

P.W. No. 2 on S.A. :

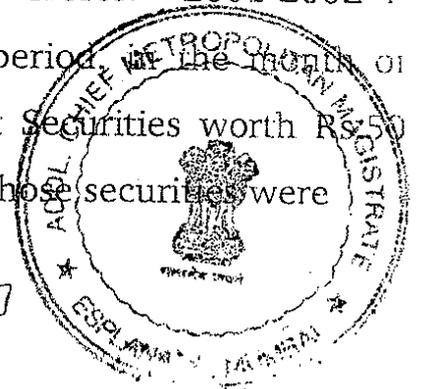
State V/s. Sanjay Agarwal and others

Name : Umakant Dattatray Mungi.
Age : 57 years.
Occupation : Service.
Residing at : Chinchwad, Pune.

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

1. I know all the accused persons. I joined Jangli Maharaj Sahkari Bank, Pune on 11.08.1995 as Senior officer. On 01.10.2001, I was promoted on the post of Deputy Chief Officer. At that time, I was head of five to six departments of said bank including Accounts, MIS, General Administration, Staff, Investments. As per sub-rule 36(ix) authority to purchase and sell Government Securities were given to two persons namely General Manager and one director. Photocopy of resolution (Article C) now shown to me is the same. Jangli Maharaj Sahkari Bank was investing in Government Securities since 1995. Since the year 1998-1999 percentage of investment was increased as per guidelines of RBI. Till the year 1998-1999 bank had invested around Rs. 10 Crores. In the year 1999-2000 bank has invested additional amount of around Rs.14 Crores in Government Securities. Upto year 2000-2001, investment by bank in Government Securities went upto Rs.56 Crores. 2001-2002 it went upto Rs. 86 Crores. During that period, in the month of March-2001 bank purchased Government Securities worth Rs.50 Crores from Home Trade Limited Vashi. Those securities were

M. S. Patil
20/02/23



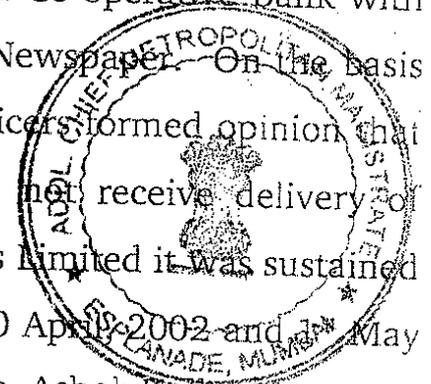
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purchased in physical form. But securities were not actually received by the bank. In the month of July-2001, bank again purchased Government Securities worth Rs.5 Crores each on three occasions. Thereafter bank received delivery of securities worth around Rs. 19 Crores in physical form. Delivery of securities worth Rs.46 Crores were outstanding. Thereafter bank did transaction of sell and purchase of bank securities through contract notes. After September-2001 bank again received delivery of securities worth around Rs. 8.75 Crores in physical form. Thereafter bank did not receive delivery of securities worth Rs.37,25,00,000/- from Home Trades Limited in physical form. Bank started follow up for delivery of securities in physical form with Home Trades Limited. Ashok Kulkarni, Prakash Aphale, Mamanchand Agarwal, Sunil Madkikar, Umesh Inamdar, N.R. Borgikar and myself took follow up for getting delivery of securities. During that follow up I alongwith committee members met with directors of Home Trades Limited namely Ketan Sheth, Sanjay Agarwal, Nandkishor Trivedi, Subodh Bhandari, Kanan Mewawala and their other office staff. Directors of Home Trades Limited have also meetings with members of the bank in Pune. We took follow up continuously from October-2001 to January-2002. Thereafter on 25.01.2002 I alongwith officers of the bank and committee members went to office of Home Trades Limited Vashi. Home Trades Limited avoided to give delivery of securities. In the month of February-2002, Home Trades Limited gave some proposal to the bank.

