



**SIMBHAOLI
SUGARS**

3rd July, 2026

To,

The National Stock Exchange of India Limited
Exchange Plaza,
Bandra – Kurla Complex,
Mumbai – 400051
Symbol – SIMBHALS

To,

Department of Corporate Services,
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort Mumbai – 400001
Scrip Code – 539742

Sub: Letters received from Punjab National Bank - Intimation in accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to the above, this disclosure is being made pursuant to **sub-clause 6 under Clause A of Part A of Schedule III** of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is to inform you that Company has received letters from Punjab National Bank, Stating that sufficient reason has not been provided by the Company on

- i) Misappropriation of Funds & Criminal breach of Trust
- ii) Forgery with the intention to commit fraud by making any false documents/electronic.

Accordingly, The Bank has decided to declare the loan account as “Fraud”

Pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular SEBI/HO/CFD/CFDPoD-1/P/CIR/2023/123 dated July 13, 2023, the requisite disclosure is set out in **Annexure A** to this letter.

A copy of the letter received by the Company is attached herewith as **Annexure B** for your ready reference.

You are requested to kindly take the above information on record.

Thanking You,

For Simbhaoli Sugars Limited

Ms. Jagriti Sharma
Company Secretary and Compliance Officer
F11456

Simbhaoli Sugars Limited

(An FSSC 22000: version 6.1, ISO 900 ISO 9001 : 2015 & 14001 : 2015 Certified Company)
Registered Office : Simbhaoli, Distt. Hapur, Uttar Pradesh, 245207 | Tel : 0120-4132077
GSTIN: 09AAPCS7569A2ZU | PAN: AAPCS7569A | CIN: L15122UP2011PLC044210
E-mail : info@simbhaolisugars.com | www.simbhaolisugars.com

Specialty Sugars

Potable Alcohol

Ethanol

Power



Annexure A

Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023

Disclosure regarding letter received from Punjab National Bank classifying accounts of Company (Simbhaoli sugars Limited) as “fraud” (“Letter”).

Sr.	Particulars	Details of Simbhaoli Sugars Limited
1	Nature of fraud/default/arrest	<p>Loan accounts classified as fraud</p> <p>1) Misappropriation of funds & Criminal breach of trust. 2) Cheating by concealment of facts with the intention to deceive a person.</p>
2	Estimated impact on the listed entity	<p>Simbhaoli Sugars Limited is presently undergoing Corporate Insolvency Resolution Process (CIRP) with effect from July 11, 2024, under the provisions of the Insolvency and Bankruptcy Code, 2016. With effect from July 11, 2024, as per provisions of Section 17(1) (a) & (b) of the Insolvency and Bankruptcy Code, 2016 (IBC), the management of the affairs of SSL is vested with the Interim Resolution Professional (IRP) and the powers of the Board of directors have been suspended and are being exercised by the IRP. The Hon’ble NCLT, Allahabad bench had appointed Mr. Anurag Goel, as IRP of the Company. Currently the matter has been reserved for order by the Hon’ble NCLAT vide order dated 13.05.2026.</p> <p>The Credit facilities/loans referred to in the letter pertain to the period prior to the CIRP of the Company. Further, during the CIRP, Company is inter alia protected from the institution/ continuation of any suits/ proceedings against the Company, including the execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority in light of Section 14(1)(a) of the Code.</p> <p>Section 32A of the Insolvency Bankruptcy Code in any case grants protection to a corporate debtor against any liability for an offence committed by the corporate debtor prior to the commencement of its CIRP, as well as from prosecution of any offence in relation thereto, from the date the resolution plan in respect of such corporate debtor has been approved by the National Company Law Tribunal (“NCLT”) under Section 31 of the Code (if the resolution plan results in the change in the management or control of the corporate debtor in the manner prescribed under Section 32A of the Code).</p> <p>To that extent, it may be noted that by virtue of the protection made available under Section 32A of the Code, upon the approval of the resolution plan in respect of the Company by the NCLT, the Company shall be deemed to have immunity against any liability for any purported offences committed by the Company prior to the commencement of the CIRP (including any liability which may arise as a result of any unlawful transactions identified in the forensic audit).</p>

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		<p>Further, under Section 238 of the Code, the provisions of the Code override anything inconsistent contained in any other law.</p> <p>In view of above, the Fraud classification is not expected to have any material impact on the Company.</p> <p>Further to above, Classification of Fraud was in pursuance to second review done by member Lender Bank after directions being issued by Courts & RBI to Lenders in all cases. It is submitted that the account had already been classified as fraud in an earlier year, pursuance to which CBI Complaint was filed by Lender Bank on which proceedings under PMLA are underway.</p>
3	Time of Occurrence	Letter from PNB dated April 20, 2026, Received on April 30, 2026.
4	Persons Involved	<p>M/s Simbhaoli Sugars Limited (<i>Company</i>)</p> <p>Shri Gurmeet Singh Mann (Chairman & MD)</p> <p>Shri Gurpal Singh (Dy. MD)</p> <p>Smt. Gursimran Kaur Mann (ED)</p> <p>Shri G.S.C. Rao (Ex-CEO), ceased to be CEO w.e.f. 11th Sep,2013</p> <p>Shri Sanjay Tapriya (Ex-CFO), ceased to be CFO w.e.f.31st October, 2021</p>
5	Estimated Amount Involved	As specified in the Letter annexed at Annexure B
6	Whether such fraud/default/arrest has been reported to appropriate authorities	Punjab National Bank shall be taking further course of action to report the fraud classification to the Reserve Bank of India (RBI) as per the directions contained in the RBI Master Directions/ circulars issued from time to time, in this regard.

For Simbhaoli Sugars Limited

Sh. Dayal Chand Popli
Chief Financial Officer
PAN : AAZPP6796M

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By Registered Post / Speed Post-Ack. Due)

Ref No: FRMD/VN/SSL

DATE: 20.04.2026

To,

1. **M/s Simbhaoli Sugars Limited**
 ✓ Registered Address: Kothi No. 1, Simbhaoli, Hapur Ghaziabad UP-245207
2. **Shri Gurmeet Singh Mann (Chairman & Managing Director)**
 Address: C-176, Defence Colony New Delhi-110024
3. **Shri Sh. Gurpal Singh (Dy. Managing Director)**
 Address: 12 Tilak Marg New Delhi
4. **Smt Gursimran Kaur Mann (Executive Director)**
 Address: C-176, Defence Colony New Delhi-110024
5. **Shri. G.S.C. Rao (Chief Executive Officer)**
 Address 1: B-8/24, Vasant Vihar, New Delhi-11057
 Address 2: B-6, Greater Kailash, Enclave-I New Delhi-110048
6. **Mr. Sanjay Tapriya (CFO)**
 Address: C-75 Suraj mal Vihar Delhi-110092

Madam/Sir,

Ref: Our Show Cause Notice (SCN) Ref no. FRMD/SCN/Simbhaoli dated 01.11.2025

We have taken cognizance of your response to our Show Cause Notice and after due examination of the same it is concluded that sufficient reasons have not been provided

by you to explain (i) Misappropriation of funds & criminal breach of trust (ii) Forgery with the intention to commit fraud by making any false documents/ electronic.

Accordingly, Bank has decided to declare the loan account as 'Fraud' and the order in this regard is attached herewith.

The Bank shall be taking further course of action to report the account/ your name to the Reserve Bank of India (RBI) as per the directions contained in the RBI Master Directions/ Circulars issued time to time, in this regard.

Reasoned order passed by the Competent Authority is attached for your reference

Yours faithfully,



Assistant General Manager

(Authorised Officer)

For & On behalf of Head Office Fraud Examination Committee

Office: Fraud Risk Management Division

Address: Punjab National Bank Corporate Office, Fraud Risk Management Division

Plot NO.4 SECTOR-10, DWARKA, NEW DELHI 110075

Email: frmd@pnb.co.in

धोखाधड़ी जोखिम प्रबंधन प्रभाग, प्रधान कार्यालय
प्लॉट संख्या-4, सेक्टर-10, द्वारका, नई दिल्ली-110075
FRAUD RISK MANAGEMENT DIVISION, HEAD OFFICE
PLOT NO.4, SECTOR-10, DWARKA, NEW DELHI-110075

Date:20.04.2026

**REASONED ORDER OF HEAD OFFICE FRAUD EXAMINATION COMMITTEE FOR
DECLARING THE ACCOUNT AS FRAUD**

M/s Simbhaoli Sugars Limited
BO: Hapur, CO: Meerut ZO: Meerut
Amount involved: ₹ 226.44 Crore

In terms of RBI guidelines/Master Circular No. RBI/DOS /2024-25 /118/DOS. CO.FMG.SEC.No.5/23.04.001/2024-25 dated 15.07.2024 read with Judgement dated 27.03.2023 of Honorable Supreme Court of India in Civil Appeal No. 7300/2022, Show Cause Notices (SCN) dated 01.11.2025 through speed post mentioning the Reasons/ incidents of fraud, based upon which, Bank perceived the account as fraud and opportunity to make a representation was given to following party (ies)/person(s): -

1. M/s Simbhaoli Sugars Ltd. (Borrower)
2. Sh Gurmeet Singh Mann (CMD)
3. Sh Gurpal Singh (Dy. Managing Director)
4. Smt Gursimran Kaur Mann (ED)
5. Sh G.S.C. Rao (CEO)
6. Sh Sanjay Tapriya (CFO)

Vide the Show Cause Notices, the above-named persons/ entities were called upon to show cause and make submissions in writing within 21 days from the date of receipt of notice, as to why the account/ name should not be categorised and reported as fraud to RBI as per extant guidelines.

Fraud was perceived in the account on following grounds:

Fraud angle	Factors of fraud angle
1. Misappropriation of funds & criminal breach of trust	1. As per the tie up arrangement, the disbursement of the Loan was made through individual Loan account of 5762 farmers and consolidated amount was credited to the Escrow (Current) Account no. 05371131001453 of the company. The company thereafter transferred the funds from this current account to accounts maintained by it with other banks.
2. Cheating by concealment of facts with the intention to deceive any person	



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2. M/s Simbhaoli Sugars Ltd. and its managerial persons fraudulently induced the bank (e-OBC) to disburse the initial loan of Rs. 148.59 crores under the tie up arrangement on the pretext of providing pre and post-harvest assistance to 5762 farmers who supplied cane to sugar mill and deliberately failed to provide any substantial assistance to the designated farmers
3. The company, vide its letter dated 28-05-2013, while admitting the liability and requesting charging of normal rate of interest, had also admitted that the funds were utilized for payment of arrears of sugarcane supplied earlier to their mills and thus had admitted the diversion of the funds for purposes other than the one agreed between the company and Bank.
4. The money received by the company has been used for purposes other than those stipulated in the MOU and has diverted the funds.
5. M/s Simbhaoli Sugars Ltd. committed further fraud by fraudulently/dishonestly inducing the bank (e-OBC) to sanction a fresh corporate loan of Rs.110 Crore for closure of fraudulent loan as pointed out at Sr. no 2 without any intent to repay the bank dues and got the earlier farmer loans adjusted.
6. Thus, the company and its directors have committed fraud with the bank through cheating and criminal breach of trust.
7. The above action of the company has invoked CBI investigation and provisional attachment order of Enforcement Directorate dated 29.06.2019.



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As per RBI's Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions dated 15.07.2024, inter-alia, prescribes as under:

"2.1.1.2 A reasonable time of not less than 21 days shall be provided to the Persons / Entities on whom the SCN was served to respond to the said SCN."

The Show Cause Notices dated 01.11.2025 sent through speed post were delivered to all the parties and status of the reply of the same is given as under:

S. No	Name of Party	Date of Issuance of Notice	Status Delivery (As per Indian Post)	Remarks
1.	M/s Simbhaoli Sugars Ltd. (Borrower)	01.11.2025	Delivered on 06.11.2025	No Reply Received
2.	Sh Gurmeet Singh Mann (CMD)	-do-	Delivered on 04.11.2025	Reply received on 29.11.2025 vide letter dated 25.11.2025
3.	Sh Gural Singh (Dy.Managing Director)	-do-	Delivered on 04.11.2025	Reply received on 24.11.2025 vide letter dated 21.11.2025
4.	Smt Gursimran Kaur Mann (ED)	-do-	Delivered on 04.11.2025	Reply received on 29.11.2025 vide letter dated 25.11.2025
5.	Sh G.S.C. Rao (CEO)	-do-	Delivered on 04.11.2025	Reply received on 27.11.2025 vide letter dated 26.11.2025
6.	Sh Sanjay Tapiya (CFO)	-do-	Delivered on 04.11.2025	Reply received on 21.11.2025 vide letter dated 16.11.2025

Noticee Dr. G.S.C. Rao filed a Writ petition vide no. 17592/2025 challenging the Show Cause Notice (SCN) wherein Hon'ble High Court has upheld the maintainability of Bank's Show Cause Notice dated 01.11.2025 and further directed the Bank to grant a personal hearing and not to implement or give effect to the decision taken by the Bank pursuant to Show Cause Notice dated 01.11.2025 until two weeks to enable the Petitioner (Dr. G.S.C Rao) to take recourse to appropriate legal remedies. Further in the order dated 20.11.2025 in Para No. 6, it has been made clear by Hon'ble High Court of Delhi that it has not expressed any opinion on merit of the matter and all right and contentions of the respective parties are left open. Moreover, Opportunity of Personal hearing was demanded by other parties also and accordingly opportunity of Personal hearing was given to all the parties. However, despite sufficient notice, the personal hearing scheduled on 09.03.2026 was attended by Dr. G.S.C. Rao and Sh. Sanjay Tapiya only.

The case was placed before the Competent committee in its meeting dated 02.04.2026 along with the recommendations of HORC (Head Office Referral Committee). Detailed



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deliberation was held by the Committee during Fraud Examination process and the response of borrowers' to SCN dated 01.11.2025, scrutinized and findings are provided as under:

Gursimran Kaur Mann and on behalf of Gurmit Singh Mann response letter dated 25.11.2025

I have received the purported show cause notice FRMD/SCN/Simbhaoli dated 01.11.2025 (received on 05.11.2025). The same is said to have been issued to me to show cause as to why the account of Simbhaoli Sugars Limited should not be categorised and reported as fraud to the RBI.

Committee's View-

The contents of Para 1 are admitted as factual. The issuance and service of the Show Cause Notice dated 01.11.2025 have been duly affected in strict compliance with the applicable regulatory procedures and the principles of natural justice. The decision on the Show Cause Notice shall be taken purely on merits and in full adherence to the applicable laws and RBI Master Directions.

2. In this regard, there is a fundamental error in the notice sent by you. As admitted in writing in the purported notice itself, the accounts of Simbhaoli Sugars Limited and its directors were classified as 'No Fraud' vide order dated 06.09.2025 of Head Office Fraud Examination Committee and intimated to us via FRMD/Intimation/Simbhaoli dated 20.09.2025. However, the purported show cause notice wrongly mentions that this was done in view of the judgment of the Hon'ble Supreme Court. The fact of the matter is that 'No Fraud' classification was obtained on merits by the Directors of the Company having given justifications for all the questions raised. This classification as 'No Fraud' was on account of insufficiency of evidence after the Bank had thoroughly and through various notices and meetings examined every information available. Therefore, the Bank has already undertaken the task of conducting a thoroughly enquiry and reached its conclusion of 'No Fraud' on that basis. As such, there is no justification for the present show cause notice to have been issued within just over a month after the Bank's enquiry on merits has already yielded a finding of 'No Fraud'.

Committee's View- The submission is misconceived and is hereby denied. Fraud identification under the RBI Master Directions is an ongoing administrative and regulatory function, not a judicial adjudication. The doctrines of res judicata and estoppel do not apply in the manner contended. The Order dated 06.09.2025 itself expressly reserved the Bank's right to re-examine the account upon emergence of fresh findings. The RBI Master Directions explicitly permit re-examination and issuance of a fresh SCN where additional findings or deeper analysis so warrant. The issuance of the SCN dated 01.11.2025 is therefore within the jurisdiction and authority of the Bank. The re-examination has been occasioned by fresh findings and subsequent developments in the case. Furthermore, the Hon'ble High Court of Delhi, vide its order dated 20.11.2025 in WP(C) No. 17592/2025, has upheld the maintainability of the SCN dated 01.11.2025. The reference to the Hon'ble Supreme



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Court judgment in the notice was not an error but provided the contextual basis for re-examination in light of evolving jurisprudence.

3. Pertinently, the Bank claims that there is an alleged new finding and then claims to tabulate the same. The table contains the issue with respect to disbursal and usage of funds which is the exact same issue as the previous notices and enquiry. There is absolutely no new finding that is stated. In fact the language used is verbatim as that used in the Reasoned Order dated 06.09.2025 passed by the Head Office Fraud Examination Committee. All issues including disbursal through individual loan account of 5762 farmers, letter dated 28.05.2013, usage of funds, fresh sanction and CBI investigation are squarely covered by the discussion and therefore ultimate findings in the said order dated 06.09.2025 passed by order Head Office Fraud Examination Committee, making a finding of 'No Fraud'. Therefore, there being no new findings, it is now impermissible for the Bank to continue to harass the undersigned by way of the same notices being issued again and again for the same exact facts.

Committee's View-

The contention is denied. While certain factual aspects may overlap owing to the interconnected nature of the transactions, the present SCN is based on fresh analytical findings, correlations, and regulatory examination that warrant re-evaluation. Fresh findings relating to the second loan facility and availability of supporting documents have also been incorporated. The Hon'ble High Court of Delhi, vide order dated 20.11.2025 in WP(C) No. 17592/2025, has upheld the maintainability of the SCN dated 01.11.2025.

4. It is submitted that it is not possible for the Bank to reach a different conclusion on the same exact facts once it has already made a finding of 'No Fraud' on these issues. It cannot be said that the Bank gains any advantage by harassing the undersigned and the other recipients of the notice by initiating enquiry on same issues where once fact finding has already taken place by the Bank itself. As such, the present purported show cause notice is bad in law and completely contrary to ethos and principles of fairness and justice.

Committee's View- This is a verbatim repetition of the earlier submission. The reply may be read in conjunction with the Committee's View at Point No. 2 above. It is further noted that the noticee has not offered any specific comment on the substantive allegations levelled in the SCN dated 01.11.2025.

5. Therefore, the above preliminary objection goes to the very root of the matter and on this ground itself, the purported show cause notice deserves to be quashed and not acted upon any further. It is made clear that should the Bank proceed to initiate any enquiry on the same facts as it has already concluded on 06.09.2025, the undersigned reserves all her rights and contentions in this regard and to defend the proceedings at the Bank's sole risk and costs.

Committee's View-

The Hon'ble High Court has upheld the maintainability of the Bank's Show Cause Notice dated 01.11.2025 and directed the Bank not to implement or give effect to any decision pursuant thereto until two weeks to enable the petitioner to avail



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appropriate legal remedies. In Para 6 of the said order dated 20.11.2025, the Hon'ble High Court has clarified that it has expressed no opinion on the merits and that all rights and contentions of the parties remain open. Sh. G.S.C. Rao has challenged the said order by filing LPA No. 730/2025 before the Hon'ble Division Bench, wherein the outcome of the proceedings initiated pursuant to the SCN dated 01.11.2025 shall abide by the outcome of the appeal, with the next date of hearing fixed for 05.05.2026.

6. Without prejudice to the above, the undersigned is sending the below reply to the issues raised only for the sake of completeness of record.

Committee's View-

The averment requires no further comment.

7. The purported show cause notice is non-est and bad in law also because the same does not provide any details or documents in reference to which the alleged show cause notice has been issued. The addressees in the purported notice have been kept completely in the dark as to how you, the bank, have reached any of the alleged conclusions as to the account of Simbhaoli Sugars Limited. The purported notice refers to conduct of an exercise of verification by you, the bank, however no such documents or details have been provided with the notice, contrary to settled law. Therefore, the purported notice does not even satisfy the criteria to be a show cause notice that is valid in law. It is submitted that you, the bank, have purposely tried to keep the addressees in the dark to avoid due explanations which can all be given once the relevant findings and documents are shared. For instance, the purported notice claims that there are some new facts, whereas no such details are shared with us. In the absence of such details, it is impossible for any addressee to respond to the notice or show any cause. Merely stating a number without any details furthers no meaningful explanation and discussion.

Committee's View-

The Hon'ble High Court has upheld the maintainability of the Bank's Show Cause Notice dated 01.11.2025. The new factors of fraud have been clearly indicated in the SCN dated 01.11.2025 and the corresponding underlying documents have been duly indexed and shared with the noticee.

8. Without prejudice and in addition to the aforesaid, the purported notice is completely non est and illegal also for the reason that the same does not disclose any cause of action for declaration of the account as 'fraud'. The purported notice is not in compliance with the Master Directions on Fraud Risk Management in Commercial Banks issued by the RBI. There is no disclosure of any policy being promulgated by you, the bank, as required under the said Master Directions. There is no disclosure or reference to any 'Special Committee of the Board for Monitoring and Follow-up of cases of Frauds' (SCBMF) as required by the said Master Directions. Further, there is no reference or disclosure of a framework for Early Warning Signals (EWS) and Red Flagging of Accounts (RFA) under the overall Fraud Risk Management Policy approved by the Board. You, the bank, will appreciate that without disclosure of your policy under which you, the bank, deal with classification of accounts as fraud, it is impossible for the addressees to clarify the facts and satisfy the Bank as per the requirements of the policy. As such, you, the bank, are requested to



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provide a copy of the Fraud Risk Management Policy so that we may satisfy you, the bank, on every criteria mentioned therein.

Committee's View-

The Hon'ble High Court has upheld the maintainability of the Bank's Show Cause Notice dated 01.11.2025. The Bank is not barred by law from re-examining the case in view of fresh factors and evolving evidence. The SCN has been issued in strict adherence to the RBI Master Directions framework and the Board-approved Bank's Fraud Risk Management Policy after detailed analysis and approval by the competent committee. The allegations pertain to diversion of funds by the company and its promoters in respect of the first loan of ₹150 crores extended for the benefit of farmers, followed by sequential default in the subsequent loan facility of ₹110 crores. The Bank's internal policy per se does not explain the reasons for such diversion and financial malpractice, which form the subject matter of intensive examination/re-examination. No useful purpose would be served by furnishing the Bank's internal policy on operational matters that have no reasonable nexus with the company-specific diversion of funds and financial malpractice outlined as factors of fraud in the Show Cause Notice dated 01.11.2025. The Special Committee of the Board for Monitoring and Follow-up of Frauds (SCBMF) is the Board-level committee constituted to oversee the Bank's internal fraud management mechanism.

9. Without prejudice to the aforesaid, even on merits, the allegations levied by you are incorrect and denied. The Credit facilities which are alleged as Fraud, already stand extinguished by virtue of Consent Decree passed by Debt Recovery Tribunal (DRT) Lucknow in 2016. Even declaration of the directors of Simbhaoli Sugars Limited as wilful defaulters was set aside by the Hon 'ble Punjab & Haryana High Court vide its order dated 25.10.2018 passed in Writ Petition No. 37836/2018. As such, there are no reasons or valid declaration that the loan facilities were fraudulent when the same already stands settled by the Bank. Further, the lenders of Simbhaoli Sugars Limited held a Joint Lenders' Forum Meeting 27.03.2019 where the lenders opined that as per the Forensic Audit Report there is no Fraud or wilful default reported in the account. Having themselves opined that there is no fraud, it is impermissible for you, the bank, to now decry any alleged fraud contrary to the JLF finding. Crucially, Punjab National Bank was part of the said JLF meeting and agreed with the said opinion of the JLF. Therefore, on this ground too, the purported notice is void and non est in law. You, the Bank, is also well aware that the Hon 'ble Delhi High Court has set aside the declaration of the Company's account as fraud vide order dated 16.01.2024 in WP(C) 3903/2022.

Committee's View-

The second loan of ₹110 crores was never repaid by the company. Diversion occurred after the first loan of ₹150 crores sanctioned on 31.12.2011. The company was obligated to make available inputs and equipment to farmers out of the loan proceeds but diverted the funds for purposes other than those stipulated in the



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MOU and terms of sanction. The company induced the Bank to sanction the fresh loan of ₹110 crores for closure of the farmers' loans in view of widespread agitation and chaos by farmers. In order to protect the company and its key managerial persons, the company approached the Bank for a fresh facility and arrived at a consent decree at DRT Lucknow in OA No. 26/2015. The fresh corporate loan of ₹110 crores was sanctioned by the Bank on a standalone basis. However, this loan was never repaid, breaching the terms of the consent decree, MOU and sanctioned terms. The default in the second loan of ₹110 crores revives the culpable cause of action with respect to the earlier farmers' loan facility of ₹150 crores on the corporate/personal guarantees of the company and its directors. Sanction of facilities is based on information available at the relevant time and does not bar subsequent fraud examination if later findings emerge. RBI guidelines do not prohibit re-assessment merely because the earlier loans were adjusted pursuant to a consent decree. The second facility was never an independent loan but was mutually agreed to facilitate repayment of the first farmers' loan, the proceeds of which were required to be utilised for agricultural inputs and equipment. The entire fund was, however, diverted beyond the scope of the consent decree/MOU/sanctioned terms and was fraudulently obtained with malicious intent. Both facilities were sanctioned out of the consortium arrangement.

10. It is submitted that there is no fraud in the account of the Company. The issue of farmer loans was settled when the Bank agreed to issue fresh sanction for closure of the farmer loan accounts. As per RBI guidelines 'No Fresh Credit Facilities' can be sanctioned/ converted, advanced to a borrower categorized as Fraud, any other credit facility until and unless Fraud categorization is removed and approval of RBI is obtained. e-OBC had converted the alleged Fraud loan facilities into Corporate Loan in 2016 which itself reflects that e-OBC must have followed all the requisite procedures and rules mandated by RBI in this regard including removal of Fraud categorization. The conversion of Credit Facilities and Fraud declaration cannot be simultaneous to each other. The approval of fresh loans itself shows that the farmer loan account issue was completely resolved. The same is duly recorded in the relevant order passed by the Hon'ble DRT, Lucknow Bench in OA no. 26/2015.

Committee's View-

The reply may be read in conjunction with the Committee's View at Point No. 9 above.

11. A copy of the reply sent to earlier show cause notice is enclosed herewith and contents thereof may be considered part and parcel of the present reply. The undersigned seeks personal appearance before the Bank in order to explain and circumstances including her preliminary objection as well as the justification on merits.

Committee's View-

The earlier reply of the noticee was duly considered prior to issuance of the SCN dated 01.11.2025. However, the SCN dated 01.11.2025 incorporates fresh findings



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in the factors of fraud. Opportunity of personal hearing was provided on 09.03.2026.

12. In accordance with law, it is hoped and understood that you will not take any action pursuant to the purported show cause notice and would forthwith withdraw the purported show cause notice. Any illegal action taken by you pursuant to the purported show cause notice and/or otherwise would be at your sole risk, cost and consequences. The undersigned reserves all her rights in respect of all other contentions as may be taken at the appropriate stage.

Committee's View-

The borrower has been afforded due opportunity to respond and to represent in person in terms of Principles of Natural Justice. However, the parties did not appear deliberately in Personal hearing scheduled on 09.03.2025. The action and decision of the Bank are free from prejudice and have been taken after due compliance with applicable provisions of law.

