

न्यायमूर्ति (सेवानिवृत्त) आर.एम. लोढा समिति
Justice (Retd.) R. M. Lodha Committee
(पीएसीएल लि. के मामले से संबंधित / in the matter of PACL Ltd.)

संदर्भ सं. जेआरएमएलसी/पीएसीएल/
Ref. No. JRMLC/PACL/

*Order in respect of the objection filed by Mr. Channarayappa
SEBI/PACL/RO/RG/RD-2/ORD/16/2026*

BEFORE THE PANEL OF RECOVERY OFFICERS, SEBI
ATTACHED TO JUSTICE (RETD.) R. M. LODHA COMMITTEE
(IN THE MATTER OF PACL LIMITED)

File No.	SEBI/PACL/OBJ/RG/00384/2025
Name of the Objector	Mr. Channarayappa
MR Nos.	9925/15

Background:

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) on August 22, 2014 had passed an order against PACL Limited, its promoters and directors, inter alia, holding the schemes run by PACL Ltd as Collective Investment Scheme (“CIS”) and directing them to refund the amounts collected from the investors within three months from the date of the order. Vide the said order, it was also directed that PACL Ltd. and its promoters/ directors shall not alienate or dispose of or sell any of the assets of PACL Ltd. except for the purpose of making refunds as directed in the order.
2. The order passed by SEBI was challenged by PACL Ltd. and four of its directors by filing appeals before the Hon’ble Securities Appellate Tribunal (“SAT”). The said appeals were dismissed by the Hon’ble SAT vide its common order dated August 12, 2015, with a direction to the appellants to refund the amounts collected from the investors within three months. Aggrieved by the order dated August 12, 2015 passed by the Hon’ble SAT, PACL Ltd and its directors had filed appeals before the Hon’ble Supreme Court of India.



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3. The Hon'ble Supreme Court did not grant any stay on the aforementioned impugned order dated August 12, 2015 of the Hon'ble SAT, however, PACL Ltd. and its promoters/directors did not refund the money to the investors. Accordingly, SEBI initiated recovery proceedings under Section 28A of the SEBI Act, 1992 against PACL Ltd. and its promoters/directors vide recovery certificate no. 832 of 2015 drawn on December 11, 2015 and as a consequence thereof, all bank/ demat accounts and folios of mutual funds of PACL Ltd. and its promoters/directors were attached by the Recovery Officer vide attachment order dated December 11, 2015.
4. During the hearing on the aforesaid civil appeals filed by PACL Ltd. and its directors (*Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI and other connected matters*), the Hon'ble Court vide its order dated February 02, 2016 directed SEBI to constitute a committee under the Chairmanship of Hon'ble Mr. Justice R.M. Lodha, the former Chief Justice of India (hereinafter referred to as "the Committee") for disposing of the land purchased by PACL Ltd. so that the sale proceeds can be paid to the investors, who have invested their funds in PACL Ltd. for purchase of the land. In the said civil appeals, the Hon'ble Supreme Court did not grant any stay on the orders passed by SEBI and the Hon'ble SAT. Therefore, directions for refund and direction regarding restraint on the PACL Ltd and its promoters and directors from disposing, alienating or selling the assets of PACL Ltd., as given in the order, continues till date.
5. The Committee has from time to time requested the authorities for registration and revenue of different states to take necessary steps and issue necessary directions to Land Revenue Officers and Sub-registrar offices, to not effect registration/mutation/sale/transfer, etc. of



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properties wherein PACL Ltd. and/ or its group or its associates have, in any manner, right or interest.

6. Also, the Hon'ble Supreme Court vide its order dated July 25, 2016 restrained PACL Ltd. and/ or its Directors/Promoters/agents/employees/Group and/ or associate companies from, in any manner, selling/transferring/alienating any of the properties wherein PACL Ltd. has, in any manner, a right/interest situated either within or outside India.
7. In the recovery proceedings mentioned in para 3 above, the Recovery Officer issued an attachment order dated September 07, 2016 against 640 associate companies of PACL Ltd. In the said order, *inter alia*, the registration authorities of all States and Union Territories were requested not to act upon any documents purporting to be dealing with transfer of properties by PACL Ltd. and / or the group/ associate entities of PACL Ltd. mentioned in the Annexure to the said attachment order, if presented for registration.
8. The Hon'ble Supreme Court, vide its order dated November 15, 2017, passed in Civil Appeal No. 13301/2015 and connected matters directed that all the grievances/ objections pertaining to the properties of PACL Ltd. would be taken up by Mr. R.S. Virk, Retired District Judge.
9. On April 30, 2019, in the recovery proceedings initiated against PACL Ltd. and Ors., the Recovery Officer issued a notice of attachment in respect of 25 front companies of PACL Ltd. Thereafter, on March 01, 2021, the Recovery Officer issued another notice of attachment in respect of 32 associate companies of PACL Ltd., which included 25 front companies of PACL Ltd. whose accounts were attached vide order dated April 30, 2019.

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10. Vide order dated August 08, 2024 passed in *Civil Appeal No. 13301 of 2015 - Subrata Bhattacharya Vs. SEBI and other connected matters*, the Hon'ble Supreme Court has directed as under:

".....10. Since, we had directed in our order dated 25.07.2024, that no fresh applications or objections shall be filed before or entertained by Shri R.S. Virk, District Judge (Retd.) and that the same shall be filed before the Committee, the Committee may deal with such applications/ objections, if filed before it, and dispose them of as per the provisions contained under Section-28(A) of the SEBI Act....."

11. In compliance with the aforesaid order dated August 08, 2024 passed by the Hon'ble Supreme Court, all objections with respect to properties of PACL Ltd, which were pending before Shri R.S. Virk, Retired District Judge and all new objections, are now to be dealt by the Recovery Officers attached to the Committee.

12. Accordingly, the present objection with respect to the properties of PACL Ltd., are being heard and adjudicated upon by a Panel consisting of three Recovery Officers attached to the Committee.

Present Objection:

13. The instant objection has been filed by Mr. Channarayappa s/o Mr. Doddamuthappa residing at Nadipinayakanahalli Village, Jangammakote Hobli, Shidalaghatta Taluk, Chikkabalapura District (earlier Kolar District), Karnataka – 562102 (hereinafter referred to as the "**Objector**"), through Mr. K. V. Vishnu Prasad, Advocate, objecting the attachment of property having Survey No. 288 (Old Survey No. 68/P39) admeasuring 01 38 Guntas (hereinafter referred as the "**impugned property**") situated at



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Nadipinayakanahalli Village, Jangamakote Hobli, Shidlaghatta Taluk, Chikkaballapura District, Karnataka, covered in MR No. 9925/15, which stands attached by the Committee.

