

**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

**WITH  
C.A.NO.13319/2015**

**IN THE MATTER OF:**

Gurmeet Singh ...Appellant  
Versus  
Securities and Exchange Board of India ...Respondent

**WITH  
C.A.NO.13394/2015**

**IN THE MATTER OF:**

PACL Ltd. ...Appellant  
Versus  
Securities and Exchange Board of India ...Respondent

**WITH  
C.A.NO.13410/2015**

**IN THE MATTER OF:**

Sukhdev Singh & Anr. ...Appellants  
Versus  
Securities and Exchange Board of India ...Respondent

**2<sup>nd</sup> STATUS REPORT OF THE JUSTICE (RETD.) R.M. LODHA  
COMMITTEE ( IN THE MATTER of PACL LTD.) :**

## **1. INITIAL PHASE**

### **1.1 TASK BEFORE THE COMMITTEE**

This Hon'ble Court vide order dated 02.02.2016 directed SEBI to constitute a Committee with Justice R.M. Lodha, former Chief Justice of India as its Chairman, for disposing of the land purchased by the PACL Ltd. (hereinafter referred to as "PACL" or "Company") **so that the sale proceeds can be paid to the investors, who have invested their funds in the Company for purchase of the land.**

(emphasis supplied)

#### **1.1.1 THE BASIC TASK –**

As per the orders passed by this Hon'ble Court, the following would have to be undertaken by the Committee:

##### **i. Sale of assets of PACL:**

The process of sale of assets by the committee comprised of two separate processes, which are:

- a) Receiving and collecting of property documents and other relevant records from Central Bureau of Investigation (CBI) pertaining to the properties of PACL; and
- b) Sale of the properties of the company.

##### **ii. Providing copy of property documents to PACL and the CBI:**

The Committee also had the task of providing a copy of the documents so received, to the Company in terms of the Order dated 02.02.2016 of this Hon'ble Court. In compliance of the said order the Committee has handed over copies of 5915 property documents to PACL for its records and further to enable the Company to render cooperation as directed under the above mentioned order dated 02.02.2016. In view of space constraints expressed by the Company

and also to save use of paper, the Company has been advised to collect scanned images of the remaining property documents from the Committee. Scanned images of the property documents have also been made available at the website ***www.auctionpacl.com***.

iii. **Realisation of monies of PACL from Banks:**

The amounts, lying in various Bank Accounts of the Company and other cash belonging to the Company were to be released in favour of SEBI so that it could be used for disbursement to investors etc.

iv. **Refund to the customers/ investors of PACL:**

Effecting refund to the customer/ investors, who have invested in the company for land purchase, from the monies collected by the Committee from sale proceeds of properties of PACL and realisations from bank accounts of PACL etc.

### **1.1.2 THE ENORMITY OF THE TASK**

The immediate tasks before the Committee were to:

- (a) efficiently receive the property documents from the CBI,
- (b) ensuring their safe storage, and
- (c) Creating a database so that the process of effecting the sale of the properties could be started at the earliest.
- (d) Simultaneously taking steps to effect sale of properties to realise amounts for effecting payment to investors.

The storage had to be in such manner that immediate retrieval of any particular document when required would be possible.

**(a) Receiving of property documents (approx. 29000 in number):**

The property documents seized by CBI (approx. 29000 documents) were in 90 Steel Boxes. CBI commenced the handing over of the property documents to the Committee on 01.04.2016. The steel trunks containing documents were brought to and received by the officials of the Secretariat of the Committee. The process of taking over of the property documents from the CBI was a complicated and arduous task. The CBI had to create a database before handing over the documents and each document was individually handed over by officials of the CBI to the officials of the Secretariat of the Committee. The officials receiving the documents had to scrutinise the same with reference to the database created. Initially, on an average, officials of the CBI handed over around 50 documents per day to the committee, where on average a document contained 40-50 pages. The task was further complicated as the documents when seized were in no particular order and were in several vernacular languages such as Hindi, Marathi, Gujarati, Punjabi, Oriya, Tamil, Telugu, Kannada etc. and related to properties spread over 23 States and 193 Districts. The process was initially slow but picked up speed gradually and all challenges in handing over of the documents were resolved with mutual cooperation and maximum speed. The details of receipt of documents are summarised herein below:

<b>Month</b>	<b>Number of Documents received by the Committee from the CBI</b>
April, 2016	544
May, 2016	3560
June, 2016	16688

July, 2016	5888
August, 2016	988
October, 2016	1420
<b>Total</b>	<b>29088</b>

In view of the large number of documents, it was necessary to have a Unique Identification Number for each document. The Committee decided to use the Malkhana Receipt No. (MR No,) allotted by CBI as the Unique Identification for each document. The Committee ensured that there was no bottle neck hindering process of receipt of documents efficiently by the officials of the Secretariat of the Committee.

**(b) Management Of Documents:**

The Committee envisaged that the efficient implementation of this arduous task of accomplishing the mandate would require assistance from professional agencies with expertise in safe custody, digitisation, valuation etc. As the documents were in physical paper form, it was very important that a "safe custody" method should be employed where the chances of damage to the property documents would be remote and quick retrieval and identification of any particular document, without errors, is made possible. For this, digitisation of the property documents was the only way forward.

The Committee, accordingly, engaged the services of Stock Holding Document Management Services Limited (Stock Holding DMS or SHDL), a wholly owned subsidiary of Stock Holding Corporation of India Limited, which is a single window service provider to the financial services sector in India and the foremost document handling

company in India providing Physical Record Management and Secure Digitization. Stock Holding DMS has proven expertise in providing secure storage solutions for physical documents and Digitization Solutions and additionally, maintains physical custody of documents at a location which makes it possible for timely access and retrieval.

**(c) Digitisation of Documents:**

Digitisation of documents is necessary for instant reference, retrieval, sharing of information, without being environment unfriendly. The StockHolding DMS scanned the property documents to create digital images of the same. For the scanning, each of the documents was carefully opened and each page was manually fed to the scanners by the employees of StockHolding DMS. However, during the process of scanning it was found that there were many difficulties including:

- a. Superimposition of text on adjacent pages
- b. Missing pages
- c. Wrongly numbered pages
- d. Pages were stuck together and were inseparable.
- e. Damaged pages
- f. Illegible text on pages

**(d) Preparation of Database:**

The Committee ensured creation and maintenance of a database of the properties from the property documents received, to be used for the process of effecting sale thereof. This was also necessary to enable instant access/ retrieval of any particular document(s) on the basis of various parameters such as:

- a. MR No.
- b. Survey No.
- c. Name of the buyer
- d. Name of the seller
- e. State
- f. District
- g. Village
- h. Date of purchase etc.

Therefore, based on the information received from CBI, the Committee has thought it fit to maintain a database of the documents received. A sample extract of the database created is annexed hereto and marked as **ANNEXURE – A/1**.

## **2. AUCTION OF VEHICLES OF PACL**

In April 2016, the CBI handed over to the Committee, ownership documents of 47 vehicles belonging to the Company that had been seized by the CBI. As the Committee strove to put the properties of the Company for auction, it simultaneously commenced the process of auctioning of these 47 vehicles.

The Committee after having all the vehicles brought and parked at a single location and taking all necessary measures to avoid any damage to the same, engaged the services of MSTC, a Government of India enterprise, for conducting e-auction of the said vehicles.

It took three consecutive rounds of auction by MSTC, in orders to achieve sale of all the 47 vehicles, for a total sale consideration of Rs.15.22 Crores. Committee received Rs.14.26 Crores after the payment of service charges to MSTC.

Further, vide letter dated 22.08.2016 the company has been asked to provide details of vehicles owned by the company other than the vehicles for which documents were received from CBI. However, the company didn't respond to the request.

### **3. THE 1<sup>ST</sup> AUCTION EXERCISE:**

The Committee, perceiving that the enormity of the task of receiving the large numbers of property documents would take some time to complete, decided not to wait for taking over of all the documents from CBI before starting the process of disposal of the assets of the company. Thus, the Committee simultaneously commenced the process of Auction of properties, while receiving the documents pertaining thereto from CBI. The committee decided to adopt the e-auction (hereinafter referred to as "auction") method in view of the advantages associated with the same which include reach, transparency, speedy completion etc. For the purpose of carrying out the auction process, the committee engaged the services of M/s. HDFC Realty Ltd. (HRL) and M/s. UTI Infrastructure Technology and Services Ltd. (UTIITSL). The task entrusted to the said agencies were (a) valuation of properties with inspection and (b) carrying out the e-auction process.

The Committee being of the view that at the first instance such properties that have the maximum probability of being sold off should be identified, convened a meeting on 11.03.2016 which was also attended by the Advocates and officials of PACL, during which meeting the Advocates and officials of the Company assured all cooperation to the Committee. The company was, during the meeting, advised to provide a list of properties with clear titles



preferably in Metro/Near Metro locations, to the Committee to ensure speedy sale thereof.

The Company vide a letter dated 17.03.2016, a copy whereof is annexed hereto and marked as **ANNEXURE – A/2**, provided the Committee with a list containing details of one hundred six (106) properties. However, on analysis it was found actually the list was for 122 properties. The said list of properties was immediately forwarded to the CBI for according priority in handing over such documents as related to the said properties so that the process of sale for the same could be initiated at the earliest. The Committee also vide a letter dated 22.03.2016, a copy whereof is annexed hereto and marked as **ANNEXURE – A/3**, instructed the Company to submit copies of the title documents for all the properties included in the aforementioned list particularly for the properties located in Delhi and Mumbai.

The available documents were immediately analysed and for 07 properties for which the documents were available at that time and the company also offered inspection were included in the auction conducted on 29.05.2016.

The Committee, subsequently upon receipt of over 29000 documents from the CBI, analysed the properties mentioned in the aforesaid list and found that for 98 properties given in the list, the committee could not proceed on account of various reasons including

- (a) non-availability of property documents,
- (b) Lack of interest from the buyers
- (c) properties attached by Income Tax Department,
- (d) Insufficiency of documents
- (e) Properties under dispute

Out of the remaining 24 properties, 18 properties are under auction, and as far as the remaining 6 properties are concerned, auction has been conducted and bids received . It is therefore evident that the Company's contention that the properties contained in the list were readily saleable is incorrect.

In addition to aforementioned list, the Company vide a letter dated 29.03.2016, a copy whereof is annexed hereto and marked as **ANNEXURE – A/4**, forwarded to the Committee a list of properties in fifteen (15) locations across India claiming that the same had buyers ready with letters of intent and cheques for amounts as advances. The offer purchase price as per the said letter was Rs.779.5 Crores. The company by a letter dated 28.07.2016, a copy whereof is annexed hereto and marked as **ANNEXURE – A/5**, requested to furnish names of the buyers, which the company failed to do so. At this stage, as the Committee had not received documents pertaining to these properties, it was not possible to place them for immediate auction. Subsequently, when the documents pertaining to these properties were made available to the Committee, it was found that a majority of the properties mentioned in the aforesaid list were either in the possession of third parties or already sold or subject to disputes or part of project with units therein already sold and only a handful of properties from the list could actually be put up for auction. A detailed analysis of each of the mentioned location is annexed hereto and marked as **ANNEXURE – A/6**. It thus appears that the company was not serious about assisting the Committee in locating ready buyers for its properties.

The Committee while making utmost efforts to get the Company to cooperate, continued with its work on the documents received from the CBI and provided copies of 5915 property documents to the Company with a request to render assistance in identifying the properties and facilitate inspection of the same by the designated agencies, engaged by the Committee to auction the properties. Simultaneously, scanned images of the documents were made available to the agencies for doing valuation and putting up for auction.

However, inspections could be carried out only for 98 properties (as reflected in the table) and inspection of a majority of them was not facilitated by the Company. The few inspections that did take place were a result of the constant follow up by the Committee and the designated agencies with the Company. It may be noted that these 98 properties were confined to only handful of locations. The committee found that the properties were located in Delhi & NCR area had better probability of being sold. The table herein below indicates the number of properties inspected, reflecting a lack of cooperation on the part of the company:

	Property documents forwarded by agencies to the Company		Inspection offered by the company	
	HDFC	UTI	HDFC	UTI
April	40	61	40	45
May	204	199	0	13
June	1412	1363	0	0
Total	1656	1623	40	58

It may be noted that the ratio of property documents forwarded to inspection of properties and actual inspections offered is an abysmal 32:1.

