

C.C. No.256/PW/2023

Exh. 36

P.W. No. 1 on S.A. :

State V/s. Sanjay Agrawal and others.

Name : Changdev Yashwant Pingle.
Age : 62 years.
Occupation : Retired.
Residing at : Bhambarde, Tal- Shirur, Dist-Pune.

Examination-in-chief by Ld. A.P.P. Smt. P. S. Patil for the
State :-

1. I know all the accused persons. On 04.05.2000, I was serving as District Special Auditor, Class-I, Co-operative Societies Pune. On 04.05.2000, Commissioner Co-operative gave directions to me to carry out Special Audit of Government Securities and other Securities of Sadguru Jangli Maharaj Co-operative Bank Limited, Chinchwad. I did audit of said bank on 05.05.2000 and 06.05.2000. At that time, I was accompanied by members of audit team namely Shri. Karande, Smt. Uma Salunkhe, Shri. Bhoite, Shri. S.T. Shinde and Shri. Sanap. I prepared Special Audit report of the audit of said bank and submitted it to Commissioner Co-operative. From bank registers, securities worth Rs. 42.82 Crores of which note was taken in the register but were not physically found in the bank.

(On oral request of learned APP, Examination-in-chief deferred till next date.)

R. O. & A. C.

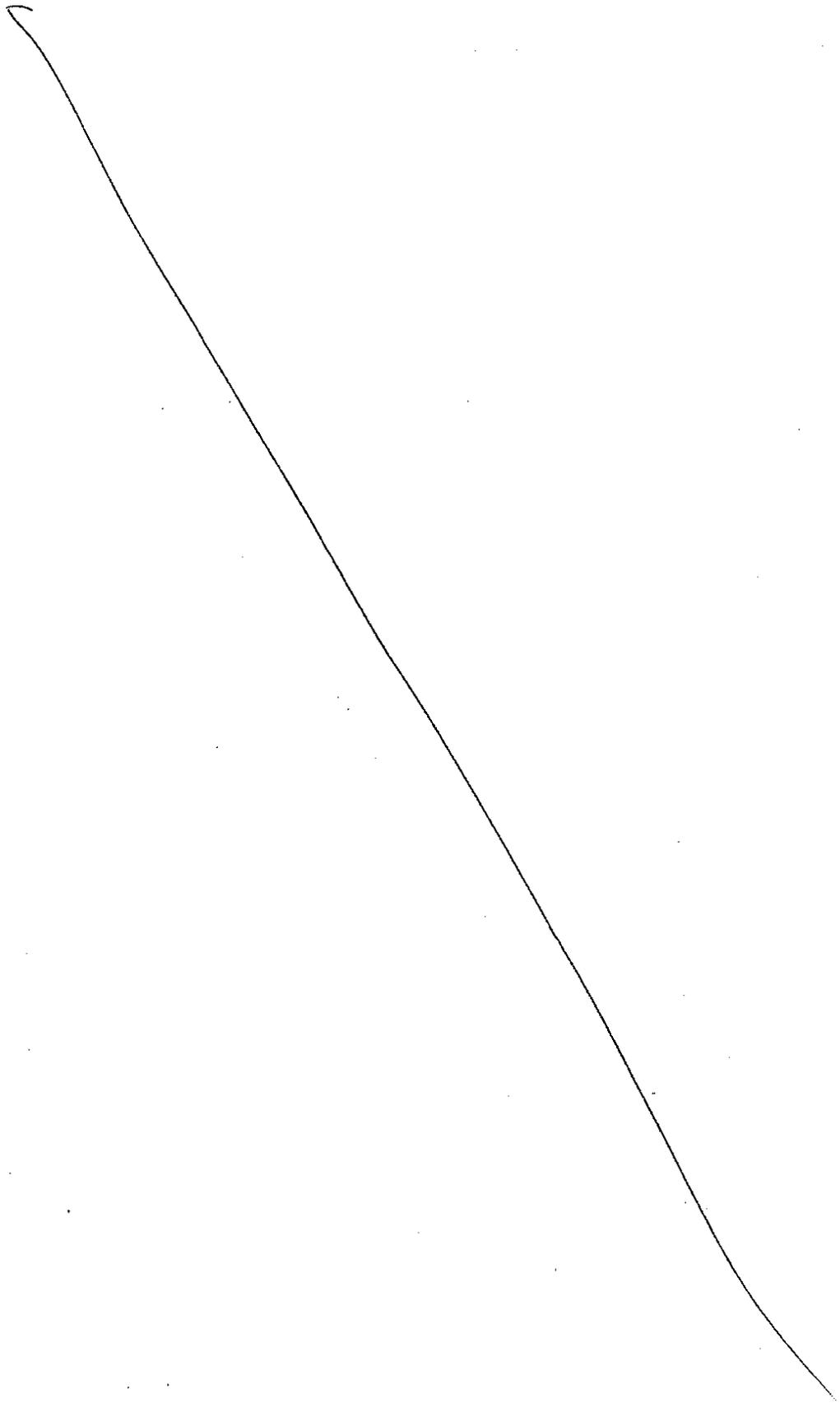
W. Shinde
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(S.P. Shinde)

Addl. C. M. M., 47th Court,
Esplanade, Mumbai.

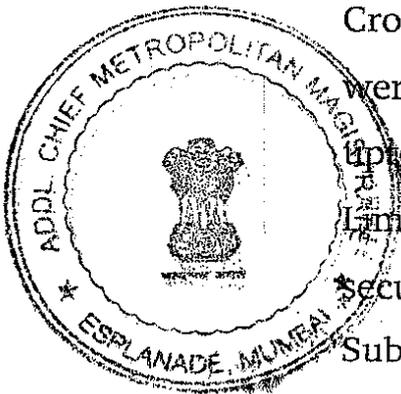


Date : 03.10.2023



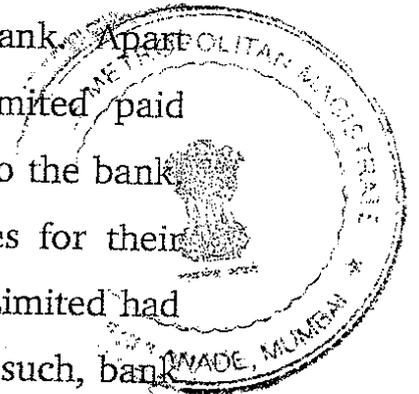
Further examination-in-chief resumed on oath by Id. A.P.P.
Smt. P. S. Patil for the State :-

