HC-KAR
CNR: KAHC010750622026

NC: 2026:KHC:61888
WP No. 34049 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 6TH DAY OF NOVEMBER, 2026

BEFORE

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

WRIT PETITION NO. 34049 OF 2026 (GM-DRT)

BETWEEN:

1. M/S VINNZI INFRA SOLUTIONS
A PROPRIETORSHIP CONCERN OF
MR. PRAKASH S
S/O MR SREEMAN
HAVING ITS REGISTERED OFFICE AT NO.79,
3RD FLOOR, 4TH CROSS, K.K.LAYOUT,
NAGARBHAVI 2ND STAGE,
BENGALURU - 560 072.

...PETITIONER

(BY SRI. B R VISWANATH.,ADVOCATE)

AND:

1. ASSET RECONSTRUCTION COMPANY
(INDIA) LIMITED
REGISTERED OFFICE
THE RUBY 10TH FLOOR 29,
SENAPATI BAPAT MARG, DADAR (W),
MUMBAI-400 028.
CONTACT OFFICE
UNIT NO.3, 3RD FLOOR VISHISHTA ARCADE,
NO.2243, 3RD CROSS, BANASHANKARI
2ND STAGE BENGALURU 560 070

...RESPONDENT

THIS WP IS FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA PRAYING TO DIRECT THE RESPONDENT NOT TO FORFEIT THE ENTIRE 25 PERCENT OF TOTAL PURCHASE CONSIDERATION AMOUNT DEPOSITED IN TERMS OF RULE 9 (3) OF THE SECURITY INTEREST (ENFORCEMENT) RULES.

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

CORAM: HON'BLE MR. JUSTICE C.M. POONACHA

ORAL ORDER

The present writ petition is filed seeking for the following reliefs:

> *"a. Direct the Respondent not to forfeit the entire 25% of total purchase consideration amount deposited In terms of Rule 9 (3) of the Security Interest (Enforcement) Rules.*
>
> *b. Direct the Respondent to extend the time to pay the balance 75% of auction sale price/total purchase consideration by another eight weeks.*
>
> *c. pass such other and further orders as this Hon'ble Court may deem fit and grant under the facts and circumstances of the case."*

2. The writ petitioner having participated in the e-auction held on 11.10.2020, which was conducted pursuant to measures initiated under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002[1] is before this Court contending that the second mortgage was not disclosed to the petitioner at the time of the e- auction. In this regard, it is contended that the petitioner is the highest bidder for a sum of ₹Rs.3,50,50,000/-

[1] Hereinafter referred to as 'Act'

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and 25% of the bid amount in a sum of Rs.87,62,500/- was paid on 19.10.2021 (Annexure - A to the writ petition) by the petitioner. The petitioner was required to pay the balance 75% of the purchase consideration of a sum of Rs.2,62,87,500/- within 15 days.

3. It is the contention of the learned counsel for the petitioner that the petitioner having learnt regarding the existence of a second mortgage had got issued a legal notice dated 08.05.2026 (Annexure - C to the writ petition) seeking for extension of time to pay balance 75% of the purchase consideration since the petitioner attempted to negotiate and settle the claim of the second mortgage.

4. In this regard, it is relevant to notice the judgment of the Supreme Court in the case of ***Authorized Officer Central Bank of India Vs. Shanmugavelu***[2] whereunder the Supreme Court has held that the questions arising out of an auction conducted under the provisions of the Act are measures under the provisions of the said Act and the remedy under Section 17

[2] (2024) 6 SCC 641

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of the said Act is to be availed for consideration of the said questions. The relevant portion of the said judgment reads as under:

> ***"67.*** *At this stage, we may also answer the submission of the respondent that the authorised officer under Rule 9(5) of the SARFAESI Rules has been conferred with unguided and unfettered power of forfeiture and as such the said Rule is liable to be struck down. However, we are not impressed with such submission. First, there was no challenge to the constitutional validity of Rule 9 sub-rule (5) of the SARFAESI Rules. Secondly, even as per Agarwal Tracom [Agarwal Tracom (P) Ltd. v. Punjab National Bank, (2018) 1 SCC 626 : (2018) 1 SCC (Civ) 425] it is always open for a person aggrieved by an order of forfeiture under the SARFAESI Rules to challenge the same before DRT under Section 17 of the SARFAESI Act.*
>
> *68. xxxxxx*
>
> *69. What can be discerned from the above is that the SARFAESI Act is a special legislation with an overriding effect on the general law, and only those legislations which are either specifically mentioned in Section 37 or deal with securitisation will apply in addition to the SARFAESI Act. Being so, the underlying principle envisaged under Sections 73 and 74 of the 1872 Act which is a general law will have no application, when it comes to the SARFAESI Act, more particularly the forfeiture of earnest money deposit which has been statutorily provided under Rule 9(5) of the SARFAESI Rules as a consequence of the auction-purchaser's failure to deposit the balance amount."*

5. Learned counsel for the petitioner vehemently seeking for consideration of the present writ petition and submits that a fraud has been played while conducting the auction and the

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present petition filed under Article 226 of the Constitution of India is required to be entertained.

6. Having regard to the fact that remedies are available to the petitioner under Section 17 of the Act, the present writ petition stands dismissed.

7. This order will not preclude the petitioner from availing remedies as permissible under law.

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(C.M. POONACHA)
JUDGE

BS
List No.: 1 Sl No.: 11