

SBI Labels Reliance Communications, Anil Ambani as 'Fraud'; CBI Complaint Imminent



The State Bank of India (SBI) has officially classified the loan account of Reliance Communications (RCom) and its promoter director, Anil D. Ambani, as "fraud," a significant development that will lead to a complaint being lodged with the Central Bureau of Investigation (CBI). This action, confirmed by the Ministry of State for Finance Pankaj Chaudhary in a written reply to the Lok Sabha on Monday, July 21, 2025, marks a critical juncture in the long-running financial troubles surrounding the Anil Ambani-led company.

The classification, made on June 13, 2025, aligns with the Reserve Bank of India's (RBI) Master Directions on Fraud Risk Management and SBI's internal board-approved policy. According to the Ministry, SBI reported this classification to the RBI on June 24, 2025, and is now in the process of submitting a formal complaint to the CBI. This follows a disclosure by RCom's Resolution Professional to the Bombay Stock Exchange on July 1, 2025, regarding the bank's decision.

SBI's credit exposure to RCom involves a substantial fund-based principal outstanding amount of ₹2,227.64 crore, along with accrued interest and expenses dating back to August 26, 2016. Additionally, there is a non-fund-based Bank Guarantee of ₹786.52 crore. The decision to classify the account as fraud reportedly stems from forensic audits that uncovered irregularities

in loan utilization, including alleged diversion of funds through a complex web of inter-company transactions and misuse of financial documents.

It is important to note that RCom is currently undergoing a Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016, with a resolution plan approved by the Committee of Creditors awaiting final approval from the National Company Law Tribunal (NCLT) in Mumbai since March 2020. SBI has also initiated personal insolvency proceedings against Anil D. Ambani, which are being heard by the NCLT.

This is not the first instance of a bank attempting to classify RCom's account as fraud. SBI had initially done so on November 10, 2020, and filed a CBI complaint, which was later returned due to a "status quo" order from the Delhi High Court. However, a Supreme Court judgment in March 2023, mandating that lenders provide borrowers an opportunity to present their case before classifying accounts as fraud, led SBI to reverse its initial classification in September 2023. The fraud classification process was subsequently re-run, with the account being re-classified as 'fraud' after adherence to the updated RBI circular dated July 15, 2024, ensuring due process was followed.

Under Indian banking regulations, a "fraud" classification can have severe repercussions, including a potential ban on the borrower from accessing loans from most financial institutions for at least five years. This development underscores the heightened scrutiny by Indian banks on non-performing assets and alleged financial irregularities, signaling a firm stance against questionable corporate governance practices. The impending CBI complaint will undoubtedly bring further legal and investigative focus to the long-standing RCom saga.