2. I can identify the Audit Report submitted before Commissioner Co-operative if shown to me. Report (Exh-38) now shown to me is the same. Its contents are correct. It bears my signature. That report is pertaining to fraud in Securities. It was of premium amount of Rs.5.77 Crores and interest amount of Rs. 80 Lakhs. It was in respect of total amount of Rs.42.82 Crores and interest of Rs. 5.71 Crores from July -2001 upto the period of audit. As such fraud was committed of Rs.48.53 Crores. Audit report dated 31.03.2001 has mention that Securities were there in the hands of bank. Securities were inspected and verified by Auditor at the relevant time. Thereafter the available Securities were sold for Rs. 50 Crores by the Investment Committee, General Manager and Chairman of the committee. Securities were not actually received by bank. It was recorded only in Investment register. Again securities of Rs.50 Crores were shown to have been sold for Rs.60 Crores. All the transactions were done with Home Trades Limited. In the meanwhile bank purchased securities worth Rs. 5 Crores in lieu of that bank had made payment of Rs. 4.81 Crores to Home Trades Limited. Securities worth Rs.65 Crores were expected to be received by bank from Home Trades Limited upto 30.09.2001. Out of securities of Rs. 65 Crores, Home Trades Limited delivered securities of Rs. 19 Crores only to bank. Above securities of Rs.19 Crores were received by bank through Subsidiary General Account. Bank had transferred securities worth



Pranesh
10/10/2023

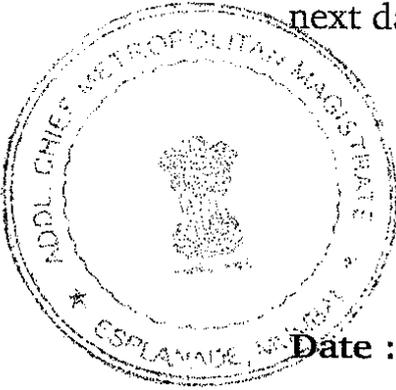
Rs.10 Crores to RBI for transfer in the name of bank. As per the circular of RBI, bank would have purchased only 5% of securities from one broker. As per net demand and time liability, bank can invest only 15% of it in Securities. Circular (Exh-39) dated 22.10.2001 issued by RBI now shown to me is the same. Investment committee and office bearer of Sadguru Jangli Maharaj Bank committed breach of above said circular of RBI and shown to have invested 32.37% of its NDTL in Securities. Investment Committee had authorized Mamanchand Agarwal and Umesh Inamdar for purchase of securities. For recovery of amount of securities of Rs. 42.82 Crores including premium and interest, investment committee members Mamanchand Agarwal, Umesh Inamdar and its other members and Internal Auditor Mate went to office of Home Trades Limited, Vashi. From the notes prepared by the bank it revealed that Home Trades Limited shown its inability to give actual possession of securities to the bank. Towards the amount of Securities, Home Trades Limited issued six cheques for total amount of Rs. 50 Crores to the bank. Apart from, six cheques referred earlier Home Trades Limited paid approximately amount of Rs. 13.94 Crores by cheque to the bank. Bank had not presented above mentioned six cheques for their encashment. Apart from above cheques Home Trades Limited had also issued one cheque of Rs. 50 Crores to the bank. As such, bank is defrauded for an amount of Rs.48.53 Crores by the Chairman, Chairman of Investment Committee, General Manager Umesh Inamdar and Jog, Deputy Chief Officer Shri. Mungi and members



Winaal
10.10.23

of Board of Directors. Rights given in respect of purchase of securities are mentioned in the Minutes Book of the year 2000-2002.

(On oral request of learned APP, Examination-in-chief deferred till next date.)