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Home Trades Limited assured to give physical deliveries of government securities but they did not comply it. Officers of the Home Trade gave proposal to the bank to sell government securities worth Rs. 15 Crores to them in the month of February-2002. In the month of February-2002, Home Trades Limited handed over shares and transfer certificates in respect of their shares listed in Pune Stock Exchange as a security. Value of those shares was around Rs.50 Crores. At the same time, directors and office bearers of Home Trades Limited told us that if they failed to make deliveries of securities to the bank, bank can sell aforesaid shares and may realize its amount. But those shares were not listed in the month of April, May 2002. During that period, Home Trades Limited gave post dated cheques to bank around Rs. 55 Crores. Initially Home Trades Limited issued six cheques. At the same time, office bearers of Home Trades Limited told us not to present those cheques until they intimate the bank. By March -2002 Home Trades Limited was owing around Rs.42 Crores against principal, premium and accrued interest on said securities. Bank continued follow up. On 25, 26 and 27 April 2002 news in respect of transactions of Nagpur District Co-operative Bank with Home Trades Limited was published in Newspaper. On the basis of said news, Board of Directors and officers formed opinion that bank was defrauded. As the bank did not receive delivery of Government Securities from Home Trades Limited it was sustained loss of around of Rs.42 Crores. On 29, 30 April 2002 and 1st May 2002 I alongwith directors Prakash Aphale, Ashok Kulkarni went



Handwritten signature

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to advocate Khurjekar. Advocate Khurjekar addressed notices to Home Trades Limited and its directors. Those notices returned unclaimed. We reported about the fraud to the RBI on 3rd or 4th of May, 2002. We also reported matter to Co-operative Department. C.Y. Pingle, Auditor of Co-operative Department conducted audit and submitted his report to Co-operative Department. Co-operative Department made report to RBI. RBI dissolved the Body of Directors. Thereafter officer of the Co-operative Department reported matter to EOW. Police recorded my statement. Bank resolutions (Article D Colly) now shown to me are same.

Cross examination by Adv. Mr.Deepak Mane for accused No.1

2. Adopting cross-examination for other accused persons.

Cross-examination by Advocate Nitish Wani for accused No.2

3. Declined

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

I read out my statement on 06.12.2023. I have not gone through report of C.Y. Pingle so I do not know that Pingle has shown my involvement in the matter. It is not true to say that police had made attempt to make me as an accused. It is not true to say that I gave false statement to police under pressure.

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5. Bank has no transaction with accused No.1 Ketan Sheth in his personal capacity. I do not know the period from which accused Ketan Sheth was director of Home Trades Limited. Transaction in question is pertaining to question to July-2001 to March-2002. It is not true to say that Ketan Sheth had resigned from Home Trades in May-2001, so he not at all concerned with transaction in question.

Cross examination by Adv. Mr.Salsingekar for accused

No.4,5,6,7,9 and 10 :-

6. I served as Deputy Chief Officer with said bank from 2001 to 2006. Police called me for the first time in the month of June 2002. At that time, I had taken papers asked by the police. I do not recollect as to how many times I visited police in the month of June-2002. PI Pradip Aphale inquired with me. I was in police station upto evening. I reached there at around 10.30 to 11.00 a.m. I replied all the queries posed by police. Police recorded my statement in June. It did not happen that police officer put questions to me and I did not answer to them. I do not recollect whether police obtained my signature recorded in June.

7. I do not recollect whether I stated to police in my statement recorded in August that police obtained my signature on statement recorded in June. Police read over statements to me. Portion mark A of my statement dated 11.08.2002 is recorded as

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per my statement. I do not recollect what I had stated in statement of June was not recollected at the time of my statement recorded in August. Statement of June now shown to me does not bear my signature. I do not recollect whether police recorded my more than one statement in June- 2002. I do not recollect that some places were kept blank by police in my statement recorded in August. I voluntarily state that some dates may have been kept blank. I do not recollect whether some places were kept blank in my other statements recorded by police. I do not recollect whether police asked me about delivery of securities worth rupees 10 Crores. It did not happen that police did interpolation in my statement recorded in August. If there is any material alteration it is counter signed.

8. In the year 2002, it was rule in our bank that leave application is to be filed in advance. General Manager used to sanction my leave through admin. Police did not ask me for my leave record during investigation of alleged crime. I have not brought any document regarding my leaves during the relevant period. Home Trades Limited used to change the cheques at the eleventh hour also. Home Trades Limited never handed over any cheque to me directly. I was not used to inform to Prakash Aphale, Inamdar and Jog about the receipt of new cheque.

