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.

Interlocutory Application No.	106463 of 2023 and 10649 of 2023
File No.	SEBI/PACL/IA/KW/00737/2026
Name of the Objector/Applicant	Suvarnabhoomi Enterprises Pvt. Ltd.
MR No.	35678/16, 17651/16, 17650/16

Background:

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

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in Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI and other connected matters.

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 dated 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

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 at 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/objections pertaining to properties of PACL Ltd. would be taken up by Shri R. S. Virk, District Judge (Retired).

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.

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 Shri R. S. Virk, District Judge (Retired) 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 Shri R.S. Virk, District Judge (Retd.), 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.

Proceedings before Shri R.S. Virk, District Judge (Retd.)

13. M/s. Suvarnabhoomi Enterprises Pvt. Ltd. (hereinafter referred to as "**Applicant**") had filed an Objection petition before Shri R.S. Virk, District Judge (Retd.) *inter alia* seeking release from attachment of the land comprised in Survey Nos. 248/5 (1.24), 269/2 (2.33), 271/3 (2.40), 211/2 (2.49), 257/4 (0.80), 240/4 (0.86), 222/2 (2.15), 226/4 (2.00), 248/3 (2.41) admeasuring 16 Acres and 68 Cents situated in Village Melselvanur, Kadaladi Taluk, Ramanthapuram District, Tamil Nadu (hereinafter referred to as "**impugned properties**"). The impugned properties was attached by the Committee under MR. No. 35678/16.

14. Shri R. S. Virk, District Judge (Retd.) vide Order dated 03.03.2023, dismissed the Objection petition *inter alia* on the ground that:

i. One of the chain of title document i.e. the sale deed no. 391/2006 dated 22.05.2006 was taken into possession from the custody of PACL vide seizure memo dated 19.08.2016;

ii. The impugned properties was purchased by Shri Durga Charan Mohanta, PACL's representative through sale deed no.391/2006 dated 22.05.2006 using PACL funds;

iii. The vendor, Shri Durga Charan Mohanta had not come forward to claim that the land in question was purchased by him out of his personal funds and not as a representative of PACL.

Present Interlocutory Application (IA)

15. The Applicant has filed an Interlocutory Application No.106463 of 2023 (for directions) and 106459 of 2023 (for intervention) (hereinafter referred to as "**IAs**") before the Hon'ble Supreme Court in the matter of *Subrata Bhattacharya vs. SEBI* (supra) challenging the aforementioned order dated 03.03.2023 passed by Shri R. S. Virk, District Judge (Retd.) *inter alia* contending as under:

i. that the Applicant is a *bona fide* purchaser who bought the impugned properties 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 the matter of *Subrata Bhattacharya vs. SEBI* and therefore, the attachment of the impugned properties of the Applicant was *prima facie* erroneous;

ii. that PACL has failed to produce a single document to indicate that Shri Durga Charan Mohanta was its 'authorised person' or that the said entity was in any relationship with PACL;

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 was not in the name of PACL at the relevant point of time;

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

v. that the impugned properties 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.

The Applicant has, thus, prayed for setting aside the order/recommendation dated 03.03.2023 passed by Ld. District Judge (Retd.) in File No.1006 and grant of an *ad-interim* stay on the auction of impugned properties .

16. In compliance with the order dated 19.02.2026 passed by the Hon'ble Supreme Court in *Subrata Bhattacharya vs. SEBI* (supra), the Authorised Representative ("**AR**") of the Applicant submitted certain additional documents vide letter dated 10.03.2026. Thereafter, in pursuance of the aforesaid order of the Hon'ble Supreme Court, the proceedings in respect of IA no. 106463 of 2023 were initiated by the Panel of Recovery Officers and the Applicant was granted an opportunity of hearing on 06.04.2026. On the said date, 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.

17. Based on the submissions made during the hearing, the AR of the Applicant was advised to submit Balance Sheet of the Applicant reflecting the purchase of impugned properties from F.Y. 2014-2015 to FY 2016-2017 and Land Tax payment receipts up to date. The said documents were submitted by the AR vide email dated 14.04.2026. Subsequently, vide email dated 18.05.2026 further information/documents *interalia* were sought from the AR of the Applicant namely, Adangal in the name of the Applicant, proof of payment via banking transactions made by the Applicant for purchase of impugned properties , fixed assets group summary in respect of balance sheet as at 31.03.2017. Thereafter, various documents in this regard were submitted by the AR of the applicant vide email dated 22.05.2026.

