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

I.A. No.	279901 of 2025 in Transferred Case (Civil) No. 29/2025
File No.	SEBI/PACL/OBJ/SS/00765/2026
Name of the Objector(s)	Mr. Vijaykumar D.Bandi
MR No.	25269/16

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 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 order passed by SEBI was challenged by PACL Ltd. and four of its directors by filing appeals before the Hon'ble Securities Appellate Tribunal (SAT). The said appeals were dismissed by 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 12.08.2015 passed by Hon'ble SAT, 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

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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), 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 in para 4 above, the Recovery Officer issued an attachment order dated 07.09.2016, against 640 associate companies of PACL Ltd. In

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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 Mr. 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.

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12. Subsequently, the Hon'ble Supreme Court passed the 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 (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 Recovery Officers appointed under Section 28A of the SEBI Act, 1992 in the matter of PACL Ltd. 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.

Present Interlocutory Application:

13. The instant interlocutory application (I.A.) has been filed by Mr. Vijaykumar D. Bandi S/o Mr. Dhareppa Yankappa Uppar (hereinafter referred to as the "**Applicant**') R/o No. 148/6-01, 5th Cross, 6th Main, RMV Ext, Sadashivnagar, Bangalore-560080 seeking direction to reject/set aside the recommendation dated 23.10.2018 issued by Shri R. S. Virk, District Judge (Retd.) (hereinafter referred to as the "**impugned order**') in respect of attachment of Survey No. 88/6 (37 Gunthas) situated at Nagavara Village, Kasaba Hobli, Bangalore North Taluk (hereinafter referred to as the "**Impugned Land**") covered under MR No. 25269/16 and to stay proposed auction of impugned land vide Tender Document No. JRMLC/KARN/BENURB_1 dated 18.09.2025

14. The Applicant has submitted that the impugned land was originally allotted to Mr. Mu. Hanumanthappa vide registered Partition Deed No. 5189/1974-75 dated 02.12.1974. Upon his demise, the impugned land got transferred to his son Mr. Krishnappa. Upon demise of Mr. Krishnappa, the impugned land was further devolved to his wife, Ms. Parvathamma and his children, who afterwards sold the impugned land to Mr. Kariyappa vide registered Sale Deed No. 5726/03-04 dated 19.05.2003.

15. Mr. Kariyappa and M/s Shakthi Builders & Promoters (as M/s Shakthi Builders & Promoters had funded Mr. Kariyappa to purchase the impugned land), vide registered Sale Deed No. 402/11-12 dated 04.05.2011, sold the impugned land to Mr. K. Muniraju for a sale consideration of Rs.3,46,87,500/-, who in turn, vide registered Sale Deed No. 934/11-12 dated 14.06.2011, sold the impugned land to M/S Stone Water Properties Pvt. Ltd. for a sale consideration of Rs.5,00,00,000/-.

16. The Applicant has submitted that in the year 1988, impugned land along with other lands were acquired by the Government of Karnataka for Vyalikaval House Building Cooperative Society. Mr. Krishnappa and others challenged the said acquisition before the Hon'ble High Court of Karnataka, and the said acquisition was quashed by the Hon'ble High Court vide order dated 01.12.1999.

17. Also in the year 2012, the Hon'ble Supreme Court vide judgement dated 07.02.2012 in the case of *B. Anjanappa & Ors v. Vyalikaval House Building Co-operative Society & Ors.*, quashed the acquisition of 165 acres in Nagavara Village, Bangalore (including the impugned land) and ordered to return the possession of acquired lands to its original landowners. Pursuant to the said judgment, M/S Stone Water Properties Pvt. Ltd. re-conveyed the impugned land to Mr. K. Muniraju vide registered Sale Deed dated 31.07.2012.

