

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

संदर्भ सं. जेआरएमएलसी/पीएसीएल/
Ref. No. JRMLC/PACL/

*Order on the Objection filed by Shri Nagaraju & Ors.
SEBI/PACL/OBJ/AR/00142/2024, SEBI/PACL/OBJ/AR/00144/2024,
SEBI/PACL/OBJ/AR/00146/2024, SEBI/PACL/OBJ/AR/00152/2024*

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

File No.	(i) SEBI/PACL/OBJ/AR/00142/2024 (ii) SEBI/PACL/OBJ/AR/00144/2024 (iii) SEBI/PACL/OBJ/AR/00146/2024 (iv) SEBI/PACL/OBJ/AR/00152/2024
Name of the Objector(s)	(i) Nagaraju (ii) Muninarayana (iii) Balappa (iv) Chandrashekar Aradhya
MR No.	24709/16, 24716/16, 24727/16, 24807/16, 24711/16, 24721/16, 24732/16 & 24733/16

ORDER

Background:

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) on 22.08.2014 passed an order against the PACL Ltd., its promoters and directors, *inter alia* holding the schemes run by PACL Ltd. as CIS and directing them to refund the amounts collected from the investors within three months from the date of the order. By the said order, it was also directed that PACL Ltd. and its promoters/directors, shall not alienate or dispose of or sell any of the assets of PACL Ltd. except for the purpose of making refunds as directed in the order.

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

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



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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 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.



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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 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 mnattachment in respect of 32 associate companies of PACL Ltd., which included 25



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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.....”

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 Objections:

12. Present Objections have been filed by following 4 objectors with respect to the land parcels details whereof are given against their respective names and other details, as given below: -

- (i) **Nagaraju** S/o Late Yellappa R/o Chikkabanhalli Village, Bidharahalli Hubli, Bangalore East Taluk, Bangalore - with respect to land admeasuring 35 Guntas in Survey No.133 in Kumbena Agrahara Village, Bidarhalli Hobli, Bangalore East Taluk.



(Signature)

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- (ii) **Muninarayana** S/o Late Arasama R/o Chikkabanhalli Village, Bidharahalli Hubli, Bangalore East Taluk, Bangalore - land admeasuring 36 Guntas in Survey No.133 in Kumbena Agrahara Village, Bidarhalli Hobli, Bangalore East Taluk and land admeasuring 09 Guntas in Survey No. 35 in Doddabanahalli Village, Bidarahalli Hobli, Bangaluru East Taluk.
- (iii) **Balappa** S/o Late Yellappa R/o Chikkabanhalli Village, Bidharahalli Hubli, Bangalore East Taluk, Bangalore - land admeasuring 36 Guntas in Survey No.133 Kumbena Agrahara Village, Bidarhalli Hobli Bangalore East Taluk and land admeasuring 10 Guntas in Survey No. 35 in Doddabanahalli village, Bidarahalli Hobli, Bangaluru East Taluk.
- (iv) **Chandrashekar Aradhya** S/o Late Basappa R/o 7/19 Railway Station Road, Near BMTC Bus-stand, Yelahanka Old Town, Bangalore - land admeasuring 10 Guntas in Survey No. 35 in Doddabanahalli Village, Bidarahalli Hobli, Bangaluru East Taluk.

13. All the aforesaid persons hereinafter collectively referred to as “**the Objectors**” and individually, by their respective names. Similarly, the land parcels with respect to which the Objectors have laid their respective claims has been individually referred to as “**impugned land**” and collectively as “**impugned lands**”.

14. The aforesaid objection petitions have been filed by the Objectors, as their respective impugned land, stands attached being covered in the documents seized under MR Nos. 24709/16, 24716/16, 24727/16, 24807/16, 24711/16, 24721/16 & 24733/16.



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15. Objector-Balappa was given a personal hearing on 18.02.2025 which was attended by Authorised Representative (AR) of the said objector. On the said date after arguing the case for some time, the AR sought one month's time to make submissions on the issues which arose during the course of hearing and to submit the copies of the legal notices sent by Balappa to the N.S.B. Real Estate Pvt. Ltd. before cancelling the GPAs given by him to N. S. B. Real Estate Pvt. Ltd. It was also submitted by the AR that he has also filed 3 more objections pertaining to same survey numbers and involving same legal issues which may be heard together alongwith objection filed by Balappa. Accordingly, hearing in all the 4 objections were fixed on 25.03.2025 and then on 25.04.2025, however, no hearing could take place on these dates due to adjournment sought by the AR. Thereafter, the hearing in the aforesaid 4 objection petitions got concluded on 13.05.2025.