18. To summarise, the AR of the Applicant has *inter alia* submitted documents in support of its claim viz., Possession Certificate issued by the Village Administrative Officer, Melaselvanur Group, Kadaladi Taluk; Patta No.1399 dated 26.11.2013 issued by Zonal Deputy Tehsildar, Kadaladi in the name of previous owner, Shri M. Paapu; Land Tax/Revenue Payment receipts (up to date) for Patta No. 7281 in the name of the Applicant; Affidavit dated 16.03.2026 of Shri Durga Charan Mohanta, Adangal issued by Village Administrative Officer in the name of the

Applicant for the impugned properties; Copy of Balance Sheet the FY 2014-15, 2015-16 and 2016-17; fixed assets summary for the FY 2016- 17. In addition to the above, the Panel has also *inter alia* noted the documents annexed in the IA filed by the Applicant viz., Encumbrance Certificates dated 23.09.2022 for the search period from 01.01.1984 to 22.09.2022 of the impugned properties, Sale Deed nos. 349/2014 dated 23.05.2014 and 391/2006 dated 22.05.2006 and a copy of Patta No.7281 issued by Dept. of Revenue of Govt. of Tamil Nadu.

19. From the documents available on record, submissions of AR and the IA, the genesis of transactions in respect of the impugned properties is as under:

Sr. no.	Document No.	Executed by	In Favour of	Extent in acres and Survey Nos.	Consideration (Rs.)
1.	Sale Deed no. 391/2006 dated 22/05/2006 (Registered)	M. Paapu	Swarupkumar Panigrahi (POA holder GPA No. 153/2006 dated 24/04/2006 (Registered) on behalf of Durga Charan Mohanta through 9 registered sale deeds.	211/2, 222/2, 226/4, 240/4, 248/3, 248/5, 257/4, 269/2 and 271/3 257/1 (18.68 Acres)	2,80,200/- (Cash)
2.	Sale Deed no. 349/14 Dated - 23/05/2014 (Registered)	Durga Charan Mohanta	Survanabhoomi Enterprises Pvt. Ltd	211/2, 222/2, 226/4, 240/4, 248/3, 248/5, 257/4, 269/2 and 271/3 total 6.75.5 hectares (16.69 Acres)	5,67,460/- (Cash)

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20. From the perusal of the above sale deeds, it is noted that Shri M. Paapu had purchased the following properties, including the impugned properties , through 9 registered sale deeds which are detailed hereunder:

SRO, Kadaladi			
Sr.no.	**Survey Nos.**	**Registered Document no.**	**Dated**
1.	222/2	Sale Deed no. 183/2006, Book-1, Vol-186, Page-77 to 79	21.03.2006
2.	248/5	Sale Deed no. 184/2006, Book-1, Vol-186, Page-81 to 83	21.03.2006
3.	269/2	Sale Deed no. 185/2006, Book-1, Vol-186, Page-85 to 88	21.03.2006
4.	271/3	Sale Deed no. 186/2006, Book-1, Vol-186, Page-89 to 91	21.03.2006
5.	226/4	Sale Deed no. 187/2006, Book-1, Vol-186, Page-93 to 96	21.03.2006
6.	211/2	Sale Deed no. 188/2006, Book-1, Vol-186, Page-97 to 99	21.03.2006
7.	257/4	Sale Deed no. 189/2006, Book-1, Vol-186, Page-101 to 103	21.03.2006
8.	240/4	Sale Deed no. 190/2006, Book-1, Vol-186, Page-105 to 108	21.03.2006
9.	248/3 and 257/1	Sale Deed no. 191/2006, Book-1, Vol-186; Page-109 to 112	21.03.2006

Further, vide sale deed no.391/2006, the impugned properties were sold by Shri M. Paapu to Shri Durga Charan Mohanta vide Power of Attorney registered as Document No.153/2006, Book No.4 dated 24.04.2006 in the name of Shri Swarup Kumar Panigrahi. Thereafter, the impugned properties were sold by Shri Durga Charan Mohanta to the Applicant through registered sale deed no.349/2014.

21. On perusal of the various documents submitted by the AR, it is observed that the Possession Certificate issued by the Village Administrative Officer, Melaselvanur Group, Kadaladi Taluk interalia mentions that the Applicant is in possession of the impugned properties under Patta no 7281. The Sale Deed nos. 391/2006 dated 22.05.2006 and 349/2014 dated 23.05.2014 state that the impugned

