

न्यायमूर्ति (सेवानिवृत्त) आर.एम. लोढा समिति  
Justice (Retd.) R. M. Lodha Committee  
(पीएसीएल लि. के मामले से संबंधित / in the matter of PACL Ltd.)

संदर्भ सं. जेआरएमएलसी/पीएसीएल/

Ref. No. JRMLC/PACL/

Order on the Objection filed by Raga Educational Trust  
SEBI/PACL/OBJ/AR/00002/2024

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

File No.	SEBI/PACL/OBJ/AR/00002/2024
Name of the Objectors	Raga Educational Trust
MR Nos.	11167/16, 31749/16, 13262/16, 11108/16, 31290/16, 7831/18, 27951/16 & 27960/16.

**Background:**

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") on 22.08.2014 passed an order against the PACL Ltd., its promoters and directors, *inter alia* holding the schemes run by PACL Ltd. as CIS and directing them to refund the amounts collected from the investors within three months from the date of the order. By the said order, it was also directed that PACL Ltd. and its promoters/directors, shall not alienate or dispose of or sell any of the assets of PACL Ltd. except for the purpose of making refunds as directed in the order.
2. The order passed by SEBI was challenged by PACL Ltd. and 4 of its directors by filing appeals before Hon'ble SAT. The said appeals were dismissed by Hon'ble SAT vide its common order dated 12.08.2015, with a direction to the appellants to refund the amounts collected from the investors within three months. Aggrieved by the order dated 12.08.2015 passed by Hon'ble SAT, PACL Ltd. and its directors filed appeals before Hon'ble Supreme Court of India.
3. Hon'ble Supreme Court did not grant any stay on the aforesaid impugned order dated 12.08.2015 of Hon'ble SAT, however, PACL Ltd. and its promoters/directors did not



*Shreyas*

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refund the money to its investors. Accordingly, SEBI initiated recovery proceedings under Section 28A of SEBI Act, 1992 against PACL Ltd. and its promoters/directors vide recovery certificate no. 832 of 2015 drawn on 11.12.2015 and as a consequence thereof, all bank/demat accounts and folios of mutual funds of PACL Ltd. and its promoters/directors were attached by the Recovery Officer vide attachment order dated 11.12.2015.

4. During hearing on the aforesaid civil appeals filed by the PACL Ltd. and its directors (i.e. Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI and other connected matters), Hon'ble Supreme Court vide its order dated 02.02.2016, directed SEBI to constitute a committee under the Chairmanship of Hon'ble Mr. Justice R.M. Lodha, the former Chief Justice of India, (hereinafter referred to as “**the Committee**”), for disposing of the land purchased by PACL Ltd. so that the sale proceeds can be paid to the investors, who have invested their funds in PACL Ltd. for purchase of the land. In the said civil appeals, Hon'ble Supreme Court did not grant any stay on the orders passed by SEBI and the Hon'ble SAT. Therefore, direction for refund and direction regarding restraint on the PACL Ltd. and its promoters and directors from disposing, alienating or selling the assets of the PACL Ltd., as given in the order continue till date.
5. The Committee has from time to time requested the authorities for registration and revenue of different states to take necessary steps and issue necessary directions to Land Revenue Officers and Sub-registrar offices, to not effect registration/mutation/sale/transfer, etc. of properties wherein PACL Ltd. and or its group or its associates have, in any manner right of interest.
6. Also, Hon'ble Supreme Court vide its order dated 25.07.2016 restrained PACL Ltd. and/or its Directors/Promoters/agents/employees/Group and/or associate companies



*Bhaskar*

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from in any manner selling/transferring/alienating any of the properties wherein PACL Ltd. has, in any manner, a right/interest situated either within or outside India.

