

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 on the Objection filed by Shri K. Sundarraj & Ors.
SEBI/PACL/OBJ/AR/00052/2024

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

| | |
|--------------------------------|--|
| File No. | SEBI/PACL/OBJ/AR/00052/2024 |
| Name of the Objector(s) | Shri K. Sundarraj Ms. S. Bapanasam Ms. S. Ulagammal Ms. C. Subbulakshmi Shri K. Ravichandran |
| MR No. | 34168-16 |

ORDER

Background:

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") on 22.08.2014 passed an order against the PACL Ltd., its promoters and directors, *inter alia* holding the schemes run by PACL Ltd. as 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 order passed by SEBI was challenged by PACL Ltd. and 4 of its directors by filing appeals before Hon'ble SAT. The said appeals were dismissed by Hon'ble SAT vide its common order dated 12.08.2015, with a direction to the appellants to refund the amounts collected from the investors within three months. Aggrieved by the order dated



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SEBI Bhavan, BKC, Plot No. C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051

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12.08.2015 passed by Hon'ble SAT, PACL Ltd. and its directors filed appeals before Hon'ble Supreme Court of India.

3. 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 hearing on the aforesaid civil appeals filed by the PACL Ltd. and its directors (i.e. Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI and other connected matters), Hon'ble Supreme Court vide its order dated 02.02.2016, 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, 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.

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



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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. Also, 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. 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 Mr. R. S. Virk, Retired District Judge.
9. On 30.04.2019, in the recovery proceedings initiated against PACL Ltd. & Ors., the Recovery Officer issued a notice of attachment in respect 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. Vide order dated 08.08.2024, passed in Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI and other connected matters, 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 aforesaid order dated 08.08.2016 passed by 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.

Present Objection:

12. Present objection has been filed by Shri K. Sundarraj S/o Late Shri Krishnan, Ms. S. Bapanasam D/o Late Shri Krishnan, Ms. S. Ulagammal D/o Late Shri Krishnan, Ms. C. Subbulakshmi D/o Late Shri Krishnan and Shri K. Ravichandran S/o Late Shri Krishnan. Shri Krishnan died on 24.05.1989. At the time of death of Shri Krishnan, Late Ms. Krishnanammal, wife of Shri Krishnan was his one of the legal heir. However, Late Ms. Krishnanammal also died on 14.03.2022. Thus, at present there 5 legal heirs of Late Shri Krishnan. All the 5 legal heirs, hereinafter in this order, have been collectively referred to as “**the Objectors**”. Shri K. Sundarraj has filed the present objection on behalf of himself and on behalf of other legal heirs of Late Shri Krishnan. Other legal heirs have given a no-objection letter dated 09.03.2025, in favour of Shri





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K. Sundarraj R/o 2/400B, Muku Road, Sadaiyampatti, Sattur Taluk, Virudhunagar District, Tamil Nadu - 626203, for filing the present objection petition. The present objection has been filed by the Objectors in respect of the land admeasuring 2 Acres, 16 Cents, in Survey No. 85/4, Village – Vellankottai, Kayathar SRO, Palayamkottai District Registration (hereinafter referred to as the “**impugned land**”), being covered in MR No. 34168-16.

13. The Objectors were given a personal hearing on 06.03.2025 which was attended through virtual mode, by the Authorised Representative (AR) of the Objectors. During the hearing AR was asked to file no-objection certificate from other legal heirs of Late Shri Krishnan, for pursuing the present objection petition by K. Sundarraj on behalf of other legal heirs of Late Shri Krishnan. Vide a speed post mail, which was received by SEBI on 13.03.2025, AR has forwarded a no-objection certificate dated 09.03.2025 from legal heirs of Late Shri Krishnan, other than Shri K. Sundarraj.

14. The case of the Objectors is that impugned land alongwith land admeasuring 2 Acres 54 Cents in Survey Nos. 15/7, 16/1 and 19/4A situated at Village – Thirumalaikuruchi, Kayathar SRO, Palyamkottai District Registration, originally belonged to Late Shri Krishnan, who on 21.03.1972 mortgaged the whole land including the impugned land to Kovilpatti Co-operative Pirathamnilavala Bank vide document no. 275/1972. The said mortgage came to be redeemed by the legal heirs of Late Shri Krishnan, vide document no. 2259/2021 dated 19.08.2021. It is the case of the Objectors that from 1972 to 2021, said land parcel was mortgaged with the Co-operative bank. It has further been submitted that there has not been any other transaction with respect to the said land from 1972-2021 except the mortgage deed with the Co-operative Bank, therefore,





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it is not clear how the impugned land came to be included in the list of PACL properties and that Objectors do not have any connection with PACL Ltd.