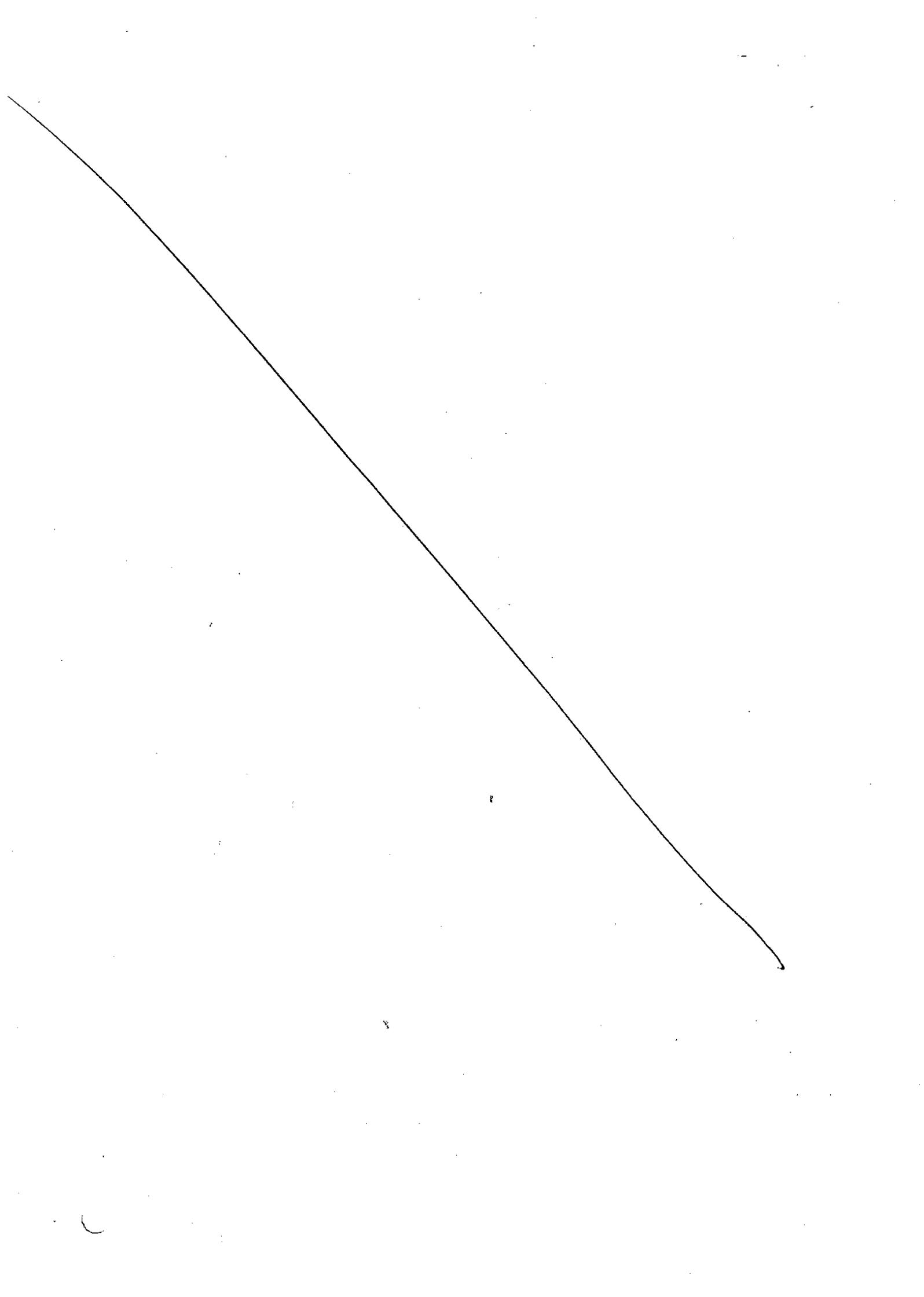
Date : 10.10.2023

R. O. & A. C.

Shinde
10.10.23

(S.P. Shinde)

Addl. C. M. M., 47th Court,
Esplanade, Mumbai.



Further examination-in-chief resumed on oath by Ld. A.P.P.

Smt. P. S. Patil for the State :-

3. On three times, the bank received in all amount of Rs. 13.94 Crores from Home Trades Limited. Out of said amount of Rs. 13.94 Crores, amount of Rs. 8.75 Crores was adjusted towards due Securities. Securities of Rs. 37.25 Crores remained due. In February and March-2002, some entries were made for purchase and sell of securities. As on 31.03.2000 remaining securities were Rs. 36.25 Crores. Thus security amount of Rs. 36.25 Crores plus premium amount of Rs.5.77 Crores and interest of Rs.80 Lakhs, thus it comes Rs. 42.82 Crores and interest on that amount Rs. 5.71 Crores, it comes Rs. 48.53 Crores. Bank suffered loss of amount of Rs. 48.53 Crores. Six cheques of Rs. 55 Crores and one cheque of Rs. 55 Crores were given to the bank by Home Trades Limited. After completion of audit, I submitted report to Commissioner Co-operation in which Board of Directors of bank, Investment Committee Members and Chairman of Investment Committee, Ex-General Manager, General Manager and officers of the bank with collusion of Directors of Home Trades Limited committed fraud of the amount of Rs.48.53 Crores and cheated bank. I lodged report to police station. Report (Exh-41) now shown to me is the same. It bears my signature and its contents are correct. Police recorded my supplementary statement. Photo copy of cheque (Article A) now shown to me is the same. Letter (Article B) addressed to me by DGP now shown to me is the same. I can recognize Chairman, Directors and officials of the bank but I do



Patil
18/10/23

not know Directors of Home Trades Limited. Since it is case of 2002, I cannot identify accused persons as on today.

Cross-examination by accused No.1 Sanjay in person

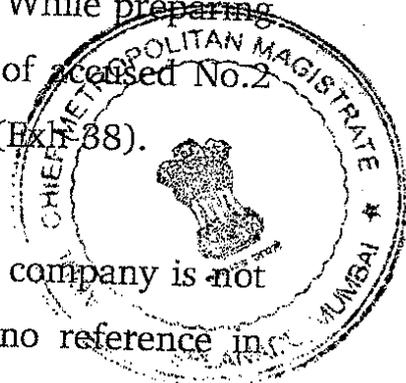
4. Declined.

Cross-examination by advocate Mr. B.B. Tiwari for accused No.2

5. I read report in Court. There was transaction between bank and Home Trades Limited. I do not know that there is no individual transaction between bank and accused No.2. I know that Home Trades Limited is a limited company. I was auditor in respect of transaction involved in this matter. My qualification is M.Com GDC & A and I was serving as District Special Auditor in Co-operation Department, Government of Maharashtra. As of now, I cannot say the difference between Limited company and Public Limited company.

6. Report (Exh-38) was prepared by me. While preparing report, I put assistance of my colleagues. Name of accused No.2 Subodh Bhandari is nowhere mentioned in report (Exh-38).

7. It is not true to say that Home Trades company is not made an accused in report (Exh-41). There is no reference in (Exh-41) that bank had any transaction with accused No.2 Subodh Bhandari in his individual capacity.



Amal
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8. It is not true to say that accused No.2 Subodh Bhandari was not director of Home Trades Limited.

Cross-examination by Adv. Mrs. Poonam Ankeshwari for accused No.3.

9. I have not personally seen officer of Home Trades Limited. I have not personally met with any of the director of Home Trades Limited. It is not true to say that dispute in the matter between bank and Home Trades Limited is only civil dispute. I do not know that civil dispute in respect of present matter is already pending in the court.

Question: Settlement was to be taken place between bank and Home Trades Limited, but as the directors came to be arrested that settlement did not work out?

Answer: I cannot make any comment on this.

I cannot say that the accused Ketan Sheth was not having any transaction in personal capacity with bank. It is not true to say that during the relevant period pertaining to this matter accused Ketan Sheth was not director of Home Trades Limited.

Question: Prior to lodging report, you have not tried to find out who were the directors of Home Trades Limited?

Answer: I prepared report on the basis of documents available with bank.

Name of accused Ketan Sheth found in notes prepared by bank



Ankesh
18.10.23

from time to time. I have not seen record of Registrar of Company to verify as to who were directors of Home Trades Limited.

10. I am not employee of the bank. It is not true to say that I deposed before court on the basis of information given to me by others.

Question: You do not know anything as to what has taken place in meeting which is happened in the office of Home Trades Limited ?

Answer: I know about that meeting as per record available with the bank.

