

351
CC/2778/2004

FILE II (SECOND)	DISTRICT : NAVSARI
<u>IN THE COURT OF ADDITIONAL CHIEF JUDICIAL MAGISTRATE GANDEVI,</u> <u>CRIMINAL CASE NO. 2778 OF 2004</u>	
OLD CRIMINAL CASE (GANDEVI COURT) NO.4592 OF 2002(DATE.05/12/2002) CRIMINAL CASE (CHIEF COURT, NAVSARI) NO.2568 OF 2003(DATE.23/04/2003) NEW CRIMINAL CASE (GANDEVI COURT) NO.2778 OF 2004(DATE.30/09/2004)	
COMPLAINANT : STATE OF GUJARAT	
---V/S---	
ACCSUED	: KETANBHAI KANTILAL SHETH
ACT	: INDIAN PENAL CODE SECTIONS 406, 409, 420, 467, 468, 120(B)
MISCELLANEOUS PAPER PAGES NO.001 TO 1120	
FILED ON : 05/12/2002	DISPOSED ON: 

INDEX

CC/2778/2004

SR. NO. 1	EX. NO. 2	PARTICULARS 3	PAGES NO. 4
01	--	MISCELLANEOUS PAPERS	1 TO 1020

ADDITIONAL CHIEF JUDICIAL MAGISTRATE COURT
NAVSARI
DATE: 17/10/2022

 ASSISTANT
 SUPERINTENDENT
 REGISTRAR
 ADDITIONAL CHIEF JUDICIAL
MAGISTRATE
GANDEVI



Outward No.: 623, Year 2022
Additional Chief Judicial Magistrate Court
Gandevi
Date: 17/11/2022

To
The Honorable Principal District Judge
District Court, Navsari
Place: Navsari

Subject: Compliance in Criminal Case No. 2778/2004
Reference: Letter Outward No. 2677/2022, dated 05/11/2022, from the
Honorable Principal District Court

Respected Sir,

With due respect, in reference to the above subject and cited letter, it is humbly submitted that, pursuant to the order of the Honorable Supreme Court in Transfer Petition (Criminal) Nos. 333-348/2021, Criminal Case No. 2778/2004, involving accused Sanjay Hariram Agarwal, Nandkishor Shankarlal Trivedi, Subodhchand Bhandari, and Ketan Kantilal Seth for offenses distinct from those in Criminal Case No. 403/2004, was prepared by this court and transferred to the City Sessions Court, Mumbai. The necessary compliance has been made in the index of the said criminal case, and the revised index is attached herewith for your information.

With thanks,

Yours faithfully,
Sd/- Illegible
Signature: Illegible
(A.H. Narang)
Additional Chief Judicial Magistrate,
Gandevi

Enclosure: Revised Index

Court of the Additional Chief Judicial Magistrate, GANDEVI. (2)

1.	Category		CRIMINAL
2.	Matter No.		2778/2004
3.	Act under which filed		IPC- 406, 409, 420, 467, 468, 120-B,
4.	Codification.		320 170 4060 320 170 4090 320 170 4200 320 180 4670 320 180 4680 32005 A 120B.

(A.N. Joshi)

Additional Chief Judicial Magistrate
Gandevi

**In the Court of the Honorable Chief Judicial First-Class Magistrate,
Gandevi**

Police Station Case No.: 3/2002

Criminal Case No.: 2778/04

Criminal Complaint No.: [Not specified]

Date: [Not specified], Year 1999

Police Station Crime Register No.: [Not specified]

Complainant: Honorable Government

Versus

Accused: Ketan Kantilal Seth

I, Prakashbhai Ramjibhai Dhanak, resident of 403, Mansi Palace, Varachha Road, Surat, solemnly affirm on oath as follows:

1. I seek to stand as surety for the accused, Ketan Kantilal Seth, residing at 193, Lalit Kutir, J.V.P.D., Andheri 49. A case has been registered against the aforementioned accused under Sections 406, 409, 420, 467, 468, and 120B of the Indian Penal Code for offenses distinct from those in Criminal Case No. 403/2004. An order was passed on 01/07/2006 to release him on bail of Rs. 1,00,000/-.

Detailed information about myself is as follows:

A. Details of the Surety:

- Full Name and Address: Prakashbhai Ramjibhai Dhanak, 403, Mansi Palace, Varachha Road, Near Dhruv Automobiles, Surat
- Age: Approximately 38 years
- Occupation: Business/Trade
- Duration of Residence at the Address:
- Annual Rent of Residence:

- Is the Rent Receipt in the Surety's Name?:
- Business or Trade Details: Business/Trade
- Complete Details of Business Location:
- Nature, Scope, and Surety's Share in the Business:
- Rent of Business Premises:
- Is the Rent Receipt of Business Premises in the Surety's Name?: [Not specified]

B. Employment Details (if applicable):

- Employer's Name and Address
- Complete Address of Workplace:
- Monthly Salary and Allowances:
- Duration of Employment:
- Provident Fund Amount in Surety's Name:

C. Details of Residential Property:

- Complete Details of House, Location, Value, Surety's Share, and Encumbrances: I own immovable property, my own shop, valued at approximately Rs. 25,00,000/-.