7. In the recovery proceedings mentioned in para 3 above, the Recovery Officer issued an attachment order dated 07.09.2016, against 640 associate companies of PACL Ltd. In the said order, *inter alia*, the registration authorities of all States and Union Territories were requested not to act upon any document purporting to be dealing with transfer of properties by PACL Ltd. and/or the group/associate entities of PACL Ltd. mentioned in the Annexure to the said attachment order, if presented for registration.
8. Hon'ble Supreme Court vide its order dated 15.11.2017 passed in C. A. No. 13301/2015 and connected matters directed that all the grievances/objections pertaining to properties of PACL Ltd. would be taken up by Mr. R. S. Virk, Retired District Judge.
9. On 30.04.2019, in the recovery proceedings initiated against PACL Ltd. & Ors., the Recovery Officer issued a notice of attachment in respect 25 front companies of PACL Ltd. Thereafter, on 01.03.2021, the Recovery Officer issued another notice of attachment in respect of 32 associate companies of PACL Ltd., which included 25 front companies of PACL Ltd. whose accounts were attached vide order dated 30.04.2019.
10. Vide order dated 08.08.2024, passed in Civil Appeal No. 13301 of 2015 – Subrata Bhattacharya Vs. SEBI and other connected matters, Hon'ble Supreme Court has directed as under:

*“.....10. Since, we had directed in our order dated 25.07.2024, that no fresh applications or objections shall be filed before or entertained by Shri R.S. Virk, District Judge (Retd.) and that the same shall be filed before the Committee, the Committee may deal with such applications/objections, if filed before it, and dispose them of as per the provisions contained under Section-28(A) of the SEBI Act.....”*



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11. In compliance with aforesaid order dated 08.08.2016 passed by Hon'ble Supreme Court, all objections with respect to properties of PACL Ltd., which were pending before Shri R. S. Virk, Retired District Judge and all new objections, are now to be dealt by the Recovery Officers attached to the Committee.

**Present Objection:**

12. Present objection has been filed by Raga Educational Trust (hereinafter referred to as “the Objector”) in respect of the certain properties situated in the revenue villages of Zamin Thevarkulam, Puliyanakulam and Akkanayakkanpatti, Taluk – Kovilpatti (previously Sankaran Koil Taluk), Sub-registration district of Kovilpatti and Registration district of Palayankottai, Tamil Nadu. It is noted that these properties are covered in MR Nos. 11167/16, 31749/16, 13262/16, 11108/16, 31290/16, 7831/18, 27951/16 & 27960/16.

13. The Objector has submitted that it had purchased the land parcels admeasuring 211 acre and 45 Cents falling in the revenue villages of Zamin Thevarkulam, Puliyanakulam and Akkanayakkanpatti, Taluk – Kovilpatti (previously Sankaran Koil Taluk), Sub-registration district of Kovilpatti and Registration district of Palayankottai, Tamil Nadu through registered sale deeds, details of which are as hereunder:

S. no. (1)	Document No. (2)	Date of Sale Deed (3)	Name of Village (4)	Name of Vendor/Transferor (5)	Name of Buyer (6)	Consideration amount (in Rs.) (7)
1.	6005/2014	11.08.2014	Jamindevarkulam	Mr. Bhaskar Naik through Mr. Thiru Sundaram	Raga Educational Trust	15,48,800/-



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2.	6006/2014	11.08.2014	Jamindevarkulam	Mr. Upendra Dalei through Mr. Thiru Sundaram	Raga Educational Trust	13,02,400/-
3.	6007/2014	11.08.2014	Jamindevarkulam	Mr. Haridas Singh through Mr. Thiru Sundaram	Raga Educational Trust	15,03,200/-
4.	6008/2014	11.08.2014	Jamindevarkulam	Mr. Santosh Lenka through Mr. Thiru Sundaram	Raga Educational Trust	20,85,600/-
5.	6448/2014	25.08.2014	Puliyankulam	Mr. Tapan Pramanik through Mr. Thiru Sundaram	Raga Educational Trust	15,39,375/-
6.	1020/2015	20.04.2015	Akkanayakkanpatti	(i) Mr. T. Sandeep Patiya through Mr. Thiru Sundaram (ii) Mr. Bhagirath Patra through Mr. Thiru Sundaram (iii) Mr. Santosh Das through Mr. Thiru Sundaram (iv) Mr. Ramchandra Naek through Mr. Thiru Sundaram (v) Mr. Bhagaban Gahan through Mr. Thiru Sundaram (vi) Mr. Kishoralal Saha through Mr. Thiru Sundaram (vii) Mr. Haru Dhara through Mr. Thiru Sundaram	Raga Educational Trust	5,00,000/-

