

FIRST INFORMATION REPORT

(U/s 154 of CrPC)

CR No. I-93/2002

Navsari Town Police Station

Sub-District: Navsari Town

District: Navsari

Date and time of occurrence of offence:

During the period from February 1999 to Date: 29/04/2002.

1. Date and time of reporting : Date: 18/08/2002 Time: 22:00
2. Place of offence and the distance and direction from PS: Navsari People's Co. Op. Bank, Din Dayal Bhavan, Opp. Gayan School, Navsari, In the South Direction, 2 km.
3. Date sent from PS: Date: 18/08/2002.
4. Name and address of the informer/complainant: Bhanuprasad Harishankar Suthar, Manager, The Navsari People's Co. Op. Bank Ltd., R/o, 304, Dhruv Apartment, near Vijay Park Society, Opp. Lunsikui, Navsari, Phone No. 40621. (O): 57209.
5. Names and addresses of the accused:-

1. Mr. Sanjay Agrawal, Director, S/o Hariram Agrawal, Juhu Shalimar CHS Ltd, 7th Floor, Gulmahor Crossroad No. 10, Juhu, Mumbai-400049.

2. Mr. Ketan Sheth, Director,
193, Lalit Kutir, CHS, 3rd Floor, Gulmahor Crossroad no. 9,
JVPD, Mumbai-400049. Phone No.6194712-19, Mobile No.
9821142821, 9821142823.
3. Smt. Jagruti Sheth, wife of Ketan Sheth, 193, Lalit Kutir, CHS,
3rd Floor, Gulmahor Crossroad No. 9, JVPD Mumbai-400049.
Phone No. 6194712-19, Mobile No. 98213 30822.
4. Mr. Nandkishor S. Trivedi, Director, s/o Shankarlal V. Trivedi,
Dev Bhuvan, 2nd floor, Room No. 32, Gazadar Street, Chira
Bazaar, Mumbai-400002, Mobile No. 98210 30149.
5. Mr. Hiten B. Shah, Director, s/o Bhupendra B. Shah, 102, Gandhi
Nivas, Ashok Nagar Road, Vakola, Santacruz, Mumbai-400055.
6. Smt. Shilpa H. Shah, Director, w/o Hiten B. Shah, 102, Gandhi
Nivas, Ashok Nagar Road, Vakola, Santacruz, Mumbai – 400055.
7. Kumari Kanan Mevawala, Manager, Home Trade Ltd.,
Jayant Mahal, 5th Floor, Opp. Vankhede Stadium, Marine Drive,
Mumbai, Phone No. Office – 7909427, House Phone No.
2819290, Mobile No. 9820086818.
8. Bina Sanghavi, Officer – Ketan Sheth & Co.,
103, Liberty Apartment, 80/A, Sarojini Road, behind Macdonald,
Vile Parley-West, Mumbai-400 056.
Phone No. 6194712, mobile no. 98211 42821, 98211 42823.
9. Mr. Ketan Mashkariya, officer, Home Trade Ltd.
10. Mr. Subodh Bhandari, Executive Managing Director, Home
Trade Ltd., Flat No. 703 / B, Govind Complex, Sector – 14, Vasi
Turbhi, Navi Mumbai – 400 705, Phone No. 7897433, Mobile
No. 98210 30143.
11. Mr. Hiren Gada, Senior Vice President, Home Trade Ltd.

12.Mr. Atul Shah, Senior Officer, Giltej Management Services Ltd.

13.Kumar Vichita, Officer, Giltej Management Services Ltd.