14. It is submitted that the impugned property was granted to the Objector under the Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978 (hereinafter referred to as the “PTCL Act”) by way of grant order dated June 22, 1995 bearing no. Ba.Hu.Sa.96/91-92 passed by the Tehsildar Shidlaghatta, Karnataka with the condition of non-alienation for a time period of 15 years and no sale to be valid without the previous permission of the Government in lines with the provisions of the PTCL Act.
15. The Objector has submitted that he belongs to “Adi-Karnataka”, a Scheduled Caste community, which is a weak and marginalized section of the society. The PTCL Act was enacted to protect the land rights of the Schedule Caste/Schedule Tribe communities and to address the exploitation and unlawful dispossession of the lands granted to them by the Government for their welfare. These granted lands were frequently alienated through fraudulent, coercive or otherwise unlawful means, despite explicit conditions prohibiting such transfers. The condition regarding prohibition of transfer of granted land under the PTCL Act, had been introduced in the interest of the grantees for the purpose of upkeep of the grants. This restriction was intended to ensure the continued benefit and enjoyment of the land by the grantees, who belong to the weaker sections of society, and to prevent economically dominant sections of the community from exploiting them. The prohibition, thus, aimed to preserve the purpose of the grant and protect the grantees from being deprived of their right by more affluent or influential sections of the community. It is submitted that recognizing the inadequacy of the existing legal remedies, the PTCL Act declares all unauthorized transfers of the granted lands as *null and void*, regardless of when they



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occurred. It also empowers the authorities to initiate proceedings for the restoration of such lands to the original grantee or their legal heirs.

16. Before moving forward with the facts of the objection in detail, it is felt appropriate to examine certain provisions of the PTCL Act which are relevant to appreciate the submissions of the Objector. The relevant provisions of the PTCL Act are as under:

3. Definitions. - (1) *In this Act, unless the context otherwise requires, -*

(a).....

(b) *“granted land” means any land granted by the Government to a person belonging to any of the Scheduled Castes or the Scheduled Tribes and includes land allotted or granted to such person under the relevant law for the time being in force relating to agrarian reforms or land ceilings or abolition of inams, other than that relating to hereditary offices or rights and the word “granted” shall be construed accordingly;*

(c) *“Government” means the Government of Karnataka;*

(d).....

(e) *“transfer” means a sale, gift, exchange, mortgage (with or without possession), lease or any other transaction not being a partition among members of a family or a testamentary disposition and includes the creation of a charge or an agreement to sell, exchange, mortgage or lease or enter into any other transaction.*

4. Prohibition of transfer of granted lands. -

(1) *Notwithstanding anything in any law, agreement, contract or instrument, any transfer of granted land made either before or after the commencement of this Act, in contravention of the terms of the grant of such land or the law providing for such grant, or sub-section (2) shall be null and void and no right, title or interest in such land shall be conveyed or be deemed ever to have conveyed by such transfer.*

(2) *No person shall, after the commencement of this Act, transfer or acquire by transfer any granted land without the previous permission of the Government.*

(3) *The provisions of sub-sections (1) and (2) shall apply also to the sale of any land in execution of a decree or order of a civil court or of any award or order of any other authority.*

5. Resumption and restitution of granted lands. -

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(1) *Where, on application by any interested person or on information given in writing by any person or suo-motu, and after such enquiry as he deems necessary, the Assistant Commissioner is satisfied that the transfer of any granted land is null and void under sub-section (1) of section 4, he may, -*

(a) *by order take possession of such land after evicting all persons in possession thereof in such manner as may be prescribed: Provided that no such order shall be made except after giving the person affected a reasonable opportunity of being heard;*

(b) *restore such land to the original grantee or his legal heir. Where it is not reasonably practicable to restore the land to such grantee or legal heir; such land shall be deemed to have vested in the Government free from all encumbrances. The Government may grant such land to a person belonging to any of the Scheduled Castes or Scheduled Tribes in accordance with the rules relating to grant of land.*

(1A) *After an enquiry referred to in sub-section (1) the Assistant Commissioner may, if he is satisfied that transfer of any granted land is not null and void pass an order accordingly.*

(2) *Subject to the orders of the Deputy Commissioner under section 5A, any order passed under sub-section (1) and (1A) shall be final and shall not be questioned in any court of law and no injunction shall be granted by any court in respect of any proceeding taken or about to be taken by the Assistant Commissioner in pursuance of any power conferred by or under this Act.*

(3) *For the purposes of this section, where any granted land is in the possession of a person, other than the original grantee or his legal heir, it shall be presumed, until the contrary is proved, that such person has acquired the land by a transfer which is null and void under the provisions of sub-section (1) of section 4.*

6. Prohibition of registration of transfer of granted lands.- *Notwithstanding anything in the Registration Act, 1908 on or after the commencement of this Act, no registering officer shall accept for registration any document relating to the transfer of, or to the creation of any interest in, any granted land included in a list of granted lands furnished to the registering officer except where such transfer is in accordance with this Act or the terms of the grant of such land or the law providing for such grant.*

17. Thus, from a plain reading of the abovementioned provisions of the PTCL Act it can be clearly seen that there is a complete bar on transfer of granted lands and that if any granted

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land has to be transferred by the grantee, in terms of Section 4(2), the grantee has to obtain a permission of the Government prior to such a transfer. In other words, any transfer of granted land without such permission of the Government, shall be *null and void*. In such cases, no right, title or interest in the land shall be conveyed or deemed to have ever been conveyed to the purchaser.

18. Further, in case of such a transfer which is in violation of the provisions of Section 4 of the PTCL Act, the aggrieved may apply for restitution/ restoration of such granted land to the Assistant Commissioner in terms of Section 5(1) of the PTCL Act and after inquiry, the said authority may restore the granted land to the grantee or in cases where restoration is not possible, such land would vest with the Government in terms of Section 5(1)(b) of the PTCL Act. Therefore, it is clear that the said Act contains a specific provision for restoration of granted land and only the Competent Authority has been empowered to adjudicate on restoration of granted lands under the PTCL Act.