14. On perusal of the aforesaid sale deeds and other chain of documents, submitted by the Objector, it is observed that vendors/transfersors, as mentioned in the column 5 of the Table above, have sold the aforesaid land parcels to the Objector through their respective general power of attorney holders. It is worth to mention here that title deeds of these vendors/transfersors, with respect to aforesaid land parcels, have been seized by



*[Signature]*

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CBI from the possession of PACL Ltd. In this regard, reference can also be made to the order dated 22.08.2014 passed by SEBI wherein it has been observed as under:

“.....At this stage, I note from the details submitted during the course of investigation that PACL had mobilized funds from its customers to the tune of ₹ 44,736 crores till March 31, 2012. Further by its own admission, it has collected ₹ 4364,78,08,345 from 39,97,357 customers during the period of February 26, 2013 to June 15, 2014. The total amount mobilized comes to a whopping 49,100 crore. This figure could have been even more if PACL would have provided the details of the funds mobilized during the period of April 01, 2012 to February 25, 2013. The collection of such huge funds suggests that PACL has many more customers than the stated 1.22 crore. In this regard, I also refer to the proposal of PACL and its directors as forwarded to SEBI through their advocates and note that it has 4,63,13,342 customers to whom the land has not yet been allotted. Thus, a quick calculation of the total number of the customer of PACL comes to around 5.85 crore which includes the customers who said to have been allotted land and who are yet to be allotted the land.....” (at pp. 71-72)

“.....From the above, it is noted that PACL has very limited stock of lands in its name and that most of the lands are held through General Power of Attorney/through Agreement to Sale/through associate companies. PACL in its reply has informed that the said associate companies are controlled by its friends and nears and dears of the management of PACL. I observe that PACL enters into an MoU with the associate companies for the purchase of land. The MoU inter-alia, states that as PACL is unable to purchase the land in its own name beyond certain limits due to the land laws and other applicable laws of the land in different States of the country, PACL has nominated the associate company to purchase the land for PACL and get the sale deed executed in the name of associate company.....” (at p. 80)

15. Thus, the aforesaid property, like so many other properties owned by PACL Ltd., was purchased by PACL Ltd. out of the funds collected from its investors, as the fact of seizure of title deeds pertaining to said properties by CBI from the possession of PACL Ltd. shows. Thus, vendors/transfers were the owners of the said property for the



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namesake. The real beneficial owner of said property was PACL Ltd. and the property in question belonged to PACL Ltd. who in turn itself was holding said property in trust for its investors.

16. The Objector has contended that it had purchased the impugned land through the registered sale deeds. Regarding registered documents, Hon'ble Supreme Court has held<sup>1</sup> that there is a presumption that a registered document is validly executed. A registered document, therefore, *prima facie* would be valid in law. The onus of proof, thus, would be on a person who leads evidence to rebut the presumption. Thus, registration of document, which is required by law to be registered, is *prima facie* evidence of its valid execution, however, whether such document satisfies other requirements of law or not, can always be tested. Sale of immovable property is governed by the Transfer of Property Act, 1882 (TPA), also. In this regard, reference may also be made to Section 4 of TPA which provides as under:

**“4. Enactments relating to contracts to be taken as part of Contract Act and supplemental to the Registration Act. —**

The chapters and sections of this Act which relate to contracts shall be taken as part of the Indian Contract Act, 1872 (9 of 1872).

And sections 54, paragraphs 2 and 3, 59, 107 and 123 shall be read as supplemental to the Indian Registration Act, 1908 (16 of 1908).”

