

2025:PHHC:146917



IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CRM-M-14813-2022 (O&M)
Reserved on: 10.09.2025
Pronounced on: 28.10.2025

Anuj Agarwal		Petitioner(s)
	Versus	
Serious Fraud Investigation Officer		Respondent(s)
		CRM-M-18396-2022 (O&M)
Khem Chand		Petitioner(s)
	Versus	
Serious Fraud Investigation Officer		Respondent(s)
		CRM-M-18661-2022 (O&M)
Mayank Goyal		Petitioner(s)
	Versus	
Serious Fraud Investigation Officer		Respondent(s)
		CRM-M-22108-2022 (O&M)
Naresh Kumar		Petitioner(s)
	Versus	
Serious Fraud Investigation Officer		Respondent(s)
		CRM-M-22109-2022 (O&M)
Pankaj Kumar Bansal		Petitioner(s)
	Versus	
Serious Fraud Investigation Officer		Respondent(s)
		CRM-M-19764-2025 (O&M)
Harish Gupta		Petitioner(s)
	Versus	
Serious Fraud Investigation Officer		Respondent(s)
		CRM-M-19815-2025 (O&M)
Sachin Singhal		

.....Petitioner(s)
Versus
Serious Fraud Investigation Officer and others
.....Respondent(s)
CRM-M-19913-2025 (O&M)

Yogesh Gupta
.....Petitioner(s)
Versus
Serious Fraud Investigation Officer
.....Respondent(s)

CORAM: HON'BLE MR. JUSTICE ANOOP CHITKARA

Present:
Mr. R.S. Rai, Sr. Advocate with Ms. Rubika Virmani, Mr. Jatin Sehgal, Ms. Prachi Goyal, Mr. Viren Sibal, Ms. Devna Soni, Mr. Shivashish Dwivedi, Mr. Ashish Garg, Mr. Yaahi Bajpai, Mr. Divyanshu Goyal, Advocates for petitioners in CRM-M-19815, 19913 & 19764-2025.
Mr. R.S. Cheema, Sr. Advocate, with Ms. Sumanjit Kaur, Advocate, and Mr. Satish Kumar Sharma, Advocate, for the petitioner(s) in CRM-M-22108 & 22109 of 2022.
Mr. Gaurav Chopra, Sr. Advocate with Mr. Abhaysher Singh, Ms. Seerat Saldi, Mr. Abhaysher Singh & Ms. Devanshi Sharma, Advocates for the petitioner(s) in CRM-M-18661 & 18396-2022.
Mr. Manav Bajaj, Advocate for the petitioner(s) in CRM-M-14813-2022.

Mr. J.S. Lalli, Dy. Solicitor General of India with Mr. Manish Verma, Advocate, for the respondent, SFIO, in CRM-M-19815, 19764, 19913-2025.
Ms. Puneeta Sethi, Sr. Panel Counsel with Mr. Yashoodev S. Thakur, Advocate for respondent-SFIO in CRM-M-14813, 22108, 22109, 18396, 18661-2022.
Mr. Shalender Kashyap, Advocate and, Mr. Parchand Sethi, Advocate, for Union Bank of India/Corporation Bank in CRM-M-19815-2025.
Mr. Gaurav Goel and Mr. Teginder Singh, Advocate, for respondents no.4, 10, 12-BOI, IOB, CBOI in CRM-M-19815-2025.
Mr. Rahish Pahwa, Advocate, for respondent-Canara Bank in CRM-M-19815-2025.
Mr. Kunal Dawar, Adv. for respondent no.14 in CRM-M-19815-2025.
Mr. Arvind Rajotia, Advocate, for respondent no.15-PNB in CRM-M-19815-2025
Mr. C.S. Pasricha, Advocate and Mr. Saurabh Sudhir, Advocate for the respondent, Karnataka Bank in CRM-M-19815-2025.
Mr. Rahul Garg, Advocate for respondent nos.3, 5 to 7-SBI in CRM-M-19815-2025.
Mr. Sumit Batra, Advocate for respondent-LIC Housing Fin.
Mr. Arvind Rajotia, Advocate for respondent-PNB.
Mr. Sharik Minhas, Advocate for KPS Dhillon, Advocate for respondent Bank of Baroda.

ANOOP CHITKARA, J.

ANTICIPATORY BAIL UNDER SECTION			438 CrPC
Compl. No.	Date	Court	Sections
COMA/17/2021	11.06.2021	Special Judge (under Companies Act, 2013), Gurugram	S. 143 read with S. 147 and 448 of the Companies Act, 2013.

1. By this common order, this Court proposes to dispose of the pending bail applications of the petitioners, who are Chartered Accountants, by making two categories: the first category of “Statutory Auditors” and the second of “Internal Auditors”. The Statutory Auditors are A-70 Sachin Singhal; A-75 Anuj Agarwal; A-76 Pankaj Bansal; A-77 Yogesh Gupta; A-78 Harish Gupta; and A-80 Naresh Kumar. The internal auditors are A-71 Khem Chand and A-74 Mayank Goyal.
2. Since the oldest case pending before this Court is the case of Anuj Agarwal, i.e., CRM-M-14813-2022, as such, it is being taken as the lead case.
3. Aggrieved by the dismissal of the anticipatory bail petitions, filed on issuance of summons, and later warrants by the trial court, in the complaint captioned above, the petitioners, apprehending arrest, had come up before this Court under Section 482 BNSS seeking anticipatory bail. A coordinate bench, by separate orders, had granted interim bail and the order continues to date.
4. The matter pertains to misappropriation and diversion of funds, which were taken as loans, on various occasions, by a group of companies named SRS, from a consortium of banks. And the lead bankers were State Bank of India, Bank of India, Union Bank of India, Oriental Bank of Commerce, and Syndicate Bank.
5. The criminal machinery was set into motion by an order of investigation dated 01.08.2018, passed by the Ministry of Corporate Affairs, Government of India (“MCA”), whereby, the MCA, in exercise of its powers under Section 212(1) (a) of the Companies Act, 2013, assigned the investigation into the affairs of SRS Ltd. & its group companies (Collectively referred to as “Companies Under Investigation” hereinafter referred to as “CUIs”) to the answering Respondent/SFIO.
4. The investigation into the affairs of 88 CUIs was conducted as directed vide order dated 01.08.2018.
5. The investigation revealed that the affairs of these companies were managed and controlled by co-accused Anil Jindal, Jitender Kumar Garg, Praveen Kumar Kapoor, Bishan Bansal, Nanak Chand Tayal, Rajesh Singla, and Sushil Singla. It is revealed that the persons above were the actual controlling “mind and will” and were in control of the affairs of the SRS Group. The degree of their control was such that the directors in these companies were appointed or removed at their whim and fancy.
6. That in view of the revelations based on the investigation conducted by the Respondent/SFIO, the following offences have been invoked in the criminal complaint in accordance with the role/period of involvement of each of the accused:

- a) False statement in balance sheets/books of SRS group of companies: Offences invoked against signatories/Directors to the balance sheets – Section 448 of the Act and/or Section 628 of the Companies Act, 1956.
- b) Fraudulent representation before banks for obtaining credit facilities: Offences invoked against loan taking companies and the controllers of the said companies who submitted falsified balance sheets signatories/directors to the balance sheets – Section 36(c) of the Act.
- c) Siphoning and diversion of funds received as loan from banks/financial institutions: Offences invoked against respective companies and the individuals involved – Section 447 of the Act.
- d) Material mis-statements in the financial statements of the SRS group companies: Offences invoked against respective Statutory Auditors - Section 143 r/w 147, 448 of the Act and/or Section 227 r/w 233, 628 of the Companies Act, 1956.
- e) Form & contents of balance sheet, profit & loss account not giving true & fair view of the affairs of the companies, deficient Director's report and not keeping proper books of accounts: Offences invoked against the respective Directors/controllers/officers in default of the Companies – Section 128, 129, 134 of the Act and/or Section 209, 211, 217 of Companies Act, 1956.
- f) Non-declaration of 'related parties' in Financial Statements: Offences invoked against respective Companies & its controllers – Section 188 (5) of the Act and/or Section 297 r/w 629A of the Companies Act, 1956.
- g) Non-filing of annual returns and financial statements: Offences invoked against respective Companies & its directors/controllers/officers in default – Section 92(5) & 137(3) of the Act.

7. Upon completion of the investigation, an investigation report dated 05.06.2021, in terms of Section 212(12) of the Act, was submitted to the MCA.

8. The allegations against the accused A-75 Anuj Agarwal [CRM-M 14813-2022] are that the investigation revealed that Anuj Agarwal/petitioner, being the statutory auditor, audited the financials of CUIs, i.e., SRS Healthcare & Research Centre Limited (2016-17), BTL Holding Company Ltd (2016-17).

9. The allegations against the accused A-71 Khem Chand [CRM-M 18396-2022] are that the investigation revealed that Khem Chand/petitioner on behalf of Khem Shiv & Associates, audited the financials of the SRS Modern Sales Ltd (2016-17) and SRS Mines Overseas Ltd (2017-18 and 2018-19). In addition to the aforesaid two companies, the petitioner was auditor in thirty-two (32) other companies of SRS Group, with many of whom the aforesaid two companies had entered into dubious/fraudulent transactions.

10. The allegations against the accused A-74 Mayank Goyal [CRM-M 18661-2022] are that Investigation revealed that Mayank Goyal/petitioner audited the financials of SRS

portfolio Limited (2015-16, 2016-17); SRS Shining Ornaments Ltd (2016-17); SRS Global Securities Ltd (now known as Lisbon Facilities Ltd) (2015-16, 2016-17); SRS Retreat Services Ltd (2015-2016, 2016-17), SRS Learn & Knowledge Ltd (2016-17), Latest IT solutions Pvt. Ltd (2015-2016, 2016-17), SRS Knowledge & Technologies Pvt. Ltd (2015-16 and 2016-17) Top choice Computech Ltd (2015-16), SRS Automotive Components Pvt. Ltd. (2015-16 and 2016-17), SRS Mines Overseas Ltd (2015-16, 2016-17) and SRS Modern Sales Ltd (2015-16).

11. The allegations against the accused A-80 Naresh Kumar [CRM-M 22108-2022] are that the investigation revealed that Naresh Kumar/petitioner, being the Statutory Auditor, audited the financials of SRS Limited (2016-17 & 2017-18) & SRS Real Estate Limited (2016-17), which were either false in any material particulars, knowing it to be false and/or omitted material facts, knowing it to be material.

12. The allegations against the accused A-76 Pankaj Kumar Bansal [CRM-M 22109-2022] are that investigation revealed that Pankaj Kumar Bansal/petitioner, being the Statutory Auditor, audited the financials of SRS Finance Limited (2015-16 & 2016-17) SRS Real Infrastructure Limited (2015-16, 2016-17 and 2017-18), SRS Entertainment India Ltd (2016-17) and SRS Limited (2016-17, 2017-18), which were either false in any material particulars, knowing it to be false and/or omitted material facts, knowing it to be material.

13. The allegations against the accused A-78 Harish Gupta [CRM-M 19764-2022] are that the investigation revealed that the petitioner was amongst the Statutory Auditor of following entities and it is revealed that the aforesaid falsified statements were containing statements therein which were false in material particulars and/or which omitted material facts, knowing it to be material, and audited their financials as under: -

SRS Real Estate Limited (2014-15 & 2015-16)
SRS Real Infrastructure Ltd (2014-15& 2015-16)

14. The allegations against the accused A-70 Sachin Singhal [CRM-M 19815-2025] are that he was amongst the Statutory Auditors of the following entities and audited their financials as under: -

- SRS Modern Sales Ltd. (2010-11 to 2014-15),
- SRS Portfolio Limited (2010-11 to 2014-15),
- SRS Knowledge & Technologies Private Limited (2011-12 to 2014-15),
- Latest IT Solutions Pvt Ltd (2011-12 to 2014-15),
- Top choice Computech Ltd (2011-12 to 2014-15)

15. The allegations against the accused A-77 Yogesh Gupta [CRM-M 19913-2022] are that the investigation revealed that the petitioner was amongst the Statutory Auditors of

the following entities and revealed that the aforesaid falsified statements contained statements therein which were false in material particulars and/or which omitted material facts, knowing it to be material, and audited their financials as under: -

SRS Ltd (2012-13 to 2015-16)
SRS Real Estate Limited (2012-13 & 2013-14)
SRS Real Infrastructure Ltd (2013-14)

16. The Serious Fraud Investigation Office at Delhi had filed a Criminal Complaint in the Special Court at Gurugram against 81 accused persons, for violation of the provisions of the Companies Act, 2013, and the Companies Act, 1956. The investigation conducted by the Serious Fraud Investigation Office revealed that 88 companies, mostly belonging to the SRS Group, were in existence from 1st April 2010.

17. By order dated 16th August 2021, learned Special Judge, Gurugram, proceeded under Section 200(a) of CrPC, 1973. After analyzing the evidence, as mentioned in the complaint, the learned Special Court found that a prima facie case was made out for the issuance of summons and, accordingly, proceeded against all 81 accused.

