**BEFORE THE PANEL OF RECOVERY OFFICERS APPOINTED UNDER SECTION 28A OF THE SEBI ACT, 1992 DISCHARGING FUNCTIONS IN TERMS OF THE ORDERS OF THE HON'BLE SUPREME COURT DATED 08.08.2024 AND 19.02.2026 IN C.A. No. 13301 OF 2015 IN THE MATTER OF PACL LTD.**

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| **Interlocutory Application No.** | 112376 of 2023 and 112378 of 2023 |
| **File No.** | SEBI/PACL/IA/KW/00733/2026 |
| **Name of the Objector(s)/Applicant** | Fair Deal Ventures Pvt. Ltd. |
| **MR No.** | 17231/16, 35762/16 |

**<u>Background:</u>**

1. The Securities and Exchange Board of India (hereinafter referred to as "SEBI") on 22.08.2014 passed an order against Pearls Agrotech Corporation Limited (hereinafter referred to as "PACL Ltd."), 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. By 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 aforesaid order was challenged by PACL Ltd. and its directors by filing appeals before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT"). Vide its order dated 12.08.2015, the said appeals were dismissed by Hon'ble SAT, with a direction to the appellants to refund the amounts collected from the

investors within three months. Aggrieved by the aforesaid order dated 12.08.2015, PACL Ltd. and its directors filed appeals before the Hon'ble Supreme Court of India.

3. The Hon'ble Supreme Court did not grant any stay on the aforesaid impugned order dated 12.08.2015 of Hon'ble SAT, however, PACL Ltd. and its promoters/directors did not refund the money to its investors. Accordingly, SEBI initiated recovery proceedings under Section 28A of SEBI Act, 1992 against PACL Ltd. and its promoters/directors vide recovery certificate no. 832 of 2015 drawn on 11.12.2015 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 11.12.2015.

4. During the course of hearing on the aforesaid civil appeals filed by PACL Ltd. and its directors (i.e. *Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI* and other connected matters), the Hon'ble Supreme Court vide its order dated 02.02.2016, directed SEBI to constitute a committee under the Chairmanship of Hon'ble 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, direction for refund and direction regarding restraint on the PACL Ltd. and its promoters and directors from disposing, alienating or selling the assets of the PACL Ltd., as given in the order continue 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

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registration/mutation/sale/transfer, etc. of properties wherein PACL Ltd. and or its group or its associates have, in any manner right of interest.

6. Further, the Hon'ble Supreme Court vide its order dated 25.07.2016 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 07.09.2016, 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 document 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 15.11.2017 passed in C.A. No.13301/2015 and connected matters directed that all the grievances or objections pertaining to properties of PACL Ltd. would be taken up by Mr. R. S. Virk, District Judge (Retired) (hereinafter referred to as "**Justice Virk**").

9. On 30.04.2019, in the recovery proceedings initiated against PACL Ltd. & Ors., the Recovery Officer issued a notice of attachment in respect of 25 front companies of PACL Ltd. Thereafter, on 01.03.2021, 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 30.04.2019.

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10. The Hon'ble Supreme Court vide order dated 08.08.2024, in Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI and other connected matters, 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 aforesaid order dated 08.08.2024 passed by the Hon'ble Supreme Court, all objections with respect to properties of PACL Ltd., which were pending before Justice Virk and all new objections, are now to be dealt by the Recovery Officers attached to the Committee.

12. Subsequently, the Hon'ble Supreme Court passed an order dated 19.02.2026 in the matter of *Subrata Bhattacharya vs. SEBI (Civil Appeal No. 13301 of 2015)* directing, inter alia, that all Interlocutory Applications/Transferred Case falling under Category B, i.e. 106 sets of applications including the instant application, challenging the recommendations of Justice Virk, be placed before the Recovery Officers appointed under Section 28A of the SEBI Act, 1992. Accordingly, all such applications, including the instant application, are now to be dealt by the Panel of Recovery Officers appointed under Section 28A of the SEBI Act, 1992 for discharging functions in terms of the Orders of the Hon'ble Supreme Court dated 08.08.2024 and 19.02.2026 in C.A. No. 13301 of 2015 in the matter of PACL Ltd.

**<u>Proceedings before Shri R.S. Virk, District Judge (Retd.)</u>**

13. M/s. Fair Deal Ventures Pvt. Ltd. (hereinafter referred to as "**Applicant**") had filed an Objection petition (File No.1010) before Justice Virk *inter alia* seeking release