19. With this background, we note that in the instant objection before us, it is submitted by the Objector that subsequent to the grant of the impugned property under the PTCL Act by the Tehsildar, Shidlaghatta, Karnataka to the Objector, in complete contravention of the PTCL Act, the Objector along with 03 family members executed a registered General Power of Attorney (GPA) bearing no. 141/10-11 (*document part of MR No. 9925/15*) and an unregistered Agreement of Sale (AoS) (*document part of MR No. 9925/15*), both dated November 27, 2010, in favor of one Mr. Diwakar Awasthi.

20. The Objector submits that execution of the GPA dated November 27, 2010 was in complete contravention of Section 4 of the PTCL Act, which prohibits the transfer of granted lands without prior permission from the Government, and therefore, the said GPA is *null and void*.

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It is, thus, contended that the impugned property solely belongs to the Objector and the Objector is seeking its release from the attachment. Further, the Objector undertakes to refund the amount of Rs. 3,00,000/- received by him as an advance in lieu of the unregistered AoS dated November 27, 2010.

21. In order to further examine the present objection, the documents in the MR No. 9925/15, seized by CBI from the possession of PACL Ltd. and thereafter, attached by the Committee were perused. Upon perusal, it is observed that MR No. 9925/15 consists of the following documents:

(i) An AoS dated February 10, 2010 executed by Mr. Channarayappa s/o Mr. Doddamuthappa (*Objector*) & 01 other ('Vendors') in favor of one Mr. H Suresh as ('Purchaser') for an agreed sale consideration of Rs. 19,50,000/-. It is noted that part consideration was paid by the Purchaser to the Vendors in the following manner (*as mentioned at Page No. 2 of the AoS and receipt/acknowledgement dated October 12, 2010*):

- Rs. 80,000/- through cash payment.
- Rs. 1,90,000/- through cheque no. 041318.
- Rs. 90,000/- through cash payment.
- Rs. 3,15,000/- through cheque no. 078645 dated September 20, 2010.
- Rs. 3,00,000/- through cheque no. 078589 dated October 12, 2010.

(ii) GPA dated November 27, 2010 bearing no. 141/10-11 executed by Mr. Channarayappa s/o Mr. Doddamuthappa (*Objector*) & 03 others in favor of one Mr. Diwakar Awasthi, as GPA holder in respect of the impugned property.

(iii) An AoS dated November 27, 2010 executed by Mr. Channarayappa s/o Mr. Doddamuthappa (*Objector*) & 03 others ('Vendors') in favor of one Mr. Diwakar Awasthi ('Purchaser') for an agreed sale consideration of Rs. 19,50,000/-. It is noted



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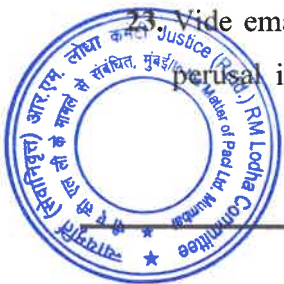
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that part consideration of Rs. 3,00,000/- was paid by the Purchaser to the Vendors through cheque no. 480434 dated December 03, 2010 (as mentioned at Page No. 4 of the AoS).

22. An opportunity of hearing before the Panel of Recovery Officers attached to the Committee was granted to the Objector on December 18, 2025. On the said date, Mr. S. Vinod, Advocate (hereinafter referred to as the Authorized Representative (AR)) appeared on behalf of the Objector and reiterated the submission made in the objection petition. During the hearing, the AR submitted that the Objector belongs to the Adi-Karnataka community, a Schedule Caste, and that the impugned property had been granted to the Objector in year 1995 under the PTCL Act, with a condition of non-alienation for 15 years and without prior permission of the Government. Accordingly, any transfer of such granted land does not confer valid title or ownership, as the grantee is entitled to seek restoration of the land from the Government. The AR further submitted that although the Objector was paid an advance of Rs. 3,00,000/- in year 2010 pursuant to an unregistered Agreement to Sell (ATS), since no sale agreement was executed, no title was transferred. Considering that discrepancies were observed in the furnished translated grant certificate, Encumbrance Certificate (EC) which covered only period from year 2004 to 2024 and also an entry relating to an Agreement of Sale (AoS) registered on April 06, 2015 in favour of one Mr. P.R. Prakash which reflected in the EC, the AR was advised to furnish a proper translation of the grant certificate, a complete EC covering period from year of grant till date, a copy of the AoS in favour of one Mr. P.R. Prakash, property tax receipts and additional submission, if any, on or before January 05, 2025.

23. Vide email dated January 05, 2025, an ATS dated March 06, 2015 was furnished. Upon perusal it was observed that the said ATS dated March 06, 2015 was executed by the

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(पीएसीएल लि. के मामले से संबंधित / in the matter of PACL Ltd.)

संदर्भ सं. जेआरएमएलसी/पीएसीएल/
Ref. No. JRMLC/PACL/

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Objector along with his family members in favor of Mr. P.R. Prakash for an agreed sale consideration of Rs. 30,00,000/- and the Objector had received a substantial amount of Rs. 29,90,000/- towards the said sale consideration. Further, upon examining certain other documents submitted alongwith the said response, it was observed that the said documents contained deficiencies. In view thereof, vide email dated January 29, 2026, the AR was advised to make good the said deficiencies. Accordingly, vide email dated February 05, 2026, the AR has forwarded translated copy of the EC and notarized copy of the grant certificate along with the copy of registered ATS dated March 06, 2015 executed by the Objector along with his legal heirs with Mr. P. R Prasad.

24. The objection along with the documents produced in support of the claim made therein and other documents on record have been perused. As can be seen from the above paras, the said impugned property was granted to the Objector by the Competent Authority under the PTCL Act. Accordingly, the prohibition under section 4(2) of the PTCL Act is applicable to the said granted impugned property. The Objector's name is entered in the Mutation Register No. H59 dated August 30, 2016 and Records of Rights dated December 30, 2022 issued in respect of the impugned property. It is observed that despite the said prohibition under section 4(2) of the PTCL Act, the Objector along with his family members firstly executed an unregistered AoS dated February 10, 2010 in favor of one Mr. H. Suresh and accepted partial sale consideration of Rs. 9,75,000/-, for the purported transfer of the impugned property. Thereafter, the Objector along with his family members again executed a registered GPA and an unregistered AoS, both dated November 27, 2010, in favor of one Mr. Diwakar Awasthi and accepted partial sale consideration of Rs. 3,00,000/- for the purported transfer of the same impugned property. Subsequently, the Objector along with his family members had once again executed a registered ATS dated March 06, 2015 in favor of one Mr. P.R. Prakash, entry of which is reflected in the EC and accepted part consideration of Rs.