Prakash Aphale
20/12/23

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(Cross-examination deferred due to recess)

R. O. & A. C.

Shinde
(S.P. Shinde)

20/12/23
Addl. C. M. M., 47th Court,
Esplanade, Mumbai.

Date :20.12.2023

Further cross examination resumed on oath by Adv Mr.

Salsingekar for accused No.4,5,6,7,9 and 10 :-

9. It was duty of General Manager and mine to take review as to securities in which investment was to be made. It is not true to say that job of preparing agenda of meeting was assigned to me. I do not recollect that agenda of all the investment committee meetings are in my handwriting. Usually I was attending meetings of investment committee. It is not true to say that I used to put my initial on minutes of investment committee proceeding. I do not recollect that all the cheques which were issued to Home Trade Limited were under my signature. Some of the cheques issued to Home Trades Limited might be under my signature. It is not true to say that communication by the bank to Home Trade Limited used to be under my signature.

Salsingekar
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Question: None of the director asked you in writing to issue cheques to Home Trades Limited?

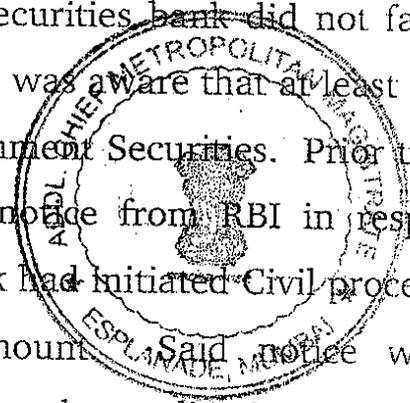
Answer: None of the director asked me in writing to issue cheque to Home Trades Limited. But I issued cheques as per directions of Investment Committee and General Manager.

10. In the year 2003, my evidence was recorded before Registrar of Society in connection with Home Trades Limited and Jangli Maharaj Bank. My evidence was recorded by the Commissioner appointed by Registrar of Co-operative Societies. During my tenure I used to discharge my duties as per directions of General Manager. In the month of February-2002, Shridhar Jog was General Manager. Security transactions were done as per contract note. While Pingle was conducting audit I was present in the bank premises. I do not recollect whether Pingle made any inquiry with me during the course of audit. I do not recollect whether Pingle asked me any document or otherwise. I have not personally handed over any document to Pingle during the course of audit. Contract notes were being in my custody. Register as to contract note was maintained by the bank. I do not recollect whether Pingle had asked me for contract notes and its register. Deal ticket is pertaining to the transaction which was taken place prior to contract note. Deal slip used to get when transaction was done through Subsidiary General Ledger Account (SGL). I do not know that deals ticket is signed after transaction is finalized

Rajesh
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between purchaser and seller. There is no deal ticket in physical security transaction. At the relevant time, purchase transactions of securities through Contract note were legalized. After receipt of delivery of securities physical transactions were to be converted into SGL. In the year 2002 some time was required for receipt of physical securities after transaction. Time required for delivery was varying from 21 days to two and half months. It is not true to say that prior to registration of crime Home Trades had handed over holding certificates and delivery schedule to bank. Till receipt getting news of Nagpur District Co-operative Bank, transactions with Home Trade Limited were regular. Bank was getting interest on securities from Home Trades Limited. It is not true to say that bank has not sustained any loss in the said transaction. In the balancesheet of March-2002 bank might have received benefit/interest from securities. It is not true to say that as per balancesheet of March-2002 bank has not sustained any loss. In the year 2001 also bank received benefit in security transactions. For want of physical delivery of securities bank did not face any difficulty in security transactions. I was aware that at least 15% of NDTL was to be invested in Government Securities. Prior to audit of Pingle bank did not get any notice from RBI in respect of Securities. I do not know that bank had initiated Civil proceedings against HTL for recovery of amount. Said notice was for completion of transaction. I had stated to police in my statement that audit of bank was done from time to time by RBI and Auditor