6. Brief fact of the offence and the sections and brief description of the property is stolen:

Under IPC Section-406, 409, 420, 421, 422, 423, 120(b), and 34. The fact of the offence is that the above mentioned accused, in connivance with one another, introduced self to the Navsari People's Bank Ltd of the complainant, a registered cooperative bank as the approved broker of National Stock Exchange working under Euro Asian Securities Ltd., and gained the trust and confidence of the bank and got the bank to purchase and sell the government securities through them and meanwhile, the said accused committed fraud with the bank and with the mala fide intention of siphoning off the money of the bank, changed the name of Euro Asian Securities Ltd with a new name titled Home Trade Ltd and during the said period and dates, mentioned four government securities of Rs. 24,82,12,344.24 by themselves as the broker instead of selling the said security, and said that the price is constantly increasing and the bank will get more profit, and said that the investment in new security will bring more benefit to the bank, and sold the old security on 20/03/2002 and purchased 05 new security at the price of Rs. 24,76,52,925/- on behalf of the complainant and sent the notice only on paper and actually, despite the fact that the accused received the consideration amount of the said securities, showed the purchase and selling only on paper and did not give the physical possession of the security to the complainant bank and the accused hatched criminal conspiracy and caused serious damage to the interest of the bank, the depositors and the shareholders and committed fraud and siphoned off the money of the bank and committed the offence etc.

7. Action taken regarding the investigation, and explanation in case of the delay in writing down the FIR:-

8. Disposal of the Muddamal: -

Sd/- Illegible

Rank: Police Inspector

Navsari Town Police Station

Note: - write the FIR below and obtain the signature of the informer and the officer writing it down will put his signature above it.

Today, as per the complaint application typed by Bhanuprasad Harishankar Suthar, Manager, The Navsari People's Co. Op. Bank Ltd., the following complaint has been received.

Complaint: Under IPC Section-406, 409, 420, 421, 422, 423, 120(b), and 34.

I, the complainant, state that the facts of my complaint are as follows.

1. I, the complainant is a Cooperative Bank and it has been established under the title "The Navsari People's Co. O. Bank Ltd", Navsari. Besides, its registered and administrative office is located at the address "Din Dayal Bhavan", Din Dayal Chowk, near Gayanshala, Navsari, Gujarat. Besides, it has been registered under Gujarat State Cooperative Society Act, 1961. We have been authorised by Reserve Bank of India to do the business of banking activity in Navsari and its surrounding area in Gujarat State.
2. I have lodged the present complaint against M/s. Home Trade Ltd. (to be referred to as the broker hereinafter). Besides, the said

Navsari Town Police Station I-CR No. 93/2002 IPC Section 406, 420, 421, 422 etc.

company has been working as the Share and Stock Broker and as the member of National Stock Exchange of India. (To be referred to as NSE hereinafter). Its Director Mr. Sanjay Agrawal, Mr. Ketan Sheth, Mr. N. S. Trivedi, and Mr. Subodh Bhandari, and other accused hatched criminal conspiracy and have committed fraud of Rs. 24, 76, 52, 925/- (Rupees Twenty Four crore Seventy Six Lakh Fifty Two Thousand Nine Hundred Twenty Five) with us. As the member of NSE, we had purchased the Government Securities through them and we had made full payment for the same. However, the said broker failed in making the delivery of the government securities to us in physical form. With this, we are producing Schedule-I bearing the names and addresses of the different offices of the brokers and

their directors, bankers and associates companies.

3. The facts of the case are as follows.

1. We the complainant is a Cooperative bank established under Gujarat State Cooperative Societies Act, 1961. Besides, our bank is authorized to do the business of banking activity in Navsari and surrounding area in Gujarat State under the Reserve Bank of India.
2. Under the Provision of Banking Regulation Act, 1949, we are bound to invest about 25% amount in the Government Securities as the Net Time and Demand Liabilities. Therefore, we had decided to make the investment within the limit under the permission of RBI, which is known as the Statutory Liquidity Ratio (S.L.R.).
3. Around 15th of December, 1997, Mr. Ketan Sheth had come to our bank and had said that he was the owner of M/s. Ketan Sheth & Co., and that he has been doing the business of the trading of the Government Securities for different customers including the Cooperative Banks.
4. Thereafter, we had discussed with him regarding the conditions in order to purchase the government securities by their firm, and at last, on 20/12/1997, we had placed our order to fulfil the requirement of our SLR. M/s. Ketan Sheth & Co. had purchased the securities of G. O. I. (GOVERNMENT OF INDIA) 1998 OF 10.50% at the consideration amount of Rs. 35, 30,625/-, and the said consideration amount was paid vide cheque no. 862081 of

Maharashtra State Cooperative Bank Ltd., Mumbai, and the said broker had handed over the physical possession of the said securities to us, and thus, both parties completed their responsibilities.