18. Mr. K. Muniraju further sold the impugned land to the Applicant's mother viz. Ms. Padmavathi D. Uppar vide registered Sale Deed No. 580/16-17 dated 18.03.2016 for a sale consideration of Rs. 9,75,00,000/- paid through banking channels after deducting 1 % TDS. The Applicant has submitted that prior to the said purchase, he had published an advertisement in Deccan Herald and Prajavani Newspaper on 05.04.2015 inviting any objections to the said purchase. Finally, Ms. Padmavathi D. Uppar, vide registered Gift Deed No. 2634/17-18 dated 20.12.2017, gifted the impugned land to the Applicant.

19. The Applicant has submitted that title to the impugned lands has passed through a series of lawful, independent transactions without any link to PACL Ltd. or its associate entities. However, the impugned land was still erroneously included in the public notice dated 27.08.2016 issued by Committee inviting bids for attached properties, and the listing was published at www.auctionpacl.com. Thereafter, Applicant filed an objection petition dated 07.08.2018 before Shri R. S. Virk District Judge (Retd.) which was dismissed, vide order dated 23.10.2018, *prima facie* on following grounds:

i. The orders previously passed by Shri R. S. Virk District Judge (Retd.) in Objection Petition Nos. 531, 532, 536, 537, 538, 539, 540, 541, and 542 indicate the involvement of Mr. K. Muniraju in several dubious transactions.

ii. The purchase of the impugned land by the Applicant's mother Ms. Padmavathi D. Uppar was effected after the Hon'ble Supreme Court's order dated 02.02.2016, under which the properties of PACL Ltd. were ordered to be sold for disbursement to investors.

iii. Copy of ITR submitted by the Applicant for the assessment year 2016-17 pertaining to Mr. D. Y. Uppar (Applicant's Father) does not indicate the transfer of Rs. 9,75,00,000/- in favour of his wife Ms. Padmavathi D. Uppar.

iv. The fixed assets column in the ITR for Assessment Year 2016–17 contains an entry described as "Nagavar Land," which appears to refer to the impugned land valued at Rs. 5,21,36,000/-. Since this entry is prior to 30.09.2015, i.e., before the purported purchase of the impugned land under the Sale Deed dated 18.03.2016, the said Sale Deed appears to be a fictitious document and money involved therein is being circulated in a clandestine manner.

20. Therefore, the Applicant filed Writ Petition No. 5607/2019 before the Hon'ble High Court of Karnataka. The Hon'ble High Court, vide interim Order dated 04.04.2019, directed that no action for purchase of the impugned land shall be taken till next date. The Applicant has submitted that this interim protection was extended periodically.

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21. The Applicant has submitted that SEBI, in relation to Writ Petition No. 5607/2019, filed Transfer Petition (Civil) No. 1005/2019 before the Hon'ble Supreme Court seeking transfer of the said writ petition to the Supreme Court. The Hon'ble Supreme Court, vide order dated 20.01.2025, transferred the matter to itself to be heard with Civil Appeal No. 13301/2015. The Writ petition has been registered as Transferred Case (Civil) No. 29/2025 before the Hon'ble Supreme Court.

22. The Applicant has submitted that since Committee has not filed any objection/counter affidavit challenging the ownership of the Applicant or asserting any nexus between impugned land and PACL Ltd., the interim order dated 04.04.2019 passed by the Hon'ble High Court of Karnataka continues to operate and restrains the Committee and its agencies from taking any coercive action, including auction, in respect of the impugned land. However, the Applicant states that when it came to the knowledge of him that the impugned land has been included in the list of properties proposed to be auctioned by the Committee vide Tender Document No. JRMLC/KARN/BENURB_1 dated 18.09.2025, the Applicant filed a representation dated 17.10.2025 with the Committee requesting for the deletion of the impugned land from the auction list.

23. The Applicant, therefore, has filed the present I.A. in Transferred Case (Civil) No. 29/2025 with respect to File No. 554 before the Hon'ble Supreme Court in the matter of *Subrata Bhattacharya vs. SEBI (Supra)* which is being dealt by the Panel of Recovery Officers (hereinafter referred to as the '**Panel**') appointed under Section 28A of the SEBI Act, 1992 in accordance with the directions of the Hon'ble Supreme Court as already mentioned at Paragraph 12 above.

