



HC-KAR

NC: 2026:KHC:20086
WP No. 28513 of 2024

IN THE HIGH COURT OF KARNATAKA AT BENGALURU
DATED THIS THE 10TH DAY OF APRIL, 2026
BEFORE
THE HON'BLE SMT. JUSTICE LALITHA KANNEGANTI
WRIT PETITION NO. 28513 OF 2024 (GM-DRT)

BETWEEN:

SRI MOHAN D.S
S/O LATE D SUBRAMANYA NAIDU
AGED ABOUT 48 YEARS
R/AT NO.402. VS GARDEN
PATATANAGERE, RAJARAJESWARI
NAGAR, BENGALURU - 560 028.

...PETITIONER

(BY SRI SANDHYA U PRABHU, ADV.)

AND:

THE AUTHORIZED OFFICER/MANAGER
BANK OF BARODA, ZONAL OFFICE
VIJAYA TOWERS, 2ND FLOOR
NO.41/2, TRINITY CIRCLE, M.G. ROAD
BANGALORE - 560 001.

...RESPONDENT

(BY SRI VIGNESH SHETTY, ADV)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE
CONSTITUTION OF INDIA PRAYING TO DIRECT THE RESPONDENT
BAN TO RETURN THE BALANCE SALE PROCEEDS TO THE PETITIONER
AS DIRECTED IN W.P.NO. 16155/2023 DTD. 21.12.2023 PRODUCED
AT ANN-X-B, BY PROVIDING PROPER ACCOUNT STATEMENT.

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





CORAM: HON'BLE SMT. JUSTICE LALITHA KANNEGANTI

ORAL ORDER

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

"a) Issue a writ of mandamus directing the respondent bank to return the balance sale proceeds to the petitioner as directed in W.P.No.16155/2023 dated 21/12/2023 produced at Annexure-B, by providing proper account statement.

b) Grant any other relief as this Hon'ble court deems fit in the facts and circumstances of the case including awarding costs, in the interest of justice and equity."

2. The fact of the case are that one Mr. Subramanya Naidu, is the borrower, who is none other than the father of the petitioner herein. He has borrowed loan from the respondent/Bank. As the borrower has failed to repay the loan, the account was declared as a NPA on 31.03.2015. Thereafter, a notice was issued under Section 13(2) of the SARFAESI Act on 28.04.2015. Thereafter, the bank has issued a notice under Section 13(4) of the SARFAESI Act, on 24.08.2015. When the Bank tried to take the symbolic possession of the property, as there was resistance, they have filed CrI.Misc.No.3781/2018



HC-KAR

and the same was allowed on 01.03.2019. The petitioner has also availed another loan and for that, very same property is mortgaged to the bank. The bank has put the property to auction. The first auction was on 20.02.2019 for Rs.110.00 lakhs. But the auction could not be completed for want of bidders. The petitioner herein has filed SA No.480/2019 before the DRT, which came to be dismissed on 30.09.2019. As the auction could not be completed, again the respondent/Bank issued Sale Notice for the second time on 24.09.2019 by reducing the reserve price to Rs.85,00,000/-, but the said auction also failed. Finally, the subject property was sold by E-Auction on 27.11.2019 to the highest bidder, one Mr. Heerachand H. Jain, for an amount of Rs.87,00,000/-. The petitioner filed an application under Section 17 of the SARFAESI Act, by filing SA No.360/2019 against the sale notice dated 12.11.2019 and the same was allowed by order dated 22.01.2020 on the ground of non-compliance of Rule 9(1) of the Rules, 2002. However, liberty was given to the respondent to take fresh measures in accordance with law.



3. The respondent has proceeded with another Sale Notice dated 06.05.2022 fixing the date of sale on 30.05.2022 with reserve price of Rs.1,01,00,000/- After due compliance of all rules, the property has been sold and Sale Certificate is issued. The petitioner has filed WP No.16155/2023 and sought for direction to the respondent/Bank to return the balance amount to the petitioners of the sale proceeds dated 06.05.2022 and the Court had directed the respondent/Bank to return the amount along with the interest at Bank rate.

4. Pursuant to the order in WP No.16155/2023, Bank has asked the parties to collect all the relevant documents stating the details of charges for which subsequent bills are available. It is the case of the respondent/Bank that the petitioner's sister has already taken her share of DD and has collected the copy of the relevant bills. The petitioner is before this Court seeking for a writ of mandamus directing the respondent/Bank to return the balance sale proceeds to the petitioner as directed in WP No.16155/2023. It is submitted that the property is sold at Rs.1,01,00,000/-. The bank has stated that it has kept the Demand Draft ready for a sum of



Rs.20,04,737/- each along with the calculation sheet wherein it is stated that the bank has incurred expenses of Rs.62,92,104.17 and they are giving interest at 2.75% on the amount. Demand Draft for an amount of Rs.20,04,737/- is already handed over to petitioner's sister in the year 2024 and for the petitioner, Demand Draft is ready for Rs.20,04,737/-.