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29,90,000/-, for the purported transfer of the same impugned property. The explicit reference to the impugned property being a granted land, in all the aforesaid documents i.e., GPA, AoS & ATS, reinforces the fact that the Objector along with his family members, had executed the said transactions with full awareness of the legal implications of such transfers/ transactions in the said granted land.

25. The chronological sequence of transactions that emerges from the examination of documents on records as per the Objector's submission and documents in the MR. No. is summarized below:

Document type	Document dated	Vendors / Executors	Vendee / GPA holder	Total agreed consideration	Consideration received by Vendors
AoS	10.02.2010	Mr. Channarayappa (Objector) & 01 Other	Mr. H. Suresh	19,50,000	9,75,000
GPA (141/10-11)	27.11.2010	Mr. Channarayappa (Objector) & 03 Others	Mr. Diwakar Awasthi	-	-
AoS	27.11.2010	Mr. Channarayappa (Objector) & 03 Others	Mr. Diwakar Awasthi	19,50,000	3,00,000
ATS	06.03.2015	Mr. Channarayappa (Objector) & 02 Others	Mr. P.R. Prakash	30,00,000	29,90,000

26. Before going into the merits, it is pertinent to state that the issue before us is to examine the documents and material produced and available on record to establish and conclude as to whether the attachment on impugned property shall continue or whether, the said impugned property be released from attachment. Thus, it is noteworthy to mention that the jurisdiction to restore the impugned property to the Objector under the PTCL Act is only with the Competent Authority stated therein under Section 5 and the objection before us is only to adjudicate on the issue of attachment of the impugned land by the Committee and not to declare the transactions undertaken by the Objector in the impugned property as *null and*



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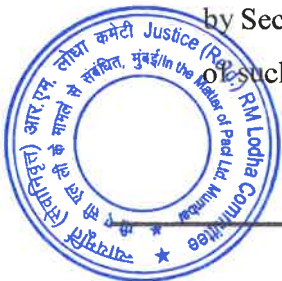
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27. It is noted that, no application under Section 5 of the PTCL Act is filed by the Objector before the Assistant Commissioner for restoration of the impugned property and that despite the knowledge of the fact that the said impugned property is granted under the PTCL Act, a GPA, two AoS and an ATS were executed by the Objector in favor of either Mr. H Suresh or Mr. Diwakar Awasthi or Mr. P.R. Prakash (Executees in the said documents).

28. In order to examine the applicability of the provisions of the PTCL Act, it is important to see the jurisprudence laid down by various courts in such matters. It is noted that the Hon'ble High Court of Karnataka in the case of *Veeramma vs. Deputy Commissioner and others ILR 1998 KAR 1946* had held as under:-

".....But if the transfer of the granted land irrespective of the period of the grant i.e., whether it has been granted earlier to the passing of the Act or subsequent to the passing of the Act, but if transfer has been made on any date after the enforcement of the Act, irrespective of the fact that prohibitory clause under the grant Rules or under the grant certificate has expired, even then bar under Sub-section (2) will be operative. That Section 4(2) of the Act provides, no person shall transfer after the commencement of this Act, nor acquire by transfer any granted land without previous permission of the Government. This mandates that neither granted land shall be transferred nor shall be acquired by any person by transfer from the grantee, until and unless the necessary permission has been previously obtained from the Government. It means there is a complete bar and the bar created under Sub-section (2) of Section 4 will stand removed only on the grant of permission by the State Government, otherwise, grantee cannot make transfer of the granted land, nor can any person acquire granted land by way of transfer from the grantee. This view of mine find support from an earlier decision of this Court in the case of THIPPAIAH v. DEPUTY COMMISSIONER."

29. Furthermore, the Hon'ble High Court of Karnataka in the case of *Pillanarasimhaiah vs. Deputy Commissioner 2014 SCC Online Kar 7632*, has also held that if an alienation is hit by Section 4(1) of the PTCL Act, further transfers of the property forming the subject matter of such alienation would also be invalid. Even in the case of *Smt. Narasamma and Others*



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vs. **K.V Ramprasad and another, reported in ILR 2012 KAR 4261**, the Hon'ble High Court of Karnataka has held that there is a clear bar for entering into an Agreement to sell of the granted lands without previous permission of the government. It was further held therein that if an agreement is entered into in respect of the granted land in violation of Section 4(2) of the PTCL Act, it is *void ab-initio*. The Hon'ble Supreme Court in the case **Dharma Naik vs. Rama Naik and another (2008) 14 SSC 517** has held that 'transfer' includes an agreement for sale under the Act so that even if an agreement for sale is executed and possession is delivered to the vendee, it would be open to the authority under Section 5 of the PTCL Act to take steps for resumption of the land from the vendee. The relevant paragraph from the said judgement is reproduced below:

"As argued and noted herein earlier, the learned Counsel for the appellant submitted that in view of the admitted fact that the agreement for sale, which is also a transfer within the meaning of Section 3(e) of the Act, was made before the commencement of the Act, it cannot be held that such transfer was null and void and that no right, title or interest shall be conveyed by such transfer. We are unable to agree with this submission of the learned Counsel for the appellant. As noted herein earlier, it is true that by virtue of Section 3(e) of the Act, "Transfer" includes an agreement for sale. We have to keep in mind that in order to protect the right, title and interest of the scheduled castes and scheduled tribes, this Act was promulgated as it was found that some affluent and influential persons of the society, either by payment of a mere consideration or by no payment at all, sought to get the property transferred in their favour from the scheduled castes and scheduled tribes community. In our view, it is for this reason and in order to protect the scheduled castes and scheduled tribes community, transfer has been defined to include an agreement for sale under the Act so that even if an agreement for sale is executed by a scheduled caste or scheduled tribe and possession is delivered to the vendee, it would be open to the authority under Section 5 of the Act to take steps for resumption of the land from the vendee. Otherwise, there can be cases where merely by entering into an agreement for sale, possession of the land is delivered to the vendee and supposing transfer as defined in this act does not include an agreement for sale, then in such cases, it would not be open to the authority under the Act to take steps for the resumption of the granted land as, merely by executing an agreement for sale, no transfer is effected."