During the period from the year 1997 to the year 1999, we had purchased different government securities through M/s. Ketan Sheth & Co., and in all the said cases, we had made the payment of all the purchases of the government securities and both parties had completed their responsibilities.

During the said period, Mr. Ketan Sheth had told us that he is a director in Giltedge Management as well. So, in order to fulfil the requirement of SLR, we purchased the government securities through "Giltedge Management Services Ltd." And both parties had completed their responsibilities by making the payment against the purchase and had received the physical possession of the purchased government securities.

5. In February, 1999, again Mr. Ketan Sheth had come to Navsari and had told us that "M/s. Euro Asian Securities" is a member of NSE and is authorized to trade the Government Securities. Besides, since we were associated with Ketan Sheth since December 1997, and had completed his all the deals with us in time till February 1999, we had decided to purchase the government securities through the said new firm for the purpose of the SLR.
6. Therefore, for the requirement of SLR, we had started purchasing government securities through "M/s. Euro Asian Securities" as per the requirement of SLR. In it also we both parties had fulfilled and completed our mutual

responsibilities. During the deal with "Euro Asian Securities Ltd.", we had sold some government securities through them and with the intention of fulfilling our responsibility, we had handed over the possession of the said government securities to "Euro Asian Securities", and we had received full consideration amount of the selling, and thus, we both parties had completed the process of selling.

7. During the period of January, 2000, Mr. Ketan Sheth, Mr. Sanjay Agrawal and Mr. N. S. Trivedi had told us that their old broker firm titled "Euro Asian Securities Ltd" will do the business now after under the new title "Home Trade Ltd.", and Mr. Sanjay Agrawal is the chairman and chief Executive Officer in it, and Mr. Ketan Sheth and Mr. Nandkishor Trivedi are the directors.

Then had further said that "Home Trade Ltd" is a member of NSE and its administration is done by a professional team. Besides, they had assured us for the quality-result-oriented business services and transact government securities through the new broker firm Home Trade Ltd.

They had also said that Home Trade Ltd has also created another group Company in the name of "Ways India Ltd", and they said that the said Company will be managed in the best professional manner in software technology. They further said that the activities of the business development will be handled by the best film actors Shahrukh Khan, Rutvik Roshan, Sachin Tendulkar and Priyanka Chopra. Later on we came to know that the accused have established Home Trade

Company systematically to attract the investment of huge amount of People's cooperative banks in government securities. Besides, as stated above, the accused have committed the fraud of huge amount with us and have embezzled and siphoned off the huge amount. Therefore, it is requested to take strict legal action against them.

- 8 For the investment of the fund of the government securities as per the requirement of the SLR, it was decided within the bank that the orders of the purchase of the government securities will be given to the brokers.

A. During our business activities, we had come to know from reliable sources that as a Cooperative Bank, we can dispose of the government securities in the open market and in order to fulfil the requirement of the SLR, we can purchase the government securities from the open market. We made the calculation of the profit and loss regarding how many government securities we can trade in the open market and in return, the other government securities will earn more income for us, and therefore, in the best interest of the depositors and the shareholders, we had decided to sell the government securities whenever there was such chance so that we can earn more amount without affecting the requirement of SLR.

B. Therefore, in order to fulfil the requirement of SLR, we started purchasing the government securities through Home Trade Ltd since February 2000 and by the end of March, 2001, we had sold certain government securities through them. The said broker purchased the certain government securities whose

physical possession they had earlier handed over to us and we had received the payment of the said securities and they had accepted the government securities that we had sold to them.

C. During the financial year of 2001-2002, the RBI had issued a circular and had stated that the Nagarik Sahakari Banks will increase their investment in the government securities and will not make investment in the district and state government banks. In other words, instead of the term deposits in the district and state cooperative banks, the Nagarik Sahakari banks were given the permission to make the investment in the government securities.