18. The facts relevant to the adjudication of the bail applications filed by Chartered Accountants are being referred TO from the complaint and other documents attached to all the files mentioned above. Additionally, the replies, including the reply filed by the State Bank of India, which headed the consortium of lending banks, are also being considered.

19. The petitioners' counsel seek bail primarily on the ground that, before the filing of the complaint, none of the accused was arrested and, as such, the investigator never intended to arrest them, and now, they are throwing the burden on the trial Court and the Courts to arrest them, which is not justifiable. It was further argued that the trial Court did not issue warrants but instead issued a summons, which further shows that the Court's intention was not to deny bail.

20. On the contrary, the counsel appearing for SFIO opposes the bail(s) and submits that the grounds for bail and the parameters for the bail are akin to Section 45 of the PMLA Act, Section 37 of the NDPS Act and Section 20 of UAPA, and before this Court can grant bail, there should be subjective satisfaction that all the accused are not prima facie involved in the commission of the offence. Since the trial Court has taken cognizance and proceeded under Section 200 of the CrPC after applying its mind, no case for bail is made out, as there is sufficient evidence against all the petitioners.

21. An analysis of the arguments and the pleadings would lead to the following outcome:

22. The total outstanding amount, which was due to the Consortium of Banks, by SRS Group of Companies, is Rs. 1596.94 Crores (INR 1596,94,00,000/-). The complaint and

other documents point out that the Directors of SRS Group, namely Anil Jindal (A-9), Jitender Kumar Garg (A-14), Praveen Kumar Kapoor (A15), Bishan Bansal (A-10), Nanak Chand (A-13), Rajesh Singla (A-12), and Sushil Singla (A-11), were in total control over the SRS Group and were working as per their whims and fancies. The pleadings further revealed that even in the case of non-SRS companies, all the accused persons were directly or indirectly controlled by the above-captioned persons and their companies. In all, this small group of people held total control of the SRS Group, along with their cohorts.

23. The limited question before this Court is the role of Chartered Accountants in obtaining loans and siphoning them off, or in their rotation.

24. As per the investigation report dated 05-06-2021, against SRS Limited and its groups, including Group companies, were submitted by the Serious Fraud Investigation Office under Section 212 of the Companies Act 2013. The common allegations against the statutory auditors/petitioners, who are Chartered Accountants, are that they did not inspect the statutory registers; they relied on party transactions disclosed to them by Management; did not object to the interest-free loans disbursed by Management; did not physically inspect the stock, and the queries that were raised were also resolved verbally. Paragraphs 1 to 5 of the report mention the failure of Statutory Auditors. It refers to the fact that Auditors did not perform their basic due diligence while certifying the companies' liabilities; they did not communicate the observations to the Audit Committee and adopted the accounts; they did not even conduct the basic test of checking the books and records; and finally, the Auditors did not follow the generally accepted accounting principles, accounting standards, and standard auditing practices required by professionals under the law and ethical code.

25. It will be appropriate to refer to the relevant extract of the reply dated 17.07.2025 filed by SFIO, as under:-

(4). That despite being aware of the proceedings pending before the Id. Special Court, the petitioner did not appear in person before the Id. Special Court, consequently, the Id. Special Court, vide order dated 23.11.2021 & 11.03.2022 directed issuance of bailable warrants and non-bailable warrants respectively against the petitioner herein.

(5). That pursuant to the issuance of the warrants of arrest as above, the petitioner herein approached the Id. Special Court seeking recall of the warrant issued against him, wherein, the Id. Special Court, vide order dated 30.03.2022, dismissed the application filed by the petitioner seeking recalling of the abovesaid warrants of arrest and also declined the prayer to supply complete set of relied upon documents *to the Counsel* for the petitioner.

(12). That the investigation into the affairs of eighty-eight companies of SRS group revealed that SRS Group consisted of two categories of

companies with the nomenclature 'SRS companies' and 'non-SRS companies'.

In case of non-SRS companies, it is revealed that the directors were mostly the employees, known persons, or relatives of the controllers of the SRS Group. However, the total control over the operations of these companies was in the hands of the controllers of the SRS Group.

It is revealed that five companies belonging to SRS Group i.e. SRS Limited, SRS Modern Sales Limited, SRS Healthcare & Research Centre Limited, SRS Finance Limited & SRS Real Estate Limited obtained loans to the tune of Rs.528 crores (after 12.09.2013) from public sector banks/financial institutions. The outstanding bank loans with respect to nine of the SRS Group of companies, as per the latest financial statements filed with MCA, are Rs.1596.94 crores.

It is further revealed that the Directors of SRS Ltd. and its four other Group Companies had presented falsified financial statements (after 12.09.2013) containing falsified statements of debtors, inflated Purchase & Sales figures, deliberately concealed the material facts in obtaining aforesaid credit facility from public sector banks/financial institutions. In this regard, non-SRS companies were used for the purpose of inflating the sale, purchase, and profit of the SRS Companies, adjusting cash sales of jewelry and building material of declared SRS Companies, showing these non-SRS companies as debtors in the books of accounts of SRS Companies.

It is further revealed that the controllers of the CUIs connived and Siphoned Off funds of Rs.671.48 Crores and diverted funds amounting to Rs.645.86 Crores from SRS Group of Companies by way of separate/distinct transactions. Further, the unlawful gain to the family members of Companies of the controller of SRS Group was by way of siphoning off the public funds from SRS Group of Companies and it was to the tune of Rs.21.11 Crore after the period 11.09.2013.

Investigation also revealed that the auditors of the SRS Companies had deliberately suppressed the actual figures & entries in the accounts of the company and had given wrong, false and misleading statements in the financial statements, knowing it to be false in a material particular and had omitted to state the material facts, knowing to be material to hide the true nature of the financial statements.

(13). That the MCA, in exercise of its power's u/s 212 (14) of the Act of 2013, vide its order dated 10.06.2021, issued 'directions' to the SFIO to file and initiate prosecution against the persons identified in the investigation report including against the petitioner herein.

(14). That, accordingly, the criminal complaint under reference i.e., COMA-17-2021 along with one another complaint i.e., COMA-18-2021, were filed before Id. Special Court (Companies Act), and the petitioner herein has been arrayed as amongst the accused in COMA-17-2021 only. Copy of the criminal complaint bearing No.COMA-17-2021 has been annexed along with the petition as Annexure P-1.

(15). That the ld. Special Court, vide cognizance order dated 16.08.2021, was pleased to take cognizance of all the offences as mentioned in the said complaint. Further, as far as the petitioner herein is concerned, the ld. Special Court, has summoned the petitioner herein for the offences as under:-

COMA 17 of 2021

- u/s 143 r/w 147, 448 of the Companies Act, 2013;
- u/s 227 r/w 233, 628 of the Companies Act, 1956.

Copy of the cognizance order dated 16.08.2021 passed in COMA-17-2021 has been annexed along with the petition as Annexure P-2.

(17). That without prejudice to the aforesaid, it is submitted that the investigation into the affairs of CUIs revealed as under:-

SIGNATORY TO FALSIFIED FINANCIAL STATEMENTS

a) Investigation revealed that the petitioner was amongst the Statutory Auditor of following entities and audited their financials as under:-

- SRS Modern Sales Ltd. (2010-11 to 2014-15),
- SRS Portfolio Limited (2010-11 to 2014-15),
- SRS Knowledge & Technologies Private Limited (2011-12 to 2014-15),
- Latest IT Solutions PVT Ltd (2011-12 to 2014-15),
- Top choice Computech Ltd (2011-12 to 2014-15)

b) It is revealed that the aforesaid falsified statements were containing statements therein which were false in material particulars and/or which omitted material facts, knowing it to be material.

SRS Modern Sales Ltd.

c) In this regard it is revealed that the company/SRS Modern Sales Ltd. was engaged in the business of establishing and running retail chain stores with the name ‘SRS Value Bazaar’, the trading of gold, glass, and building material. It is revealed that the company availed various fund and non-fund-based credit facilities under consortium funding from Union Bank of India (UBI), Vijaya Bank now (Bank of Baroda) (BOB), and Punjab National Bank (PNB) as under:-

(Amount Rs. in Crore)

Name of the Banks	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Punjab National Bank	25.33	25.28	25.25	25.33	24.94	25.29	27.23
Union Bank of India	25.32	24.96	24.98	35.41	37.46	37.90	37.95
Vijaya Bank	0.00	0.00	0.00	0.00	12.21	12.50	14.15
Interest Payable	0.00	0.00	0.00	0.00	0.10	0.00	6.30
Total	50.65	50.24	50.23	60.74	74.71	75.69	85.63

d) It is revealed that the financial statements of SRS Modern Sales Limited were falsified by adopting deception ways of showing circular transactions of purchase and sales in the building material and jewelry segment with other SRS group companies.

e) It is respectfully submitted that, the investigation has revealed that the sale/purchase transactions were carried out through two modes. First, the company purchased the goods from other companies or entities and sold the same on the same day to the other company or entity without any circular trading.

XX XX XX XX XX

f) It is respectfully submitted that in the Second *modus operandi*, SRS Modern Sales Limited had shown purchases from one set of SRS Group companies and sale to another set of SRS Group companies either on the same day or within a couple of days, By adopting this *modus operandi*, the goods sold by SRS Modern Sales Limited were again re-purchased at a much lower price than the sale price on the same day or next couple of days. This circular trading helped SRS Modern Sales Ltd. in inflating the net worth of the company and to show enhanced sale/purchase and profits in SRS Modern Sales Limited. The following table illustrates the same:-

XX XX XX XX XX

g) It is respectfully submitted that, the total purchase of jewellery made by the SRS Group (consisting of SRS Companies and non-SRS Companies) from the other sources (companies/entities, Bank and Import) excluding the SRS Group from the year 2010-11 to 2017-18 was Rs.9140.03 crores. By adopting the *modus operandi* of the circular trading/round-tripping, the purchases of Rs.9140.03 crores resulted in an inflated combined sale of Rs.45519.74 crore.

h) Further, on the analysis of transactions relating to purchasing and sale, it is evident that the total purchases in the building material segment by SRS Modern Sales Ltd. from sources (other companies/entities) including the SRS Group from the year 2010-11 to 2016-17 was for Rs.38.82 Crores. By adopting the *modus operandi* of circular trading/round-tripping, the purchases of Rs.38.82 Crores resulted in an inflated sale of Rs.2,614.16 Crore during the same period.

i) On the analysis of the financial statements, it is observed that the company had an outstanding liability of Rs.85.62 Crore which was payable to the banks. This Cash Credit (CC) Limit was obtained from the banks against trading. During the investigation, it is observed that the company had entered into book transactions of trading in building material/jewelry with their own companies without any actual Sale/Purchase. This was done to increase the size of the balance sheet to avail of enhanced CC limits from the banks. The company has through a network of companies diverted the funds of the lender banks by entering into fictitious sales and purchase transactions and the entire funds are shown as receivables from debtors (Non-SRS Companies) which actually will not be realizable. The details of yearwise purchase and sale are as under: -

Particulars	Segments	Total
Purchases	Building material	2427.59
Sales		2502.83

Purchases	Jewellery	513.20
Sales		499.69

(As per last column of the table, only the total has been quoted)

j) It is further revealed that below mentioned transactions were not declared as related party transactions in the respective financial statements.

Particulars	Segment	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Purchases	Building	295.03	375.52	372.46	446.02	475.76	423.94	2388.76
Sales	Material	290.73	379.96	389.24	454.24	488.97	434.72	2437.86
Purchases	Jeweller	96.96	96.69	75.36	75.45	59.81	75.90	480.17
Sales	y	60.45	32.99	0.00	42.82	26.78	54.58	217.62

k) It is further submitted that, SRS Modern Sales Ltd requested to consortium of banks led by Union Bank of India vide application dated 01.10.2013 to review and enhance the existing cash credit limits from Rs.45 crore to Rs.75 crore over the period from 2013-14 to 2016-17. The company submitted that annual balance sheets for the year 2013-14, 2014-15 & 2015-16, CMA data, and project report along with the request application. In the proposal note dated 10.07.2015, the banks have considered the submitted balance sheets of the company for analysis. The banks were relying on the information disclosed in the financial statements with respect to Turnover, Different Ratio, Profitability, Asset Quality, based on these financial Parameters which are derived from the figures given in the balance sheets duly submitted by SRS Modern to Union Bank of India, and decided to lend/sanction the credit facilities.

l) It is revealed that annual balance sheet submitted by SRS Modern Sales Ltd. to the banks for the year 2013-14, 2014-15 and 2015-16 shows gross sales as Rs.533.88 Crore, Rs.547.37 Crore and Rs.569.44 Crore respectively. However, the investigation has revealed that these sales figure includes the sales resulting out of circular entries and sales to own non-SRS companies. The amount of these sales for the year 2013-14, 2014-15 and 2015-16 are Rs.454.21 Crore, Rs.488.97 Crore and Rs.434.7 Crore respectively.

m) It is further submitted that the annual balance sheet submitted by SRS Modern to the banks for the year 2013-14, 2014-15 and 2015-16 shows gross purchase as Rs.521.52 Crore, Rs.536.67 Crore and Rs.564.50 Crore respectively. However, the investigation has revealed that these purchase figure includes the purchases resulting out of circular entries and purchases from own non-SRS companies. The amount of these purchases for the year 2013-14, 2014-15 and 2015-16 are Rs.446.02 crore, Rs.475.76 Crore and Rs.456.36 Crore respectively.