17. In view of Section 4 of the TPA and the fact that any sale deed of immovable property is also a contract for sale of immovable property, such a contract also requires to comply with the requirements of Section 10 of Indian Contract Act, 1872 (ICA) which provides as under:

**“10. What agreements are contracts. —**All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void.

(2006) 15 SCC 353



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Nothing herein contained shall affect any law in force in India and not hereby expressly repealed by which any contract is required to be made in writing or in the presence of witnesses, or any law relating to the registration of documents.”

18. Section 10 of ICA, provides as to when an agreement becomes contract and consequently, an agreement enforceable by law [as per Section 2(h) of ICA]. As per Part I of Section 10 of ICA, free consent of parties, competency of parties, lawful consideration, lawful object and no express declaration of it being void by contract Act, are the requirements which makes an agreement a contract. Para II of Section 10 of ICA provides that the requirements under other laws regarding a contract to be in writing or in the presence of witnesses or any law relating to registration of documents, are not affected by the requirements laid down in the Section. On a combined reading of Part I and II of Section 10 of ICA, it is clear that an agreement becomes contract on fulfillment of requirements laid down in Part I, however, as per Part II, requirement if any provided under any other law, has also to be satisfied separately, by virtue of the provision of that any other law. Para 2 of Section 54 of TPA provides that transfer of tangible immovable property of the value of one hundred rupees and upwards can be made only by a registered instrument. Thus, for an agreement for sale to be enforceable by law, as per Part II of the Section 10 of ICA, such agreement for sale must be in compliance with Para 2 of Section 54 of TPA. Registration of sale deed in terms of provisions of Registration Act, 1908, is only one of the requirement of a sale agreement which is flowing from Para 2 of Section 54 of TPA. Compliance with this requirement only satisfies the requirement of Part II of the Section 10 of the ICA, however, it does not mean that all other requirements provided under Part I of Section 10 also stands automatically complied once a document is registered, though there is presumption of compliance with such requirements in case of registered sale deed.

19. Regarding compliance with Section 10, in case of sale deeds relied upon by the Objector, it is noted that no details of payment made by the Objector have been captured, nor any such details have been provided with the objection petition, in the



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form of bank statements, etc. The 6 sale deeds relied upon by the Objector, merely, mention that consideration has been paid by the Objector to the vendors/transfersors. The details of consideration paid has not been mentioned. It gives rise to an inference that no such consideration was at all paid by the Objector and the statement about payment of consideration is just mentioned as formality to extend legitimacy to such sale deeds. In terms of Section 25 of the Indian Contract Act, 1872, an agreement without consideration is expressly declared as void. Therefore, such sale deeds are not in conformity with Section 10, as being expressly declared to be void by Section 25.

20. If an agreement is not in conformity with Section 10 of ICA, it does not become contract and is thus not enforceable by law. Accordingly, sale deeds relied upon by the Objector may be registered which is one of the requirement (read with Section 54 of TPA) for making an agreement as contract, however, due to non-fulfilment of other requirement viz: presence of consideration, such sale deeds remain agreement, not enforceable by law. Therefore, such sale deeds can not sustain the claim made by the Objector.
21. Viewed from another angle, vendors/transfersors were holding the land in question in their respective names for PACL Ltd., as the title deeds showing them as owners of the land, were seized by CBI from the possession of PACL Ltd. Section 41 of TPA provides as under:

**41. Transfer by ostensible owner.** —Where, with the consent, express or implied, of the persons interested in immovable property, a person is the ostensible owner of such property and transfers the same for consideration, the transfer shall not be violable on the ground that the transferor was not authorised to make it:  
Provided that the transferee, after taking reasonable care to ascertain that the transferor had power to make the transfer, has acted in good faith.

22. It can be argued that by virtue of aforesaid Section 41, PACL Ltd. as well as the Committee, cannot question the transfer made in favour the Objector. In terms of order dated 02.02.2016 passed by Hon'ble Supreme Court, the Committee has been authorised for selling the properties of PACL Ltd. and for making refund to its



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investors. Thus, the prohibition created by Section 41 on questioning the authority of ostensible owner by the real owner, does not apply to the Committee and the Committee in discharge of its of its mandate given to it by the Hon'ble Supreme Court, can always question the authority of the ostensible owner in making transfer and bonafides of the transferee, without being bound by or without any reference to, Section 41.