Committee's Final View on the reply of Gursimran Kaur Mann and on behalf of Gurmeet Singh Mann

In view of the above, the objections raised are untenable. The noticee has adopted an evasive approach in addressing the factors of fraud and has failed to furnish cogent reasoning that would establish non-admissibility of the charges. Instead of meeting the allegations on merits, the noticee has confined itself to challenging the maintainability of the SCN and the veracity of the process. The Bank has acted strictly in accordance with the RBI Master Directions and its internal Fraud Risk Management Policy. The Show Cause Notice dated 01.11.2025 is valid, lawful and necessary for regulatory compliance. The borrower's reply has been duly considered.

Sanjay Tapiya response letter dated 16.11.2025

1. Most humbly, the undersigned is in receipt of a letter dated 01/11/2025, dispatched vide Speed Post no. ED872209651IN on 01/11/2025 and stands received by undersigned on 04/11/2025. Copy of the Speed Post tracking record in respect of stated Show Cause Notice (hereinafter referred as "SCN") is annexed herewith and marked as Annexure A.

2. Prior to this the Bank issued a SCN bearing No FRMD/SCN/Simbhaoli dated 25/04/2025, received on 01/05/2025 by speed post on the same subject. This has been duly replied on 15/05/2025 and acknowledged by the Bank. Copy of the said SCN is attached as Annexure B. Copy of the reply to said SCN is attached as Annexure C (without annexures).

3.



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4. The Bank has passed a speaking order dated 6/09/2025 communicated by letter dated 16/09/2025, after going through all the replies received by it, your esteemed Bank passed the following order :

'The competent authority, after due consideration of the above facts and examining the records & submission made by borrower, came to the conclusion that the present evidence is insufficient to reach a conclusive decision or establish fraud beyond a reasonable doubt without further investigation in the matter. Without pre Judice to the Bank's rights reexamine the same in case of new findings, it is decided to classify the account MIS Simbhaoli Sugars Limited as "No Fraud" in terms of extant Bank Guidelines issued in consonance with the RBI Guidelines/Master Directions on Fraud. latest RBI guidelines dated 15/07/2024 read with judgement dated 27/03/2023 of Honorable Supreme Court of India in civil appeal no 7300/2022"

Copy of the order passed by the competent authority of the Bank is attached as Annexure D.

5. Now, the SCN dated 01/11/2025 states in Para 6 of the said SCN that in view of the fresh findings in the accounts, the committee has decided for re-examination of fraud angle in view of the various factors duly captured in a tabular form in the said paragraph.

6. It is respectfully submitted that the lending Bank(s) have stated in multiple forums that account of the Borrower as "No Fraud" and to this effect attention of your good office is re invited to the following:

- a. Before the DRT, Lucknow while seeking a joint consented decree dated 16/03/2016.
- b. Before the JLM of the Company took place on 24/05/2016.
- c. Bank has sanctioned a facility on 29.01.2016, considering the account as "No Fraud", as it was otherwise not able to sanction the facility in any fraud account in terms of RBI guideline.
- d. SBI, the lead bank and consortium leader has declared the accounts under consortium as "No Fraud" at number of forums.
- e. Finding in Forensic Audit somewhere in Year 2018. The details of this Report have been requested in earlier reply.
- f. Staying of Declaration of company loan account as willful default by Hon High Court of Punjab and Haryana vide the Order dated 11/12/2019, which still stands valid.

7. It has been submitted by the undersigned in the past that the undersigned has resigned from the Company as CFO from 30/09/2015, and continued only as a non-working director from 1/10/2015 till 01/11/2021 as per advice by the Board. and there has been no employer employee relationship since then and therefore it is evident that the transactions if any took place thereafter between the Bank and the Company for the purpose of considering the same from the perspective of Fraud can best be answered by those who were running the Company. It has been further clarified in my past reply that the undersigned has not received an remuneration, fee, honorarium, financial benefit or otherwise from the aforesaid Company during his period of his Directorship from 1.10.2015 till 01.11.2021. thereby submitting that the undersigned was not at all involved in the day-to-day affairs of the company and/or its decision making process.



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8. The submission submits with humility that the SCN dated 01/11/2025 needs to be revisited on the following grounds:

a. Whether the Committee constituted for the purpose of examination of the instant SCN dated 01/11/2025 is different from the Committee which passed the speaking order dated 6/09/2025, communicated on 16/09/2025 declaring the accounts as "No fraud"

b. Whether the Committee constituted for the purpose of examination of the previous SCN dated 15/04/2025 is empowered to review or revisit its own decisions.

c. Whether the Committee constituted for the purpose of examination of the loan accounts as Fraud obtained approval from Advisory Board for banking and Financial Frauds (ABBFF) as per the Circular no 006/MSC/038 of O/C dated 06/01/2022.

d. Whether the instant notice describing the new findings as stated in Paragraph 6, means that previous committee was not even aware of the basic records like sanction letters, subsequent documents, correspondences, judicial orders and administrative decision prior to passing the detailed and speaking order dated 6/09/2025 which was communicated to me on 16/09/2025.

e. Whether the Order dated 06/09/2025 passed by the previous committee passed with an ulterior motive.

9. That on a bare perusal of the SCN dated 01/11/2025 it is apparent that there is no new finding/observation which was not available to previous committee based on which the SCN dated 25/04/2025 was issued, replies were sought and a detailed speaking order was passed after consideration of all the evidence and records.

10. That in the absence of any such record which prima facie shows or provides a reasonable apprehension of any fresh finding, the SCN dated 01/11/2025 is only sent to remove few names from the list of addressees as the removed names constitute the deceased persons and one person enjoying constitutional protection.

11. Last but not the least, that the Undersigned again invites the attention of your good office to the Para_ of its previous reply dated 15/05/2025, on Clause 3.3 of the Master Circular dated 01.07.2016 referred above to be read with Clause 8.10 which deals with "Staff Accountability" before declaring the account as "Fraud" , which is still pending.

12. That Undersigned submits and request you that before taking any adverse decision/step in the instant matter an Opportunity of being heard in person be provided in terms of the judgment of Hon Supreme Court in CA no 7300/2022 titled as "SBI Vs Rajesh Agarwal & Others, along with an expert assistance.

13. The above submission should not be construed as representation on behalf of the Company/its promoters/management.

14. That in case your esteemed Bank has already concluded after a long investigation that the account is "No fraud"and the undersigned has no objection to conclude this SCN also in similar manner.



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Committee's View on each point:

1. The contents of Para 1 are factual and require no further reply.
2. It is admitted that an earlier SCN dated 25.04.2025 was issued and replied to. The same was duly considered along with the material available at that time. However, issuance of the earlier SCN and the reply thereto do not preclude the Bank from issuing a fresh SCN upon emergence of additional findings or upon re-examination in terms of extant RBI guidelines. The Hon'ble High Court has upheld the maintainability of the SCN dated 01.11.2025. The Bank is not barred by law from re-examining the case in view of fresh factors and evolving evidence. The SCN has been issued in strict adherence to the RBI Master Directions and the Board-approved policy after detailed analysis and approval by the competent committee.
- 3-6 The submissions do not address the fresh findings and are accordingly noted without prejudice to the Bank's position.
7. The submission is self-serving and is denied. Fraud examination under RBI guidelines is not dependent upon receipt of remuneration but upon the position held, fiduciary responsibility, period of association, decision-making authority, and knowledge or facilitation of the transactions. The noticee continued as a Director of the Company during the relevant period; the role and responsibilities attached to such position cannot be disclaimed merely by stating absence of remuneration.
- 8-14 The contentions are denied for the reasons already articulated in the Committee's Views above. The SCN dated 01.11.2025 is based on fresh analytical findings, correlations and regulatory examination. All due procedures have been followed. Personal hearing was provided on 09.03.2026.

Committee's View on reply of Sh. Sanjay Tapriya

In view of the above, the objections raised are not sustainable. The SCN dated 01.11.2025 has been issued in accordance with the RBI Master Directions and the Bank's Fraud Risk Management Policy. The Bank reiterates that no adverse decision has been taken without affording an opportunity of personal hearing which was scheduled on 09.03.2026 and duly attended by the noticee. Recommendations of the committee afforded the personal hearing have been duly considered while passing this reasoned order.



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GSC RAO RESPONSE LETTER DATED 26.11.2025

1. Preliminary Submissions

Preliminary Submissions

This Reply is being submitted pursuant to the Show Cause Notice dated 01.11.2025 ("SCN") issued by the Bank, and in compliance with the Order dated 20.11.2025 passed by the Hon'ble High Court of Delhi in W.P.(C) 17592/2025, which has permitted the undersigned to file this response and directed the Bank to grant a personal hearing and to not give effect to its decision for two weeks thereafter.

This Reply is without prejudice to the rights of the Noticee to challenge Order dated 20.11.2025 passed by the Hon'ble High Court of Delhi in W.P.(C) 17592/2025

This Reply is without prejudice to the rights of the Noticee to challenge the Show Cause Notice dated 1.11.2025 and proceedings being carried out under Show Cause Notice dated 1.11.2025.

1. At the outset, the SCN is without jurisdiction, contrary to law, and contradictory to the Bank's own binding Reasoned Order dated 06.09.2025, by which the Bank conclusively classified the account as "NO FRAUD" after exhaustive examination of all evidence. There is no fresh evidence. The Bank is bound by principles of estoppel and res judicata, the Bank upon having taking a stand cannot resile from it. Further, the Bank under the circular of the RBI does not have the power of review and therefore cannot review the binding reasoned order dated 6.9.2025. There is no power with the bank to issue second show cause notice on the same facts when the first show cause notice has already been adjudicated. A bare perusal of first show cause notice dated 25.04.2025 and second show cause notice dated 1.11.2025 establishes that the Bank has no new facts, and the two show cause notices are on identical facts. The two show cause notices and the order dated 6.9.25 are by the same officers, which also makes the two show cause notices unsustainable.
2. The Show Cause Notice dated 1.11.2025 is an outcome of dereliction of duty by the Bank, the Bank after passing of binding order dated 6.9.2025 Bank was to inform CBI that there is no material to classify the bank account as fraud and instead of complying with law, the bank chose to issue an unsustainable show cause notice dated 1.11.2025. The Bank in terms of SBI v. Rajesh Agarwal (2023) was liable to grant hearing before classifying a bank account as fraud, that the said hearing was duly granted and this led to passing of order dated 6.9.2025. That there is absolutely no sustainable ground to issue any fresh show cause notice.
3. The SCN is invalid and non-est because it contradicts the Bank's own binding NO-FRAUD Order {dated 06.09.2025}. The Bank, after issuing earlier SCN dated 25.04.2025, examined:
 - a) All allegations,
 - b) Written submissions of all concerned,
 - c) RBI Master Directions (2016, updated 2017),
 - d) Supreme Court judgment SBI v. Rajesh Agarwal (2023),



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e) Verification of farmers (85-90% identified),

f) All documentary evidence.

Thereafter, on 06.09.2025, the Head Office Fraud Examination Committee recorded the following conclusive finding:

"Present evidence is insufficient to reach a conclusive decision or establish fraud ... It is decided to classify the account as 'No Fraud'.

This order is final, valid, and subsisting.

4. The present SCN does not disclose a single new fact. It merely repeats the same allegations already examined and discarded by the Bank in its NO-FRAUD Order. Under settled law (Rajesh Agarwal, 2023), fraud classification requires:

- a) new material,
- b) specific reasons,
- c) adherence to natural justice,
- d) non-arbitrariness.

The SCN fails on all these counts.

5. No "fresh findings" exist- allegations are verbatim repetition of earlier SC. The SCN alleges: a) Diversion of funds b) Improper KYCs c) Transfer of funds from escrow d) Corporate loan of Rs. 110 crore e) CBI and ED proceedings All these items:

- a. were part of the earlier SCN dated 25.04.2025,
- b. were rebutted by the undersigned,
- c. were examined by PNB's Fraud Examination Committee, and
- d. resulted in the Bank's final NO-FRAUD classification.

6. The SCN does not disclose even one new document, statement, transaction, inspection, or discovery. Therefore, the SCN violates:

- a. RBI Master Directions
- b. Principles of res judicata / finality in administrative decision-making
- c. Articles 14 & 21 of the Constitution

7. No allegation pertains to actions or tenure of the undersigned Noticee (Dr. G.S.C. Rao). The Employment of Noticee ended in 2013. The Bank has rather granted fresh facilities and sanction in 2015. The employment of Noticee with Simbhaoli Sugar Ltd. ended on 11.09.2013. There is no allegation that the Noticee siphoned off funds to its personal accounts. The role of undersigned was not at all financial but was rather operational, this is well established as per corporate governance report. The Noticee should be dropped from the Show Cause Notice. All allegations pertain to post-2013 events



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a. Fresh Corporate loan of Rs. 110 crore was sanctioned in 2015

b. NPA classification was 2015 onward

c. OBC complaint to CBI was in 2017

d. Majority of alleged diversion: post-2013

Thus, the Noticee had no role, no authority, and no participation.

8. The role of Noticee never involved finances or farmer documentation. As per the Corporate Governance report (Clause 40 listing agreement), the Noticee was CEO for Operations, Financial matters (farmer loan documentation, KYC, escrow, fund flow, loan management) were exclusively handled by the CFO/Finance Directorate. The SCN incorrectly attributes collective "management" roles to all individuals without identifying:

a. date

b. act

c. authorisation

d. evidence e. personal role.

This violates the Supreme Court test for personal culpability.

9. The Bank itself verified and accepted that 85-90% farmers were physically identified. PNB's own order (06.09.2025) records: 85% to 90% farmers were identified ... allegation of nonexistence of farmers not tenable. "Thus, the core allegation of the SCN is factually false and already settled.

10. The Bank sanctioned a new Rs. 110 crore loan AFTER due diligence - this removes the foundation for alleging fraud. The Bank sanctioned the corporate loan in 2015 AFTER:

a. verification

b. recovery plan

c. acknowledgment of liability

d. legal vetting

e. Board approvals.

Under RBI Directions, a borrower CANNOT receive fresh facilities if fraud classification exists. Thus there was no classification or allegation of fraud till 2015, the Noticee has not been in service since 2013. Thus, the Bank's own act of sanctioning a fresh loan is conclusive proof that the Bank did NOT consider the earlier transactions fraudulent.

11. No allegation exists that Noticee gained any personal benefit This was confirmed by:

a. CBI records

b. Allahabad High Court order dated 07.03.2019: "There is no allegation that the amount was transferred to the Revisionist (Dr. Rao) or withdrawn by him."



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The SCN ignores judicial findings and repeats rejected allegations.

12. *The SCN is contrary to natural justice, arbitrary, and mechanical. A show cause notice:*

- a. *must disclose new material*
- b. *must assign specific reasons*
- c. *must identify personal role*
- d. *cannot contradict a final reasoned order.*

The present SCN:

- a. *cites no new evidence,*
- b. *repeats rejected allegations,*
- c. *is issued by the same authority that issued the NO-FRAUD order,*
- d. *gives no basis for "fresh findings,"*
- e. *proceeds mechanically.*

Thus, the SCN is void ab initio.

13. *Request for Personal Hearing. As permitted under the Hon'ble High Court's Order dated 20.11.2025, I request that the Bank grant a personal hearing on any date convenient to the Committee. The documents are already part of record.*

Prayer

In view of the above, it is respectfully prayed that the Bank may:

- a. *Withdraw the SCN dated 01.11.2025 as being contrary to the Bank's own Order dated 06.09.2025.*
- b. *Maintain the "No Fraud" classification recorded in the Order dated 06.09.2025.*
- c. *Communicate the NO-FRAUD finding to CBI/ED in compliance with the Supreme Court judgment in SBI v. Rajesh Agarwal {2023}.*
- d. *Grant a personal hearing as directed by the Hon'ble High Court.*
- e. *Pass any other order deemed fit.*

Committee's View on each point

1-2 The averments pertain to the factual matrix and the directions of the Hon'ble High Court of Delhi, which have been noted. The Hon'ble High Court has upheld the maintainability of the SCN dated 01.11.2025.

3-6 The submissions are misconceived and denied. Fraud identification is an administrative and regulatory function. The doctrines of res judicata and estoppel do not apply. The Order dated 06.09.2025 expressly reserved the Bank's right to re-



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examine upon fresh findings. The SCN dated 01.11.2025 is founded on fresh analytical findings and re-appreciation of material. The Hon'ble High Court has upheld its maintainability.

7-8 The contention is denied. Fraud examination is not confined to the date of cessation of employment but includes assessment of the position held, responsibilities discharged, governance role and continuity of influence. As CEO, Sh. G.S.C. Rao was involved in financial malpractices leading to his termination vide letter dated 11.09.2013. All directors/KMPs are liable for the fraudulent actions of the company.

9-13 The submissions are untenable for the reasons already recorded. The SCN has been issued after due application of mind, recording of reasons and sharing of documents. The Hon'ble High Court has upheld its maintainability. The prayers are premature and cannot be acceded to at this stage. The matter shall be decided on merits after completion of due process.

Committee's View on reply of Sh. G.S.C. Rao after considering reply dated 26.11.2025

In view of the above, the reply does not establish any ground to withdraw the SCN dated 01.11.2025. The SCN has been issued lawfully, in compliance with RBI guidelines and based on fresh material requiring re-examination. The Bank reiterates that no adverse decision has been taken without affording personal hearing which was scheduled on 09.03.2026 and duly attended by the noticee. Recommendations of the committee afforded the personal hearing have been duly considered while passing this reasoned order.

Gurpal Singh Response letter dated 21.11.2025

1. This representation is being submitted on behalf of Mr. Gurpal Singh (hereinafter referred to as the "undersigned") in response to the Show Cause Notice dated 01.11.2025 issued by the Assistant General Manager, Fraud Risk Management Division, Punjab National Bank, calling upon the undersigned to show cause as to why the loan account of Simbhaoli Sugar Ltd. and his name should not be categorised and reported as fraud to the Reserve Bank of India.

2. At the outset, and without prejudice, it is submitted that, as rightly recorded in the Show Cause Notice itself, the account of the undersigned has already been classified as "No Fraud" by the Head Office Fraud Examination Committee vide its decision dated 06.09.2025, which decision was arrived at by the bank after a thorough examination of all the relevant facts and record. The subsequent developments, as enumerated in the present Show Cause Notice, in no manner establish or even suggest any involvement of the undersigned in any fraudulent activity. The show cause notice is premised and predicated on vague and non-specific averments against the undersigned and for this reason alone the same is rendered untenable.



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3. The position of the undersigned remains precisely as it stood prior to the issuance of the present notice. Every relevant fact, record and explanation had already been placed before the competent authorities, pursuant to which the account was conclusively and categorically declared as "No Fraud." That determination, arrived at after a detailed and reasoned examination by the Bank's own Fraud Examination Committee, attained finality.
4. The present action of the Bank in re-issuing yet another Show Cause Notice on the very same subject is wholly indefensible. It betrays due process of law, reeks of mala fides, and constitutes an outright abuse of power. By attempting to reopen a matter already settled on merits, without any fresh material or justification, the Bank has acted in a manner that is arbitrary, vindictive and clandestine in nature. It is evident that the bank is guilty of approbating and reprobating at the same time. The show cause notice under reply does not, in any manner, indicate as to how the previous decision dated 06.09.2025 was unsustainable and warranted revisitation/recall. The impugned action of the bank is capricious and arbitrary and, thus, violative of Article 14 of The Constitution of India.
5. It is inconceivable how the Bank can now seek to revisit and question findings recorded by its own Fraud Examination Committee after exhaustive scrutiny of records, statements and evidence. The purported "fresh examination" is nothing but a facade; a colourable exercise designed to overreach the earlier exoneration and harass the undersigned. The entire process smacks of a pre-determined intent to malign and exert undue pressure, in complete violation of the principles of natural justice and the doctrine of finality.
6. The Bank's conduct is further aggravated by the manner in which the impugned notice has been issued; surreptitiously and without any disclosure of new facts or grounds. Such deliberate concealment of material context and absence of transparency render the entire exercise void ab initio and vitiated by mala fides. The undersigned strongly condemns this oppressive and arbitrary action taken under the garb of administrative authority, which amounts to nothing short of harassment.
7. The issuance of the present notice is an afterthought; an unwarranted, baseless and high-handed act that undermines both institutional integrity and administrative propriety. Continuing to pursue such a course not only erodes the Bank's credibility but exposes it to proceedings for abuse of process and misuse of authority.
8. It is reiterated that the essential elements constituting fraud: dishonest intent, benefit, unlawful gain and participation; are wholly absent. The undersigned had no mens rea, derived no personal gain and was not involved in any of the transactions alleged. The impugned notice, therefore, lacks both legal and factual foundation and deserves to be withdrawn forthwith.
9. Without prejudice to the above, and purely to put the record straight, the undersigned reiterates and relies upon the comprehensive submissions and documents already placed on record during the earlier proceedings, pursuant to which the account was rightly and conclusively categorised as "No Fraud".
10. Without prejudice, for brevity and emphasis, the undersigned reiterates the following decisive points which render the present show-cause notice mala fide, untenable and liable to be withdrawn:



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(i) The entire gamut of proceedings in the present matter emanates from allegations relating to purported irregular financial transactions, distribution & appropriation of money by Simbhaoli Sugars Limited (hereafter referred to as "Simbhaoli" or the "company" as the case may be) with respect to the financial assistance and facilities afforded to Simbhaoli by erstwhile Oriental Bank of Commerce (now Punjab National Bank).

(ii) It is specifically submitted that every representation given to the bank as well as all appropriations and utilisation of funds by Simbhaoli were made pursuant to the decision of the board of directors of Simbhaoli which comprised of its Chairman, Managing Director, Director Finance/CFO and COO. All important matters of concern were decided by the board and were put to course of action thereafter as per the decision of the board. The undersigned was merely a witness to the said board proceedings and the undersigned did not have any authority to approve or authorise such decisions or any of the surrounding activities concerning alleged misappropriation of funds.

(iii) It is stated that the acts of Simbhaoli with respect to the highlighted transactions were never in the knowledge of the undersigned. It is stated that the undersigned was at the post of a director only in name and title and he was not in control or active management of the affairs of the company. It is trite law that when allegations of fraud and breach of trust bordering on penal offences are attributed to a party, the same have to be specific, properly formulated and supported by cogent documentary evidence, all of which ingredients are conspicuously absent in the notice under reply. Further, merely by holding the position of a director in a corporate entity, a person cannot be charged with criminal insinuations and cannot be stated to be in charge of day-to-day affairs of the company. Since Master Circular dated 01.07.2016 bearing no. RBI/DBS/2016-17/28 DBS.CO.CFMC. BC.No.1/23.04.001/2016-17 postulates grave civil and criminal consequences, the provisions thereof are required to be construed strictly. In SMS Pharmaceuticals Ltd. Vs. Neeta Bhalla - (2005) 8 sec 89, the Hon'ble Supreme Court, inter alia, held that merely due to association with the accused company in the capacity of a director, he cannot be held to be criminally and vicariously liable. In "Susela Padmavathy Amma Vs. Bharti Airtel Ltd." - 2024 sec Online SC 311, it was inter alia, propounded that merely because a person is a director of a company, it is not necessary that he is aware about the day-to-day functioning thereof and that there is no universal rule that a director of a company is in charge of day-to-day affairs. In "National Small Industries Corporate Ltd. Vs. Hameet Singh Paintal (2010) 3 sec 330, it was held that provisions of a penal statute require adherence to strict interpretation.

(iv) It is pertinent to mention that the company was under the active control and management of Mr. Gurmit Singh Mann (the Chairman) along with his daughter Ms. Gursimran Kaur Mann (Managing Director) hereinafter referred to as the "Mann Group", together with Mr. Sachchida Nand Mishra (Whole Time Director and Chief Operating Officer). It is reiterated that the undersigned was the non-executive director at the company during the relevant time. The undersigned had no real, whether direct or indirect, express or implied control and decision making authority at Simbhaoli during the relevant time. Further, the undersigned resigned from his office at Simbhaoli on 31.05.2017, pursuant to the settlement arrived between the undersigned and the Mann Group as has been explained in the paragraphs below and has also been recorded by the Hon'ble NCLT, Allahabad.



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(v) Disputes arose inter se 'Sandhu Group' comprising of the undersigned, Ms. Jai Inder Kaur, Mr. Govind Singh Sandhu, Mr. Angad Singh and Pritam Singh Sandhu Associates Pvt. Ltd. and 'Mann Group' comprising of Mr. Gumit Singh Mann, Ms. Gursimran Kaur Mann and Dholadhar Investments Pvt. Ltd.

(vi) The aforementioned disputes became the subject matter of proceedings in C.P. No. 77 /241-242/ ALD/2016 titled as "Mr. Gural Singh & Ors. Vs. Simbhaoli Sugars Ltd. & Ors." filed before Hon'ble National Company Law Tribunal, Allahabad.

(vii) It is the case of the Bank that, vide Sanction Letter dated 29.12.2005, it Sanctioned a Term Loan Facility of Rs. 27 Crore in favour of Simbhaoli Sugars Ltd. Subsequently, a consortium of lenders comprising of Punjab National Bank, Bank of Baroda, State Bank of Patiala, led by State Bank of India, extended consolidated Term Loan Facilities amounting to Rs. 313.22 Crore to Simbhaoli Sugars Ltd., vide alleged Sanction Letter dated 04.02.2007. Thereafter, the said Credit facilities were purportedly enhanced, vide Sanction Letter dated 02.04.2007.

It is further the case of the Bank that, vide Sanction Letter dated 11.07.2009, the aforesaid Consortium of Banks sanctioned Working Capital Facilities amounting to Rs. 25 Crore in favour of Simbhaoli Sugars Ltd.

Additionally, vide Sanction Letter dated 22.10.2008, the Bank sanctioned a credit facility amounting to Rs. 51.13 Crore, and vide another Sanction Letter dated 22.10.2008 of the same date, sanctioned a further credit facility amounting to Rs. 57.50 Crore. Subsequently, vide Sanction Letter dated 23.05.2009, the Consortium of bank enhanced the aforesaid credit facilities amounting to Rs. 206.50 Crore in favour of Simbhaoli Sugar Ltd. Thereafter, vide Sanction Letter dated 31.03.2010, the Bank enhanced the credit facilities amounting to Rs. 511.73 Crore in favour of Simbhaoli Sugars Ltd.

(viii) It is further the case of the Bank that Simbhaoli Sugars Ltd. approached Punjab National Bank for the restructuring of the existing credit facilities under the Corporate Debt Restructuring (CDR) mechanism, which was approved by the Management Committee in its meeting held on 12.08.2011. Pursuant thereto, credit facilities amounting to { 107 Crore were sanctioned, vide Sanction Letters dated 23.08.2011 and 30.08.2011. Further, vide Sanction Letter dated 13.09.2011, the consortium of Banks, comprising ICICI Bank, Bank of Baroda, Punjab National Bank, and State Bank of India, sanctioned Working Capital Facilities amounting to Rs. 50 Crore in favour of Simbhaoli Sugars Ltd.

(ix) It is further the case of the Bank that, on 24.12.2012, the previously sanctioned credit facilities were again restructured under the Corporate Debt Restructuring (CDR) mechanism by the Bank, vide Master Restructuring Agreement dated 24.12.2012, for an amount of Rs. 151 Crore in favour of Simbhaoli Sugars Limited. Under this arrangement, State Bank of India was appointed as the lead bank and Punjab National Bank was designated as the second Lead Bank. It is also the case of the bank that the said credit facilities were subsequently enhanced in the year 2012 by the Consortium comprising of State Bank of India, Bank of Baroda, Erstwhile State Bank of Patiala, ICICI Bank, Export- Import Bank of India, Erstwhile State Bank of Bikaner and Jaipur and Punjab National Bank amounting to Rs. 195.06 Crore in favour of Simbhaoli Sugars Ltd.