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from attachment of the total land comprised in Survey Nos. 268/5 (2.06), 224/1 (2.51), 232/2 (2.00), 233/1 (2.00), 315/1 (2.00), 310/2 (2.00), 269/1 (2.35), 251/1 (2.99) and Survey Nos. 210/4 (2.49 ½), 218/3 (2.49 ½), 219/2 (2.00), 220/3 (2.03), 227/2 (2.00), 231/3 (2.00), 233/3 (2.00), 241/2 (2.00), 251/2 (2.17 ½), 253/5 (2.59), 259/2 (2.00) and 278/4 (2.00) admeasuring 43 Acres and 69.5 Cents situated in Village Melselvanur, Kadaladi Taluk, Ramanthapuram District, Tamil Nadu. The properties comprised in Survey Nos. 268/5, 224/1, 232/2, 233/1, 315/1, 310/2, 269/1, 251/1 measuring 17.91 acres were purchased by the Applicant vide Sale Deed No.276/2014 dated 28.04.2014 from Shri Balabhadra Dal through its Power of Attorney holder Shri Swaroop Kumar Panigrahi. The properties comprised in Survey Nos. 210/4, 218/3, 219/2, 220/3, 227/2, 231/3, 233/3, 241/2, 251/2, 253/5, 259/2 and 278/4 measuring 25.79 acres were purchased by the Applicant vide Sale Deed No.275/2014 dated 28.04.2014 from Shri Chatish Chandra Dhir through its Power of Attorney holder Shri Swaroop Kumar Panigrahi. The said properties were attached by the Committee under MR. Nos. 17231/16 and 35762/16.

14. Justice Virk vide Order dated 02.03.2023 allowed the Objection petition only in respect of the property comprised in survey number 278/4 (2.00) and dismissed the same in respect of properties comprised in survey numbers 268/5, 224/1, 232/2, 233/1, 315/1, 310/2, 269/1, 251/1, 210/4, 218/3, 219/2, 220/3, 227/2, 231/3, 233/3, 241/2, 251/2, 253/5, 259/2 (hereinafter referred to as "**impugned properties**") *inter alia* on the ground that:

i. One of the chain of documents i.e. the sale deed no. 390/2006 and 389/2006 both dated 22.05.2006 were taken into possession by the CBI from the custody of PACL vide seizure memos dated 04.12.2015 and 22.08.2016;

ii. The impugned properties were purchased by Shri Balabhadra Dal and Shri Chatish Chandra Dhir as PACL's representative and out of PACL's funds

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through sale deed no. 390/2006 and 389/2006 both dated 22.05.2006, respectively;

iii. Neither Shri Balabhadra Dal nor Shri Chatish Chandra Dhir had come forward to claim that the impugned properties were purchased by them out of their personal funds and not as a representative of PACL.

iv. Both Shri Balabhadra Dal and Shri Chatish Chandra Dhir were not shown to have possessed in the year 2006, the amount of sale consideration as mentioned in the sale deed nos. 390/2006 and 389/2006 both dated 22.05.2006, respectively.

**<u>Present Interlocutory Application (IA)</u>**

15. Aggrieved by the said order, the Applicant filed an Interlocutory Application No.112376 of 2023 seeking intervention and Interlocutory Application No.112378 of 2023 seeking directions (collectively referred to as "**IAs**") before the Hon'ble Supreme Court in C.A. No. 13301/2015 *Subrata Bhattacharya vs. SEBI* (supra). The Applicant prayed for setting aside of Order/Recommendation dated 02.03.2023 of Justice Virk and an *ad-interim* stay on the auction of impugned properties. In the said IA, it was *inter alia* contended by the Applicant:

i. that the Applicant is a *bona fide* purchaser who bought the impugned property before passing of order dated 22.08.2014 by the WTM, SEBI and order dated 02.02.2016 by the Hon'ble Supreme Court in C.A. No. 13301/2015 and therefore, the attachment of the impugned property of the Applicant was *prima facie* erroneous;

ii. that PACL has failed to produce any evidence to indicate that Shri Balabhadra Dal and Shri Chatish Chandra Dhir were its 'authorised person' and its own funds were used to purchase the impugned properties;

iii. that the Applicant had carried out due diligence of title documents and revenue records prior to purchase of the impugned properties and the same were not in the name of PACL at the relevant point of time;

iv. that the Applicant has been in continuous possession of the impugned properties since 2014;

v. that the impugned property cannot continue to be categorised as "PACL lands" as there is no document establishing that the impugned properties are or were PACL lands at any point of time.

16. Thereafter, as stated above, the Hon'ble Supreme Court vide order dated 19.02.2026 in the matter of *Subrata Bhattacharya vs. SEBI (Civil Appeal No. 13301 of 2015) inter alia* directed, that all Interlocutory Applications/Transferred Case falling under Category B, i.e. 106 sets of applications including the instant application, challenging the recommendations of Justice Virk, be placed before the Reçovery Officers appointed under Section 28A of the SEBI Act, 1992.

17. In compliance with the aforesaid order of the Hon'ble Supreme Court, the proceedings in respect of IAs were initiated by the Panel of Recovery Officers and the Applicant was granted an opportunity of hearing on 13.04.2026. Before the scheduled date of hearing the Authorised Representative (AR) of Applicant, in terms of paragraph 12(viii) of the Hon'ble Supreme Court's order dated 19.02.2026 (*supra*), submitted the following additional documents on 19.03.2026 on behalf of the Applicant:

i. Possession Certificate issued by the Village Administrative Officer, Melaselvanur Group, Kadaladi Taluk.

ii. Patta No.1397 dated 26.11.2013 issued by Zonal Deputy Tehsildar, Kadaladi in the name of Shri Sahul Maideen.

iii. Separate Affidavits both dated 16.03.2026 of Shri Balabhadra Dal and Shri Chatish Chandra Dhir.