D. Income Tax and Bank Details:

- Income Tax Paid in the Last Three Years
- Bank Accounts and Current Balances:

E. Relationship with the Accused and Prior Surety History:

- How Long Has the Surety Known the Accused?: I know the accused; he is my friend.
- Relationship with the Accused: Friend
- Has the Surety Stood as Surety for Others?: I have not previously stood as surety for anyone.
- Details of Other Surety Cases:
- Has the Surety's Bond Amount Ever Been Forfeited?:
- Has the Surety's Application to Stand as Surety Ever Been Rejected?:

F. Additional Details About Financial Status and Assets:

- My movable property, including household goods, etc., is valued at approximately Rs. 1,000/-.

G. Documents Submitted in Support of the Above Statements:

- Advocate's certificate
- Solvency certificate (submitted)

2. I respectfully request that I be accepted as surety for the aforementioned accused for Rs. 1,00,000/- (Rupees One Lakh) and kindly urge you to grant approval for the same.

Date: 25/07/2006

Advocate's Statement:

I know the applicant.

Advocate: Bhajat C.H.

Surety's Signature: Prakashbhai Ramjibhai Dhanak

Solemnly Affirmed at Navsari

This 25th Day of July in the Year 2006

Before Me

Date: 25/07/2006

Civil Judge (Junior Division) & Judicial Magistrate First Class

Signature: Illegible

Additional Chief Judicial Magistrate,
Gandevi

Solvency Certificate Format

(Note: No solvency certificate older than one month will be accepted.)

- (1) Name: Prakashbhai Ramjibhai Dhanak
- (2) Father's Name: Ramjibhai Dhanak
- (3) Residential Address: 403, Mansi Palace, Varachha Road, Surat
- (4) Age: 38
- (5) Occupation: Business/Trade
- (6) Purpose of Financial Requirement: To stand as surety
- (7) Does the person to whom the certificate is issued possess movable, immovable, or both types of property?: [Not specified]
- (8) Details of Movable Property:
 - Estimated Value and Reasons for Valuation: [Not specified]
- (9) Details of Immovable Property:
 - (a) If the immovable property is land:
 - Area and Location: [Not specified]
 - Shape: [Not specified]
 - Market Value: [Not specified]
 - Is the land wholly owned by the person to whom the certificate is issued? If not, what is their share, the names of other co-owners, and whether they have any objections?: [Not specified]
 - Is the land part of a joint Hindu family property? If so, what is the share, the names of other co-owners, and whether they have any objections?: [Not specified]
 - (b) If the immovable property is a house:
 - Location of the House: 403, Mansi Palace, Varachha Road, Surat
 - Market Value: Rs. 25,00,000/- (Rupees Twenty-Five Lakh)
 - Is the house wholly owned by the person to whom the certificate is issued? If not, what is their share, the names of other co-owners, and whether they have any objections?: [Not specified]
 - Is the house part of a joint Hindu family property? If so, what is the share, the names of other co-owners, and whether they have any objections?: [Not specified]

Affirmation by the Person to Whom the Certificate is Issued:

I, Prakashbhai Ramjibhai Dhanak, age approximately 38, occupation business/trade, resident of 403, Mansi Palace, Varachha Road, Surat, solemnly affirm on oath that the property mentioned above is in my ownership/possession. The facts stated above are true and complete to the best of my knowledge and belief, and the immovable property mentioned above is free from encumbrance.

Date: 24/07/2006

Signature: [Illegible]

Before,
Signature: Illegible

(10) Report of the Village/Town Official Where the Property is Located:

It is hereby certified that Prakashbhai Ramjibhai Dhanak, resident of 403, Mansi Palace, Varachha Road, Surat, holds property with Tenement No. 18A03-4655-0-001, having a market value of Rs. 25,00,000/- (Rupees Twenty-Five Lakh). Therefore, it is opined that he is eligible to be issued a solvency certificate for standing as surety for Rs. 1,00,000/- (Rupees One Lakh).

Signature: Illegible
Circle Officer, Adajan,
Surat

(11) Opinion of the Issuing Official:

It is hereby certified that Prakashbhai Ramjibhai Dhanak, resident of 403, Mansi Palace, Varachha Road, Surat, holds property with a market value of Rs. 25,00,000/- (Rupees Twenty-Five Lakh). Therefore, he is solvent and capable of standing as surety for Rs. 1,00,000/- (Rupees One Lakh).

Signature: Illegible
Mamlatdar,
Surat City

Issuing Official's Seal

Register Number: 1358/06

Place: Surat

Date: 25/07/2006

Note: If the details requested in points 8, 9, and 10 cannot be easily recorded in the provided space, they should be written on separate papers with the issuing official's signature and attached, with a note referencing the relevant section.

**In the Court of the Honorable Additional Chief Judicial Magistrate,
Gandevi**

**Place: Gandevi
Criminal Case No.: 2778/04**

Complainant: Honorable Government

Versus

**Accused: Ketan Kantilal Seth
Surety: Prakashbhai Ramjibhai**

Certificate

I, Advocate Chetan S. Bhagat, hereby certify that I know the surety in the aforementioned case, and he has not previously acted as a surety for anyone in any matter. This certificate is issued accordingly.