24. In compliance with the directions of the Hon'ble Supreme Court in its order dated 19.02.2026, the Applicant was granted an opportunity of hearing on 17.04.2026 before the Panel of Recovery Officers which was attended by the Authorised Representative (AR) of the Applicant. The AR made submissions on the lines of averments made in the I.A. Further, the AR was advised to submit the certified copies of the following documents:

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i. Bank Statement of Mr. D. Y. Uppar, father of the Applicant, for the relevant period of 6 months,
ii. Clarification on the ITR regarding reporting of the payment made to Mr. K. Muniraju, on behalf of Ms. Padmavathi D Uppar w.r.t. impugned land,
iii. List of events/ chronology on the legacy of impugned land,
iv. Any other relevant documents, if any.

25. Accordingly, vide email dated 21.04.2026, the AR has submitted the abovementioned documents and the Physical Copy of the same has also been provided through speed post which has been taken on record.

26. It is observed that Shri R. S. Virk, District Judge (Retd.) had rejected the objection petition dated 07.08.2018 filed by the Applicant on the ground that the copy of the ITR submitted by the Applicant for Assessment Year 2016–17, pertaining to Mr. D. Y. Uppar, the Applicant's father, does not reflect the transfer of Rs. 9,75,00,000/- in favour of his wife, Ms. Padhmavathi D. Uppar.

27. In this regard, the Applicant vide email dated 21.04.2026, clarified that although the sale deed No. 580/16-17 was executed on 18.03.2016, the transaction was not completed during Financial Year 2015–16, because the document was kept pending on account of payment of additional stamp duty. The transaction was completed only on 13.05.2016 upon payment of the additional stamp duty vide DD No. 684619 dated 13.05.2016 for Rs. 6,34,280/-, DD No. 684620 dated 13.05.2016 for Rs. 61,580/-, and DD No. 684621 dated 13.05.2016 for Rs. 1,23,160/-, all of which were realised after the close of Financial Year 2015–16 and thus, fall within Financial Year 2016–17. It was further stated that these payments are mentioned in the said sale deed and were duly recorded in the books of account of Shri D. Y. Uppar for Financial Year 2016–17.

28. Upon consideration of the Sale Deed No. 580/16-17, bank statement and ITR for Assessment Year 2016–17 of Mr. D. Y. Uppar, the Panel found the explanation submitted by the Applicant w.r.t the ITR satisfactory and found that the payment of

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sale consideration has been duly made by Applicant's father i.e. Mr. D. Y. Uppar on behalf of Applicant's mother, Ms. Padhmavathi D. Uppar.

29. It was further noted by Shri R. S. Virk, District Judge (Retd.), that the ITR for Assessment Year 2016–17 contains, in the fixed assets column, an entry described as "Nagavar Land," which was apparently construed as referring to the impugned land valued at Rs. 5,21,36,000/- prior to 30.09.2015, notwithstanding that the sale deed in respect of the said land is dated 18.03.2016. On that basis, it was observed that the sale deed appeared to be a fictitious document and that the money involved therein seemed to have been circulated in a clandestine manner.

30. The Applicant, however, clarified that the amount reflected in the Income Tax return was in fact Rs. 5,21,360/- and not Rs. 5,21,36,000/-, and that the figure has been erroneously interpreted as Rs. 5,21,36,000/- instead of Rs. 5,21,360/-. It was contended that once the correct figure of Rs. 5,21,360/- is taken into account, the entire basis for such inference ceases to exist, as the said amount neither represents the value of the land in question nor can it be treated as evidence that the property had already stood in the name of Smt. Padhmavathi D. Uppar prior to 18.03.2016.

31. Upon perusal of the ITR, the Panel found that the amount of Rs. 5,21,360/- had indeed been mistakenly considered as Rs. 5,21,36,000/- in the impugned order. The Panel further found from the entries in the Capital Account/Ledger Account (scheduled to balance sheet) of Mr. D.Y Uppar that a sum of Rs. 9,75,00,000/- paid towards the purchase of the impugned land vide Cheque No. 183635 in favour of Mr. K. Muniraju, and this entry stands substantiated by the recitals of the Sale Deed No. 580/16-17 and copy of the bank statement of Mr. D.Y Uppar.