18. On the scheduled date of hearing, the AR of the Applicant appeared virtually and made submissions on the lines of averments made in the said IA. It was *inter-alia* submitted by the AR that:

i. the Applicant was a bona fide purchaser;

ii. the burden of proof to claim ownership of properties was upon PACL;

iii. the property was purchased by the Applicant before passing of order dated 22.08.2014 by WTM, SEBI and the Hon'ble Supreme Court's order dated 02.02.2016.

iv. the judgment of the Hon'ble Supreme Court in *Valliammal (D) by Lrs vs Subramanium & Ors.* 2004 (7) SCC 233 favoured the case of the Applicant.

19. Based on the submissions made during the hearing, the AR of the Applicant was advised to submit *inter alia* certain documents in support of his claim viz., Land Tax Payment receipts up to date, copies of GPA bearing nos. 141/2006 and 152/2006, books of accounts reflecting the purchase of impugned properties, bank statement showing the transaction towards payment of sale consideration. Thereafter, the AR of the Applicant vide email dated 22.04.2026 submitted various documents including copy of Land Tax Payment receipts for the Fasali years 1431 to 1434 in respect of Patta 7242 and 7243, copy of General Power of Attorney nos. 141/2006 and 152/2006 both dated 24.04.2006, Balance Sheets for the FY 2014-15, 2015-16 and 2024-25.

20. In addition to the above, the copies of following documents *inter alia* have also been annexed in the IA filed by the Applicant:

i. Encumbrance Certificates dated 17.09.2022 for the search period from 01.01.1984 to 16.09.2022 of the impugned properties.

ii. Sale Deed nos. 276/2014 and 275/2014 both dated 28.04.2014.

iii. Patta No.7243 issued by Dept. of Revenue of Govt. of Tamil Nadu.

iv. Patta No.7242 issued by Dept. of Revenue of Govt. of Tamil Nadu.

v. Sale Deed Nos.390/2006 and 389/2006 both dated 22.05.2006.

21. Other than the documents provided by the AR and those annexed to the IA, the Panel of Recovery Officers also have on record, the documents seized by the CBI under the MR. Nos. 17231/16 and 35762/16 from the possession of PACL and thereafter attached by the Committee which are detailed as under:

| **MR. No. 17231/16** | | | | | |
|---|---|---|---|---|---|
| **Sr. No** | **Document No.** | **Executed by** | **In favour** | **Extent Acre (Ac)/Cents (Cts)** | **Consideration** |
| 1. | Sale Deed no. 390/2006 dated 22/04/2006 Registered | Shri Sahul Maideen | Shri Balabhadra Dhal, being represented by his authorised power of Attorney Mr. Swarup Kumar Panigrahi<br><br>(GPA no.141/2006 dated 24.04.2006) | **268/5** - Ac. 2.06 Cts (0.83.5 Hec)<br>**224/1** - Ac. 2.51 Cts (1.01.5 Hec)<br>**232/1** - Ac. 2.00 Cts (0.81.0 Hec)<br>**233/1** - Ac. 2.00 Cts (0.81.0 Hec)<br>**315/1** - Ac. 2.00 Cts (0.81.0 Hec)<br>**310/2** - Ac. 2.00 Cts (0.81.0 Hec)<br>**269/1** - Ac. 2.35 Cts (0.95.0 Hec)<br>**251/1** - Ac. 2.99 Cts (1.21.0 Hec)<br><br>Patta No. 1397 Situated at Melaselvanoor village, Kadaladi Taluk, Ramanathapuram District | Rs.2,68,650/- (Cash) |

| MR. No. 35762/16 | | | | | |
|---|---|---|---|---|---|
| **Sr. No** | **Document No.** | **Executed by** | **In favour** | **Extent Acre (Ac) /Cents (Cts)** | **Consideration** |
| 1. | Sale Deed no. 389/2006 dated 22/04/2006 Registered | Shri Sahul Maideen | Shri Chatish Chandra Dhir being represented by his duly authorised power of Attorney Mr. Swarup Kumar Panigrahi | **219/2** - Ac. 2.00 Cts (0.81.0 Hec) **259/2** - Ac. 2.00 Cts (0.81.0 Hec) **220/3** – Ac. 2.03 Cts (0.82.0 Hec) **278/4** - Ac. 2.00 Cts (0.81.0 Hec) **251/2** – Ac. 2.17 Cts (0.88.0 Hec) **227/2** - Ac. 2.00 Cts (0.81.0 Hec) **233/3** - Ac. 2.00 Cts (0.81.0 Hec) **253/5** – Ac. 2.59 Cts (1.05.0 Hec) **241/2** - Ac. 2.00 Cts (0.81.0 Hec) **218/3** – Ac. 2.49 Cts (1.01.0 Hec) **210/4** - Ac. 2.49 Cts (1.01.0 Hec) **231/3**- Ac. 2.00 Cts (0.81.0 Hec)<br><br>Patta no. 1397 Situated at Melaselvanoor village, Kadaladi Taluk, Ramanathapuram District. | Rs.3,86,550/- (Cash) |