By April 2016, the Committee decided to commence auction of the properties for which documents had been received by the Committee. The first hundred documents received, by and large, pertained to properties concentrated in and around Delhi and the NCR. It was therefore decided to put these up for auction in the 1<sup>st</sup> instance. However, inspection could be arranged for only 67 properties, located in Delhi and Gurgaon.

Accordingly, Notice dated 29.05.2016 were published by the Committee in various newspapers/ dailies inviting prospective bidders to bid for these properties. The said notice was also uploaded on the website of SEBI for wider coverage and information. A copy of notices dated 29.05.2016 is annexed hereto and marked as **ANNEXURE – A/7**. Site visits to such properties were provided to the interested bidders and a few persons/ entities did visit some of the properties. However, no Earnest Money Deposit (EMD) was received by the Committee against any of the aforesaid properties put to auction and therefore the actual auction process could not be proceeded with.

#### **4. ROAD BLOCKS/ ISSUES ENCOUNTERED BY THE COMMITTEE**

##### **4.1 ISSUES WITH DOCUMENTS**

The committee has encountered various issues/problems in selling the properties.

(a) **Deficient Nature Of The Documents Received:**

On a preliminary examination, the documents received were in the form of Original General Power of Attorney (GPAs), photocopies of GPAs with Original Agreements to Sell (ATS), photocopies of only GPAs, Original ATS, unregistered Sale deeds, unregistered sub lease agreements, Memorandum of Understandings, mere approvals, etc. As the Committee had encountered problems of several nature resulting in wastage of time, money and manpower, it was thought proper in the interest of investors that a list of properties be made available to the Company with a request to provide all details /particulars regarding the status of the properties, which would include clarification with respect to ownership thereof by the Company.

Accordingly, a list was forwarded to the Company vide letters dated 01.07.2016 and 21.07.2016. However, inspite of several request and reminders, no response from the Company has been received.

The Committee after getting conducted a study of the documents made available to the Committee, has learnt that there are several properties are either in the name of the group/subsidiary companies of PACL Ltd or in the name of other individuals/entities. It has also been observed that out of approx. 29000 title documents, more than 3000 are merely photocopies. Further, the Committee has also learnt that a number of such properties have been sold or third party interest have been created with respect thereto and hence not available for sale. Similarly, there are very large number of properties in respect whereof different projects have been initiated by the Company and monies to the tune of several hundred Crores collected from plot holders. Similarly, the Committee is in receipt of several

complaints from various stake holders stating that the Company or its subsidiaries etc. have entered into MoU/ Agreements etc., and received advance consideration against such development projects, therefore, in the absence of removal of such objection and payments of advance money, the properties could not fetch buyer at reasonably good price. In some of such cases, the parties have obtained restraint order/s from the Court/Tribunal.

The Committee has received several complaints from various entities requesting removal /release of various immovable properties from the auction process, claiming to be registered owners of such properties. Enquiries made reveal that such entities have purportedly entered into MOU for development projects under the understanding that on their land, money and other resources would be brought/invested by PACL either directly or through its Associate(s). The profits made out the projects would be shared in terms of the undertaking. It is further contended that, on account of investigation and the documents shared with PACL having been seized by the CBI such properties be not put to auction by the Committee. A copy of two such complaints, by way of a sample, is annexed hereto and marked as **ANNEXURE – A/8(COLLY)**.

Considering the difficulties faced, the Committee had forwarded the complete list of documents pertaining to properties to the Company with a request to provide the updated status of the properties so as to enable the Committee to take immediate steps for effecting sale of properties having clear and marketable title and which are free from encumbrance. However, despite repeated reminders and requests no such details have been provided by the Company, resulting in lack of interest amongst prospective buyers.

The non-cooperation from the Company is further evident from the fact that despite being asked to provide PAN details of the person/entities in whose name properties have been registered/purchased so as to comply with the tax requirements upon sale of such properties, no response whatsoever has been forthcoming from the Company.

(b) **Property Documents In Names Of Entities Other Than the Company:**

The Committee upon examination of the property documents received, found that about 80% of the same were in the names of entities/individuals other than PACL Ltd and effectively, only 20% of the documents were in the name of the Company. In this regard, an explanation was sought from the Company and vide letters dated 21.06.2016 and 08.08.2016, a copy whereof is annexed hereto and marked as **ANNEXURE – A/9 (COLLY)**, it was informed by the Company that on account of prevailing local laws relating to land in different states, the properties have been purchased under the name of group/associate/subsidiary companies, individuals, directors, employees etc. The Company also vide letter dated 21.06.2016, a copy whereof is annexed hereto and marked as above (Please refer Annexure – A/9), provided a list of 639 associate/subsidiaries companies which have been used for the purchase of land/assets on behalf of the company. The list provided by the Company was not complete and it appears that the details of several Companies were deliberately concealed, for example, the list provided by the Company does not include details of Pearls Infra Projects Ltd. (PIPL), wherein, the Company has a shareholding of more than 95%, directly or indirectly. It is also pertinent to mention that the said PIPL has made huge investments in Australia and the Company has also

suppressed /failed to disclose the status of assets and /or investments of PIPL.

(c) **Documents Do Not Reveal Current Status Of Properties:**

The documents received were old and reflected a position in relation to the property that was dated and at most times divergent from the current status. For e.g. at some of the properties new construction has come up, third party interest has been created, has been acquired by the government etc. Few of such instances are given below:

i. **Mangalam Palace, Rohini :**

The Company had got allotted prime land from DDA located at Rohini, Delhi. On inspection it was found that the Company had got a shopping mall constructed on the said land and shops therein transferred to individuals against consideration long before the constitution of the Committee. Thus, the said property is no longer available for outright sale by auction.

ii. **Pearls Gateway Tower, Noida:**

The Company has luxury residential towers at Sector 44, Noida – a prime location in the vicinity of South Delhi. As informed by the Company as many as 198 luxury flats have been sold by the Company in these towers, against consideration running into Crores of rupees as late as 2014. Documents available with the Committee do not reveal such status, however, the property as mentioned in the documents is also no longer available for effecting any sale thereof.



iii. **Land at Samalkha, Panipat:**

The Company informed that 14 properties located at Samalkha, Panipat have been sold to Lotus Agricultural and Marketing Cooperative Society Limited against consideration. Upon inquiring with the Lotus Agricultural and Marketing Cooperative Society Limited, it was informed that a total area of 19.523 acres have been purchased them for Rs.24 Crores in the year 2013. Similarly, sale of the said properties cannot be effected for the reasons mentioned above.

iv. **Property at Rajokri:**

During the course of inspection a property at village Rajokri, Delhi in the month of May-June 2016, it was informed by the Company that inspection could not be provided as some other person was in possession of the property. However, subsequently the company informed the Committee, that the said property was sold without any authorisation by one of the Directors of the Company. Whereas on enquiry, it was found that the company had duly received the said consideration, in its account in the month of June, 2015 and the same was used to meet day to day expenses. A copy of the communication dated 21.07.2016 and application dated 13.12.2016 received from the Company in this regard is annexed hereto and marked as **ANNEXURE – A/10(COLLY)**.

v. **Properties at Oshiwara- Mumbai:**

The Committee also took the initiative to sell properties located at Oshiwara. However, upon being requested to provide inspection, the Company vide letter dated 09.06.2016, a copy whereof is annexed hereto and marked as **ANNEXURE**

– **A/11**, informed that almost all of the properties at Oshiwara were already sold, without providing any details including details of Bank Account(s) wherein the consideration received had been deposited by the Company.

vi. **Properties at Juhu- Mumbai:**

Properties situated at Juhu Mumbai in respect of which the Company was claiming to have readily available buyers and that these properties are having clear and marketable title, however, during inspection thereof, it was informed by the Agency concerned that the properties were in possession of third party/parties. The Committee has subsequently also received a representation from the person claiming to be in possession of the property. A copy of the said representation dated 13.10.2016 is annexed hereto and marked as **ANNEXURE – A/12.**

vii. **Mere Agreements:**

There are many properties for which mere Agreements to Sell (ATS) were executed. A copy of one such Agreement, by way of sample, is annexed hereto and marked as **ANNEXURE – A/13.**

(d) **Duplication Of Documents: -**

There are many properties for which documents in duplicate have been received by the Committee. Details of some such documents are annexed hereto and marked as **ANNEXURE – A/14.**

#### **4.2 OTHER PROBLEMS/ISSUES WITH RESPECT TO PROPERTIES**

The Committee has found that in many instances there were other issues/problems in relation to the properties:

a) **Properties acquired by Government of Maharashtra:**

A total of 43 properties at Solapur in Maharashtra had been acquired by the State Government as far back as 2013, for civil aviation related activities. It was informed by the Company that the properties had been purchased from farmers, however, the same had not been mutated/transferred in the name of the Company. It is learnt that the concerned Authority had already ordered for release of compensation in favour of the farmers and issues are pending before the Hon'ble High Court of Judicature at Bombay. A list of the 43 properties is annexed hereto and marked as **ANNEXURE – A/15.**

b) **Properties attached by the Income Tax Department:**

The Income Tax Department vide letter dated 14.03.2016 addressed by the Chief Commissioner of Income Tax (Central) informed that the Department has made an income tax demand of around Rs. 5,000 Crores from the Company and provided a list of 25 properties located at prime locations in Delhi that have provisionally been attached under section 281 B of the Income Tax Act, 1961. A copy of the said letter dated 14.03.2016 is annexed hereto and marked as **ANNEXURE – A/16.** Now the committee has been informed by the Income Tax Authority about passing of an order imposing liability amounting to Rs.24487 Crores. Copy of the letter dated 09.02.2017 is marked and annexed herewith as **ANNEXURE A/17.**

c) **Properties attached by the Enforcement Directorate:**

The Enforcement Directorate vide communication dated 20.01.2017 addressed to the Principal Secretaries of various state governments has, in view of its investigation under PMLA 2002 against PACL Ltd. & Ors., requested issuance of necessary directions to the Revenue Officers of each District to ensure that no amendments in registration in the properties listed therein be permitted without intimating the Directorate of Enforcement or the Committee. A copy of one of such communication dated 20.01.2017 is annexed hereto and marked as **ANNEXURE – A/18.**

d) **Properties attached by Government of Andhra Pradesh:**

The Government of Andhra Pradesh vide Order numbered as G.O.MS. NO.151 dated 31.10.2014 besides attaching the bank accounts also attached majority of the properties located within the state of Andhra Pradesh. A copy of the said Order dated 31.10.2014 is annexed hereto and marked as **ANNEXURE – A/19.**

Resultantly, the aforesaid properties under attachment did not attract the interest of prospective purchasers despite having brought to the notice of the public for expressing interest. .

e) **Properties that could not be put to sale being part of a residential project where plots/flats have been sold.**

The Committee received objections from different quarters with respect to properties which are part of construction projects of the Company pan India, including properties at Mohali, Bathinda, Lucknow etc. In view of some of these projects having progressed wherein parcels of land/plots were also sold by way of registered deeds, against which consideration had been received by the Company, It was therefore not possible to directly put these to

auction as third party interests had been created and further in view of one of the following viz.