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It is further the case of the Bank that the Simbhaoli Sugars Ltd. once again approached the Corporate Debt Restructuring Cell for the restructuring of the credit facilities, which was approved by CDR cell on 29.02.2016. In pursuance thereof, vide Sanction Letter dated 15.03.2016, the Bank sanctioned further Credit Facilities amounting to Rs. 156.09 Crore in favour of Simbhaoli Sugars Ltd and obtained fresh personal guarantees of Ms. Gursimran Kaur Mann.

Accordingly, the undersigned stood released in perpetuity and without recourse from any purported guarantee liabilities arising under the erstwhile contractual arrangements. The undersigned places reliance on the following judicial precedents:

- "Satish Chandra Jain Vs. National Small Industries Corporation Ltd. & Ors."- AIR 2003 SC 623;
- "Central Bank of India Vs. Systems & Softwares & Ors." : 194(2003) DLT 976;
- "New Standard Bank Ltd. Vs. Prabodh Chandra Chakrabarty" -AIR 1942 Cal. 87 (DB);
- "The Indian Bank, Madras Vs. S. Krishnaswamy and Ors." - MANU /TN/ 0022 / 1990;
- "State Bank of India Vs. Machine Well Industries and Ors." - 1 980 SCC Online Del 318; and
- "Central Bank of India Vs. Ali Mohammad and Anr."- 1992 SCC Online Bom 109.

It is submitted that no personal guarantees, whatsoever were furnished by the undersigned at any point in time in relation to credit facilities sanctioned by erstwhile Oriental Bank of Commerce to the company. Further, the undersigned did not execute or sign any documents, agreements or deeds of guarantee in relation to the aforementioned credit facilities which were sanctioned by erstwhile Oriental Bank of Commerce vide Sanction Letter dated 15.03.2016 pursuant to which the then existing loan accounts of the company were closed after obtaining regulatory clarification from Reserve Bank of India and fresh term loans were extended to the company. The said credit facilities were disbursed on the basis of the collateral security in the nature of personal guarantees of Mr. Gurnit Singh Mann and Ms. Gursimran Kaur Mann.

(x) That the Bank on 05.03.2018 issued a notice to Simbhaoli Sugars Ltd. as wilful as the personal guarantors for declaring the accounts of the company as wilful defaulter. In the said notice, no imputation was raised on the conduct in performing any act of the undersigned in any manner whatsoever.

(xi) From the fact that the undersigned was not named as a respondent or defendant in the above stated legal proceedings and was also not named as a delinquent in the notice dated 05.03.2018, it is clear that the name of the undersigned has been included to the show cause notice dated 25.04.2018 only to seek formal clarifications from the undersigned. It is reiterated that the undersigned was not concerned with the effective business management of Simbhaoli and was not the decision maker concerning the financial or business operations of the company in respect of the financial assistance tendered to the company.

(xii) The undersigned joined the company in and around 1980 as a Production Manager with Simbhaoli Industries Pvt. Ltd, and was bound to act and follow the instructions of the management and his supervisors in performing operative functions. Subsequently, in 1985 - 1986, the



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undersigned was promoted as a Director of Simbhaoli Industries Limited and also served as a Director of Simbhaoli Sugars Mills Limited. Further, the undersigned served as the Director (Distillery Marketing) at Simbhaoli Sugars Mills Limited. The undersigned thereafter, in 1999 - 2000 was designated as the Deputy Managing Director, reporting to and acting under the instructions & control of Sh. Gurmit Singh Mann (Chairman and Managing Director), Simbhaoli Sugars Limited. The undersigned later (27.06.2013 - 13.11.2015) became one of the Managing Director (Operations) Simbhaoli Sugars Limited and on 13.11.2015, the undersigned was operating as the Director (Non-Executive) at Simbhaoli Sugars Limited.

(xiii) As stated above, the role of the undersigned in the company since the date of his joining i.e. starting from the year 1999-2000, was limited to managing the operations such as production etc. on behalf of the company. Working in the capacity as an employee acting under the directions of the board of the company, the undersigned has never been involved in the financial management nor was the undersigned ever discharging any administrative functions of the company involving financial elements. To give further details about the role of the undersigned with respect to the company, are as follows:

- a) Corporate Governance Report of the company for the year ending 30.09.2010, approved in the board meeting held on 29.11.2010;
- b) Corporate Governance Report of the company for eighteen months ending on 31.03.2012, approved in the board meeting held on 25.09.2012;
- c) Corporate Governance Report of the company for the financial year ending on 31.03.2013, approved in the board meeting held on 28.05.2013.

(xiv) A bare perusal of the aforesaid reports would show that the responsibility with respect to commerce, business finance and fiscal decision making was wholly and entirely vested with Mr. Sanjay Tapariya (Chief Financial Officer) of the company. It is clear that such responsibility and decision-making authority was not vested in the undersigned and the undersigned had no role in relation to financial dealings of the company including appropriation of monies received from the Bank.

(xv) Further in the meeting of the consortium convened on 13.04.2017, the lenders including Punjab National Bank entered into a confabulation, inter alia, on the release of the personal guarantee and the shares pledged by the undersigned. Copy of minutes of meeting dated 13.04.2017 is enclosed herewith. (xvi) The two groups, as aforesaid, vide Settlement Agreement dated 28.05.2017, resolved their disputes and differences amicably. Copy of Settlement Agreement dated 28.05.2017 is enclosed herewith. The disputes arose between the two groups because the Mann Group tried to unlawfully removed the –. undersigned from directorship of Simbhaoli Sugars Ltd. and accordingly wrest control over the affairs of the company.

(xvii) The Hon'ble NCLT, Allahabad, vide order dated 30.05.2017, accepted and recorded the aforementioned settlement. Pursuant to the aforementioned settlement, the undersigned wrote to the company to declassify the Sandhu Group including the undersigned, as one of the promoter groups of Simbhaoli Sugars Ltd. Further, the shareholding percentage of 'Sandhu Group' including the undersigned was considerably diluted. Copy of order dated 30.05.2017 is enclosed herewith.



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(xviii) The undersigned was reclassified as Director on the 13th of November 2015 and was not in control over the affairs and day-to-day decisions of Simbhaoli Sugars Ltd.

(xix) In furtherance of the Settlement Agreement dated 28.05.2017, Escrow Agreement dated 30.06.2017 was executed by the undersigned, Mr. Gurmit Singh Mann, Ms. Gursimran Kaur Mann, Dholadhar Investments Pvt. Ltd., Simbhaoli Sugars Ltd. and SBICAP Trustee Company Ltd. Copy of Escrow Agreement dated 30.06.2017 is enclosed herewith.

(xx) One of the escrow documents is signed resignation letter of the undersigned. This was to take effect on the lenders releasing the Personal Guarantees and pledge of shares of the undersigned.

(xxi) Vide letter dated 30.06.2017 addressed to Simbhaoli Sugars Ltd., the undersigned, inter alia, sought release/replacement/cancellation of the alleged personal guarantees of the undersigned and requested Simbhaoli Sugars Ltd. to take appropriate steps with the banks and financial institutions. Copy of letter dated 30.06.2017 is enclosed herewith.

(xxii) The aforementioned letter dated 30.06.2017 was duly acknowledged by Simbhaoli Sugars Ltd. and members of 'Mann Group'. Copy of letter of acknowledgement dated 30.06.2017 is enclosed herewith.

[xxiii] Simbhaoli Sugars Ltd., vide email dated 04.07.2017, addressed to the members of the consortium, inter alia, sought release/replacement/revocation of all the alleged personal guarantees attributable to the undersigned as also the pledges provided by the undersigned and other members of 'Sandhu Group'. Copy of email dated 04.07.2017 is enclosed herewith.

(xxiv) In the meeting of the consortium convened on 13.09.2017 and 27.11.2017, the lenders entered into a confabulation, inter alia, on the release of the personal guarantees and the shares pledged by the undersigned. Copy each of minutes of meeting dated 13.09.2017 and 27.11.2017 are enclosed herewith.

(xxv) Vide letter dated 27.12.2017, Simbhaoli Sugars Ltd. informed Securities & Exchange Board of India about the aforementioned developments and sought exemption from strict compliance contemplated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in order to proceed to give effect to the settlement dated 28.05.2017. Copy of letter dated 27.12.2017 is enclosed herewith.

11. In addition to the aforesaid, the undersigned states as under:

(i) Simbhaoli Sugars Ltd., is an 86 years old Company having 3 integrated sugar complexes in the State of Uttar Pradesh, with over 3,000 employees. Simbhaoli Sugars Ltd. has always been a pioneer in maintaining cordial farmer relations by consistent development, upliftment of surrounding area, achieved operational and technical excellence and by producing the best quality sugar in Northern India. There are approx. 1,20,000 farmers, whose livelihood is directly dependent upon Simbhaoli Sugars Ltd., in the last crushing season 2018-19 itself it has crushed excess of 250 lacs quintals of sugar cane.

(ii) Despite having state of art manufacturing units and working at one of the best capacity utilizations across the industry, Simbhaoli Sugars Ltd. has suffered financially during the last



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decade on account of number of industry related factors, which were beyond its control and its financial structure.

(iii) The existing asset base of Simbhaoli Sugars Ltd. as per the audited Books of Accounts as on March 31, 2019 is over Rs. 1294 Crore and as per Report of RBSA as on October 2018 is Rs. 887.56 Crore, with following operating capacities:

Division	Sugar (TCD)	Distillery (KLD)	Power (MWH)	Bio manure (MMT/Day)
Simbhaoli	9500	90	62	17
Chilwaria	6000	60	8	9
Brijnathpur	4000	60	38	9
Total	19500	210	108	35

Under the JV with 51% shareholding i.e, M/s Simbhaoli Power Pvt. Ltd.

(iv) It is a matter of record and common knowledge that the Sugar Industry has been the backbone of the Indian agriculture sector and has always been the catalyst of last mile rural growth and economy particularly in the State of Uttar Pradesh. The role of the industry is reflected by index of the rural development in the catchment areas.

(v) Simbhaoli Sugars Ltd. has also been continuously working towards the rural upliftment of the associate villages which has been evident in many of the associated villages. Some of these steps are enumerated as under:

a. Extensive cane development program by way of propagating cane variety over the years resulting in improved yield and many new approaches like inter cropping, water management, providing hybrid varietal seeds and pesticides and fertilizers at subsidized rates for the benefits of the farmers.

b. Simbhaoli Sugars Ltd. has been carrying out sugarcane infrastructural development programmes through associated Sugarcane Societies in the associated villages.

c. Simbhaoli Sugars Ltd. has been providing the medical facilities in the attached villages on subsidized rates/ free of cost. It has created schools and clean water facilities in its area.

(vi) Despite having state of art manufacturing units and working at one of the best capacity utilization across the industry, Simbhaoli Sugars Ltd. has suffered financially during the last decade, on account of number of industry related factors, which were beyond the control of the Company and its financial structure.

(vii) UP State Sugar Industry Promotion Policy (NSIPP): UP State Govt. had announced a New Sugar Industry Promotion Policy (NSIPP) in the year 2004 to attract private investment for growth of sugar sector. Simbhaoli Sugars Ltd. had invested around Rs.500 Crore, which was majority financed through loans. As per the Policy Document, the total capital cost was to be paid back to the Sugar Mills in the form of various incentives/reimbursements/rebates in a span of approx. 10 years. However, this policy was rescinded in the year 2007 without giving any benefits. Thus, the expansion costs, interest thereon and other costs became a liability, which could not be served



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out of operations. As per Company's assessment, the incentives/subsidies due under the policy aggregate to Rs. 400 Crore approx. up to March 2019, in respect of which Simbhaoli Sugars Ltd. has been following up with the UP State administration.

(viii) As a result of the expansion in the capacities by all the Mills under policy, the equilibrium in the demand and supply of sugar got disturbed (excessive sugar production), which adversely affected the market sugar price in the country especially in the State of Uttar Pradesh.

(ix) The said step of the Government was challenged by various parties (including Simbhaoli Sugars Ltd.) before the Hon'ble High Court of Judicature at Allahabad.

(x) One of the affected parties was Bajaj Hindusthan Ltd. In the Writ Petition preferred by M/s. Bajaj Hindusthan Ltd. the Hon'ble High Court vide order dated 17.09.2014 allowed the Writ Petition and upheld the validity of the benefits of the policy. Copy of the order dated 17.09.2014 passed by Hon'ble High Court of Judicature at Allahabad in the matter of Bajaj Hindusthan Ltd. Vs. State of U.P. is enclosed herewith.

(xi) The order passed by the Hon'ble High Court in Bajaj Hindusthan Ltd. 's matter as aforementioned was also upheld by the Hon'ble Supreme Court vide its order dated 07.03.2018. The challenge was arising out of various different petitions and SLP (C) No. 1473-1474/2015 in the matter of Bajaj Hindusthan Ltd. was clubbed with SLP (C) No. 2896-2897/2015 and both the said petitions were dismissed vide order dated 07.03.2018. Copy of the order dated 30.03.2015 passed in SLP (C) No. 1473-1474/2015 and order dated 07.03.2018 passed in Civil Appeal Nos. 7119-7120/2017 and 7121-7122/2017 are enclosed herewith.

(xii) The State Government delayed in disbursal of incentives which led to filing of Contempt petition by Bajaj Hindusthan Ltd. and in said Contempt Petition, the Hon'ble Supreme Court sought explanation from Cane Commissioner of State of U.P. and directed Cane Commissioner to show cause why proceedings under contempt be not initiated against him and Cane Commissioner assured to disburse incentives under the scheme expeditiously. Copy of Order dated 16.04.2019 passed by the Hon'ble Supreme Court in Contempt Petition is enclosed herewith.

(xiii) However, as a result of the negative margins owing to steep decline in the sugar prices, cane dues during the end of the crushing season 2013-14 were at a historical high at Rs. 8,754.52 Crore in the State of Uttar Pradesh as informed by the State on affidavit before the Hon'ble High Court of Judicature at Allahabad, which is recorded in the judgment dated 05.09.2014, which reached to approx. Rs. 18,958 Crore for the country, and approx. Rs. 1000 Crore in the state of Uttar Pradesh (at the end of the 2018-19 season). Above figures show and only interpretation, which comes out is that Sugar Industry as a whole is reeling in financial troubles. Copies of the Newspaper clippings are enclosed herewith.

(xiv) That under the State Cane Laws relating to Sugarcane Supply and Regulation under the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953 and Rules made thereunder, 85% of the sugar sale proceeds are statutorily tagged for utilization for cane payment only.

(xv) However, owing to the mis-match in the Cane and finished sugar prices, this 85% was not sufficient enough to take care of the entire cane dues in number of seasons. Therefore, the



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administration has resorted to collect even a higher percentage of sale of sugar and other by-products for payment of cane price dues.

(xvi) In this background, the Bhartiya Kisan Mazdoor Sangathan approached the Hon'ble High Court of Judicature at Allahabad in the year 2014 for expediting the cane payments to farmers in the larger interest of the farmer community. The same was registered as a Public Interest Litigation, bearing No. 29523 of 2014.

(xvii) In order to ensure cane dues payment to farmers, the Hon'ble High Court of Judicature at Allahabad passed interim order directing sugar mills for selling 15% of entire sugar stocks held by them and depositing the entire sale proceeds in specially earmarked cane payment accounts.

(xviii) The said Public Interest Litigation was finally disposed off, vide order dated 05.09.2014, which directed that the process of sale shall be monitored by the Collector of each District and the amount realized shall be deposited in a separate account and shall be utilized for payment of dues of cane growers.

(xix) The Hon'ble High Court further directed the sugar mills to sell 15% of the entire sugar stocks held by them and deposit the entire sale proceeds in specially earmarked Cane Payment Accounts.

(xx) The Hon'ble High Court further directed the State Government to ensure that the payment of sugarcane dues be made to farmers through the District Magistrates (DM) on or before 31.10.2014.

(xxi) Accordingly, the Hon'ble High Court directed the concerned DMs to verify the sugar stocks of sugar mills in their respective districts and ensure its sale so that payments could be made to farmers, thereby, largely ignoring the pledge/hypothecation of the lenders over the sugar stock. The Banks were well aware that the dues of the farmers are to be paid in priority to the dues of lenders in a larger social interest and keeping in view their right to livelihood. Copy of the order dated 05.09.2014 passed by the Hon'ble High Court of Judicature at Allahabad in PIL No. 29523 of 2014 is enclosed herewith.

(xxii) The said Judgment passed by the Hon'ble High Court of Judicature at Allahabad was challenged before the Hon'ble Supreme Court of India, which challenge was dismissed vide order dated 13.10.2014. Copy of order dated 13.10.2014 passed by the Hon'ble Supreme Court of India is enclosed herewith.

(xxiii) Accordingly, the District Administration relating to Sim bhaoli Sugars Ltd. also took over the control of the entire sugar stock and resorted to the sale of sugar either by directing the sugar mills to do so under strict supervision or by auctioning the stock and controlling its cash flows for discharging the farmers' obligation(s) in priority to other dues, including any amounts payable to Banks.

(xxiv) This completely impaired the ability of Simbhaoli Sugars Ltd. to meet any other payment obligations. The said facts were duly notified to the lenders from time to time. The lenders were clearly aware of the predicament being faced by Simbhaoli Sugars Ltd. and such predicament being for reasons beyond its reasonable control. The aforementioned vis majeure circumstances



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were certainly not in contemplation of the parties, when the loan facilities were allegedly sanctioned by the lenders to Simbhaoli Sugars Ltd.

(xxv) The stock of Sugar was sold under the orders of Hon'ble High Court and the sale proceeds were used to pay the cane dues. This resulted in steep decline in the price of sugar. In fact, the price fell by 50%. Below chart demonstrates the steep fall in price.

(xxvi) It is relevant to state that Simbhaoli Sugars Ltd. had cane arrears of Rs.641 Crore and sugar stock of Rs.360 Crore approx. at the end of sugar season 2018- 19 (as on 24/06/2019).

(xxvii) Following is the summary of the Cane dues position of Simbhaoli Sugars Ltd. which is self-explanatory:

Sugar Season	Cane Gap (net of stock in hand)
2011-12	8
2012-13	90
2013-14	235
2014-15	285
2015-16	197
2016-17	132
2017-18	109
2018-19	281

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(xxviii) On account of persistent cane dues and also in its endeavour to clear farmers' dues, the State has imposed higher tagging restrictions on Simbhaoli Sugars Ltd, in successive years, details of which are as under:

Sugar Session	Sugar Sales	Statutory Tagging @ 85%	Cane related payments	% of sugar sale
2010-11	492	418	352	71.6%
2011-12	573	487	539	94.1%
2012-13	848	720	620	73.1%
2013-14	619	526	498	80.4%
2014-15	660	561	510	77.2%
2015-16	653	555	597	91.3%
2016-17	785	667	721	91.9%
2017-18	836	711	718	85.91%
2018-19	630	535	554	88.02%

Till 24th June 2019

From the aforesaid table, it is clear that the dues to the Cane growers are on priority than any other payments.



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(xxix) This position was statutory and the business needs to prioritize the cane payments was recognized by the lenders, as that was not only a social/ statutory responsibility but was also critical for the operational survival of Simbhaoli Sugars Ltd.

(xxx) The state administration in order to prioritize the cane payment to farmers, requested and appealed to Hon'ble High Court citing the plight of cane growers and Hon'ble High Court in WP No. 13987/2016 filed by Company for sale of Sugar mortgaged to Uttar Pradesh Cooperative Bank and realization of which was statutorily required to be deposited in Bank account but keeping in view the distress condition of farmers Hon'ble High Court gave priority to Cane dues payment. Copy of order dated 13.04.2017 passed by the Hon'ble High Court in W.P. No. 13987 of 2016 is enclosed herewith.

(xxxi) The above facts clearly establish that during this period, the working of Simbhaoli Sugars Ltd. was adversely affected due to Government Policies, Court Orders and other circumstances controlling sugarcane industry, all of which were inconceivable at the time of alleged sanction of credit facilities to Simbhaoli Sugars Ltd.

(xxxii) Simbhaoli Sugars Ltd. as part of the industry had approached the Hon 'ble High Court for seeking remedy and restoring the benefits of the NSIPP on the ground of Promissory Estoppel. The Hon'ble High Court vide its order dated 12.02.2019, allowed the bunch of Writ Petitions filed by various Sugar Industries including Writ Petitions of Simbhaoli Sugars Ltd., with the directions and the Hon'ble High Court of Judicature at Allahabad concluded thus that the- "Petitioners are entitled for consideration of all benefits in the form. of exemptions/remission/reimbursements as per the Sugar Industry Promotion Policy-2004 and various Notifications issued thereunder from time to time for the entire period of validity of the Policy in the light of the observations made above" and Simbhaoli Sugars Ltd. approached State of U.P. to extend the exemptions/remissions/reimbursement to it in the light of High Court Order. In view of the same, Simbhaoli Sugars Ltd. and its Promoters are hopeful of receiving the benefits under the aforesaid judgment. Copy of the order dated 12.02.2019 passed by the Hon'ble High Court is enclosed herewith.

(xxxiii) As a result of the excessive sugar supply, sugar prices in the State of Uttar Pradesh and in the country, did not increase in the same proportion as the sugarcane price during the said decade. In fact, the sugar realization, most of the time during the said period has been fetching negative margins.

(xxxiv) The State Advised Price (SAP) of Sugarcane as applicable and fixed annually before the commencement of sugar season in the State of Uttar Pradesh has been consistently higher than the Fair and Remunerative Price (FRPJ announced by Central Government and is being paid by the Sugar Mills in the States of Maharashtra and Karnataka, and the SAP is also not linked to market price of Sugar. This is despite lower sugar recovery from Sugarcane in the State of Uttar Pradesh as compared to State of Maharashtra and Karnataka but purchase of Sugarcane is at higher rate.

(xxxv) A chart showing the difference in price is as under:

Price Rs/qlt of cane

Sugar Season	FRP/SMP	Effective SAP
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2008-09	81	140
2009-10	130	165
2010-11	139	205
2011-12	145	240
2012-13	170	280
2013-14	210	280
2014-15	220	280
2015-16	230	280
2016-17	245	305
2017-18	276	315
2018-19	276	315

(xxxvi) As a result of the same, the financial position of Simbhaoli Sugars Ltd. has deteriorated in the last few financial years, which is evident from the below chart:

Particulars	UOM	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Cost of Production	Per Qtl.	3,127	3,630	3,375	3,040	3,034	3,389	3513	3273
Sales Realization	Per Qtl.	3,052	3,348	3,174	2,985	2,883	3,649	3552	3049
EBITDA	Rs. Cr.	91	(17)	8	(13)	70	129	(79)	23
Finance Cost	Rs. Cr.	151	112	142	125	113	124	46	34
Cash Profit/(Loss)	Rs. Cr.	(61)	(129)	(133)	(138)	(44)	5	(125)	(11)
Profit/(Loss) Before Tax	Rs. Cr.	(118)	(165)	(161)	(160)	(93)	(42)	(171)	(47)
Net Profit/Loss	Rs. Cr.	15	(39)	(172)	(159)	(93)	(37)	(181)	(72)

(xxxvii) The negative Earnings/ Cash Losses has led to accumulation of arrears of cane, which became overriding liability to pay.

(xxxviii) The above facts and data establish that the losses suffered during the said period resulted in further losses in the subsequent years also and as the position has not improved till date. Simbhaoli Sugars Ltd. is still suffering huge losses. Further, to make matters worse the Central Government has also imposed stringent restrictions by virtue of imposing quota on the sale of stock of sugar and this has resulted in a situation where despite having 11.66 Lac quintals



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of sugar worth approximately Rs.389 Crore as on 23.06.2019, Simbhaoli Sugars Ltd. is unable to sell the same due to central government restrictions.

(xxxix) Despite the aforesaid Simbhaoli Sugars Ltd. worked towards an amicable resolution of debt with the Consortium of Banks and in pursuance of the circular of the RBI dated 13.06.2016 had formulated a sustainable structuring of the stressed assets. However, vide Circular No. RBI/2017-18/131 DBR.No.BP.BC. 10/21.04.048/2017-18 dated 12.02.2018 issued by the Reserve Bank of India, where under in terms of clause 18 of the said Circular, the extant instructions including the institutional mechanism of Joint Lenders' Forum (JLF) meant for the purpose of resolution of stressed accounts stood withdrawn. The Hon'ble Supreme Court of India vide judgment dated 02.04.2019 passed in Civil Appeal Nos.4776-4778/2019 titled as "State Bank of India Vs. JAH Developers Pvt. Ltd. & Ors." has held that the aforesaid Circular is ultra vires and consequently quashed the same.

(xl) The members of the consortium illegally applied the Circular dated 12.02.2018 even though the same had no retrospective/retroactive operation. In any case, the aforesaid Circular stands quashed by Hon'ble Supreme Court vide judgment dated 02.04.2019 (supra).

(xli) It is submitted that the loan facilities were allegedly sanctioned for the business of manufacturing of sugar by Simbhaoli Sugars Ltd. The State Laws relating to procurement of Sugarcane, production of sugar and disposal thereof as also the Government Policies pertaining thereto were therefore impliedly ingrained in the alleged loan contract(s). Therefore, the prejudicial developments which led to insurmountable losses would suitably assuage the alleged contractual obligations of Simbhaoli Sugars Ltd. to repay the alleged loans. The alleged claim is, therefore, unwarranted, untenable and misconceived.

[xlii] Notwithstanding the aforementioned status, Simbhaoli Sugars Ltd. continued to make payments to all its lenders. A copy of the Statement of Account is enclosed herewith for reference.

(xliii) The industry-specific financial challenges faced by Simbhaoli Sugars Ltd. were being duly taken into consideration by the lenders, which, in turn, impacted the repayment schedules to all the banking institutions.

(xliv) It is pertinent to mention that the prevailing circumstances and the financial difficulties being encountered by Simbhaoli Sugars Ltd. were deliberated upon during various Joint Lenders' Meetings (JLMs).

[xlv] The minutes of the aforesaid JLMs unequivocally reflect that Simbhaoli Sugars Ltd. was undergoing genuine financial hardship in fulfilling its obligations towards all lenders. These difficulties stem from a general downturn in the sugar industry, adverse governmental policies, judicial orders, and other extraneous factors beyond the control of Simbhaoli Sugars Ltd. and its Promoters.

(xlvii) In the interim, Simbhaoli Sugars Ltd. began experiencing difficulties with one of the eleven lenders, namely Oriental Bank of Commerce (OBC). The arbitrary and unilaterally hostile actions undertaken by OBC, without the consent or concurrence of the other consortium lenders which caused substantial delay in the implementation of the loan realignment process, which had otherwise been agreed to in principle by all the lenders. Consequently, the disbursement of the Corporate Loan amounting to Rs. 100 Crore, intended to bridge working capital deficits as per the



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Debt Realignment Scheme approved under the Corporate Debt Restructuring (CDR) framework of the Reserve Bank of India, was also unduly delayed.

(xlvii) As previously submitted, the operations of the Company were severely impacted by various judicial mandates, including orders passed by the Hon'ble High Court and the Hon'ble Supreme Court, pursuant to which more than 85% of the sugar sale proceeds were earmarked exclusively for cane payment. The residual 15% or less could be utilized only for limited operational requirements. Additionally, the withdrawal of the Uttar Pradesh State Sugar Industry Promotion Policy, 2004, led to the accumulation of further losses.