32. Furthermore, upon perusal of the I.A, Objection Petition dated 07.08.2018 and additional documents submitted by the Applicant, a clear chain of title in respect of the impugned land is observed. It is noted that impugned land was originally owned by Mr. Mu. Hanumanthappa along with his two sons. Vide registered Partition Deed No.

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5189/1974-75 dated 02.12.1974 executed between them, the joint family properties were partitioned and impugned land was allotted to Mr. Mu. Hanumanthappa. Upon his demise, the impugned land got transferred to his son Mr. Krishnappa and the revenue records were mutated accordingly vide Mutation Report No. 31/1979-80.

33. In the year 1988, the impugned land along with other lands were acquired by the Government of Karnataka for Vyalikaval House Building Cooperative Society and all revenue records were changed in its favour. Aggrieved by this acquisition, Mr. Krishanappa and others challenged this acquisition before Hon'ble High court of Karnataka. The Hon'ble High Court, while allowing the petitions, quashed the acquisition proceedings, and directed restoration of the revenue records in the name of Mr. Krishnappa. Following the demise of Mr. Krishnappa on 20.09.2001, the impugned Land devolved upon his legal heirs i.e. Ms. Parvathamma W/o Mr. Krishnappa and his children.

34. Ms. Parvathamma and children of Mr. Krishnappa namely, Mr. K. Rajanna, Mr. K. Ravi Kumar and Mr. K. Ramesh, vide a registered Sale Deed No. 5726/03-04 dated 19.05.2003, sold certain lands admeasuring 2 Acres 17.5 Gunthas including the impugned land in favour of Mr. Kariyappa for a total sale consideration of Rs. 36,60,000/-.

35. Subsequently, pursuant to a compromise/court decree passed in O.S. No. 5775 of 2008, Mr. Kariyappa, jointly with M/s Shakthi Builders & Promoters, conveyed the impugned Land to Mr. K. Muniraju, vide a registered Sale Deed No. 402/11-12 dated 04.05.2011, for a sale consideration of Rs.3,46,87,500/-, wherein, Mr. N. Shantharaju, Mr. N. R. Byanna, Mr. N. R. Sonnegowda and Vyalikaval House Building Cooperative Society were made confirming parties.

36. Thereafter, Mr. K. Muniraju sold the impugned land to M/s Stone Water Properties Pvt. Ltd. vide a registered Sale Deed No. 934/11-12 dated 14.06.2011 for a sale consideration of Rs.5,00,00,000/-. During this period, Mr. K. Muniraju had also

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executed a registered Agreement to Sell No. 1036 dated 01.06.2012 in favour of Mr. C. B. Raju in respect of lands admeasuring 1 Acre 18.468 Gunthas (including the impugned land) for a consideration of Rs. 9,60,00,000/- paid via cheques; however, owing to subsequent financial problems faced by Mr. C. B. Raju, this agreement was mutually cancelled via a registered Deed of Cancellation No. 5535/2015-16 dated 18.03.2016.

37. Meanwhile, the Hon'ble Supreme Court vide judgement dated 07.02.2012 in the case of *B. Anjanappa & Ors v. Vyalikaval House Building Co-operative Society & Ors.*, quashed the acquisition of 165 acres in Nagavara Village, Bangalore on the ground of the failure of Vyalikaval House Building Co-operative Society to secure mandatory prior approval for its housing scheme from the appropriate state authority and further ordered to return the possession of acquired lands to its original landowners. In pursuance of the said judgement, M/S Stone Water Properties Pvt, Ltd. re-conveyed the impugned land to Mr. K. Muniraju vide Registered Sale Deed No. 3671 dated 31.07.2012 for Sale Consideration of Rs. 1,00,00,000/-.