- a. Complete payment made, possession taken and registration also done
- b. Complete payment made, possession taken and registration not done
- c. Complete payment made, possession not taken and registration also not done
- d. Partial payment made, possession taken and registration not done
- e. Only partial payment made
- f. Part of the projects given to contractors/ Sub contractors for development/ sale

The Committee has given several hearings to some of the affected parties who have approached the Committee and decided to deal with such projects separately. As per information furnished by Company, details of such properties wherein projects have been initiated by the Company are annexed hereto and marked as **ANNEXURE – A/20.**

It has also been noted that, there are certain infirmities with regard to the approvals of the project properties, such as:

- i. Approvals related to several projects have been expired or are about to expire
- ii. Pending approvals from the authorities
- iii. Non-payment of different fees, payments to authorities
- iv. Non-transferrable approvals granted to PACL

- v. Probability of cancellation of approvals by authorities because of delayed execution of projects

f) **Properties in possession of third party/ parties :**

During the course of inspections referred to herein above, it was found that several properties were in the possession of third parties. In this regard, a property at village Rajokri- Delhi, which was part of the list containing 15 properties provided by the Company stating that the title of the property is clear and a ready buyer is available to buy the property could not be inspected as some other person was in possession of the property. Similarly, the properties at Janakpuri and Defence Colony at Delhi were initially denied inspection on the ground that the persons in possession thereof are not accessible or keys of the properties are not available. The Committee also found that a property at Juhu- Mumbai (referred to herein above) for which the Company was claiming to have clear title and ready buyers, was in possession of an unknown person. Further, it was noted that the Company vide letter dated 18.05.2016 informed that inspection could not be carried out for 18 properties out of 31 properties for various reasons including not being in the possession of the Company. A copy of the said letter dated 18.05.2016 is annexed hereto and marked as **ANNEXURE – A/21.**

g) **Properties Already Sold by the Company:**

Upon inspection of the properties by the agencies engaged by the Committee and from other sources such as objections and complaints received, it has come to light that many of the properties had already been sold. Therefore the committee thought it fit to provide the complete available list to the company with specific request to provide comments as to which are the properties still owned by the

company and which could be utilised to effect sale. Copies of letters dated 15.06.2016, 01.07.2016 and email dated 22.07.2016 are marked and annexed hereto as **ANNEXURE A/22(COLLY)**. Further, despite several reminders the desired information has not been shared with the committee till date.

The Committee has also learnt of sale of some of the properties, through authorised persons of the Company. Though, details regarding such sale of properties were sought by the Committee from the Company from time to time, no reply/ response has been forthcoming. It is also pertinent to mention that as per details available with the Committee, after February 2014, the Company has received consideration amounting to more than INR 130 Crores by way of effecting sale deeds, agreement to sale, General power of Attorney etc. and such consideration was received after the seizure of bank accounts by the authority. Despite being asked to provide the details of accounts wherein such consideration was received and further to take steps to deposit the consideration amount with the Committee, no reply has been received till date. A copy of few such letters and emails issued to the Company is annexed hereto and marked as **ANNEXURE – A/23 (COLLY)**. However, till date complete details of such properties have not been provided by the Company. The Company just termed a few sale of properties as illegal (unauthorised sale) and claimed that the sale had occurred without necessary approval/authorization from the Company. However, even though the Company claimed that the sales were unauthorized no credible steps have been initiated by the Company with respect to such unauthorised sales till date. Some of the letters issued in this regard are annexed hereto and marked as **ANNEXURE – A/24.**

h) **Properties given on lease:**

The Committee has received documents pertaining to high value properties viz. Hotels at Zirakpur, Chandigarh; Colva, Goa; and Calangute, Goa. However, on inspection it was noted that all the three hotels had been given on lease for a period of 20 years by the Company and the same were in the possession of the respective lease holders. The fact that lease deeds existed in relation to the said properties any sale/transfer would raise legal complications as third party interests had been created and the said third parties had possession of the properties. There are other hotels at Dharampur Himachal Pradesh, Vipul Hotel at Noida- Uttar Pradesh, M R Hotel at Karnal Road, details of which have not provided by the Company inspite of repeated reminders to do so. The Company has represented that the Hotel at Himachal Pradesh had not been in their possession for years. The company could not cite any steps that have been taken against the person in adverse possession of such properties. A copy of the communication received from the Company with respect to such properties is annexed hereto and marked as **ANNEXURE – A/25(COLLY)**. The Committee has also in receipt of an intimation regarding notice from the Luxury Tax Department demanding to pay the due tax amounting to INR 8,83,284 in respect of a hotel at Calangute, Goa. A copy of the demand notice dated 21.03.2017 is annexed hereto and marked as **ANNEXURE – A/26**.

Further, it may be noted that the committee has taken necessary steps to recover the rent/dues from such parties as accrued in favour of PACL. In spite of several reminders no details and cooperation has been rendered to the committee in either disclosing the complete list of hotels and other commercial properties or in recovery of the rental income from such properties.



i) **Properties not demarcated/divided:**

It has also been noticed that Company has purchased undivided shares in several properties. From the documents/deeds received, it was found that in the case of several properties, it would not be possible to identify clearly demarcated boundaries thereof. As for example, in Panchkula, there is a land parcel admeasuring 169 acre comprised in around 57 deeds. Therefore it is not possible to demarcate land pertaining to each such deed. Similarly, with respect to in a property at Noida, the Company has purchased an undivided interest in land and subsequently built Commercial Complex thereon. Areas in the said Commercial Complex have been sold by the Company, which is admitted by the Company itself. A copy of the email dated 08.06.2016 is annexed hereto and marked as **ANNEXURE – A/27** hereto.

The Committee has also found that in several properties a part of the land had been sold or a building has been constructed, however, despite being asked to provide the list of such properties, no details have been furnished. It is also pertinent to submit that the documents available with the committee are not supported by any schedule/Map/demarcations. The committee has requested the company several times but no details of the properties have been furnished till date.

In yet another instance, the Company has got removed the demarcation/ boundary so that a single property emerges but title whereof is contained in several deeds. Some of such instances encountered by the Committee pertain to properties at Delhi and Gurgaon as well. In Delhi, the Company had purchased 27 offices at

the 7<sup>th</sup> Floor of the Gopaldas Bhavan at Connaught Place, New Delhi and 17 office spaces at the 6<sup>th</sup> Floor of the said building. Subsequently, the Company had removed the physical demarcation/ division/ walls separating each office making it difficult for the prospective buyer to determine the exact demarcated portion as mentioned in the deed. Similar and identical are the positions with respect to the properties purchased in the Global Foyer mall at Gurgaon. The Committee was in view of non-cooperation by the Company was not in a position to carry out the demarcation of such properties. A list of such properties is annexed hereto and marked as **ANNEXURE – A/28.**

j) **Properties under development by the Company:**

The Company had commenced various projects, which are at various stages and not fully completed. As the company has initiated various plot/residential/commercial projects across parts of the country and the committee was flooded with complaints wherein the investor/ plot holder claimed to have paid a substantial amount. However, the promised flat/house/plot/shops have not been transferred or given possession to the investors. The committee has requested the company to provide with the complete details of such projects. However, the company has not provided the proper and complete details. Resultantly, the committee upon receiving the complaints started enquiring from the company and found that there are several projects that have been launched by the company across the country. Since the company has received / mobilized/ accepted substantial amount from such prospective buyers with respect to such projects, therefore, in the absence of clear and proper title the

properties have failed to fetch buyers. It was also difficult for the committee to effect sale of the properties with encumbrances.

A summary of such projects is as given herein below:

SL NO.	Location	Village	Company Name	Project		Approximate Land Area (In acre)	Number of MRs comprising these projects
				Name	Type/Zone		
1	Sector - 104 (Mohali)	Saneta Sukhgarh Dhurali Raipur kalan Raipur Khurd Dhol	PACL	Pearls City	Integrated Township	215.59	297
2	Sector - 100 (Mohali)		PACL	Pearls City	Integrated Township	203.5	
3	Sector-109 (Mohali )		PACL	Pearls Residency	Group Housing	6.5	
4	Sector-99 (Mohali)		PACL		Township	123	
5	Sector-96 (Mohali)	Bhago Majra Manak Majra	PACL		Township	50	13
6	Ludhiana	Sahabana Ramgah Budewal	PACL	Ludhiyana Pearls City	Integrated Township	250	203
7	Ludhiana Ferojpur Road	Bhanohar Karimpur Hasanpura	PACL		Township	92.01	23
8	Bhatinda	Bokhra Gilpatti	Best City & PACL	Pearls Mall & Hotel	Commercial	4.5	4
9	Bhatinda		PACL	Pearls Township	Resd. Township	250	94

10	GOA	Curca	PACL	Pearls Green Valley	Villas/ Plotted	5.4	4
11	Lucknow	Mohanlal Ganj	PACL & Associate Co.	Pearls Royal Garden (Phase-I)	Group Housing	209.61	25
12	Lucknow	Vrindavan Yojna	PACL	Pearls Avenue	Group Housing	6.74	1
13	Sehore, Bhopal	Lasuria Parihar	PACL	Pearls Rooyal Garden (Phase-i)	Resd. Farm Houses	82.36	13
14	Dehradun	Dhoran Khas	PACL	Pearls Paradise	Group Housing	5.57	Not furnished by the company
15	Nagpur	Wakeshwar	Pearls Buildmart Pvt. Ltd.	Pushpa Vatika	Plotted	10.22	Not furnished by the company

### **4.3 OBJECTIONS RECEIVED TO SALE OF PROPERTIES.**

As on 31.03.2017 objections in relation to 758 properties (excluding the claims/representations received in respect of the properties developed as projects) have been received by the Committee in respect of the properties of PACL. The said list is not exhaustive since the objections are being received on a continuous basis. The said objections with supporting documents such as Sale Deeds, Lease Deeds, Agreements to Sell (ATS), Memorandum of Understanding (MoU) and order(s) of Government Bodies/Agencies have been received both from individuals as well as entities,

The type of claims put forth vide the objection applications have been majorly in the nature of:

- (i) transfer of the property has been effected in favour of the objector by the Company with full and final payment of consideration made;

- (ii) part payment of consideration made by the objector for the purchase of property from the Company with the transaction yet to be completed;
- (iii) entities claiming that they entered into an arrangement for joint development of properties with the Company, however, due to disagreements the said development did not take place and that objectors are the owners of the properties in question;
- (iv) Objector having entered into agreement with the Company for sale of property but due to default of the Company in payment of consideration, agreement to sell was repudiated thereby creating no interest in favour of the Company.
- (v) Litigations pending against the subject property (ies) before various Authorities and/or Courts. The objectors have mentioned in their objections that Authorities had initiated several proceedings including under the provisions of Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978 alleging violation of the provisions and passed orders to forfeit the land to the government stating that the lands are grant lands and same have been purchased without prior permission of the Government as per the provisions under the PTCL Act.
- (vi) Objector had executed a sale deed in favour of the purchaser. In turn the purchaser had handed over the cheques as consideration which later on got dishonoured. As a consequence thereof, the objector filed a suit for annulment of the sale deed. The court decided in favour of the objector declaring the sale deed to be null and void.

- (vii) The directors of the company namely Arondha Properties Pvt. Ltd. have objected for the sale of the properties in the name of the said company.

A set of objections received by the Committee with respect to the properties put up for auction , by way of sample is annexed hereto and marked as **ANNEXURE – A/28A (COLLY)**.

#### **4.4 LACK OF COOPERATION BY PACL**

4.4.1 In the initial meetings of the Committee with Advocates and/or officials of the Company, difficulty was expressed in grant of inspection etc. of the properties because the Company contended that it did not have enough staff. The Committee agreed that the company may retain up to five (5) of its employees at a consolidated salary of Rs.50,000/- per month per such employee, to be disbursed by the Committee, so that these employees could render assistance to the Committee. However, in response the company forwarded a proposal dated 06.06.2016 nominating five employees of the company to render assistance whose remuneration demanded was running into lakhs, more so the proposed remuneration for a director was INR 5 lakhs. The company on one hand claims that all of its accounts were frozen in the month of February 2014, on the other hand the employees including the director ostensibly continued with the company without being paid for the reasons best known to them. A copy of the proposal dated 06.06.2016 is annexed hereto and marked as **ANNEXURE – A/29**. The Committee in its meeting held on 10.06.2016 deliberated upon the said proposal and found it to be infeasible. The Committee vide letter dated 22.06.2016 conveyed its willingness to retain four officials of the company at a remuneration

not greater than INR 50,000 per month per employee, which was however, neither replied to nor acted upon by the company. A copy of the said letter dated 22.06.2016 is annexed hereto and marked as **ANNEXURE – A/30.**

4.4.2 The Company had filed an application before the Committee seeking the release of INR 144 Crores purportedly to pay salaries and other dues averring that on account of seizure of the bank accounts by CBI in the month of February 2014, the company is not in a position to satisfy its liabilities in this regard. However, on being confronted with the amount of approx. INR 130 Crores received by the Company against the sale /ATS/MOU etc. after the seizure of bank accounts the Company instead of proving the details of the bank accounts where such money was accepted, preferred to withdraw the said application.