22. On perusal of the sale deed nos.390/2006 and 389/2006 both dated 22.05.2006, it is observed that Shri Sahul Maideen had purchased the impugned properties through 20 registered sale deeds which are detailed as under:

| SRO, Kadaladi – Sale Deed No. – 390/06 | | | |
|---|---|---|---|
| **Sr. no** | **Survey Nos.** | **Registered Document no.** | **Dated** |
| 1. | 268/5 | Sale Deed no. 177/2006, Book -1, Vol – 186, Pages – 53 to 56 | 21.03.2006 |
| 2. | 224/1 | Sale Deed no. 178/2006, Book -1, Vol – 186, Pages – 57 to 60 | 21.03.2006 |
| 3. | 232/2 | Sale Deed no. 179/2006, Book -1, Vol – 186, Pages – 61 to 63 | 21.03.2006 |
| 4. | 233/1 | Sale Deed no. 180/2006, Book -1, Vol – 186, Pages – 65 to 68 | 21.03.2006 |
| 5. | 315/1 | Sale Deed no. 181/2006, Book -1, Vol – 186, Pages – 69 to 71 | 21.03.2006 |
| 6. | 310/2 | Sale Deed no. 182/2006, Book -1, Vol – 186, Pages – 73 to 75 | 21.03.2006 |
| 7. | 269/1 | Sale Deed no. 192/2006, Book -1, Vol – 186, Pages – 113 to 116 | 21.03.2006 |
| 8. | 251/1 | Sale Deed no. 195/2006, Book -1, Vol – 186, Pages – 125 to 128 | 21.03.2006 |

| SRO, Kadaladi – Sale Deed No. – 389/06 | | | |
|---|---|---|---|
| **Sr. no** | **Survey Nos.** | **Registered Document no.** | **Dated** |
| 1. | 219/2 | Sale Deed no. 255/2006, Book -1 | 12.04.2006 |
| 2. | 259/2 | Sale Deed no. 256/2006, Book -1 | 12.04.2006 |
| 3. | 220/3 | Sale Deed no. 257/2006, Book -1 | 12.04.2006 |
| 4. | 278/4 | Sale Deed no. 258/2006, Book -1 | 12.04.2006 |
| 5. | 251/2 | Sale Deed no. 259/2006, Book -1 | 12.04.2006 |
| 6. | 227/2 | Sale Deed no. 260/2006, Book -1 | 12.04.2006 |
| 7. | 233/3 | Sale Deed no. 261/2006, Book -1 | 12.04.2006 |
| 8. | 253/5 | Sale Deed no. 262/2006, Book -1 | 12.04.2006 |
| 9. | 241/2 | Sale Deed no. 263/2006, Book -1 | 12.04.2006 |
| 10. | 218/3 | Sale Deed no. 264/2006, Book -1 | 12.04.2006 |
| 11. | 210/4 | Sale Deed no. 265/2006, Book -1 | 12.04.2006 |
| 12. | 231/3 | Sale Deed no. 266/2006, Book -1 | 12.04.2006 |

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23. The Panel of Recovery Officers have considered the documents submitted by the AR of the Applicant as well as those annexed in the IA. From perusal of the said documents, it is observed that the Possession Certificate issued by the Village Administrative Officer, Melaselvanur Group, Kadaladi Taluk mentions that the Applicant is in possession of the impugned properties under Patta nos.7242 and 7243. The Patta No.1397 dated 26.11.2013 issued by Zonal Deputy Tehsildar, Kadaladi in the name of Shri Sahul Maideen contains the survey numbers of the impugned properties. The Patta Nos.7242 and 7243 issued by Zonal Deputy Tehsildar, Kadaladi indicate the name of the Applicant as the owner of the impugned properties. The Land Tax Payment receipts provided by the AR of the Applicant for the Fasali years 1431-1434 (dated 24.03.2022, 20.04.2023 etc.) reflect that the land tax has been paid by the Applicant for the impugned property comprised in Patta Nos.7242 and 7243.

24. The affidavit dated 16.03.2026 of Shri Balabhadra Dhal *inter alia* states that the impugned properties comprised in Survey Nos. 268/5, 224/1, 232/2, 233/1, 315/1, 310/2, 269/1, 251/1 admeasuring 17.91 acres were sold vide sale deed no. 276/2014 dated 28.04.2014 by him to the Applicant for consideration of Rs.5,37,300/-. Similarly, the affidavit dated 16.03.2026 of Shri Chatish Chandra Dhir *inter alia* states that the impugned properties comprised in Survey Nos. 210/4, 218/3, 219/2, 220/3, 227/2, 231/3, 233/3, 241/2, 251/2, 253/5, 259/2 and 278/4 measuring 25.79 acres were sold vide sale deed no.275/2014 dated 28.04.2014 by him to the Applicant for a consideration of Rs.7,73,700/-. It is pertinent to note that in both affidavits, it is stated by the Deponents that they had engaged in preliminary discussions for the sale of impugned properties with potential buyers including the representatives of PACL, however, the sale never materialized.