38. As per the order dated 07.02.2012 of the Hon'ble Supreme Court, a revenue mutation order dated 31.09.2012 was initially passed by Tehsildar, Bangalore reverting the revenue entries of the impugned land to the original owner, Ms. Parvathamma. Mr. K. Muniraju challenged this mutation order before the Court of the Assistant Commissioner. Vide an order dated 06.06.2014, the Assistant Commissioner set aside the mutation and ordered the restoration of the revenue entries in the name of Mr. K. Muniraju.

39. Mr. K. Muniraju also secured two registered deeds of confirmation from the predecessor-in-title's family, the details of which are as under:

i. A registered Confirmation Deed No. 1996/2014-15, dated 03.09.2014 executed by Ms. Parvathamma W/o Mr. Krishnappa, Ms. K. Gangamma D/o Mr. Krishnappa, Ms. Indra D/o Mr. Krishnappa, Mr. K. Ravi S/o Mr. Krishnappa, Ms. Anitha W/o Mr. K. Ravi, Mr. Sharath S/o Mr. K. Ravi, Mr. K. Ramesh S/o

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Mr. Krishnappa, Ms. Shyla W/o Mr. K. Ramesh, Ms. Nikitha D/o Mr. K. Ramesh, Mr. Nithin S/o Mr. K. Ramesh in favour of Mr. K. Muniraju, confirming and consenting to the the Sale Deed No. 402/2011-12 dated 04.05.2011 for a consideration of Rs. 5,00,000/-.

ii. A registered Confirmation Deed No. 3627/2014-15, dated 29.12.2014 executed by Mr. K. Rajanna S/o Mr. Krishnappa, Mrs. Asha W/o K. Rajanna, Ms. Shruthi D/o K. Rajanna, Mr. Pruthvi S/o K. Rajanna in favour of Mr. K. Muniraju, confirming and consenting the Sale Deed No. 5726/03-04 dated 19.05.2003 for a consideration of Rs. 1,00,000/-

40. In the meanwhile, in the year 2014, Mr. K. Muniraju mortgaged the impugned land vide registered Mortgage Deed No. 3356/13-14 dated 11.03.2014 with Canara Bank, Hebbal Branch, Bangalore for a loan of Rs. 5,00,00,000/-. Upon full repayment of the loan, Canara Bank executed Mortgage Discharge Deed No. 5812/15-16 dated 19.03.2016 in favour of Mr. K. Muniraju thereby releasing the impugned land.

41. Thereafter, Mr. K. Muniraju vide registered Sale Deed No. 580/16-17 dated 18.03.2016 sold the impugned land in favour of Applicant's mother, Ms. Padmavathi D. Uppar, for a sale consideration of Rs. 9,75,00,000/- (wherein Rs. 9,65,25,000/- was transferred via RTGS and Rs. 9,75,000/-was deducted towards TDS). Ultimately, Ms. Padmavathi D. Uppar gifted the impugned land to the Applicant vide registered Gift Deed No. 2634/17-18 dated 20.12.2017.

42. In addition to above, the Applicant has also submitted copy of Encumbrance certificate for period from 01.04.2004 to 28.12.2016 wherein the abovementioned documents viz. Sale Deed No. 402/11-12, Sale Deed No. 934/11-12, Agreement to Sell No. 1036, Sale Deed No. 3671, Mortgage Deed No. 3356/13-14, Confirmation Deed No. 1996/2014-15, Confirmation Deed No. 3627/2014-15, Deed of Cancellation No. 5535/2015-16, Sale Deed No. 580/16-17, Mortgage Discharge Deed No. 5812/15-16 and Gift Deed No. 2634/17-18 have been duly recorded and finds mention in the Encumbrance certificate.