properties were sold by Shri M. Paapu to Shri Durga Charan Mohanta and thereafter from Shri Durga Charan Mohanta to the Applicant. It is noted that both sale deeds are registered and contain an endorsement by of payment of Stamp Duty and fee before the Sub Registrar, Kadaladi. The Patta No.1399 dated 26.11.2013 issued by Zonal Deputy Tehsildar, Kadaladi in the name of previous owner Shri M. Paapu mentions the survey numbers of the impugned properties evidencing that the said property was owned by him. The Land Tax Payment receipts provided by the AR of the Applicant for the Fasali years 1427-1434 (dated 15.3.2018, 27.05.2019, 05.06.2020, 16.06.2021, 26.04.2022, 24.04.2023 etc.) reflect that the land tax has been paid by the Applicant for the impugned properties comprised in Patta No.7281. The Adangal issued by Village Administrative Officer, Melaselvanur Group, Kadaladi Taluk mentions the Patta no.7281 and details of the impugned properties in the name of the Applicant. The Encumbrance Certificate(s) dated 23.09.2022 annexed to the IA by the Applicant in respect of the impugned properties evidence that the impugned properties was sold vide sale deed no.391/2006 dated 22.05.2006 by one Shri M. Paapu to Shri Durga Charan Mohanta and thereafter vide sale deed no.349/2014 by Shri Durga Charan Mohanta to the Applicant. The Patta No.7281 submitted by the Applicant, reflects the name of the Applicant as the owner of the impugned properties .

22. The affidavit dated 16.03.2026 of Shri Durga Charan Mohanta, *inter alia* states that the impugned properties was purchased by him from Shri M. Paapu out of his own saving funds. It is also stated that he being the absolute owner of the impugned properties had engaged in preliminary discussions with potential buyers including discussions with representatives of PACL for sale of the same. However, the sale did not materialize. Subsequently, in 2014, the impugned properties was sold to the Applicant through a registered Sale Deed no. 349/2014 dated 23.05.2014 for a consideration of Rs.5,67,460/-. In this regard, it is pertinent to refer to the

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23. Apart from the above, the AR of the Applicant has forwarded Balance Sheets for the period from FY 2014-15, FY 2015-16 FY 2016-17 and it is noted that the purchase of the impugned has been accounted under the Fixed Assets in the Balance Sheets as on 31.03.2016 and 31.03.2017.

24. The Panel of Recovery Officers have also perused the documents seized by the CBI under the MR. No. 35678/16 from the possession of PACL and thereafter attached by the Committee. The details of the documents seized are as under:

MR No. 35678/16					
Sr. no.	**Document No.**	**Executed by**	**In favour of**	**Extent in acres and Survey Nos.**	**Consideration (Rs.)**
1.	Sale deed 391/2006 Registered	M. Paapu	Durga Charan Mohanta and GPA holder Mr. Swarup Kumar Panigrahi	18 Acres 68 Cents	2,80,200/-

25. At the cost of repetition, it is reiterated that the impugned properties was sold by Shri M. Paapu to Shri Durga Charan Mohanta through registered sale deed no.391/2006 who had purchased the impugned properties through 9 registered sale deeds. Even though the aforesaid sale deed no.391/2006 was seized from the custody of PACL, the said document depicts the chain of title of the impugned properties wherein no reference is made to any title/claim/interest in favour of PACL or its associates. It is pertinent to note that the above document forms part of the chain of title documents provided by the Applicant in the matter.

26. At this juncture, reference can be made to the order dated 22.08.2014 passed by SEBI, wherein observations with respect to the *modus operandi* adopted by PACL Ltd. have been made which are 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 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)

27. Further, reference can also be made to the aforementioned SEBI order dated 22.08.2014 wherein PACL Ltd. itself, during the proceeding before the Whole Time Member, SEBI, had admitted that for the purpose of its business, it was buying lands through its agents. The same is reproduced as under:

".........PACL uses agents to carry out its business. Depending on the years of experience, the agents are entitled to various designations. The agent in turn engages field associates who interact with the potential customers and explain the plans for purchase of land. As the business of PACL is propelled through word-of-mouth, it is important to incentivize the agents and field associates appropriately by way of commission. In the process, PACL often makes payment to the field associates directly as per the understanding with the agent in order to ensure that the field associates are not deprived of their commission, after deducting the requisite amount from the commission paid to the relevant agents. The large amount of commission, reflected in the balance sheet not only constitutes the commissions paid to the agents/ field associates, but also other commissions paid in relation to the procurement of the land by PACL and sale of spaces in

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28. In view of the above and considering the fact that the sale deed no.391/2006 (under MR. No. 35678/2016) was in possession of PACL Ltd., it is inferred that the purchaser in the said sale deed namely, Shri Durga Charan Mohanta, had purchased the 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 statement made by Shri Durga Charan Mahanta in its affidavit dated 16.03.2026, wherein he has admitted that he had preliminary discussions with potential buyers including representatives of PACL for sale of the impugned properties . Thus, it is not in dispute that Shri Durga Charan Mahanta and PACL were known to each other. Hence, it can be concluded that the actual beneficial owner of the said properties was none other than PACL.