SRS Portfolio Limited

n) It is revealed that the company has entered into certain transactions with some SRS Group Companies from year 2010-11 to 2016-17, and the said transactions have not been reflected as related party transactions in the respective years.

o) It is revealed that the company majorly transacted in the sale purchase or made the investment in unlisted shares of companies of SRS Group. It is observed that the company had entered into the transaction of unlisted shares at the same rate/different rates on the same day/year during the period 2010-11 to 2016-17. The sale-purchase transactions were shown in the books of accounts of SRS Portfolio Ltd without following the proper documentation. Neither the share certificates nor the transfer deeds were maintained and the transfer fee on the purchase of unlisted shares was not paid to the Government. The purpose to entering in these sales & purchases of shares was to set off intercompany balances and to adjust losses of the company to show the company in profits.

p) It is revealed that the company had shown a loss of Rs.5.75 Crore in gold hedging in the year 2011-12. The recipients of the profit were other SRS Group Companies. This loss was booked to offset the gain of Rs.6.53 Crores which was accrued on commodity transactions in the year 2011-12.

SRS Knowledge & Technologies Private Limited

q) It is revealed that some SRS Group companies are shown as creditors but they were not reflected as a related party in the years 2011-12, 2012-13, and 2015-16.

r) Investigation revealed that the company had transaction with some SRS Group Companies from the year 2010-11 to 2016-17. The details are as under:-

(Amount Rs. in Crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Receipt	8.97	6.91	9.59	4.33	9.58	37.44	5.95
Payment	5.54	4.18	12.74	4.05	4.32	14	17.19

s) It is revealed that these transactions have not been reflected as related party transactions in the respective years.

t) Investigation revealed that the company majority transacted in the sale & purchase or made the investment in unlisted shares of companies of SRS Group in the year 2010-11 and 2017-18. Neither the share certificates nor the transfer deeds were maintained and transfer fee on the purchase of unlisted shares was not paid to the Government. The purpose of entering in these sale purchases of shares was to set off intercompany balances and to adjust losses of the company or to show the company in profits.

u) Investigation revealed that the company had paid rent in lieu of an assured return to the investors who were invested in the properties at SRS Towers from the year 2010-11 to 2016-17. It is also revealed that the payment had been made but no benefit had been accrued to the company. The rent paid is nothing but the amount paid in lieu of assured returns to the investor of SRS Real Infrastructure Limited who has purchased the property in SRS Tower.

Latest IT Solutions Pvt Ltd.

- v) Investigation revealed that the funds received from some SRS Group companies were not reflected as a related party transaction in the years 2011-12 to 2016-17.
- w) Investigation revealed that the company majorly transacted in the sale purchase or made the investment in unlisted shares of companies of SRS Group. It is observed that the company had entered into the transaction of unlisted shares at the same rate or different rates on the same day/year during the period 2010-11 to 2016-17. Neither the share certificates nor the transfer deeds were maintained and the transfer fee on the purchase of unlisted shares was not paid to the Government. The purpose to entering in these sale purchases of shares was to set off intercompany balances and to adjust losses of the company or to show the company in profits.
- x) Investigation revealed that the company had paid rent in lieu of an assured return to the investors who were invested in the properties at SRS Towers from the year 2010-11 to 2016-17. It is also revealed that the payment had been made but no benefit had been accrued to the company. The rent paid is nothing but the amount paid in lieu of assured returns to the investor of SRS Real Infrastructure Limited who has purchased the property in SRS Tower.

Top choice Computech Ltd.

- y) It is revealed that the loans and advances received from some SRS Group companies were not reflected as a related party transaction in the years 2012-13, 2014-15, 2015-16, and 2016-17.
- z) Investigation revealed that the company had transactions with some SRS Group Companies from the year 2010-11 to 2016-17. The details are as under: -

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Receipt	12.78	1.08	6.69	7.58	9.44	8.88	1.27
Payment	7.03	3.89	3.4	2.18	12.06	6.99	0.75

These transactions have not been reflected as related party transactions in the respective years.

- aa) Investigation revealed that the company had shown the payments received from Rajat Fincap P Limited as Share Application money in the year 2011-12 and the same was shown as Unsecured loan in the year 2012-13.
- bb) Investigation revealed that the company majorly transacted in the sale purchase or made the investment in unlisted shares of companies of SRS Group. It is observed that the company had entered into the transaction of unlisted shares at the same rate or different rates on the same day/year during the period 2010-11 to 2016-17. Neither the share certificates nor the transfer deeds were maintained and the transfer fee on the purchase of unlisted shares was not paid to the Government. The purpose to entering in these sales & purchases of shares was to set off intercompany balances and to adjust losses of the company or to show the company in profits.

cc) Investigation revealed that the company had paid rent in lieu of an assured return to the investors who were invested in the properties at SRS Towers, SRS Emerald Court from the year 2010-11 to 2016-17. It is also revealed that the payment had been made but no benefit had been accrued to the company. The rent paid is nothing but the assured return paid by the Top choice Computech limited to the investor of SRS Real Infrastructure Limited who have purchased the property in SRS Tower.

xx xx xx xx xx

23. In view of the above, it is submitted that petitioner, being amongst the statutory auditors of the abovementioned companies and in performance of his statutory duties, knowingly signed the audit report respecting the financials of the said companies containing false statements/omitting material facts, making him liable for action u/s 448 of the Companies Act, 2013.

xx xx xx xx xx

38. That the petitioner has sought party with certain co-accused who have been granted relief of bail either by the Ld. Special Court or by the Hon’ble Supreme Court.

39. That as far as grant of bail by the Hon’ble Supreme Court to co-accused Anil Jindal, Nanak Chand, Bishan Bansal, Sushil Singla & Rajesh Singla is concerned, it may be noted that *they have been granted relief of regular bail that too on ground of their custody period only.*

40. That as far as relief of anticipatory bail granted to two other co-accused (*Sanjeev Kumar Grover & Sanjay Aggarwal*) (*directors in different companies*) by the Hon’ble Supreme Court is concerned, it submitted that the Hon’ble Supreme Court has granted relief of anticipatory bail to the said accused observing “.....*Having regard to the facts and circumstances of the case.....*”, thus, the order of the Hon’ble Supreme Court is neither on merits nor on ground of non-arrest during investigation. Thus, the petitioner herein cannot seek parity with the said co-accused as, it is respectfully submitted, the order of the Hon’ble Supreme Court does not show as to what were the factors considered by the Hon’ble Supreme Court while granting the relief to the said co-accused vide its order dated 18.09.2024 passed in S.L.P (Crl. 8243-8244 & 8093 of 2024).

41. That the petitioner has further sought parity with two of the co-accused/statutory auditors (Ruchi Jain & Pankaj Mittal) who have been granted relief of anticipatory bail by the Ld. Special Court.

xx xx xx xx xx

43. That the aforesaid clearly shows that the *co-accused/Directors*, who have signed the same financials of the respective CUIs which have been audited by the petitioner herein also, are either yet to appear before the Ld. Special Court or their bail applications stands dismissed as detailed above, and none of the said directors summoned for s.448 of the Companies Act, 2013 have been granted relief of bail by the Hon’ble Courts on ground of merits of the allegations.

44. That as far as grant of relief of bail to two of the co-accused/statutory auditors namely Ruchi Jain & Pankaj Mittal is concerned, it is submitted that, the petitioner herein cannot seek parity with any of the co-accused/statutory auditors as they have been granted the relief on peculiar facts and circumstances of their cases. In this regard it is submitted as under:-

Petitioner/co-accused	Name of Companies vis-à-vis financial year wherein Accused/petitioners were Auditor	Case Against co-accused/Petitioner
Ruchi Jain (co-accused on bail from Ld. Special Court)	• SRS ltd for F.Y's 2013-14 to 2015-16 • SRS Real Estate Limited for FY's 2011-12, 2013-14 to 2015-16.	• <u>SRS Ltd:</u> - It is revealed that the Auditor knowingly did not verify the actual stocky inventory, which would have revealed about the movements of stock resulting in revelation of bogus sales/purchase of goods. • Investigation revealed that debtors mentioned in the financial statements contained the names of other SRS Group Companies. However, these companies were not declared as 'related parties.
Pankaj Mittal (co-accused on bail from Ld. Special Court)	• BTL Holding Co. Ltd (F.Y. 2015-16) • SRS Smart Retail Ltd (F.Y. 2015-16) • SRS Learn & Knowledge Ltd. (F.Y.2015-16) • SRS Natural Resources Ltd (F.Y. 2015-16) • SRS Healthcare & Research Centre Ltd (F.Y. 2015-16) • SRS Shining Ornaments Ltd (F.Y 2015-16)	• <u>BTL Holding:-</u> Investigation revealed that the balance sheet for the F.Y. 2015-16 was not showing related party transaction amounting to Rs.2 crores and 99 lacs done by the company/BTL Holding with another SRS Group i.e. SRS Global Securities ltd. • <u>SRS Natural Resources Ltd:-</u> Investigation revealed that related party transactions i.e. with Satmaya Trading Company Co Ltd respecting an amount of - Rs.16 lacs, with Swami Hitech Projects Limited respecting an amount of – Rs.1 crores & 7 lacs and with SRS Knowledge & Technologies ltd to the tune of Rs.3 crores & 64 lacs were not shown in the respective balance sheets of Sampooran Natural Resources Limited in the year 2015-16. • <u>SRS Healthcare & Research Centre Ltd:-</u> Investigation revealed that funds were paid as advance to SRS Group of companies in the guise of

		“advance to suppliers” in the year 2015-16. However, these companies were not shown as related parties in the financial statements filed with ROC for the year 2015-16. • <u>SRS Learn & Knowledge Ltd:-</u> Investigation revealed that no board meetings were held during the year 2015-16 whereas the board minutes filed along with the balance sheet for the F.Y. 2015-16 was containing a false statement that board met 10 times during the said period. • <u>SRS Shining Ornaments Ltd:-</u> Investigation revealed that the company entered into related party transactions with other SRS Group Companies during the F.Y. 2015-16.
Sachin Singhal/ Petitioner	• SRS Modern Sales Ltd (2010-11 to 2014-15). • SRS Portfolio limited (2010-11 to 2014-15). • SRS Knowledge & Technologies Private Limited (2011-12 to 2014-15), • Latest IT Solutions Pvt Ltd (2011-12 to 2014-15) • Top choice Computech Ltd (2011-12 to 2014-15)	• <u>SRS Modern Sales Ltd:-</u> As stated above, the company availed various fund and non-fund-based credit facilities under consortium funding, and in this regard the company submitted the annual balance sheets for the year 2013-14, 2014-15 & 2015-16, CMA data, and project report along with the request application. It is revealed that the banks considered the said balance sheets of the company for analysis. It is revealed that the said balance sheets submitted to the banks for the year 2013-14, 2014-15 and 2015-16 shows gross sales as Rs.533.88 crore, Rs.547.37 Crore and Rs.569.44 Crore respectively. However, the investigation has revealed that these sales figure includes the sales resulting out of circular entries and sales to own non-SRS companies. It is revealed that the said balance sheets submitted to the banks for the year 2013-14, 2014-15 and 2015-16 shows gross purchase as Rs.521.52 Crore, Rs.536.67 Crore and Rs.564.50

		Crore respectively. However, the investigation has revealed that these purchases figures includes the purchases resulting out of circular entries and purchases from own non-SRS companies. The amount of these purchases for the year 2013-14, 2014-15 and 2015-16 are Rs.446.02 Crore, Rs.475.76 Crore and Rs.456.36 Crore respectively. It is revealed that the total purchase of Jewellery made by the SRS Group (consisting of SRS Companies and Non-SRS Companies) from the other sources (companies/entities, Bank and Import) excluding the SRS Group from the year 2010-11 to 2017-18 was for Rs.9140.03 crores. By adopting the modus operandi of circular trading/round-tripping, the purchases of Rs.9140.03 Crores resulted in an inflated combined sale of Rs.45519.74 Crores. • <u>SRS Portfolio Limited:-</u> As stated above, it is revealed that the company had entered into certain transactions with some SRS Group Companies from the year 2010-11 to 2016-17, and the said transactions have not been reflected as related party transactions in the respective years. The company had entered into the transaction of unlisted shares at the same rate/different rates on the same day/year during the period 2010-11 to 2016-17. The sale-purchase transactions were shown in the books of accounts of SRS Portfolio ltd without following the proper documentation. Neither the share certificates nor the transfer deeds were maintained and the transfer fee on the purchase of unlisted shares was not paid to the Government. • <u>SRS Knowledge & Technologies Private Ltd:-</u> As stated above, it is revealed that SRS Group
--	--	--

		companies are shown as creditors but they were not reflected as a related party in the years 2011-12, 2012-13 and 2015-16. The transactions have not been reflected as related party transactions in the respective years. The company majorly transacted in the sale & purchase or made the investment in unlisted shares of companies of SRS Group in the year 2010-11 and 2017-18. Neither the share certificates nor the transfer deeds were maintained and the transfer fee on the purchase of unlisted shares was not paid to the Government. The purpose to entering in these sale purchase of shares was to set off intercompany balances and to adjust losses of the company or to show the company in profits. The company had paid in lieu of the assured return to the investors who were invested in the properties at SRS Towers from the year 2010-11 to 2016-17. It is also revealed that the payment had been made but no benefit had been accrued to the company. The rent paid is nothing but the amount paid in lieu of assured returns to the investor of SRS Real Infrastructure Limited who has purchased the property in SRS Tower. • <u>Latest IT Solutions Pvt Ltd:-</u> The funds received from some SRS Group companies were not reflected as a related party transaction in the years 2011-12 to 2016-17. The company majorly transacted in the sale purchase or made the investment in unlisted shares of companies of SRS Group. It is observed that the company had entered into the transaction of unlisted shares at the same rate or different rates on the same day/year during the period 2010-11 to 2016-17. The purpose
--	--	--

		to entering in these sale purchases of shares was to set off intercompany balances and to adjust losses of the company or to show the company in profits. • <u>Top choice Computech Ltd:-</u> The loans and advances received from some SRS Group companies were not reflected as a related party transaction in the years 2012-13, 2014-15, 2015-16 and 2016-17. Further, transactions have not been reflected as related party transactions in the respective years.
--	--	---

45. That the aforesaid clearly shows that the petitioner herein has been arrayed as an accused with respect to the audit work done by him respecting the companies as detailed above which are different from the companies whose financials have been audited by the co-accused/statutory auditors namely Ruchi Jain & Pankaj Mittal. Further, the falsification/misstatements in the financials of the companies audited by co-accused Ruchi Jain & Pankaj Mittal is different from that of the financials audited by the petitioner herein.