Whatever allegations are levelled by me against accused Ketan are levelled against him on the basis of record available with bank. It is not true to say that there are no allegations against accused Ketan Sheth in audit report (Exh-38) and report (Exh-41). It is not true to say that I incorporated name of accused Ketan Sheth in report as director of Home Trades Limited on the say of my senior. It is not true to say that I lodged false report against accused Ketan Sheth though there was no evidence showing any conspiracy on his part.

Cross-examination by Adv. Mr. Prakash Salshingikar for accused No. 4, 7, 9 and 10.

11. Commissioner Co-operative had addressed letter to me to work in this matter. I do not recollect whether that letter was handed over by me to police. Today I have not brought that letter with me. I do not recollect that it was not mentioned in the letter as to who were be my colleagues in said audit team. I do not

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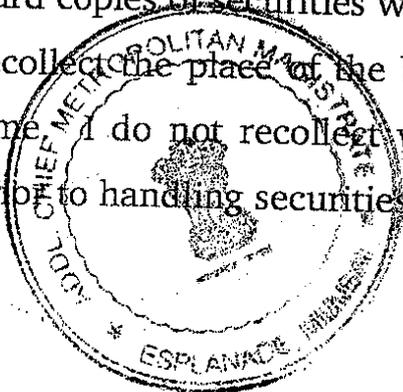
recollect whether my colleagues were with me when I had been to police station. Amongst all my colleagues I was senior. I do not recollect whether I did audit in similar matters prior to audit in the present case. Prior to doing audit of the bank related to present matter, I had experience about securities and transactions related to securities. Audit of the bank related to present matter went on for two to three days approximately. I do not recollect the time when letter from Commissioner Co-operative was received by me on that day. Distance between said bank and my office is about 15 kms. I visited bank on the same day on which I received letter from Commissioner Co-operative. The staff which was with me for the audit of said bank had to sign the muster roll. I do not recollect whether letter from Commissioner was received by me by hand or by other mode. Whenever we receive any official letter, we put inward number on it. I can't say without going through that letter whether that letter was inwarded or not. I do not recollect whether police asked for any document showing that I was no duty on 04.05.2002. It is not true to say that on 04.05.2002 I was not on duty. Other staff members of audit team other than auditor make reference of their presence in tour program. Tour program report is being prepared at the end of month. Tour program report is the only proof to show that I had been to the bank for doing audit. Police had not asked me for tour program report. As of now, I cannot produce tour program report before Court.

Anand
18.10.23



12. Urban Bank Department and Commissioner Co-operative make reports to Reserve Bank of India. It is not true to say that on 05.05.2002, I did not carry out any audit. In connection with present matter, I did continue work of audit even after office hours upto 7.00 p.m. I do not recollect whether I had taken rough notes while doing audit. I cannot say about the same even after going through audit report (Exh-38). Audit report (Exh-38) was prepared by me partially in the bank and partially in my office. I prepared report (Exh-38) during night hours. Audit report (Exh-38) was typed by staff but I do not recollect name of that staff. It is not true to say that each page of the audit report needs to be signed by auditor. I had personally gone to police station on 07.05.2002. I do not recollect the time at which I had been to police station on that date.

13. I cannot say as of now whether securities in the form of Electronic were started during the period from 2000 to 2002. I do not recollect as of now the place where hard copies of securities were kept by the bank at that time. I do not recollect whether hard copies of securities were kept in locker or kept open. I do not recollect the place of the bank from where I got securities at that time. I do not recollect whether I prepared panchanama or not prior to handling securities worth Rs. 19 Crores.



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18.10.23

(Cross-examination deferred due to recess)

R. O. & A. C.

Prakash
18.10.23

(S.P. Shinde)

Addl. C. M. M., 47th Court,
Esplanade, Mumbai.

Date :18.10.2023

C.C. No.256/PW/2023

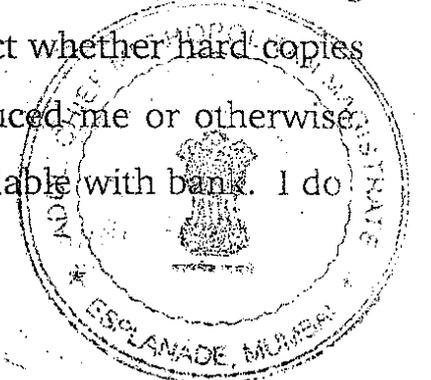
Exh. 36 continued.

P.W. No. 1 on S.A. :

Further cross-examination resumed on oath by advocate Mr. Prakash Salshingikar for accused No. 4, 6, 7, 9 and 10.

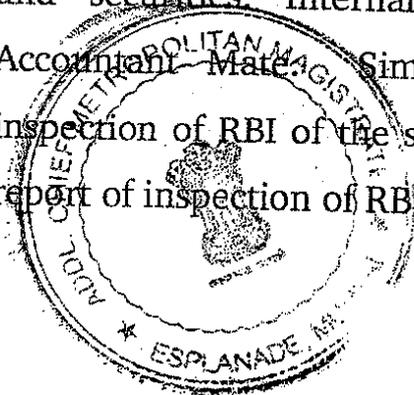
14. I have noted everything in audit report (Exh-38) which I came across during audit period. It did not happen that during audit I come across some matter, but I have not included same in the audit report. Now I depose that I have not prepared panchanama in respect of securities worth Rs. 19 Crores during audit period. I do not recollect exact area of the bank premises and cabins therein. I conducted audit in head office of said bank but I did not find Chest/ Safe Deposit Vault in the hall where I was sitting. During audit period, I used to sit in the hall of said bank. But I cannot say with certainty whether I visited other cabins in the said bank. I did not ask anyone from the bank about the number of cupboard having in the said bank and who were having custody of those cupboards. I do not recollect whether hard copies of securities worth Rs.19 Crores were produced to me or otherwise. Hard copies of other securities were not available with bank. I do

Prakash
18.10.23



not recollect denomination of securities of worth Rs. 19 Crores. I am not in a position to state as to the location where the bank documents were kept in the head office of said bank. Entries regarding purchase and sell of securities were shown in the respective Investment Registers maintained by the bank.