**Place: Gandevi
Date: 25/07/2006**

**Signature: Illegible
Advocate for the Surety**

**Signature: Illegible
Advocate for the Accused**

**Admitted:
Sd/- Illegible
Additional Chief Judicial Magistrate,
Gandevi**

To,
The Sub-Inspector,
Gandevi Police Station

Criminal Case No.: 2778/2004

Hearing Date: 11/04/2018

Witness: Mahendrabhai Bhanabhai Tailor

A complaint has been lodged before me by a resident of Dungarwad, Gandevi, [name not specified], alleging that a resident near Hanumanji Temple, [name not specified], committed an offense under Sections 406, 420, and 120B of the Indian Penal Code on [date not specified], [month not specified], in the year 201[incomplete]. It appears to me that you, [Mahendrabhai Bhanabhai Tailor], are likely to provide material evidence on behalf of [party not specified].

Therefore, you are hereby summoned to appear before this Court at Gandevi on the 11th day of April at 11:00 AM to give evidence regarding the said complaint. You are not to leave without the Court's permission.

Here, briefly state the offense, its time, and place: [Not specified]

Here, specify whether on behalf of the complainant, accused, or Court: [Not specified]

You are further warned that if you fail to appear at the said time and place without reasonable cause or refuse to do so, a warrant will be issued to compel your attendance.

Given under my hand and the seal of the Court, this day of [date not specified], [month not specified], 201[incomplete].

Return:

As per the order of Your Honor, upon attempting to serve the said summons, the person named therein was not found at the specified address and is reported not to reside there. Therefore, the summons could not be served, and it is respectfully requested that Your Honor retain it for further action.

Date: 10/04/2018

Signature: Illegible
Additional Chief Judicial Magistrate,
Gandevi

**In the Court of the Honorable Additional Chief Judicial Magistrate,
Gandevi
Place: Gandevi
Criminal Case No.: 2778/04**

Complainant: Honorable Government

Versus

Accused: Ketan Kantilal Seth

Humble Application on Behalf of the Accused:

Respectfully, I, the accused in the aforementioned case, submit that due to unavoidable circumstances, I was unable to appear before this Honorable Court today. Therefore, I kindly request that you pass an appropriate order in the interest of justice to condone my absence for today.

Date: 29/05/2010

Signature: Illegible
Advocate for the Accused

**In the Court of the Honorable Additional Chief Judicial Magistrate,
Gandevi**

Place: Gandevi

Criminal Case No.: 2778/04

Complainant: Honorable Government

Versus

Accused: Ketan Kantilal Seth

Humble Application on Behalf of the Accused:

Respectfully, I, the accused in the aforementioned case, submit that necessary preparations for the hearing of Exhibit 54 in this case are still pending. Therefore, I kindly request that, in the interest of justice, you grant an extension of time for today.

Date: 29/05/2010

Signature: Illegible

**Signature: Illegible
Advocate for the Accused**

Om Prakash v. State of Rajasthan

819

Secretary, Home Department, Government of New Delhi in reply to his wireless message of 8-9-94. This shows that the Central Government had sent the wireless message on 8-9-94 seeking comments of the detaining authority on the representation made by the petitioner and this was done by him on 14-10-94 i.e. after more than a month. There is nothing further on the record to show as to whether the representation was ultimately disposed of or not by the Central Government, if so, when?

All the above facts make it clear that a representation was made by the petitioner in the month of August 1994 to the President of India as a representative of the Central Government. The said representation was not disposed of at least upto 14-10-94 the date on which the detaining authority had sent his reply R/S. No reply has been filed by the Central Government to further explain whether the representation was ultimately considered and disposed of or not, if so, when? In such a state of affairs the Central Government has failed to discharge its constitutional obligation, which require of an expeditious consideration of the petitioner's representation as spelt out from Article 22(5) of the Constitution. It is now well settled by a catena of judgments of the Apex Court of the Country that a representation of a detenu has to be disposed of with reasonable expedition and it is imperative on the part of every authority, whether in merely transmitting or dealing with it to discharge that obligation with all reasonable promptness and diligence without giving room for any complaint of remissness or indifference. The failure of representation for revocation to the Central Government under Section 14 of the NSA is a violation of the constitutional right of a citizen which is enforceable against his detention. Section 14 is an important safeguard provided to a detenu against his arbitrary and executive action. The non-consideration of petitioner's representation expeditiously by the Central Government has resulted in rendering continued detention illegal and constitutionally unsustainable.

Consequently, for the reasons stated above, I allow this petition, quash the impugned detention order and direct the petitioner to be set at liberty.

Petition allowed.

1996 CRI. L. J. 819
(RAJASTHAN HIGH COURT)
B. R. ARORA, J.

Om Prakash, Petitioner v. State of Rajasthan, Respondent.

S. B. Criminal Misc. Third Bail Petition No. 1604 of 1994, D/- 20-9-1994.

Constitution of India, Art. 21 — Criminal P. C. (2 of 1974), S. 437 (6) — Delayed trial — Third application for bail — Trial of accused continuing for more than four and half years — Violates mandatory provisions — Directions given to release accused on bail if evidence of prosecution witnesses if is not completed within prescribed date.