(xlviii) It is significant to note that, owing to these circumstances, the business revival initiatives could not be undertaken, and the operational facilities could not be utilized to their optimal capacities. Furthermore, the additional credit assistance of { 100 Crore, which would have enabled Simbhaoli Sugars Ltd. to address the cane arrears and utilize the operational funds for the installation of requisite equipment to comply with Pollution Control Board norms, thereby facilitating operation for up to 300 days in a year, as opposed to the prevailing average of approximately 150 days, could not be availed, owing to the non-disbursement of the said loan.

(xlix) Further, the objections and issues raised by Oriental Bank of Commerce (OBC) resulted in substantial delay in the approval of the Debt Restructuring Scheme. The said scheme had otherwise been approved by all other consortium lenders as of March 2015, subject to the resolution of outstanding issues with OBC. This position is duly recorded in the minutes of the Joint Lenders' Meeting (JLM) held on 14.09.2015. Consequently, solely due to the unwarranted and baseless actions of OBC, the implementation of the Debt Realignment Scheme remained in abeyance for over a year. The remaining consortium members regrettably failed to exercise effective control over OBC or to ensure its compliance with legal and contractual obligations. This further adversely affected the business of Simbhaoli Sugars Ltd., which was already going through various difficulties, as narrated above. Copy of Approval of Debt Re-Alignment Scheme of CDR-EG is enclosed herewith.

(l) Due to the continuous downfall of the sugar industry during this period, Debt Realignment Scheme could not be implemented and CDR-EG vide their letter dated 03.09.2016, addressed to State Bank of India, other lenders and to Simbhaoli Sugars Ltd. consequent to denial of Corporate Loan of Rs. 100 Crore (which was to be utilized for addressing the cane gap), advised Simbhaoli Sugars Ltd. and the member lenders to submit an alternative and concrete plan to bridge the cash deficit and payment of arrears to sugarcane farmers. Copy of the Letter dated 03.09.2016 issued by CDR EG is enclosed herewith.

(li) That taking of decision to exit from CDR and thereafter to implement Corrective Action Plan (CAP) was discussed in the Joint Lenders Meetings held on 29.09.2016 and 26.12.2016. Copy of the Minutes of Joint Lenders Meeting dated 29.09.2016 is enclosed herewith.

(lii) Vide circular dated 13.06.2016, RBI prescribed a Scheme for Sustainable Structuring of Stressed Assets. A perusal of the said Circular prima facie evidences a tiered and phased approach adopted by RBI to deal with stressed assets based upon their outstanding and their impact on the banking sector as a whole. Copy of the RBI Circular dated 13.06.2016 is enclosed herewith.



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(iii) That JLM was also held on 26.12.2016 wherein representative of Simbhaoli Sugars Ltd informed the lenders in detail about the performance of the Company for the quarter ending 30.09.2016 and the then present industrial scenario. The representative of the Company further requested that lenders must take the restructuring forward in the given facts and circumstances. After discussing all avenues, it was decided by the lenders that they would continue with the rectification approach under CAP, as decided in the previous meeting. Copy of the minutes of the meeting held on 26.12.2016 is enclosed herewith.

(iv) Based on the agreement with lenders and the advice of CDR-EG, in the JLM dated 13.02.2017, JLF appointed M/s Dun & Bradstreet (D & B) for conducting the Technical and Economic Viability (TEV) Study of Simbhaoli Sugars Ltd. and appointed SBI Capital Markets Limited for preparing the financial package for debt resolution, including the outstanding under the Corporate Loan of OBC. D&B in its report dated 02.11.2017 had opined that operations of Simbhaoli Sugars Ltd. are viable and require proper restructuring for its long-term sustainability and repayment of debt obligations. This was with the clear mandate to find a solution of the cane gap on priority and then to utilize the free cash flows for the coming years for debt repayments, as debt repayments cannot be permitted till such time the issue relating to cane gap is addressed. Copy of the minutes of the JLM held on 13.02.2017 is enclosed herewith.

(iv) It is relevant to state that even in the said JLM, it was agreed by the consortium to explore the restructuring option. Later, the entire consortium of banks, led by State Bank of India, came to a consensus and approved the restructuring of the debt of Simbhaoli Sugars Ltd., which is evident from a perusal of the Minutes of the meeting of the Joint Lenders Forum on 27.11.2017. This debt realignment proposal was achieved by Super Majority of 68% in value and 50% in number.

(vi) The suggested Debt Resolution Scheme was broadly based on the classification of Simbhaoli Sugars Ltd. sales realization of Simbhaoli Sugars Ltd. into two streams i.e. realization from sale of sugar and other receipts on the basis of tagging compliance. In this regard, it is relevant to state and reiterate the following relevant points, which are specific to sugar industry.

(vii) That 85% of the sugar sale proceeds are tagged by the Local Administration as issued through Tagging Order by Collector & District Magistrate of respective area specifically for the purpose to streamline the payment of cane dues to cane growers. The same is regulated as per UP State Cane Laws relating to Sugarcane Supply and Regulation under the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953, and the Violation of Tagging Orders are also punishable under section 3/7 of Essential Commodities Act, 1955 and State Administration is also empowered to cancel License under U.P. Vacuum Pan Licensing Order, 1969. The aforesaid provisions empower the state administration to initiate coercive action against the Mill management for any delay in cane dues and this compels the factory to run at a loss and continue to mandatorily crush cane (unprofitably) due to the fear of actions under the provisions of the Essential Commodities Act of 1955 and the Sugar Control Order of 1966. Simbhaoli Sugars Ltd. was not in a position to adhere to the Tagging Conditions due to paucity of funds and multiple times requested Cane Commissioner to relax the tagging compliance before the commencement of season 2018-19. Copy of Tagging Order 2018-19 along with translated version is annexed herewith, Request letters dated 26.07.2018 and 1.12.2018 to Cane Commissioner and Abstract portion of Section 3&7 of Essential Commodities Act, 1955 are



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enclosed herewith. It is relevant to state that at this stage Tagging Orders of 2018-19 are being filed.

(viii) Realization of other products i.e. ethanol/ alcohol and others is being received in Trust & Retention Accounts at SBI, being the Lead Bank and Monitoring Institution. Accordingly, a moratorium of one year was given to Simbhaoli Sugars Ltd. in the proposed scheme to settle the cane gap on priority before start of debt repayments. This fact was discussed in the Joint Lenders' Meetings and because of the same, the cutoff dates of the proposed debt realignment scheme was extended.

(lix) In pursuance of the aforementioned circular, the entire consortium of banks, led by State Bank of India, came to a consensus and approved the restructuring of debt of Simbhaoli Sugars Ltd., which is evident from perusal of the Minutes of the meeting of the Joint Lenders Forum on 27.11.2017. This debt realignment proposal was achieved by Super Majority of 68% in value and 50% in number.

(lx) In the meanwhile RBI under Sections 35A and 35AA of the Banking Regulation Act, 1949 and Section 45 of the Reserve Bank of India Act, 1934 issued Notification No. RBI/2017-18/131 dated 12.2.2018, directing all scheduled commercial banks with regard to the accounts of borrowers which are identified of special mention accounts (SMA) and stressed assets. It was directed in the said circular that all the instructions with regard to stressed assets such as framework for revitalizing distressed assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme, Change in Ownership outside SDR and Scheme for Sustainable Structuring of Stressed Assets stand withdrawn with immediate effect. Copy of Circular dated 12.02.2018 issued by RBI is enclosed herewith. The said notification discontinued the Joint Lenders' Forum as an institutional mechanism for resolution of stressed assets. All accounts, including such accounts where any of the schemes have been invoked but not yet implemented shall be governed by the revised framework.

[lix] In this background, Meeting of the JLF was held on 09.03.2018, wherein it was recorded that the entire restructuring approach adopted in JLF Meeting dated 27.11.2017, could not be pursued any further on account of the directives contained in the RBI's circular dated 12.02.2018, which was illegally taken resort to by the members of the consortium, despite the same not being retrospective in operation. Further, the aforesaid Circular had no applicability to the loan facilities allegedly sanctioned to Simbhaoli Sugars Ltd. owing to the peculiar nature of the business of Simbhaoli Sugars Ltd. and the regulatory laws applicable thereto. Copy of the minutes of the Consortium Lenders held on 09.03.2018 is enclosed herewith.

(lxii) In the meantime, due to the Order of the Environment Authorities, two out of three distillery units were closed in January 2017. They could restart the operations only in January 2018, which hampered Simbhaoli Sugars Ltd. capacity of Simbhaoli Sugars Ltd. to honour the debt obligations from non-sugar sources.

(lxiii) Simbhaoli Sugars Ltd. made efforts for ensuring restart of operations and the said efforts led to passing of orders at various stages, i.e. October, 2017 and December, 2017 and thereafter order dated 01.01.2018 when the operations were fully allowed. Copy of the orders passed by the Environmental Authorities are enclosed herewith.



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(lxiv) Simbhaoli Sugars Ltd. also submitted various Tagging Orders issued by the Local Administration/ Cane Commissioner from time to time, directing / supervising the sale proceeds of sugar and other products of the Company to JLM and individual Banks. This along with the closure of distillery operations squeezed the cash flows to the extent that the operations started to suffer. Copy of tagging orders and newspaper reports are enclosed herewith.

(lxv) In the meanwhile, Central Government promulgated another Notification dated 07.06.2018, in terms of which it sought to fix the maximum quantity of refined sugar for domestic sale and dispatch. Copy of Notification dated 07.06.2018 issued by the Central Govt. is enclosed herewith.

[lxvi] The Central Government was pleased to issue Notification dated 29.06.2018 and fixed fresh maximum quantities of refined sugar for domestic sale and dispatch for the month of July, 2018 for three units of Simbhaoli Sugars Ltd. at Simbhaoli, Chilwaria and Brijnathpur as 4920 quintals, 246 quintals, 2201.3 quintals, respectively. Thus, a meager quantity of 71,213 quintals had been prescribed for sale for the month of July for Simbhaoli Sugars Ltd. which fetched a total price of Rs.25 Crore only. Copy of the Notification dated 29.06.2018 issued by the Central Govt. is enclosed herewith.

(lxvii) The Notification dated 30.07.2018 was issued by the Government of Uttar Pradesh in terms of which the stock holding limits for the month of August, 2018 have been arbitrarily prescribed for the Units of Simbhaoli Sugars Ltd. without having any regard to the mandatory obligations of Simbhaoli Sugars Ltd. Copy of the Notification dated 30.07.2018 issued by the Central Govt. is enclosed herewith. It is pertinent to mention here that the aforesaid facts were duly notified to the lenders from time to time. The lenders were also aware of the predicament being faced by Simbhaoli Sugars Ltd. and the fact that such predicament is on account of reasons beyond its control.

(lxviii) Aggrieved by the aforesaid notification which limited the sale of stock of sugar, Simbhaoli Sugars Ltd. preferred Writ Petition No. 25223 of 2018 wherein after considering the difficulties and peril to which Simbhaoli Sugars Ltd. had been subjected to, Hon'ble Allahabad High Court vide Order dated 08.08.2018 was pleased to call for a counter-affidavit from the Central Government and other authorities. Copies of the Writ Petition (without annexure's) bearing No. 25223 of 2018 pending before Hon'ble Allahabad High Court and Order dated 08.08.2018 passed by Hon'ble Allahabad High Court in Writ Petition No. 25223 of 2018 is enclosed herewith.

(lxix) The Notification dated 31.08.2018 was issued by the Central Government in terms of which the stock holding limits for the month of September, 2018 have been arbitrarily prescribed for the Units of Simbhaoli Sugars Ltd. without having any regard to the mandatory obligations of Simbhaoli Sugars Ltd. Copy of the Notification dated 31.08.2018 issued by the Central government is enclosed herewith.

(lxx) As a result of the said notifications, various operational expenses of Simbhaoli Sugars Ltd. remained outstanding since entire proceeds from the restricted sales of the stock of sugar went towards cane dues. It is pertinent to mention here that despite having a sugar stock amounting to approximately Rs.416 Crore as on March 31, 2019, the sale of which would fetch a huge amount, Simbhaoli Sugars Ltd. is prohibited and prevented from discharging its liabilities, by restricting the sale of sugar without considering the mandatory obligations of Simbhaoli Sugars Ltd. under various statutes. The Hon'ble High Court of Judicature at Allahabad had already held that the said



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policy is arbitrary and has permitted the mills to sell their stocks of sugar to repay the dues of cane growers.

(lxxi) That JLF Meeting was held on 12.06.2018 wherein it was expressly advised to all lenders not to take any action unless approved by all the lenders as only a common approach would work resolve the debt of Simbhaoli Sugars Ltd. Copy of the Minutes of the JLF Meeting held on 12.06.2018 is enclosed herewith.

The majority of the lenders of Simbhaoli Sugars Ltd. had agreed to resolve the debt of the Company by appointing a Professional Financial Advisor which is evident by multiple JLF meetings, in pursuance thereof Simbhaoli Sugars Ltd. appointed M/s Alvarez & Marshal India Pvt. Limited (hereinafter referred to as 'A & M' as their Financial Advisor for assisting in debt resolution strategy.

(lxxii) That JLF Meeting was held on 20.08.2018, wherein a representative from the A & M, informed the Lenders that the discussions with various Assets Reconstruction Companies (ARC) were taking place and various other alternatives to find out a total debt resolution for Simbhaoli Sugars Ltd. were being worked out. It was further informed that the discussions with potential investors who have shown their inclination towards Simbhaoli Sugars Ltd. were in their advance stages and they were in the processes of finalizing Information Memorandum for the same. It was also informed that a meeting of the Potential Investors with the Banks after finalization of the investments, would be arranged. It was further stated that it would take 3 to 4 weeks to produce concrete results in the matter. Copy of the Minutes of the JLF Meeting held on 20.08.2018 is enclosed herewith.

[lxxiii] A & M forwarded an Expression of Interest dated 27.08.2018 from a well-known global investor in stressed assets, which was circulated to Simbhaoli Sugars Ltd. as well as various Banks on 28.08.2018. Copy of the Expression of Interest dated 27.08.2018 is enclosed herewith.

(lxxiv) That meanwhile Simbhaoli Sugars Ltd. Company received Order dated 11.09.2018, and realized that Oriental Bank of Commerce has initiated proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before the Hon'ble NCLT, Allahabad simultaneously. Copy of the order dated 11.09.2018 passed by Hon'ble NCLT, Allahabad is enclosed herewith. The aforesaid act of Oriental Bank of Commerce was completely mala fide and uncalled for besides being violative of fiduciary obligations which the said bank had towards the Simbhaoli Sugars Ltd.

[lxxv] Simbhaoli Sugars Ltd. received various letters from its vendors/suppliers expressing inability and unwillingness to provide necessary goods/services on credit for the upcoming sugar season in October 2018 given the news of insolvency proceedings against Simbhaoli Sugars Ltd. Copy of some of the letters received by Simbhaoli Sugars Ltd. from its Vendors / Suppliers are enclosed herewith.

(lxxvi) In this background and scenario. Simbhaoli Sugars Ltd. preferred a Writ Petition before the Hon'ble Supreme Court of India challenging the RBI Circular dated 12.02.2018 and also seeking stay on recovery proceedings initiated by the Lenders including insolvency proceedings. The said Writ Petition was registered as Civil Writ Petition No. 1124 of 2018. The Hon'ble Supreme Court vide order dated 17.09.2018 quo for the time being. Copy of the Civil Writ Petition No. 1124 of



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2018 pending before Hon 'ble Supreme Court of India is enclosed herewith. Copy of the order dated 17.09.2018 passed by the Hon'ble Supreme Court of India in Civil Writ Petition No. 1124 of 2018 is enclosed herewith.

(lxxvii) That the Hon'ble Supreme Court of India, vide judgment dated 02.04.2019 had allowed the- Writ Petitions challenging RBI Circular dated 12.02.2018 and held that the enforcement of said Circular as ultra vires. Copy of Judgment dated 02.04.2019 passed by Hon'ble Supreme Court is enclosed herewith.

Thereafter, in the consortium meeting held on 27.02.2019, after discussing and analyzing all facts and circumstances, it was agreed that the debt resolution shall be expedited. In view of the said positive approach of the lenders. Simbhaoli Sugars Ltd.

It is further relevant to state that in the Consortium Meeting held on 27.03.2019 on the basis of Forensic Audit Report, the lenders deliberated and agreed that this is not a case of wilful default and fraud. The same clearly established that delay in repayment has been due to circumstances beyond the control of Simbhaoli Sugars Ltd. Company and therefore the best approach is to proceed with restructuring of debt to the consent and approval of all consortium lenders. Copy of the minutes of the Consortium Meeting dated 27.03.2019 are enclosed herewith.

(lxxviii) The above facts and circumstances establish that the present scenario is clue to developments which are beyond the control of Simbhaoli Sugars Ltd. and its promoters.

(lxxix) The present circumstances are an end result of the Government policy controlling the sugar industry and the various orders passed by Hon'ble High Court regulating the industry, all of which constitute vis majeure circumstances and developments.

(lxxx) Change in policy of the Government also adversely affected the position. All these factors immensely affected the price index of the sugar industry and increased the losses of the manufacturers. In addition to this, statutory tagging to the extent of 85% and above, along with constant decrease in price of sugar also increased the difficulties of the sugar industry.

[lxxx] The difficulties being faced by Simbhaoli Sugars Ltd. are specific to the sugar industry in India and therefore the lenders must, before taking any such extreme steps should keep such circumstances / difficulties in correct perspective. The above facts in itself establish that the case of Simbhaoli Sugars Ltd. does not fall under any category for such coercive recovery steps.

[lxxxii] Admittedly the coercive steps of Oriental Bank of Commerce, which were within the knowledge of all other lenders, further delayed the process of restructuring of the Accounts), which was approved by the Lenders in March, 2015 and also the Corporate Loan which was sanctioned by OBC in February, 2015. It is reiterated that the restructuring was pending since March, 2015 and due to arbitrary stand of the Oriental Bank of Commerce, the terms thereof could not be implemented and subsequently Simbhaoli Sugars Ltd. was wrongly governed by RBI circular dated 12.02.2018, which resulted in failure of restructuring process.

[lxxxiii] While consortium led by State Bank of India and other banks comprising of 11 lenders accorded their consent to the CDR in the meeting held on 14.09.2015, in view of delay in resolution of issues by Oriental Bank of Commerce, sanction was received in February, 2016. During this entire process, Simbhaoli Sugars Ltd. continued suffering losses.



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(lxxxiv) It is reiterated that Simbhaoli Sugars Ltd. is a part of Indian Sugar Industry and is subject to various stringent legal and social control of State and Central Governments, which are announced from time to time along with number of judicial pronouncements issued from time to time. Being a part of Agro Social System of Rural India, these controls are strictly monitored and implemented and the lenders, regulators, sugar mills and judicial system recognize and honor the same. This is the reason why Sugarcane Based Eco System in India is most effective and successful Rural Development Model.

(lxxxv) Total Cash flows of Simbhaoli Sugars Ltd. based on the tagging compliances / subsequent tagging orders being issued by the Administration from April, 2016 till December, 2018 (part period of Corporate Loan), indicates that Simbhaoli Sugars Ltd. never had enough free cash flow to service its entire debt obligations towards its Lenders. Copy of Chartered Accountant Certified Cash Flow Statement from 01.04.2016 to 30.09.2018 is enclosed herewith.

(lxxxvi) As per the above workings, free cash flows available for lenders after tagging compliances and operational payments was Rs.57.19 Crore.

(lxxxvii) The lenders are aware that the sugar industry is passing through an extremely difficult phase, with least control on its cash flows and Simbhaoli Sugars Ltd. is making all efforts to keep itself in operations for the benefit of farmers and society. Therefore, Simbhaoli Sugars Ltd. has not been able to repay the full amount in spite of intention to do so. Circumstances are beyond reasonable control of Simbhaoli Sugars Ltd. and thus require a pragmatic stance to be adopted by the lenders.

(lxxxviii) It is also relevant to state that Simbhaoli Sugars Ltd. is an 86 years old Company with three sugar complex including capacity to produce ethanol and bagasse based power and fully committed towards our farmers and lenders. Simbhaoli Sugars Ltd. is confident that the domestic sugar industry will show improvement in near future with the support of Central and State Governments. The Simbhaoli Sugars Ltd. has implanted and are considering a number of positive measures for revival of this industry.

[lxxxix] The Simbhaoli Sugars Ltd. has incurred losses including cash losses resulting into reduction of its net worth to that extent. The losses were mainly attributable to high raw material cost i.e. sugarcane price, being fixed by the Government, and relatively lower price of finished goods i.e. sugar and molasses, which have continued to be determined by market forces based on the demand-supply situation and also government policies, both of which are external factors. The losses have resulted in delays in meeting payment obligations to lenders and also to the farmers towards the cane price, though the Company continues to operate its capacities at optimal levels.

(xc) Further, number of proactive steps were initiated by the Company and the government including increase in ethanol capacities and its prices, and Simbhaoli Sugars Ltd., expects further improvement in its operational efficiencies and cash flows in form of improvement in yield, sugar recovery, reduction of overheads, finance and other costs etc. Initiatives taken by the government in form of subsidies and soft loan, shall assist in meeting the accumulated Cane dues.



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(xci) Simbhaoli Sugars Ltd. could not service its entire debt obligations of all the lenders of JLM and the reasons of the same have been time and again informed to the members of JLF during many lenders' meetings.

(xcii) That performance of Simbhaoli Sugars Ltd., both operational and financial, are being closely monitored by its lenders during the quarterly meetings at regular intervals and innumerable government agencies for the last 4-5 decades on quarterly basis. The Lead Bank had also appointed Concurrent Auditor and Stock Auditor at regular intervals for monitoring the physical performance of Simbhaoli Sugars Ltd. report of which were reviewed by the lenders frequently.

(xciii) The present condition of Simbhaoli Sugars Ltd. is also beyond its control, which is also clearly established from the facts mentioned above. This is further clearly established from the Minutes of the Joint Lenders Meeting and various orders passed by Courts and concerned Authorities.

(xciv) It is submitted that if the restructuring proposed in 2015 had been accepted, then Simbhaoli Sugars Ltd. would have achieved the projected growth and all facilities could have been successfully repaid without any irregularity, in due course. However, negative approach of the lenders, who failed to put reasonable and requisite pressure on Oriental Bank of Commerce to ensure compliance and to expedite the process of restructuring, resulted in putting undue hurdles in the revival of Simbhaoli Sugars Ltd.

(xcv) In view of the above facts and circumstances, Simbhaoli Sugars Ltd. sustained losses as per the following details:

a) Loss of business

Had the restructuring scheme implemented in 2015-16, the Company would have sufficient funds available with them to commission incineration boilers and other plant and machinery to meet the stringent pollution control board norms. This could have saved the shutting down of the distillery business of the Company and the revenues for the years under such loss of operations amounts to Rs 624 Crore. Further, due to the adverse financial position, the Company could not repay its lenders on time rendering their account becoming NPA with all the lenders. Soft loan announced by the State Government in 2018, could not be availed, due to ineligibility of the Company being NPA accounts.

The Company had promoted and made an investment of Rs 77 Crore in its joint venture company, Uniworld Sugars Private Limited, which required further funding in the year 2015. The stipulated investment could not be made as per the joint venture agreement because of lack of funds. As a result, Uniworld Sugars is facing insolvency proceedings, and there is a huge opportunity loss of business worth Rs 250 Crore, to Simbhaoli Sugars Ltd.

If the restructuring proposed in 2015 had been accepted, then Simbhaoli Sugars Ltd. would have achieved the projected growth and all facilities could have been successfully repaid without any irregularity, in due course. It is relevant to state that though the Corporate Loan was revalidated in June 2016, however, the State Bank of India and Bank of Baroda did not participate. The lenders had to disburse facility, which was never done. Thus, the lenders failed to provide requisite support, which was needed at a crucial stage. The projections of the Company as estimated by M/s PNB Investment Services Limited (PNBISL) from the Cutoff date of Restructuring till 31st Mar 2019 are as under:



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Projected as per PNB ISL model					Rs. In Cr.	
Particulars	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018	31.03.2019
Net Sales	836	830	949	1027	1078	1132
EBITDA	-30	59	142	173	203	235
PAT	-172	92	0	27	62	103

In the changed circumstances, the financial performance of the Company since 2014-15 till 31st March 2019 are as under:

Actual Financial Results					Rs. In Cr.	
Particulars	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018	31.03.2019
	Actual	Actual	Actual	Actual	Actual	Actual
Net Sales	832	851	747	840	887	952
EBITDA	8	-13	70	129	-79	23
PAT	-172	-160	-93	-37	-181	-49

includes distillery

Simbhaoli Sugars Ltd. is entitled to claim the differential as loss of business from the Cut-off date of Restructuring till 31st December 2018, which is to the tune of Rs. 624 Crore. Simbhaoli Sugars Ltd. is also entitled to claim the loss of business post 31.12.2018.

b) Loss of Goodwill and Reputation

It is reiterated that Simbhaoli Sugars Ltd. is an 86-years old Company having 3 integrated sugar complexes in the State of Uttar Pradesh. There are 120,000 Farmers whose livelihood is directly dependent on Simbhaoli Sugars Ltd. It is further relevant to state that in the crushing season 2017 -18 the Company had crushed 2,80,000 quintals of sugarcane and in the crushing season 2018-19 the Company has till 31.03.2019 crushed 239 Lac quintals of sugarcane.

The damages for loss of goodwill and reputation is based on the said data and for the loss of goodwill Simbhaoli Sugars Ltd. is entitled to claim Rs. 25 Crore.

12. It is evident that the decision purportedly taken to issue a Show Cause Notice as to why the undersigned should not be declared as "fraud" is incurably vitiated by the vice of prejudice, unfairness, arbitrariness, capriciousness and mala fides. The same has been made in complete disregard of the material facts, documentary evidence, and the force majeure circumstances that led to the alleged default of Simbhaoli Sugars Limited. The impugned action reflects a reckless disregard for objectivity and due process and stands as a textbook example of administrative overreach.



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13. *The Bank has failed to appreciate that the default in question was neither deliberate nor intentional. It was the direct result of uncontrollable and unforeseen external circumstances that rendered performance of financial obligations temporarily impossible. The Bank's attempt to construe such circumstances as evidence of fraud is not merely misplaced but perverse, revealing a pre-determined intent to vilify rather than assess facts fairly.*
14. *The very fact that the same Committee had earlier, upon a comprehensive examination of all materials, categorically declared the undersigned as "No Fraud" further exposes the arbitrary and clandestine nature of the subsequent reversal. Such contradictory and whimsical conduct, without any new evidence, shatters the credibility of the process and renders the Bank's action wholly untenable.*
15. *Thus, the undersigned cannot be foisted with any claim nor bears any obligation to discharge any alleged liability. There exists no factual or legal basis to classify him as a "fraud." The alleged defaults attributable to Simbhaoli Sugars Ltd. arose solely from force majeure events which eroded the very substratum of the loan transactions, thereby frustrating the contracts under Section 56 of the Indian Contract Act, 1872.*
16. *Without prejudice to the above, the show cause notice issued against the undersigned is void ab initio, nullis juris, mechanical, premeditated and wholly unwarranted. It must, therefore, be withdrawn forthwith, failing which the Bank's conduct shall stand exposed as deliberate harassment under colour of authority.*
17. *In view of the above, the undersigned categorically denies having committed any fraud or act that could attract proceedings under the RBI Master Circular. His role has already been thoroughly examined, and he has been conclusively declared "No Fraud" after due consideration of all relevant facts and explanations. The undersigned, therefore, calls upon the authorities to immediately rescind the impugned notice, close the proceedings, and desist from further persecution in a matter that has already attained finality.*

Committee's View on reply of Sh. Gurpal Singh dated 21.11.2025

In view of the foregoing analysis, the Bank unequivocally submits that the representation dated 21.11.2025 filed by Mr. Gurpal Singh is wholly misconceived, legally untenable, and devoid of merit on facts. The submissions made therein fail to address the substantive concerns that necessitated issuance of the Show Cause Notice and instead seek to divert attention through extraneous narratives, selective reliance on past decisions, and unfounded allegations against the Bank.

