IN ANNEXURE-1, IMMOVABLE PROPERTY AS CONTAINED IN ITEM NO. 2 JOINTLY BELONGING TO PETITIONER NO. 1 AND 2 IN ANNEXURE-1, MOVABLE PROPERTY AS CONTAINED IN ITEM NO. 1 BELONGING TO PETITIONER NO. 1 IN ANNEXURE-2 ARE CONCERNED, FOR BEING CAPRICIOUS, IMPULSIVE AND FOR NOT BEING SUBSTANTIATED IN ACCORDANCE WITH THE PROVISOS OF KPIDFC ACT, MORE FULLY AS DETAILED IN THE PETITION AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING B; GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE T.P.VIVEKANANDA

ORAL ORDER

The petitioners are before this Court, challenging the order of attachment passed under Section 3(2) of the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004, ('the Act' for short) dated 07.02.2019, 06.11.2020, 05.01.2022 and also seeking quashing of the order dated 26.03.2022, by which the petitioners were deleted from the array of parties in the proceedings in Misc.No.250/2022 before the XCI,

Additional City Civil and Sessions Judge, Bengaluru and for other reliefs.

2. The contention of the learned counsel for the petitioners is that, though the notifications attaching the properties of the petitioners and others in terms of Section 3(2) of the Act were issued on 07.02.2019, 06.11.2020 and 05.01.2022, however, the proceedings under Section 5(2) of the Act were not initiated by the Competent Authority within 30 days, as provided under Section 5(2) of the Act. The Competent Authority had initially instituted the proceedings at the first instance in Misc.No.653/2019. On the ground that there were inherent defects in the petition filed by the Competent Authority, the Misc.No.653/2019 was withdrawn with liberty to file a petition. It is thereafter, that the Competent Authority filed Misc.No.250/2022 arraying the petitioners herein as respondent Nos.17, 18, 19 and 20.

3. Upon issuance of notice in the said proceedings, the petitioners have filed the present writ petition challenging the very initiation of the proceedings on several grounds, including the ground of limitation in filing the petition under Section 5(2) of the Act. This Court passed an interim order on 24.04.2024, restraining the respondents from precipitating the matter till the next date of hearing. The said interim order was continued from time to time.

4. In the light of the interim order passed in the instant writ petition, the Competent Court was requested by the Competent Authority to delete several respondents including the petitioners herein. The said application for deletion having been allowed, the petitioners herein were deleted from the array of parties in Misc.No.250/2022.

5. It is the submission of the learned counsel for the petitioners that, in view of the fact that the proceedings under Section 5(1) of the Act, are to be

initiated within 30 days from the date of issuance of notification under Section 3(1) of the Act, the proceedings in Misc.No.250/2022 were hopelessly barred by limitation and it is in the said circumstances that the petitioners have approached this Court praying for quashing of all the attachment orders referred to supra, including the initiation of the proceedings and the order dated 26.03.2022, by which notice of the proceedings in Misc.No.250/2022 was issued to the petitioners along with the other respondents.

6. It is the further submission of the learned counsel for the petitioners that Misc.No.250/2022 was not accompanied by any application for condonation of the inordinate delay in filing the said petition.

7. On the other hand, the learned counsel appearing for respondent No.2-Competent Authority submits that, respondent Nos.21 and 22 in Misc.No.250/2022 had approached this Court in

WP.No.11118/2022. This Court vide order dated 25.08.2026 disposed of the said writ petition granting liberty to the petitioners therein i.e., respondent Nos.21 and 22 to approach the Competent Authority, since the petitioners therein were alleged to be third party beneficiaries of the proceeds of crime.

8. It is the submission of the learned counsel for respondent No.2 that the observation made by the Co-ordinate Bench of this Court in the aforesaid decision is also applicable to the present case in as much as in the light of the liberty granted by the Special Court while considering the application for deletion, the Competent Authority is well within its rights to approach the Special Court under Section 5(2) of the Act. Whether the petition that would be filed by the Competent Authority is barred by limitation and as to whether the Competent Court is empowered to condone the delay or not is a matter which shall be considered by the Competent Court and the petitioners cannot prevent the Competent Authority in

approaching the Special Court under Section 5(2) of the Act. There cannot be an order of prohibition restraining the Competent Authority from approaching the Special Court.

9. Having heard the learned counsel appearing for the petitioners and respondent No.2 and upon perusal of the aforesaid orders passed by the Special Court as well as by this Court, what is discernible is that the challenge made by the petitioners to the orders passed under Section 3(2) of the Act is premature in as much as pursuant to the orders of attachment under Section 3(2) of the Act, the Competent Authority is required under Section 5(2) of the Act, to approach the Competent Court for further orders to make the attachment absolute.

10. It is in the said proceedings, that the persons whose properties are attached under Section 3(2) of the Act, would be having their say and would be entitled to contest the said petition. As submitted at the Bar, the proceedings in Misc.No.250/2022 have been now

concluded and the prayer for quashing of the order dated 26.03.2022 in Misc.No.250/2022 does not survive for consideration. The other prayers regarding the challenge to the notifications issued under Section 3(2) of the Act as observed above are premature. Therefore, only order that could be passed in the present writ petition is to permit respondent No.2 to approach the Special Court under Section 5(2) of the Act in accordance with the provisions of the Act. In such proceedings, the petitioners will have all the rights to oppose the petition not only on merits but also on the ground of delay in filing of the petition.

In the result,

i) The writ petition is ***disposed of***.

ii) The challenge made to the notifications at Annexures-A, B and C dated 07.02.2019, 06.11.2020 and 05.01.2022 is rejected.

iii) It is open for respondent No.2 to approach the Competent Court in terms of the provisions of

Section 5(2) of the Act, within a period of 30 days from today.

iv) All the contentions of the parties are kept open to be considered by the Special Court in the proceedings that would be initiated by respondent No.2, including the contention regarding limitation for filing of the petition by the Competent Authority.

Sd/-
(T.P.VIVEKANANDA)
JUDGE

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List No.: 1 Sl No.: 38