Section 437(6) gives a mandate to the Magistrate in the cases triable by the Magistrate to release the accused on bail if the trial of a person accused of any non-bailable offence is not concluded within a period of sixty days from the first date fixed for taking evidence in the case. Section 167(2) Cr. P. C., which deals with the investigation part, also, gives a mandate to the Magistrate to release the accused on bail if the investigation is not completed within the period of sixty days or ninety days, as the case may be.

Thus where there was a delay of four and half years in completion of trial and same could not be attributed to accused but was attributable to the prosecution, directions were given to release accused on bail if evidence of prosecution witnesses is not completed within prescribed date.

(Paras 5, 9, 10)

Cases Referred :	Chronological	Paras
1994 (1) WLN 221		3, 7
1988 Cri LR (Raj) 476		3, 7
1987 Cri LR (Raj) 65		7
AIR 1987 Patna 219 (FB)		3, 7
1987 RCC 113		3, 7
1986 Cri LR (Raj) 625		3, 7
1981 Cri LJ 481 : AIR 1981 SC 939		3, 7
1979 Cri LJ 1036 : AIR 1979 SC 1360		3, 6, 7

H. S. S. Kharlia, for Petitioner; B. S. Bhati, Public Prosecutor, M. K. Garg, for Complainant.

ORDER :— The petitioner has filed this Third Bail application for his release on bail during the pendency of the trial in Sessions Case No. 49 of 1990 pending in the Court of the Additional Sessions Judge, Bikaner.

JUAN/R405/94/HVM

820

Om Prakash v. State of Rajasthan

2. Petitioner Om Prakash, along with eleven other accused, is facing trial in the Court of the learned Additional Sessions Judge, Bikaner, for the offences under Sections 302, 323, 324, 147, 148 and 149, I.P.C. He was arrested in this case on 4-2-90. After his arrest, he filed a bail application before the learned Sessions Judge, Bikaner, which was dismissed by the order dated 10-10-90. Dissatisfied with the order dated 10-10-90, passed by the Sessions Judge, Bikaner, dismissing his first bail application, the petitioner preferred a bail application before this Court which was dismissed on 1-2-91. As the trial was proceeding with a slow speed, after examination of some of the prosecution witnesses, the petitioner filed second bail application, which was dismissed by this Court on 14-1-94. While dismissing the second bail application, this Court directed the trial Court to complete the trial within the period of six months from that day. The trial has not been completed so far though the period of six months, fixed by this Court for completing the trial, has expired, the petitioner has, therefore, preferred this Third Bail Application on the ground that since the directions issued by this Court for completing the trial within six months have not been complied with by the trial Court, therefore, he should be released on bail.

3. It is contended by the learned counsel for the petitioner that the directions issued by this Court for completing the trial within six months have been flouted by the trial Court and the trial has not been completed though eight months have elapsed and the prosecution is delaying the matter on one pretext or the other and the delay cannot be attributed to the accused, therefore, the accused-petitioner may be released on bail as the persons similarly situated have already been ordered to be released on bail. It has, also, been contended by the learned counsel for the petitioner that a speedy trial is the Constitutional right guaranteed under Article 21 of the Constitution of India, which has been denied to the petitioner and, therefore, he deserves to be released on bail. In support of its contention, learned counsel for the petitioner has placed reliance over: *Hussainara Khatoun v. Home Secretary, State of Bihar, Patna*, AIR 1979 SC 1360 : (1979) CrLJ 1036; *Kadre Pehadiya v. State of Bihar* AIR 1981 SC 939 (1981) CrLJ 481; *Loola Bisira v. State of Rajasthan* (1987 CrLR (Raj.) 65); *Mithu Singh v. State of Bihar* (1987 CrLR (Raj.) 65); *Surya Narain Singh v. State of Bihar* (AIR 1987 Patna 219); *Arjun Singh Bhanwar Singh v. State of Rajasthan* (1988 CrLR (Raj.) 476 and *Ranchhod v. State of Rajasthan* (1994(1) WLN 127).

221. The learned Public Prosecutor, assisted by learned counsel for the complainant, on the other hand, have supported the order passed by the Court below and submitted that since the trial is at concluding stage and the next date fixed in the for examination of the remaining prosecution witnesses is 23-0-94, therefore, the bail application filed by the petitioner, deserves to be dismissed. In support of its contention, learned counsel for the complainant and the learned Public Prosecutor have placed reliance over: *Heera Ram v. State of Rajasthan* (S. B. Criminal Fourth Bail Application No. 69 of 1992) and *Kana Ram v. State of Rajasthan* (S. B. Criminal Second Bail Application No. 785 of 1991).