The Bank reiterates that issuance of the Show Cause Notice dated 01.11.2025 is a lawful, necessary, and inevitable regulatory step, undertaken strictly in discharge of the Bank's statutory obligations and supervisory responsibilities under the applicable RBI Master Directions on Frauds. The Notice is neither arbitrary nor actuated by mala fides; rather, it reflects the Bank's duty to protect public funds, uphold financial discipline, and ensure regulatory compliance. At no stage does the Notice record or suggest any predetermined



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conclusion. It merely initiates due process by affording the Noticee a fair, structured, and meaningful opportunity to explain his role and conduct.

The reliance placed by the Noticee on an earlier "No Fraud" decision is fundamentally flawed. Fraud classification is not a one-time adjudication, but a dynamic and continuing regulatory assessment. The Bank is expressly empowered to revisit and re-examine the matter where subsequent material, supervisory feedback, enhanced scrutiny, or further appreciation of facts so warrants. The principles of finality, estoppel, or res judicata are wholly inapplicable to regulatory fraud determinations, which operate in public interest and cannot be fettered by prior administrative outcomes.

The Noticee's repeated attempt to attribute the stress in the account exclusively to external factors such as industry conditions, government policies, judicial directions, or cane pricing regulations is misdirected and legally irrelevant for the purposes of fraud examination. While such factors may contextualise commercial stress, they do not, and cannot, absolve governance failures, lapses of oversight, misrepresentations, suppression of material facts, or conduct inconsistent with sanctioned terms and disclosures made to the Bank. Fraud determination under RBI guidelines is not confined to proof of criminal intent or personal enrichment, but squarely encompasses reckless conduct, wilful omissions, systemic governance failures, and breach of fiduciary obligations.

Equally untenable are the pleas founded on non-executive status, resignation, inter-se settlements, internal corporate arrangements, or absence of subsisting personal guarantees. Fraud examination is concerned with the role, influence, decision-making authority, and responsibility of individuals during the relevant period of account operations. Private settlements, internal re-alignments, or subsequent disengagements do not bind lenders, do not dilute regulatory scrutiny, and do not operate as shields against examination of past conduct.

The allegations levelled against the Bank—of mala fides, harassment, abuse of process, or violation of Article 14—are reckless, unsubstantiated, and emphatically denied. The Bank has acted with institutional restraint, procedural fairness, transparency, and reasoned application of mind, strictly in accordance with RBI directions and established regulatory practice. Such allegations appear to be an attempt to intimidate the regulatory process rather than to address the substantive issues raised in the Notice.

Accordingly, the Bank submits that the explanations tendered by the Noticee do not satisfactorily dispel, rebut, or mitigate the concerns that led to the issuance of the Show Cause Notice. The matter therefore clearly warrants consideration on merits by the competent authority, in strict accordance with law, the RBI Master Directions on Frauds, and the material available on record, without being influenced by speculative allegations or extraneous considerations.



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On receipt of borrower's response, documents related to our Show Cause Notice dated 01.11.2025, all relevant documents along with annexure send to the borrower with registered post on 06.01.2026 status of registered post and response as under:

S. No	Name of Party	Date of Issuance of Notice	Status Delivery (As per Indian Post)	Remarks
1.	M/s Simbhaoli Sugars Ltd. (Borrower)	06.01.2026	Delivered on 12.01.2026 & 13.01.2026	No Reply Received
2.	Sh Gurmeet Singh Mann (CMD)	-do-	Delivered on 12.01.2026	No Reply Received Return to Sender Refused
3.	Sh Gurpal Singh (Dy.Managing Director)	-do-	Delivered on 14.01.2026	Reply received on 30.01.2026 vide letter dated 28.01.2026
4.	Smt Gursimran Kaur Mann (ED)	-do-	Delivered on 10.01.2026	No Reply Received Direct Deposit on addressee instructions
5.	Sh G.S.C. Rao (CEO)	-do-	Delivered on 10.01.2026	Reply received on 23.01.2026 vide letter dated 21.01.2026
6.	Sh Sanjay Tapriya (CFO)	-do-	Undelivered on 10.01.2026	Return to sender NO Such Person in the address

GSC RAO RESPONSE LETTER DATED 21.01.2026

I write with reference to the proceedings initiated in relation to the farmers' financing scheme and reference is also made to the Order dated 06.09.2025.

2. It is respectfully submitted that the abovementioned Letter dated 06.01.2026 issued by you to me, you have attached a large compilation of documents amounting to over 2000 pages. That I have perused the said documents attached by you with the said letter, and I humbly submit that the entire document compilation annexed by you with the abovesaid Letter dated 06.01.2026, does not constitute or comprise of any new document which has emerged post your order dated 06.09.2025, whereby you declared that the account of the Company is fit to be classified as No Fraud Account and before the issuance of the Show Cause Notice dated 01.11.2025 bearing No. FRMD/SCN/Simbhaoli which now entitles you to re-appreciate evidence and reagitate.

3. That the issuance of the Letter dated 06.01.2026 bearing No. FRMD/SCN/Simbhaoli/Relevant Documents is a deliberate attempt by you to re-appreciate evidence despite your decision dated 06.09.2025 and on the basis of no new fact or document, and the said action on your part is not permitted.



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4. Hence, in view of the above it is humbly requested that the Show Cause Notice dated 01.11.2025 may kindly be withdrawn.

Committee's view on reply of Sh. G.S.C. Rao dated 21.01.2026

1. The representation dated 21.01.2026 does not disclose any infirmity in the Bank's actions.
2. The forwarding of documents vide letter dated 06.01.2026 is procedural, transparent, and lawful.
3. The Bank is fully empowered to re-examine material already on record under RBI regulations.
4. The Show Cause Notice dated 01.11.2025 is valid, subsisting, and requires consideration on merits.

Accordingly, the representation dated 21.01.2026 is considered and rejected. The decision is being taken in accordance with RBI guidelines and applicable law.

Gurpal Singh Response Letter dated 28.01.2026

1. That the present response/reply is being submitted by Mr. Gurpal Singh, (hereinafter referred to as the "UNDERSIGNED"), in response to your communication dated 06.01.2026, whereby certain documents have been forwarded under the caption "Documents relevant to our show cause notice dated 01. 11.2025".

2. At the outset, it is placed on record that the Undersigned has already submitted a detailed, comprehensive, and reasoned representation dated 21.11.2025, wherein every allegation contained in the Show Cause Notice dated 0 1.11.2025 was categorically denied, both on facts and in law. The present submission is therefore without prejudice, and strictly limited to addressing the implications of the belated document supply now sought to be undertaken by the Bank.

3. Without prejudice to the detailed objections already placed on record, the Undersigned states that the documents furnished vide the Bank's letter dated 06.01.2026 are wholly irrelevant, non-incriminatory, and legally inconsequential insofar as the Undersigned is concerned. The said documents neither disclose any act, omission, instruction, authorization, or decision attributable to the Undersigned, nor do they establish any nexus between the Undersigned and the purported allegations of fraud sought to be resurrected by the Bank. The mere production of voluminous records, without attribution, does not convert suspicion into proof, nor does it cure the foundational illegality of the proceedings.

4. Significantly, the Bank has failed to identify even a single specific document, page, clause, or entry which is alleged to implicate the Undersigned. No correlation has been drawn between the documents supplied and the allegations levelled. No part of any document is pleaded to have been authored, approved, executed, or acted upon by the Undersigned. In the absence of such



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pleading and attribution, the documents remain what they are corporate records relating to the company at large, incapable of fastening individual liability upon the Undersigned in a proceeding carrying grave civil and penal consequences.

5. The present exercise is, in substance, nothing but a mechanical dumping of thousands of pages upon the Undersigned, without disclosure of relevance, without identification of incriminating material, and without articulation of any causal link between the documents and the purported allegations. Such an approach violates the most basic tenets of fairness and natural justice. A noticee cannot be compelled to guess the case against him from a haystack of documents. The law requires specificity, not volume; clarity, not clutter; and proof, not paperwork.

6. It is of decisive significance that every document now supplied by the Bank:

- pertains to the period 2012-2019,*
- was always within the possession, custody, and knowledge of the Bank, and.*

7. admittedly predates the decision of the Head Office Fraud Examination Committee dated 06.09.2025, whereby the account was categorised as "NO FRAUD" due to insufficiency of evidence. Further the Bank has also recorded the submissions of the undersigned before declaring categorising as NO FRAUD.

8. The Bank has not disclosed:

- any document post-dating 06.09.2025,*
- any new transaction,*
- any newly discovered act,*
- or any fresh material attributable to the Undersigned*

9. The issuance of the letter dated 06.01.2026 itself constitutes an implicit admission that the Show Cause Notice dated 01.11.2025 was issued without disclosure of the material relied upon, rendering the said notice inherently defective at inception.

10. A show cause notice which calls upon a noticee to defend himself without contemporaneous disclosure of the material forming its foundation is not a notice in the eyes of law, but a hollow formality. The Bank cannot first accuse and only later attempt to justify the accusation by post-facto document dumping.

11. The law does not permit allegations to precede evidence. Nor does it tolerate adjudication by ambush.

12. A re-reading of old records With a preconceived and malevolent mind does not metamorphose into a "fresh finding". Reconsideration of the same material, after a conscious decision of No Fraud, is not review - it is institutional vacillation, and worse, a colourable exercise of power.

13. The Bank's own Fraud Examination Committee, after examination of records and responses, rendered a categorical finding of "No Fraud" on 06.09.2025. That decision has neither been:

- recalled,*



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• reviewed in accordance with law,

• nor set aside by any competent authority.

14. In the absence of demonstrable new material, the Bank is estopped in law and equity from reopening concluded proceedings. Administrative finality is not a matter of convenience; it is a constitutional restraint.

15. Such repeated reopening is not diligence. It is harassment.

16. The Undersigned cannot be subjected to perpetual proceedings merely because the Bank is unwilling to accept the legal consequences of its own decisions.

17. The Undersigned reiterates and reaffirms the stand already taken in the detailed representation dated 21.11.2025, the contents whereof are expressly relied upon and reiterated as if set out herein verbatim. Nothing contained in the documents now furnished vide letter dated 06.01.2026 dilutes, displaces, or contradicts the said reply. On the contrary, the belated supply of documents only reinforces the Undersigned's consistent position that the Show Cause Notice dated 01.11.2025 was issued without disclosure of any material implicating the Undersigned, without attribution of any role to him, and without existence of any fresh or incriminating evidence. The objections, denials, and legal submissions already placed on record therefore stand fully sustained and continue to bind the present proceedings.

17.1. At the outset, and without prejudice, it is submitted that, as rightly recorded in the Show Cause Notice itself, the account of the undersigned has already been classified as "No Fraud" by the Head Office Fraud Examination Committee vide its decision dated 06.09.2025. The subsequent developments, as enumerated in the present Show Cause Notice, in no manner establish or even suggest any involvement of the undersigned in any fraudulent activity. The show cause notice is premise and predicated on vague and non-specific averments against the undersigned and for this reason alone the same is rendered untenable.

17.2. The position of the undersigned remains precisely as it stood prior to the issuance of the present notice. Every relevant fact, record and explanation had already been placed before the competent authorities, pursuant to which the account was conclusively and categorically declared as "No Fraud." That determination, arrived at after a detailed and reasoned examination by the Bank's own Fraud Examination Committee, attained finality.

17.3. The present action of the Bank in re-issuing yet another Show Cause Notice on the very same subject is wholly indefensible. It betrays due process of law, reeks of mala fides, and constitutes an outright abuse of power. By attempting to reopen a matter already settled on merits, without any fresh material or justification, the Bank has acted in a manner that is arbitrary, vindictive and clandestine in nature.

17.4. It is inconceivable how the Bank can now seek to revisit and question findings recorded by its own Fraud Examination Committee after exhaustive scrutiny of records, statements and evidence. The purported "fresh examination" is nothing but a facade; a colourable exercise designed to overreach the earlier exoneration and harass the undersigned. The entire process smacks of a pre-determined intent to malign and exert undue pressure, in complete violation of the principles of natural justice and the doctrine of finality.



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17.5. The Bank's conduct is further aggravated by the manner in which the impugned notice has been issued surreptitiously and without any disclosure of new facts or grounds. Such deliberate concealment of material context and absence of transparency render the entire exercise void ab initio and vitiated by mala fides. The undersigned strongly condemns this oppressive and arbitrary action taken under the garb of administrative authority, which amounts to nothing short of harassment.

17.6. The issuance of the present notice is an afterthought; an unwarranted, baseless and high-handed act that undermines both institutional integrity and administrative propriety. Continuing to pursue such a course not only erodes the Bank's credibility but exposes it to proceedings for abuse of process and misuse of authority.

17.7. It is reiterated that the essential elements constituting fraud: dishonest intent, benefit and participation; are wholly absent. The undersigned had no mens rea, derived no personal gain and was not involved in any of the transactions alleged. The impugned notice, therefore, lacks both legal and factual foundation and deserves to be withdrawn forthwith.

17.8. Without prejudice to the above, and purely in the interest of cooperation, the undersigned reiterates and relies upon the comprehensive submissions and documents already placed on record during the earlier proceedings, pursuant to which the account was rightly and conclusively categorised as "No Fraud."

17.9. Without prejudice, for brevity and emphasis, the undersigned reiterates the following decisive points which render the present show-cause notice mala fide, untenable and liable to be withdrawn:

(i) The entire gamut of proceedings in the present matter emanates from allegations relating to purported irregular financial transactions, distribution & appropriation of money by Simbhaoli Sugars Limited (hereafter referred to as "Simbhaoli" or the "company" as the case may be) with respect to the financial assistance and facilities afforded to Simbhaoli by erstwhile Oriental Bank of Commerce (now Punjab National Bank).

(ii) It is specifically submitted that every representation given to the bank as well as all appropriations and utilisation of funds by Simbhaoli were made pursuant to the decision of the board of directors of Simbhaoli which comprised of its Chairman, Managing Director, Director Finance/CFO and COO. All important matters of concern were decided by the board and were put to course of action thereafter as per the decision of the board. The undersigned was merely a witness to the said board proceedings and the undersigned did not have any authority to approve or authorise such decisions or any of the surrounding activities concerning alleged misappropriation of funds.

(iii) It is stated that the acts of Simbhaoli with respect to the highlighted transactions were never in the knowledge of the undersigned. It is stated that the undersigned was at the post of a director only in name and title and he was not in control or active management of the affairs of the company. It is trite law that when allegations of fraud and breach of trust bordering on penal offences are attributed to a party, the same have to be specific, properly formulated and supported by cogent documentary evidence, all of which ingredients are conspicuously absent in the notice under reply. Further, merely by holding the position of a director in a corporate entity, a person



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cannot be charged with criminal insinuations and cannot be stated to be in charge of day-to-day affairs of the company. Since Master Circular dated 01.07.2016 bearing no. RBI/DBS/2016-17 /28 DBS.CO.CFMC. BC.No.1/23.04.001/2016-17 postulates grave civil and criminal consequences, the provisions thereof are required to be construed strictly. In SMS Pharmaceuticals Ltd. Vs. Neeta Bhalla - (2005) 8 sec 89, the Hon'ble Supreme Court, inter alia, held that merely due to association with the accused company in the capacity of a director, he cannot be held to be criminally and vicariously liable. In "Susela Padmavathy Amma Vs. Bharti Airtel Ltd." - 2024 SCC Online SC 311, it was inter alia, propounded that merely because a person is a director of a company, it is not necessary that he is aware about the day-to-day functioning thereof and that there is no universal rule that a director of a company is in charge of day-to-day affairs. In "National Small Industries Corporate Ltd. Vs. Harmeet Singh Paintal" - (2010) 3 sec 330, it was held that provisions of a penal statute require adherence to strict interpretation.

(iv) It is pertinent to mention that the company was under the active control and management of Mr. Gurmit Singh Mann (the Chairman) along with his daughter Ms. Gursimran Kaur Mann (Managing Director) hereinafter referred to as the "Mann Group", together with Mr. Sachchida N and Mishra (Whole Time Director and Chief Operating Officer). It is reiterated that the undersigned was the non-executive director at the company during the relevant time. The undersigned had no real, whether direct or indirect, express or implied control and decision making authority at Simbhaoli during the relevant time. Further, the undersigned resigned from his office at Simbhaoli on 31.05.2017, pursuant to the settlement arrived between the undersigned and the Mann Group as has been explained in the paragraphs below and has also been recorded by the Hon'ble NCLT, Allahabad.

(v) Disputes arose inter se 'Sandhu Group' comprising of the undersigned, Ms. Jai Inder Kaur, Mr. Govind Singh Sandhu, Mr. Angad Singh and Pritam Singh Sandhu Associates Pvt. Ltd. and 'Mann Group' comprising of Mr. Gurmit Singh Mann, Ms. Gursimran Kaur Mann and Dholadhar Investments Pvt. Ltd.

(vi) The aforementioned disputes became the subject matter of proceedings in C.P. No.77 /241-242/ALD/2016 titled as "Mr. Gural Singh & Ors. Vs. Simbhaoli Sugars Ltd. & Ors." filed before Hon'ble National Company Law Tribunal, Allahabad.

(vii) It is the case of the Bank that, vide Sanction Letter dated 29.12.2005, it Sanctioned a Term Loan Facility of Rs. 27 Crore in favour of Simbhaoli Sugars Ltd. Subsequently, a consortium of lenders comprising of Punjab National Bank, Bank of Baroda, State Bank of Patiala, led by State Bank of India, extended consolidated Term Loan Facilities amounting to Rs. 313.22 Crore to Simbhaoli Sugars Ltd., vide alleged Sanction Letter dated 04.02.2007. Thereafter, the said Credit facilities were further enhanced, vide Sanction Letter dated 02.04.2007.

(viii) It is further the case of the Bank that, vide Sanction Letter dated 11.07.2009, the aforesaid Consortium of Banks sanctioned Working Capital Facilities amounting to Rs. 25 Crore in favour of Simbhaoli Sugars Ltd. Additionally, vide Sanction Letter dated 22.10.2008, the Bank sanctioned a credit facility amounting to Rs. 51.13 Crore, and vide another Sanction Letter dated 22.10.2008 of the same date, sanctioned a further credit facility amounting to Rs. 57.50 Crore. Subsequently, vide Sanction Letter dated 23.05.2009, the Consortium of bank enhanced the aforesaid credit facilities amounting to Rs. 206.50 Crore in favour of Simbhaoli Sugar Ltd. Thereafter, vide



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Sanction Letter dated 31.03.2010, the Bank enhanced the credit facilities amounting to Rs. 511.73 Crore in favour of Simbhaoli Sugars Ltd.

(ix) It is further the case of the Bank that Simbhaoli Sugars Ltd. approached Punjab National Bank for the restructuring of the existing credit facilities under the Corporate Debt Restructuring (CDR) mechanism, which was approved by the Management Committee in its meeting held on 12.08.2011. Pursuant thereto, credit facilities amounting to ~ 107 Crore were sanctioned, vide Sanction Letters dated 23.08.2011 and 30.08.2011. Further, vide Sanction Letter dated 13.09.2011, the consortium of Banks, comprising ICICI Bank, Bank of Baroda, Punjab National Bank, and State Bank of India, sanctioned Working Capital Facilities amounting to Rs.50 Crore in favour of Simbhaoli Sugars Ltd.

(x) It is further the case of the Bank that, on 24.12.2012, the previously sanctioned credit facilities were again restructured under the Corporate Debt Restructuring (CDR) mechanism by the Bank, vide Master Restructuring Agreement dated 24.12.2012, for an amount of Rs. 151 Crore in favour of Simbhaoli Sugars Limited. Under this arrangement, State Bank of India was appointed as the lead bank and Punjab National Bank was designated as the second Lead Bank. It is also the case of the bank that the said credit facilities were subsequently enhanced in the year 2012 by the Consortium comprising of State Bank of India, Bank of Baroda, Erstwhile State Bank of Patiala, ICICI Bank, Export- Import Bank of India, Erstwhile State Bank of Bikaner and Jaipur and Punjab National Bank amounting to Rs. 195.06 Crore in favour of Simbhaoli Sugars Ltd.

(xi) It is further the case of the Bank that the Simbhaoli Sugars Ltd. once again approached the Corporate Debt Restructuring Cell for the restructuring of the credit facilities, which was approved by CDR cell on 29.02.2016. In pursuance thereof, vide Sanction Letter dated 15.03.2016, the Bank sanctioned further Credit Facilities amounting to Rs. 156.09 Crore in favour of Simbhaoli Sugars Ltd and obtained fresh personal guarantees of Ms. Gursimran Kaur Mann.

(xii) In this regard, it is submitted that no personal guarantees, whatsoever were furnished by the undersigned at any point in time. The undersigned has not executed or signed any documents, agreement or deed of guarantees in relation to the aforementioned credit facilities which were sanctioned vide Sanction Letter dated 15.03.2016. The said credit facilities were disbursed on the basis of the collateral security in the nature of personal guarantees of Mr. Gurmit Singh Mann and Ms. Gursimran Kaur Mann. It is pertinent that Punjab National Bank closed all pre-existing loan accounts and disbursements were made under the credit facilities sanctioned vide letter dated 15.03.2016 in new loan accounts.

(xiii) Accordingly, by virtue of the Doctrine of Novation, the undersigned stood fully discharged from any alleged obligations as surety that may have arisen under any prior guarantees, if any existed. Consequently, the undersigned cannot be held liable for the Bank's alleged claims in light of the provisions contained in Sections 133, 141, 142, and 143 of the Indian Contract Act, 1872. Therefore, no liability can be legally imposed upon the undersigned beyond the terms expressly agreed to therein.

(xiv) The Sanction Letter dated 15.03.2016 and any subsequent sanction or restructuring of the credit facilities thereafter, novated the earlier agreements governing the debt obligations of Simbhaoli Sugars Limited. In view of the doctrine of novation as enshrined under Section 62 of Indian Contract Act, 1862 and Section 133 of The Contract Act, 1872, the sanction of credit



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facilities vide Sanction Letter dated 15.03.2016 and any subsequent sanction or restructuring of the credit facilities thereafter, extinguished all antecedent rights and obligations arising under the original agreements. Accordingly, the undersigned stood released in perpetuity and without recourse from any purported guarantee liabilities arising under the erstwhile contractual arrangements. The undersigned places reliance on the following judicial precedents:

- a. "Satish Chandra Jain Vs. National Small Industries Corporation Ltd. & Ors."- AIR 2003 SC 623;
- b. "Central Bank of India Vs. Systems & Softwares & Ors."- 194(2003) DLT 976;
- c. "New Standard Bank: Ltd. Vs. Prabodh Chandra Chakrabarip" -AIR 1942 Cal. 87 (DB);
- d. "The Indian Bank, Madras Vs. S. Krishnaswamy and Ors." - MANU /TN/ 0022 / 1990;
- e. "State Bank: of India Vs. Machine Well Industries and Ors. 1980 SCC Online Del 318; and
- f. "Central Bank of India Vs. Ali Mohammad and Anr." - 1992 SCC Online Bom 109.

(xv) The undersigned was not a personal guarantor to any loans taken from the (erstwhile OBC or PNB) by Simbhaoli Sugars Limited. This is evident from the record of the company, the official documents related to the loaning accounts as well as the record of judicial proceedings being - O.A. 26 of 2015 before the Hon'ble DRT, Lucknow; O.A. 1240 of 2017 filed by Oriental Bank of Commerce (now Punjab National Bank) before Hon'ble DRT, Delhi & CP No. (IB) 331/ALD/2018 filed by the Bank before the Hon'ble NCLT, Allahabad. It is therefore clear that the Bank itself did not find any delinquency on part of the undersigned in respect of the financial dealings.

(xvi) That the Bank on 05.03.2018 issued a notice to Simbhaoli Sugars Ltd. as well as the personal guarantors for declaring the accounts of the company as wilful defaulter. In the said notice, no imputation was raised on the conduct in performing any act of the undersigned in any manner whatsoever.

(xvii) From the fact that the undersigned was not named as a respondent or defendant in the above stated legal proceedings and was also not named as a delinquent in the notice dated 05.03.2018, it is clear that the name of the undersigned has been included to the show cause notice dated 25.04.2025 only to seek formal clarifications from the undersigned. It is reiterated that the undersigned was not concerned with the effective business management of Simbhaoli and was not the decision maker concerning the financial or business operations of the company in respect of the financial assistance tendered to the company.

(xviii) The undersigned joined the company in and around 1980 as a Production Manager with Simbhaoli Industries Pvt. Ltd, and was bound to act and follow the instructions of the management and his supervisors in performing operative functions. Subsequently, in 1985 - 1986, the undersigned was promoted as a Director of Simbhaoli Industries Limited and also served as a Director of Simbhaoli Sugars Mills Limited. Further, the undersigned served as the Director (Distillery Marketing) at Simbhaoli Sugars Mills Limited. The undersigned thereafter, in 1999 - 2000 was designated as the Deputy Managing Director, reporting to and acting under the instructions & control of Sh. Gurmit Singh Mann (Chairman and Managing Director), Simbhaoli Sugars Limited. The undersigned later (27.06.2013 - 13.11.2015) became one of the Managing Director (Operations) Simbhaoli Sugars Limited and on 13.11.2015, the undersigned was operating as the Director (Non-Executive) at Simbhaoli Sugars Limited.



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(xix) As stated above, the role of the undersigned in the company since the date of his joining i.e. starting from the year 1999-2000, was limited to managing the operations such as production etc. on behalf of the company. Working in the capacity as an employee acting under the directions of the board of the company, the undersigned has never been involved in the financial management nor was the undersigned ever discharging any administrative functions of the company involving financial elements. To give further details about the role of the undersigned with respect to the company, are as follows:

- a) Corporate Governance Report of the company for the year ending 30.09.2010, approved in the board meeting held on 29.11.2010;
- b) Corporate Governance Report of the company for eighteen months ending on 31.03.2012, approved in the board meeting held on 25.09.2012;
- c) Corporate Governance Report of the company for the financial year ending on 31.03.2013, approved in the board meeting held on 28.05.2013.

(xx) A bare perusal of the aforesaid reports would show that the responsibility with respect to commerce, business finance and fiscal decision making was wholly and entirely vested with Mr. Sanjay Tapariya (Chief Financial Officer) of the company. It is clear that such responsibility and decision-making authority was not vested in the undersigned and the undersigned had no role in relation to financial dealings of the company including appropriation of monies received from the Bank.

(xxi) Further in the meeting of the consortium convened on 13.04.2017, the lenders including Punjab National Bank entered into a confabulation, inter alia, on the release of the personal guarantee and the shares pledged by the undersigned.

(xxii) The two groups, as aforesaid, vide Settlement Agreement dated 28.05.2017, resolved their disputes and differences amicably. Copy of Settlement Agreement dated 28.05.2017 is enclosed herewith. The disputes arose between the two groups because the Mann Group tried to unlawfully removed the undersigned from directorship of Simbhaoli Sugars Ltd. and accordingly wrest control over the affairs of the company.