4.4.3 The Company has been adopting a strategy to delay the process of disposal of assets by the committee and have neglected and failed to reveal the true status of the properties to the committee/agencies appointed by the Committee till the very moment of inspection or even thereafter. This has resulted in gross wastage of time, money and manpower. In this regard, the agencies vide email dated 06.06.2016 had requested company that while granting the schedule for inspection preference may be given to those properties having a clear and marketable title and are saleable. However, no effective response /action has been received /taken by the Company. A copy of the said e-mail dated 06.06.2016 is annexed hereto and marked as **ANNEXURE – A/31.**

4.4.4 Further examples that establish that the Company has been adopting various strategies to delay the process of disposal of assets and repayment to investors by the committee and frustrate the process of auction are:

1. The Committee issued a letter dated 21.10.2016 to Pearls Broadcasting Ltd. to refund the money received from PACL as loan/advance (evident from the copy of the charge sheet received from the CBI) at the earliest. However, the letter was returned undelivered, in view of the same, the letter was forwarded to PACL with a request to serve the letter to Pearls Broadcasting, but till date no information pertaining to serving of the letter on Pearls Broadcasting Ltd has been received by the committee. A copy of the letter dated 21.10.2016 and email dated 03.11.2016 is annexed hereto and marked as **ANNEXURE – A/32(COLLY)**.
2. It is to be noted that there are entities that are closely related to PACL who constantly file objections against the auction of the properties, such as:
  - a. Nirmal Chhaya Insurance Services Ltd. is an associate of PACL as evident from the PACL's letter dated 21.06.2016, whereby a list of subsidiaries/associates was provided by the Company. It may be also noted that Nirmal Chhaya Insurance Services Ltd. Is operating from the office space/properties owned by PACL. The objection is against the property described as office no. 408, 4<sup>th</sup> floor, Indra Prakash Building, Plot No. 21, Barakhamba Road, New Delhi 110001, which Nirmal



Chaya claims to have bought from PACL Ltd. by way of an Agreement to Sell and GPA dated 03.02.2009. However, the sale deed has not been executed till date. Now on the event of the said property being put on auction, the entity has raised an objection, but didn't get sale deed executed for so many years.

- b. One Mr. Prateek Kumar has filed objections in respect of the properties of PACL Ltd being put to auction. This is peculiar if letter dated 30.09.2016 of the company is taken into view, which contains the name of Mr. Prateek Kumar in the list of brokers to whom PACL has advanced huge amount of money for purchase of land. As per the list he has received around Rs.1500 crores for the purchase of land, which is outstanding. Now, Mr. Prateek Kumar is representing several entities who have filed objections in around four hundred properties. These include many properties wherein EOIs were received but the same could not be put to auction due to the objections as the entities filing the objections are not disclosed as subsidiary/group of PACL Ltd.
3. It is also learnt from allegations made by the investors visiting the office of the Committee that the Company is running its business by incorporating several cooperative societies, so as to be out of purview of the Committee and SEBI. The allegations further gain strength from the fact that numerous objections have been received by the committee from cooperative societies namely, Kisan Agrotech Co-operative Society Ltd., Lotus Agricultural and Marketing Co-operative Society Ltd. etc. In their objections, the societies claim that

they are independent entities and have purchased properties from PACL. It may be noted that majority of those entities appear to be operating from the office space owned by PACL. These entities have also not revealed their source of funds for the purchase the properties and related money transactions when asked by the committee to deliberate on the objections.

This lack of cooperation on the part of the Company, has hindered / halted the process of categorising the properties having clear title and as well as process of inspections. This is evident from the initial experience of the Committee in respect of around 700 properties, where issues like property being part of a project, not demarcated, already sold, under attachment, under adverse possession, acquired by government etc. which wasted initial efforts of the committee to sell the properties, thereby delaying the process.

Hence, in view of the above and in order to effectively utilise the manpower available with the Committee to inspect the properties scattered throughout the countries, it was decided that Company may be asked to provide on an urgent basis the detailed current status of ownership of all the properties documents which were received by the committee. In this regard, a letter dated 01.07.2016 was issued to the Company with a detailed list of the properties. Despite several reminders and an undertaking from the Company to provide the information by 21.07.2016, the Committee has received information of only about 845 properties and that too in unclear terms. A copy of the reminders to and intimation about the undertaking of the Company during the meeting is annexed hereto and marked as **ANNEXURE – A/33(COLLY)**.

- 4.4.5 The Committee further vide various letters and emails has from time to time sought comments from the Company in relation to the continuing sale of properties for consideration effected after February, 2014. However, no satisfactory response has been received from the Company in this regard. The Committee has also forwarded details concerning properties that have been sold by PACL Ltd. after February, 2014 to the CBI for further investigation. A copy of the letter dated 17.03.2017 issued to the CBI is annexed hereto and marked as **ANNEXURE – A/34**. The Committee, has also specifically requested the Company to provide details pertaining the bank accounts not under seizure, vehicles not seized by the agencies and details of properties having clear and marketable titles on periodical basis. These requests have yielded no response Copy of letters and emails issued to the company post June 2016 as annexed hereto and marked as **ANNEXURE - A/35 (COLLY)**
- 4.4.6 The Committee is in receipt of various representations/ objection applications in relation to various properties wherein third party interests are claimed to have been created by way of sale deed and agreement to sell against consideration received after February, 2014. Though details of such sales involving more than 130 crores were provided to the Company for their comments, no reply/ response whatsoever has been received from the Company. A table containing details of such sales/transactions/rental income/ advance considerations is annexed hereto and marked as **ANNEXURE - A/36 (COLLY)**
- 4.4.7 Since, the constitution of the Committee, the assistance of the Company has been repeatedly sought for several matters in order to enable the Committee to achieve the objective of its constitution. However, the Company on each occasion has neglected and failed to

render any effective assistance to the Committee. Listed herein below are some of the important information sought for by the Committee from the Company and which are yet to be responded to by the Company;

<b>S. No</b>	<b>Date of Letter</b>	<b>Details sought for from PACL Ltd.</b>
1	17-Mar-16	Clarifications regarding difference in the details of customers provided in CD by PACL and the information submitted by PACL during SEBI investigation as required vide letter dated 11.04.2016.
2	22-Mar-16	Title documents of 106 properties, particularly for the properties located in Delhi and Mumbai, in both hard and soft copies.
3	11-Apr-16	Complete details of the investors with clarifications regarding registration of customers prior to 1996 i.e. before the incorporation of the Company.
4	07-Jun-16	Details of Agricultural Farms in tabular form.
5	07-Jun-16	<b>Satbari Farm:</b> Whether PACL had purchased the Farm House admeasuring 2.6 acres at Village Satbari, Mehrauli, Delhi pursuant to the Board Resolution dated 01/06/2007, if yes, whether the documents of this property have been seized by CBI. If CBI has seized the documents, copy of the seizure memo or if the same has not been seized, all original documents in relation to the said property.
6	15-Jun-16	List of properties free from all encumbrances.
7	15-Jun-16	List of properties which are generating income and the

		respective bank accounts where the proceeds are being credited.
8	28-Jun-16	Details of "Agreement to Sell" entered by PACL Ltd. Or it's Associate for Rajokri Farm Land.
9	01-Jul-16	Status of 24125 properties as per records of PACL Ltd. (Later an updated list of all the properties 29088 received from the CBI were sent to the Company)
10	28-Jul-16	Details of the person who is managing Hotel Victoria Intercontinental, Dharampur.
11	29-Jul-16	List of the properties that are funded by PACL and are not seized by CBI along with their ownership documents.
12	29-Jul-16	Copy of the loan agreement in regard to the Hotel Dharampur, Himachal Pradesh and details of the auction notice published by PNB against non-payment of the loan.
13	29-Jul-16	Details of Bank Accounts where the income and expenditure of Hotel Victoria Intercontinental, Dharampur is recorded.
14	29-Jul-16	Copy of loan Agreement in regard to Victoria Intercontinental; Dharampur.
15	02-Aug-16	Under what arrangement Rs.10 Crores was credited to M/s PACL Ltd. By M/s Satguru Propcon Pvt. Ltd. ; Amount outstanding to PACL by PGFL and other companies with which it had business relationship.
16	03-Aug-16	Outstanding due to PACL Ltd. From its subsidiary / associate companies or vice versa.
17	09-Aug-16	List of properties where PACL has any interest directly or indirectly a status of at least 1000 properties every

		Fortnight.
18	09-Aug-16	Statement of bank accounts wherein the income of the hotels at Goa and Noida are being deposited as well as the Income and Expenditure statements of these accounts.
19	09-Aug-16	Complete list of moveable and immoveable properties which would be sufficient to meet the liability of the Company.
20	09-Aug-16	List of all vehicles excluding 47 vehicles.
21	09-Aug-16	Details of cash and FDRs not seized by CBI.
22	18-Aug-16	Proof of payment made to purchase the land in Sus, Pune in Subrata Bhattacharya's.
23	22-Aug-16	Handover title documents and possession of 9, D-Block Rajouri Garden.
24	22-Aug-16	List of all vehicles (other than 47) with necessary documents including the vehicles Reg. No. DL- 2C-Q~4647 and DL-8C-W-1965.
25	31-Aug-16	Ownership status and original title deeds of 2165 properties for which only photocopies of the documents were received from the CBI.
26	02-Sep-16	Details of loans/advances made to M/s Pearls Broadcasting Pvt. Ltd. And current status of the same, list of related entities not involved in real estate business and the details of intellectual property rights held by them
27	02-Sep-16	Copies of the Board Resolutions whereby sanction was granted to purchase the high end cars viz. Rolls Royce Phantom, Bentley etc. using the funds of the Company.

28	05-Sep-16	Ownership status of 19 properties whether owned by PACL or not.
29	05-Sep-16	Details regarding the relationship/association of PACL Ltd. with Kisan Agro-Tech Cooperative Society Ltd.
30	05-Sep-16	<b>Gorakhpur Land:</b> Explanation regarding sale of 8479 sq. ft. land in Gorakhpur on 09/02/2016 for Rs. 2,20,00,000/-.
31	06-Sep-16	<b>Kotputli Land:</b> Clarifications regarding ATS entered with M/s Habitech Infraventure Pvt. Ltd. for sale of 51 acre land for 8.6 Crores at Malpura, Kotputli as required vide letter dated 06.09.2016
32	27-Sep-16	Whether the value of the 26792 properties is sufficient to meet the liability of the company towards the investors, if not, what are the assets and properties which can be utilised towards the same?
33	27-Sep-16	Records of receipts and payments of PACL for the period April, 2014 to till date.
34	20-Oct-16	Details of transfer of the properties in Madhya Pradesh in the name of Navkettan Agricultural Society; details of sales proceeds related to sale of these properties by PACL.
35	21-Oct-16	Details of the sale proceeds received by PVG developers on account of sale of land situated at Sus village, Mulshi, Pune
36	21-Oct-16	seeking an updated list of subsidiaries/associates as it came to the knowledge of the Committee that certain entities viz., PIPL were not included in the list of 639 subsidiaries/associates provided by PACL Ltd.