16. In the nutshell, the case of all the 4 objectors is that they had executed several irrevocable GPAs during December, 2010, with respect to the land parcels owned by them in 2 Villages, i.e. Kumbena Agrahara and Doddabanahalli, in Bidarhalli Hobli, Bengaluru East Taluk, in favour of N.S.B. Real Estate Pvt. Ltd. (hereinafter referred to as "NSB") which were duly registered in the office of concerned sub-registrar. As the NSB failed to develop the land, the Objectors (except Chnadrashekar Aaradhya) cancelled the respective GPAs, by executing Deed of Revocation of General Power of Attorney, on various dates. It is the case of Objectors that the GPAs executed by them did not pass on any title in favour of NSB. In any case, these GPAs have been subsequently, cancelled by the respective executor of GPA by executing Revocation deeds *qua* these GPAs, as these GPAs were not coupled with interest and hence, were



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revocable under Section 202 of Indian Contract Act, 1872 (ICA). These revocation deeds were also duly registered in the office of concerned sub-registrar. The 3 Objectors viz: Nagaraju, Muninarayana and Balappa have submitted that they are in the possession of the impugned lands. Objector – Chandrashekar Aaradhya has submitted that he has sold his land to one, Prakash G R.

17. The details of various GPAs executed by the Objectors, like date of GPA, property covered, date of revocation of GPA, are tabulated as under:

S. No.	Name of the Objector	Survey No.	Area of Land	Locality	Date of GPA	Date of Cancellation
1.	Nagaraju	133	35 Guntas	Kumbena Agrahara Village, Bidarhalli Hobli, Bangalore East Taluk	01.12.2010	04.04.2018
2.	Muninarayana	133	36 Guntas	Kumbena Agrahara Village, Bidarhalli Hobli, Bangalore East Taluk	01.12.2010	03.07.2015
		35	09 Guntas	Doddabanahalli Village, Bidarhalli Hobli, Bengaluru East Taluk	18.12.2010	Not cancelled.
3.	Balappa	133	36 Guntas	Kumbena Agrahara Village, Bidarhalli Hobli, Bangalore East Taluk	01.12.2010	02.07.2016
		35	10 Guntas	Doddabanahalli Village, Bidarhalli Hobli, Bengaluru East Taluk	18.12.2010	02.07.2016
4.	Chandrashekar Aaradhya	35	10 Guntas	Doddabanahalli Village, Bidarhalli Hobli, Bengaluru East Taluk	18.12.2010	Not Cancelled.



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18. Document seized under MR No. 24709-16 is an irrevocable registered GPA dated 01.12.2010 given by Ramakrishnappa S/o Late Yelappa R/o No. 144, Chikkabanahalli Village, Bidarahalli Hobli, Bangalore East Taluk, to NSB which is represented by Narasimha Murthy P. S/o Puttappa Pasupati, with respect to land admeasuring 36 Guntas in Survey No. 133 situated at Kumbena Agrahara Village, Bidarahalli Hobli, Bangalore East Taluk.
19. Document seized under MR No. 24716-16 is an irrevocable registered GPA dated 01.12.2010 given by Arasamma W/o Late Balakrishna R/o Chikkabanahalli Village, Bidarahalli Hobli, Bangalore East Taluk, to NSB which is represented by Narasimha Murthy P. S/o Puttappa Pasupati, with respect to land admeasuring 36 Guntas in Survey No. 133 situated at Kumbena Agrahara Village, Bidarahalli Hobli, Bangalore East Taluk.
20. Document seized under MR No. 24727-16 is an irrevocable registered GPA dated 01.12.2010 given by Balappa S/o Yelappa R/o Chikkabanahalli Village, Bidarahalli Hobli, Bangalore East Taluk, to NSB which is represented by Narasimha Murthy P. S/o Puttappa Pasupati, with respect to land admeasuring 36 Guntas in Survey No. 133 situated at Kumbena Agrahara Village, Bidarahalli Hobli, Bangalore East Taluk.
21. Document seized under MR No. 24807-16 is an irrevocable registered GPA dated 01.12.2010 given by Nagaraja S/o Yelappa R/o No. 345, Chikkabanahalli Village, Bidarahalli Hobli, Bangalore East Taluk, to NSB which is represented by Narasimha



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Murthy P. S/o Puttappa Pasupati, with respect to land admeasuring 36 Guntas in Survey No. 133 situated at Kumbena Agrahara Village, Bidarhalli Hobli, Bangalore East Taluk.