15. Statutory audit, Re-audit, Test audit, Internal audit, special audit and continuous and concurrent audit are the audits carried out in bank. Statutory audit, reaudit, test audit and special audit are being carried out by salaried Gazetted Auditors. Statutory audit is being done compulsorily every year. Prior to the special audit pertaining to the present matter, I conducted statutory audit of said bank for one time. Report of statutory audit is also to be submitted to respective Registrar. During my statutory audit I do not found any fraud. In the year 2001, B.N. Mahajan, Special Auditor, Flying Squad Pune had done statutory audit of said bank. I had gone through special audit of the year 2001. In the said report, it is mentioned that no fraud was detected in respect of investment and security. I had also gone through internal audit of said bank prior to doing said audit. I cannot say with certainty that whether auditor had mentioned that any fraud had taken place in the said bank in respect of investment and securities. Internal Audit was conducted by chartered Accountant. Simultaneously special audit by me and inspection of RBI of the said bank was going on. I have not seen report of inspection of RBI. Statutory audit report is being put



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18.10.23

before AGM for its approval. I do not recollect whether I had seen minutes of AGM prior to doing special audit related to present case. Usually while doing Statutory audit minutes of AGM are to be seen. Minutes of investment meeting are to be seen while doing statutory audit and Special audit. While doing Special audit minutes of meeting of Board of Directors are seen. It is not true to say that in special audit it is being verified whether profit appropriation is being done as per balancesheet and profit and loss account. I was directed by Commissioner Co-operation to conduct special audit in respect of security misappropriation.

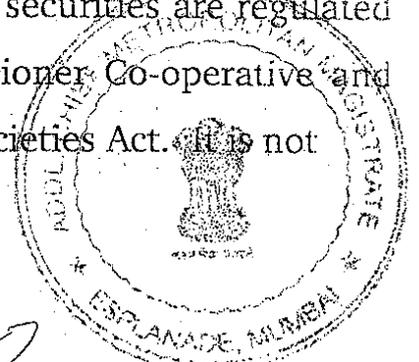
16. I had verified during audit as to who participated the meeting called for purchase of securities. Generally securities cannot be purchased unless resolution is passed by Investment Committee.

Question: Securities related to present matter were not purchased unless there was resolution of Investment committee?

Answer: Resolutions in respect of purchase of securities were passed by Investment committee. But there was no reference as to name of specific securities in some of the resolutions.

I had seen muster roll of Investment Committee. I cannot say with certainty that in respect of present matter no amount in respect of securities was transferred unless there was decision of Investment committee. Transactions as to purchase of securities are regulated by guidelines issued by RBI and Commissioner Co-operative and Section 70 of Maharashtra Co-operative Societies Act. It is not

G. N. D.
18.10.22



true to say that there was no rule specifying the period for delivery of securities after making the payment. It is not true to say that I was not having any knowledge about securities.

(On oral request of Learned advocate for accused, cross-examination deferred till next date)

R. O. & A. C.

Prakash
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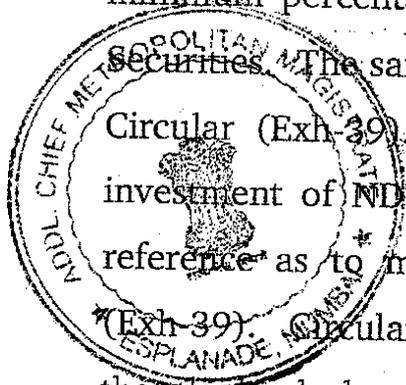
(S.P. Shinde)

Addl. C. M. M., 47th Court,
Esplanade, Mumbai.

Date :18.10.2023

Further cross-examination resumed on oath by advocate Mr. Prakash Salshingikar for accused No. 4, 6, 7, 9 and 10.

17. I do not recollect whether I had gone through circular of RBI which was issued prior to circular (Exh-39). I do not recollect that whether there was reference in circular (Exh-39) that minimum percentage of investment of NDTL should be invested in securities. The said bank falls within Clause B of Table referred in Circular (Exh-39). As per circular (Exh-39) minimum 15% of investment of NDTL should be done in Securities. There is no reference as to maximum percentage of investment in circular (Exh-39). Circular (Exh-42) now shown to me having reference that the bank should invest at least 15% of NDTL. It is not true to

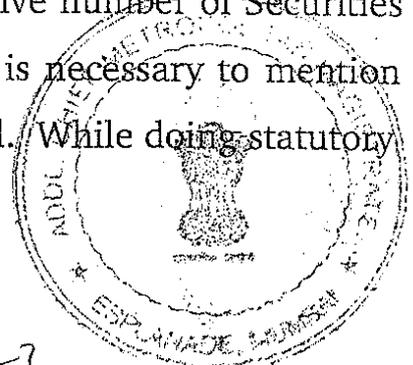


Prakash
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say that I deposed false that bank should not make investment more than 15% of NDTL in Securities.

18. I had sought permission from Registrar of Co-operative Society for lodging report in connection with present matter. I had sought permission by giving letter. I had taken acknowledgement of said letter. I had shown said acknowledgement to the police. I do not recollect whether I had given said acknowledgement to police or not. I can produce before Court letter showing acknowledgement of Registrar, Co-operative Societies. I do not recollect whether I had been to Registrar, Co-operative before lodgement of report. Registrar Co-operative had authorized me writing to lodge report in present matter. I do not recollect the date on which Registrar Co-operative has authorized me to lodge report. I have shown said letter authorizing me to lodge report to police. I do not recollect who had signed said letter. I do not recollect whether I had intimated the persons against whom said report was adverse. I do not recollect whether, at the relevant time, it was practice to intimate a person against whom audit report is adverse. I do not recollect whether I had taken any acknowledgement from any of the director of said bank about intimating said audit report. I had recorded my opinion. I have given my special report to Registrar Co-operative. At the relevant time, it was practice to mention distinctive number of Securities in audit report. I voluntarily state that it is necessary to mention in audit report all the facts regarding fraud. While doing statutory

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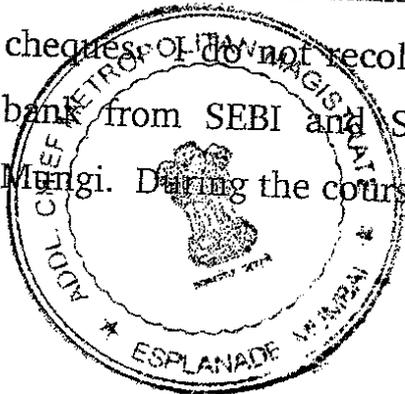
audit, it is necessary to take photo copies of Securities.

Question: at the relevant time whether it was practice to take photo copies of securities while doing special audit?

