To,

Ms. Anita Kenkare,
Nodal Officer Cum Secretary,
Hon’ble Justice (Retd.) R.M. Lodha Committee,
(In the matter of PACL Ltd.)
Securities and Exchange Board of India,
SEBI Bhavan, C4-A, ‘G’, Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

Subject: Revised Proposal

Dear Madam,

1. We have perused the counter proposals received by SEBI and put up on its website www.sebi.gov.in/pacl.html.

2. We have also learnt from Jan Lok Pratishtan that you have had informal meetings with two counter bidders namely GroValue Marketing Pvt. Ltd. (‘GroValue’) and Trig Guardforce Limited (‘TriGuard’) and have permitted these counter-bidders to rectify their offer and bring them in conformity with SEBI’s requirement and as approved by Hon’ble Supreme Court.

3. We have on a reappraisal and on receiving further support from various investors decided to enhance our offer to facilitate sale of our properties to a revised amount of Rs. 23,000 Crore (Twenty Three Thousand Crore) payable in following manner:
   a. First Year: Rs. 7,000 Crore
   b. Second Year: Rs. 8,000 Crore
   c. Third Year: Rs. 8,000 Crore

4. We may also point out that proposal of GroValue is not realistic and genuine for the following reasons:
a. As per the records available on the ROC website Grovalue has a total turnover of less than Rs. 20 crore, yet it is has made bid for more than Rs. 20,000 crore. Its total paid up capital is mere Rs. 1 Lakh and authorized capital is Rs. 5 Lakh and it is offering Rs. 21,000 crore.

b. That before making the bid of Rs. 21,000 Crore, Grovalue has not even done any due diligence. The said proposal was prepared on 15.06.2018 without ever seeking any clarification from SEBI and/or PACL and decided to invest Rs. 21,000 crore and therefore the current offer is nothing but a sham to grab the rights to sell the assets of PACL with no consequences whatsoever in the event if it fails.

c. Grovalue has not even shown the roadmap or disclosed the names of the buyer who are interested and willing to invest Rs. 21,000 crore as on its own it has no financial capabilities to purchase assets of Rs. 21 crore.

d. That Grovalue has made an offer of Rs. 21,000 crore without deposit of even Rs. 500 crore as was required under clause 7 of the offer of SEBI dated 16.03.2018.

e. The offer of Grovalue is also not genuine as can be seen that it intends to recover Rs. 21,000 crore by selling assets of PACL at circle rate (mentioned in clause 2(g) of its proposal).

f. On perusal of Balance sheet of the group entities of Grovalue - does not reflect the financial capacity to undertake the project of this magnitude.

g. It is further submitted that in para 2(a) of its proposal Grovalue has offered to bring buyers who shall be giving undertaking. In this context, this Hon’ble Committee may call for the records and assets of the said buyers.

h. Grovalue is offering to deposit Rs. 500 crore after 20 working days of receipt of acceptance of the said proposal. Therefore, the said company has nothing to lose and no risk involved in making a bid with unrealistic amounts as its liability will start only after acceptance of the bid.

i. Grovalue has no experience of selling properties across pan India in different jurisdiction and under different local laws. You are giving right of selling property to a third party who has no presence in real estate market, has no branches to deal with the parties across the country.

j. Grovalue even as per its own proposal is ready to forfeit a maximum of Rs. 500 crore in case it fails to honour its commitment of Rs. 21,000 crore. The sum is too paltry and gives incentive to frivolous offers such as made by Grovalue.

k. Grovalue is acting only as a broker and not as a buyer of the property.

l. Grovalue has also not disclosed as to how it has determined an offer of Rs. 21,000 crore.

5 We may also point out that proposal of Trig Guardforce Limited is not realistic and genuine for the following reasons:

a. As per claim of Trig it has made a conditional offer i.e. it requires vacant and peaceful possession of assets of PACL. If such a condition is accepted a much higher offer can be made by many other investors.
b. It further requires officer of SEBI and PACL to be available to accompany and grant inspection of properties of PACL. Again neither SEBI nor PACL has the resources to provide manpower for inspection of assets of PACL across pan India.

c. That before making the bid of Rs. 21,000 Crore, Trig has not even done any due diligence. The said proposal was prepared on 19.06.2018 without ever seeking any clarification from SEBI and/or PACL and decided to invest Rs. 21,000 crore and therefore the current offer is nothing but a sham to grab the rights to sell the assets of PACL with no consequences whatsoever in the event if it fails.

d. Trig has not even shown the roadmap or disclosed the names of the buyer who are interested and willing to invest Rs. 21,000 crore as on its own it has no financial capabilities to purchase assets of Rs. 21 crore.

e. Trig has made an offer of Rs. 21,000 crore without deposit of even Rs. 500 crore as was required under clause 7 of the offer of SEBI dated 16.03.2018.

f. The offer of Trig is also not genuine as can be seen that it intends to recover Rs. 21,000 crore by selling assets of PACL at circle rate (mentioned in clause 2 of its proposal).

g. On perusal of Balance sheet of the group entities of Trig—does not reflect the financial capacity to undertake the project of this magnitude

h. Trig is offering to deposit Rs. 500 crore after 15 days of acceptance of proposal. Therefore, the said company has nothing to lose and no risk involved in making a bid with unrealistic amounts as its liability will start only after acceptance of the bid.

i. Trig is a detective, security consultant and has no experience of selling properties across pan India in different jurisdiction and under different local laws. You are giving right of selling property to a third party who has no presence in real estate market, has no branches to deal with the parties across the country

j. Trig is acting only as a broker and not as a buyer of the entire assets of PACL

k. Trig has also not disclosed as to how it has determined an offer of Rs. 21,000 crore.

We also submit that an offer of PACL cannot be compared with an offer of third party as the Companies accounts are frozen, all assets are attached and the Company has the best domain knowledge of all its assets and how to recover maximum price. There is an incentive for the Company to adhere to the timelines of recovery since the directors will be able to get bail only if they adhere to the timelines, whereas any third party who does not deposit a substantial amount as EMD, cannot be put at same pedestal as of the Company. As once the assets are sold through a third party then the company cannot discharge its liabilities. It is submitted that bail of the directors of the company are also linked with success of this offer/proposal, hence failure of granting rights to such a company would also effect the bail of the directors of
PACL. If an offer is accepted from any third party without securing collateral at least to the tune of 50% of the offer amount, then it is bound to lead to frivolous and non-serious offers.

That this Hon’ble Committee may take an EMD of at least 20% of the total offer value for a company like Grovalue since it has no financial credibility.

PACL submits that, it only intends to repay all its investor and discharge all its liabilities out of its assets seized by this Hon’ble Committee. It has no objection if this Committee hands over its rights to sell its assets any company, if it is ready and willing to take over the entire liability of PACL, then it has no objection if this Hon’ble Committee then hands over or permits the said company to sell its assets.

The Committee may kindly understand that PACL’s offer is not only to recover now Rs. 23,000 crore by sale of its assets but to continue to recover further monies till the last investors claim is repaid which is not the counter proposal of either Trig or Grovalue.

We would therefore request you may kindly call us for a meeting to explain our revised proposal.

We wish to clarify that unlike the two other counter-bidders we are ready with Rs. 500 crore and can submit the same immediately.

Thanking you,

Yours truly,

Sikender Singh Dhillon,
Director