(xxiii) The Hon'ble NCLT, Allahabad, vide order dated 30.05.2017, accepted and recorded the aforementioned settlement. Pursuant to the aforementioned settlement, the undersigned wrote to the company to declassify the Sandhu Group including the undersigned, as one of the promoter groups of Simbhaoli Sugars Ltd. Further, the shareholding percentage of 'Sandhu Group' including the undersigned was considerably diluted. Copy of order dated 30.05.2017 is enclosed herewith.

(xxiv) The undersigned was reclassified as Director on the 13th of November 2015 and was not in control over the affairs and day-to-day decisions of Simbhaoli Sugars Ltd.

(xxv) In furtherance of the Settlement Agreement dated 28.05.2017, Escrow Agreement dated 30.06.2017 was executed by the undersigned, Mr. Gurmit Singh Mann, Ms. Gursimran Kaur Mann, Dholadhar Investments Pvt. Ltd., Simbhaoli Sugars Ltd. and SBICAP Trustee Company Ltd. Copy of Escrow Agreement dated 30.06.2017 is enclosed herewith.



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(xxvi) One of the escrow documents is a signed resignation letter of the undersigned. This was to take effect on the lenders releasing the Personal Guarantees and pledge of shares of the undersigned.

(xxvii) Vide letter dated 30.06.2017 addressed to Simbhaoli Sugars Ltd., the undersigned, inter alia, sought release/ replacement/ cancellation of the alleged personal guarantees of the undersigned and requested Simbhaoli Sugars Ltd. to take appropriate steps with the banks and financial institutions. Copy of letter dated 30.06.2017 is enclosed herewith.

(xxviii) The aforementioned letter dated 30.06.2017 was duly acknowledged by Simbhaoli Sugars Ltd. and members of 'Mann Group'. Copy of letter of acknowledgement dated 30.06.2017 is enclosed herewith.

(xxix) Simbhaoli Sugars Ltd., vide email dated 04.07.2017, addressed to the members of the consortium, inter alia, sought release/replacement/revocation of all the alleged personal guarantees attributable to the undersigned as also the pledges provided by the undersigned and other members of 'Sandhu Group'.

(xxx) In the meeting of the consortium convened on 13.09.2017 and 27.11.2017, the lenders entered into a confabulation, inter alia, on the release of the personal guarantees and the shares pledged by the undersigned. Copy each of minutes of meeting dated 13.09.2017 and 27.11.2017 are enclosed herewith. PNB Bank had already gone ahead with the replacement of guarantees as mentioned earlier.

(xxxi) Vide letter dated 27.12.2017, Simbhaoli Sugars Ltd. informed Securities & Exchange Board of India about the aforementioned developments and sought exemption from strict compliance contemplated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in order to proceed to give effect to the settlement dated 28.05.2017. Copy of letter dated 27.12.2017 is enclosed herewith.

17.10. In addition to the aforesaid, the undersigned states as under:

(i) Simbhaoli Sugars Ltd., is an 86 years old Company having 3 integrated sugar complexes in the State of Uttar Pradesh, with over 3,000 employees. Simbhaoli Sugars Ltd. has always been a pioneer in maintaining cordial farmer relations by consistent development, upliftment of surrounding area, achieved operational and technical excellence and by producing the best quality sugar in Northern India. There are approx. 1,20,000 farmers, whose livelihood is directly dependent upon Simbhaoli Sugars Ltd., in the last crushing season 2018-19 itself it has crushed excess of 250 lacs quintals of sugar cane.

(ii) Despite having state of art manufacturing units and working at one of the best capacity utilizations across the industry, Simbhaoli Sugars Ltd. has suffered financially during the last decade on account of number of industry related factors, which were beyond its control and its financial structure.

(iii) The existing asset base of Simbhaoli Sugars Ltd. as per the audited Books of Accounts as on March 31, 2019 is over Rs.1294 Crore and as per Report of RBSA as on October 2018 is Rs.887.56 Crore, with following operating capacities:



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Division	Sugar (TCD)	Distillery (KLD)	Power (MWH)	Bio manure (MMT/Day)
Simbhaoli	9500	90	62	17
Chilwaria	6000	60	8	9
Brijnathpur	4000	60	38	9
Total	19500	210	108	35

Under the JV with 51 % shareholding i.e. M/ s Simbhaoli Power Pvt. Ltd.

(iv) It is a matter of record and common knowledge that the Sugar Industry has been the backbone of the Indian agriculture sector and has always been the catalyst of last mile rural growth and economy particularly in the State of Uttar Pradesh. The role of the industry is reflected by index of the rural development in the catchment areas.

(v) Simbhaoli Sugars Ltd. has also been continuously working towards the rural upliftment of the associate villages which has been evident in many of the associated villages. Some of these steps are enumerated as under:

a. Extensive cane development program by way of propagating cane variety over the years resulting in improved yield and many new approaches like inter cropping, water management, providing hybrid varietal seeds and pesticides and fertilizers at subsidized rates for the benefits of the farmers.

b. Simbhaoli Sugars Ltd. has been carrying out sugarcane infrastructural development programmes through associated Sugarcane Societies in the associated villages.

c. Simbhaoli Sugars Ltd. has been providing the medical facilities in the attached villages on subsidized rates/ free of cost. It has created schools and clean water facilities in its area.

(vi) Despite having state of art manufacturing units and working at one of the best capacity utilization across the industry, Simbhaoli Sugars Ltd. has suffered financially during the last decade, on account of number of industry related factors, which were beyond the control of the Company and its financial structure.

(vii) UP State Sugar Industry Promotion Policy (NSIPP): UP State Govt. had announced a New Sugar Industry Promotion Policy (NSIPP) in the year 2004 to attract private investment for growth of sugar sector. Simbhaoli Sugars Ltd. had invested around Rs.500 Crore, which was majorly financed through loans. As per the Policy Document, the total capital cost was to be paid back to the Sugar Mills in the form of various incentives/reimbursements/rebates in a span of approx. 10 years. However, this policy was rescinded in the year 2007 without giving any benefits. Thus, the expansion costs, interest thereon and other costs became a liability, which could not be served out of operations. As per Company's assessment, the incentives/ subsidies due under the policy aggregate to Rs.400 Crore approx. up to March 2019, in respect of which Simbhaoli Sugars Ltd. has been following up with the UP State administration.

(viii) As a result of the expansion in the capacities by all the Mills under policy, the equilibrium in the demand and supply of sugar got disturbed (excessive sugar production), which adversely affected the market sugar price in the country especially in the State of Uttar Pradesh.



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(ix) The said step of the Government was challenged by various parties (including Simbhaoli Sugars Ltd.) before the Hon 'ble High Court of Judicature at Allahabad.

(x) One of the affected parties was Bajaj Hindusthan Ltd. In the Writ Petition preferred by M/ s. Bajaj Hindusthan Ltd. the Hon'ble High Court vide order dated 17.09.2014 allowed the Writ Petition and upheld the validity of the benefits of the policy. Copy of the order dated 17.09.2014 passed by Hon'ble High Court of Judicature at Allahabad in the matter of Bajaj Hindustan Ltd. Vs. State of U.P. is enclosed herewith.

(xi) The order passed by the Hon 'ble High Court in Bajaj Hindustan Ltd. 's matter as aforementioned was also upheld by the Hon 'ble Supreme Court vide its order dated 07.03.2018. The challenge was arising out of various different petitions and SLP (C) No. 1473- 1474/2015 in the matter of Bajaj Hindustan Ltd. was clubbed with SLP (C) No. 2896-2897 /2015 and both the said petitions were dismissed vide order dated 07.03.2018. Copy of the order dated 30.03.2015 passed in SLP (C) No. 1473-1474/2015 and order dated 07.03.2018 passed in Civil Appeal Nos. 7119- 7120/2017 and 7121-7122/2017 are enclosed herewith.

(xii) The State Government delayed in disbursal of incentives which led to filing of Contempt petition by Bajaj Hindustan Ltd. and in said Contempt Petition, the Hon 'ble Supreme Court sought explanation from Cane Commissioner of State of U.P. and directed Cane Commissioner to show cause why proceedings under contempt be not initiated against him and Cane Commissioner assured to disburse incentives under the scheme expeditiously. Copy of Order dated 16.04.2019 passed by the Hon'ble Supreme Court in Contempt Petition is enclosed herewith.

(xiii) However, as a result of the negative margins owing to steep decline in the sugar prices, cane dues during the end of the crushing season 2013-14 were at a historical high at Rs.8, 754.52 Crore in the State of Uttar Pradesh as informed by the State on affidavit before the Hon'ble High Court of Judicature at Allahabad, which is recorded in the judgment dated 05.09.2014, which reached to approx. Rs.18,958 Crore for the country, and approx. Rs.11000 Crore in the state of Uttar Pradesh (at the end of the 2018-19 season). Above figures show and only interpretation, which comes out is that Sugar Industry as a whole is reeling in financial troubles. Copies of the Newspaper clippings are enclosed herewith.

(xiv) That under the State Cane Laws relating to Sugarcane Supply and Regulation under the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953 and Rules made thereunder, 85% of the sugar sale proceeds are statutorily tagged for utilization for cane payment only.

(xv) However, owing to the mis-match in the Cane and finished sugar prices, this 85% was not sufficient enough to take care of the entire cane dues in number of seasons. Therefore, the administration has resorted to collect even a higher percentage of sale of sugar and other by-products for payment of cane price dues.

(xvi) In this background, the Bhartiya Kisan Mazdoor Sangathan approached the Hon'ble High Court of Judicature at Allahabad in the year 2014 for expediting the cane payments to farmers in the larger interest of the farmer community. The same was registered as a Public Interest Litigation, bearing No. 29523 of 2014.



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(xvii) In order to ensure cane dues payment to farmers, the Hon'ble High Court of Judicature at Allahabad passed interim order directing sugar mills for selling 15% of entire sugar stocks held by them and depositing the entire sale proceeds in specially earmarked cane payment accounts.

(xviii) The said Public Interest Litigation was finally disposed off, vide order dated 05.09.2014, which directed that the process of sale shall be monitored by the Collector of each District and the amount realized shall be deposited in a separate account and shall be utilized for payment of dues of cane growers.

(xix) The Hon'ble High Court further directed the sugar mills to sell 15% of the entire sugar stocks held by them and deposit the entire sale proceeds in specially earmarked Cane Payment Accounts.

(xx) The Hon'ble High Court further directed the State Government to ensure that the payment of sugarcane dues be made to farmers through the District Magistrates (DM) on or before 31.10.2014.

(xxi) Accordingly, the Hon'ble High Court directed the concerned DMs to verify the sugar stocks of sugar mills in their respective districts and ensure its sale so that payments could be made to farmers, thereby, largely ignoring the pledge/ hypothecation of the lenders over the sugar stock. The Banks were well aware that the dues of the farmers are to be paid in priority to the dues of lenders in a larger social interest and keeping in view their right to livelihood. Copy of the order dated 05.09.2014 passed by the Hon'ble High Court of Judicature at Allahabad in PIL No. 29523 of 2014 is enclosed herewith.

(xxii) The said Judgment passed by the Hon'ble High Court of Judicature at Allahabad was challenged before the Hon'ble Supreme Court of India, which challenge was dismissed vide order dated 13.10.2014. Copy of order dated 13.10.2014 passed by the Hon'ble Supreme Court of India is enclosed herewith.

(xxiii) Accordingly, the District Administration relating to Simbhaoli Sugars Ltd. also took over the control of the entire sugar stock and resorted to the sale of sugar either by directing the sugar mills to do so under strict supervision or by auctioning the stock and controlling its cash flows for discharging the farmers' obligation(s) in priority to other dues, including any amounts payable to Banks.

(xxiv) This completely impaired the ability of Simbhaoli Sugars Ltd. to meet any other payment obligations. The said facts were duly notified to the lenders from time to time. The lenders were clearly aware of the predicament being faced by Simbhaoli Sugars Ltd. and such predicament being for reasons beyond its reasonable control. The aforementioned vis majeure circumstances were certainly not in contemplation of the parties, when the loan facilities were allegedly sanctioned by the lenders to Simbhaoli Sugars Ltd.

(xxv) The stock of Sugar was sold under the orders of the Hon'ble High Court and the sale proceeds were used to pay the cane dues. This resulted in steep decline in the price of sugar.

(xxvi) It is relevant to state that Simbhaoli Sugars Ltd. had cane arrears of Rs.641 Crore and sugar stock of Rs.360 Crore approx. at the end of sugar season 2018-19(as on 24/06/2019).



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(xxvii) Following is the summary of the Cane dues position of Simbhaoli Sugars Ltd. which is self-explanatory:

Sugar Season	Cane Gap (net of stock in hand)
2011-12	8
2012-13	90
2013-14	235
2014-15	285
2015-16	197
2016-17	132
2017-18	109
2018-19	281

Till 24th June 2019

(xxviii) On account of persistent cane dues and also in its endeavour to clear farmers' dues, the State has imposed higher tagging restrictions on Simbhaoli Sugars Ltd. in successive years, details of which are as under:

Sugar Session	Sugar Sales	Statutory Tagging @ 85%	Cane related payments	% of sugar sale
2010-11	492	418	352	71.6%
2011-12	573	487	539	94.1%
2012-13	848	720	620	73.1%
2013-14	619	526	498	80.4%
2014-15	660	561	510	77.2%
2015-16	653	555	597	91.3%
2016-17	785	667	721	91.9%
2017-18	836	711	718	85.91%
2018-19	630	535	554	88.02%

From the aforesaid table, it is clear that the dues to the Cane growers are on priority than any other payments.

(xxix) This position was statutory and the business needs to prioritize the cane payments was recognized by the lenders, as that was not only a social/ statutory responsibility but was also critical for the operational survival of Simbhaoli Sugars Ltd.

(xxx) The state administration in order to prioritize the cane payment to farmers, requested and appealed to Hon'ble High Court citing the plight of cane growers and Hon'ble High Court in WP No.13987 /2016 filed by Company for sale of Sugar mortgaged to Uttar Pradesh Cooperative Bank and realization of which was statutorily required to be deposited in Bank account but keeping in view the distress condition of farmers Hon'ble High Court gave priority to Cane dues payment. Copy of order dated 13.04.2017 passed by the Hon'ble High Court in W.P. No. 13987 of 2016 is enclosed herewith.



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(xxxvi) The above facts clearly establish that during this period, the working of Simbhaoli Sugars Ltd. was adversely affected due to Government Policies, Court Orders and other circumstances controlling sugarcane industry, all of which were inconceivable at the time of alleged sanction of credit facilities to Simbhaoli Sugars Ltd.

(xxxvii) Simbhaoli Sugars Ltd. as part of the industry had approached the Hon'ble High Court for seeking remedy and restoring the benefits of the NSIPP on the ground of Promissory Estoppel. The Hon 'ble High Court vide its order dated 12.02.2019, allowed the bunch of Writ Petitions filed by various Sugar Industries including Writ Petitions of Simbhaoli Sugars Ltd., with the directions and the Hon'ble High Court of Judicature at Allahabad concluded thus that the- "Petitioners are entitled for consideration of all benefits in the form. of exemptions/ remission/ reimbursements as per the Sugar Industry Promotion Policy-2004 and various Notifications issued thereunder from time to time for the entire period of validity of the Policy in the light of the observations made above' and Simbhaoli Sugars Ltd. approached State of U.P. to extend the exemptions/remissions/reimbursement to it in the light of High Court Order. In view of the same, Simbhaoli Sugars Ltd. and its Promoters are hopeful of receiving the benefits under the aforesaid judgment. Copy of the order dated 12.02.2019 passed by the Hon'ble High Court is enclosed herewith.

(xxxviii) As a result of the excessive sugar supply, sugar prices in the State of Uttar Pradesh and in the country, did not increase in the same proportion as the sugarcane price during the said decade. In fact, the sugar realization, most of the time during the said period has been fetching negative margins.

(xxxiv) The State Advised Price (SAP) of Sugarcane as applicable and fixed annually before the commencement of sugar season in the State of Uttar Pradesh has been consistently higher than the Fair and Remunerative Price (FRP) announced by Central Government and is being paid by the Sugar Mills in the States of Maharashtra and Karnataka, and the SAP is also not linked to market price of Sugar. This is despite lower sugar recovery from Sugarcane in the State of Uttar Pradesh as compared to State of Maharashtra and Karnataka but purchase of Sugarcane is at higher rate.

(xxxv) A chart showing the difference in price is as under:

Price Rs/qttl of cane

Sugar Season	FRP/SMP	Effective SAP
2008-09	81	140
2009-10	130	165
2010-11	139	205
2011-12	145	240
2012-13	170	280
2013-14	210	280
2014-15	220	280
2015-16	230	280
2016-17	245	305



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2017-18	276	315
2018-19	276	315

(xxxvi) As result of the same, the financial position of Simbhaoli Sugars Ltd. has deteriorated in the last few financial years, which is evident from the below chart:

Particulars	UOM	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Cost of Production	Per Qll.	3,127	3,630	3,375	3,040	3,034	3,389	3513	3273
Sales Realization	Per Qll.	3,052	3,348	3,174	2,985	2,883	3,649	3552	3049
EBITDA	Rs. Cr.	91	(17)	8	(13)	70	129	(79)	23
Finance Cost	Rs. Cr.	151	112	142	125	113	124	46	34
Cash Profit/(Loss)	Rs. Cr.	(61)	(129)	(133)	(138)	(44)	5	(125)	(11)
Profit/(Loss) Before Tax	Rs. Cr.	(118)	(165)	(161)	(160)	(93)	(42)	(171)	(47)
Net Profit/Loss	Rs. Cr.	15	(39)	(172)	(159)	(93)	(37)	(181)	(72)

(xxxvii) The negative Earnings/ Cash Losses has led to accumulation of arrears of cane, which became overriding liability to pay.

(xxxviii) The above facts and data establish that the losses suffered during the said period resulted in further losses in the subsequent years also and as the position has not improved till date. Simbhaoli Sugars Ltd. is still suffering huge losses. Further, to make matters worse the Central Government has also imposed stringent restrictions by virtue of imposing quota on the sale of stock of sugar and this has resulted in a situation where despite having 11.66 Lac quintals of sugar worth approximately Rs.389 Crore as on 23.06.2019, Simbhaoli Sugars Ltd. is unable to sell the same due to central government restrictions.

(xxxix) Despite the aforesaid Simbhaoli Sugars Ltd. worked towards an amicable resolution of debt with the Consortium of Banks and in pursuance of the circular of the RBI dated 13.06.2016 had formulated a sustainable structuring of the stressed assets. However, vide Circular No.



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RBI/2017-18/ 131 DBR.No.BP.BC.101/21.04.048/2017-18 dated 12.02.2018 issued by the Reserve Bank of India, where under in terms of clause 18 of the said Circular, the extant instructions including the institutional mechanism of Joint Lenders' Forum (JLF) meant for the purpose of resolution of stressed accounts stood withdrawn. The Hon'ble Supreme Court of India vide judgment dated 02.04.2019 passed in Civil Appeal Nos.4776-4778/2019 titled as "State Bank of India Vs. JAH Developers Pvt. Ltd. & Ors." has held that the aforesaid Circular is ultra vires and consequently quashed the same.

(xi) The members of the consortium illegally applied the Circular dated 12.02.2018 even though the same had no retrospective/retroactive operation. In any case, the aforesaid Circular stands quashed by Hon'ble Supreme Court vide judgment dated 02.04.2019 (supra).

(xli) It is submitted that the loan facilities were allegedly sanctioned for the business of manufacturing of sugar by Simbhaoli Sugars Ltd. The State Laws relating to procurement of Sugarcane, production of sugar and disposal thereof as also the Government Policies pertaining thereto were therefore impliedly ingrained in the alleged loan contract(s). Therefore, the prejudicial developments which led to insurmountable losses would suitably assuage the alleged contractual obligations of Simbhaoli Sugars Ltd. to repay the alleged loans. The alleged claim is, therefore, unwarranted, untenable and misconceived.

(xlii) Notwithstanding the aforementioned status, Simbhaoli Sugars Ltd. continued to make payments to all its lenders. A copy of the Statement of Account is enclosed herewith for reference.

(xliii) The industry-specific financial challenges faced by Simbhaoli Sugars Ltd. were being duly taken into consideration by the lenders, which, in turn, impacted the repayment schedules to all the banking institutions.

(xliv) It is pertinent to mention that the prevailing circumstances and the financial difficulties being encountered by Simbhaoli Sugars Ltd. were deliberated upon during various Joint Lenders' Meetings (JLMs).

(xlv) The minutes of the aforesaid JLMs unequivocally reflect that Simbhaoli Sugars Ltd. was undergoing genuine financial hardship in fulfilling its obligations towards all lenders. These difficulties stem from a general downturn in the sugar industry, adverse governmental policies, judicial orders, and other extraneous factors beyond the control of Simbhaoli Sugars Ltd. and its Promoters.

(xlvi) In the interim, Simbhaoli Sugars Ltd. began experiencing difficulties with one of the eleven lenders, namely Oriental Bank of Commerce (OBC). The arbitrary and unilaterally hostile actions undertaken by OBC, without the consent or concurrence of the other consortium lenders which caused substantial delay in the implementation of the loan realignment process, which had otherwise been agreed to in principle by all the lenders. Consequently, the disbursement of the Corporate Loan amounting to ₹ 100 Crore, intended to bridge working capital deficits as per the Debt Realignment Scheme approved under the Corporate Debt Restructuring (CDR) framework of the Reserve Bank of India, was also unduly delayed.

(xlvii) As previously submitted, the operations of the Company were severely impacted by various judicial mandates, including orders passed by the Hon'ble High Court and the Hon'ble Supreme Court, pursuant to which more than 85% of the sugar sale proceeds were earmarked exclusively



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for cane payment. The residual 15% or less could be utilized only for limited operational requirements. Additionally, the withdrawal of the Uttar Pradesh State Sugar Industry Promotion Policy, 2004, led to the accumulation of further losses.

(xlviii) It is significant to note that, owing to these circumstances, the business revival initiatives could not be undertaken, and the operational facilities could not be utilized to their optimal capacities. Furthermore, the additional credit assistance of { 100 Crore, which would have enabled Simbhaoli Sugars Ltd. to address the cane arrears and utilize the operational funds for the installation of requisite equipment to comply with Pollution Control Board norms, thereby facilitating operation for up to 300 days in a year, as opposed to the prevailing average of approximately 150 days, could not be availed, owing to the non-disbursement of the said loan.

(xlix) Further, the objections and issues raised by Oriental Bank of Commerce (OBC) resulted in substantial delay in the approval of the Debt Restructuring Scheme. The said scheme had otherwise been approved by all other consortium lenders as of March 2015, subject to the resolution of outstanding issues with OBC. This position is duly recorded in the minutes of the Joint Lenders' Meeting (JLM) held on 14.09.2015. Consequently, solely due to the unwarranted and baseless actions of OBC, the implementation of the Debt Realignment Scheme remained in abeyance for over a year. The remaining consortium members regrettably failed to exercise effective control over OBC or to ensure its compliance with legal and contractual obligations. This further adversely affected the business of Simbhaoli Sugars Ltd., which was already going through various difficulties, as narrated above. Copy of Approval of Debt Re-Alignment Scheme of CDR-EG is enclosed herewith.

(1) Due to the continuous downfall of the sugar industry during this period, Debt Realignment Scheme could not be implemented and CDR-EG vide their letter dated 03.09.2016, addressed to State Bank of India, other lenders and to Simbhaoli Sugars Ltd. consequent to denial of Corporate Loan of Rs. 100 Crore (which was to be utilized for addressing the cane gap), advised Simbhaoli Sugars Ltd. and the member lenders to submit an alternative and concrete plan to bridge the cash deficit and payment of arrears to sugarcane farmers. Copy of the Letter dated 03.09.2016 issued by CDR EG is enclosed herewith.

(ii) That taking of decision to exit from CDR and thereafter to implement Corrective Action Plan (CAP) was discussed in the Joint Lenders Meetings held on 29.09.2016 and 26.12.2016. Copy of the Minutes of Joint Lenders Meeting dated 29.09.2016 is enclosed herewith.

(iii) Vide circular dated 13.06.2016, RBI prescribed a Scheme for Sustainable Structuring of Stressed Assets.

A perusal of the said Circular prima facie evidences a tiered and phased approach adopted by RBI to deal with stressed assets based upon their outstanding and their impact on the banking sector as a whole. Copy of the RBI Circular dated 13.06.2016 is enclosed herewith.

(iii) That JLM was also held on 26.12.2016 wherein representative of Simbhaoli Sugars Ltd. informed the lenders in detail about the performance of the Company for the quarter ending 30.09.2016 and the then present industrial scenario. The representative of the Company further requested that lenders must take the restructuring forward in the given facts and



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circumstances. After discussing all avenues, it was decided by the lenders that they would continue with the rectification approach under CAP, as decided in the previous meeting. Copy of the minutes of the meeting held on 26.12.2016 is enclosed herewith.

(iv) Based on the agreement with lenders and the advice of CDR-EG, in the JLM dated 13.02.2017, JLF appointed M/s Dun & Bradstreet (D & B) for conducting the Technical and Economic Viability (TEV) Study of Simbhaoli Sugars Ltd. and appointed SBI Capital Markets Limited for preparing the financial package for debt resolution, including the outstanding under the Corporate Loan of OBC. D&B in its report dated 02.11.2017 had opined that operations of Simbhaoli Sugars Ltd. are viable and require proper restructuring for its long-term sustainability and repayment of debt obligations. This was with the clear mandate to find a solution of the cane gap on priority and then to utilize the free cash flows for the coming years for debt repayments, as debt repayments cannot be permitted till such time the issue relating to cane gap is addressed. Copy of the minutes of the JLM held on 13.02.2017 is enclosed herewith.

(iv) It is relevant to state that even in the said JLM, it was agreed by the consortium to explore the restructuring option. Later, the entire consortium of banks, led by State Bank of India, came to a consensus and approved the restructuring of the debt of Simbhaoli Sugars Ltd., which is evident from a perusal of the Minutes of the meeting of the Joint Lenders Forum on 27.11.2017. This debt realignment proposal was achieved by Super Majority of 68% in value and 50% in number.

(iv) The suggested Debt Resolution Scheme was broadly based on the classification of Simbhaoli Sugars Ltd. sales realization of Simbhaoli Sugars Ltd. into two streams i. e. realization from sale of sugar and other receipts on the basis of tagging compliance. In this regard, it is relevant to state and reiterate the following relevant points, which are specific to sugar industry.

(iv) That 85% of the sugar sale proceeds are tagged by the Local Administration as issued through Tagging Order by Collector & District Magistrate of respective area specifically for the purpose to streamline the payment of cane dues to cane growers. The same is regulated as per UP State Cane Laws relating to Sugar cane Supply and Regulation under the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953, and the Violation of Tagging Orders are also punishable under section 37 of Essential Commodities Act, 1955 and State Administration is also empowered to cancel License under U.P. Vacuum Pan Licensing Order, 1969. The aforesaid.

provisions empower the state administration to initiate coercive action against the Mill management for any delay in cane dues and this compels the factory to run at a loss and continue to mandatorily crush cane (unprofitably) due to the fear of actions under the provisions of the Essential Commodities Act of 1955 and the Sugar Control Order of 1966. Simbhaoli Sugars Ltd. was not in a position to adhere to the Tagging Conditions due to paucity of funds and multiple times requested Cane Commissioner to relax the tagging compliance before the commencement of season 2018-19. Copy of Tagging Order 2018-19 along with translated version is annexed herewith, Request letters dated 26.07.2018 and 11.12.2018 to Cane Commissioner and Abstract portion of Section 3 & 7 of Essential Commodities Act, 1955 are enclosed herewith. It is relevant to state that at this stage Tagging Orders of 2018-19 are being filed.