Answer: Securities were not produced before me while doing special audit. Some entries were made available to me.

19. At the time of doing audit, I did not take any photo copy of securities as securities were not made available to me. I have gone through by-laws of the said bank before commencement of audit. There is no mention in by-laws of said bank that only 5% of Securities be purchased from one broker. It is not true to say that for purchase of securities more than 5 % from one and the same broker, approval of body of director was necessary. I do not know that at the relevant time rates of securities were fluctuating. Securities are to be purchased immediately because of fluctuation in rate. I do not know the period during which the securities were to be received by the bank from the date of its purchase at the relevant time.

20. I do not recollect that during course of doing special audit, it came to my notice that all the documents pertaining to securities were signed by Umakant Mungi, Deputy CEO. I do not recollect that Umakant Mungi was authorized to sign all the cheques. I do not recollect that all the letters were addressed to bank from SEBI and Stock Holding in the name of Umakant Mungi. During the course of audit, it revealed to me that Umakant



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Mungi is involved in the matter of fraud, hence, I mentioned his name in the audit report. After lodging report, I have not confirmed from police that as to who are the accused in the present matter.

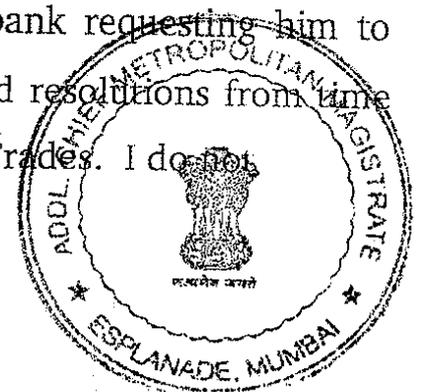
21. I can not say without going through that bank received amount of Rs.13.94 Crores from Home Trades after the cheques were received by the bank. I have not gone through bank statement of Home Trades. It is not true to say that bank did not deposit cheques of Home Trades for encashment as the Home Trades Limited was making payment to the bank.

Question: Bank had transferred securities worth Rs.50 Crores of Home Trades in its name?

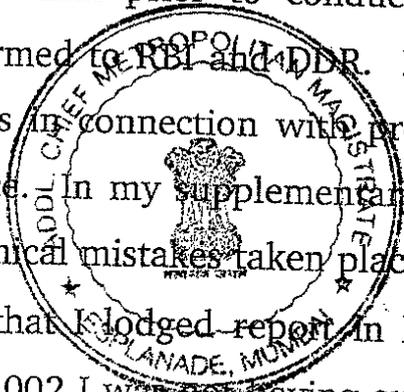
Answer: I do not recollect the said fact.

I do not recollect that during audit it revealed to me that Home Trades Limited was member of SEBI. I do not know that Home Trades Limited was member of Pune Stock Exchange and Bangalore Stock Exchange. I do not know as to who was responsible for presentation of post dated cheque given to the bank. General Manager of bank is answerable to directors of bank. I do not recollect that during the course of audit I came across report of body of directors mentioning that cheque should not be presented for encashment. I do not recollect whether I had given any letter to General Manager of bank requesting him to produce Securities before me. Bank passed resolutions from time to time regarding transactions with Home Trades. I do not

Aravind
25/10/23



recollect dates on which such resolutions were passed. After going through resolutions passed in meetings of board of directors I state that there is no reference showing that transaction as to sell and purchase of securities is to be done with Home Trades Limited. I again state that there is reference as to transaction between Home Trades and Bank in resolution dated 19.09.2001. I had gone through minute book at the time of audit. I do not recollect names of persons who were signed in said minute book. It is not true to say that I had not seen any resolution passed by Board of Directors. I do not recollect that bank had called quotations from various brokers. Security stock maintain register was presented before me during audit. It is not true to say that it is duty of auditor to attach copy of security stock maintain register with audit report. It is not true to say that transaction which is not done through SGL cannot be done later on through SGL. I do not know that prior to conducting special audit by me bank had informed to RBI and DDR. I visited office of EOW on number of times in connection with present matter. I gave information to police. In my supplementary statement to police, I admitted the technical mistakes taken place in my audit report. It is not true to say that I lodged report in haste. It is not true to say that on 7.5.2002 I was not having authority to lodge report in connection with present matter. It is not true to say that I am deposing false that I did not find securities in physical form. It is not true to say that I am deposing false that there is fraud of Rs.48.53 Crores. It is not true to say that I prepared audit report (Exh-38) carelessly.



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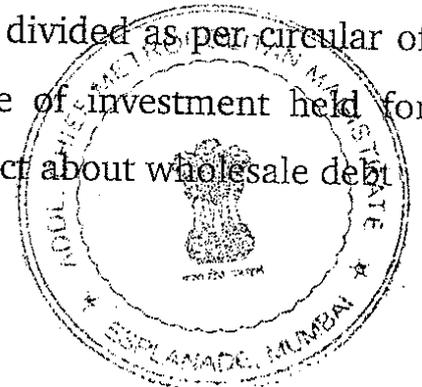
Cross-examination by advocate Mr. Ganesh Nagargoje for accused No. 5.

22. It is not true to say that accused No.5 has no concern with the present matter.

Cross-examination by accused No. 11 in person.

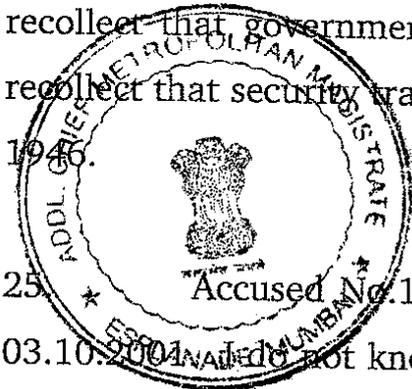
23. There are two bank regulating bodies. There is no difference in their functioning. I do not recollect that there is reference of report of DDR in letter addressed to me by Commissioner Co-operative. I had not come across any contract note relating to securities worth Rs. 36.25 Crores. On the basis of my audit report, commissioner Co-operative had initiated under Section 88 of Maharashtra Co-operative Societies Act against director and three executives of said bank. I do not know that in inquiry initiated under 88 of MCS Act, all the three General Managers are exonerated by inquiry officer. I do not know that Cash Reserve Ratio and Statutory Liquidity Ratio are different for Schedule bank and Non-schedule bank. CRR and SLR are fixed by RBI. I do not recollect SLR percentage is for non Schedule Bank. Government securities are part of SLR. Penalty is fixed for breach of SLR. I do not know how government securities are coming in existence. I do not recollect bidding process. I do not know difference between NDTL and DTL. I do not know the categories in which investment portfolio of bank is divided as per circular of RBI. I do not recollect the percentage of investment held for trading in total portfolio. I do not recollect about wholesale debt

Airavata
25-10-23



market.