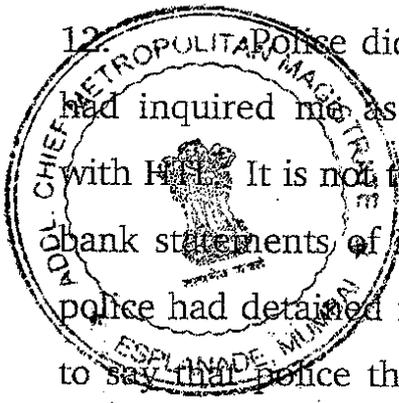
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Co-operative, in the said audit no objection has been raised in respect of transactions of Government Securities of 2000 and 2001. I had also stated to police that after July 2001, Home Trades Limited had issued holding certificate and delivery schedule in respect of securities. I had also stated to police on 05.04.2002 HTL had given holding certificate of Rs.36.25 Crores to the bank. Ketan Sheth had told that payments were made to concerned through cheque drawn on ABN AMRO Bank.

11. I can't say with certainty whether I can identify the evidence recorded by Commissioner appointed by Registrar of Societies. I have filed my affidavit of examination-in-chief before that Forum.

12. Police did not ask me about my bank accounts. Police had inquired me as to whether I had any financial transactions with HTL. It is not true to say that police interrogated me keeping bank statements of HTL office bearers. It is not true to say that police had detained me for three days in their office. It is not true to say that police threatened me to make an accused if I did not give favourable statement to them. It is not true to say that today I am deposing false to save myself as per say of my police.



Chitambar
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Cross examination by Adv. Rohan Samant for accused No.11 :-

13. Around in the month of October, November-2002 I came to know that my name was deleted as accused. I am well versed with accounting. It is not true to say that there were only directors in A Group. There were employees in Group B including me having power to sign the cheques. District Deputy Register on 03.05.2002 conducted inspection of the bank for non receipt of securities of Rs.36.25 Crores. District Deputy Registrar specifically mentioned about the securities and contract notes in its report. Commissioner Co-Operative conducted inquiry under Section 88 of Maharashtra Co-Operative Societies Act to fix liability as to Rs.36.25 Crores. In the said inquiry all the persons who were directors and CEOs from 2001 to 2002 were made responsible for loss, those CEOs were Umesh Inamdar, Shridhar Jog and Narayan Borgikar. I was witness in the said inquiry. Advocate Shrikant Kanitkar did cross-examine on behalf of Umesh Inamdar. All the three CEOs namely Umesh Inamdar, Shridhar Jog and Narayan Borgikar were exonerated in the abovesaid inquiry. RBI and other authorities have stated about same securities worth Rs. 36.25 Crores. Bank has referred six securities worth Rs.36.25 Crores in the letter dated 10.04.2002. On 18.02.2002 I prepared note (Exh-60) now shown to me was drafted by me, I do not recollect that by that note I issued letter HTL and asked for the face value of securities. I do not know that by letter dated 18.02.2002 HTL informed bank about the face value of securities and also asked to sell the securities and encash profit of Rs.7.5 Crores. Said letter

M. S. Samant

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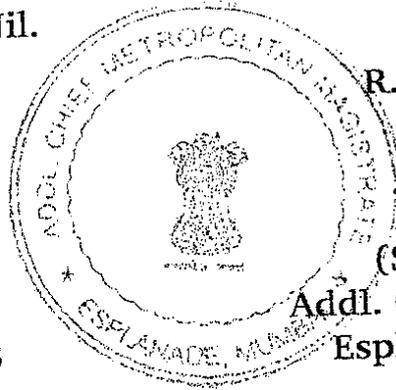
resolution was written in my handwriting and also it bears my signature. I do not recollect on 05.09.2001 bank passed resolution. Accused No.11 was not serving with bank when six cheques were issued by HTL to the bank. RBI Bank has asked to maintain registers manually and I used to take all entries in my handwriting. Accused No. 11 was not in service when shares worth Rs.50.97 Crores were delivered to the bank. It is not true to say that today I am deposing false against accused Inamdar.

Cross Examination by advocate S.N. Choudhary for accused

No. 14

14. No cross.

Re-examination-Nil.



R. O. & A. C.

S.P. Shinde
20/12/23

(S.P. Shinde)

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

Date :20.12.2023

True Copy

S.P. Shinde
06/12/23

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