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**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL No. 13301 OF 2015**

IN THE MATTER OF:

Subrata Bhattacharya

...Appellant

Versus

Securities and Exchange Board of India

...Respondent

**REPORT OF THE JUSTICE (RETD.) R.M.LODHA COMMITTEE (IN THE
MATTER OF PACL LTD.) WITH RESPECT TO ACTION TAKEN PURSUANT
TO THE ORDER DATED 23.01.2020 PASSED BY THIS HON'BLE COURT
IN C.A.NO. 13301 OF 2015**

1. ORDER DATED 23.01.2020

1.1 This Hon'ble Court had by an order dated 23.01.2020 in C.A.No.13301/2015, inter alia, directed the Justice (Retd.) R.M.Lodha Committee (in the matter of PACL Ltd.) – (“the Committee”), to “formulate terms and conditions...” incorporating the features which have been set out in the aforesaid order as well as “...other requirements which the Committee may consider necessary to spell out...” and further “.....to finalise the terms and conditions and to notify them on the website of SEBI within a period of two weeks from today....”.

1.2 The features set out in the order dated 23.01.2020 include the following:

- (i) Any EOI, in order to be entertained, must be accompanied by an earnest money deposit in the form of a demand draft of Rs 150 crores of a nationalized bank, which must be furnished to the Committee and/or to the nodal officer of the Committee;
- (ii) Intending offerors must be placed on notice that if the offeror resiles from the offer after having submitted the EOI, this would result in a forfeiture of the earnest money deposit;
- (iii) Offers should be submitted within two weeks of this public notice being put up on the website of SEBI;

- (iv) The time schedule for the completion of the sale should be fixed at four months from the date of acceptance of the offer;
- (v) It would be open to an offeror to submit a bid of at least Rs 1000 crores covering properties referred to in the revised public notice dated 23 August 2019 in one or more zones;
- (vi) The offers must be expressly made on an "as is, where is, whatever is basis";
- (vii) The intending offeror must, together with the EOI, furnish a financial statement containing such details, as may be notified by the Committee; and
- (viii) Offers may be submitted by any of the twelve bidders that were shortlisted by the Committee as well as by other ARCs or, as the case may be, NBFCs or prospective purchasers.

2. PUBLIC NOTICE

- 2.1 The Committee, thereafter, in compliance with the aforementioned order dated 23.01.2020, finalised detailed terms and conditions with respect to the sale of properties of PACL Ltd. and notified the same on the SEBI website on 06.02.2020 by way of a Public Notice dated 06.02.2020, i.e. within the period specified by this Hon'ble Court.
- 2.2 The said Notice also required that EOIs be submitted/ forwarded both by Speed Post in sealed cover superscribed "EOI for participating in Sale of PACL properties", addressed to "the Nodal Officer cum Secretary, the Justice (Retd.) R.M.Lodha Committee (in the matter of PACL Ltd.), SEBI Bhawan, Plot No.C 4 - A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 and by e-mail to committeepacl@sebi.gov.in
- 2.3 The Committee, in compliance with the direction of this Hon'ble Court in the aforesaid order dated 23.01.2020 to "...also consider an additional mode of publication to give the process wide publicity...", notified the process by way of an advertisement released in the following newspapers:

Newspaper	Language	Date of advertisement	Editions
Times of India	English	07.02.2020	All India
Dainik Jagran	Hindi	07.02.2020	UP, Bihar, Jharkhand, Punjab, WB, Uttarakhand
Rajasthan Patrika	Hindi	07.02.2020	Rajasthan
Dina Malar	Tamil	07.02.2020	All editions

3. **EOIs RECEIVED**

3.1 The Committee, in response to the aforesaid Public Notice issued on 06.02.2020, received 4 EOIs from the following offerers:

(i) Square Four Assets Management and Reconstruction Company Pvt. Ltd. (NBFC) with M/s. Square Four Housing and Infrastructure Development Pvt. Ltd. and G.S.Global Projects Pvt. Ltd.

(ii) Trends Infra Organization

(iii) Dashrath Singh

(iv) Ashok Jain

3.2 In accordance with the terms contained in Clause G of the aforesaid Public Notice, all EOIs received were opened on 25.02.2020 at 15:00 hrs. at SEBI Bhawan-II, Mumbai, in presence of a representative of Trends Infra Organization and Shri Ashok Jain. Other offerers / their representatives were not present.

3.3. The aforesaid 4 EOIs were examined in terms of eligibility criteria, offer size, EMD, etc. as specified in the aforesaid Public Notice issued on 06.02.2020.

3.4 It was, at the outset noted that Clause C (EMD) of the aforesaid Public Notice has not been complied with by any of the 4 offerers:

NAME OF OFFERER

EMD SUBMITTED

(i) Square Four Assets Management and Reconstruction Company Pvt. Ltd. (NBFC) with

(Rs.)