46. That in this regard pertinent would be to mention that in case of co-accused Ruchi Jain the case is of not verifying the actual stock inventory and not mentioning of the debtors (SRS group of companies) as related parties. Further, in case of co-accused Pankaj Mittal the case is of non-mentioning the transactions entered with SRS Group of companies as related partly transactions. Whereas, on the other hand, in case of petitioner/Sachin Singhal the falsified balance sheets audited by the petitioner were submitted to the banks to secure funds from them. The said balance sheets filed with the banks were not only omitting mentioning of related party transactions, but were also mentioning therein inflated sales and purchase due to circular trading/round-tripping.”

26. It will also be relevant to extract the relevant part of the reply filed on behalf of respondent no.3-SBI, which reads as under:

“2. That the aforesaid petition, was listed on 09.04.2025, and the Hon'ble High Court, observed as follows:

It appears, prima facie, that there is an active connivance of the Bank official(s) concerned while granting loan facilities to SRS Group of Companies as well as other co-accused; hence, the consortium of Banks i.e.

- i. Oriental Bank of Commerce;
- ii. State Bank of India;
- iii. Bank of India;
- iv. e-State Bank of Travancore (now subsidiary of State Bank of India);
- v. e-State Bank of Patiala (now subsidiary of State Bank of India);
- vi. e-State Bank of Bikaner and Jaipur (now subsidiary of State Bank of India);
- vii. Union Bank of India;
- viii. Syndicate Bank (now merged with Canara Bank);

ix. Indian Overseas Bank;
 x. Canara Bank;
 xi. Central Bank of India;
 xii. LIC Housing Finance Limited;
 xiii. India Bulls Housing Finance Ltd.;
 xiv. Punjab National Bank;
 xv. Vijaya Bank (now merged with Bank of Baroda);
 xvi. Bank of Baroda;
 xvii. Karnataka Bank &
 xviii. Corporation Bank (now merged with Andhra Bank)
 through their General Manager(s) deserve to be impleaded as party respondent Nos.2 to 19, respectively: and it is so ordered.

3. That in terms of said order, State Bank of India & its E-Subsidiaries. has been arrayed as respondents No. 3, 5 to 7. It is stated that the answering respondent bank vehemently oppose/objects to the anticipatory bail petition filed by the petitioner, and further denies every allegation levelled against the answering respondent bank, and its officials, and further submits that the duties performed by the officials of the respondent bank, has been done diligently, as per banking norms and guidelines, under the parameters of banking Rules and laws. It is further submitted that the contentions that has not been expressly denied by the respondent bank hereinafter, should not be construed as an admission and rather be treated as a denial.

4. That the answering respondent Bank State Bank of India (SBI) (hereinafter refer to as respondent-bank (SBI)) is a body corporate constituted under the State Bank of India Act, 1955 having its Corporate Centre at Madame Cama Road, Nariman Point, Mumbai-400021 and one of its Local Head Office at 11. Parliament Street, New Delhi-110001 and one of its Branches, Stressed Assets Management Branch-I, at 6th Floor, Mohan Singh Place, Baba Kharak Singh Marg. Connaught Place, New Delhi-110001. It is a body corporate with perpetual succession and can sue and be sued in its own name.

5. That the action of granting financial assistance to SRS group of companies. is totally bonafide and this aspect is being elaboratively explained through various detailed documentation which is stated as under:

6. BANK'S LOAN DETAILS AND ITS EXECUTED LOAN DOCUMENTS: That briefly it is stated that one SRS group of companies approached various bank including respondent bank (Consortium of Banks including SBI-respondent bank, Bank of India, Union bank of India, Oriental Bank of Commerce, Syndicate Bank), and availed various financial assistance since March 2007. The details of SRS group of companies, its Directors, guarantors, who approached the consortium of bank, including respondent bank (SBI), is detailed below:

1) M/S SRS Limited (Borrower) Registered Office: SRS Tower, 305 & 307, 3rd Floor, Near Metro Station Mewla, Maharajpur, G.T Road, Faridabad, Haryana 121003. Second Address: SRS Sunflag Hospital, Sector 16A, Faridabad Haryana - 121002. Third Address: Flat No. 202, 2nd Floor, 27, New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001. Fourth Address: "SRS Multiplex", Top Floor, City Centre, Sector -12. Faridabad, Haryana-121007.

2) Sh. Sunil Jindal (Director & Guarantor) S/O Sh. Girraj Jindal. H. No. 538, Sector 14, Faridabad, Haryana-121007.

3) Dr. Anil Jindal (Director & Guarantor) S/O Sh. Girraj Jindal, H. No. 538, Sector 14, Faridabad, Haryana-121007.

- 4) Sh. Raju Bansal (Director & Guarantor), S/O Nanak Chand Bansal, House No. 122, Sector-09, Faridabad, Haryana 122017.
- 5) Sh. Vinod Gupta, (Director & Guarantor), S/O Sh. Chunni Lal, 8-9. Chawla Colony, Ballabgarh, Faridabad, Haryana 121004.
- 6) SPS Buildcon Limited, (Corporate Guarantor), Registered Office:, "SRS Multiplex", Top Floor, City Centre, Sector-12. Faridabad, Haryana-121007. Second Address: Flat No. 202. 2nd Floor, 27, New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001.
- 7) SRS Retreat Services Limited (Corporate Guarantor), Registered Office: "SRS Multiplex", Top Floor, City Centre, Sector-12, Faridabad, Haryana - 121007.
- 8) SRS Knowledge & Technologies Ltd, (Corporate Guarantor). Registered Office: Flat No. 202, 2nd Floor, 27, New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001. Second Address: SRS Tower, 305 & 307, 3rd Floor, Near Metro Station Mewla, Maharajpur, G.T Road, Faridabad, Delhi - 121003.
- 9) SRS Holdings Indian Ltd. (Corporate Guarantor) Registered Office: Flat No. 202. 2nd Floor, 27, New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001.,
- 10) Latest It Solutions Pvt. Ltd. (Corporate Guarantor) Registered Office: Flat No. 202. 2nd Floor, 27. New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001. Second Address: Unit No. 713. SRS Tower, Gt Road, Near Metro Station, Mewla, Maharajpur, Faridabad, Haryana 121003.
- 11) BTL Portfolio Limited (Corporate Guarantor) Registered Office: "SRS Multiplex", Top Floor, City Centre, Sector-12. Faridabad, Haryana-121007. Second Address: Flat No. 202. 2nd Floor, 27. New Delhi House, Barakhamba Road. Connaught Place, New Delhi-110001.
- 12) SRS International Limited (Corporate Guarantor) Registered Office: Flat No. 202, 2nd Floor, 27. New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001.
- 13) BTL Holding Company Ltd (Corporate Guarantor), Registered Office: Flat No. 202, 2nd Floor, 27, New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001.
7. That in lieu of said financial assistance, the borrower, i.e., SRS Limited, with an intention to secure the loan/credit facilities, created an equitable mortgage in favour of consortium bank, by deposition of title deeds. Even the borrower company (SRS Limited) hypothecated whole of the Current Assets i.e., Stocks of Raw Materials. Stocks in Process, Semi-Finished and Finished Goods. Stores and Spares not relating to Plant and Machinery (Consumable Stores and Spares), Bills Receivables and Book Debts and all other movables, both present and future. The details of mortgaged properties is as follows:

<u>S.NO</u>	<u>DESCRIPTION OF MORTGAGED PROPERTY</u>
1)	Plot of Land situated at Multiplex-cum-Shopping Mall at Site No. 4, City Centre, sector 12, Faridabad with plot area admeasuring 2.136.86 sq. mtr, Faridabad, comprising of Ground

	Floor, First Floor, second Floor, Mezzanine Floor, lower and Upper Basement
2)	Plot of Land situated at Kiosk No. 85, Huda Market, Sector-2. Urban Estate, Faridabad, ad-measuring 7.56 Sq. Mtr.
3)	Plot of Land situated at Kiosk No. 86, Huda Market, Sector-2. Urban Estate, Faridabad, ad-measuring 7.56 Sq. Mtr.
4)	Plot of Land situated at Kiosk No. 87, Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 7.56 Sq. Mtr.
5)	Plot of Land situated at Kiosk No. 88, Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 7.56 Sq. Mtr.
6)	Plot of Land situated at Kiosk No. 125, Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 7.56 Sq. Mtr.
7)	Plot of Land situated at Kiosk No. 123, Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 7.56 Sq. Mtr
8)	Plot of Land situated at Shop Booth No. 29. Huda Mcirkel, Sector-15A, Part 1. Urban Estate, Faridabad, ad-measuring 27.00 Sq. Yds.
9)	Plot of Land situated at Shop Booth No. 22, Huda Market, Sector-15A, Part 1, Urban Estate, Faridabad, ad-measuring 27.00 Sq. Yds.
10)	Plot of Land situated at Shop Booth No. 23, Huda Market, Sector-15A, Part 1, Urban Estate, Faridabad, ad-measuring 27.00 Sq. Yds.
11)	Plot of Land situated at Shop Booth No. 415, Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 22.687 Sq. Mtr
12)	Plot of Land situated at Shop Booth No. 19. Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 22.68 Sq. Mtr
13)	Plot of Land situated at Shop Booth No. 53, Huda Market, Sector-8, Urban Estate, Faridabad, ad-measuring 27.00 Sq. Yds.
14)	Plot of Land situated at Shop Booth No. 29, Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 22.68 Sq. Mtr
15)	Plot of Land situated at S.C.O Plot No. 91, Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 137.50 Sq. Mtr..
16)	Plot of Land situated at S.C.O Plot No. 94, Huda Market, Sector-2. Urban Estate, Faridabad, ad-measuring 137.50 Sq. Mfr.
17)	Plot of Land situated at Shop Booth No. 36. Huda Market, Sector-2, Urban Estate, Faridabad, ad-measuring 22.68 59. Mir
18)	Plot of Land situated at Shop Booth No. 54, Huda Market, Sector-8, Urban Estate, Faridabad, ad-measuring 22.68 Sq. Mtr
19)	Plot of Land situated at Kiosk No. 176, Huda Market, Sector-15. Urban Estate, Faridabad, ad-measuring 81.80 Sq. Ft.
20)	Plot of Land situated at Shop Booth No. 60, Huda Market, Sector-20A, Urban Estate, Faridabad, ad-measuring 22.687 Sq. Mtr
21)	Plot of Land situated at Shop Booth No. 61, Huda Market, Sector-20A, Urban Estate, Faridabad, ad-measuring 22.687 Sq. Mtr
22)	Plot of Land situated at Shop Booth No. 61, Huda Market, Sector-16, Urban Estate, Faridabad, ad-measuring 29.84 Sq. Mtr
23)	Plot of Land situated at Kiosk No. 181, Huda Market, Sector-15, Urban Estate, Faridabad, ad-measuring 81.80 Sq. Ft.
24)	Plot of Land situated at Kiosk No. 179, Huda Market, Sector-15, Urban Estate, Faridabad, ad-measuring 81.80 Sq. Ft.
25)	Plot of Land situated at Kiosk No. 180, Huda Market, Sector-15. Urban Estate, Faridabad, ad-measuring 81.80 Sq. Ft.
26)	Plot of Land situated at Shop Booth No. 12, Huda Market, Sector-31. Urban Estate, Faridabad, ad-measuring :2.687 Sq. Mtr
27)	Plot of Land situated at S.C.O Plot No. 92, Huda Market, Sector-2. Urban Estate, Faridabad, ad-measuring 137.50 Sq. Mtr.