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30. Section 5 of the PTCL Act, declares that any transfer of the land granted under the said PTCL Act, in violation of the conditions of the grant or without the prior permission of the Government, is *null and void* irrespective of whether the transfer occurred before or after the said Act came into force. The Assistant Commissioner is empowered to conduct an inquiry and restore such land to the original grantee or their legal heirs. The Hon'ble Supreme Court of India in the case of *Manchegowda V. State of Karnataka (1984) 3 SCC 301* has upheld the constitutional validity of the PTCL Act. It is noted that, Section 5 the PTCL Act has been amended vide Karnataka Schedule Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) (Amendment) Act, 2023 whereby sub clauses (c) and (d) have been added thereto which read as under: -

“(c)Notwithstanding anything contained in any law, there shall be no limitation of time to invoke the provisions of this Act.

(d)The provisions of clause (c) shall apply to all cases pending before all the competent authorities and all Courts of Law adjudicating the cases under this section.”

31. Thus, it can be clearly seen from the above amendment to Section 5 of the PTCL Act that the same removes any limitation period for invoking the provisions of the PTCL Act and actions for restoration of the granted lands can be initiated at any time, regardless of the time period that has passed since the transfer. Additionally, the clause provides for retrospective applicability, which ensures that no claim is denied merely on the basis of delay or passage of time.

32. In the instant case, the Objector got the impugned property through grant under the PTCL Act. In view of the same, the provisions of the said Act are applicable to the granted land and therefore, prior permission of the Government was a requisite statutory condition for transacting in the said impugned property. Thus, considering that Objector had executed certain transactions by way of entering into GPA, AoS and ATS in the impugned property,



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without obtaining prior permission of the Government, as have been discussed in detail in the above paragraphs, such transactions / transfers were clearly *void ab initio*, the same being in violation of Section 4(2) of the PTCL Act.

33. Considering that the said impugned property is attached by the Sub-registrar having jurisdiction, the same being *prima facie* treated as the properties of PACL Ltd on the basis of the documents seized from the custody of PACL Ltd, the Objector has filed the present objection for seeking release of the attachment on the said property.

34. In order to appreciate the objection on merits, it is pertinent to understand the very objective behind enacting the said legislation specifically for the Scheduled Castes and Scheduled Tribes. On a plain reading of the provisions of the PTCL Act it can be clearly seen that the very object of the said law is to protect the Scheduled Castes and Scheduled Tribes from exploitation by persons belonging to the affluent and powerful sections to obtain sales or mortgages either for a nominal consideration or for no consideration at all and to safeguard the weaker sections from becoming the victims of circumstances. In order to safeguard and protect the interests of persons belonging to the Scheduled Castes and Scheduled Tribes, the PTCL Act provides that the granted lands, even if alienated, should be restored to the original grantee or his heirs. In view thereof, in case of the present objection, considering that the lands have been granted to the Objector, upon alienation of such lands, the provisions of Section 4 of the PTCL Act come into play which creates a statutory bar on transfer of granted lands and Section 4(2) specifically mandates prior permission from the Government in order to transfer the granted lands. Based on the jurisprudence laid down by the Courts on the said subject matter, there is no doubt that the transactions executed by the Objector in the granted impugned property by way of executing GPA/AoS/ATS without prior permission of the Government are *void ab initio*, as not only the transfers effected in accordance with the



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provisions of the Transfer of Property Act, 1882 but even mere agreements to transfer the granted lands would attract the provisions of the said Act. Thus, the remedy provided under the PTCL Act is also attracted to such alienations. Here, we place reliance on a recent judgement of the Hon'ble High Court of Karnataka in the case of **Smt. Rudramma and Others Vs. The State of Karnataka & Ors (WP. No. 29559 of 2018) dated April 09, 2025**, wherein the Hon'ble Court has affirmed that any alienation made in contravention of Section 4(2) would be *null and void*.

35. It is also noted that Justice Shri R. S. Virk, in his orders concerning similar subject matter, has accepted/allowed the petition filed by the objectors, taking into account the provisions of the PTCL Act. However, considering that the objection has been filed before the PACL Committee for releasing the said impugned property from attachment, the same being attached on the basis of the AoS/GPA seized from the possession of PACL Ltd, we find it pertinent to look into the objection from other legal angles as well.

36. It is noted from the submission made by the Objector that, even after execution of the AoS (*unregistered*) and ATS (*registered*), the Objector is still in possession of the impugned property even today. Therefore, it can be said that even if the said lands were not lands granted under the PTCL Act, in the absence of a registered sale deed being executed in respect of sale of the impugned property, the ownership rights cannot be said to have transferred to the Purchaser. It is a well settled position of law that in terms of Section 54 of the Transfer of Property Act, 1882 (TPA), "sale" is defined as a transfer of ownership in exchange for a price paid or promised or part-paid or part-promised. 'Contract for sale' of immovable property is a contract that a sale of such property shall take place on the terms settled between the parties. Para 2 of Section 54 of TPA, however, provides that for tangible immovable property worth Rs. 100 or more, the transfer must be made through a registered



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instrument, while for property valued less than Rs. 100, the transfer can be made either by a registered instrument or by delivery of possession; essentially meaning that a sale of significant value requires a registered document, to be legally valid. In sale, there is an actual transfer of ownership in exchange for a consideration whereas, in a Contract of sale, there is only a contract between the parties that the sale will take place on the agreed terms on a later date. A transfer of immoveable property by way of sale can only be by a deed of conveyance (*sale deed*). In the absence of a deed of conveyance (*duly stamped and registered as required by law*), no right, title or interest in an immoveable property can be transferred. Thus, an 'agreement of sale' is not the same as 'sale' and in the case of an agreement of sale, the title of the property agreed to be sold still remains with the vendor but in the case of 'sale', title of the property agreed is vested with the vendee. Therefore, an *agreement of sale* is an executory contract whereas sale is an executed contract.

