



CNR: KAHC010711212026

NC: 2026:KHC:57760-DB
WA No. 2333 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 14TH DAY OF OCTOBER, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

WRIT APPEAL NO. 2333 OF 2026 (GM-RES)

BETWEEN:

1. THE COMPETENT AUTHORITY
(UNDER K.P.I.D.F.E. ACT, 2004)
REPRESENTED BY
ADDITIONAL REGIONAL COMMISSIONER
OFFICE OF THE REGIONAL COMMISSIONER
BANGALURU DIVISION
3RD AND 4TH FLOOR, V.V. TOWERS
DR. AMBEDKAR ROAD
BENGALURU – 560 001
SRI SHANMUKHA D
AGED 53 YEARS

...APPELLANT

(BY SRI VEERESH RACHAPPA BUDIHALL, ADVOCATE)

AND:

1. DREAM LAND VENTURES PRIVATE LIMITED
A COMPANY INCORPORATED UNDER THE
COMPANIES ACT, 1956
HAVING ITS REGISTERED OFFICE AT:
NO. 40, K.N.NO.821/40, 15TH CROSS
6TH SECTOR, HSR LAYOUT
OPP. JSS SCHOOL, BANGALORE - 560 102
REPRESENTED BY ITS CHAIRMAN
MR. AVVA VENKATA RAMA RAO

Digitally
signed by
VEERESH RACHAPPA
KUMAR K M
Location:
High Court of
Karnataka



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2. THE STATE OF KARNATAKA
REPRESENTED BY ITS
PRINCIPAL SECRETARY
REVENUE DEPARTMENT
VIDHANA SOUDHA
BENGALURU - 560 001

3. TAHSILDAR
BANGALORE SOUTH TALUK
BENGALURU URBAN DISTRICT
KANDAYA BHAVAN, K.G. ROAD
BENGALURU - 560 001

...RESPONDENTS

(BY SRI K. DIWAKAR, SENIOR ADVOCATE A/W
SRI HITESH GOWDA, ADVOCATE &
SRI ADITYA KASTURKAR, ADVOCATE FOR C/R-1 &
MS. NILOUFER AKBAR, AGA FOR R-2 & 3)

THIS WRIT APPEAL FILED UNDER SECTION 4 OF THE
KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE
IMPUGNED INTERIM ORDER DATED 09/10/2026 PASSED BY THE
LEARNED SINGLE JUDGE IN W.P. NO.27608/2026 WHICH DIRECTS
RESTORATION OF POSSESSION OF THE RESPONDENT HEREIN,
TO THE SCHEDULE PROPERTIES & ETC.

THIS APPEAL, COMING ON FOR ORDERS, THIS DAY,
JUDGMENT WAS DELIVERED THEREIN AS UNDER:



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CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. Sri. Hitesh Gowda., learned counsel accepts notice for respondent No.1. The learned Additional Government Advocate accepts notice for respondents No.2 and 3.
2. We have heard the learned counsel for the parties.
3. The Competent Authority appointed under Section 5 of the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004 [**the Act**] has filed the present appeal impugning an *ad interim* order dated 09.10.2026 [**impugned order**] passed by the learned Single Judge of this Court in Writ Petition No.27608 of 2026 (GM RES).
4. Respondent No.1 had filed the said petition, *inter alia*, impugning a communication dated 06.08.2026 issued by the State Authorities, insofar as it relates to the Scheduled Property



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(immovable property bearing Corporation No.821/40, old Site No.40 situated at 12th Main, 6th Sector, HSR Layout, Bengaluru measuring about 7500 square meters along with a commercial building known as “Avvas InfoTech”).

5. Respondent No.1 impugns the actions taken by the Competent Authority and the concerned authorities in taking over possession of the Scheduled Property.

6. Respondent No.1 is the owner of the Scheduled Property and claims that it had entered into lawful lease agreements with certain corporate entities, namely, (i) M/s. Wise Stock, (ii) M/s. Truerize IQ Strategic Solutions Private Limited, (iii) Nature's Cluster LLP and (iv) M/s. Superloria Logistics Private Limited. In terms of those agreements, it had leased portions of the Scheduled Property to the said lessees.

7. Respondent No.1 also claimed that the Scheduled Property was not the subject matter of any attachment under the provisions of the Act and therefore no steps could be taken by the Competent Authority to take over possession of the Scheduled Property. It also claimed that in terms of Section 12(7) of the Act, the power to take



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over possession is vested with the Special Court and not with the Competent Authority.

8. The learned Single Judge, *prima-facie*, found merit in the contention that any action consequent to attachment orders could be initiated only pursuant to the orders passed by the Special Court. Accordingly, the learned Single Judge passed the impugned order, *inter alia*, directing the Competent Authority to put respondent No.1 in possession of the Scheduled Property, which was taken over pursuant to the impugned communication dated 06.08.2026.

9. The learned counsel appearing for the appellant (Competent Authority) contested the averments made in the petition. First, he submitted that the averment that there is no order attaching the Scheduled Property, is erroneous. He referred to the attachment order dated 22.06.2017 and pointed out that the schedules to the said attachment order, mentions the Scheduled Property. He also submitted that the said interim attachment was confirmed by the Special Court (The Principal Sessions Judge, West Godavari, Eluru) by an order dated 24.07.2024.



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10. He contends that respondent No.1 had entered into lease deeds after the date of attachment. Rule 6 of the Karnataka Protection of Interest of Depositors in Financial Establishments Rules, 2006, prohibits the transfer of any property which is attached and any transfer after the *ad interim* order of attachment is void.

11. He also refers to Section 3 of the Act which contains provisions for the Competent Authority to attach the properties. Subsection (4) of Section 3 is relevant and is set out below:

“3. Attachment of properties on default of return of deposits.-

- | | | | |
|-----|----|----|----|
| (1) | ** | ** | ** |
| (2) | ** | ** | ** |
| (3) | ** | ** | ** |

(4) On the publication of the order made under subsection (2), all the properties and assets of the Financial Establishment and the persons mentioned therein shall forthwith vest in the Competent Authority appointed by the Government, pending further order from the Special Court.”

12. *Prima facie*, it appears from the plain language of subsection (4) that the attached property would vest with the Competent Authority. It is also relevant to refer to Section 6 of the

(f) ** ** **



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(g)	**	**	**
(h)	**	**	**”

13. In view of the above, *prima facie*, the Competent Authority would have the power to take over possession of the immovable properties that are attached under the Act.

14. We note that the impugned order is an *ad interim order*, and the learned Single Judge has not expressed any final view as to the rival contentions. The impugned order rests on the *prima-facie* interpretation of Section 12(7) and Section 11(2) of the Act.

15. We note that sub-section (7) of Section 12 of the Act relates to the power of the Special Court to issue directions, *inter alia*, for realisation of the assets attached and for equitable distribution amongst the depositors. In the present case, the Competent Authority has not taken any steps for realisation of the value of the attached assets or for its equitable distribution. Section 12 would be required to be considered harmoniously with the other provisions of the Act including Section 3 and Section 6 as briefly noted above.



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16. Considering that the petition is listed for further consideration by the learned Single Judge on 15.10.2026, we consider it apposite to set aside the impugned order, *albeit* by reserving all rights and contentions of the parties.

17. The present order would not preclude the learned Single Judge from examining all aspects and taking an informed view, uninfluenced by the observations made in the present order.

18. The appeal is allowed in the aforesaid terms.

19. Pending applications stand disposed of.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(K.S. HEMALEKHA)
JUDGE**

KMV
List No.: 2 Sl No.: 7