24. Entries about the purchase of securities worth Rs. 42.82 Crores are taken in register known as Tipan Register. The said bank has separate investment department. I do not recollect who was head of said investment department. I do not recollect who was custodian of investment register. Entries in respect of principal amount of securities, their premium and interest are taken separately. I do not know that RBI has legalized all the contract issued upto June 2002. All the transactions in the matter have been taken prior to May-2002. My objection is that bank has not received government securities in physical form. I do not recollect that government securities are not renewable. I do not recollect that security transaction are governed by Public Debt Act-



1946.
25. Accused No.11 has no official concern with bank from 03.10.2001. I do not know that Reserve Bank of India has carried out audit of bank till 30.09.2001. It is not true to say that there is no fraudulent transaction from 31.03.2001 till 30.09.2001. I do not recollect the meeting in which securities worth Rs. 36.25 Crores were purchased. I do not recollect that after year 2000, bank investment committee was constituted for two times. I do not know that RBI had directed the bank not to pass single line resolution.

Amal
25-10-23

(Cross-examination deferred due to recess)

R. O. & A. C.

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(S.P. Shinde)

25-10-23
Addl. C. M. M., 47th Court,
Esplanade, Mumbai.

Date :25.10.2023

Further cross-examination resumed on oath by accused No.11

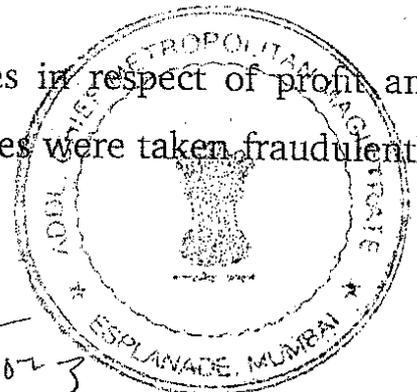
26. I had gone through minutes of meeting dated 06.07.2001 and 19.09.2001 in which it is mentioned that bank has earned profit of Rs.3.14 Crores and Rs.55 Lakhs respectively. Dates given by me in report just show dates on which securities are purchased and sold by bank. On 25.02.2002, accused No.11 had no access to the bank record.

Question: Security named 8.07GOI 2017 shown under Serial No.1, 5 and 6 and security named 9.85GOI 2015 shown under Serial No.3 were not at all in existence?

Answer: I do not know whether those securities were in existence in market. However, entries of those securities were shown in Bank Investment Register.

Question: Bank has earned profit of 7.5 Crore in above transaction?

Answer: Except, three securities entries in respect of profit and other entries in respect of other securities were taken fraudulently to the bank record.



27. It is not true to say that bank earned profit of Rs.12.97 Crores in aforesaid transaction and accepted by RBI. When bank received cheques for an amount of Rs. 55 Crores, accused No.11 was not serving with bank. I do not recollect that I have come across Public Debt Receipt at the time of Special audit.

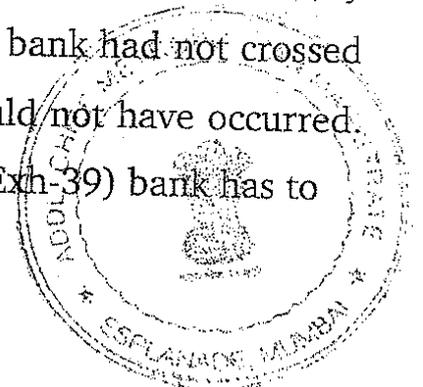
Cross-examination by accused No.14 in person.

28. I had not summoned any of the director of office bearer of Home Trades Limited to know the reason for delayed delivery of securities, before finalizing my report. Role of audit team members was to assist me. No specific role was assigned any of the team member. Team members have not individually prepared audit notes. We collectively prepared notes. It is not true to say that I am deposing false that no audit notes were prepared. I have asked concerned persons as to how entries were made in record. Investors and depositors of said bank have to give cheque of deposits in the name of bank. On realization of cheque, amount is to be credited to the account of bank. Directors and office bearers of the bank were signing cheques on behalf of bank. Sadguru Jangli Maharaj is legal entity. Amount of Rs.8.75 Crores was adjusted against due amount of Rs.46 Crores. I do not know why bank official have not supplied me contract notes during audit period to me. It is not true to say that all contract notes and bills pertaining to each and every transaction with Home Trades Limited were produced before me during audit period, but conveniently I chose pick and choose policy to frame the directors

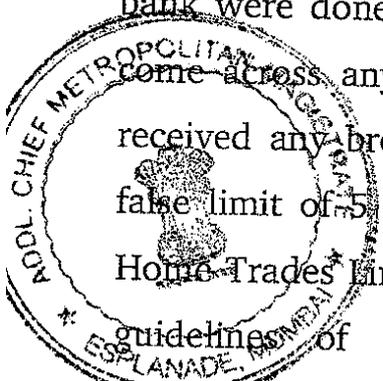
Anil
25-10-23

and office bearers of Home Trade Limited. From 1.12.2001 to 10.01.2002, bank has received securities worth Rs.19 Crores from Home Trade Limited towards outstanding delivery of Government Securities. From 01.02.2002 to 28.03.2002 Home Trade Limited paid amount of Rs.13.94 Crores towards settlement of Government Securities. I voluntarily state that out of amount of Rs. 13.94 Crores, amount of Rs. 8.75 Crores only was credited towards settlement of Government Securities. Total amount of Rs. 13.94 Crores was credited to the bank account. I do not know whether RBI has prescribed any penalty for not following guidelines as to investment. I do not recollect whether RBI had made investment through non SGL punishable. According to me गैरव्यवहार means misappropriation. I have not collected documentary evidence to substantiate conclusions in my audit report. It is not true to say that my audit report is superficial. It is not true to say that limit of investment by bank of 5% was not applicable to Home Trades Limited. As per letter received from Commissioner Co-operative scope of special audit conducted by me was Securities misappropriation upto the period of audit. I did audit for period from 01.04.2001 till commencement of audit. Fraud in the bank occurred on 07.07.2001 when the securities were sold. Before 07.07.2001 there was no misappropriation in the bank and all transactions relating to securities upto that date were settled by bank and parties. It is true to say that if the bank had not crossed investment limit of 15 % then the crime would not have occurred. It is not true to say that as per RBI Circular (Exh-39) bank has to