8. That further, SPS Buildcon Limited, deposited the title deeds, of his immovable property, i.e.. Agricultural land in rectangle No. 34, Killa No. 14(8-0) 15(8-0), 16(8-0), 17(8-0), 24/2(6-17) 25 (8-0), rectangle No. 49 Killa No. 4(8-0), 5/1(4-10) 6/2(4-10), admeasuring 63 Kanals 17 Marlas (i.e. 8 acres) situated in revenue estate of village Prithla, Tehsil Palwal, Distt. Faridabad. The said title deed was deposited with the respondent Bank, for creation of equitable mortgage, in favour of the respondent bank.

9. That similarly, SRS Retreat Services, deposited the title deeds, of his immovable property, i.e., Property bearing No. 84 Kanals 19 Marlas (i.e. 6.84 acres) bearing khewat No. 598/709 Rect No. 34, killa No. 9/2 (2-10), Khewat/Khatauni No. 759/902, Rect. No. 9/1 (3-0), Rect No. 34, Killa No. 3 (8-0), 8(8-0), 9/3(2-10) 10/2(6-05), 11/2(5-13) 12/1(5-10), 12/2(2-10) Khewat/ Khatauni No. 758/901 Rect No. 43 killa No. 13 (A-0) And Khewat/ Khatauni No. 453/538, Rect No. 34, killa No. 19/1(1-10), 19/2(6-10), 20/1 (4-18), 21/2/2(4-3), 22(8-0) situated in revenue estate of village Prithala, Tehsil Palwa, Distt. Faridabad.

10. That further SRS Real Estate, deposited the title deeds of his Immovable property. i.e.. (a) land admeasuring 44 Kanals and 9 Marla consisting of (a) land admeasuring 31 Kanals and 18 Marla out of khevat/khata No. 1173/1363 mustil No. 149, kila No. 20/2 (2-0), 21 (8-0), mustil No. 150 kila No. 24/1 (6-3), 25/1 (6-3) mustil No. 157 kila No. 1 (8-0), 10/1 (1-12), kita 6; and (b) land admeasuring 12 Kanals 11 Marla out of khevat/khata No. 1175/1365 mustil No. 149 kila No. 22/(2-12), mustil No. 157 kila No. 2 (6-17), 3 (8-0), 9 (7-3), 10/2 (2-13), 12 (7-13), 19/1 (1-11), 26 (1-13) kita 8 at Sector - 8, Palwal, Haryana; and (ii) land admeasuring 21 Kanals and 11 marla consisting of (a) 9 Kanals 0 Marla out of khevat/khata No. 1174/1364, mustil No.150 kila No. 24/2 (1-17), 25/2 (1-17), mustil No. 156 kila No. 4/1 (1-17), 5/1 (3-9) kita 4; and (b) land admeasuring 12 Kanals 11 Marla out of khevat No. 1175/1365 mustil No. 149 kila No. 22/2 (2-13), mustil No. 157 kila No. 2 (6-17), 3 (8-0), 9 (7-3), 10/2 (2-13), 12 (7-13), 19/1 (1-11), 26 (1-13) kita 8 at Sector 8, Palwal, Haryana.

11. That even further SRS Automotive, also deposited the title deeds, of his immovable property, i.e., SRS Tower on 14/15, Mathura Road, Near Mewla Maharjpur Metro Station, Faridabad, Haryana 121003 with all the building and structure on Land measuring 13 Kanals comprised in Khasra No. 44/22/2, area 2 Kanals 13 Marlas, Khasra No. 44/23, area 8 Kanals, and Khasra No. 24/1, area 2 Kanals 7 Marlas situated in Revenue Estate of Mewia, Maharajpur, Tena Faridabad, District Gurgaon

12 That the respondent bank, Individually and through consortium granted various credit facilities to the borrower (SRS Limited). The details of which is as below:

13 FIRST CREDIT FACILITY: That the respondent bank (SBI) individually. provided the credit/loan facilities as tabulated below vide Sanction Letter dated 22.03.2007:

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT (RS. IN CRORES)</u>
Cash Credit (Hyp. Of Stocks)	RS. 03.00
Term Loan-I (Takeover)	RS. 22.00
Term Loan-II (Expansion)	RS. 25.00
Total Limit	RS. 50.00

14. That the said sanction letter was duly accepted along with its terms and conditions. In terms of said sanction letter, the borrower company and its guarantors Para 6(1) to 6(5)), agreed to pay interest on Working Capital and

Term Loan SBAR, i.e. 0.50% below SBAR min. 11.75% p.a. and at SBAR min. 12.25% p.a. with monthly rests.

15. That further, in consideration to the grant of Limit of Rs.50.00 crores by respondent bank, borrower company and its guarantors (Para 6(2) to 6(7)), signed and executed the following loan and guarantee documents on 22.03.2007 and 25.08.2007 in favour of. respondent bank. The documents are:

- i). Letter cum Agreement dated 25.08.2007.
- ii). CIBIL Letter dated 25.08.2007 by all the borrowers and guarantors as mentioned in Para 6.

16. SECOND CREDIT FACILITY: That further, borrower company (SRS Limited) availed the Working Capital Facilities for Rs. 6.00 crores from the "SBI Consortium", i.e., respondent bank (SBI) and (UBI). Further. SBI Consortium, i.e.. SBI and UBI entered into an inter-se Agreement dated 25.08.2007 regarding the sharing of the hypothecated assets of Borrower company (SRS Limited).

BANK	WORKING CAPITAL (Fund Based)	TOTAL (In Crores)
STATE BANK OF INDIA	03.00	03.00
UNION BANK OF INDIA	03.00	03.00
TOTAL	06.00	06.00

17. That further, in consideration to the grant of Limit of Rs.6.00 crores by respondent bank, borrower company and its guarantors, signed and executed the following loan and guarantee documents on 25.08.2007 in favour of consortium Bank including respondent bank. The documents are:

- a) Working Capital Consortium Agreement dated 25.08.2007 in token of having accepted the terms and conditions.
- b) a Joint Deed of Hypothecation dated 25.08.2007.
- c) a Deed of Guarantee dated 25.08.2007 by all the guarantors.
- d) Borrower, signed and executed a Letter of Undertaking for creating a Second Charge on Fixed Assets dated 25.08.2007.

18. THIRD CREDIT FACILITY: That further, the borrower company availed the Letters of Credit Facility on 25.08.2007 for Rs. 121.52 crores by "SBI Consortium", i.e. SBI, BOI, UBI, State Bank of Patiala (SBP), State Bank of Travancore (SBT), State Bank of Bikaner and Jaipur (SBBJ). Further the consortium banks entered into an inter-se Agreement dated 25.08.2007 regarding the sharing of the hypothecated assets of SRS Limited. Respondent bank-SBI was designated as Security Agent of the 'SBI Consortium' vide Security Agent Agreement dated 25.08.2007.

BANK	WORKING CAPITAL Non Fund Based LC/SBLC	TOTAL (In Crores)
STATE BANK OF INDIA	47.00	47.00
BANK OF INDIA	15.00	15.00
UNION BANK OF INDIA	16.72	16.72
STATE BANK OF PATIALA	25.00	25.00
STATE BANK OF TRAVANCORE	10.00	10.00

STATE BANK OF BIKANER & JAIPUR	7.80	7.80
TOTAL	121.52	121.52

19. That further, in consideration to the grant of aggregate facilities of Rs. 121.52 crores, borrower company and its guarantors, signed and executed the following loan and guarantee documents on 25.08.2007 in favour of consortium Bank. The documents are:

- a) Facility Agreement dated 25.08.2007 in token of having accepted the terms and conditions.
- b) a Joint Deed of Hypothecation dated 25.08.2007.
- c) a Deed of Guarantee dated 25.08.2007 by borrowers (6 (1) to 6 (5)) and SRS Retreat Services Limited and SRS Holdings Indian Ltd.
- d) an Undertaking for Cost overrun and shortfall in Cash Accruals/Deposits dated 25.08.2007.
- e) SBS Finance, as Guarantor, signed and executeci an Undertaking for Cost Overrun and Shortfall in Cash Accruals/Deposits dated 25.08.2007.
- f) an Undertaking for Non-Disposal of Shareholdings in Defendant No.1 dated 25.08.2007 by BTL Holding Company Ltd.
- g) Trust and Retention Agreement dated 25.08.2007 by SRS Limited.
- h) an Undertaking for Cost Overrun and Shortfall in Cash Accruals/Deposits dated 25.08.2007 by BTL Holding Company Ltd.
- i) SBS Finance, as Guarantor, signed and executed an Undertaking for Non-Disposal of Shareholdings in Defendant No. 1 dated 25.08.2007.
- j) an Undertaking for Non-Disposal of Shareholdings in Defendant No.1 by SRS Holding Indian Ltd.

20. ENHANCEMENT / RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility, respondent bank SBI renewed the aforesaid loan/credit facilities vide sanction letter dated 06.12.2008, which is tabulated below:

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT (RS. IN CRORES)</u>
Cash Credit (Hyp. Of Stocks)	RS. 15.00
Term Loan-I (Takeover)	RS. 5.50
Term Loan- II (Expansion)	RS. 39.47
Total Limit	RS. 59.97

21. That in consideration to the grant of the aforesaid Overall Limit of Rs.59.97 crores by respondent SBI, SRS Limited as Borrower and its Guarantors, signed and executed the following loan and guarantee documents on 06.12.2008 and 29.12.2008 in favour of respondent bank.

- a) Letter of Sanction of Credit Facilities dated 06.12.2008.
- b) Agreement of Loan for Overall Limit dated 29.12.2008.
- c) Agreement of Hypothecation of Goods and Assets dated 29.12.2008.
- d) Deed of Guarantee for Overall Limit dated 29.12.2008 executed by borrower and guarantors ((6(1) to (6(7))).
- e) A Letter regarding the Grant of Individual Limits within the Overall Limit dated 29.12.2008 by SRS limited.
- f) RBI Consent Clause dated 29.12.2008. by SRS limited.
- g) CIBIL Consent Clause dated 29.12.2008, by borrower and guarantors ((6(1) to (6(7))).
- h) Letter of Undertaking for creating a Second Charge on Fixed Assets dated 29.12.2008 by SRS limited.
- i) Letter of Undertaking for not creating further charge over their Property and Assets including uncalled Capital dated 29.12.2008 by SRS limited.

- j) Letter of Undertaking dated 29.12.2008 by SRS limited.
- k) SRS limited along with respondent bank and BTL Investment Ltd. signed and executed a Tripartite Agreement for Payment of Monthly Rentals dated 29.12.2008
- l) A Link Letter dated 29.12.2008 executed by borrower and guarantors ((6(1) to (6(7))).
- m) Balance Confirmation as on 27.12.2008 by SRS limited.
- n) a Revival Letter dated 29.12.2008 and 17.01.2009, executed. by SRS limited in favour of respondent bank.

22. FOURTH CREDIT FACILITY: That SRS limited on 17.01.2009, availed Working Capital Facilities for Rs.30.00 crores from the "SBI Consortium", consisting SBI, UBI, and OBC. The details is tabulated below:

BANK	WORKING CAPITAL (Fund Based)	TOTAL (In Crores)
STATE BANK OF INDIA	15.00	15.00
UNION BANK OF INDIA	03.00	03.00
ORIENTAL BANK OF COMMERCE	12.00	12.00
TOTAL	30.00	30.00

23. That in consideration to the grant of the aforesaid Overall working capital Limit of Rs.30.00 crores by respondent SBI, UBI, and OBC, SRS Limited as Borrower and its Guarantors, signed and executed the following loan and guarantee documents on 17.01.2009 in favour of respondent bank and its consortium.

- a) Working Capital Consortium Agreement dated 17.01.2009.
- b) Joint Deed of Hypothecation dated 17.01.2009.
- c) A Deed of Guarantee dated 17.01.2009 by borrower and guarantors ((6(1) to (6(7))).
- d) Letter of Undertaking for creating a second Charge on Fixed Assets dated 17.01.2009.
- e) A RBI Consent Clause dated 17.01.2009.
- f) A CIBIL Consent Clause dated 17.01.2009 borrower and guarantors ((6(1) to (6(7))).
- g) Letter of Undertaking dated 17.01.2009 by SRS Limited.
- h) SRS limited, respondent bank, and BTL Investment Ltd. signed and executed a Tripartite Agreement for Payment of Monthly Rentals dated 17.01.2009.
- i) A Link Letter dated 17.01.2009 by SRS limited.
- j) A Balance Confirmation as on 16.01.2009 by SRS Limited.
- k) A Revival Letter dated 17.01.2009 and 05.08.2009 in favour of the SBI.

24. That 'SBI Consortium consisting SBI, UBI, OBC entered into an Inter-se Agreement dated 17.01.2009 regarding the sharing of the hypothecated assets of SRS Limited wherein SBI was designated as the Lead Bank of the 'SBI Consortium' vide Letter of Authority dated 17.01.2009.