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(lviii) Realization of other products i.e. ethanol/ alcohol and others is being received in Trust & Retention Accounts at SBI, being the Lead Bank and Monitoring Institution. Accordingly, a moratorium of one year was given to Simbhaoli Sugars Ltd. in the proposed scheme to settle the cane gap on priority before start of debt repayments. This fact was discussed in the Joint Lenders' Meetings and because of the same, the cutoff dates of the proposed debt realignment scheme was extended.

(lix) In pursuance of the aforementioned circular, the entire consortium of banks, led by State Bank of India, came to a consensus and approved the restructuring of debt of Simbhaoli Sugars Ltd., which is evident from perusal of the Minutes of the meeting of the Joint Lenders Forum on 27.11.2017. This debt realignment proposal was achieved by Super Majority of 68% in value and 50% in number.

(lx) In the meanwhile RBI under Sections 35A and 35AA of the Banking Regulation Act, 1949 and Section 45 of the Reserve Bank of India Act, 1934 issued Notification No. RBI/2017-18/131 dated 12.2.2018, directing all scheduled commercial banks with regard to the accounts of borrowers which are identified of special mention accounts (SMA) and stressed assets. It was directed in the said circular that all the instructions with regard to stressed assets such as framework for revitalizing distressed assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme, Change in Ownership outside SDR and Scheme for Sustainable Structuring of Stressed Assets stand withdrawn with immediate effect. Copy of Circular dated 12.02.2018 issued by RBI is enclosed herewith.

(lxi) The said notification discontinued the Joint Lenders' Forum as an institutional mechanism for resolution of stressed assets. All accounts, including such accounts where any of the schemes have been invoked but not yet implemented shall be governed by the revised framework.

(lxii) In this background, Meeting of the JLF was held on 09.03.2018, wherein it was recorded that the entire restructuring approach adopted in JLF Meeting dated 27.11.2017, could not be pursued any further on account of the directives contained in the RBI's circular dated 12.02.2018, which was illegally taken resort to by the members of the consortium, despite the same not being retrospective in operation. Further, the aforesaid Circular had no applicability to the loan facilities allegedly sanctioned to Simbhaoli Sugars Ltd. owing to the peculiar nature of the business of Simbhaoli Sugars Ltd. and the regulatory laws applicable thereto. Copy of the minutes of the Consortium Lenders held on 09.03.2018 is enclosed herewith.

(lxiii) In the meantime, due to the Order of the Environment Authorities, two out of three distillery units were closed in January 2017. They could restart the operations only in January 2018, which hampered Simbhaoli Sugars Ltd. capacity of Simbhaoli Sugars Ltd. to honour the debt obligations from non-sugar sources.

(lxiv) Simbhaoli Sugars Ltd. made efforts for ensuring restart of operations and the said efforts led to passing of orders at various stages, i.e. October, 2017 and December, 2017 and thereafter order dated 01.01.2018 when the operations were fully allowed. Copy of the orders passed by the Environmental Authorities are enclosed herewith.

(lxv) Simbhaoli Sugars Ltd. also submitted various Tagging Orders issued by the Local Administration/ Cane Commissioner from time to time, directing / supervising the sale proceeds



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of sugar and other products of the Company to JLM and Individual Banks. This along with the closure of distillery operations squeezed the cash flows to the extent that the operations started to suffer. Copy of tagging orders and newspaper reports are enclosed herewith.

(Isvi) In the meanwhile, Central Government promulgated another Notification dated 07.06.2018, in terms of which it sought to fix the maximum quantity of refined sugar for domestic sale and dispatch. Copy of Notification dated 07.06.2018 Issued by the Central Govt.

(Isvii) The Central Government was pleased to Issue Notification dated 29.06.2018 and fixed fresh maximum quantities of refined sugar for domestic sale and dispatch for the month of July, 2018 for three units of Simbhaoli Sugars Ltd. at Simbhaoli, Chilwaria and Brijnathpur as 4920 quintals, 246 quintals, 2201.3 quintals, respectively. Thus, a meager quantity of 71,213 quintals had been prescribed for sale for the month of July for Simbhaoli Sugars Ltd. which fetched a total price of Rs.25 Crore only. Copy of the Notification dated 29.06.2018 issued by the Central Govt. is enclosed herewith.

(Isviii) The Notification dated 30.07.2018 was issued by the Government of Uttar Pradesh in terms of which the stock holding limits for the month of August, 2018 have been arbitrarily prescribed for the Units of Simbhaoli Sugars Ltd. without having any regard to the mandatory obligations of Simbhaoli Sugars Ltd. Copy of the Notification dated 30.07.2018 issued by the Central Govt. is enclosed herewith.

(Isvix) It is pertinent to mention here that the aforesaid facts were duly notified to the lenders from time to time. The lenders were also aware of the predicament being faced by Simbhaoli Sugars Ltd. and the fact that such predicament is on account of reasons beyond its control.

(Isvx) Aggrieved by the aforesaid notification which limited the sale of stock of sugar, Simbhaoli Sugars Ltd. preferred Writ Petition No. 25223 of 2018 wherein after considering the difficulties and peril to which Simbhaoli Sugars Ltd. had been subjected to, Hon'ble Allahabad High Court vide Order dated 08.08.2018 was pleased to call for a counter-affidavit from the Central Government and other authorities. Copies of the Writ Petition (without annexures) bearing No. 25223 of 2018 pending before Hon'ble Allahabad High Court and Order dated 08.08.2018 passed by Hon'ble Allahabad High Court in Writ Petition No. 25223 of 2018 is enclosed herewith.

(Isvxi) The Notification dated 31.08.2018 was issued by the Central Government in terms of which the stock holding limits for the month of September, 2018 have been arbitrarily prescribed for the Units of Simbhaoli Sugars Ltd. without having any regard to the mandatory obligations of Simbhaoli Sugars Ltd. Copy of the Notification dated 31.08.2018 issued by the Central government.

(Isvxii) As a result of the said notifications, various operational expenses of Simbhaoli Sugars Ltd. remained outstanding since entire proceeds from the restricted sales of the stock of sugar went towards cane dues. It is pertinent to mention here that despite having a sugar stock amounting to approximately Rs.416 Crore as on March 31, 2019, the sale of which would fetch a huge amount, Simbhaoli Sugars Ltd. is prohibited and prevented from discharging its liabilities, by restricting the sale of sugar without considering the mandatory obligations of Simbhaoli Sugars Ltd. under various statutes. The Hon'ble High Court of Judicature at Allahabad had already held that the said



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policy is arbitrary and has permitted the mills to sell their stocks of sugar to repay the dues of cane growers.

(lxxiii) That JLF Meeting was held on 12.06.2018 wherein it was expressly advised to all lenders not to take any action unless approved by all the lenders as only a common approach would work resolve the debt of Simbhaoli Sugars Ltd.

(lxxiv) The majority of the lenders of Simbhaoli Sugars Ltd. had agreed to resolve the debt of the Company by appointing a Professional Financial Advisor which is evident by multiple JLF meetings, in pursuance thereof Simbhaoli Sugars Ltd. appointed M/s Alvarez & Marshal India Pvt. Limited (hereinafter referred to as 'A & M' as their Financial Advisor for assisting in debt resolution strategy.

(lxxv) That JLF Meeting was held on 20.08.2018, wherein a representative from the A & M, informed the Lenders that the discussions with various Assets Reconstruction Companies (ARC) were taking place and various other alternatives to find out a total debt resolution for Simbhaoli Sugars Ltd. were being worked out. It was further informed that the discussions with potential investors who have shown their inclination towards Simbhaoli Sugars Ltd. were in their advance stages and they were in the processes of finalizing Information Memorandum for the same. It was also informed that a meeting of the Potential Investors with the Banks after finalization of the investments, would be arranged. It was further stated that it would take 3 to 4 weeks to produce concrete results in the matter. Copy of the Minutes of the JLF Meeting held on 20.08.2018 is enclosed herewith.

(lxxvi) A & M forwarded an Expression of Interest dated 27.08.2018 from a well-known global investor in stressed assets, which was circulated to Simbhaoli Sugars Ltd. as well as various Banks on 28.08.2018. Copy of the Expression of Interest dated 27.08.2018 is enclosed herewith.

(lxxvii) That meanwhile Simbhaoli Sugars Ltd. Company received Order dated 11.09.2018, and realized that Oriental Bank of Commerce has initiated proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 ('IBC') before the Hon'ble NCLT, Allahabad simultaneously. Copy of the order dated 11.09.2018 passed by Hon'ble NCLT, Allahabad is enclosed herewith. The aforesaid act of Oriental Bank of Commerce was completely mala fide and uncalled for besides being violative of fiduciary obligations which the said bank had towards the Simbhaoli Sugars Ltd.

(lxxviii) Simbhaoli Sugars Ltd. received various letters from its vendors/suppliers expressing inability and unwillingness to provide necessary good/services on credit for the upcoming sugar season in October 2018 given the news of insolvency proceedings against Simbhaoli Sugars Ltd. Copy of some of the letters received by Simbhaoli Sugars Ltd. from its Vendors / Suppliers are enclosed herewith.

(lxxix) In this background and scenario. Simbhaoli Sugars Ltd. preferred a Writ Petition before the Hon'ble Supreme Court of India challenging the RBI Circular dated 12.02.2018 and also seeking stay on recovery proceedings initiated by the Lenders including insolvency proceedings. The said Writ Petition was registered as Civil Writ Petition No. 1124 of 2018. The Hon'ble Supreme- Court vide order dated 17.09.2018 quo for the time being. Copy of the Civil Writ Petition No. 1124 of 2018 pending before Hon 'ble Supreme Court of India is enclosed herewith. Copy of



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the order dated 17.09.2018 passed by the Hon'ble Supreme Court of India in Civil Writ Petition No. 1124 of 2018 is enclosed herewith.

(lxxx) That the Hon'ble Supreme Court of India, vide judgment dated 02.04.2019 had allowed the- Writ Petitions challenging RBI Circular dated 12.02.2018 and held that the enforcement of said Circular as ultra vires. Copy of Judgment dated 02.04.2019 passed by Hon'ble Supreme Court.

(lxxxii) Thereafter, in the consortium meeting held on 27.02.2019, after discussing and analysing all facts and circumstances, it was agreed that the debt resolution shall be expedited. In view of the said positive approach of the lenders. Simbhaoli Sugars Ltd.

(lxxxiii) It is further relevant to state that in the Consortium Meeting held on 27.03.2019 on the basis of Forensic Audit Report, the lenders deliberated and agreed that this is not a case of wilful default and fraud. The same clearly established that delay in repayment has been due to circumstances beyond the control of Simbhaoli Sugars Ltd. Company and therefore the best approach is to proceed with restructuring of debt to the consent and approval of all consortium lenders. Copy of the minutes of the Consortium Meeting.

(lxxxiv) The above facts and circumstances establish that the present scenario is due to developments which are beyond the control of Simbhaoli Sugars Ltd. and its promoters.

(lxxxv) The present circumstances are an end result of the Government policy controlling the sugar industry and the various orders passed by Hon'ble High Court regulating the industry, all of which constitute vis majeure circumstances and developments.

(lxxxvi) Change in policy of the Government also adversely affected the position. All these factors immensely affected the price index of the sugar industry and increased the losses of the manufacturers. In addition to this, statutory tagging to the extent of 85% and above, along with constant decrease in price of sugar also increased the difficulties of the sugar industry.

(lxxxvii) The difficulties being faced by Simbhaoli Sugars Ltd. are specific to the sugar industry in India and therefore the lenders must, before taking any such extreme steps should keep such circumstances / difficulties in correct perspective. The above facts in itself establish that the case of Simbhaoli Sugars Ltd. does not fall under any category for such coercive recovery steps.

(lxxxviii) Admittedly the coercive steps of Oriental Bank of Commerce, which were within the knowledge of all other lenders, further delayed the process of restructuring of the Accounts), which was approved by the Lenders in March, 2015 and also the Corporate Loan which was sanctioned by OBC in February, 2015. It is reiterated that the restructuring was pending since March, 2015 and due to arbitrary stand of the Oriental Bank of Commerce, the terms thereof could not be implemented and subsequently Simbhaoli Sugars Ltd. was wrongly governed by RBI circular dated 12.02.2018, which resulted in failure of restructuring process.

(lxxxix) While consortium led by State Bank of India and other banks comprising of 11 lenders accorded their consent to the CDR in the meeting held on 14.09.2015, in view of delay in resolution of issues by Oriental Bank of Commerce, sanction was received in February, 2016. During this entire process, Simbhaoli Sugars Ltd. continued suffering losses.



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(lxxxix) It is reiterated that Simbhaoli Sugars Ltd. is a part of Indian Sugar Industry and is subject to various stringent legal and social control of State and Central Governments, which are announced from time to time along with number of judicial pronouncements issued from time to time. Being a part of Agro Social System of Rural India, these controls are strictly monitored and implemented and the lenders, regulators, sugar mills and judicial system recognize and honor the same. This is the reason why Sugarcane Based Eco System in India is most effective and successful Rural Development Model.

(xc) Total Cash flows of Simbhaoli Sugars Ltd. based on the tagging compliances / subsequent tagging orders being issued by the Administration from April, 2016 till December, 2018 (part period of Corporate Loan), indicates that Simbhaoli Sugars Ltd. never had enough free cash flow to service its entire debt obligations towards its Lenders. Copy of Chartered Accountant Certified Cash Flow Statement from 01.04.2016 to 30.09.2018 is enclosed herewith.

(xci) As per the above workings, free cash flows available for lenders after tagging compliances and operational payments was Rs.57.19 Crore.

(xcii) The lenders are aware that the sugar industry is passing through an extremely difficult phase, with least control on its cash flows and Simbhaoli Sugars Ltd. is making all efforts to keep itself in operations for the benefit of farmers and society. Therefore, Simbhaoli Sugars Ltd. has not been able to repay the full amount in spite of intention to do so. Circumstances are beyond reasonable control of Simbhaoli Sugars Ltd. and thus require a pragmatic stance to be adopted by the lenders.

(xciii) It is also relevant to state that Simbhaoli Sugars Ltd. is an 86 years old Company with three sugar complex including capacity to produce ethanol and bagasse based power and fully committed towards our farmers and lenders. Simbhaoli Sugars Ltd. is confident that the domestic sugar industry will show improvement in near future with the support of Central and State Governments. The Simbhaoli Sugars Ltd. has implanted and are considering a number of positive measures for revival of this industry.

(xciv) The Simbhaoli Sugars Ltd. has incurred losses including cash losses resulting into reduction of its net worth to that extent. The losses were mainly attributable to high raw material cost i.e. sugarcane price, being fixed by the Government, and relatively lower price of finished goods i.e. sugar and molasses, which have continued to be determined by market forces based on the demand-supply situation and also government policies, both of which are external factors. The losses have resulted in delays in meeting payment obligations to lenders and also to the farmers towards the cane price, though the Company continues to operate its capacities at optimal levels.

(xcv) Further, number of proactive steps were initiated by the Company and the government including increase in ethanol capacities and its prices, and Simbhaoli Sugars Ltd., expects further improvement in its operational efficiencies and cash flows in form of improvement in yield, sugar recovery, reduction of overheads, finance and other costs etc. Initiatives taken by the government in form of subsidies and soft loan, shall assist in meeting the accumulated Cane dues.



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(xcvi) Simbhaoli Sugars Ltd. could not service its entire debt obligations of all the lenders of JLM and the reasons of the same have been time and again informed to the members of JLF during many lenders' meetings.

(xcvii) That performance of Simbhaoli Sugars Ltd., both operational and financial, are being closely monitored by its lenders during the quarterly meetings at regular intervals and innumerable government agencies for the last 4-5 decades on quarterly basis. The Lead Bank had also appointed Concurrent Auditor and Stock Auditor at regular intervals for monitoring the physical performance of Simbhaoli Sugars Ltd. report of which were reviewed by the lenders frequently.

(xcviii) The present condition of Simbhaoli Sugars Ltd. is also beyond its control, which is also clearly established from the facts mentioned above. This is further clearly established from the Minutes of the Joint Lenders Meeting and various orders passed by Courts and concerned Authorities.

(xcix) It is submitted that if the restructuring proposed in 2015 had been accepted, then Simbhaoli Sugars Ltd. would have achieved the projected growth and all facilities could have been successfully repaid without any irregularity, in due course. However, negative approach of the lenders, who failed to put reasonable and requisite pressure on Oriental Bank of Commerce to ensure compliance and to expedite the process of restructuring, resulted in putting undue hurdles in the revival of Simbhaoli Sugars Ltd.

(c) In view of the above facts and circumstances, Simbhaoli Sugars Ltd. sustained losses as per the following details:

c) Loss of business

Had the restructuring scheme implemented in 2015-16, the Company would have sufficient funds available with them to commission incineration boilers and other plant and machinery to meet the stringent pollution control board norms. This could have saved the shutting down of the distillery business of the Company and the revenues for the years under such loss of operations amounts to Rs 624 Crore. Further, due to the adverse financial position, the Company could not repay its lenders on time rendering their account becoming NPA with all the lenders. Soft loan announced by the State Government in 2018, could not be availed, due to ineligibility of the Company being NPA accounts.

The Company had promoted and made an investment of Rs 77 Crore in its joint venture company, Uniworld Sugars Private Limited, which required further funding in the year 2015. The stipulated investment could not be made as per the joint venture agreement because of lack of funds. As a result, Uniworld Sugars is facing insolvency proceedings, and there is a huge opportunity loss of business worth Rs 250 Crore, to Simbhaoli Sugars Ltd.

If the restructuring proposed in 2015 had been accepted, then Simbhaoli Sugars Ltd. would have achieved the projected growth and all facilities could have been successfully repaid without any irregularity, in due course. It is relevant to state that though the Corporate Loan was revalidated in June 2016, however, the State Bank of India and Bank of Baroda did not participate. The lenders had to disburse facility, which was never done. Thus, the lenders failed to provide requisite support, which was needed at a crucial stage. The projections of the Company as estimated by M/s PNB Investment Services Limited (PNBISL) from the Cutoff date of Restructuring till 31st Mar 2019 are as under:



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Projected as per PNB ISL model					Rs. In Cr.	
Particulars	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018	31.03.2019
Net Sales	836	830	949	1027	1078	1132
EBITDA	-30	59	142	173	203	235
PAT	-172	92	0	27	62	103

In the changed circumstances, the financial performance of the Company since 2014-15 till 31st March 2019 are as under:

Actual Financial Results					Rs. In Cr.	
Particulars	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018	31.03.2019
	Actual	Actual	Actual	Actual	Actual	Actual
Net Sales	832	851	747	840	887	952
EBITDA	8	-13	70	129	-79	23
PAT	-172	-160	-93	-37	-181	-49

includes distillery

Simbhaoli Sugars Ltd. is entitled to claim the differential as loss of business from the Cut-off date of Restructuring till 31st December 2018, which is to the tune of Rs. 624 Crore. Simbhaoli Sugars Ltd. is also entitled to claim the loss of business post 31.12.2018.

d) Loss of Goodwill and Reputation

It is reiterated that Simbhaoli Sugars Ltd. is an 86-years old Company having 3 integrated sugar complexes in the State of Uttar Pradesh. There are 120,000 Farmers whose livelihood is directly dependent on Simbhaoli Sugars Ltd. It is further relevant to state that in the crushing season 2017 -18 the Company had crushed 2,80,000 quintals of sugarcane and in the crushing season 2018-19 the Company has till 31.03.2019 crushed 239 Lac quintals of sugarcane.

The damages for loss of goodwill and reputation is based on the said data and for the loss of goodwill Simbhaoli Sugars Ltd. is entitled to claim Rs. 25 Crore.

17.11 It is evident that the decision purportedly taken to issue a Show Cause Notice as to why the undersigned should not be declared as "fraud" is incurably vitiated by the vice of prejudice, unfairness, arbitrariness, capriciousness and mala fides. The same has been made in complete disregard of the material facts, documentary evidence, and the force majeure circumstances that led to the alleged default of Simbhaoli Sugars Limited. The impugned action reflects a reckless disregard for objectivity and due process and stands as a textbook example of administrative overreach.



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17.12 The Bank has failed to appreciate that the default in question was neither deliberate nor intentional. It was the direct result of uncontrollable and unforeseen external circumstances that rendered performance of financial obligations temporarily impossible. The Bank's attempt to construe such circumstances as evidence of fraud is not merely misplaced but perverse, revealing a pre-determined intent to vilify rather than assess facts fairly.

17.13 The very fact that the same Committee had earlier, upon a comprehensive examination of all materials, categorically declared the undersigned as "No Fraud" further exposes the arbitrary and clandestine nature of the subsequent reversal. Such contradictory and whimsical conduct, without any new evidence, shatters the credibility of the process and renders the Bank's action wholly untenable.

17.14 Thus, the undersigned cannot be foisted with any claim nor bears any obligation to discharge any alleged liability. There exists no factual or legal basis to classify him as a "fraud." The alleged defaults attributable to Simbhaoli Sugars Ltd. arose solely from force majeure events which eroded the very substratum of the loan transactions, thereby frustrating the contracts under Section 56 of the Indian Contract Act, 1872.

17.15 Without prejudice to the above, the show cause notice issued against the undersigned is void ab initio, nullis juris, mechanical, premeditated and wholly unwarranted. It must, therefore, be withdrawn forthwith, failing which the Bank's conduct shall stand exposed as deliberate harassment under colour of authority.

17.16 In view of the above, the undersigned categorically denies having committed any fraud or act that could attract proceedings under the RBI Master Circular. His role has already been thoroughly examined, and he has been conclusively declared "No Fraud" after due consideration of all relevant facts and explanations. The undersigned, therefore, calls upon the authorities to immediately rescind the impugned notice, close the proceedings, and desist from further persecution in a matter that has already attained finality.

18. In view of the above, the Undersigned hereby formally places on record that:

- the documents supplied vide letter dated 06.01.2026 do not disclose any incriminating material against him;
- no fresh cause of action survives against him;
- continuation of proceedings against him is arbitrary, unlawful, and unsustainable.

19. The Undersigned therefore calls upon the Bank to:

- forthwith drop all proceedings against him,
- record closure of the fraud examination insofar as he is concerned,
- and refrain from taking any coercive or adverse action against his name or reputation.

20. All rights and remedies available to the Undersigned in law, including recourse to constitutional remedies, are expressly reserved.



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Committee's View on each point:

1-7. The Show Cause Notice is a preliminary regulatory notice issued under the RBI Master Directions to seek explanation before any decision. The earlier classification as "No Fraud" does not confer an indefeasible right. Fraud classification is a continuous administrative process capable of reconsideration upon subsequent review or fresh findings. No estoppel or res judicata applies. The process is lawful, reasoned and non-arbitrary.

8-9. Fraud examination under RBI guidelines is not limited to proof of personal enrichment or criminal mens rea. Role, oversight, facilitation and governance responsibilities are relevant. Under the Master Directions, fraud includes reckless conduct and failure of fiduciary duty.

10-20. The submissions regarding private disputes, NCLT proceedings, inter-se settlements, resignation, release of guarantees, industry stress, government policies and court orders are noted but do not bind the lenders or negate the examination of fraud under RBI norms. Director-level accountability and fiduciary responsibility subsist during the relevant period. Private settlements or reclassification as non-executive director do not extinguish responsibility for acts or omissions during tenure. Industry-wide factors or court orders may explain financial stress but do not automatically negate governance lapses, misrepresentations or diversion of funds. The specific allegations of diversion of the farmers' loan proceeds and subsequent default in the corporate loan of ₹110 crores remain unrebutted on merits.

Committee's Final Views on reply of Gurpal Singh dated 28.01.2026

The objections raised are not sustainable. The SCN dated 01.11.2025 has been issued in accordance with regulatory guidelines after due process. The reply does not furnish cogent rebuttal on the factors of fraud.

GSC Rao reply dated 27.02.2026

1. It is noted that the Bank admits that first Show Cause Notice dated 25.04.2025 was duly adjudicated under Order dated 06.09.2025.
2. Bank issued a second Show Cause Notice dated 01.11.2025, on purported "fresh findings," as stated in para 6 of the SCN dated 01.11.2025.
3. It has been pointed clearly that Para 6 of SCN dated 01.11.2025 do not reveal any new findings between 06.09.2025 and 01.11.2025. All points enumerated are already considered in SCN 01.11.2025 while declaring account as "No fraud" account.



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4. The huge bulk of documents (aggregating almost 2000 pages) are all KYC papers and initial agreements while disbursing of loan and others, which were already taken into consideration prior to dated 01.11.2025 findings. It has been pointed out to send any new evidence found after dated 06.09.2025 and 01.11.2025 which was not responded so far.
5. Bank despite repeated requests has not produced any fresh fact/document, which is pending to be adjudicated under second Show Cause Notice dated 01.11.2025 which arose post passing of the Order dated 06.09.2025, disposing first show cause notice.
6. As you are aware, I have approached Honourable High Court, Delhi in this regard and matter is subjudice right now.
7. Thus, there is no fact/document post 6.9.25 (date of order of first Show Cause) up till 1.11.25 (date of show cause), which is pending adjudication.

Without providing this, the hearing kept on dated 09.03.2026 should be deferred. As one can not respond during Personal hearing. Kindly therefore send immediately the new findings.

Committee's Views on reply of Dr. G.S.C. Rao dated 27.02.2026

Vide letter dated 27.02.2026 received at ours on 06.03.2026, Sh. G.S.C. Rao again instead of meeting the allegations on merits, have primarily challenged the maintainability of the SCN and the veracity of the process and sort deferment of Personal hearing scheduled on 09.03.2026 which was duly attended by him and provided his submissions.

Email from Sh. Gurpal Singh dated 06.03.2026

An email dated 06.03.2026 was received from Sh. Gurpal Singh, wherein he stated that due to a scheduled court hearing on 09.03.2026, he was unable to attend the Personal hearing on the same date and requested the Bank to reschedule the same.

HO FRMD's View: The request for rescheduling of the personal hearing has been received and duly acknowledged. However, no supporting document has been provided. In the absence of any documentary evidence, the request appears to be a delay tactic. Accordingly, the request could not be acceded to.

Moreover, The Hon'ble Supreme Court of India vide its judgement dated 07.04.2025 in Civil Appeal Nos. 4243-4244 of 2026 titled State Bank of India v. Amit Iron Private Limited & Ors., has held that "Rajesh Agarwal (supra) did not recognize any right in the borrower to a personal hearing by the banks before classifying their account as a fraud."



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Hon'ble Apex Court vide the judgement dated 07.04.2026 (*supra*) has held that as long as the petitioner was afforded an adequate opportunity to submit his objections in writing, the requirement of fairness and principle of natural justice stood satisfied and therefore no personal hearing is required by the Bank before classification of an account as fraud.

Personal hearing dated 09.03.2026

As requested by the parties, a personal hearing was conducted on 09.03.2026, which was attended by Sh. Sanjay Tapriya, Sh. G.S.C. Rao and senior members of the HORC committee and proceedings were duly recorded with the consent of all the parties. During the hearing, Sh. Sanjay Tapriya stated that he had not received the documents sent by the Bank through speed post, though he was unable to explain as to why all other letters/notices sent to the same address had been duly delivered, while only the documents in question were returned undelivered with reason "no such person in the address". Notably, even the letter of Personal hearing dated 23.02.2026 was sent to the same address and was duly delivered on 02.03.2026 Sh. Tapriya also acknowledged that he was aware of the gist of documents through other directors. However, the documents were again provided to Sh. Tapriya on the day of Personal hearing. Upon receipt of the documents, Sh. Tapriya preferred to attend the scheduled Personal hearing.