25. In this regard, it is pertinent to refer to the observation of Justice Virk in para 11 (b) of his order dated 02.03.2023 wherein the objection petition filed by the

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Applicant was *inter alia* dismissed on the ground that Shri Balabhadra Dhal and Shri Chatish Chandra Dhir never came forward to claim that the land in question was purchased by them out of their personal funds and not as authorized persons of PACL. It appears that in order to counter the said observation, the AR of Applicant has subsequently placed the aforesaid affidavits of Shri Balabhadra Dhal and Shri Chatish Chandra Dhir. However, as no supporting documentary evidence annexed to the affidavit or otherwise has been placed on record to substantiate the said claim, the affidavit of Shri Balabhadra Dhal and Shri Chatish Chandra Dhir alone cannot be treated as having strong evidentiary value in respect of the aforesaid contentions.

26. From the perusal of the copies of General Power of Attorney nos. 141/2006 and 152/2006 both dated 24.04.2006 (registered) it is noted that both Shri Balabhadra Dhal and Shri Chatish Chandra Dhir had authorised Shri Swarup Kumar Panigrahi *inter alia* to purchase on their behalf agricultural lands/properties in the State of Tamil Nadu. The sale deed nos.276/2014 and 275/2014 both dated 28.04.2014 and the Encumbrance Certificate(s) dated 17.09.2022 annexed to the IA reflect that the impugned properties comprised in Survey Nos. 268/5, 224/1, 232/2, 233/1, 315/1, 310/2, 269/1, 251/1 measuring 17.91 acres were sold vide sale deed no. 276/2014 dated 28.04.2014 by Shri Balabhadra Dhal to the Applicant for a consideration of Rs. 5,37,300/- and those comprised in Survey Nos. 210/4, 218/3, 219/2, 220/3, 227/2, 231/3, 233/3, 241/2, 251/2, 253/5, 259/2 measuring 23.79 acres were sold vide sale deed no.275/2014 dated 28.04.2014 by Shri Chatish Chandra Dhir to the Applicant for a consideration of Rs. 7,73,700/-. It is observed that both the sale deeds were registered before the Sub Registrar Office at Kadaladi and corresponding entries have been made in Book-1. The Panel has also perused the Balance Sheets for the FY 2014-15 and FY 2015-16 wherein the purchase of impugned property has been accounted under the head Fixed Assets.

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27. However, in respect of Survey No.315/1 admeasuring 2.00 acres, it is observed from entry 3 of the relevant encumbrance certificate (Annexure A-5 to the IA for directions) that the impugned property comprised in the said survey number was sold vide sale deed no. 276/2014 dated 28.04.2014 by Shri Balabhadra Dhal to the Applicant but in entry 4 of the said encumbrance certificate, the said survey number is shown to have been transferred again vide sale deed no.213/2015 dated 08.05.2015 by six persons namely M.Pappa, M.Madasmy, M.Selvi, A.Meenatchi, M.Malaivalli and T.Pathiragali to the Applicant. In view of the said observation, the AR of the Applicant was advised, vide email dated 17.06.2026, to provide clarification on the said aspect. Thereafter, in response vide email dated 18.06.2026 it was stated by the AR that the property comprised in Survey No. 315/1 originally belonged to K. Muthu as an inherited property, as evidenced by the UDR. Subsequently, after the demise of K. Muthu, the property was transferred to Shri M. Sahul Maideen through Sale Deed No. 181/2006, executed by Shri M. Devaraj. It is further stated by the Applicant that in order to avoid any future legal complications arising from succession and title claims, the legal heirs of Shri K. Muthu (M.Pappa, M.Madasmy, M.Selvi, A.Meenatchi, M.Malaivalli and T.Pathiragali), as identified in the Legal Heir Certificate, also executed a Sale Deed in favour of the Applicant, M/s. Fair Deal Food Ventures Pvt. Ltd., thereby confirming and conveying their rights, title, and interest in the said property.

28. Since no supporting documents were provided by the AR of the Applicant along with the aforesaid explanation, the AR was advised to submit the same. Thereafter, vide email dated 19.06.2026, the AR provided the Encumbrance Certificate of survey no.315/1, Sale Deed No.213/2015, UDR (Updated Data Record), Legal heir Certificate and Death Certificate of Shri Muthunadar. On perusal of the said documents, it is observed that M.Pappa, M.Madasmy, M.Selvi, A.Meenatchi, M.Malaivalli and T.Pathiragali are family members and legal heirs of

Shri Muthunadar, who together sold the impugned property in survey no.315/1 to the Applicant for a consideration of Rs.1,60,000/-. As stated above, it is claimed by the Applicant that the same was done to avoid any future legal complications arising from succession and title claims.