25. ENHANCEMENT / RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility. Respondent bank SBI renewed

the aforesaid loan/credit facilities vide sanction letter dated 31.07.2009, which is tabulated below:

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT (RS. IN CRORES)</u>
Fund Based	RS. 30.00
Cash Credit (Hyp. Of Stocks)	RS. 4.39
Term Loan-1 (Takeover)	RS. 37.48
Term Loan- II (Expansion)	
<u>Non Fund Based</u>	
Letter of Credit	RS. 10.00
Total Limit	RS. 81.87

26. That in consideration to the grant of the aforesaid Overall Limit of Rs.81.87 crores by respondent SBI, SRS Limited as Borrower and its Guarantors, signed and executed the following loan and guarantee documents on 31.07.2009 and 05.08.2009 in favour of respondent bank.

- a) Letter of Sanction dated 31.07.2009 of financial Credit Limit of Rs. 115.56. SRS Limited agreed to pay interest on Working Capital @ SBAR, i.e. 11.75% and Term Loan @ SBAR, i.e. 11.75% p.a. with monthly rests.
- b) Agreement of Loan for Overall Limit dated 05.08.2009.
- c) Agreement of Hypothecation of Goods and Assets dated 05.08.2009.
- d) A Deed of Guarantee dated 05.08.2009, by SRS Limited (6 (1) to 6(7)).
- e) Letter regarding the Grant of Individual Limits within the Overall Limit dated 05.08.2009.
- f) L/C Agreement-cum-Indemnity dated 05.08.2009 by SE Limited.
- Letter of Undertaking dated 05.08.2009 by SRS Uimited.
- h) RBI Consent Clause dated 05.08.2009 by SRS Limited.
- i) CIBIL Consent Clause dated 05.08.2009 by borrower and Guarantors (Para 6(1) to 7 (7))
- j) SRS Limited, SBI Bank and SRS Finance Ltd. signed and executed a Tripartite Agreement for Payment of Monthly Rentals dated 05.08.2009.
- k) A Link Letter dated 05.08.2009
- l) A Balance Confirmation as on 03.08.2009.
- m) A Revival Letter dated 05.08.2009.

27. FIFTH CREDIT FACILITY: That SRS limited on 02.08.2010, availed Working Capital Facilities for Rs.195.00 crores from the "SBI Consortium", consisting SBI, BOI, SBT, SBP, OBC. The details is tabulated below:

BANK	WORKING FACILITIES	CAPITAL	TOTAL
	Fund Based	Non Fund Based	
	CC/OD Facilities	LC/SBLC	
STATE BANK OF INDIA	50.00	40.00	90.00
BANK OF INDIA	15.00	15.00	30.00
STATE BANK OF TRAVANCORE	10.00	20.00	30.00
STATE BANK OF PATIALA	10.00	20.00	30.00
ORIENTAL BANK OF	10.00	05.00	15.00

COMMERCE			
TOTAL	95.00	100.00	195.00

28. That in consideration to the grant of the aforesaid Overall Limit of Rs.195.00 crores by SBI Consortium", consisting SBI, BOI, SBT, SBP, OBC, SRS Limited as Borrower and its Guarantors, signed and executed the following loan and guarantee documents on 02.08.2010 in favour of respondent bank.

- a) Working Capital Consortium Agreement dated 02.08.2010.
- b) Joint Deed of Hypothecation dated 02.08.2010
- c) A Deed of Guarantee dated 02.08.2010 by borrower and guarantors (Para 6(1) to 6 (7)).
- d) Letter of Undertaking 02.08.2010.
- e) Letter of Undertaking for creating 2nd charge on fixed assets dated 02.08.2010
- f) Letter cum agreement dated 02.08.2010
- g) CIBIL Letter dated 02.08.2010 borrower and guarantors (Para 6(1) to 6 (7)).
- h) a Link Letter dated 02.08.2010
- i) a Balance Confirmation Letter dated 02.08.2010

29. That thereafter, SBI, BOI, State Bank of Travancore (SBT), State Bank of Patiala (SBP) and OBC entered into an Inter-se Agreement dated 02.08.2010 regarding the sharing of the hypothecated assets of SRS limited. Further answering respondent bank SBI was designated as the Lead Bank of the 'SBI Consortium' vide Letter of Authority dated 02.08.2010.

30. ENHANCEMENT / RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility. Respondent bank SBI renewed the aforesaid loan/credit facilities vide sanction letter dated 21.03.2011, which is tabulated below:

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT (IN CRORES)</u>
<u>FUND BASED LIMITS</u>	
CASH CREDIT (HYP OF STOCK)	RS. 90.00
CASH CREDIT (METAL LOAN)	(RS. 20.00)
CASH CREDIT (HYP. OF STOCKS OF GOLD/GOLD JEWELLERY)	(RS. 12.00)
CASH CREDIT (BOOK DEBTS JEWELLERY)	(RS. 12.00)
CASH CREDIT (BOOK DEBTS WHOLESALE)	(RS 12.00)
<u>TOTAL FUND BASED WRKIG CAPITAL LIMITS</u>	RS. 90.00
<u>TERM LOAN</u>	RS. 19.11
<u>TERM LOAN-II (NEW)</u>	RS. 50.00
<u>TOTAL TERM LOANS</u>	RS. 69.11
<u>TOTAL NON FUND BASED LIMITS</u>	RS. 159.11
NON FUND BASED LIMITS	
LETTER OF CREDIT	RS. 55.00
<u>TOTAL NON FUND BASED LIMITS</u>	RS. 55.00
TOTAL:	RS. 214.11

31. That in consideration to the grant of the aforesaid Overall Limit of Rs.214.11 crores by SBI Consortium", the Borrower and its Guarantors, signed and executed and kept on executing various loan and guarantee documents in favour of respondent bank and its consortium. The executed documents are"

- a) the Agreement of loan for Term Loan II (New) dated 24.03.2011
- b) Agreement of Hypothecation of Goods for Assets dated 24.03.2011 for Term Loan II (New).
- c) Agreement of Hypothecation of Goods for Assets dated 24.03.2011
- d) Deed of Guarantee dated 24.03.2011 for Term Loan II (New).
- e) Letter Regarding the Grant of individual Limits for Term Loan II (New) dated 24.03.2011.
- f) Agreement of loan for Overall Limit dated 24.03.2011 of Rs. 145.00 Crores
- g) Agreement of Hypothecation of Goods and Assets dated 24.03.2011 for the Overall Limit of Rs. 145.00 Crores.
- h) the Deed of Guarantee dated 24.03.2011 for the Overall Limit of Rs. 145.00 Crores.
- i) Letter Regarding the Grant of Individual Limits within the Overall Limit dated 24.03.2011 for the Overall Limit of Rs. 145.00 Crores.
- j) Letter of undertaking dated 24.03.2011 for the Overall Limit of Rs.195.00 Crores.
- k) the L/C Agreement-cum-Indemnity dated 24.03.2011 in favour of respondent bank.
- l) RBI Consent Clause Letter dated 24.03.2011.
- m) CIBIL Letter dated 22.03.2011.
- n) the Link Letter dated 24.03.2011.

32. SIXTH CREDIT FACILITY: That SRS limited on 30.05.2011, availed Working Capital Facilities for Rs.275.00 crores from the "SBI Consortium", consisting SBI, BOI, SBT, SBP, OBC, SBBJ. The details is tabulated below:

BANK	WORKING CAPITAL FACILITIES		TOTAL
	Fund Based	Non Fund Based	
	CC/OD Facilities	LC/SBLC	
STATE BANK OF INDIA	90.00	55.00	145.00
BANK OF INDIA	15.00	15.00	30.00
STATE BANK OF TRAVANCORE	10.00	20.00	30.00
STATE BANK OF PATIALA	10.00	20.00	30.00
ORIENTAL BANK OF COMMERCE	10.00	05.00	15.00
STATE BANK OF BIKANER AND JAIPUR	15.00	10.00	25.00
TOTAL	150.00	125.00	275.00

33. That in consideration to the grant of the aforesaid credit facility. various loan documents were signed and executed on 30.05.2011 by borrower and

guarantors, in favour of the "SBI Consortium" for aggregate facilities of Rs. 275.00 Crores. The documents are:

- a) Working Capital Consortium Agreement dated 30.05.2011 in token of having accepted the terms and conditions regulating the aforesaid Overall Limit of Rs. 275.00 Crores.
- b) Joint Deed of Hypothecation dated 30.05.2011 for the Overall Limit of Rs. 275.00 Crores.
- c) a Deed of Guarantee dated 30.05.2011 for the Overall Limit of Rs. 275.00 Crores.
- d) Letter of Undertaking dated 30.05.2011 for the Overall Limit of Rs. 275.00 Crore.
- e) a CIBIL Letter dated 30.05.2011 for the Overall Limit of Rs. 275.00 Crores.
- f) a RBI Consent Clause dated 30.05.2011 for the Overall Limit of Rs. 275.00 Crores.
- g) Letter of undertaking for creating a second charge on fixed assets Clause dated 30.05.2011 for the Overall Limit of Rs. 275.00 Crores.
- h) Link Letter dated 30.05.2011 in favour of respondent bank.

34. That further SBI Consortium, entered into an Inter-se Agreement dated 30.05.2011 regarding the sharing of the hypothecated assets of SRS Limited. Respondent Bank (SBI) was designated as the Lead Bank of the 'SBI Consortium and Letter of Authority doled 30.05.2011.

35. ENHANCEMENT/RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility, Respondent bank SBI renewed the aforesaid loan/credit facilities vide sanction letter dated 31.03.2012.

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT (IN CRORES)</u>
(I) CASH CREDIT (HYP, OF STOCK)	RS. 90.00
(II) CASH CREDIT (METAL LOAN)	(RS. 20.00)
(III) CASH CREDIT (HYP. OF GOLD/ JEWELLERY)	(RS. 12.00)
(IV) CASH CREDIT (BOOK DEBTS JEWELLERY)	(RS. 12.00)
(V) CASH CREDIT (BOOK DEBTS WHOLESALE)	(RS. 12.00)
<u>TOTAL FUND BASED WORKING CAPITAL LIMITS</u>	RS. 90.00
(I) TERM LOAN (OUTSTANDING)	RS. 17.80
<u>TOTAL FUND BASED LIMITS</u>	RS. 17.80
A. NON FUND BASED LIMITS	
(I) LETTER OF CREDIT	RS. 205.00
<u>TOTAL NON FUND BASED LIMITS</u>	RS. 205.00
<u>TOTAL LIMIT (A+B)</u>	RS. 312.80

36. That in consideration to the enhancement/ renewal of the aforesaid Overall Limit of Rs. 312.80 Crores by SBI, SRS Limited as Borrower and all others as detailed in Para 6, as Guarantors, signed and executed various loan and guarantee documents on 04.04.2012 and 07.04.2012 in favour of the SBI. The details are:

- a) Letter of Sanction of Credit Facilities dated 31.03.2012 in token of

having accepted the terms and conditions regulating the aforesaid Overall Limit of Rs. 312.80 Crores.

b) Agreement of loan for Overall Limit dated 04.04.2012 of Rs. 312.80 Crores.

c) Agreement of Hypothecation of Goods and Assets dated 04.04.2012 Overall Limit of Rs. 312.80.

d) Deed of Guarantee dated 04.04.2012 for the Overall Limit of Rs. 312.80 Crores.

e) Letter regarding the grant of individual limits within the Overall Limits dated 04.04.2012.

f) Letter-cum-agreement dated 04.04.2012.

9) Agreement-cum-Indemnity dated 04.04.2012 in favour of (SBI) for the Non-Fund Based Limits (Letter of Credit) of Rs. 205.00 Crores.

h) Undertaking dated 04.04.2012 in favour of SBI.

i) a CIBIL Letter dated 04.04.2012.

j) Declaration dated 04.04.2012.

k) a Link Letter dated 04.04.2012 in favour of SBI.

l) Balance Confirmation as on 31.03.2012 in favour of SBI.

37. ENHANCEMENT / RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility. Respondent bank SBI renewed the aforesaid loan/credit facilities vide sanction letter dated 12.10.2012.

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT (IN CRORES)</u>
CASH CREDIT (HYP. OF STOCK)	RS. 90.00
CASH CREDIT (METAL LOAN)	RS. 20.00
CASH CREDIT (HYP. OF GOLD/GOLD JEWELLERY)	RS. 12.00
CASH CREDIT (BOOK DEBTS JEWELLERY)	RS. 12.00
CASH CREDIT (BOOK DEBTS WHOLESALE)	RS. 12.00
<u>TOTAL FUND BASED WORKING CAPITAL LIMITS</u>	RS. 90.00
TERM LOAN (OUTSTANDING)	RS. 11.25
<u>CORPORATE LOAN (NEW)</u>	<u>RS. 10.00</u>
<u>TOTAL FUND BASED LIMITS</u>	RS. 111.25
B. NON FUND BASED LIMITS	
(II) LETTER OF CREDIT	RS. 205.00
<u>TOTAL NON FUND BASED LIMITS</u>	RS. 205.00
<u>TOTAL LIMIT (A+B)</u>	RS. 316.25

38. That in consideration to the grant of new Corporate Loan of Rs.10.00 crores and renewal of the existing Term Loan-1 and Term Loan-li, with an outstanding of Rs.6.24 crores and Rs.6.54 crores. respectively, total amounting to Rs.22.78 crores, by SBI, SRS limited, as Borrower and other Guarantors, signed and executed the various loan and guarantee documents on 23.10.2010 in favour of the SBI. The documents are:

a) Letter of Sanction of Credit Facilities dated 12.10.2012 in token of having accepted the terms and conditions regulating the aforesaid Overall Limit of Rs. 316.25 crores.

b) Agreement of loan for Overall Limit dated 23.10.2012 of Rs. 22.78

- crores.
- c) Agreement of Hypothecation of Goods and Assets dated 23.10.2012 of Rs. 22.78 crores.
 - d) the Deed of Guarantee dated 23.10.2012 for the Overall Limit of Rs. 22.78 crores.
 - e) Grant of Individual Limits within the Overall Limit dated 23.10.2012 for the Overall Limit of Rs. 22.78 crores.
 - f) Agreement cum indemnity dated 23.10.2012 for the Non fund based Limit of Rs. 205.00 crores.
 - g) Undertaking 23.10.2012 in favour of the respondent bank (581).
 - h) a CIBIL Letter 23.10.2012 in favour of SBI.
 - i) the Link Letter dated 23.10.2012 in favour of the SBI.