Not submitted

M/s. Square Four Housing
and Infrastructure Development
Pvt. Ltd. and G.S.Global Projects
Pvt. Ltd.

- (ii) Trends Infra Organization Not submitted
- (iii) Dashrath Singh Not submitted
- (iv) Ashok Jain 4.64 crore submitted

Thus, none of the EOIs are found eligible.

4. EXAMINATION OF EOIs

4.1 Though none of the 4 EOIs were found eligible, the EOIs were examined, details whereof are as follows:

Sl. No.	Name	Networth (Rs.)	Offer size (Rs.)	Whether property wise Circle Rate provided	Whether list of Properties with MR Nos. provided	Time period for completion of sale
01.	Square Four Assets Management and Reconstruction Company Pvt. Ltd. (NBFC) with M/s. Square Four Housing and Infrastructure Development Pvt. Ltd. and G.S.Global Projects Pvt. Ltd.	1325.74 cr (combined)	3,166.23 cr	No	Yes	6 months
02.	Trends Infra Organization	430.19 cr	1,259.00 cr	No	Yes	4 months
03.	Dasharath Singh	Not stated	17.73 lakh	Yes	1 MR No. only	--
04.	Ashok Jain	Not stated	31.17 cr	Yes	Yes	--

5. OTHER COMMUNICATIONS RECEIVED

5.1 The Committee, also received e-mail communications from certain entities, details whereof are as follows:

Sl.No.	Name of entity	Date of e-mail	Summary of e-mail
01.	Kanti Commercial Pvt.Ltd.	Feb 24, 2020	A letter dated Feb. 24, 2020 attached with the email stated that they are planning to submit bid for entire properties of PACL. As the properties in question are substantial, they requested to extend the time for submission by a month.
02.	Brij Gopal Constructions Company Pvt. Ltd.	Feb. 24, 2020	A letter dated 24, 2020 attached with the email stated that they have Networth of Rs.50.00 crore and ready with EMD of Rs.150.00 crore. However, while preparing Demand Draft (DD) of Rs.150.00 crore, they have found that same

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			is taking time due to procedures followed by Nationalized Banks for preparing DD for third parties. Therefore, it was requested that the last date of deposit of EMD of Rs.150.00 crore be extended by a further period of two weeks.
03.	Gaurav Dahiya	Feb. 24, 2020	Requested for extension of time by 2 weeks as the process of making DD through Nationalized Bank is taking time and is more cumbersome as compared to Private banks.
04.	Vishnu Trading	Feb. 24, 2020	Letters attached with the email stated that they are desirous to purchase property of PACL Ltd. located at Nathakudi Village, Dist. Sivaganga of Tamilnadu.
05.	Telecare Network India Pvt. Ltd.	Feb. 24, 2020	A letter dated Feb. 24, 2020 attached with the email stated that in the event the Hon'ble Committee does not receive any offer accompanied with EMD, they are ready and willing to abide and honour the terms of their offer dated Sep. 16, 2019. Further, it was mentioned: (a) To show its seriousness, a photocopy of DD of Rs.50.00 crore and cheque of Rs.100 crore, to be replaced by a DD within 10 working days of approval of their offer by the Committee were enclosed, to be kept as EMD and adjusted against the last instalment. (b) They are willing to test their offer against Swiss-challenge method and their offer may be published online for a period of 1 week to better the same by other offeror subject to any counter offeror submitting DD at the first instance. (c) They requested to put their offer before Hon'ble Supreme Court for its consideration if no offers are received pursuant to Public Notice dated 06.02.2020.

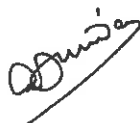
5.2 Further, the Committee received a letter dated February 20, 2020 from UV Asset Reconstruction Company Ltd. ("UVARC") mentioning that it is not possible for any ARCs to work without commission and the terms and condition of aforesaid Public Notice mentions that no commission would be paid on the offer for sale of the properties. It is seen that the terms and conditions of bidding for properties by direct investors and for facilitating the sale of properties by ARCs are same. However, the role of facilitators and investors are different and hence, it may be appropriate if separate

terms and conditions are formulated for selling the properties through two different modes.

6. **CONCLUSION**

6.1 As the 4 EOIs received by the Committee did not meet the prescribed condition in respect of EMD, all 4 EOIs were put up on the SEBI website on 02.03.2020, with the notation "As none of the EOI received meet the condition of EMD (Earnest Money Deposit) under clause 'C' of the Public Notice dated February 6, 2020, no further action has been taken under clause 'G' (Counter offers to EOIs) pursuant to opening of EOIs. A report, in this regard, will be filed before Hon'ble Supreme Court."

Dated this the 05th day of March, 2020



ANAND R. BAIWAR
MEMBER



G.MAHALINGAM
MEMBER



R.M.LODHA
CHAIRMAN