37	04-Nov-16	Details of Nagpur Project.
38	21-Dec-16	Clarification/ information in respect of the ATS between Nirmal Chhaya Insurance Services Ltd and PACL Ltd in respect of the properties bearing description 407 and 408, Indra Prakash, Barakhamba Road, New Delhi.
39	21-Dec-16	Details of employees currently working with the company.
40	21-Dec-16	Queries in regard to the letter dated 07.12.2016 filed by Shalabh Pareek, Advocate on behalf of Mr. Ramshankar Pal.
41	21-Dec-16	Details of the payment (along with account statement) made to PACL Ltd., T.C. Developers Pvt. Ltd., and PVG Developers in regard to the properties at Malpura, Rajasthan.
42	27-Dec-16	Clarifications/ information in relation to properties at Samalkha, Dist- Panipat, Haryana.
43	04-Jan-17	Comments of PACL on the sale of properties effected after the filing of FIR by the CBI.
44	10-Jan-17	Details of Sales, sale proceeds, account details and explanations regarding the properties sold post February, 2014.
45	23-Jan-17	Statement of A/c no. 0143101071768 for the period 01.04.2016 to 07.01.2017. Explanation as to Debit and Credit carried out in the aforesaid account.
46	03-Feb-17	PAN details of the owner of the properties for the TDS purposes.
47	02-Mar-17	Details of Sales, sale proceeds, account details and explanations regarding sale of the properties situated at Vikas Nagar, Dehradun.



48	28-Mar-17	Details of the property at Village Nangli Poona, GT Karnal Road, Delhi in respect of the lease to M/s Best Hotels and Resorts (India) Pvt. Ltd. ; Relationship between PACL Ltd. and M/s M R Hotels Pvt. Ltd.
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It is clear from the above that there has been hardly any cooperation from the Company. Finally, the Company by a letter dated 30.11.2016 stated that all its employees would be relieved from their duties on 30.11.2016. A copy of the said letter dated 30.11.2016 is annexed hereto and marked as **ANNEXURE – A/37.**

## **5. SAFEGUARDS AGAINST ILLEGAL SALE OF PROPERTIES**

The Committee learnt that change in the status of the properties spread across the country were being effected in order to vitiate the mandate of the Committee. In this regard the Committee has taken the following measures:

### **(a) Letters to Inspectors General of Registration:**

Documents received by the Committee found to spread over 23 states. As the process of receiving documents was on continuous basis therefore, in order to protect the interest of investors, letters to Inspectors General of Registration of 23 States have been issued by the Committee forwarding the list of the properties related to their respective area/ region. The purpose of sending the list of the properties to them was to prevent the same from selling the properties post Supreme Court Order dated 02.02.2016 in order to protect the interest of the investors. A copy of one such letters addressed by the Committee by way of sample, is annexed hereto and marked as **ANNEXURE – A/38.**

(b) **Letters to District Magistrate/ Collectorate**

The Committee has further analysed and found the properties are located to various district across India. The Committee was receiving complaint on regular basis regarding interest of third parties being created, therefore, the Committee promptly came into action and issued letters to District Magistrates/ District Collectorate of 193 districts where the properties of PACL were located, were issued requesting them to prevent illegal selling of the properties of PACL. The Committee has left no stone unturned in ensuring that the interest of the investors is not jeopardised. The Committee through these letters informed the officials about the orders of the Hon'ble Supreme Court of India regarding the constitution of the committee to dispose of the assets of the PACL Ltd. and use the proceeds to refund the investors. The Committee also requested officials to take necessary steps for not to effect the registration/mutation/sale etc. of the properties falling in their territorial jurisdiction, wherein PACL and/or its group/associate companies have, in any manner, a right/interest. The Committee underlined that as per the orders only the Committee is authorized to sell these properties. In order to facilitate their action, a list of such properties within their jurisdiction was also attached with the letters. In response the Committee has received 88 letters as reply from various districts authorities stating that they have taken the necessary steps as directed by the Committee. A copy of few such letters addressed by the Committee and replies received, by way of sample, is annexed hereto and marked as **ANNEXURE – A/39.**

(c) **Letters to Chief Secretaries of States:**

The Committee also wrote to the Chief Secretaries of 10 (ten) states for according necessary assistance and giving wide publicity to

prevent sale of the properties in their state. A copy of one such letter issued by the Committee is annexed hereto and marked as **ANNEXURE – A/40.**

**6. ADOPTION OF ALTERNATE METHODOLOGY FOR AUCTION SALE OF PROPERTIES:**

The Committee in view of the experience gained from the first auction and more particularly the glaring/ deliberate non- cooperation from the company decided that in order to achieve its mandate, a change in strategy for effecting sale of the properties was called for. The factors which led to the adoption of a new strategy by the Committee were:

- (a) Enormous quantity of the Property Documents to be put on Auction
- (b) Slow completion of pre-auction process (which if followed would have taken years to put through it)
- (c) Lack of cooperation from the company in providing assistance to conduct the inspections
- (d) High costs in carrying out pre-auction process for all properties irrespective of their saleability
- (e) Failure of the first round of auction (involving prime properties in Delhi NCR region) belied the rationale of categorising and prioritising the properties for sale on the basis of location;

**6.1 Inviting Expression of Interest:**

It had become obvious that trying to value each property and putting it to auction would be an excessively time consuming and expensive affair. The Committee, therefore, decided to adopt the method of inviting Expression of Interest (EOI) in relation to the properties from

the public. The idea behind adoption of inviting Expression of interest method was to confine the focus of the Committee only to those properties where the public interest is expressed thereby saving both time and money and optimum utilisation of the manpower at the disposal of the Committee. The expression of interest was to be supported by submission of an EOI to ensure seriousness in the submission. The amount of EOI was accordingly fixed at INR 5000/- per property document (M R No) and was non-interest bearing and refundable.

#### **6.1.1 Expression of Interest (EOI) process:**

The process of inviting Expression of Interest entailed making around 27500 property documents received by then accessible to the public. The initial steps as envisaged in this process were:

i. **Data-base cleaning:**

To put it in other words all the data gleaned from the 27500 documents were to be structured so as to be amenable to search queries. This was a work of both great magnitude and minutiae. Hundreds of man-hours were put in to prepare the database in the requisite format.

ii. **Creation of a dedicated website:**

Once the data was available in the form as required, a dedicated website "[www.auctionpacl.com](http://www.auctionpacl.com)" was created for providing access to the public to the property documents. The public could now search for properties in a particular state or a particular district or a particular village and the streamlined data would throw up results as per the user's search description.

iii. **Creation of FAQs:**

With the adoption of a new process it was felt that new FAQs should be prepared so that obvious queries of investors/ prospective bidders/ general public could be taken care of. These FAQs were uploaded on the dedicated website and the website of SEBI. Apart from the FAQs, a dedicated helpline was created for query resolution of the investors/ bidders/ general public. Standard replies were also prepared in this respect.

iv. **Payment Gateway:**

It was decided to receive the EOI amount through payment gateway so that there remains ease of receiving and refunding the EOI amount. The preparatory work of activating the payment gateway and readying the website with the necessary data was completed.

v. **Notices inviting EOI:**

The Committee brought out two Notices dated 27.08.2016 & 30.09.2016 inviting Expression of Interest (EOI) from public at large against the properties of PAFL. PAFL Ltd., its subsidiaries, associate companies and their past or present directors, employees and agents were not allowed to participate in the process of auction. A copy of the said notices is annexed hereto and marked as **ANNEXURE – A/41.**

**7. STATUS OF ONGOING AUCTIONS PURSUANT TO RECEIPT OF EOI :**

**7.1 Report on EOI's received**

Pursuant to the notices dated 27.08.2016 & 30.09.2016, the Committee had received EOIs in respect of various properties.

However, the committee also received objections against the properties put on for inviting EOI. It was decided by the Committee that the properties against which the objections have been received would not to be proceeded for auction at this stage.

Based on the EOIs received, the Committee also decided to proceed further only with respect to property documents in respect whereof more than one EOI has been received by the Committee so that there is competition in the bidding process and best price could be achieved under the given circumstances for the property under auction and to expedite the process of auction the agencies were instructed to take urgent steps by notifying the persons who have submitted EOIs

The table below shows the summary of property documents put on for inviting EOI and EOIs received:

<b>Sr. No</b>	<b>Particulars</b>	<b>Number/Value</b>
	Expression of Interest (EOI) invited vide notices dated 27.08.2016 & 30.09.2016	
1	Total Number of Properties (MRs) in which EOIs were received	4103 (7525 number EOIs) with Book value of Rs. 3447,06,02,959/- ( INR 3447 Crores)
2	Total Number of Properties (MRs) in which more than one EOIs were received	1919 with book value of Rs. 2378,63,21,006/- ( INR 2378 Crores)
3	Total Number of Properties (MRs) in which more than one EOIs were received without objections	1560 with book value of Rs. 2262,02,15,662/- ( INR 2262 Crores)

7.1.2 Thereafter, the one more agency namely SBI Capital Market Ltd. was engaged apart from already engaged two agencies (HRL and UTIITSL). The scope of work was redefined and engagement letters were issued to the agencies afresh/ as an addendum to the previous agreements.

7.1.3 The Committee having decided to go ahead for the auction of 1560 number of properties where more than one EOI has been received and no objection has also been received by the Committee. Initially, the details of the properties to be put on auction that were allotted to the three agencies on state wise basis and the objections forwarded are tabled below:

<b>Agency/State</b>	<b>Count of MR Nos.</b>	<b>Objections received</b>	<b>MRs to be proceeded for Auction</b>
<b>HDFC</b>	<b>612</b>	<b>187</b>	<b>425</b>
Andhra Pradesh	49	0	49
Chhattisgarh	2	0	2
Gujrat	12	0	12
Haryana	138	14	124
Himachal Pradesh	11	0	11
Madhya Pradesh	40	0	40
Tamil Nadu	268	173	95
Telangana	92	0	92
<b>SBI</b>	<b>500</b>	<b>18</b>	<b>482</b>
Delhi	330	7	323
Rajasthan	55	9	46
Uttar Pradesh	37	0	37
Uttarakhand	78	2	76
<b>UTI</b>	<b>807</b>	<b>154</b>	<b>635</b>
Chandigarh	5	0	5

Goa	22	0	22
Karnataka	398	71	327
Kerala	1	0	1
Maharashtra	308	83	227
Punjab	73	0	73
<b>Grand Total</b>	<b>1919</b>	<b>359</b>	<b>1560</b>

Further, as and when objections were received by the Committee, the same were duly communicated to the Agencies concerned. It is clear from the above table that initially the total number of objections received were 359, however as the work of auction progressed the number of objections being received in cases where more than one EOI was received, increased to 413 (as on 31.03.2017).

7.1.4 The agencies concerned were also directed to carry out the auction process in accordance with the scope of work defined in the engagement letter/ addendum to the previous agreements and also various other instructions communicated to them in various meetings and through various emails from time to time. Tender Document was finalized in consultation with the agencies and schedule for the auction was also decided. Valuation Reports of properties prepared during the first process of auction were also handed over to the agencies concerned, for their consideration for the purpose of auction. Initially, the agencies were directed to conduct auction inviting those who had submitted EOIs and to fix the reserve price at 90% of the circle rate and subsequently the reserve price was fixed at the higher of the purchase value mentioned in the document or 90% of the circle rate. Accordingly, the Agencies were advised to



conduct auction of those properties which were clearly identifiable and not having any objections.

## **7.2 Auction Process**

7.2.1 Based on the experience and outcome of the 1<sup>st</sup> auction conducted by the Committee in the month of June 2016 in respect of the properties located in Delhi and nearby, wherein the Reserve Price was fixed basing the market value, the Committee thought it fit that the considering the complexities involved and nature of the properties, the properties would be auctioned based on the reserve price. The committee decided that the auction would be conducted for only those properties against which more than one EOI has been received and there is no objections. For such properties valuations would be conducted and accordingly reserve price would be fixed for the auction. Properties will be auctioned in batches by the agencies and the tender documents containing details of properties put on auction with terms and conditions of the auction would be uploaded on the websites of the respective agencies. The bidders who have submitted EOIs against the property put on auction shall be informed about the same through email by the agencies. The interested bidder would be required to submit Earnest Money Deposit (EMD) at the rate of 10% of the Reserve price of the property. On the date of auction, the bidders who have submitted EMDs would participate in the auction. At the end of the auction, the agency would submit a report to the committee about the auction. The committee would accept or reject the highest bid received against the properties put up on auction. The committee would instruct the agencies to inform the bidders about the decision of the committee. Upon successful payment and compliance of terms and conditions of the auction, a

Certificate of Sale would be issued to the successful bidder for the property.