23. Assuming without admitting that transfer made by the vendors/transferees in favour of Objector attracts Section 41 and thus prohibits even the Committee, even then under Section 41 itself, a transfer made by the ostensible owner, in order to attract Section 41, has to satisfy the tests of "reasonable care" and "good faith" of the transferee, required under the proviso to Section 41. In terms of proviso, transferee should have acted in good faith and taken reasonable care to ascertain that the transferor had power to make the transfer, in order to take benefit of Section 41. To demonstrate that the Objector had acted in good faith by taking reasonable care to ascertain authority of the transferors to make the transfers, the Objector has submitted that it had verified the land records which showed vendors/transferees as the owners of the property. Verifying the land records is one of the measure to ascertain the title of the transferor. In case of an ostensible owner, it is but obvious that the property would reflect in the name of the ostensible owner in land records. However, if the circumstances of the case demands, which, as explained later, in this case were, then the transferee is required to show that he made further inquiries to demonstrate reasonable care and good faith required under the proviso to Section 41. Here, as is evident from the sale deeds through which the Objector is claiming title to the lands, the vendors/transferees from whom the Objector had purchased land, had signed the sale deeds through their power of attorney holder. Recitals, in the sale deeds through which these vendors/transferees acquired these lands, show that purchases of the lands by the vendors/transferees were also made through power of attorney only. The instruments of general power of attorney (GPA) through which the signatories on behalf of the vendors/transferees of the Objector had signed conveyance deeds, at the time of sale as well as purchase of the land in question, show



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**Justice (Retd.) R. M. Lodha Committee**  
**(पीएसीएल लि. के मामले से संबंधित / in the matter of PACL Ltd.)**

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that vendors/transferor therein had appointed 10 persons each as their power of attorney holders to purchase agriculture lands in the state of Tamil Nadu. These 10 persons were appointed as power of attorney holders through same instrument of GPA which is very unusual.

24. Further, as can be noted from the table given above, the Objector had entered into various sale deeds with *benamidars* of PACL Ltd. Some peculiarities of these sale transactions are as under:

- (i) All the lands are situated nearby in the same of the adjacent village;
- (ii) All the lands were purchased at the same time, after passing of order dated 22.08.2014 by SEBI;
- (iii) All the properties were purchased from the ostensible owners of PACL Ltd.;
- (iv) All the properties' sale deeds have been executed by the vendors of the Objectors through their PoA holders;
- (v) All the properties were purchased by the vendors of the Objectors by executing the deeds of sale through their PoA holders;
- (vi) All the instruments of PoAs executed by the vendors had authorised 10 persons as donees;
- (vii) In none of the objections filed, the Objector could produce complete chain of title documents showing ultimate vesting of property concerned in the respective vendors/transferors of the Objectors.

25. These facts were sufficient enough to give rise to apprehension in the mind of any ordinary person regarding the authority of any such vendor/transferor to transfer the property and to call for initiation of further inquiry, viz: why the vendors/transferors purchased as well as sold land through GPA holders, what was the need for the vendors/transferors to execute GPAs that too in favour of 10 persons, etc. The Objector has failed to produce anything to show that further inquiry was made in the present case. Absence of any such further inquiry shows that the Objector was aware that the



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vendors/transferors were holding the property on behalf of PACL Ltd. who itself was holding this property on behalf of its investors. These facts cannot be ignored as they raise suspicion regarding the presence of good faith and exercise of reasonable care, as required in terms of proviso to Section 41. All these facts also go on to suggest that these transfers were not in the normal course and not genuine. These facts further suggest that Objector (its lifetime trustee) was hand in glove with PACL Ltd. and by these transfers appropriated properties of PACL Ltd. which belonged to the investors of PACL Ltd.