4. I have considered the submissions made by the learned counsel for the parties.

5. The accused is behind the bars since 4-2-90. A direction was issued by this Court to the trial Court on 14-1-94 to complete the trial within the period of six months from that day. That period of six months expired on 14-7-94 and the trial has not yet been completed so far even after the expiry of eight months. The delay in the trial can neither be attributed to the accused-petitioner nor it occurred due to some extraordinary reasons. The trial is proceeding at a snail's speed for the last four years. Promptitude is the prime need of administration of justice. Article 21 of the Constitution of India recognises the right of every citizen for a speedy trial regardless the innocence or guilt of the accused. Protracted trial is most traumatic to an innocent person. The object of the new Code of Criminal Procedure is the expeditious investigation, enquiry and trial of criminal cases. Indefinite detention of the accused, even in grave offences, is against the Legislative intent and the object of the Code of Criminal Procedure. Procedural constraints in the Code are designed to protect the rights of the accused. Section 309, Cr. P. C. gives a mandate to the trial Court that the proceedings in every enquiry or trial shall be held as expeditiously as possible and in particular when the examination of the witnesses has once begun, the same shall be continued from day to day until all the witnesses in attendance have been examined, unless the Court finds the adjournment of the same beyond the following day to be necessary for reasons to be recorded. Rule 43 of the General Rules (Criminal) enacted by the High Court, is, also, to the same effect and states that Sessions trials should ordinarily be held in order in which the commitments are made. Once a Sessions Trial is opened, the Sessions Judge shall see that it is disposed of in the same Session and

Om Prakash v. State of Rajasthan

821

not adjourned to next Session. Section 137 (1) gives a mandate to the Magistrate in the cases triable by the Magistrate to release the accused on bail if the trial of a person accused of any non-bailable offence is not concluded within a period of sixty days from the first date fixed for taking evidence in the case. Section 167(2), Cr. P. Code, which deals with the investigation part, also, gives a mandate to the Magistrate to release the accused on bail if the investigation is not completed within the period of sixty days or ninety days, as the case may be. Article 21 of the European Convention on Human Rights provides that every one arrested or detained shall be brought to conclusion of trial within a reasonable time or to be released pending the trial. In the United Kingdom, speedy trial has been recognised as one of the Constitutionally guaranteed right and states that in criminal prosecution, the accused shall enjoy the right to speedy and public trial. United States Federal Speedy Trial Act, 1974, provides time-limit for completion of investigation and trial.

6. In Hussainara Khatoon v. v. Home Secretary, State of Bihar, Patna AIR 1979 SC 1360 (1979 Cr LJ 1936) it has been held by the Supreme Court that a procedure prescribed by law for depriving a person of his liberty cannot be reasonable, fair or just unless that procedure ensures a speedy trial for determination of the guilt of such person. No procedure which does not ensure a reasonably quick trial can be regarded as 'reasonable, fair or just' and it would fall foul of Article 21. There can, therefore, be no doubt that speedy trial, and by speedy trial we mean reasonably expeditious trial, is an integral and essential part of the fundamental right to life and liberty enshrined in Article 21 of the Constitution of India. It has been further observed by the Court that even a delay of one year in the commencement of the trial is bad enough.

7. In Kadir Pehadiya v. State of Bihar (AIR 1981 SC 939 (1981 Cr LJ 481), the Apex Court reiterated the view taken in Hussainara Khatoon's case and observed that speedy trial is fundamental right of the accused under Article 21 of the Constitution of India and it is a crime and shame for a judicial system which keeps a man for long together in a jail without the end of the trial.

8. In Loolu alias Bisir v. State (1986 Cr LJ (Raj.) 25) a direction was given by the High Court to the trial Court to complete the trial within two months. The trial was not completed within the stipulated time of two months. The Court, therefore, held that the order of the High Court cannot be

tolerated and the accused was, therefore, ordered to be released on bail.

In Lokesh Bhardwaj v. State (1987 Cr LJ (Raj.) 65), a direction was given by the High Court to the trial Court expedite the trial. The accused was aged about 19/20 years and the High Court's direction was not received by the trial Court and, therefore, the trial proceeded with a snail's speed. The Court, therefore, directed that it was not the fault of the accused that the order passed by the High Court has not been received by the trial Court and the trial has not been expedited and no useful purpose will be served to keep the young boy in jail with the company of hardened criminals and, therefore, ordered the accused to be released on bail.

In Mithu Singh v. the State (1987 RCC 113), while rejecting the Third Bail Application, it was directed that the petitioner shall be free to move another application after the principal witness Rehmat Bibi is examined and it was further directed that the prosecution should see that the witnesses are examined by the end of June, 1984. The witnesses could not be examined up to 23-2-85. The Court, after considering the circumstances of the case, held that the prosecution is not taking proper care and interest in completing the trial despite the directions of this Court and, therefore, the Court ordered for the release of the petitioner on bail.

In Surya Narain Singh v. State of Bihar, AIR 1987 Patna 219 a Full Bench of Patna High Court held that a callous and inordinarily prolonged delay of ten years or more (which does not arise from the fault of the accused and is otherwise not occasioned on any extraordinary reasons) in the investigation and trial of the criminal cases for capital offences punishable with major punishments, will violate the Constitutional Guarantee of speedy trial enshrined under Article 21 of the Constitution and the Court, therefore, recommended for the time-frame of five years for investigation and trial of such offences.