39. SEVENTH CREDIT FACILITY: That SRS limited on 23.10.2012, availed Working Capital Facilities for Rs.625.00 crores from the "SBI Consortium", consisting SBI, SBT, SBP, BOI, OBC, SBBJ, UBI. The details is fabulated below:

BANK	WORKING FACILITY	CAPITAL	TOTAL
	Fund Based	Non Fund Based	
	CC/OD	LC/SBLC	
STATE BANK OF INDIA	90.00	205.00	295.00
STATE BANK OF PATIALA	10.00	70.00	80.00
STATE BANK OF TRAVANCORE	10.00	20.00	30.00
STATE BANK OF BIKANER AND JAIPUR	15.00	35.00	50.00
BANK OF INDIA	15.00	115.00	130.00
ORIENTAL BANK OF COMMERCE	10.00	05.00	25.00
UNION BANK OF INDIA	Nil	125.00	25.00
TOTAL	150.00	475.00	625.00

40. That in consideration to the grant of the aforesaid credit facilities, the various loan documents, were signed and executed on 23.10.2012 by SRS Limited, as Borrower and other mentioned in Para 6 as Guarantors, in favour of the "SBI Consortium" for aggregate facilities of Rs. 625.00 crores. The documents are:
- a) Working Capital Consortium Agreement dated 23.10.2012 in token of having accepted the terms and conditions regulating the aforesaid Overall Limit of Rs. 625.00 crores.
 - b) Joint Deed of Hypothecation dated 23.10.2012 for the Overall Limit of Rs. 625.00 crores.
 - c) a Deed of Guarantee dated 23.10.2012 for the Overall Limit of Rs. 625.00 crores.
 - d) an Agreement cum Indemnity dated 23.10.2012 for the Non-Fund Based Limit of Rs. 425.00 crores.

41. That further SBI Consortium' then consisting (SBI), State Bank of Patiala

(SBP), State Bank of Travancore (SBT), State Bank of Bikaner & Jaipur (SBBJ), Bank (BOI), OBC and UBI entered into an Inter-se Agreement dated 23.10.2012 regarding the sharing of the hypothecated assets of SRS Limited. Respondent Bank (SBI) was designated as the Lead Bank of the 'SBI Consortium' vide Letter of Authority dated 23.10.2012.

42. ENHANCEMENT / RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility. Respondent bank SBI renewed the aforesaid loan/credit facilities vide sanction letter dated 28.11.2013.

NATURE OF FACILITY/LIMIT	AMOUNT (IN CRORES)
CASH CREDIT (HYP. OF STOCK)	RS. 100.00
CASH CREDIT (METAL LOAN)	RS. 40.00
<u>TOTAL FUND BASED WORKING CAPITAL LIMITS</u>	RS. 100.00
(II) CORPORATE LOAN (NEW)	RS. 10.00
<u>TOTAL FUND BASED LIMITS</u>	RS. 110.00
C. NON FUND BASED LIMITS	
(III) LETTER OF CREDIT	RS. 205.00
<u>TOTAL NON FUND BASED UIMITS</u>	RS. 205.00
<u>TOTAL LIMIT (A+B)</u>	RS. 315.00

43. That in consideration to the abovementioned Credit/loan facilities of Rs.315.00 crores by SBI, SRS Limited, as Borrower and other persons and detailed in Para 6 as Guarantors, signed and executed various loan and guarantee documents in favour of the SBI. The documents are:

- a) Letter of Sanction of Credit Facilities dated 28.11.2013 in token of having accepted the terms and conditions regulating the aforesaid Overall Limit of Rs. 315.00 crores.
- b) Agreement cum Indemnity dated 04.02.2014for the Letter of Credit Limit of Rs. 205.00 crores.
- c) Declaration dated 04.02.2014 for the Overall Limit of Rs. 315.00 crores.
- d) Certificate dated 04.02.2014 for the Overall Limit of Rs. 315.00 crores.
- e) separate confirmation letters dated 04.02.2014
- f) Declaration cum Undertaking dated 04.02.2014.
- g) A CIBIL Consent Clause dated 04.02.2014.

44. EIGHTH CREDIT FACILITY: That SRS limited on 04.02.2014, availed Working Capital Facilities for Rs.825.00 crores from the "SBI Consortium", consisting SBI, SBT, SBP, BOI, OBC, SBBJ, UBI, SB (SYNDICATE BANK). The details is tabulated below:

BANK	WORKING CAPITAL FACILITY		TOTAL
	Fund Based	Non Fund Based	
	CC/OD	LC/SBLC	
STATE BANK OF INDIA	100	205.00	305.00
STATE BANK OF PATIALA	20.00	70.00	90.00
STATE BANK OF	20.00	20.00	40.00

TRAVANCORE			
STATE BANK OF BIKANER AND JAIPUR	15.00	35.00	50.00
BANK OF INDIA	65.00	115.00	180.00
ORIENTAL BANK OF COMMERCE	45.00	05.00	50.00
UNION BANK OF INDIA	75.00	25.00	100.00
SYNDICATE BANK	10.00	--	10.00
TOTAL	350.00	475.00	825.00

45. That in consideration to the grant of the aforesaid credit facilities, the loan documents were signed and executed on 04.02.2014 by SRS Limited i.e., all Borrower and Guarantors, in favour of the "SBI Consortium", then consisting of (SBI), State Bank of Patiala (SBP), State Bank of Travancore (SBT), State Bank of Bikaner & Jaipur (SBBJ), (BOI), (OBC), (UBI) and (SB) for aggregate facilities of Rs. 825.00 crores. The documents are:

- a) Working Capital Consortium Agreement dated 04.02.2014 in token of having accepted the terms and conditions regulating the aforesaid Overall Limit of Rs. 825.00 crores.
- b) Joint Deed of Hypothecation dated 04.02.2014 for the Overall Limit of Rs. 825.00 crores.
- c) Deed of Guarantee dated 04.02.2014 for the Overall Limit of Rs. 825.00 crores.
- d) Agreement cum indemnity dated 04.02.2014 for the Letters of Credit of Rs. 475.00.
- e) Link Letter dated 04.02.2014 for the Overall Limit of Rs. 825.00 crores.

46. That further "SB Consortium", then consisting (SBI), State Bank of Patiala (SBP), State Bank of Travancore (SBT), State Bank of Bikaner & Jaipur (SBBJ), (BOI), (UBI), OBC) and (58) entered into an inter-se Agreement dated 04.02.2014 regarding the sharing of the hypothecated assets of SRS limited. (SBI) was designated as the Lead Bank of the 'SBI Consortium' vide Letter of Authority dated 04.02.2014.

47. ENHANCEMENT / RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility. Respondent bank SBI renewed the aforesaid loan/credit facilities vide sanction letter dated 16.03.2015.

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT (IN CRORES)</u>
CASH CREDIT (HYP. OF STOCK)	RS. 100.00
CASH CREDIT (METAL LOAN)	RS. 40.00
<u>TOTAL FUND BASED WORKING CAPITAL LIMITS</u>	RS. 100.00
(III) CORPORATE LOAN	RS. 08.50
<u>TOTAL FUND BASED LIMITS</u>	RS. 108.50
D. NON FUND BASED LIMITS	
(IV) LETTER OF CREDIT	RS. 205.00
<u>TOTAL NON FUND BASED LIMITS</u>	RS. 205.00
TOTAL LMIT (A+B)	RS. 313.50

48. That in consideration to the abovementioned Credit/loan facilities of Rs.313.50 crores by SBI, SRS Limited, as Borrower and others mentioned in Para 6 as Guarantors, signed and executed various loan and guarantee documents on 16.03.2015. The documents are:

- a) Letter of Sanction of Credit Facilities dated 16.03.2015 in token of having accepted the terms and conditions regulating the aforesaid Overall Limit of Rs. 313.50 crores.
- b) Balance Confirmation letter as on 31.03.2015.

49. ENHANCEMENT / RENEWAL: That SRS limited, sought renewing/enhancing the loan/credit facility. Respondent bank SBI renewed. the aforesaid loan/credit facilities vide sanction letter dated 03.03.2016.

<u>NATURE OF FACILITY/LIMIT</u>	<u>AMOUNT</u> <u>(IN CRORES)</u>
CASH CREDIT (HYP. OF STOCK)	RS. 100.00
COMMERCIAL PAPER	(RS.100.00)
FBD/EBR	(RS. 60.00)
EPC/PCFC	(RS. 02.00)
<u>TOTAL FUND BASED WORKING CAPITAL LIMITS</u>	RS. 105.25
LETTER OF CREDITCORPORATE LOAN	RS. 205.00
LETTER OF COMFORT	(RS. 100.00)
CEL	(RS. 06.15)
SBLC	(RS. 100.00)
<u>TOTAL NON FUND BASED LIMITS</u>	RS. 205.00
TOTAL LIMIT (A+B)	RS. 310.25

Xx xx xx xx xx xx

60. NON-PERFORMING ASSET (NPA): That since the loan facilities granted to the SRS Limited, remained irregular in repayment and further the SRS limited failed and neglected to maintain their financial discipline despite several requests and reminders, the respondent Bank (SBI) classified the SRS Limited (Borrower) as Non-Performing Assets in their books with effect from 28.06.2016 in terms of Reserve Bank of India guidelines on Income Recognition and Asset Classification.

61. NOTICE UNDER SECTION 13 (2): The respondent Bank (SBI) were forced to send a Notice dated 28.08.2017 under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security interest Act, 2002 to the borrower and guarantors, calling upon them to pay the outstanding amount due and payable by them towards the respondent Bank (SBI) as regards the aforesaid loan facilities granted to them by the respondent Bank (581) but despite receipt of the aforesaid demand notices, the borrower failed to liquidate the outstanding amount. The copy of notice under section 13 (2) of SARFAESI act dated 28.08.2017, is being annexed as ANNEXURE R-3/1.

62. That as per books of accounts maintained by the respondent Bank (SBI) in their regular course of business, the following amounts are due and payable by SRS Limited Company, besides accrued interest:

S.NO.	NATURE OF FACILITY	OUTSTANDING AMOUNT AS ON 06.05.2018
-------	--------------------	-------------------------------------

A. A/C NO. 30233017971 (CASH CREDIT ACCOUNT)

i. Outstanding amount along with interest upto 30.06.2016 : Rs. 1,88,52,74,678.90

ii. Accrued Interest from 01.07.2016 till 06.05.2018 : Rs. 45,75,93,035.72

Total of A :	Rs. 2,34,28,67,714.62
--------------	-----------------------

B. A/C NO. 35094084776 (WCDL I)

i. Outstanding amount along with interest upto 31.03.2016 : Rs. 50,00,00,000.00

ii. Accrued Interest from 01.04.2016 till 06.05.2018 : Rs. 13,84,31,758.14

Total of B :	Rs. 63,84,31,758.31
--------------	---------------------

C. A/C NO. 35123242170 (WCDL II)

D.

i. Outstanding amount along with interest upto 31.03.2016 : Rs. 50,00,00,000.00

ii. Accrued Interest from 01.04.2016 till 06.05.2018 : Rs. 13,84,31,758.14

Total of C :	Rs. 63,84,31,758.31
--------------	---------------------

E. A/C NO. 61133402581 (SBBJ)

i. Outstanding amount along with interest upto 28.06.2016 : Rs. 50,01,36,65.23

ii. Accrued Interest from 29.06.2016 till 06.05.2018 : Rs. 12,05,85,802.22

Total of E :	Rs. 62,07,22,457.45
--------------	---------------------

F. A/C NO. 67119842889 (SBT)

i. Outstanding amount along with

interest upto 28.06.2016 : Rs. 38,90,53,966.04

ii. Accrued Interest from
29.06.2016 till 06.05.2018 : Rs. 9,46,76,383.81

Total of F :	Rs. 48,37,30,349.85
--------------	---------------------

G. A/C NO. 32661891349 (CORPORATE LOAN)

i. Outstanding amount along with
interest upto 28.06.2016 : Rs. 4,75,03,150.00

ii. Accrued Interest from
29.06.2016 till 06.05.2018 : Rs. 1,21,33,283.56

Total of G :	Rs. 5,96,36,433.56
-----------------	--------------------

H. A/C NO. 65088929561 (SBP)

i. Outstanding amount along with
interest upto 28.06.2016 : Rs. 86,76,59,778.14

ii. Accrued Interest from
29.06.2016 till 06.05.2018 : Rs. 20,73,11,879.79

Total of H :	Rs. 1,07,49,71,657.87
-----------------	-----------------------

TOTAL A+B+C+D+E+F+G+H :	Rs. 5,85,87,92,129.63
-------------------------------	--------------------------

(RUPEES FIVE HUNDRED EIGHTY FIVE CRORES EIGHTY SEVEN LAKHS NINETY TWO THOUSAND ONE HUNDRED TWENTY NINE AND PAISA SIXTY THREE ONLY)

63. That similarly other banks under the consortium, declared the loan account of the borrower as NPA at respective dates, and the borrower failed to pay the loan credit facilities as due towards other bank, like the loan amount due towards, Bank of India, is Rs. 2,06,83,94,334.40, (RUPEES TWO HUNDRED SIX CRORES EIGHTY THREE LAKHS NINETY FOUR THOUSAND THREE HUNDRED THIRTY FOUR AND PAISA FORTY ONLY).