We made the comparison of the return in the government securities and the term deposits of the district and state cooperative banks and in order to fulfil the requirements mentioned in the circular of the RBI, we made the investment in the government securities.

D. During the Financial Year of 2001-02, as there was decrease in the rate of the interest constantly entire year, and the government had started issuing new securities at less rate and due to it, the price of the old government securities had increased in the market. Due to the increase in the interest rate, more return was received.

E. As we got the opportunity, and due to the increase in the income of the bank and in the interest of the shareholders and the depositors, and as the government securities that we had purchased earlier ere giving more price, we sold the said securities. As a result, the bank had earned more income as the profit. At the same time, in order to fulfil the requirement of the SLR, we purchased new government securities and due to which we again made the portfolio of the government securities and as a result, there was increase in the income of the bank and the requirement of SLR too was maintained.

F. Whenever we made the selling of the old government securities and purchased new government securities through the broker, we came to know of the amount payable to the broker and the amount receivable from the broker due to the said deals and transactions. We and the said broker had issued the cheques of the amount of difference from time to time and had completed our mutual responsibilities.

G. In March 2002, we had earlier paid the amount of the purchase order of the below mentioned securities that were in possession of the said broker.

Sr. No.	Scrip Name	Face Value
1	10.50% GOI 2014	5,00,00,000.00
2	9.39% GOI 2011	7,00,00,000.00
3	11.50% GOI 2011	3,00,00,000.00
4	11.50% GOI 2015	5,00,00,000.00
	Total Face Value	20,00,00,000.00

Therefore, we decided to sell the said government securities and the broker had implemented the said deal and we had sent the

below mentioned contract notes.

Sr. No.	Scrip Name	Cont.	Face Value	Total Consideration
1	10.50% GOI 2014	7395	5,00,00,000.00	6,33,06,250.00
2	9.39% GOI 2011	7397	7,00,00,000.00	8,08,74,150.00
3	11.50% GOI 2011	7405	3,00,00,000.00	3,83,81,250.00
4	11.50% GOI 2015	7411	5,00,00,000.00	6,56,50,694.44
			Total receivable	24,82,12,344.44

H. In order to fulfil the requirement of SLR, we had given the instruction to the broker to purchase the following securities and the broker had executed the said deal and had sent the contract notes to us.

Sr. No.	Scrip Name	Cont. No.	Face Value	Total Consideration
1	08.07% GOI 2017	7453	3,50,00,000.00	3,56,48,976.17
2	08.07% GOI 2017	7413	5,00,00,000.00	5,09,28,541.67
3	08.07% GOI 2017	7455	10,00,000.00	10,18,57,083.33
4	08.07% GOI 2017	7401	10,00,00,000.00	10,18,57,083.33
5	09.81% GOI 2013A	7399	5,00,00,000.00	5,81,98,750.00
			Total payables	24,76,52,925.00

I. Against the above mentioned deals, the broker was supposed to pay us the amount of difference of Rs. 5, 59,419.44 of the above

mentioned securities to us and was supposed to give the physical possession of the said securities to us. In this regard, the broker had given us the cheque no. 984100 dated 19/03/2002 of HDFC Bank Ltd to us and we have received the said amount.

The Exhibit-A attached herewith is the contract note dated 19/03/2002 issued by the broker accepting the purchase of the government securities. The said broker has admitted the said deal and with it, had sent the copy of the cheque no. 984100 dated 19/03/2002 of Rs. 5, 59,419.44. The said broker failed in handing over the physical possession of the above mentioned securities that we had purchased, and thus, the broker has breached the contract notes.

4. As mentioned above, M/s. Home Trade Ltd that had been paid the full consideration amount of the government securities of Rs. 24, 76, 52,925/- has failed in giving the physical possession of the said securities.
5. By making phone calls and in person, we had demanded the physical possession of the said securities that we had purchased and whose consideration amount we had paid but the broker gave false promises to us giving new dates for the delivery of the securities but till date the broker has not handed over the physical possession of the said securities to us till date.