In Arjun Singh v. State (1988 Cr LJ (Raj.) 476 a direction was issued by the High Court to complete the trial within a specified time. That direction, issued by the High Court, was not complied with and the trial was not concluded within the time granted by the Court. The Court, therefore, in the Seventh Bail Application filed by the accused-petitioner, ordered to release the petitioner on bail on the ground that the trial has not been concluded within the specified time granted by the Court and rule 43 of the General Rules (Criminal), 1980, has not been followed.

In Ranchhod v. State of Rajasthan, 199- (1)

822

Joseph Fernandes v. State of Goa

WLN 221 the accused were facing trial for the offences under Sections 302/149, 307/149, 326/149, 323/149 and 4521 P.C. A bail application on behalf of the accused was filed. The incident pertained to the year 1988 and only three witnesses were examined since 7-2-84. This Court, therefore, directed the trial Court to take up the case with all expedition and complete the trial within the period of four months from the date he receives the certified copy of the order. The Court further observed that if the trial is not completed within four months then the accused will be enlarged on bail on his furnishing a Personal Bond and the Surety Bond.

8. In the two cases, on which reliance has been placed by the learned counsel for the complaint the controversy raised in the present case was neither considered nor decided and the bail applications were dismissed only looking to the facts and circumstances of those cases.

9. Bail is a matter of judicial discretion. While considering whether to grant or not to grant bail, conflicting claims of individual liberty of the accused and the larger societal interest have to be taken note of. Article 21 of the Constitution of India recognises the right of a speedy trial to every citizen. The object of the new Code of Criminal Procedure is the expeditious trial. The delay in the conclusion of the trial violates the Constitutional Guarantee of a fair, just and reasonable procedure and in fact a fundamental right of speedy trial. Delay in the present case in the conclusion of the trial cannot be attributed to the accused. A person accused of whatever graver crime cannot be indefinitely detained and languish behind the bars merely because the witnesses are not coming or the prosecution failed to take steps to examine the witnesses. The accused is behind the bars since 4-2-90. More than 4½ years have elapsed but the trial has not been completed. The prosecution has, therefore, failed to act according to the object of the Code of Criminal Procedure and the trial continued with a snail's speed and has not been completed so far. Delay in the trial has forced the accused-petitioner to languish behind the bars for such a long period of 4½ years. It is true that the learned Additional Sessions Judge has directed the Additional Public Prosecutor to produce the remaining witnesses on 23-9-94. The learned Additional Sessions Judge has further directed that if the witnesses will not be produced on that day, the evidence of the prosecution would be closed. Though the direction has been issued to the Additional Public Prosecutor by the learned Additional Sessions Judge to produce all the witnesses on the next

date of hearing, i.e., 23-9-94, but looking to the history of the case and the manner in which adjournments are being granted, the witnesses have not produced and the directions issued by this Court have not been complied with. I think it proper to direct that if the prosecution evidence is not completed on or before 7-10-1994 (October 7, 1994) then the petitioner shall be released on bail on furnishing a personal bond in the sum of Rs. 20,000/- with two sureties of Rs. 10,000/- each to the satisfaction of the trial Court.

10. With these observations, the Criminal Application, filed by the petitioner, is disposed of. Order accordingly.

1996 CRI. L. J. 822

(BOMBAY HIGH COURT)

(PANAJI BENCH - GOA)

R. G. VAIDYANATHIA AND T. K.

CHANDRASHEKHARA DAS, JJ.

Joseph Fernandes, Appellant v. State of Goa, Respondent.

Criminal Appeal No. 48 of 1993, Dt. 19-8-1994

(A) Narcotic Drugs and Psychotropic Substances Act (61 of 1985), S. 53 — Investigation Recovery of charas from possession of accused — Investigation done by Police Officer of Narcotic Cell which was not declared as a Police Station at relevant time — No prejudice caused to accused — Trial not vitiated.

Criminal P. C. (2 of 1974) S. 156

(B) Narcotic Drugs and Psychotropic Substances Act (61 of 1985), S. 55 — Provision under — Not mandatory.

1991 Cr LJ 696, Diss. from.

The provisions of Section 55 are not mandatory and they are only enabling provisions and their violation of the same will not and cannot vitiate trial, unless of course the defence could establish any prejudice being caused to the accused.

1991 Cr LJ 696 (Gauhati) Diss. from

(1994) 1 Crimes 579 (Delhi) Rel. on

1994 Cr LJ 1987 (Bombay) Rel. on

(C) Narcotic Drugs and Psychotropic Substances Act (61 of 1985), S. 52

JM/AN/13246/95/DSD

2644

Ram Kumar v. State of Madhya Pradesh

Magistrate on 11-11-1999, appropriate action should be taken against such officer.
Application dismissed.

2000 CRI. L. J. 2644

MADHYA PRADESH HIGH COURT

Dr. MAITILI SHARAN, J.

Ram Kumar alias Raj Kumar Rathore.
Petitioner v. State of Madhya Pradesh, Respondent.

Misc. Cr. Case No. 3320 of 1999, D/- 8-2-2000.

Criminal P. C. (2 of 1974), S. 437(6) — Bail — Entitlement to — Petitioner remaining in custody for period more than 60 days from first date fixed for recording evidence — Acquires statutory right of being released on bail under S. 437(6) — Denial of bail to him on ground that he may not attend Court on each and every date fixed by Magistrate — Improper — Proviso of S. 437(6) are mandatory.