Original
25.10.23



invest minimum 15% and there is no upper limit. It is not true to say that I gave my findings in my audit report from para II below table on page No.6. It is not true to say that in my audit report I have not given any specific role of director of official of Home Trade Limited. Names of directors and office bearer of Home Trade Limited mentioned page No.7 of audit report. It is not true to say that I referred names of directors and office bearers of Home Trade Limited merely on hearsay information. I checked with bank since when it was dealing with Home Trades Limited, but I do not recollect the dates. It is not true to say that Home Trades Limited started dealing with said bank from February 2000. I can not say without going through record as to whether bank had paid any amount to accused No.14. I did not come across any record during audit period showing that bank had paid any amount to accused No.14. I do not know that accused No.14 did not have any personal transaction with said bank. It seems from record that all the transactions done by Home Trades Limited with bank were done as principal buyer and principal seller. I do not come across any record showing that Home Trades Limited has received any brokerage. It is not true to say that I am deposing false limit of 5% was applicable for the transactions done with Home Trades Limited. At the time of audit, I have gone through guidelines of RBI applicable to investors and traders of Government Securities. I do not recollect whether there was any restriction laid down by RBI Guidelines on investors of Government Securities for dealing with Co-operative Banks. In



Crack
25.10.23

bank record, relationship of Home Trades and Bank was shown as Debtor and Creditor. I do not know as to whether any difference between SGL and Demat account. I do not recollect whether I had found out that Home Trades Limited was member of which stock exchange. It is not true to say that Home Trades was member of multiple stock exchange including Pune Stock Exchange. It is not true to say that Home Trades has issued contract note and bill for each and every buying and selling transaction as principal buyer and principal seller. It is not true to say that Home Traded Limited has issued bills in Form No. B which is issued for Principal to Principal Trade only. It is not true to say that I purposely ignored all the aforesaid charge just to frame Home Trades Limited. I did not come across any record showing that accused NO.14 was present in bank when bank had issued any cheque to Home Trades Limited. It is not true to say that accused No.14 was not present in the bank meetings in which Government Securities or any amount was given by bank to Home Trades Limited. I have simply submitted audit report to Commissioner Co-operative. But I have not submitted any other with said report to commissioner Co-operative. It is not true to say that I prepared audit report without any evidence and without any substance.

Re-Examination- Nil

R. O. & A. C.

Date :25.10.2023



Shinde
25-10-23
(S.P. Shinde)

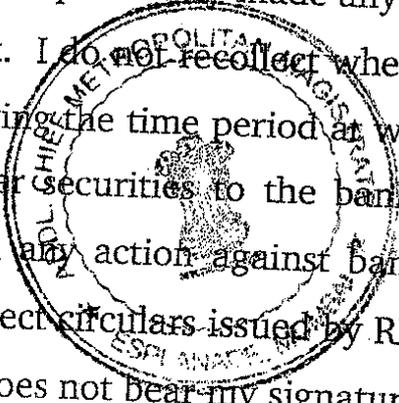
Addl. C. M. M., 47th Court,
Esplanade, Mumbai.

P.W. No. 1 on S.A. :

(In view of order passed on application (Exh-45), cross-examination on oath by advocate Mr. H.P. Bavkar for accused No.1.)

29. I do not recollect as to in how many cases I prepared special audit report during 2000 to 2002 except the special report in the present case. It is not mentioned in audit report (Exh-38) that it was being conducted on 05.05.2002 and 06.05.2002. Names of the persons who were with me for doing special audit are not mentioned in special audit report (Exh-38). Audit report (Exh-38) does not bear signature of any other persons who assisted me, except me. There is no acknowledgement on record showing that audit report (Exh-38) was submitted by me to Commissioner of Co-operative. Date of audit is not mentioned in special audit report (Exh-38).

30. I have not attached copies of bank register, investment register, security sale purchase register, minutes book, resolutions of directors and notes prepared by the bank with audit report (Exh-38) and FIR(Exh-48). Date of commencement and date of completion of audit is not mentioned in audit report (Exh-38). I had not personally made any correspondence with RBI while doing audit. I do not recollect whether I had come across any document showing the time period at which the Home Trades Limited had to deliver securities to the bank. I do not know whether RBI had taken any action against bank for present transaction. I do not recollect circulars issued by RBI prior to 22.10.2001. Report (Exh-41) does not bear my signature.



G. Prasad
1.11.23

31. I was not present whenever meetings were taken place between bank and Home Trades and I was also not present when registers and notes were prepared about their meetings. I do not recollect whether I came across any document showing that accused No. 1 had received any money from bank in his personal capacity. There is no endorsement on audit report (Exh-38) showing that it was either accepted or rejected by the Commissioner Co-operative. I voluntarily state that there is no procedure as such. It is not true to say that I am deposing false that there is no procedure of giving endorsement on audit report. Either inward or outward number is not mentioned on the audit report (Exh-38). It is not true to say that I did not conduct audit in the bank on 05.05.2002 and 06.05.2002. It is not true to say that I was never directed by Commissioner Co-operative to conduct special audit in the said bank. It is not true to say that I never submitted audit report (Exh-38) with Commissioner Co-operative. It is not true to say that I prepared audit report (Ex-38) at the instance of police. It is not true to say that I depose false against Home Trades Limited as the instance of police. It is not true to say that Karande, Salunkhe, Bhoite and Sanap were never with me for doing audit in the bank.

Re-Examination- Nil

R. O. & A. C.



(Handwritten signature)
11/11/23

(S.P. Shinde)

Addl. C. M. M., 47th Court,
Esplanade, Mumbai.

Date :01.11.2023

True Copy

(Handwritten signature)
06/11/23
Judicial Clerk,

Additional Chief Judicial Magistrate's,
47th Court, Esplanade, Mumbai.