15. I have perused the documents seized under MR No. 34168-16 which contains copies of two documents. One document is a General Power of Attorney (GPA) no. 168/03 dated 09.06.2003 given by Mari Muthu S/o Krishnasamy Thevar, to Tarlochan Singh S/o Sadhu Singh with respect to land parcel admeasuring 4 Acres 55 Cents in Survey Nos. 251/3, 253/6B, 253/7B and 85/4 in Village – Vellalan Cottah, Taluk – Kochilpatti, District – Thoothukudi, Kayathar SRO, Palayamcottah Registration District, Kayathar Panchayat Union.

16. Another document seized under MR No. 34168-16 is an unregistered agreement to sell (ATS) dated 13.10.2002 entered at Delhi between Marimuthu S/o Krishna Samy Thevar and PACL Ltd., for sale of land admeasuring 4 Acres 56 Cents comprised in Survey Nos. 251/3, 253/7B, 85/4 and 253/6B in Village – Vellankottai, Taluk – Kovilpatti, District – Thoothukudi for a total consideration of Rs. 1,37,530/- out of which Rs. 30,000/- was paid by way of cash on the date of execution of ATS and remaining Rs. 1,07,530/- was to be paid within one year from the date of execution of ATS. At the time of receipt of the balance sale consideration, Murumuthu was required to handover the possession of the land to PACL Ltd. As per the receipt dated 14.10.2002 signed at Tirunelveli, annexed to the ATS, remaining amount of Rs. 1,07,530/- was also received by Marimuthu.

17. As can be noted from the above, the impugned land comprised Survey no. 85/4 in Village – Vellankottai, Taluk – Kovilpatti, District – Thoothukudi, alongwith land



Shri K. Sundarraj

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admeasuring 2 Acres 54 Cents in Survey Nos. 15/7, 16/1 and 19/4A situated at Village – Thirumalaikuruchi, Kayathar SRO, Palyamkottai District Registration, belonging to Late Shri Krishnan, was mortgaged on 21.03.1972 to Kovilpatti Co-operative Pirathamaniavala Bank vide document no. 275/1972. The said mortgage came to be redeemed by the legal heirs of Late Shri Krishnan, vide document no. 2259/2021 dated 19.08.2021. As the impugned land belonged to Late Shri Krishnan and the same was mortgaged by him from the year 1972-2021, therefore, there was no question of sale of the impugned land through the GPA and the ATS, as aforesaid.

18. As can be noted from the facts narrated above, ATS dated 13.10.2002 was mere an unregistered ATS which could not have conveyed any title in the land parcels to PACL Ltd. Even suit for specific performance of the said ATS is barred by limitation as such a suit was required to be filed within a period of 3 years, in terms of the provisions of the Limitation Act, 1963.
19. Regarding the legality of the GPAs and ATSS as a conveyance deed, Hon'ble Supreme Court in *Suraj Lamp and Industries Pvt. Ltd. Vs. State of Haryana & Anr.* reported in (2012) 1 SCC 656, observed as under:

".....16. 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 recognized 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 recognized as deeds of title, except to the limited extent of Section 53A of the Transfer of Property Act. Such transactions cannot be relied upon or made the basis for mutations in Municipal or Revenue Records. What is stated above will

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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 Assignment of Lease. It is time that an end is put to the pernicious practice of SA/GPA/WILL transactions known as GPA sales.....”

20. Regarding the applicability of Section 53A of Transfer of Property Act, 1882 (TPA) to the said ATS is concerned, first and foremost transferee must be in possession of the immovable property in question. In the present case, the Objectors have specifically averred that they are in possession of the impugned land. Therefore, Section 53A is not attracted to the ATS made in favour of PACL Ltd. Further, after the amendments made to Section 53A on 24.09.2001, transferee in an unregistered agreement to sell is not protected under Section 53A of TPA. The ATS dated 13.10.2002 is unregistered and hence, transferee under it (PACL Ltd.) is not protected under Section 53A of TPA.
21. Given all the above, the objection by the Objectors is liable to be allowed and is accordingly allowed.

Place: Mumbai
Date: April 25, 2025


ANUBHAV ROY
RECOVERY OFFICER
For and on behalf of Justice (Retd.) R.M. Lodha
Committee (in the matter of PACL Ltd.)

अनुभव रॉय / ANUBHAV ROY
उप महाप्रबन्धक एवं वसूली अधिकारी
Deputy General Manager & Recovery Officer
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