22. Document seized under MR No. 24711-16 is an irrevocable registered GPA dated 18.12.2010 given by Arasamma W/o Late Balakrishna R/o Doddabanahalli Village, Bidarahalli Hobli, Bangalore East Taluk, to NSB which is represented by Narasimha Murthy P. S/o Puttappa Pasupati, with respect to land admeasuring 09 Guntas in Survey No. 35 situated at Doddabanahalli Village, Bidarhalli Hobli, Bangalore East Taluk.

23. Document seized under MR No. 24721-16 is a registered Agreement to Sell (ATS) dated 08.04.2011 entered between Lakshmaiah Reddy S/o Venkatappa, Nagaraja S/o Lakshmaiah and NSB, represented by its authorised signatory Narasimha Murthy P. S/o Puttappa Pasupati with respect to purchase of land admeasuring 1 Acre 5 Guntas in Survey No. 35 situated at Village-Dommasandra, Bidarhalli Hobli, Bangalore East Taluk, by NSB. Total sale consideration mentioned in the ATS is Rs. 1,26,25,000/- out of which Rs. 20,00,000/- were paid to the vendors therein on the date of ATS and remaining amount was to be paid within a period of 6 months from the date of the ATS.

24. Document seized under MR No. 24732-16 is an irrevocable registered GPA dated 18.12.2010 given by Chandrashekararadhya S/o B. S. Basappa R/o Ladies Corner, BMTB Bus Stand, Near Railway Station, Yelhanka, Bangalore – 560047, to NSB which is represented by Narasimha Murthy P. S/o Puttappa Pasupati, with respect to land admeasuring 10 Guntas in Survey No. 35 situated at Doddabanahalli Village, Bidarhalli Hobli, Bangalore East Taluk.



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25. Document seized under MR No. 24733-16 is an irrevocable registered GPA dated 18.12.2010 given by Ramakrishnappa S/o Yelappa R/o Doddabanhalli Village, Bidarhalli Hobli, Bangalore East Taluk, to NSB which is represented by Narasimha Murthy P. S/o Puttappa Pasupati, with respect to land admeasuring 09 Guntas in Survey No. 35 situated at Doddabanhalli Village, Bidarhalli Hobli, Bangalore East Taluk.
26. It is worth to mention here that various documents were seized by the CBI from the possession of PACL Ltd. Copies of GPAs/ATS entered by the Objectors with NSB have been seized from the possession of PACL Ltd. It gives rise to an inference that NSB was one of the associate company of PACL Ltd.
27. At the outset, on perusal of documents as above, it is noted that MR No. 24721-16, is not pertaining to the present four objections which are related to Survey no. 133 in Kumbena Agrahara village and Survey no. 35 in Doddabanhalli village whereas document seized under MR No. 24721-16 is pertaining to land situated in Survey no. 35 in Dommasandra village. Coming to the remaining other documents, as noted above, all these documents are registered irrevocable GPAs. Regarding the legality of the GPAs/ATSS/Wills as a conveyance deed, Hon'ble Supreme Court in **Suraj Lamp and Industries Pvt. Ltd. Vs. State of Haryana & Anr.** reported in (2012) 1 SCC 656, observed as under:

“.....15. Therefore, a SA/GPA/WILL transaction does not convey any title nor create any interest in an immovable property. The observations by the Delhi High Court, in *Asha M. Jain v. Canara Bank MANU/DE/1304/2001: 94 (2001) DLT 841* that the

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



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/
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"concept of power of attorney sales have been recognized as a mode of transaction" when dealing with transactions by way of SA/GPA/WILL are unwarranted and not justified, unintended misleading the general public into thinking that SA/GPA/WILL transactions are some kind of a recognized or accepted mode of transfer and that it can be a valid substitute for a sale deed. Such decisions to the extent they recognize or accept SA/GPA/WILL transactions as concluded transfers, as contrasted from an agreement to transfer, are not good law.

16. We therefore reiterate that immovable property can be legally and lawfully transferred/conveyed only by a registered deed of conveyance. Transactions of the nature of 'GPA sales' or 'SA/GPA/WILL transfers' do not convey title and do not amount to transfer, nor can they be recognized or valid mode of transfer of immovable property. The courts will not treat such transactions as completed or concluded transfers or as conveyances as they neither convey title nor create any interest in an immovable property. They cannot be recognized as deeds of title, except to the limited extent of Section 53A of the Transfer of Property Act. Such transactions cannot be relied upon or made the basis for mutations in Municipal or Revenue Records. What is stated above will apply not only to deeds of conveyance in regard to freehold property but also to transfer of leasehold property. A lease can be validly transferred only under a registered Assignment of Lease. It is time that an end is put to the pernicious practice of SA/GPA/WILL transactions known as GPA sales..... "

28. In view of the legal position laid down in the aforesaid judgment, 4 GPAs executed by the Objectors herein did not convey any title in favour of NSB. Thus, the title to the property concerned, in such cases, remained with the Objectors. Accordingly, there is no need to go into the other contention of the Objectors that they had revoked/cancelled their respective GPAs.