64. That similarly, the financial credit liability towards Union Bank of India, is Rs.1,20,88,89,163.06 (RUPEES ONE HUNDRED TWENTY CRORES EIGHTY EIGHT LAKHS EIGHTY NINE THOUSAND ONE HUNDRED SIXTY THREE AND PAISA SIX ONLY).

65. That further financial credit liability towards Oriental bank of Commerce,

is Rs.64,00,66,243.00 (RUPEES SIXTY FOUR CRORES SIXTY SIX THOUSAND TWO HUNDRED FORTY THREE ONLY).

66. That further financial credit liability towards Syndicate Bank, is Rs. 13,43,85,672.15 (RUPEES THIRTEEN CRORES FORTY THREE LAKHS EIGHTY FIVE THOUSAND SIX HUNDRED SEVENTY TWO AND PAISA FIFTEEN ONLY)

67. That to recover the above mentioned amount, the respondent bank had already initiated the recovery procedure under due course of law, by filing OA No. 494 of 2018, titled as State Bank of India vs SRS Limited & Ors, before the Ld. DRT-2, New Delhi. Even further another OA no. 829 of 2019 was also filed against guarantors, i.e. State Bank of India, vs. M/s. SRS Real Infrastructure & Ors. At DRT-2, New Delhi.

68. That further the respondent Bank, had initiated Insolvency proceedings against the SRS Limited, vide CP (IB) No. 201/CHD/HRY/2018, before Ld. NCLT, Chandigarh.”

27. A perusal of the reply filed by the State Bank of India clearly indicates that the documents considered while sanctioning loan did not include any balance sheet or auditors' statement(s) or any profit and loss accounts of the companies. It is explicitly clear that the list(s) of documents, which were considered by the Banks while granting loan(s), did not include any assessment of the stock, which was present in the balance sheet and in the profit and loss account, or any undertaking by the Chartered Accountants about the correctness of the accounts. It appears that the banks had granted and extended loans routinely, presuming that everything was in order. Thus, in view of no objection raised by the banks and non-consideration of any document prepared by any of the petitioners-Chartered Accountants, it cannot be said that at the time of extending the loan by the consortium of banks, any of the petitioner(s)-Chartered Accountants, including Internal and Statutory Auditors, had any role or participation.

28. Regarding siphoning off the loans by the petitioner-Chartered Accountants, the primary question is: 'What was their culpability or conspiracy?' The statutory auditors are paid professional fee as remunerations for their services in accordance with the rules or prevalent market practices. A perusal of the complaint or the reply filed by the consortium of banks, does not point towards a single averment that any of the petitioners-Chartered Accountants, who were statutory auditors, were paid remunerations which were disproportionate to the work they had done or was it more than the market rates or it was on the higher side, which would reflect that the SRS Group of Companies was compensating them for favourable audit reports. Needless to say, the company's funds can be withdrawn or transferred only by the company. If the Chartered Accountants had to be paid any money for undue favours, the only methods for such payment were either to

inflate their remuneration/professional bills or to give them cash under the table or in kind, i.e., unlisted shares at discounted or below book value, jewelry, antiques, etc.

29. A perusal of the complaint does not point to a single allegation of unjust enrichment that any of the petitioners, including the internal auditors, were paid a salary or any cash or jewelry for favorable audit reports. If the auditors are not paid anything extra than what they were entitled to, there would be no motive for them to alter the accounts or not to give the correct reports intentionally. The question does remain whether it was a mere dereliction of duty or an intentional concealment of the rotation of funds in the reports.

30. It is clear that the petitioners, Chartered Accountants, had no role in obtaining bank loans. Thus, the only role this Court sees is the rotation of funds and the siphoning off of funds by the SRS Group of Companies. If the auditors were involved, there had to be a criminal conspiracy by the Chartered Accountants, including whether the Statutory Auditors or the Internal Auditors were the main controllers of the SRS Group, as mentioned (*supra*). There is no evidence that any of the statutory or internal auditors were paid or given undue favors, which would serve as a motive to favor the company in return. In the absence of any such undue favors, the culpability is reduced to dereliction of duty, for which custodial interrogation is not required.

31. Section 212 of the Companies Act, 2013 empowers the Serious Fraud Investigation Office to investigate into affairs of Company. The powers of bail are subject to rigors of §212(6)¹ of the Companies Act, 2013. However, except in strict liability cases or civil offences which are quasi criminal for recovery of the money and valuables, the criminal jurisprudence puts the primary burden on the accuser and not on the accused. The doctrine of reverse burden activates when any accused takes burden on themselves or the statutes place burden on such an accused. Even where the statutes put burden on the accused, the burden on such an accused shifts only after the accusers had discharged the primary burden.

32. Whenever the offence is covered under §447² of the Companies Act, 2013, the

¹ §212(6). Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), offence covered under section 447 of this Act shall be cognizable and no person accused of any offence under those sections shall be released on bail or on his own bond unless—

(i) the Public Prosecutor has been given an opportunity to oppose the application for such release; and
(ii) where the Public Prosecutor opposes the application, the court is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail:

Provided that a person, who, is under the age of sixteen years or is a woman or is sick or infirm, may be released on bail, if the Special Court so directs:

Provided further that the Special Court shall not take cognizance of any offence referred to this sub-section except upon a complaint in writing made by—

(i) the Director, Serious Fraud Investigation Office; or
(ii) any officer of the Central Government authorised, by a general or special order in writing in this behalf by that Government.

² §447. Punishment for fraud.—Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud,

statutory rigors of §212(6) of the Companies Act, 2013 come into operation, and the accused seeking bail must satisfy its twin conditions. On reading §212(6) of the Companies Act, 2013, it is clearly inferable that to protect the financial interests of the shareholders, investors, financiers, tax authorities, employees, and business partners, etc., the legislature added teeth to make bail difficult for the violators of the provisions of the Companies Act, 2013. The provisions are couched in negative language and explicitly mandate that in order to grant bail; the Court must record a finding that there are reasonable grounds for believing that the accused seeking bail is not guilty of the offence. Even if the Court fulfills one of the conditions, namely, reasonable grounds for believing that the accused is not guilty of such an offense, the Court has to take steps by putting conditions to assure that while on bail, the accused is not likely to commit any such crime again. Both the twin conditions must be satisfied before a person accused of Section 447 of Companies Act, 2013 is to be released on bail. If either of these conditions is not met, the embargo on granting bail remains in effect. Satisfying the fetters of §216(6) of the Companies Act 2013 are candling the infertile eggs. The stringent conditions of §216(6) did not affect the powers of Courts to grant bail but created hurdles by placing a reverse burden on the accused, for specified categories, and once crossed, the bubble of rigors burst, and the factors for bail became similar to the bail petitions under general penal statutes like BNS, 2023, (previously IPC, 1860), subject to the clarification made in S. 212(7)³ of the Companies Act, 2013, applicable to BNSS, 2023 (previously CrPC, 1973).

33. Regarding satisfying the statutory conditions for denying bail, needless to say, there has to be *prima facie* evidence to implicate the petitioners, Chartered Accountants of having conspired with the Directors or owners of the company in lieu of favors or some returns, and only then, the burden would shift upon them to explain the statutory burden

involving an amount of at least ten lakh rupees or one per cent. of the turnover of the company, whichever is lower] shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud:

Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.

Provided further that where the fraud involves an amount less than ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to fifty lakh rupees or with both.

Explanation.—For the purposes of this section—

(i) “fraud”, in relation to affairs of a company or any body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss;

(ii) “wrongful gain” means the gain by unlawful means of property to which the person gaining is not legally entitled;

(iii) “wrongful loss” means the loss by unlawful means of property to which the person losing is legally entitled.

³ 212(7) The limitation on granting of bail specified in sub-section (6) is in addition to the limitations under the Code of Criminal Procedure, 1973 (2 of 1974) or any other law for the time being in force on granting of bail.

under the tax laws and regulations. A perusal of the complaint, coupled with the reply filed by the State Bank of India, does not point to any such criminal conspiracy or undue favours. Thus, even the burden would not fall on the statutory auditors.

34. Additionally, the petitioners, who are statutory auditors, are also entitled to bail on the principle of parity, as two of them, namely Ruchi Jain and Pankaj Mittal, were already granted bail by the trial Court vide orders dated 15.11.2022 and 28.03.2022, respectively.

35. Regarding disbursal of loans from the loan taken by SRS Group from the consortium of banks, the non-inspection of statutory registers is to be seen in the light of the fact that the Income Tax department did not timely survey the individuals and corporate bodies who had obtained the loans. The manner in which the money was routed, rotated, and loans were disbursed points to a systematic failure by financial institutions, the Taxation departments, the Department of Income Tax, and the consortium of banks, all of whom failed to predict, track, and unearth such massive sham transactions.

36. The investigators should have summoned or arrested all the accused involved and taken steps to recover the proceeds of crime. Instead of arresting, they preferred to complete the investigation without recovering the material object — i.e., the money that was usurped — and are now hunting for someone to blame. If there were intentional lapses by Chartered Accountants, why were they not arrested and subjected to a custodial investigation before the complaint was filed? The siphoning of massive funds points to failures not only of the Chartered Accountants but also of the Regulators and Tax Authorities, as well as loopholes in statutes and rules.

37. In *Serious Fraud Investigation Office v. Nittin Johari*, decided on 12-09-2019, a three-Judge bench of Hon'ble Supreme Court holds,

[11]. At this juncture, it must be noted that even as per Section 212(7) of the Companies Act, the limitation under Section 212(6) with respect to grant of bail is in addition to those already provided in the Cr.P.C. Thus, it is necessary to advert to the principles governing the grant of bail under Section 439 of the Cr.P.C. Specifically, heed must be paid to the stringent view taken by this Court towards grant of bail with respect of economic offences. In this regard, it is pertinent to refer to the following observations of this Court in *Y.S. Jagan Mohan Reddy (supra)* [(2013) 7 SCC 439].

38. The law of bail, like any other branch of law, has its own philosophy, and occupies an important place in the administration of justice and the concept of bail emerges from the conflict between the police power to restrict liberty of a man who is alleged to have committed a crime, and presumption of innocence in favour of the alleged criminal.⁴ Personal liberty is a very precious fundamental right and it should be curtailed only when

⁴ Supreme Court of India in *Vaman Narain Ghiya v. state of Rajasthan*, [E-SCR] ; [2008] 17 SCR 369, Para 16, decided on 12.12.2008.

it becomes imperative according to the peculiar facts and circumstances of the case.⁵ Personal liberty deprived when bail is refused, is too precious a value of our constitutional system recognised under Art. 21 that the curial power to negate it is a great trust exercisable, not casually, but judicially with lively concern for the cost to the individual and the community.⁶

39. The evidence might be prima facie sufficient to launch prosecution or to frame charges, but this Court is not considering the evidence at that stage, but is analyzing it for the stage of anticipatory bail. An analysis of the above does not justify custodial interrogation or pre-trial incarceration.

40. The Investigators did not arrest the petitioner; if they intended to arrest the petitioner, it was not impossible.

41. Given the above, the petitions make out a case for anticipatory bail, subject to furnishing personal and surety bonds to the satisfaction of the trial Court, within 15 days from today, and subject to the compliance with all the terms and conditions of the bonds.

42. Thus, in the entirety of facts and circumstances pertinent to this, the present petitions are allowed, and the interim bail orders are made absolute. All pending application(s), if any, shall also stand disposed of.

28-10-2025

(ANOOP CHITKARA)
JUDGE

AK/Jyoti II/Jyoti Sharma

Whether speaking/reasoned	YES
Whether reportable	YES

⁵ Supreme Court of India in Siddharam Satlingappa Mhetre v. State of Maharashtra, SC 2J [E-SCR], Paragraph 127, decided on 02.12.2010.
⁶ Supreme Court of India in Babu Singh & ors v. State of UP, [E-SCR] P. 777, decided on 31.01.1978.