37. In this regard, reliance is on the judgement passed by the Hon'ble Supreme Court in **Suraj Lamp and Industries Pvt. Ltd Vs. State of Haryana & Anr (2012) 1 SCC 656**, wherein, the Hon'ble Supreme Court held as under:

"24. We therefore reiterate that immovable property can be legally and lawfully transferred/conveyed only by a registered deed of conveyance. Transactions of the nature of "GPA sales" or "SA/GPA/will transfers" do not convey title and do not amount to transfer, nor can they be recognised or valid mode of transfer of immovable property. The courts will not treat such transactions as completed or concluded transfers or as conveyances as they neither convey title nor create any interest in an immovable property. They cannot be recognised as deeds of title, except to the limited extent of Section 53-A of the TP Act. Such transactions cannot be relied upon or made the basis for mutations in municipal or revenue records. What is stated above will apply not only to deeds of conveyance in regard to freehold property but also to transfer of leasehold property. A lease can be validly transferred only under a registered



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*assignment of lease. It is time that an end is put to the pernicious practice of
SA/GPA/will transactions known as GPA sales."*

38. As submitted by the Objector and on perusal of the respective GPA/ AoS between the Objector and Mr. Diwakar Awasthi/ Mr. H.R. Suresh, it is noted that indeed there was an agreement executed between the Objector and Mr. Diwakar Awasthi/ Mr. H.R. Suresh to transfer/alienate the impugned property. However, it is noted that the said document i.e. the AoS executed between them is not a registered document. Therefore, an AoS, even though executed between the Objector and Purchaser viz. Mr. Diwakar Awasthi/ Mr. H.R. Suresh, cannot by itself create any interest in or charge on such property in the absence of a registered sale deed.

39. Having said that, on the basis of the said AoS, the parties to the agreement had a right to seek specific performance of such agreement under Section 16 of the Specific Relief Act, 1964. However, as sated above, despite making part payments towards sale consideration for purchase of the impugned property, the purchaser/s have not made any further payment and/or executed any sale deed till date. From the foregoing, it is noted that vide AoS, the impugned property was agreed to be transferred to Mr. Diwakar Awasthi/ Mr. H.R. Suresh and an advance part consideration was received as part payment towards the sale consideration by the Objector. However, as has been already established in the preceding paragraphs, considering that no registered deed of conveyance was executed between the parties i.e. the Objector and the Purchaser viz. Mr. Diwakar Awasthi/ Mr. H.R. Suresh, the impugned property cannot be said to be that of PACL and/ or of entities associated with PACL as no ownership rights were transferred to the purchaser by way of entering into an Agreement to Sell (*unregistered*).



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40. In view of the law laid down by the Hon'ble Supreme Court in *Suraj Lamp's case (supra)*, even otherwise, unregistered ATS does not convey any title in the immovable property covered thereunder, in favour of the purchaser. Regarding the applicability of Section 53A of TPA, it is noted that after the amendments made to Section 53A on September 24, 2001, unregistered ATS is not protected under Section 53A of TPA. In the present case, the AoS concerned are not registered. Therefore, Section 53A of TPA is not attracted *qua* the said AoS. Moreover, the Objector has stated that they are in possession of the impugned lands. Therefore, there is no question of PACL Ltd. or its agent/employee being in possession of said land which can be protected under Section 53A of TPA.

41. Here, it is pertinent to state that the GPA and AoS executed between the Objector and Vendees viz Mr. Diwakar Awasthi/ Mr. H.R. Suresh were seized from the possession of PACL Ltd. and the impugned property has been thereafter, attached by the Committee. The very fact that the said document was in possession of PACL Ltd. gives rise to a presumption that Mr. Diwakar Awasthi/ Mr. H.R. Suresh had intended to purchase the said impugned property on behalf of PACL Ltd. and the actual beneficial owner of the said impugned property was no other than PACL Ltd. In this regard, reference can be made to the order dated August 22, 2014 passed by SEBI, wherein it has been observed that,

".....At this stage, I note from the details submitted during the course of investigation that PACL had mobilized funds from its customers to the tune of ₹ 44,736 crores till March 31, 2012. Further by its own admission, it has collected ₹ 4364,78,08,345 from 39,97,357 customers during the period of February 26, 2013 to June 15, 2014. The total amount mobilized comes to a whopping 49,100 crore. This figure could have been even more if PACL would have provided the details of the funds mobilized during the period of April 01, 2012 to February 25, 2013. The collection of such huge funds suggests that PACL has many more customers than the stated 1.22 crore. In this regard, I also refer to the proposal of PACL and its directors as forwarded to SEBI through their advocates and note that it



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न्यायमूर्ति (सेवानिवृत्त) आर.एम. लोढा समिति
Justice (Retd.) R. M. Lodha Committee
(पीएसीएल लि. के मामले से संबंधित / in the matter of PACL Ltd.)

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has 4,63,13,342 customers to whom the land has not yet been allotted. Thus, a quick calculation of the total number of the customer of PACL comes to around 5.85 crore which includes the customers who said to have been allotted land and who are yet to be allotted the land.....” (at pp. 71-72)

“.....From the above, it is noted that PACL has very limited stock of lands in its name and that most of the lands are held through General Power of Attorney/through Agreement to Sale/through associate companies. PACL in its reply has informed that the said associate companies are controlled by its friends and nears and dears of the management of PACL. I observe that PACL enters into an MoU with the associate companies for the purchase of land. The MoU inter-alia, states that as PACL is unable to purchase the land in its own name beyond certain limits due to the land laws and other applicable laws of the land in different States of the country, PACL has nominated the associate company to purchase the land for PACL and get the sale deed executed in the name of associate company.....” (at p. 80)

42. Thus, the aforesaid impugned property, like so many other properties owned by PACL Ltd., were purchased by PACL Ltd. out of the funds collected from its investors.

43. As has been found in the preceding paragraphs that the AoS/GPA executed by the Objector, who was the grantee of the land, are *null and void* in terms of the provisions of the PTCL Act and otherwise also, under the general law, no such documents like AoS/GPA can transfer any interest, title or right in the property to the purchaser/s, it is important to note that in the instant case, the amounts paid by the purchasers, who were the associates or employees of PACL Ltd., to the Objector can be inferred to be amounts/ monies collected by PACL Ltd. from its customers i.e. the investors at large. It is worthy to note that the PACL Committee was constituted by the Hon’ble Supreme Court with the very purpose and object of refunding the investors who have lost their hard earned monies to the scam instituted by PACL Ltd.