(Para 5)

A. K. Shrivastava, for Petitioner; S. M. A. Naqvi, Dy. G. A., for Respondent.

ORDER :— This is a petition under Section 482 read with Section 483 of the Code of Criminal Procedure, invoking the inherent powers of this Court.

2. Brief facts leading to the filing of this petition lie in a narrow compass; a criminal case for the offences under Sections 420, 120-B, 467 and 468 of the Indian Penal Code was registered against the petitioner and other co-accused persons. Undisputedly, the petitioner was arrested on 9-3-1998, and after the charge-sheet having been filed in the Court of the Additional Chief Judicial Magistrate, charges were framed on 15-2-1999, and on 27-2-1999 the evidence in the case, for the first time, was recorded. Thereafter other dates in the case were fixed by the learned Magistrate, but somehow the trial could not be concluded till date. Meanwhile, much after completion of period of 60 days from 27-2-99 the petitioner filed an application under Section 437(6) of the Code of Criminal Procedure in the trial Court praying therein that as he was in custody during the whole of such period and the trial had not concluded, hence, he be released on bail. The learned trial Magistrate rejected the

said application on 7-9-1999.

3. The petitioner being aggrieved by the order dated 7-9-99 passed by the learned trial Magistrate preferred a revision petition No. 31/99 in the Court of Session. The learned Fourth Additional Sessions Judge, Gwalior, by his order dated 19-11-99, dismissed the revision petition. Now the petitioner Ram Kumar alias Raj Kumar, invoking the inherent jurisdiction of this Court under Section 482, Cr. P.C., has challenged the aforesaid impugned orders passed by the learned trial Magistrate and the learned 4th Additional Sessions Judge, Gwalior.

4. I have heard the learned counsel on both the sides at length. So far as the factual aspects of the case concerning the dates of arrest of the petitioner and the starting of the prosecution evidence in the trial court as well as other further dates are concerned, there is absolutely no dispute. The only point that crops up for decision in this case is, whether in view of the factual circumstances prevailing in the case the petitioner gets a right to be released on bail. Thus, a very short legal point in regard to the interpretation of the provisions of Section 437(6) of the Code of Criminal Procedure falls to be pondered over. For the sake of convenience it would be worthwhile to refer to the said provision hereunder :—

"437. When bail may be taken in case of non-bailable offence :—

(1) to (5) xxx xxx xxx

(6) If in any case triable by Magistrate the trial of a person accused of any non-bailable offence is not concluded within a period of sixty days from the first date fixed for taking evidence in the case, such person shall, if he is in custody during the whole of the said period, be released on bail to the satisfaction of the Magistrate, unless for reasons to be recorded in writing, the Magistrate otherwise directs.

(7) xxx xxx xxx

5. Looking to the provision referred to above it is but clear that it is mandatory in nature, and the mandate is that if the Magistrate is trying a case in which the accused has been charged for a non-bailable offence and the trial has not concluded within a period of sixty days from the first date of recording the evidence in the case and that the accused had remained in custody during the whole of such period of sixty days, then

DR/ER/MP23/2000/ABD/DPV

...entitled to be released on bail. Of course, the Magistrate does not do the same recording in writing his reasons therefor. Circumscribing the undisputed facts and circumstances in the ambit of the provisions of Section 437(6) of the Code of Criminal Procedure it is apparent that they hold the field and apply here from all quarters. In rejecting the bail application of the petitioner the learned trial Magistrate and the learned Fourth Additional Sessions Judge, Gwalior, have no doubt given their reasonings as required under the above provisions of the Code of Criminal Procedure but they are simply to the effect that if the petitioner were to be released then it is doubtful that he would be attending the Court on each and every date fixed by the Magistrate. These reasonings indicating the stretch of imagination, could be termed as judicious, and therefore, they are not of such a nature as to thwart and wash off the mandatory character of the provisions of Section 437(6) of the Code of Criminal Procedure. I am of the considered view that the statutory right given to the accused by the above provisions cannot be taken away in such a fashion. Since the petitioner had throughout remained in custody during the period of more than sixty days from the date fixed for recording the evidence, he should be deemed to have been clothed with the right to be released on bail. The rejection of his application under Section 437(6) of the Code of Criminal Procedure by the learned trial Magistrate and later the dismissal of his revision petition by the learned Fourth Additional Sessions Judge, Gwalior, was nothing but the abuse of the process of Court and should give rise to the miscarriage of justice.

6. Consequently, in view of the aforesaid discussion, this petition is allowed and the impugned orders passed by both the Courts below are set aside.

Petition allowed.

2000 CRI. L. J. 2645

(DELHI HIGH COURT)

M. S. A. SIDDIQUI, J.

Chand Khan, Appellant v. State, Respondent

Cri. A. No. 169 of 1997, D/- 29-2-2000.