Based on the submissions made during the personal hearing and considering multiple replies received from the parties, HORC is of the view that fraud element persists in the account. Also, Sh. Sanjay Tapriya could not provide any substantive clarification against the charges of fraud levelled against the party. Accordingly, The HORC committee recommended to present the case before HOFEC for final decision.

Further, Sh. Sanjay Tapriya also submitted a letter dated 07.03.2026 during the personal hearing.

Response of Sh. Sanjay Tapriya dated 07.03.2026 is given as under:

1. Kindly refer to your Notice No. FRMD/PH/SSL dated 23/02/2026 received on mail on 23/02/2026 and letter received on 02/03/2026 by Speed Post giving an opportunity for a personal hearing, received on mail and attached herewith for your reference as Annexure 1.
2. This is further to issuance of a Show Cause Notice (bearing No FRMD/SCN/Simbhaoli dated 25/04/2025 with regards to declaration of Bank Account of the M/s Simbhaoli Sugars



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Limited ("the Company") as fraud for which reply dated 15/05/2025 has been submitted by the undersigned. ("First SCN") By its speaking order on this dated 6/09/2025, the Bank has submitted that there is No Fraud angle is involved in this case and following order has been passed.

- a. "The competent authority after due consideration of the above facts and examining the records & submission made by borrower, came to the conclusion that the present evidence is insufficient to reach a conclusive decision or establish fraud beyond a reasonable doubt without further investigation in the matter. Without pre-judice to the Bank's rights reexamine the same in case of new findings, it is decided to classify the account M/s Simbhaoli Sugars Limited as "No Fraud" in terms of extant Bank Guidelines issued in consonance with the RBI Guidelines/Master Directions on Fraud, latest RBI guidelines dated 15/07/2024 read with judgement dated 27/03/2023 of Honorable Supreme Court of India in civil appeal no 7300/2022"
3. However, the Bank vide a Second Show Cause Notice dated 01/11/2025 has stated about certain further findings are found after the adjudication of the First SCN i.e. 6/09/2025 and reiterate that this account be considered for declaration as a fraud. ("Second SCN"). A reply to this Show Cause Notice was also submitted vide my letter dated 16/11/2025 requesting the Bank for certain clarifications on the subject, which are still awaited.
4. Meanwhile one of the directors listed in the SCN/Notice i.e. Mr. G.S.C. Rao has moved an application before the Hon'ble High Court vide his Writ Petition No. LPA 730/2025 & CM Appls 75628-29/2025 and the Hon Div Bench vide its order dated 02/12/2025 has advised the Bank for not taking any adverse decision in this regards.
5. That the undersigned submits with humility that the undersigned resigned from the aforesaid Company on 30.09.2015 and was relieved from the services of the aforesaid Company in the capacity of CFO. Copy of the resignation document along with prescribed form filed with the MCA /Stock exchange by the Company dated 30.09.2015, Sh. D.C. Popli was appointed as the CFO of the Company and the same is informed to the Stock Exchange as well as to all the lending institution including Banks/FI/other financial institutions.
6. That as advised by the Board of Directors/Company, the undersigned continued as Director of the aforesaid Company till 01.11.2021 and has not received any remuneration, fee, honorarium, financial benefit or otherwise from the aforesaid Company during his period of his Directorship from 1.10.2015 till 01.11.2021. The only reason and purpose for which the undersigned was directed to continue as Director at the request of the Company, was to provide requisite assistance to the management of the Company as the undersigned has served the said Company since long. It is further clarified that the undersigned was not at all involved in the day-to-day affairs of the Company and/or its decision making process.



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7. That on a careful reading of the SCNs issued by your good office, the undersigned has invited your attention to the dates of sanctions of the credit facilities to the Company, i.e., 16.06.2016 and 28.01.2015 do not indicate the true picture of the sanctioned facilities. In fact, the sanction dated 28.01.2015, basis which sanction letter dated 05.02.2015 issued, was never implemented and the Bank has sanctioned the facility referred to in sanction letter dated 05.02.2015 afresh vide its sanction letter dated 29.01.2016. Thus, both of the sanctions i.e. of dated 16.06.2016 and 29.01.2016 are outside the tenure of undersigned as CFO of the Company.
8. That as per the sanction for loan to farmers in Jan 2012, it is clear that the documentation w.r.t the aforesaid loan was to carried out with individual farmers and the role of the sugar Mill was limited to the signing of MoU with the list of Company officials to forward the loan application and to execute the corporate guarantee of the Sugar Mill. It is clearly stated in the said sanction letter that "the final vetting of the farmers shall be done as per the bank eligibility norms, the loan applications from the farmers will be obtained on the prescribed formats. The sanction of the loans to the farmers shall be at the sole and absolute discretion of the bank."
9. That your good office has not provided all documents in your possession from the date of original sanction(s) followed by various correspondences, approvals, status of pending litigations, if any, etc. to the undersigned till date in order to submit a proper representation and submission in this regard. However, on the basis on limited set of documents available with the undersigned, the undersigned has been able to make the partial submissions against the SCNs.
10. Following are the few observations on the first SCN which have been duly submitted to your good office and are summarized once again. They have been collated on the basis of limited information available:
- a. As per your SCN dated 25.04.2025 your good office is completely silent on the original Sanction Letter dated 02.01.2012.
 - b. Your good office has stated that a fresh loan of Rs. 110.00 Crores was sanctioned on 28.01.2015. The purpose of the said loan is to close the pending liability of the individual farmers and your good office as stated above made it clear to CBI on 29.09.2014 that there was no malfeasance in the sanctioning of the said loan.
 - c. Your good office has maintained silence on the Sanction Letter dated 29.01.2016 which is resulted after a fresh and complete legal appraisal after the Sanction Letter dated 05.02.2015 issued on the basis of the Approval Note dated 28.01.2015.
 - d. That your SCN dated 25.04.2015 is completely silent on the OA bearing no. 26 of 2015 before the DRT, Lucknow, UP in which Order dated 16.03.2016 is a joint compromise application moved by both the Bank and the Company which was accepted by way of consent Order dated 16.03.2016.
 - e. That as per your SCN dated 25.04.2025, the account was declared as NPA on 30.11.2016 with effect from 31.03.2015 as per RBI guidelines. The undersigned was not the CFO at that time.



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f. That as per the sanction letter, verification of the farmers KYC was the sole responsibility of the Bank and the Bank has stated that 85 to 90% of farmers have been duly identified. This clearly indicates that the allegation of non-existence of farmers is not tenable.

11. That it is ironical to note that on 24.05.2016, that a Consortium cum Monitoring Committee/Joint Lenders Meeting took place and the minutes of the said meeting were circulated on 26.05.2016. That on a plain reading of Para 6 of the said meeting which is reproduced as under clearly shows that there was no instance of any "Fraud" by the company:

"6. Letter received from the RBI regarding fraud reported in the account of the Company

Mr. Kaushik informed the lenders that they have received a letter from RBI dated 26.02.2016 stating that the account of SSL has been reported as Fraud by some bank and sought clarification w.r.t conduct of account with SBI.

He further informed that SBI has replied to the above letter stating that there was no suspected fraud detected in the conduct of account of the Company with their bank. He mentioned that consortium banks had also got a Special Investigative Audit (SIA) conducted and the auditor made certain observations regarding the conduct of the facilities which were duly replied by the Company and those replies were discussed in the previous JLF and the report was treated as closed.

There was no mention of any instance of "Fraud" in the Special Investigation Audit Report also."

12. That it is also a matter of record that the Company has gone through a Forensic Audit somewhere in the year 2018 in which no adverse finding were made against the Company. The undersigned has requested a copy of the report and reserved his comments to the same and expects your good office to provide him the copy of the same without any further delay so as to enable the undersigned to submit the response thereto in a reasonable time.

13. That the Undersigned has invited the attention of your good office to the order of the Hon'ble High court of Punjab and Haryana dated 11.12.2019, in which the Hon'ble High Court has stayed the declaration of the credit accounts of the Company with the OBC bank as Willful default and basis understanding of undersigned the said order is still subsisting. The Undersigned request you to provide the updated status thereof at the earliest.

14. That the Undersigned has requested your office in his earlier reply basis Clause 3.3 of the Master Circular dated 01.07.2016 referred above to be read with Clause 8.10 which deals with "Staff Accountability" before declaring as account as "Fraud".



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15. That the Bank has passed a speaking order dated 6/09/2025 communicated by letter dated 16/09/2025, after going through all the replies received by it, your esteemed Bank has passed the order declaring the account as No Fraud.
16. That vide the Second SCN dated 01/11/2025 as per Para 6 following is stated: "in view of the fresh findings in the accounts, the committee has decided for re-examination of fraud angle in view of the various factors duly captured in a tabular form in the said paragraph".
17. That it is respectfully submitted that the lending Bank(s) have stated in multiple forums have stated that account of the Company as "No Fraud" and to this effect attention of your good office is re invited to the following:
- Before the DRT, Lucknow while seeking a joint consented decree dated 16/03/2016.
 - Before the JLM of the Company took place on 24/05/2016.
 - Bank has sanctioned a facility on 29.01.2016, considering the account as "No Fraud", as it was otherwise not able to sanction the facility in any fraud account in terms of RBI guidelines.
 - SBI, the lead bank and consortium leader has declared the accounts under consortium as "No Fraud" at number of forums.
 - Finding in Forensic Audit somewhere in Year 2018. The details of this Report have been requested in earlier reply.
 - Staying of Declaration of company loan account as willful default by Hon High Court of Punjab and Haryana vide the Order dated 11/12/2019, which still stands valid.
18. That it has been submitted by the undersigned vide his letter dated 16/11/2025 in reply to Second SCN dated 01/11/2025, the subject needs to be revisited on the following grounds:
- Whether the Committee constituted for the purpose of examination of the instant SCN dated 01/11/2025 is different from the Committee which passed the speaking order dated 6/09/2025, communicated on 16/09/2025 declaring the accounts as "No fraud"
 - Whether the Committee constituted for the purpose of examination of the previous SCN dated 15/04/2025 is empowered to review or revisit its own decisions.
 - Whether the Committee constituted for the purpose of examination of the loan accounts as Fraud obtained approval from Advisory Board for banking and Financial Frauds (ABBFF) as per the Circular no 006/MSC/038 of CVC dated 06/01/2022.
 - Whether the instant notice describing the new findings as stated in Para 6, means that previous committee was not even aware of the basic records like sanction letters, subsequent documents, correspondences, judicial orders and administrative decision prior to passing the detailed and speaking order dated 6/09/2025 which was communicated on 16/09/2025. The reply to these clarifications are still awaited.



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19. *That the undersigned reposes complete confidence in your esteemed Bank and is of the considered opinion that your good office shall make a complete disclosure of the available Documents/Correspondences/ Approvals/ Sanction Letters, any other documents etc. emerged and considered after 06/09/2025 and 16/09/2025 which were not available earlier. This would not only enable the undersigned but also assist your good office to arrive at the conclusion whether the said account of the Company was ever in the category of fraud as per the definition given by the RBI in its Master Circulars.*
20. *That Undersigned has requested you for not to pass any Declaration of Fraud Account without providing all the underlined documents and giving opportunity to the Undersigned to represent himself in person after that along with an expert assistance, as it would cause irreparable harm to the Undersigned.*
21. *On an enquiry, the undersigned has come to know that the Bank has submitted certain documents to some of the addresses of the Second SCN in the month of January, 2026. No such document is received by me. I should be able to rebut the issues comprehensively once the documents are provided to me as well and crave for a further opportunity to present after that.*
22. *A complete tabulation of important dates with the available documents is attached along with annexures as Schedule 1 to this letter along with annexures for your kind reference. This shall be subject to updating once further information received by the Bank/emerged after 06/09/2025 and 16/09/2025 is received from the Bank by the Undersigned.*

Further, a time of 10 days was given to the Sh. Sanjay Tapriya to submit replies to the allegations in the Show Cause Notice (SCN). Reply from both the parties (Sh. G.S.C. Rao and Sh. Sanjay Tapriya) was received which is provided as under:

Reply of GSC Rao dated 10.03.2026

1. *I have presented myself at Punjab National Bank Head Office at 10:31AM and I was called for personal hearing time before the committee around 12:00PM on 09.03.2026.*
2. *I have been asked to present/ say anything about the SCN (Ref- FRMD/SCN/Simbhaoli) issued on 01.11.2025.*
3. *I have informed the committee that there is no any new evidence / findings in SCN (Ref- FRMD/SCN/Simbhaoli) issued on 01.11.2025 different than order (Ref-Reasoned Order of Head Office Fraud Examination Committee, Punjab national Bank) issued on 06.09.2025 and requested if anything new findings are there.*
4. *I have given my clarification in writing point by point on findings of order (Ref-Reasoned Order of Head Office Fraud Examination Committee, Punjab national Bank) dated- 06.09.2025 where in the committee has declared account as no fraud.*



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5. I have submitted the above papers duly signed to the committee and the committee comprised of 2 senior members and about 6 other members. (Annexure-I).
6. The enquiry about my service in Simbhaoli Sugars Ltd as CEO was made and I have informed that I left the company in the month of September 2013 and do not have any idea about the development on the Case.
7. I have also informed that the loan is restructured as commercial loan after my leaving in 2016 therefore there is no involvement of mine in the restructured loan. In this context I have submitted "High Court and Supreme Court" Order copies for the perusal of the committee. (Annexure-II).
8. I have also informed about my role as a CEO during my tenure prior to 2013 has not related to banking and financial loan of the company and informed that I have not signed a single paper in regards to the loan.
9. I have informed that my role as a CEO was Strategy, Projects Expansion and Modernization, nothing else in the finance. This is clearly documented in Corporate Governance Submitted in Registration of Companies.
10. I am, through this mail, is sending the copies of my submission of order (Ref-Reasoned Order of Head Office Fraud Examination Committee, Punjab national Bank) issued on 06.09.2025 and SCN (Ref-FRMD/SCN/Simbhaoli) issued on 01.11.2025, points which are same.
11. Other observations which are raised in SCN (Ref-FRMD/SCN/Simbhaoli) issued on 01.11.2025 are also old observations.
12. I request to kindly send if any voice transcript or statement recorded during the meeting.

Reply of Sh. Sanjay Tapriya dated 10.03.2026

1. At the outset, the undersigned asked if the meeting was being recorded. It was informed in affirmative to him.
2. The Chair stated that the Bank has already considered the two written submissions made by me in the past, in respect of two SCNs of April 2025 and November 2025 respectively and asked if I would like to make any further submission.
3. I informed to the committee that I vacated the position of CFO of the Simbhaoli Sugar (the Company) in September 2015 and continued as a non-working director on the request of the Board up to 2021[HK1].



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4. *I have stated that the account had been declared as fraud by the Bank unilaterally (shall we say arbitrarily) in the year 2013 in case of farmers loan and at that time no opportunity was given to the Company to present itself.*
5. *After that, at a number of forums including Bank JLMs and CDR forum in the years 2015 and 2016, the Bank has stated that the fraud has been reversed and consent of RBI has been taken to this effect. These documents have been duly submitted.*
6. *In 2014-15, the Bank has decided to sanction a corporate loan to the Company, which was re sanctioned in Jan 2016. In the note submitted by the Bank with its Board while sanctioning the Corporate Loan for extinguishing the original farmer's loan, the position has been completely explained. Post that for disbursing the loan RBI consent is taken and FMR reversal was confirmed. This note is a part of the documents on record and was received along with the documents provided by the ED.*
7. *In the consent decree of DRT, Lucknow in January 2016, the Bank stated that all the pending matters between company and the bank are completed and no legal issue is pending.*
8. *Against the first SCN in April 2025, a reply has been submitted by me in May 2025 and second in September 2025. The Bank after consideration of documents and information it possesses, declared that there was no fraud.*
9. *As the Bank has issued a second SCN in November 2025, a request has been made to the Bank to provide the documents and new information which it has received after September 2025, and which prompted it to issue the second SCN. No such information is provided up till now.*
10. *At this moment, CGM stated that in case any new document is received, the Bank is empowered to review its decision. It has been requested again that this additional information be provided, which is has received after September 2025 and was not in his possession before. This is as per the principles of fairness, reasonability and natural justice.*
11. *It has been informed and the undersigned has come to know that the Bank has issued certain old documents to all the directors. However, a copy thereof has not been received by me. The Bank has stated that the Speed Post has returned and delivered. It has been clearly stated by me that all other notices etc. are received and only these papers are not. The Bank has advised to collect these documents today only and that has been done. The Bank CGM has requested to give comment on these documents in 10 days or seek further time, if required.*



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12. The Bank CGM has asked if there were further information, I would like to share. I handed over a letter dated 07/03/2026, event dates along with Annexures bearing nos. from 1 to 15 to the committee, the copy of which is attached to this letter.
13. Bank has been requested that because of the above process, the undersigned being a 65 years old retired person is facing mental agony for last 8 years.

Further, an email dated 19.03.2026 has been received from Sh. Sanjay Tapriya, wherein he has stated that he was unable to review the documents in detail and will share his observations/ reply within a further period of two weeks and the time sought was granted to him.

Afterwards, a letter dated 30.03.2026 has been received from Sh. Sanjay Tapriya. Excerpts of the same is provided as under:

"That the undersigned was called upon by your esteemed Bank on 09.03.2026 vide letter dated 23.02.2026 in order to seek a response with respect to reaching to the conclusion whether the account of M/s Simbhaoli Sugars Ltd. is to be declared as fraud/ no fraud.

That in compliance with the aforesaid letter dated 23.02.2026, the undersigned appeared in person on 9th March 2026 at 1035 am to your office.

That during the course of personal hearing at 12 noon, a team of 5 officers, names/designations not known to the undersigned, were present during the meeting.

That at the outset, it was informed to the undersigned that the said meeting is not recorded, however immediately thereafter it was clarified that the minutes of the meeting are getting duly recorded. The undersigned submits with humility that there is no express provision to record the said hearing provided in the law unless it is a statement recorded under Section 50 of the PML Act 2002 backed by statutory rules.

The undersigned politely requested the team of esteemed officials in the meeting to kindly provide the list of documents on the basis of which the decision already taken wherein the aforesaid account was declared as "no fraud account" vide the Order dated 06.09.2025 is revisited/reviewed by the Bank.

That the power to review/revisit the decision dated 06.09.2025 is not available in the first instance to the extent it reflects revisiting the wisdom of the previous committee of the Senior officers by the Bank.

That under the said circumstances and facts, the undersigned submits and requests with humility that it is necessary to provide the minutes of the meeting and the composition of the committee



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of the Senior officers who have arrived at the final conclusion that the aforesaid account is **NOT A FRAUD ACCOUNT** vide the order dated 06.09.2025 and more particularly all those documents which were before the said committee of senior officers while passing the Order dated 06.09.2025.

Sir, vide letter dated 23.02.2026 and even thereafter your esteemed Bank has not given the list and copies of those documents which were not available with the previous committee of senior officers who took the decision that the account is **NOT A FRAUD ACCOUNT** and subsequently made available to it.

That the undersigned has given a detailed representation prior to the Order of 06.09.2025, which was examined, assessed and considered in all seriousness prior to coming to the decision dated 06.09.2025.

Sir, it is noteworthy that if there were common members between the previous committee and the existing committee of senior officers, no information has been given till date as to what material is available to them to change their opinion to revisit their own observation and if any specific written order has been passed by them to this effect.

That if it is a case wherein all the members of the instant committee are different from the members of the previous committee, whether there is a speaking order passed by the Committee one level senior in ranks and designation who has passed the order that the finding of the previous committee was erroneous and such an order, if any, has not been provided to the undersigned.

That the undersigned submits that after the course of the hearing on 9th March 2026, a large volume of documents (voluminous documents) were supplied to the undersigned without any index or pagination and the undersigned took a considerable time to evaluate these documents and that is the only reason a time of 22 days is taken to submit the instant response.

That on a simple evaluation, it is submitted that **not even a single document** supplied on 09.03.2026 is different from the set of documents ought to be available with the previous committee which took a decision dated 06.09.2025 rather interesting but ironically the previous committee had more documents which were exculpatory in nature like the decision by the State Bank of India, the lead Bank and recorded in JLM dated 25/04/2016 that the account of M/s Simbhaoli Sugars Ltd. is not a fraud account.

That it is matter of record that the account of M/s Simbhaoli Sugars Ltd. was funded as a consortium account and the basic tenant of a consortium accounts is that the lead Bank in the consortium which in the instant case is State Bank of India, not only collects the information from the member Banks with respect to their lending arrangement with the borrowers but also disseminates and exchange information with the member banks to ensure uniformity in lending and plug the leakages, if any at an early stage.

That with due respect and humility the mechanism and the manner in which the aforesaid proceedings are revisited is contrary to the CVC circulars no 006/MSC/038 of CVC dated 06.01.2022 and also a case of administrative overreach of the Judicial Order of the DRT dated 16.03.2016.



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That last but not the least, the undersigned submits that the very purpose of the principle of Audi alteram partem on which emphasis was laid by the Supreme Court of India in the case of 'SBI vs Rajesh Agarwal' in Civil Appeal No. 7300 of 2022 before declaring the account as fraud can be achieved only if true and fair disclosure of true and material information, order under which the said exercise is committed.

That the present case is a peculiar case wherein in less than a span of two months the Bank is revisiting the decision of the previous team of senior officers on the basis of the information which was already available with the previous team of senior officers, shall result into doubting the integrity of understanding and wisdom of the senior officers of the Bank, which in the instant case according to the undersigned is outside the scope and ambit of the instant committee which is seized with the issue.

That the undersigned has also placed on record the Judicial Order passed by the Hon Supreme Court of India, wherein this window is available to the Reserve Bank of India being a regulatory body and not otherwise as State Bank of India, largest bank in India (also known as the banks of the bank) wherein State Bank of India succeeded in SLP no. 4092 of 2024 in case titled "M/s Simbhaoli Sugars Ltd. vs State Bank of India & Ors" and got the setting aside of the Order of the High Court of Allahabad to direct CBI investigation.

Sirs, it is not out of place to mention that the order of the Supreme Court of India is binding under Article 141 of the Constitution of India, and no Court below has a right to interfere with the decision of the Hon'ble Supreme Court. The Administrative machinery of the Bank is obliged to obey the Judicial Orders, and the undersigned accordingly has a legitimate expectation that the senior team of the officers of the Bank after seeking necessary legal opinion in the matter, shall take an appropriate decision.

The undersigned is confident that your esteemed Bank and its officers shall follow the judicial orders and will not interfere with the wisdom of previous officers of your bank and the wisdom of the State Bank of India, wherein they have declared the account as not a fraud account and shall also be mindful of the order passed by DRT Lucknow dated 16.03.2016.

The undersigned submits with folded hands that the instant submissions be please taken on record and in case of proceeding adversely a final opportunity of a personal hearing shall be granted to the undersigned."

Committee's Views on response of Sh. Sanjay Tapriya dated 07.03.2026, 10.03.2026, 19.03.2026 & 30.03.2026 and reply of Sh. GSC Rao dated 10.03.2026 on the personal hearing submissions and subsequent replies remain consistent with the earlier reasoned positions: the noticees have not provided specific rebuttal on merits of the fresh findings; the process has been fair and compliant with natural justice; and the Bank has acted within its regulatory mandate.



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A personal hearing has been provided to Mr. Sanjay Tapriya on 09.03.2026 and multiple replies / representations received from him have been duly considered during the fraud examination process. It appears that requesting a personal hearing once again by Sh. Sanjay Tapriya is a delay tactic to subvert the process of fraud examination, as acceding to such a request would make this fraud examination process, a never-ending process.

Moreover, The Hon'ble Supreme Court of India vide its judgement dated 07.04.2025 in Civil Appeal Nos. 4243-4244 of 2026 titled State Bank of India v. Amit Iron Private Limited & Ors., has held that "Rajesh Agarwal (supra) did not recognize any right in the borrower to a personal hearing by the banks before classifying their account as a fraud."

Hon'ble Apex Court vide the judgement dated 07.04.2026 (supra) has held that as long as the petitioner was afforded an adequate opportunity to submit his objections in writing, the requirement of fairness and principle of natural justice stood satisfied and therefore no personal hearing is required by the Bank before classification of an account as fraud.

Overall View of the Committee:

After careful consideration of the material facts on record and the borrowers' submissions in response to the factors of fraud outlined in the Show Cause Notice dated 01.11.2025, the Committee concludes that:

- The objections raised by the borrowers are untenable;
- The noticees have adopted an evasive approach in addressing the factors of fraud and have failed to submit cogent reasoning that would establish non-admissibility of the charges;
- Instead of meeting the allegations on merits, the noticees have primarily challenged the maintainability of the SCN and the veracity of the process;
- The Bank has acted strictly in accordance with the RBI Master Directions on Fraud Risk Management and its internal Fraud Risk Management Policy;
- The Show Cause Notice dated 01.11.2025 is valid, lawful and necessary to ensure regulatory compliance; and
- The parties have not furnished any justification that rebuts the Bank's allegations on the factors of fraud.



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Further, in accordance with the order dated 20.11.2025 passed by Hon'ble High Court of Delhi passed in WPC No. 17592 of 2025 in the matter of Dr. GSC Rao & Punjab National Bank, it has been directed that whenever the decision is taken, the same will not be given effect until two weeks to enable the petitioner to take recourse to appropriate legal remedies.

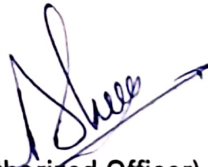
Accordingly, the fraud shall be reported excluding the name of Dr. G.S.C. Rao. His name shall be included only after the expiry of two weeks from the date of delivery of the reasoned order.

Without prejudice to all the rights and remedies available under Law to the Bank, this order is subject to the outcome of LPA no. 730 of 2025 pending before Hon'ble High Court of Delhi as per order dated 02.12.2025 of Hon'ble Division Bench.

In view of the above and after due consideration of the fraudulent incidents observed by the Bank, the Committee has decided to declare the account of M/s Simbhaoli Sugars Limited (borrower) and its directors Sh Gurmeet Singh Mann (CMD), Guralp Singh (Dy. Managing Director), Smt Gursimran Kaur Mann (ED), Sh G.S.C. Rao (CEO) and Sh Sanjay Tapriya (CFO) as fraud and passes the following order:

ORDER

The competent authority, after due consideration of the above said facts and examining the evidences on record, found that the borrower M/s Simbhaoli Sugar Limited and its directors Sh Gurmeet Singh Mann (CMD), Guralp Singh (Dy. Managing Director), Sh. Gursimran Kaur Mann (ED), G.S.C. Rao (CEO) & Sh Sanjay Tapriya (CFO) is / are responsible for above event(s) of fraud and hence the account is hereby declared as "Fraud" on the grounds of "*Misappropriation of funds and criminal breach of trust*" & "*Cheating by concealment of facts with the intention to deceive any person*" which constitute cogent ground(s) for the account(s) being classified as 'fraud' in terms of extant Bank guidelines issued in consonance with the RBI guidelines/ Master Directions on Fraud read with Judgement dated 27.03.2023 of Honorable Supreme Court of India in Civil Appeal No. 7300/2022.



(Authorized Officer)

For

Head Office Fraud Examination Committee



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