7.2.2 The public at large, vide public notice dated 27.11.2016, were informed about the further proceeding related to the submission of expression of interest by the prospective buyers. Public were informed about the engagement of the three agencies for the process of auction and the state wise distribution of properties among the agencies. A copy of the said notice dated 27.11.2016 is annexed hereto and marked as **ANNEXURE – A/42**.

7.2.3 The agencies commenced the process of valuation for such properties and while carrying out the same, came across following issues:

- a) Properties that could not be put on sale being part of a residential projects where plots/flats have been sold.
- b) Properties in the possession of third party;
- c) Properties Already Sold by the Company
- d) Properties given on lease
- e) Properties not demarcated/divided, hence not identified.

Despite all such difficulties in dealing with such a poor quality of properties, the Committee along with the said agencies made concerted efforts to proceed further for auction of the properties. The Committee regularly takes stock of concluded auctions from the agencies.

The auction process started in December 2016, and is expected to continue till May, 2017.

Thus far, 941 properties have been put up for auction and Tender documents for these auctions have been released. Out of these properties, auction has been concluded for 872 properties..

A brief summary with respect to the same is as under:

- a. More than 27500 number of properties for which EOI was invited.
- b. EOI was received in 4103 of properties, thus in the case of 85% of properties there was no interest in the market for buying.
- c. For the properties where EOI was received, numerous objections were also received, due to which the committee could not proceed further in such properties.
- d. Out of 4103 properties ( M R No), single EOI was received in respect of 2184 properties. Further, the Committee has received objections with respect to 380 properties. Therefore, the Committee has proceeded with auction of 1539 properties.
- e. As on 31.03.2017, 544 number of properties could not be proceeded with and cannot be put on auction for sale because of lack identification, lack of title, etc.
- f. So far, for 941 of properties Tender documents have been released, and for 872 of properties, the auction process has been completed.
- g. In the auctions concluded thus far, buyers have shown interest by submitting EMDs with respect to 392 properties. It may also be noted that these properties can be further divided into categories of properties where single EMD has been received and properties for which multiple EMDs have been received. In this regard, the Committee has decided to reject bids received for the properties where only single EMD was received, as lack

of competition was observed, there being only a single bidder in such cases and the chances to arrive at a fair price of the property are minimal.

- h. The Committee after due deliberation, has decided to proceed further with the sale of 112 properties where the H1 bid is higher than the price at which the property was purchased by the owner of the property (as per the documents available). The expected sale proceeds from these 112 properties is approx. Rs. 83 Crores, subject to verification of the documents. A list of these 112 Properties is annexed hereto and marked as **ANNEXURE – A/43.**

#### **7.2.5 Probable reasons for low participation of bidders for properties put up for auction:**

Based on the experience of the Committee in the course of auction, it transpired that after submission of EOI, parties are hesitant in actually participating in the auction process, probably for the following reasons:

- a) Affairs of PACL Ltd being subject matter of investigation by various Authorities such as CBI, ED, SFIO, Income Tax, etc. The market sentiments reflect uncertainty among the bidders about passage of valid title to the buyer, as the properties are subject matter of several investigations by different Authorities.
- b) Bidders apprehending impossibility of handing over of the possession of properties, involved in such investigations and free enjoyment thereof, post purchase.

- c) Many of the properties having changed hands on several occasions and ownerships having been transferred by way of sale deeds - registered/ unregistered, Agreements to Sell (ATS) etc.
- d) Improper demarcation / division of properties.
- e) Properties found to belong to Tribals under Government grants etc.
- f) Properties being under attachment by several Agencies/ Authorities/ under judicial orders.
- g) Properties being in unauthorised /illegal possession of third party/ parties.
- h) Properties not having clear and marketable titles.
- i) Non availability of complete chain of title documents.
- j) Photocopies of title documents.
- k) Properties located in far flung areas such as border areas in Rajasthan and Naxal infested areas in Madhya Pradesh and Chhattisgarh, etc.
- l) External economic factors e.g lack of demand in the real estate sector, macro economic decisions of the Government, etc.

7.2.5 The Committee, as already stated, has upon examination of the property documents received, found that about 80% of the same were in the names of entities/individuals other than PACL Ltd and effectively, only 20% of the documents were in the name of the Company. The Income Tax Act requires TDS by purchasers of immovable properties. In the case of a large number of properties where details such as PAN of persons/entities who are shown to be

owners in the documents received by the Committee are not available, it would be necessary to indicate the seller to be PACL Ltd., in as much as this Hon'ble Court has directed the sale of the properties of PACL Ltd. in order to pay its investors. Accordingly, TDS could be effected and paid for and on behalf of PACL Ltd.

## **8. MANAGEMENT OF PUBLIC QUERIES/ GRIEVANCES:**

The Committee has been receiving in huge numbers various types of representations/ complaints from various persons/ associations/ groups/ authorities etc. such as Customers/ Investors/ Agents of PACL Ltd. etc. with respect to their respective claims as against PACL Ltd. These representations were either received individually or through various associations, persons etc. from time to time since the inception of the Committee. The Committee has also been receiving a number of complaints from various persons who have been regularly visiting the office of the Committee. In this regard, as on 31.03.2017 2,41,300 Complaints/representations have been received by the Committee and replied to. However, the Committee continues to receive a huge number of Complaints/representations on a daily basis.

Further, in order to address the immediate concerns of the complainants/ investors/ customers, the Committee has taken a number of steps including the following:

### **8.1. Notices and Press releases:**

In the interest of the investors and the public at large the committee has been publishing notices from time to time informing them about the constitution of the committee, its mandate, auctions, ongoing

process, refund etc. Public notices dated 05.03.2016 & 03.05.2016 were issued by the committee in the newspapers having pan India circulation informing public at large about:

- (a) The constitution of the committee in compliance of the order of Hon'ble Supreme Court of India;
- (b) Investors not to part away with their original documents related to investments in PACL;
- (c) Investors not to make new investments or pay instalments in schemes of PACL and
- (d) Appropriate action against people dealing in the properties of PACL.

The notice instructed investors not to part with their original documents related to investments in PACL and also cautioned of appropriate action against people dealing in the properties of PACL. Further, from time to time several public notices and press releases were also issued in the interest of investors which were uploaded on the SEBI website and link thereof has also been provided on [www.auctionpacl.com](http://www.auctionpacl.com).

The Committee further by a Public Notice dated 27.11.2016 informed about further developments related to the submission of expression of interest by the prospective buyers and vide press release dated 22.12.2016, investors and public were made aware that the process of refund would be initiated upon realization of sizeable amount by the Committee. The claim could be filed only in the prescribed format upon specific Notification by the Committee in this regard and till such Notification, investors were requested to retain their documents with themselves and not to part with them for any reason whatsoever. Copy of all the Public Notices and Press

Releases are annexed hereto and marked as **ANNEXURE – A/44(COLLY)**.

#### 8.1.1 **FAQs:**

To provide ready replies to any queries that the general public might have, a fresh set of Frequently Asked Questions (FAQs) was prepared with answers and the same was uploaded on SEBI's website for the benefit of the Public. FAQs were prepared for obvious queries of investors/ prospective bidders/ general public. These FAQs were uploaded on the dedicated website and the website of SEBI. Apart from the FAQs, a dedicated helpline was created for query resolution of the investors/ bidders/ general public.

#### 8.1.2. **Special help desk created for addressing the grievances/ concerns:**

A large number of Complainants, Investors/ Agents of PACL and others, on an average 25 to 30 in number are visiting the offices of the Committee and SEBI, on a daily basis. In the circumstances, the Committee thought it fit to set up a help desk in order to provide information to such persons.

#### 8.1.3 **Telephonic Calls:**

Around 100 telephone calls per day (on an average) made to the board number lines of the Committee by various persons including investors /customers, agents etc. of PACL are being attended to by the Secretariat of the Committee.

#### 8.1.4 **Written Complaints/ Representations from Customers/ Investors:** The Committee was beset with lakhs of complaints/ representations from the general public in relation to investments



made, rent due, unpaid salary etc. This was a gargantuan task as replying to all these complaints would take considerable time and effort on the part of the Committee's limited staff. In order to reply to the written representations/ complaints in an efficient manner, such representations were analysed and classified under broad categories, which are as follows:

- a) Representation/ complaints of Investors w.r.t. their claims
- b) Representation/ complaints of Investors received with Ministerial references
- c) Representation/ complaints through Advocates
- d) Representation/ complaints of Employees of PACL Ltd.
- e) Representation/ complaints of Landlords / Lessors
- f) Representation/ complaints from Authorities like Income Tax Authorities, Commercial Tax Authorities

Based on the categories as abovementioned, standard replies have been prepared and are being sent to various affected parties. Considering the bulk of written physical complaints from the investors/ agents of PACL, the committee has engaged SHDL for replying to the claims/complaints received from investors on the basis of parameters set by the Committee. Further, efforts are also being made to put such standard replies on the IVR for PACL related calls on the SEBI Toll free number. The Committee has received numerous complaints from investors seeking refund of money invested. The Committee also receives various letters in the form of Legal notices, Demand letters for disbursement of employee dues, letters for accrued rent and letters relating to orders from consumer

forums and courts. The Committee has taken the task and storing the complaint and suitable reply are being sent to the investors.

**9. RECOVERIES:**

In compliance of order dated February 2, 2016 of this Hon'ble Court, the Committee received an amount of INR 122 Crores from the Registrar of the Hon'ble Delhi High Court.

The Committee has been and continues to make all efforts to ensure further recoveries.

i. **DEPOSITS:**

ii. **FDRs of PACL with various Banks:**

The Committee has also received FDRs of PACL numbering 1121 with 23 Banks, from the CBI. 1121 FDRs were handed over to the Stock Holding DMS Ltd. (SHDL) for record keeping and creation of electronic files. Scanned images of 1121 FDRs were received from SHDL. Thereafter, letters were issued to all the aforesaid banks in the month of October and November 2016 requesting them to determine their respective nodal branch in Delhi so that the original FDRs pertaining to their banks could be submitted for remittance. After constant follow up with the Banks, the Committee has been able to recover Rs.4,93,628,76.84/- (Four Crores Ninty Three Lacs Sixty Two Thousand Eight Hundred and Seventy Six rupees and Eighty Four paise Only) from 08 (Eight) banks while 09 (Nine) banks (including PNB and Bank of India which has remitted some of amount of FDR after the Committee's efforts) have submitted that the FDR amount has already been remitted to SEBI.

In case of one bank viz. DCB, the Committee is making every effort to recover the monies under the FDR. The Bank has informed the Committee that there were Bank Guarantees issued by PACL against the FDR, but has not disclosed /provided to the Committee any particulars /details /information with respect to the Bank Guarantees, for verification by the Committee.

The J&K Bank vide letter dated 10.02.2017 and 06.03.2017 informed that the amount under FDRs could not be remitted as the same have been pre-maturely withdrawn by the Company on 02.08.2015 under a letter of authority.

Six (6) banks are yet to provide the Committee with details of the status of FDRs.

iii. **Other Recoveries:**

(a). **Systematix Venture Capital Trust:**

The Committee received a report from the Enforcement Directorate (ED) which stated that 25 subsidiaries of PACL Ltd. have transferred Rs. 113.45 Crore rupees into Systematix Venture Capital Trust's account. The Committee issued letters to Systematix seeking information, inter-alia, the manner in which the amount was received by Systematix from PACL Ltd. and the repayment plan. Systematix replied that it received Rs. 110.95 Crores from the said 25 subsidiaries of PACL, repaid Rs. 19.04 Crores to the said companies. Considering that the monies belonging to the subsidiaries of PACL Ltd. are monies of PACL Ltd. hence to facilitate payment to the investors of PACL Ltd., efforts were made to recover such money from Systematix. After regular follow up with Systematix, an amount of Rs. 4,88,98,193/- (Four Crores Eighty Eight Lacs Ninety Eight Thousand One Hundred and Ninety Three) and Rs. 11,98,00,573/-

(Eleven Crores Ninety Eight Lacs Five Hundred and Seventy Three) has been received on 13.12.2016 and 06.01.2017 respectively. Thus total of Rs. 16,86,98,766/- (Sixteen Crores Eighty Six Lacs Ninety Eight Thousand Seven Hundred Sixty Six) has been recovered from the Systematix on account of monies received by it from associates of PACL. Further, Systematix has stated that the investee companies shall provide concrete plan of redemption of OFCD by February 15, 2017. However, when the committee has not received any concrete plan from the Systematix, the reminder dated 28<sup>th</sup> February, 2017 to this effect has been issued to the entity seeking the required plan.