29. Having perused the aforesaid documents provided by the AR in respect of impugned property contained in survey number 315/1, it is noted from entry 1 of the Encumbrance Certificate of survey no.315/1, that the impugned property in the said survey number was sold through Sale Deed No. 181/2006 by Shri M. Devaraj to Shri Sahul Maideen. However, it is observed that the name of Shri M.Devaraj is neither mentioned in the legal heir certificate of Shri Muthunadar nor the Applicant has provided any explanation as to who was Shri M.Devaraj and in what capacity he sold the said impugned property in survey no. 315/1 when he was not a legal heir. In view of the same, the title of Shri M.Devaraj and his right to transfer the said survey no. 315/1 to Shri Sahul Maideen becomes questionable. Further, with respect to the submission that Shri Muthunadar was having title of the impugned property comprised in survey no.315/1 by virtue of inheritance, it is noted that none of the revenue records produced before the Panel of Recovery Officers reflect any entry/mutation in the name of Shri Muthunadar as title holder of the said property. Therefore, in the absence of any supporting documentary evidence, the said submission cannot be accepted. Furthermore, considering that the Applicant had purchased the impugned property comprised in survey no.315/1 from Shri Balabhadra Dhal vide sale deed no.276/2014 after paying consideration, the execution of another sale deed with the purported legal heirs of Shri Muthunadar appears to be suspicious in light of the fact that the title claimed to be held by Shri Muthunadar is *prima facie* found to be defective. Even otherwise, when the impugned property comprised in survey no.315/1 was already purchased by the Applicant from Shri Balabhadra Dhal vide sale deed no.276/2014, then why would

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30. In order to adjudicate the claim made by the Applicant, it would be pertinent to first understand the *modus operandi* adopted by PACL which has been enunciated in the order dated 22.08.2014 passed by SEBI, wherein it is observed as under:

*"...........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 whooping 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 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*

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is inferred that the purchasers in the said sale deeds namely, Shri Balabhadra Dhal and Shri Chatish Chandra Dhir, had purchased the impugned properties mentioned therein on behalf of PACL as its agent/employee/associate, as PACL was unable to own lands in its own name beyond certain limits due to the land laws of the country. The said inference also gains strength in view of the statements made by Shri Balabhadra Dhal and Shri Chatish Chandra Dhir in their affidavits dated 16.03.2026, wherein they have admitted of having preliminary discussions with potential buyers including representatives of PACL for sale of the impugned properties. Therefore, it no longer remains in dispute that Shri Balabhadra Dhal and Shri Chatish Chandra Dhir and PACL were known to each other. Hence, it can be concluded that the actual beneficial owner of the impugned properties was none other than PACL.

33. However, even if Shri Balabhadra Dhal and Shri Chatish Chandra Dhir were agents of PACL, the fact that they have further transferred the impugned properties to the Applicant for consideration, cannot be ignored as the same has resulted in creation of third party rights which are protected under Section 41 of the Transfer of Property Act, 1882 ("**TPA**") that states as under:

> *41. **Transfer by ostensible owner** – Where, with the consent, express or implied, of the persons interested in immoveable property, a person is the ostensible owner of such property and transfers the same for consideration, the transfer shall not be voidable on the ground that the transferor was not authorised to make it: provided that the transferee, after taking reasonable care to ascertain that the transferor had power to make the transfer, has acted in good faith.*

34. Reference herein may also be made to the observation of the Hon'ble Supreme Court in para 12 (vi) of its order dated 19.02.2026 wherein it stated that:

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*"12. In view of the fact that the said appeals are pending for a long time, we accordingly direct:*

*(vi) A party will not be denied a claim over a property solely for the reason, that at one point and time the property was owned by PACL or its associated entities and it is not clear as to what were the source of funds used by PACL & its sister entities, as the case may be, to purchase the properties, if otherwise it is clear that the party is a bona fide purchaser for value having actually paid the amounts through banking channels."*

35. Referring to the above provision of Section 41 and para 12(vi) of the Hon'ble Supreme Court, even if Shri Balabhadra Dhal and Shri Chatish Chandra Dhir were agents of PACL, the rights of the Applicant as a *bona fide* purchaser are be protected under law.

36. It can be argued that by virtue of the aforesaid provision, PACL as well as the Committee cannot question the transfer made in favour of the Applicant. In terms of the order dated February 02, 2016 passed by the Hon'ble Supreme Court, the Committee has been authorized for selling the properties of PACL and for making refund to its investors. Thus, the prohibition created by Section 41 of the TPA on questioning the authority of ostensible owner by the real owner, would not restrict the Committee in discharge of its mandate given to it by the Hon'ble Supreme Court, and can always question the authority of the ostensible owner in making the transfer and bona fides of the transferee, without being bound by or without any reference to Section 41 of TPA.