43. Considering that the sale consideration of the impugned land was paid by Mr. D. Y. Uppar (father of the Applicant), the Applicant was advised to produce a copy of bank statement of Mr. D. Y. Uppar. Accordingly, the Applicant has produced a copy of Bank statement as one of the proofs of payment of consideration, details whereof are as under:

Transaction Date	Transaction Particulars	Branch Name	Cheque No.	Debit Amount (Rs.)
19.03.2016	BRN-RTGS-UTIBH16079072520-MUNIRAJU	SAHAKARNAGAR BANGALORE	183635	9,65,25,000

44. The Applicant had submitted, along with its Objection Petition dated 07.08.2018, a letter dated 28.09.2018 issued by the Branch Head, AXIS Bank, Sahakarnagar Branch, which reads as under:

"This is to confirm that on request of Mr. DY Uppar residing at 148/6-1 RMV EXTN SADASHIVAN 05 CRS, BENGALURU, KARNATAKA-560080 who is having Current Account with us bearing Account No-XXXXXXXXXXX0373, A sum of Rs 9,65,25,000/-(Rs Nine Crore Sixty Five Lakhs Twenty-five Thousand) was transferred to Account No-XXXXXXXXX4705 of Mr. Muniraju K vide UTR No-UTIBH16079072520 dated 19/03/2016 Canara Bank, Hebbal Branch Bangalore."

45. Furthermore, the Applicant has also submitted a copy of E-Tax Acknowledgement Receipt for the Payment of 1 % TDS i.e. Rs. 9,75,000/- paid on sale consideration of Rs. 9,75,00,000/- authenticating the payment of sale consideration. These documents viz. Bank Statement, letter dated 28.09.2018 issued by the Branch Head, AXIS Bank and E-Tax Acknowledgement Receipt and the entries in the Applicant's Ledger Account clearly establish that the Applicant has duly paid the entire sale consideration amount via banking channels.

46. In order to further decide the I.A., the documents seized by CBI under MR No. 25269-16 have been perused and it is noted that under the MR No. 25269-16, Sale Deed No. 934/11-12 dated 14.06.2011 had been seized by CBI and thereafter, attached by the Committee. It is noted that the said sale deed had been executed by Mr. K. Muniraju in favour of M/s Stone Water Properties Pvt. Ltd. in respect of the impugned land for a sale consideration of Rs. 5,00,00,000/- paid via Demand Draft No. 000140 dated 14.06.2011 drawn on IDBI Bank, Dollar Colony, Bangalore. It is being inferred from the said document and order dated 23.10.2018 passed by Shri R. S. Virk, District Judge (Retd.) that the Mr. K. Muniraju, acting on behalf of PACL Ltd. had sold the impugned land in favour of M/s Stone Water Properties Pvt. Ltd. which subsequently reconveyed the same vide Registered Sale Deed No. 3671 to Mr. K. Muniraju. Thereafter, Applicant's mother, Ms. Padmavathi D. Uppar purchased impugned land from Mr. K. Muniraju vide Sale Deed No. 580/16-17.

47. Here, the Panel finds it apposite to refer 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)

48. 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 residential and commercial projects developed by PACL in the ordinary course of business" (at p. 26-27)

49. From the foregoing, it is understood that as the PACL Ltd. was unable to own lands in its name beyond certain limits due to land laws of the country, it was using its agents to transact in the properties. Therefore, it may be logically and reasonably inferred that the Mr. K. Muniraju had purchased the impugned lands on behalf of PACL Ltd. as its agent/employee/associate and PACL Ltd. was the actual beneficiary owner of the impugned land. However, Mr. Muniraju has further sold the property to the Applicant's mother Ms. Padmavathi D. Uppar thereby creating a third party interest in the impugned lands.

50. In this regard a reference may be made to the Section 41 of Transfer of Property Act, 1882 (TPA) which reads 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."

51. 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's mother Ms. Padmavathi D. Uppar. In terms of the order dated 02.02.2016 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

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Supreme Court, and can always question the authority of the ostensible owner in making the transfer and bonafides of the transferee, without being bound by or without any reference to Section 41 of TPA.

52. Assuming without admitting that the transfer made by the vendor/transferor viz. Mr. K. Muniraju in favour of the Applicant' mother Ms. Padmavathi D. Uppar 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 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 provision, 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.