**(b) Rents from Hotels of PACL:**

Properties given on lease: The Committee has received property documents relating to hotels in Zirakpur, Chandigarh; Colva, Goa; and Calangute, Goa. However, on inspection it was noted that all the three hotels had been given on 20 years lease by the Company and the same were in the possession of the respective lease holders. The fact that lease deeds existed in relation to the said properties any sale/transfer would raise legal complications as third party interests had been created and the said third parties had possession of the properties. There are other hotels at Dharampur Himachal Pradesh, Noida- Uttar Pradesh, M R Hotel at Karnal Road, complete and proper details of which were not provided by the Company. Infact, the Company was pleased to provide that the Hotel at Himachal Pradesh is not in their possessions for years and they had not bothered ever to take any steps against the person misappropriated the property. In this regard, a total of Rs. 72,37,393/- (Seventy Two Lacs Thirty Seven Thousand Three Hundred and Ninety Three) has been recovered by the committee on account of rent from the three

properties situated at Zirakpur, Chandigarh; Colva, Goa; and Calangute, Goa leased to India Datsec Solutions Pvt Ltd. ( India Datsec).

It is further stated that there has been delay in the payment of rent by India Datsec to the Committee. The delay/non-payment of dues/rent by them is justified by them stating that as part of the lease agreement PACL Ltd. had to pay charges for maintenance of properties which PACL Ltd. hasn't paid for long time, this has made them to incur expenses for maintenance of the Properties.

As on 31.03.2017, the balance in the bank account maintained by the Committee is Rs.319,65,64,959/- (Rupees Three Hundred Nineteen Crores Sixty Five Lacs Sixty Four Thousand Nine Hundred and Fifty Nine only), inclusive of the Rs.39.5 Crores deposited by M/s Hitesh Packaging Pvt. Ltd. pursuant to the instructions of the committee in the matter of purchase of a property at village Rajokri, Delhi.

**10. STEPS TAKEN TO REALISE MONIES FROM PROPERTIES LOCATED IN AUSTRALIA, WHEREIN PACL HAS AN INTEREST:**

- 10.1 The Committee being informed of an Application filed by one Janlok Prathishthan Sanghatan, purportedly on behalf of investors in the State of Maharashtra before the Federal Court of Australia at Queensland claiming proceeds of sale of Hotel Sheraton Mirage Gold Coast, Australia, by Mii Resorts Group 1 Pty Ltd., on the ground that the said Hotel had been purchased by siphoning of funds collected by PACL from its investors, obtained appropriate orders from this Hon'ble Court on 05.04.2016, whereafter SEBI proceeded to seek intervention in those proceedings and subsequently

- 10.1.1 On August 29, 2016 the Federal Court of Australia has permitted SEBI to file an Application to be joined as a party in the proceedings or to commence a fresh proceedings for claiming the sale proceeds.
- 10.1.2 Thereafter, on October 4, 2016, SEBI filed an Application to be joined as a party to the pending proceedings. SEBI's application though not objected by the Respondents, was however objected to by the Applicant ("Janlok Pratishtan Sanghatan") incorrectly alleging that SEBI does not have the locus to seek a relief in Australian Courts and ought not to be joined as a party in a closed class action suit where there are differences between the claim of SEBI and that of the Applicants. The Federal Court, after considering these objections, while dismissing the Application of SEBI for being joined as a party in the pending proceedings, however, permitted SEBI to be an intervener therein and further to institute substantive proceeding as well.
- 10.1.3 SEBI, in accordance with directions of the Federal Court, attended mediation in the matter wherein the Applicant (Janlok) and MiiResorts Group 1 Pty Ltd. participated. Pursuant to the mediation, Janlok and MiiResorts issued letters to SEBI proposing settlement of the proceedings. The proposals were considered by the Committee and it was decided to reject the proposal of MiiResorts, seeking AUD 15 million from the sale proceeds of the Hotel. The proposal of the Applicant (Janlok) for permitting SEBI to take over the existing proceedings in the Federal Court, subject to payment of costs incurred by the applicants in the proceedings was approved after considering in detail the comparative cost effectiveness and avoidance of possible delays which may otherwise occur. The said settlement terms shall become effective upon approval thereof by the Federal Court.

- 10.1.4 Once approved SEBI will take over the proceedings and file its substantive claim petition and seek repatriation to India of the entire sale proceeds after adjustment of the existing loans on the property, sale expenses and all statutory dues, for effecting refund to investors of the Company in accordance with the directions of this Hon'ble Court.
- 10.1.5 The Committee has since learnt that the contract for the sale of the aforesaid Hotel has been settled and an amount of AUD 79 million (approx.) is to be deposited in escrow account with Mc Collough Robertson, Lawyers, in accordance with the directions of the Federal Court of Australia.
- 10.1.6 It has also been brought to the notice of the Committee that a Senator in Australia has raised the issue of diversion of around AUD 600 million to Australia by the PEARLS Group and in this regard, necessary steps are being taken for exchange of information. It is also gathered that a list of associated entities of Mii Group Holdings Pty Ltd. and Mii Resorts Group 1 Pty Ltd. based on fund transfers shown in the financial statements (2015-16) of the two Companies have acted in the siphoning of funds of PACL. It is further learnt that Pearls Australasia Pty Ltd. had made investments in several projects in different parts of Australia and PACL Ltd vide letter dated 18.10.2016 has informed that it has made investments of Rs. 11,19,49,980/- in the form of 87,50,000 equity shares in Pearls Tourism Ltd., which is wholly owned subsidiary of PACL and the said amount is invested by Pearls Tourism Ltd. in Madagascar.
- 10.1.7 It is also learnt that proceedings have been initiated by Body Corporate of Tristania (BCT) against the Villa owned by PIPL (associate company of PACL) situated at Sanctuary Cove, for

recovery of its dues. Steps have been taken to protect the interest of investors and realised the maximum amount for the utilisation towards payment to the investors.

10.1.8A valuation of the properties known in Australia are underway and appropriate action are being taken in the interest of investors.

10.1.9It assumed that the money diverted by PACL to Australia may have been transferred to these associated entities. Since investigation into these overseas investments require co-ordination with the investigating agencies of other jurisdictions, detailed investigations by appropriate agencies having bilateral agreements with the foreign country (Australia) could result in unearthing details of various other properties purchased from funds mobilized by PACL from investors in India. The Committee has been consistently keeping various Authorities /Agencies updated with information received. A copy of the communications addressed by the Committee to the CBI and Enforcement Directorate, in this regard, are annexed hereto and marked as **ANNEXURE – A/45**.

## **11. MISCELLANEOUS TASKS UNDERTAKEN BY THE COMMITTEE:**

### **11.1 Hearings provided by the Committee**

(a) The Committee, pursuant to orders of this Hon'ble Court as well as pursuant to various representations /Applications received from various individuals/ entities etc., has been granting hearings to such representations/Applications. In this regard, it is pertinent to state that the Committee has received several representations from the investors/plot holders relating to projects at Mohali and Bhatinda. Accordingly, the



Committee, since its constitution has granted hearing to various entities.

- (b) The Committee besides inviting the authorised representatives of the Company also invited officials from the CBI and ED and other authorities to seek their help from time to time.
- (c) The Committee, with respect to immovable properties of PACL Ltd., after having heard the concerned parties and their Counsel, have passed appropriate orders in respect of:
  - (i) A flat at Mumbai;
  - (ii) property situated, at Rajokri, Tehsil Vasant Vihar, New Delhi

A copy of the orders/ proceedings passed by the Committee in the above matters is annexed hereto and marked as **ANNEXURE – A/46(COLLY)**.

- (d) The Committee has also considered other Applications filed by various parties and permitted the said parties to produce documents/ information. A copy of the proceedings pertaining to such hearings granted to various persons/entities are annexed hereto and marked as **ANNEXURE – A/47 (COLLY)**.

## **12. SUMMARY:**

12.1 The Committee, as detailed herein above, has been entrusted with the task of selling the properties of PACL and refunding the proceeds to the aggrieved investors/ customers. The task is an enormous one. The number of property documents received from CBI being more than 29000 and often found deficient, incomplete, not revealing

ownership status, with duplication in many cases etc. Numerous problems with the properties have arisen such as properties not being identifiable, occupied by 3<sup>rd</sup> parties, already sold etc.

The Committee has taken several steps to effect the sale of the properties to realise monies for payment to the investors. In this regard, as mentioned above, the 1<sup>st</sup> auction dated 29.05.2016 could not result in any yield. Thereafter, more than 27500 properties were put up for inviting Expression of Interest (EOI) followed by regular auction. Several difficulties were encountered in the process and as of date, the auctions are expected to fetch approx. INR 83 Crores from the auction sale of the 113 properties.

12.2 The Committee beside the claim of the investors, has received various other claims, a few whereof are as follows:

- (i) The committee has received a letter dated F.No. ACIT/CC-27/2016-17/3349 dated 09.02.2017 from Office of the Assistant Commissioner of Income Tax, Central Circle- 27, Room No. 327, E-2, Jhandewalan Extension, New Delhi, stating that the assessment proceedings u/s 153A has been completed against PACL Ltd. for the A.Y. 2008-09 to 2014-15 and revenue demands of Rs. 24487,08,92,450/- (Twenty Four Thousand Four Hundred Eighty Seven Crores Eight Lacs Ninty Two Thousand Four Hundred and Fifty) have been raised against PACL Ltd. Further, the IT authority has requested the Committee to consider the aforesaid claim of revenue department so that the due tax liability of the assessee company can be recovered after the sale/ auction of the various properties of M/s. PACL Ltd.

- (ii) Similarly, the Committee has also received a letter/notice dt 19.10.2016 from the Commercial Tax Authority, Noida claiming dues of INR 65.00 lakh (Approx). Copy of the letter from Commercial Tax Authority is annexed hereto and marked as **ANNEXURE- A/48.**
- (iii) Ongoing investigation by the Enforcement Directorate in order to establish that the properties of the Company have been created with proceeds of crime. In this connection The Committee has received on 25.01.2017, an undated letter from the Enforcement Directorate(ED), Delhi Zonal Office informing that requests have been made to various States through their respective Principal Secretaries for issuing necessary directions to the concerned Revenue Officers of the Districts, so that no amendment in respect of any future registration is effected in relation to the list of properties provided without prior intimation to the ED or the Committee.
- (iv) The Committee has received several notices/ representation/ claims from various quarters pertaining to lease rentals, electricity and maintenance dues, salaries and other employment benefits, professional fees, gratuity etc.
- (v) The Committee has also to deal with claims pertaining to wages etc. made by former employees before Authorities such as Labour Commissioner, New Delhi, seeking impleadment of SEBI on account of misleading information being dissipated by the Company.

12.3 As per information furnished by the Company, it has principal liability towards the investor is around INR 57000 Crore. Besides, there is demand from Income Tax Department to the tune of 24500/- Crore.

In addition to above, the Company has several other liability that may be more than 1000/- Crore comprising of rental dues, salary and other related statutory dues, maintenance charges against the properties/offices, whereas the value mentioned in the documents of the properties available with the Committee is about INR 7600/- Crore only, which does not appear to even sufficient to meet the liability to the investors. It is also not disputed that the Company has mobilised money more than INR 50000/- Crore whereas liability of the Company is more than INR 80000/- Crore. Therefore, the Company is required to be directed to give the complete details of the properties/resource which could be utilised to meet the liability.