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29. The Objectors herein in their respective petition and as well as during the personal hearing granted to them, have admitted that they had accepted consideration for entering into respective GPAs. Aforesaid discussions show that NSB does not have any title over the impugned lands, as the GPAs did not convey any title to it. In the SEBI order dated 22.08.2014, passed against PACL Ltd. and its directors, the following observations have been made:

“.....**Land holding of PACL:** PACL is not the registered owner of all the plots sold to its customers as the seller of the plots in majority of the cases are entities other than PACL. In this regard, Mr. Sukhdev Singh in his statement dated May 14, 2013 submitted that *'The land stated in the balance sheet is owned by the PACL, through registered sale deed/ General Power of Attorney/ agreement to Sale and associates of the company with whom the company has entered into MoU, for which the company is also paying the custodian charges for holding the land by those companies in favour of PACL.'*

Year-wise details of the land purchased by PACL, holding through registered sale deed, general power of attorney, agreement to sale and through its associate companies with whom it has entered into Memorandum of Understanding (MoU) are as under:

Table – I

(Area in acres)

Year	Direct holding through Sale Deed (A)	Holding through General Power of Attorney/	Holding through Associate Companies (C)	% of direct holding by PACL to the total
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		agreement to sale (B)		land purchased (A/A+B+C x 100)
2005-06	243.8436	13733.8874	-	1.74
2006-07	37776.9900	18286.1744	-	67.38
2007-08	2615.4976	11668.3945	744.3532	17.4
2008-09	10058.0998	47816.2024	13286.7797	14.13
2009-10	1327.1698	50156.3718	4528.8882	2.3
2010-11	704.7548	44426.3894	13618.1568	1.19
2011-12	1164.33	28851.76	3314.13	3.49

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.

Mr. Gurmeet Singh, Executive Director, Finance of PACL, in his statement dated May 15, 2013 has said that *"We do not hold some of the land in our name due to land ceiling laws of different states. The purchase consideration of the land is paid by PACL directly to the seller/ vendor and the associate companies are holding the title of the land on behalf of PACL under custodian agreement and the land is in the possession of PACL*





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that is why the same is shown as stock in trade. The associate companies are controlled by the friends and nears and dears of the management of PACL. The land which is held by these companies is protected by custodian agreement and the custodian charges are paid to these companies. In the event of any dispute, this custodian agreement will be the support for PACL to claim the land or money from the associate companies. Money goes directly to the seller from PACL and not to the associate companies. There are around 250 associate companies."....."

30. From the aforesaid observations in the SEBI order, it is clear that PACL used to purchase land parcels in the name of its associate companies for which consideration was paid directly by the PACL Ltd. to the vendors. NSB was one such associate company of the PACL Ltd. Thus, in the case of Objectors also, consideration amount would have been paid by the PACL Ltd. to the Objectors, out of the moneys collected by it from the investors. In such a scenario, it is just and equitable that these Objectors be directed to pay to the Committee respective consideration amount received by them along with the applicable interest, before the impugned lands as claimed by them can be released from the attachment. The following table shows the consideration amounts received by the Objectors from NSB for executing the GPAs:

S. No.	Name of the Objector	Consideration amount received (in Rs.)
1.	Nagaraju	15,00,000/-
2.	Muninarayan	15,00,000/-
3.	Balappa	15,00,000/-
4.	Chandrashekar Aradhya	5,50,000/-



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31. Given all the above, objections (pertaining to MR Nos. 24709/16, 24716/16, 24727/16, 24807/16, 24711/16, 24732/16 & 24733/16) made by the Objectors are allowed subject to payment of respective amounts, as mentioned in the para 30 above, by the respective Objectors, alongwith interest at the rate of 1% per month or any part thereof from the dates as mentioned in the 6th column of the Table given under para 17 above, till the date of actual payment, within 30 days of the date of receipt of this order, failing which the attachment on the impugned lands shall continue and the Committee shall be at liberty to sell the impugned lands.

Place: Mumbai
Date: June 20, 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
महाप्रबंधक एवं वसूली अधिकारी
General Manager & Recovery Officer
न्यायमूर्ति (सेवानिवृत्त) आर. एम. लोढा कमेटी
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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