37. Assuming without admitting that the transfer of impugned properties made by the Shri Balabhadra Dhal and Shri Chatish Chandra Dhir in favour of the Applicant attracts Section 41 of the TPA and thus, prohibits even the Committee, even then, under the said provisions itself a transfer made by an ostensible owner, in order to

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attract Section 41 of the TPA, has to satisfy the test of "reasonable care" and "good faith" on the part of the transferee as stated in the proviso to Section 41. In terms of the proviso, the transferee should have acted in good faith and taken reasonable care to ascertain that the transferor had the power to make the transfer, in order to take benefit of Section 41 of the TPA. To demonstrate that the Applicant had acted in good faith and taken reasonable care to ascertain authority of the transferor to make the transfer, the Applicant has submitted that the impugned properties were purchased after conducting due diligence, including verification of the mutation entries and revenue records reflecting the name of previous owner.

38. In this regard, the Panel of Recovery Officers have also taken note of the contention of AR that the Applicant had carried out due diligence of the title documents and revenue records prior to purchasing the impugned properties which were not in the name of PACL at the relevant point in time. The Applicant has *inter alia* asserted that he is the *bona fide* purchaser of the impugned properties and the said properties were purchased much prior to the order of SEBI and Hon'ble Supreme Court. It has been further asserted that the Applicant has been in actual possession of the impugned properties since 2014.

39. Having considered the above, it is noted that even though the sale deed nos.390/2006 and 389/2006 both dated 22.05.2006 were seized from the custody of PACL, the said documents depicted the chain of title of the impugned properties wherein no reference was made to any title/claim/interest in favour of PACL or its associates and therefore the Applicant could not have reasonably known or expected to have known of any alleged link between the impugned properties and PACL. The Applicant having verified the chain of title, mutation entries and revenue records in respect of the aforesaid impugned properties prior to purchase, can be said to have exercised due diligence, taken reasonable care and acted in good faith while

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acquiring the impugned properties. Accordingly, the Applicant's purchase falls squarely within the protection afforded under Section 41 of the TPA.

40. However, at this juncture, it pertinent to recall the observation of the Hon'ble Supreme Court in paragraph 12 (vi) of its order dated 19.02.2026 wherein payment through banking channels has been stated as an indicator of bona fide purchase. In this regard, it is noted that the payment of Rs.5,37,300/- to Shri Balabhadra Dhal in sale deed no.276/2014 and of Rs.7,73,700/- to Shri Chatish Chandra Dhir in sale deed no.275/2014, respectively, has been stated to have been made in cash by the Applicant. In this regard, reference is drawn to para 12 (vi) of the order of Hon'ble Supreme Court dated 19.02.2026, wherein Apex Court has directed that claims over a property are liable to be protected where it is evident that the claimant is a *bona fide* purchaser for value who has actually paid the consideration through legitimate means such as banking channels. Though the Hon'ble Supreme Court has referred to transactions through banking channels as an indicator of bona fide purchase, the said observation cannot be read as excluding genuine transactions undertaken prior to the statutory restrictions on cash dealings, particularly where the transfer is evidenced through registered sale deeds, corresponding revenue records viz., Patta, Land tax receipts, encumbrance certificate etc., and proof of possession of the impugned property with the Applicant. In the instant case, the genuineness of the transaction in respect of the impugned properties stands established through the existence of a registered instrument i.e. sale deed nos.276/2014 and 275/2014 both dated 28.04.2014, payment of sale consideration and proof of possession. It is noted from the recitals of the sale deed that the vendors Shri Balabhadra Dhal and Shri Chatish Chandra Dhir has expressly acknowledged receipt of the entire sale consideration in cash before the registering authority at the time of registration of the sale deed and in their respective affidavit. Further, there is nothing on record to show any dispute or claim being made by the vendors, Shri Balabhadra Dhal and

Shri Chatish Chandra Dhir for non-receipt of sale consideration. Merely because the sale consideration was paid in cash by the Applicant cannot *ipso facto* make the transaction non-genuine or invalid as observed by the Hon'ble Supreme Court in its judgment dated 01.09.2025 passed in Civil Appeal No. 11309 of 2025 *Georgekutty Chacko vs M.N Saji* wherein it is stated that :

> *"..... it is not uncommon that in money transactions, there is a component of cash also involved and just because a person is not able to prove the transfer through official modes i.e., through any negotiable instrument or bank transaction, would not lead to the conclusion that such amount was not paid through cash, especially when there was a categorical statement to this effect by the appellant before the Court concerned. Moreover, the initial presumption of legally enforceable debt comes from the Negotiable Instruments Act, 1881 also and thus the onus is on the respondent to prove that no such amount was given. Only because documentary proof was not available, we find such view taken to be erroneous. A person who gives cash obviously would not be having any documentary proof per se. Sometimes there may be an occasion where even for a cash transaction, a receipt is taken, but absence of the same would not negate and disprove the stand that the cash transaction also took place between the parties.*