53. To demonstrate that the Applicant' mother Ms. Padmavathi D. Uppar had acted in good faith and taken reasonable care to ascertain authority of the transferor/Vendor to make the transfer, the Applicant has submitted that impugned lands were purchased after taking the best available precautions before purchasing the property. Applicant has submitted that prior to the said purchase he had published an advertisement in Deccan Herald and Prajavani Newspaper on 05.04.2015 inviting any objections regarding the same. He had also conducted local inquiries in respect of the impugned lands. However, there was no mention of PACL Ltd. in the Sale Deed 580/16-17 as well as in Encumbrance Certificate. Therefore, Ms. Padmavathi D. Uppar could not have known that Mr. K. Muniraju acting on behalf of PACL Ltd. was selling the impugned land to them. In light of the foregoing, it is seen that the Ms. Padmavathi D. Uppar had exercised due diligence, taken reasonable care and acted in good faith while acquiring the impugned land. Accordingly, the purchase of the impugned land by Ms. Padmavathi D. Uppar falls squarely within the protection afforded under Section 41 of the TPA.

54. It is pertinent to note that one of the grounds for rejection of the Applicant's objection petition was that the impugned land had been purchased on 18.03.2016, subsequent to

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the Hon'ble Supreme Court's order dated 02.02.2016 directing sale of the properties of PACL Ltd. for repayment to investors. However, it is observed that the Hon'ble Supreme Court imposed a specific prohibition on the sale, transfer, or alienation of properties associated with PACL Ltd. vide order dated 25.07.2016 i.e. after the purchase of impugned land by Ms. Padmavathi D. Uppar. Therefore, the purchase of the impugned land on 18.03.2016 does not appear to be in violation of any order of the Hon'ble Supreme Court.

55. Regardless of the above, a reference may be made to the order dated 19.02.2026 passed by the Hon'ble Supreme Court wherein, while directing that the Category B applications i.e. the 106 applications filed against the order/recommendation passed by Shri R.S. Virk, Retired District Judge be dealt with by the Recovery Officers appointed under Section 28A of the SEBI Act, 1992, the Hon'ble Supreme Court specifically has stated as under:

"12. In view of the fact that the said applications are pending for a lone 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 related 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.

..

(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 bonafide purchaser for value having actually paid the amounts through banking channels. 73

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56. The Hon'ble Supreme Court, in the abovementioned order dated 19.02.2026, has thus, directed that claims over a property are liable to be protected where it is evident that the Applicant is a bona fide purchaser for value, who has actually paid the consideration through legitimate means like banking channels. It is evident from the material placed on record that the Applicant's mother, Ms. Padmavathi D. Uppar is a bona fide purchaser for value, having purchased the impugned land through the registered Sale Deed No. 580/16-17 dated 18.03.2016 from Mr. K. Muniraju, who was the registered owner of the impugned land. Further, the Applicant's mother, Ms. Padmavathi D. Uppar had paid the sale consideration of Rs. 9,75,00,000/- through banking channels wherein Rs. 9,65,25,000/- was transferred via RTGS and Rs. 9,75,000/-was remitted towards TDS. In light of the order dated February 19, 2026 of the Hon'ble Supreme Court and the documents on record, the Panel is satisfied that the I.A. filed by the Applicant deserve to be allowed and the recommendation of Shri R. S. Virk, District Judge (Retd.) dated 23.10.2018 deserved to be set aside.

Order:

57. Given the above, the I.A. No. 279901 of 2025 in Transferred Case (Civil) No. 29/2025 filed by the Applicant with respect to the impugned land i.e. Survey No. 88/6 (37 Gunthas) situated at Nagavara Village, Kasaba Hobli, Bangalore North Taluk is liable to be allowed and is accordingly allowed.

58. In view thereof, the order/recommendation dated 23.10.2018 passed by Shri R. S. Virk, District Judge (Retd.) in file No. 554 with respect to the impugned land is hereby set aside.

Place: Mumbai
Date: August 27, 2026

27.8.26

SAROJ KUMAR SAHU
Recovery Officer

27.08.2026

RESHMA GOEL
Recovery Officer

27.08.2026

BAL KISHOR MANDAL
Recovery Officer

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सरोज कुमार साहु / 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.)

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)

बाल किशोर मंडल / BAL KISHOR MANDAL
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.]