12.4 It is clear from above that the fund of the investors were not utilised exclusively for purchase of properties the documents of which are available with the committee. This is further strengthened in view of the following:

- a. PACL having admitted that a sum of Rs. 2800 Crore is with its erstwhile Brokers and Agents.
- b. Information (not verified) received that there are many high value properties that are not a part of the 29000 properties disclosed to the Committee
- c. There are foreign properties, two of which have come to the Committees' notice on account of a court case in Australia.
- d. There are inter-corporate loans and advances given to the different entities by PACL as apparent from the charge sheet of the CBI.

12.5 The Committee, in the circumstances detailed herein above, is of the view that process of bringing to sale and recovering monies for effecting refunds to investors would be a long drawn out on involving costs associated therewith.

**13. ESTIMATED NUMBER OF INVESTORS AND LIABILITY TOWARDS PRINCIPAL ALONE:**

13.1 As per the information provided by the Company, it has been found that the estimated number of investors in PACL Ltd. is more than 5 Crores. The liability towards the amounts invested (principal alone), falling in 5 categories is as set out herein below:

<b>Investment Range (in Rupees)</b>	<b>Number of Investors</b>	<b>Total Amount (in Rupees)</b>
1-1500	1,07,87,560	832,76,79,808 (832 crores)
1501-2500	35,14,464	717,26,30,940 (717 crores)
2501-5000	58,59,211	21,15,53,86,880 (2115 crores)
5001-7500	46,18,007	28,91,45,78,384 (2891 crores)
7501-10000	45,78,735	42,15,71,62,382 (4215 crores)
>10000	2,21,43,059	4,71,54,54,58,130 (47,154 crores)
<b>Grand Total</b>	<b>5,15,01,036</b>	₹ <b>5,79,27,28,96,523.50</b> <b>( 57,927 crores)</b>

13.2 The Committee has not been able to commence disbursement to investors till date on account of the fact that even to effect payment to investors in the first slab /investment range in the table herein above i.e. INR 1-1500, a minimum of Rs.1,500/- to 2,000/- Crores would have to be available to commence the process and if the same amount (Rs.1,500/- Crores) is distributed to all investors on a pro-rata basis, an amount of Rs.7,500/- to 8,000/- Crores would be required. Furthermore, there would be a cost not less than Rs.150/- per investor in the actual process of disbursement which would include despatch of letters to the investors by speed post and also expenses with respect to verification of the documents that would be submitted by the investors, which would also have to be provided for before the commencement of the disbursement.

**14. PROPOSALS FOR BULK PURCHASE OF PROPERTIES RECEIVED FROM VARIOUS ENTITIES:**

14.1 Committee is in receipt of various proposals expressing interest in bulk purchase of immovable properties of PACL. These proposals are for large parcels of properties located in various States and details thereof are as follows:

<b><u>Proposals</u></b>			
<b>Entity</b>	<b>State</b>	<b>Total Area of Property (acres)</b>	<b>Total Offered Price (Rs.)</b>
<b>Ashok Jain</b>			
	Haryana	Not mentioned	2,400,000,000

	Karnataka	1,396	8,350,372,989
	Madhya Pradesh	1,318	147,791,100
	maharastara	35	1,734,141,000
	Tamilnadu	Not mentioned	5,000,000
	Uttar Pradesh	51	332,467,493
	Uttrakhand	35	147,911,300
	West Bengal	155	232,293,000
	Gujrat	105	239,908,470
	<b>Total</b>	<b>2,941</b>	<b>13,589,885,352</b>
<b>CRS &amp; Associates</b>			
	Karnataka	967	3,525,900,000
	<b>Total</b>	<b>967</b>	<b>3,525,900,000</b>
<b>Global Connectors (P) Ltd.</b>			
	Haryana	303	2,250,000,000
	Uttrakhnad	41	16,536,680
	Madhya Pradesh	814	202,445,680
	<b>Total</b>	<b>1,159</b>	<b>2,468,982,360</b>
<b>Mindsprite</b>			

<b>Consultants P Ltd</b>			
	Karnataka	250	104,083,770
	Madhya Pradesh	58	20,186,250
	Maharashtra	42	300,000,000
	Tamilnadu	112	72,200,000
	Uttarpradesh	51	332,467,493
	Uttarakhand	36	782,191,300
	<b>Total</b>	<b>549</b>	<b>1,611,128,813</b>
<b>North East Infrastructure (P) Ltd</b>			
	Andhra Pradesh	523	30,368,380
	Telangana	4,022	159,864,565
	<b>Total</b>	<b>4,545</b>	<b>190,232,945</b>
<b>R. Vel. Murugan</b>			
	Andhra Pradesh	100	8,000,000
	<b>Total</b>	<b>100</b>	<b>8,000,000</b>
<b>Sunland Properties Pvt Ltd</b>			
	Tamilnadu	84,274	4,579,904,979
	<b>Total</b>		



		<b>84,274</b>	<b>4,579,904,979</b>
<b>WS INFRA PVT. LTD</b>			
	Goa	6	250,000,000
	Karnataka	96	1,085,000,000
	Maharashtra	753	4,450,000,000
	<b>Total</b>	<b>855</b>	<b>5,785,000,000</b>
<b>I. Suresh, Advocate</b>			
	Tamilnadu	150	450,000,000
	<b>Total</b>	<b>150</b>	<b>450,000,000</b>
<b>Paramjeet Kaur</b>			
	Delhi		54,150,369
	<b>Total</b>		<b>54,150,369</b>
<b>Atul And Parekh Infraprojects LLP</b>			
	Maharashtra	1	510,000,000
	<b>Total</b>	<b>1</b>	<b>510,000,000</b>
<b>Greenway infra Developers Injdia Pvt Ltd</b>	Andra Pradesh	16	111,562,500
	<b>Total</b>	<b>16</b>	<b>111,562,500</b>
<b>T. Narasimha Murthy</b>	Andra		

	Pradesh	16	140,000,000
<b>(Total Infrastructure Pvt Ltd)</b>			
	<b>Total</b>	<b>16</b>	<b>140,000,000</b>
<b>Bhatia Energy &amp; Minerals Pvt Ltd</b>	Chattisgarh	241	12,939,900
	<b>Total</b>	<b>241</b>	<b>12,939,900</b>
<b>Golden Space Real Empire Pvt Ltd</b>	Gujrat	140	114,123,453
	<b>Total</b>	<b>140</b>	<b>114,123,453</b>

A copy of all such proposals for bulk purchase of properties, received till date, is marked and annexed hereto as **ANNEXURE-A/49(COLLY)**.

Amongst the proposals received, two unique proposals in the form of representations have been received from Great value Projects India Ltd. dated 08.03.2017 and Mr Nirmal Singh Bhangoo dated 20.03.2017. A copy of the said proposals is annexed hereto and marked as **ANNEXURE- A/50**.

Great Value Projects India Ltd. in its representation to the Committee stated that it has vast experience in the real estate segment and has other "members" in consortium who are financially capable and

possess expertise to take over all the assets of PACL Ltd and return the entire amount owed to the investors. For this it shall require a month's time to conduct the due diligence and valuation of the properties and submit a detailed scheme for the return of the entire amount owed to investors. However, in this regard, Great Value Projects India Ltd. seeks the deferring of the auction process by a month's time so as to move a detailed scheme of the said purpose.

Mr. Nirmal Singh Bhangoo in his representation informed the Committee that certain prospective buyers have approached him and have conveyed their willingness to purchase the properties of PACL Ltd. The proposal given in the representation is as follows:-

- (i) That the prospective buyers are willing to buy the properties at double the base price or circle rate as may be fixed by the committee.
- (ii) That the prospective buyers are ready to deposit the entire agreed amount of sale consideration in one go within a short and reasonable period as may be fixed by the committee subject to satisfaction of the title documents of the properties.

## **15. OBSERVATIONS OF THE COMMITTEE WITH RESPECT TO FUTURE COURSE OF ACTION THAT MAY BE ADOPTED:**

### **15.1 Sale of immovable properties:**

The Committee would require to consider, while adopting a future course of action in the implementation of the directions of this Hon'ble Court, inter alia, the following:

- (i) Interested buyers have been unwilling to purchase property due to the unavailability of comprehensive information about the legal title and possible encumbrances. Owing to this, the recently concluded auctions have not been able to achieve expected results.
- (ii) The Committee had initially, keeping in view the urgency involved and the timelines specified by this Hon'ble Court, commenced with the auction of immovable properties on an "as is, where is, whatever is" basis. However, the auctions have not been able to achieve desired result and it has thus become necessary in order to effectively sell the immovable properties, a suitable agency needs to be appointed which will undertake to investigate title, check encumbrances and conduct factual verification of the property condition within a expedited time period.
- (iii) Thereafter, the information collected could be published online viz. a digital repository allowing interested buyers to inspect properties from various locations in a convenient manner. The same information could simultaneously be published on all reputable property portals on the Internet which would garner the interest of a large number of buyers.
- (iv) Assistance of suitable agencies could also be sought to expedite sale once buyers have expressed interest, while ensuring that the minimum value of each sale is not less than 90% of the notified circle rate or book value, whichever is higher, following the precedent laid down by orders of this Hon'ble Court in the Sahara case.

- (v) Effecting sales of properties through the Government both Central and State Authorities /Public Sector Undertakings /Local Authorities and calling for bids for residual value of the Development Schemes initiated by the Company but remaining incomplete can continue in parallel.

### **15.2 Objections with respect to sale of immovable properties:**

This Hon'ble Court had vide order dated 02.02.2016 in C.A. NO.13301/2015 and connected Appeals directed constitution of a Committee for disposing of land purchase by the Company so that the sale proceeds can be paid to the investors, who have invested their funds in the Company for purchase of the land. The said order also stated that the decision with regard to sale of property of the Company by the Committee shall not be interfered with by any Court. The Committee has, as set out hereinabove, been receiving and continues to receive numerous objections with respect to the properties being placed for auction setting up title based on documents executed after the passing of the aforementioned order dated 02.02.2016 by this Hon'ble Court. It would be in the interest of the investors of the Company, that all objections based on documents purportedly executed after 02.02.2016 be scrutinized and then heard and disposed of by a retired Judicial Officer(s) assisted by requisite number of Advocates, appointed by the Committee.

### **16. THE FOLLOWING DIRECTIONS OF THIS HON'BLE COURT ARE SOUGHT FOR BY THE COMMITTEE:**

#### **16.1 Directions with respect to PACL Ltd.:**

- (i) A direction to PACL Ltd. to furnish information /details as set out in paragraph 4.4.7;

- (ii) A direction to PACL Ltd. to furnish details of properties that are still owned by PACL directly or indirectly.
  
- (iii) A direction to PACL to recover and deposit the following receivables within 45 days with the committee:
  - a) Inter-corporate loan and advances given to group or other corporate body/ies or individual.
  - b) Money advanced to Commission agents / Brokers with whom admittedly at least a sum of Rs.2800 Crores belonging to PACL is lying.
  - (c) Consideration amount against the sale of the properties (sold after February 2014).
  
- (iv) A direction to PACL not to hinder /obstruct /in any manner delay the process of sale of its immovable properties by the Committee as well as to render effective assistant to and to cooperate with the Committee.

**16.2 Directions with respect to TDS to be effected upon sale of immovable properties:**

- (v) An appropriate direction with respect to TDS as set out in paragraph 7.2.5.

**16.3 Other directions:**

- (vi) An appropriate direction for the appearance of all persons /entities who have submitted proposals for bulk purchase of immovable properties set out in paragraph 14.
- (vii) An appropriate direction with respect to the future course of action that may be adopted by the Committee as set out in paragraph 15.

Dated: 11<sup>th</sup> April, 2017.

**(R.M.LODHA)**

Former Chief Justice of India,  
Chairman,

Justice (Retd.) R.M.Lodha Committee,

(In the matter of PACL Ltd. & Other connected matters)