41. As observed by the Hon'ble Supreme Court in the above judgement, the absence of a bank transaction does not disprove a transaction when a categorical statement is made by the parties. Further, as stated in previous paras, there is nothing on record to show any dispute/complaint/ongoing litigation challenging the non-receipt of sale consideration. Also reference is drawn to the Balance sheet for the FY 2014-15 and FY 2015-16 of the Applicant wherein the purchase of the impugned property has been accounted under the heading "Fixed Asset" which shows that the Applicant is a bona fide purchaser. In view of the same, the Panel is of the view that

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42. Reference is drawn to paragraph 12 of order of Hon'ble Supreme Court dated 19.02.2026 wherein it is stated that:

*"12. In view of the fact that the said appeals are pending for a long time, we accordingly direct:*

*(iii) The remit of the Recovery Officers shall be confined to determining whether the properties subject matter of such applications, were in fact purchased by PACL Limited or relatable to its associate entities, subsidiaries or sister concerns and whether the Applicants establish, on the basis of documentary materials & evidence, that the properties are held by them in their independent capacity.*

*(iv) The parties shall be at liberty to adduce necessary evidence in this regard confined to the extent relevant to establish source of the property, which evidence will be led in a summary manner. The adjudication shall be confined to documentary evidence. No oral evidence shall be permitted. The Recovery Officers may permit filing of additional documents over and above what was filed before Judge Virk & this Court in their IAs.*

43. In the light of the foregoing and the documentary evidence placed on record, it is established that the Applicant had purchased the impugned properties i.e Survey Nos. 210/4 (2.49 ½), 218/3 (2.49 ½), 219/2 (2.00), 220/3 (2.03), 227/2 (2.00), 231/3 (2.00), 233/3 (2.00), 241/2 (2.00), 251/2 (2.17 ½), 253/5 (2.59), 259/2 (2.00), 268/5 (2.06), 224/1 (2.51), 232/2 (2.00), 233/1 (2.00), 310/2 (2.00), 269/1 (2.35), 251/1 (2.99) via registered sale deeds which are evident from the relevant revenue records submitted by him namely Encumbrance Certificates, Pattas, Possession Certificate and the Land Tax receipts. The mutation entries in the Encumbrance Certificates are also in the name of the Applicant. Thus, the aforesaid documents evidence that the

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Applicant as a *bona fide* purchaser owned the impugned properties in an independent capacity. However, in view of the observations made in para 29 with respect to the impugned property comprised in Survey Number 315/1 wherein the chain of title is found to be defective, the claim made by the Applicant is liable to be rejected.

**ORDER:**

44. For the reasons enumerated above,

i. the Interlocutory Applications filed by the Applicant in respect of the impugned properties comprising of Survey Nos. 210/4 (2.49 ½), 218/3 (2.49 ½), 219/2 (2.00), 220/3 (2.03), 227/2 (2.00), 231/3 (2.00), 233/3 (2.00), 241/2 (2.00), 251/2 (2.17 ½), 253/5 (2.59), 259/2 (2.00) admeasuring 23.79 acres in sale deed no.275/2014 and Survey Nos. 268/5 (2.06), 224/1 (2.51), 232/2 (2.00), 233/1 (2.00), 310/2 (2.00), 269/1 (2.35), 251/1 (2.99) admeasuring 15.91 acres in sale deed no.276/2014, situated at Village Melselvanur, Kadaladi Taluk, Ramanthapuram District, Tamil Nadu are liable to be allowed and are hereby allowed.

ii. the Interlocutory Applications filed by the Applicant in respect of the impugned property comprised in Survey no. 315/1 admeasuring 2.00 acres are liable to be disallowed and are hereby disallowed.

iii. the order dated 02.03.2023 passed by Shri R.S Virk, District Judge (Retd.) is liable to be set aside in respect of the impugned properties except Survey Number 315/1.

**Place: Mumbai**

**Date: 02.07.2026**

02.07.2026

2.7.26

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| | | |
|---|---|---|
| **KSHAMA P. WAGHERKAR** | **RESHMA GOEL** | **SAROJ KUMAR SAHU** |
| **RECOVERY OFFICER** | **RECOVERY OFFICER** | **RECOVERY OFFICER** |

क्षमा प्र. वाघेरकर / KSHAMA P. WAGHERKAR
महाप्रबंधक एवं वसूली अधिकारी
General Manager & Recovery Officer
(पी ए सी एल ली के मामले से संबंधित, मुंबई)/(In the matter of PACL Ltd. Mumbai)

रेशमा गोयल / RESHMA GOEL
उप महाप्रबंधक एवं वसूली अधिकारी
Deputy General Manager & Recovery Officer
(पी ए सी एल ली के मामले से संबंधित, मुंबई)/(In the matter of PACL Ltd. Mumbai)

सरोज कुमार साहू / SAROJ KUMAR SAHU
उप महाप्रबंधक एवं वसूली अधिकारी
Deputy General Manager & Recovery Officer
(पी ए सी एल ली के मामले से संबंधित)/(In the matter of PACL Ltd.)