In order to pressurise the broker to hand over the physical possession of the securities that we had purchased, we had sent a fax on their fax no. 022-7812548 on 16/04/2002 and had requested the broker to hand over the physical possession of the government

securities to us but despite our written reminders, telephonic reminders and personal meetings, the said broker could not hand over the government securities to us. The copy of the letter dated 16/04/2002 Exhibit-B is presented herewith.

6. The directors and the officers of us the complainant bank had gone to the office of the said broker on 29/04/2002 and the directors of the broker company and the senior officers of the said firm could not be found or contacted there and we had come to know that they are absconding and we were greatly shocked and we realized that the said broker has committed fraud with us, and they avoided to meet us in person and they failed in handing over the physical possession of the securities and therefore, they are absconding.
7. As per what we learnt from the reports given in the newspapers and the Durdarshan news and the information received from reliable sources, we have come to the conclusion that the said broker have failed in fulfilling the implementation of the agreement mentioned in their contract notes. Besides, actually, they have siphoned off the amount of the securities, the amount that we had paid to them in the dealing of the purchasing of the securities. So, all the directors of the said firm have hatched the criminal conspiracy and have committed the fraud.
8. As a part of the precaution, we have sent our complaint to the Investors Service Cell of National Stock Exchange of India Ltd and the SEBI on date 30/04/2002 and dated 01/05/2002 respectively on Fax through our advisor M/s. D. R. Investors Grievances Ltd. Besides, we have sent its original copy on 02/05/2002, and they are

presented vide Exhibit "C" and Exhibit "D" respectively.

Taking into account the seriousness of the present case, and due to the huge amount, the directors and the officers of the said broker firm, and their assistants may run away to foreign to avoid their responsibility and the legal action. Therefore, we request to seize their passport by taking necessary action and request to take effective action to see that the criminals do not run away from the country.

Based on the information and the knowledge that we have, we are producing the schedule of the properties of the directors of the said broker firm and their assistants herewith and request to seize the properties of the accused who have forged criminal conspiracy with the investors.

9. The accused of this matter have siphoned off the huge amount from one Nagarik Sahakari bank of Valsad district, two banks of Navsari District, four banks of Surat and the Nagarik Sahakari bank of Karamsad of Kheda District and have committed fraud and have put the financial interest of the lakhs of depositors and the shareholders at risk. Besides, due to the said act of the accused, the trust of the depositors on the said banks has got broken, which may result into the closure of these banks permanently. By doing so, the accused have caused damage of serious nature to the public interest. Besides, it has damaged the prestige of all these banks. Therefore, it is requested to take strict criminal action against them.

10. I the complainant is the manager of The Navsari People's Co. Op. Bank Ltd., Navsari. Its registered office is at the address: "Din Dayal Bhavan", Din Dayal Chowk, near Gayanshala, Navsari. I the complainant have been authorized to sign this complaint and to give the deposition vide Resolution No. 4 dated 03/07/2002 of the Board of Directors of the Bank.
11. All the accused of this matter have committed the offences of serious nature systematically and it is requested to take legal action against them all and to produce all of them in the Court having the jurisdiction.
12. Of the accused persons, accused no. 9 to 11 and no. 13 to 15 are the responsible officers of the said firm and they have taken active part in the deals and transactions of the securities made with us and are involved in the offence.
13. My witnesses are mentioned below and if required, we will request for the necessary summons to examine further witnesses.

Witnesses:-

1. I the complainant
2. The directors of the bank
3. Mr. T. R. Swami, Deputy General Manager, UBD, Reserve Bank of India, Ahmedabad.
4. Mr. Vinayak Raval, Manager, Reserve Bank of India, Ahmedabad.
5. Mr. Vinodbhai G. Desai, Chartered Accountant and the internal

auditor of the bank.

Thanking you,

Yours faithfully,

Sd/- Illegible

Manager

(B.H. Suthar)

For The Navsari People's Co. O. Bank Ltd., Navsari.

Sd/- Illegible

Police Inspector

Navsari Town Police Station

Dispatched with compliments:-

Hon'ble Chief Judicial Magistrate, Navsari: Date: 18/08/2002.