26. Although absence of consideration in the land purchase transactions of Objectors has already been discussed in the previous paragraphs of this order, however, there are certain more glaring facts regarding consideration which needs elaboration. No details of payment made by the Objector has been captured in the sale deeds, nor any such details have been provided with the objection petition in the form of bank statements, etc. Further, during the hearing, on being asked about the details of the consideration paid for the purchase of the aforesaid land parcels, it was submitted by the authorised representative of the Objector that the consideration was paid in cash by the Objector. Besides, no other proof of payment of consideration viz: receipt issued by the respective vendors/transferor towards payment of consideration, bank account statements of the Objector trust from where money was withdrawn for payment, books of accounts of the Objector trust, etc., have been submitted to substantiate the claim of payment of money. I note that in terms of para 8 of the trust deed dated 28.11.2008 pertaining to the Objector trust, subject to the provisions of the said trust deed, trustees themselves or together with the secretary/and or any other employee of the trust or any other person at any time shall not keep in hand more than Rs. 10,000/- in cash, belonging to the trust. Trust deed mentions that Objector trust has been established by one Dr. R. Kannan (author) as a public charitable trust with initial corpus of Rs. 1,000/-. The trust deed also provides that trust shall have the power to accept donations from others in cash, or cheque or in kind either with or without any special condition attached thereto, from



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any source internal or external. In such a scenario, it may be argued that the Objector trust might have received donations on the days when it made payments towards purchase of land, to vendors/transferrers or it might be having that much balance in their bank accounts. It was incumbent upon the Objector to demonstrate so by producing its bank statements or through receipts issued for donations received or ledger accounts of the Objector trust of the relevant time that it was having sufficient amount of money for payment of consideration. No such proof has been provided. It gives rise to an inference that no consideration at all was paid by the Objectors for the purchase of these properties. In terms of Section 25 of ICA, which also governs the sale deeds relied upon by the Objectors, provides that an agreement without consideration is void. Therefore, claim of the Objectors based on such void agreements is liable to fail.

27. Viewed from another angle, Objector has not provided chain of documents showing the title of the vendors/transferrers from which Objector are claiming to have purchased the property and which they would have received as a part of the chain of the title documents showing the title of the vendors/transferrers, at the time of purchase of said property. During the hearing held on 26.12.2024 before the Recovery Officer, the Objector was given 2 days' time to furnish its trust deed and to make any other submission. Vide email dated 27.12.2024, the Objector has furnished trust deed and documents showing *patta* issued in its name. However, no complete chain of documents showing title of the vendors/transferrers has been filed. It shows that Objector is not in possession of any such chain of title documents. It further shows that it was least bothered about the chain of title documents of vendors/transferrers, at the time of purchasing property, as it was fully aware that these properties are held by PACL Ltd. in the name of its *benamidars* and knowing so it purchased these properties from these *benamidars*, thus, pointing to the bad faith of the Objector.

28. Notably, vide its email dated 26.12.2024, the Objector has submitted that in the larger interest, it is ready to pay the guideline value of the lands to the Committee. It is the



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case of Objector that it had purchased the land parcels after paying the consideration in cash. Now it is again offering to pay the guidelines value of the land to the Committee. It is wondering why a person would agree to pay price for the same land twice. It is possible only in case, such person has been holding the land in first place, without payment of any consideration. This willingness shown by the Objector to pay the guideline value to the Committee, even after the claimed payment of consideration to the vendors/transfersors, further leads to inference that these land parcels have been usurped by the managing trustee of the Objector trust from the employees/agents of the PACL Ltd. to deprive the investors of PACL Ltd. of their lawful claim to refund of their moneys.

29. Given all the above, the objection of the Objectors is liable to be disallowed and is accordingly disallowed.



Place: Mumbai

Date: January 14, 2025

ANUBHAV ROY

RECOVERY OFFICER

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

**अनुभव रॉय / ANUBHAV ROY**

उप महाप्रबन्धक एवं वसूली अधिकारी

Deputy General Manager & Recovery Officer

न्यायमूर्ति (सेवानिवृत्त) आर.एम. लोढा समिति

Justice (Retd) RM Lodha Committee

(पी ए सी एल लि के मामले से संबंधित, मुंबई / In the Matter of PacL Ltd. Mumbai)

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