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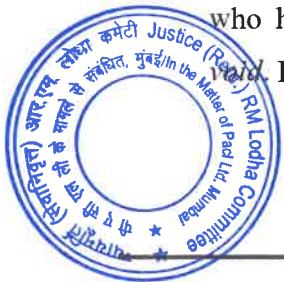
PACL Committee therefore is empowered to restore such monies and refund them back to the investors/customers.

44. We note that PTCL Act is a special act enacted for a specific purpose of safeguarding the interests of the persons belonging to the Scheduled Castes and Scheduled Tribes communities. It is also correct to state that the Special Act would prevail over the provisions of the General law. Section 11 of the PTCL Act also states that the provisions of the said Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any custom, usage or contract or any decree or order of the court, tribunal or other authority. We note that the provisions of Section 73 of the Indian Contract Act, 1876 which mentions on compensations and / or damages on breach of contract may not apply in the present case as the agreements for alienation of the impugned properties are *null and void*. However, it is also well settled that if the Special Act is silent, the provisions of the General Act must be applied. Considering that the PTCL Act is silent on the issue of restitution in case of monies received on execution of transfers in the granted lands, which are barred, the provision contained under Section 65 of the Indian Contract Act, 1876 would be attracted. The said provision reads as under:

65. Obligation of person who has received advantage under void agreement, or contract that becomes void.—

When an agreement is discovered to be void, or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

45. On perusing the said provision, it can be seen that it deals with the obligation of a person who has received an advantage under a *void* agreement or a contract that has become *void*. Essentially, it mandates restitution, meaning thereby that the person who has received



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the advantage must either restore it or compensate the other party for it which ensures fairness and prevents unjust enrichment. Considering that, in the present case, the Objector has reaped the benefit from transacting in the granted lands which was barred by the provisions of the PTCL Act, in accordance with Section 65 of the Indian Contract Act, 1872, the Objector is liable to restore such monies received from said GPA/AoS/ATS, etc. Here again, we place reliance on judgement of the Hon'ble High Court of Karnataka in the case of **Rudramma and Ors (Supra)**, wherein, the Hon'ble Court, on the issue of alienation of granted lands by grantees, repetitively, has observed as under:

"39. Section 4 basically deals with the act of alienation which has been done prior to the Act and an alienation which may be made after the commencement of the act, both alienations having been done in violation of the terms of the grant. Thus, on a plain reading, the provision will stand attracted only when the granted lands have been transferred for the first time in contravention of the terms of the grant and it does not contemplate to govern the transfer made after the lands have been resumed and restored to the grantee under the Act.

.....

42. The question that however arises now is whether these provisions could be invoked for a second time, after the lands have been resumed and restored to the grantee.

43. As already noticed above, a grantee who had alienated the land in contravention of the terms of the grant is enabled by the provisions of the PTCL Act to get the land back, notwithstanding that he had lost it by his own act. Such a grantee is conscious and aware of the fact that there is an enactment which seeks to protect him and his granted land. He is, as a consequence, also aware that he could not have sold the land. He would also therefore be aware of the fact that he cannot sell the land which has been restored to him by virtue of Section 4(2) of the PTCL Act. In short, the grantee, by invoking the provisions of the Act and getting back his land, is also clearly aware of the fact that the PTCL Act prohibits himself from alienating said land without securing the prior permission of the Government.

.....

47. If a grantee has secured the benefit under the provisions of the PTCL Act, surely, he could also be bound by the provisions of the very same Act which curtails his benefit of



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alienating the land without the permission of the Government. If a grantee seeks to disregard the prohibition contained in the remedial statute and essentially abuses it, he cannot obviously be given the benefit of the beneficial provisions of the Act. A grantee, while being entitled to the benefits of the Act, would also be bound by the restrictive clauses in the Act and is liable for the consequences of disregarding the provisions of the PTCL Act.

48. The provisions of the PTCL Act were not meant to grant a licence to grantees to sell the lands that were resumed in their favour and once again seek restoration. In other words, a grantee who is aware of the beneficial provisions of the PTCL Act is also presumed to be aware of the restrictive clauses in the same Act which curtails his benefit in dealing with the resumed land. A grantee cannot abuse a remedial statute to perpetuate an illegality and, at the same time, secure a process which legitimizes his illegal act repeatedly. The Act was designed to help the weak and downtrodden and not abuse their weakness in order to unjustly enrich themselves.

49. In fact, if such a procedure—of selling the granted lands in contravention of the terms of the grant, then securing its resumption and thereafter, once again selling the resumed land before seeking its resumption again—is allowed, it would clearly amount to a mockery of the law, making the entire procedure of resumption a mere parody.

50. The PTCL Act was designed to safeguard the interests of the persons belonging to SC/ST who were socially and financially weak and the provisions of the Act cannot be used by persons belonging to the SC/ST to do an illegal act and reap an immoral and unethical benefit by invoking the provisions of the Act. A legislative armour, designed to protect a deprived class, cannot be used by the deprived class to perpetuate an illegality and gain immunity from such illegal acts.”

46. Further, reliance is also placed on the judgement of the Hon'ble High Court of Karnataka in the case of **Bhadre Gowda v. Deputy Commissioner 2012 (2) KCCR 1529 (DB)** wherein, the Hon'ble High Court of Karnataka clarifies that repeated sale of the granted land by a grantee constitutes misuse of the PTCL Act and amounts to cheating under Section 420 of the Indian Penal Code, 1860. It permits the buyer to recover the sale consideration and initiate criminal proceedings against the grantee. The relevant extract of the said order is reproduced below:

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"6. *Despite our aforesaid conclusion, it is imperative for us not to leave the matter without examining the further consequences which are liable to flow after the grantee succeeds in getting the sale made by him, set aside. It is essential for us to travel a little further and determine the matters arising out of violation of Section 4 of the PTCL Act, wherein, the original grantee repeatedly sells the grant land, and then seeks annulment of the sale. These are cases where the vendor successfully reaps the benefit of his own wrong. This case, like others dealt with by us, reveals the misuse of a legislative enactment for personal gains. In the first instance, the original grantee Cheluvaiah sold the grant land on 01.10.1962. Having succeeded in getting the aforesaid sale declared as void, the grant land came to be restored back to him. Fully aware of the fact that he could not have sold the grant land, he sold it yet again to Somegowda on 03.02.1992. Cheluvaiah again succeeded in getting the second sale made by him set aside, so as to retrieve the land. The question that we wish to determine is, whether having got the sale revoked, the original grantee is entitled to retain the consideration amount received by him? We are satisfied, that repeated sales at the hands of the original grantee constitutes the offence of cheating under the Section 420 of the Penal Code, 1860. A person who cheats, is definitely not entitled to seek restoration of the grant land and retain the consideration received by him by sale thereof. It is therefore, that we desire to hereby grant liberty to the appellants to recover the sale consideration paid by Somegowda to Cheluvaiah on 03.02.1992 as the grant land has been restored to Cheluvaiah (now his legal heirs). The other alternative, as we have concluded hereinabove, is not available to the appellants in view of the Section 4 of the PTCL Act. Cheluvaiah (his legal heirs as is the position in this case) are certainly not entitled to retain the consideration received by them, based on a sale in violation of Section 4 of the PTCL Act. Thus, it shall be open to the appellants herein to seek the refund of the sale consideration along with interest thereon, if they are so advised, by proceeding against the respondents through a civil litigation, if the amount is unilaterally not refunded.*

7. *It also needs to be recorded here, that when a grantee repeatedly sells the grant land, it is open to the vendee to initiate criminal prosecution against him. Such repeated sale is nothing but a process of cheating. Even though the instant determination at our hands may not be available to the appellants herein against Cheluvaiah, who has since died, but this determination shall certainly deter to the original grantees from misusing the legislative enactment under reference for personal monetary (monetary) gains."*



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47. In the present objection, it is observed that, apart from the two AoS dated February 10, 2010 and November 27, 2010, which are the documents attached by the Committee under the relevant MR. No. 9925/15, the Objector appears to have executed another ATS dated March 06, 2015, registered on April 06, 2015, in favor of one Mr. P.R. Prakash for a total sale consideration of Rs. 30,00,000/-. The same was noticed upon examination of the EC which reflected an entry showing execution of the said ATS. Also, as advised, a copy of the said ATS has been provided by the Objector on record. Upon examining the contents thereof, it is noted that the Objector has received a substantial amount of Rs. 29,90,000/- towards the sale consideration from the purchaser which again shows how the Objector is misusing the protection provided under the PTCL Act. Considering that the jurisdiction of the Committee is restricted to the documents which are contained under the MR numbers, the Competent Authority, at the time of considering the impugned property for restoration under Section 5 of the PTCL Act, may take cognizance of execution of ATS executed by the Objector with Mr. P. R. Prakash in violation of the provisions of the PTCL Act.

48. Thus, in case of the present objection before us, it is noted that the Objector has repeatedly transacted in the impugned property and therefore, the observations made by the Hon'ble High Court of Karnataka is squarely applicable in the present objection. We note that even though the Objector is protected under the PTCL Act, it is pertinent to state here that M/s PACL Ltd had raised monies from about 5.85 crore investors and the said monies were utilized towards payment for purchase of lands. In view thereof, considering that the Objector has received considerable amounts of monies from the PACL associate entities / employees by way of part payment of consideration, which is nothing but monies collected from the investors at large, we find that in order to protect the interests of the investors, the fund of such monies so received by the Objector would meet the ends of justice and equity. The said direction would also impart the Objector of the unfair enrichment made by him and



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enjoyed over years by entering into agreements for transfer of granted lands without seeking prior permissions of the Government, which are barred by the PTCL Act.

49. In view of the forgoing, in lines with the powers conferred upon the Recovery Officers under Section 28A of the SEBI Act, 1992 read with Section 220(2) of the Income Tax Act, 1961, the Objector is liable for a direction to refund the amounts received by him, as detailed in the table below, along with simple interest at the rate of 1% per month (12% per annum) or part thereof from the date of receipt of the said amount/s till the date of actual payment to the PACL Committee:

S.No.	Document Type	Date of the Document	Date of receipt	Amount to be Refunded to the Committee
(1)	(2)	(3)	(4)	(5)
(a)	AoS*	10.02.2010	10.02.2010	80,000
			10.02.2010	1,90,000
			12.10.2010	90,000
			20.09.2010	3,15,000
			12.10.2010	3,00,000
(b)	AoS	27.11.2010	03.12.2010	3,00,000

**Balance amount of Rs. 11,30,000/- payable at the time of registration of the Sale Deed, has not been considered for restitution.*

Order:

50. Given the above, the objection raised by the Objector is allowed subject to payment of the amounts mentions at column no. 5 of the table at para no. 49 above, along with simple interest at the rate of 1% per month or part thereof, from date of receipt (as mentioned at column no. 4 of the said table) till the date of actual payment, to the PACL Committee within a period of 30 days from the date of receipt of this order. The bank details for remitting the payment is as under:

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[Handwritten signature]

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Account Name	Securities and Exchange Board of India
Account No.	0172101101304
Bank	Canara bank
Branch	BKC, Mid Corporate branch, Mumbai
IFSC	CNRB0006643

51. In case of failure to make the payment as directed in paragraph no. 50 above, the attachment on the impugned property shall continue without being affected by any observations made in this Order and the Committee shall be at liberty to auction the said property.

Place: Mumbai

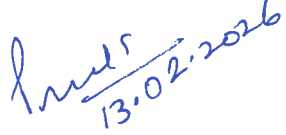
Date: February 13, 2026



**For and on behalf of Justice (Retd.) R.M. Lodha Committee
(in the matter of PACL Ltd.)**


MS. RESHMA GOEL
13.02.2026
RECOVERY OFFICER


MR. BAL KISHOR MANDAL
13.02.2026
RECOVERY OFFICER


MS. PREETI PATEL
13.02.2026
RECOVERY OFFICER

रेशमा गोयल / RESHMA GOEL
उप महाप्रबंधक एवं वसूली अधिकारी
Deputy General Manager & Recovery Officer
न्यायमूर्ति (सेवानिवृत्त) आर. एम. लोधा समिति
Justice (Retd) R M Lodha Committee
(पी ए सी एल लि के मामले से संबंधित, मुंबई) / (In the Matter of PACL Ltd. Mumbai)

बाल किशोर मंडल / BAL KISHOR MANDAL
उप महाप्रबंधक एवं वसूली अधिकारी
Deputy General Manager & Recovery Officer
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प्रीति पटेल / PREETI PATEL
उप महाप्रबंधक एवं वसूली अधिकारी
Deputy General Manager & Recovery Officer
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