29. However, even if that Shri Durga Charan Mohanta was an agent of PACL, the fact that he has further transferred the impugned properties to the Applicant for consideration, cannot be ignored. The sale of impugned properties by Shri Durga Charan Mohanta to the Applicant has created third party rights which are protected under Section 41 of the Transfer of Property Act, 1882 ("**TPA**") which 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.*

30. Further reference is drawn to para 12 (vi) of the order of Hon'ble Supreme Court which states as under:

> *"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."*

31. Referring to the provision of Section 41 of TPA and para 12(vi) of the Hon'ble Supreme Court, even if Shri Durga Charan Mohanta was an agent of PACL who, as alleged by PACL Ltd. before Shri R. S. Virk, District Judge (Retd.), had no authority to sell the impugned properties to the Applicant, the sale of the impugned properties by Shri Durga Charan Mohanta to the Applicant has created third party rights of a *bona fide* purchaser which are be protected under law.

32. It can be argued that by virtue of the aforesaid provision, PACL Ltd. 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 Ltd. 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.

33. Assuming without admitting that the transfer made by the vendor Shri Durga Charan Mohanta in favour of the Applicant attracts Section 41 of the TPA and thus,

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prohibits even the Committee, even then, under the said provisions itself a transfer made by an ostensible owner, in order to attract Section 41 of the TPA, has to satisfy the test of "reasonable care" and "good faith" 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 impugned properties was purchased after conducting due diligence, including verification of the mutation entries, Pattas and Adangal, etc., reflecting the name of previous owner.

34. 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 that the said property is purchased much before the order of SEBI and Hon'ble Supreme Court and moreover he is in actual possession of the same.

35. As noted in the above paras, considering that sale deed no.391/2006 seized from the custody of PACL under MR No. 35678/18 was executed in the individual name of Shri Durga Charan Mohanta with no indication of any title/claim/interest in favour of PACL or any of its associates, 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 acquiring the impugned properties. Accordingly, the

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Applicant's purchase falls squarely within the protection afforded under Section 41 of the TPA.

36. Apart from the above, it is also noted that the payment of sale consideration of Rs.5,67,460/- was made by the Applicant by way of cash as mentioned in the sale deed no.349/2014 dated 23.05.2014. 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, Adangal, Land tax receipts, encumbrance certificate etc., and actual possession of the impugned properties 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 no.349/2014 dated 23.05.2014, payment of sale consideration and proof of possession. It is noted from the recitals of the sale deed that the vendor has expressly acknowledged receipt of the entire sale consideration in cash before the registering authority at the time of registration of the sale deed. Further, there is nothing on record to show any dispute or claim being made by the vendor, Shri Durga Charan Mohanta for non-receipt of the sale consideration. In fact, the vendor Shri Durga Charan Mohanta has expressly acknowledged the receipt of the entire sale consideration in the recitals of the Sale Deed. 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.*

37. 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, there is nothing on record to show any dispute/ complaint/ongoing litigation challenging the non-receipt of the sale consideration. In view of the same, the Panel is of the view that the Objector's claim with respect to the impugned properties deserves to be allowed.

38. In the light of the foregoing and the documentary evidence placed on record, it is established that the Applicant had purchased the impugned properties via a registered sale deed which is evident from the relevant revenue records submitted by it namely encumbrance certificates, Pattas, Adangal, 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

Applicant is a *bona fide* purchaser of the impugned properties in an independent capacity. Accordingly, the order dated 03.03.2023 passed by Shri R.S. Virk, District Judge (Retd.) is liable to be set aside.

ORDER:

39. In view of the aforesaid, the Interlocutory Application filed by the Applicant for the impugned properties i.e., Survey Nos. 248/5 (1.24), 269/2 (2.33), 271/3 (2.40), 211/2 (2.49), 257/4 (0.80), 240/4 (0.86), 222/2 (2.15), 226/4 (2.00), 248/3 (2.41) admeasuring 16 Acres and 69 Cents situated at Village Melselvanur, Kadaladi Taluk, Ramanthapuram District, Tamil Nadu is liable to be allowed and is, hereby, accordingly disposed of as allowed.

Place: Mumbai
Date: 30.06.2026

30/6/2026
KSHAMA P. WAGHERKAR
RECOVERY OFFICER

30.06.2026
RESHMA GOEL
RECOVERY OFFICER

30.6.2026
SAROJ KUMAR SAHU
RECOVERY OFFICER

क्षमा प्र. वाघेरकर / KSHAMA P. WAGHERKAR
महाप्रबंधक एवं वसूली अधिकारी
General Manager & Recovery Officer
(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 साहु / SAROJ KUMAR SAHU
उप महाप्रबंधक एवं वसूली अधिकारी
Deputy General Manager & Recovery Officer
(In the matter of PACL Ltd.)