5. When the matter came up on the earlier occasion, learned counsel for the petitioner had raised a ground about how can the Bank spend Rs.62,00,000/- towards the expenses. This Court had directed the respondent/Bank to place before the Court the details of the expenses borne by it. Further, respondent/Bank has stated that SARFAESI proceedings were initiated in the year 2015. Physical possession of the property was taken in the year 2019 and from 2019, till the property is sold, and possession is given to the auction purchaser, expenses are incurred for preserving the property.

6. Learned counsel appearing for the petitioner submits that the amounts that are shown as expenses are on the higher side and further, it is stated that, the amount right from 2022 till now is lying with the Bank and for that amount,



the petitioner is entitled for the interest that is chargeable on Fixed Deposit. It is submitted that the bank all through was utilizing the money and now, they cannot offer interest at 2.75% (SB rate).

7. Learned counsel for the petitioner has relied on the judgment of the Co-ordinate Bench of this Court in the case of **Sri. Mohan D.s. Vs. The Authorized officer/Manager Bank of Baroda** arising out of WP No.16155/2023 dated 21.12.2023. Paragraph No.4 of the said judgment reads as under:-

"4. The petitioners claim to have made representations to the Bank and the Bank in turn has sought certain documents from the hands of the petitioners. Therefore, the petitioners shall, within the next 2 weeks, submit all the documents that the Bank seeks for with regard to the relationship between the guarantor and the petitioners, and the Bank, without brooking any further delay, shall return the amount that the petitioners are entitled to after furnishing all the account details to the petitioners of the sale in the account or the borrowal account in the Bank."



8. It is submitted that later, IA No.1/2024 was moved in WP No.16155/2023, and the following order was passed by this Court:-

"ORDER ON I.A.NO.1 OF 2024

"Learned counsel for petitioners has moved the matter seeking a direction on the score that at the time when the matter was disposed on 21.12.2023, out of inadvertence the mention about the interest on the amount being returned to the petitioners was omitted. The omission has led to the filing of this application. It is ostensible that the amount was lying with the bank which belonged to the petitioners, as it was an excess amount after the sale proceedings being appropriated by the bank, towards the loan.

If the excess amount belongs to the petitioners, it was incumbent or, is incumbent on the bank to buy interest at the bank rates that they would charge on any deposit with the bank.

Therefore, the amount be returned to the petitioners/borrowers along with interest at bank rates, from time to time, as the bank would charge their customers. Application is allowed.

This order is to be treated as part and parcel of the main order dated 21.12.2023.

Ordered accordingly."

9. Learned counsel for the petitioner submits that in view of the same, the Bank has to pay the amount with interest that is applicable to fixed deposits.



HC-KAR

10. Learned counsel for the respondent/Bank submits that they have secured the property and they have engaged the services of people and have placed before the Court the details to show what are the amounts that are spent by them. Right from 2015 till now, there has been litigation and the petitioner cannot question the expenditure that is made by the Bank. It is submitted that he does not dispute the fact that the balance amount is lying with them right from 2022 till now. It is stated that the money was always ready to be paid but the petitioner has not come forward to receive the amount. In fact, the sister of the petitioner has already taken the money long back in the year 2024. It is submitted that petitioner is not entitled for the interest as applicable to a fixed deposit and they are only entitled for the interest which applies for a Savings Bank account.

11. Having heard the learned counsel on either sides, perused the entire material on record. After selling the property, whatever is the excess amount, after deducting the expenses, is lying with the Bank. The petitioner's argument is with regard to expenses as to how the Bank can spend that



HC-KAR

NC: 2026:KHC:20086
WP No. 28513 of 2024

much of amount in preserving the property. That aspect of the matter, this Court is not inclined to go into, as the Bank has placed before the Court the details of the amounts that are spent by them. No doubt possession of the property is taken in the year 2019. Till 2022, till the possession is handed over to the auction purchaser, they have been protecting the property and for that they have incurred the expenses and other legal expenses are also incurred.

13. The next issue is with regard to the interest. No doubt, the amount of the petitioner is lying with the respondent/Bank right from 2022 i.e., after the auction is held. As per the calculation made by the Bank, the petitioner is entitled for only 2.75 % interest. Considering the fact that the amount is with the Bank from the last more than four years, this Court is of the view that the Bank shall pay the interest that is applicable to the fixed deposits. Accordingly, this Court is passing the following:

ORDER

- i. The writ petition is ***disposed of*** directing the Bank to return an amount of Rs.20,04,737/-



along with interest applicable for a fixed deposit from the date the amount is deposited by the auction purchaser.

- ii. All pending I.As, if any, in the writ petition shall stand closed.

Sd/-
(LALITHA KANNEGANTI)
JUDGE

DN
List No.: 1 Sl No.: 3