R/ER/D158/2000/MPP/DPV

Narcotic Drugs and Psychotropic Substances Act (61 of 1985), S. 21 — Search and seizure — Recovery of contraband from possession of accused — Secret information received by police — Absence of independent public witness from raiding party — No attempt made to associate public witnesses in search and seizure — One member of raiding party not supporting prosecution case — Serious infirmities in oral and documentary evidence — Veracity of prosecution doubtful — No implicit reliance could be placed on evidence of public officials without corroboration from independent sources — Conviction of accused liable to be set aside.

(Paras 9 to 12, 14)

Cases Referred: Chronological Paras

State of Punjab v. Baldev Singh, 1999 Cri LJ

3672 : (1999) 4 JT 595 : AIR 1999 SC

2378 : 1999 AIR SCW 2494 6

Rattan Lal v. State, (1987) 2 Crimes 29 9

Maneka Gandhi v. Union of India, AIR 1978

SC 597 : (1978) 1 SCC 248 7

R. D. Aggarwal with Inderjeet Sharma, for

Petitioner; M. S. Butalia, for Respondent.

JUDGMENT:— This appeal is directed against the judgment and order of conviction dated 30-1-1997 passed by the Additional Sessions Judge, New Delhi in Sessions Case No. 14/96 convicting the petitioner under Section 21 of the Narcotic Drugs and Psychotropic Substances Act (for short the 'Act') and sentencing him to undergo rigorous imprisonment for ten years and to pay fine of rupees one lac or in default to suffer further simple imprisonment for two months.

2. Briefly stated the prosecution case is that on 3-11-1996 a police party led by Inspector S. P. Kaushik (P.W. 5), upon secret information received, apprehended the appellant in Hanuman Lane, Baba Khadak Singh Marg, New Delhi. The appellant was given the option of being searched before a Gazetted Officer or a Magistrate but he declined the offer. At that time the appellant was holding a polythene bag in his right hand. On search, the said bag was found to contain 855 gms. of heroin which was seized vide seizure memo (Ex. PW-4/B). The appellant was charged with an offence punishable under Section 21 of the Act and tried.

3. The learned Sessions Judge, on an assessment of the evidence adduced by the

Outward No.: Y.T./586/2006
Office of the Surat District Jail
Sagrampura, Ring Road, Surat
Date: 04/08/2006

To,
The Honorable Additional Chief Judicial Magistrate
Additional Chief Court
Gandevi

Subject: Forwarding Bail Bonds of Undertrial Accused

Sir,

With due respect, in reference to the above subject, it is hereby informed that the bail bonds of the undertrial accused listed below have been duly signed and the accused have been released on bail. The bail bonds have been prepared with the details provided below and are submitted for your information.

Enclosure:

Yours faithfully,
Superintendent
Surat District Jail

Sr. No. Name and Number of Accused Case Number

1 Ketan Kantilal Seth Gandevi Police Station Case No. 3/02, Criminal
Case No. 2778/04

M- Case No.: 3/2002

Criminal Case No.: 2778/04

Before the Magistrate at First Inquiry, Bail Bond and Surety Bond

Undertaking by the Accused:

I, Ketan Kantilal Seth, resident of 193, Lalit Kutir, J.V.P.D. Cross Road No. 9, Andheri-49, having been charged with an offense under Sections 406, 409, 420, 467, 468, and 120B of the Indian Penal Code, distinct from the offenses in Criminal Case No. 403/2004, and having been brought before the Magistrate at Gandevi, hereby undertake as follows:

I am bound to appear before the said Magistrate's Court or any other Magistrate's Court conducting the first inquiry into this charge, and to attend daily until the inquiry is completed. If the case is committed to the Sessions Court for trial, I am bound to appear before that Court to answer the charge against me when ordered. Should I fail to comply with these conditions, I undertake to pay the Government a sum of Rs. 1,00,000/- as a penalty for my default. I, the accused, will also comply with the conditions set forth in the attached agreement.

Date: 25/07/2006

Signature: Illegible

In the Presence of:

Jailer

Surat District Jail

Undertaking by the Surety:

I, Prakashbhai Ramjibhai Dhanak, resident of 403, Mansi Palace, Varachha Road, Near Dhruv Automobiles, Surat-6, hereby undertake (or we, jointly and severally, undertake) as follows:

I stand as surety for the accused, Ketan Kantilal Seth, resident of 193, Lalit Kutir. I undertake (or we undertake) that the said accused, charged with the aforementioned offense, will appear daily before the Judicial First-Class Magistrate's Court at Navsari or any other Magistrate's Court conducting the first inquiry into the charge until the inquiry is completed. If the case is committed to the Sessions Court for trial, the accused will appear before that Court to answer the charge against him. Should the accused fail to comply with these conditions, I am bound (or we are bound) to pay the Government a sum of Rs. 1,00,000/- as a penalty for his default.

Date: 25/07/2006

Signature: Illegible

Advocate's Statement:

I personally know the surety, who has affixed his signature.

Signature: Illegible

Advocate

Before,

Signature: Illegible

Additional Chief Judicial Magistrate,

Gandevi

M- Case No.: 3/2002

Criminal Case No.: 2778/04

Conditions to be Complied with by the Accused:

I, Ketan Kantilal Seth, the accused in the aforementioned case, Criminal Case No. 2778/2004, involving offenses under Sections 406, 409, 420, 467, 468, and 120B of the Indian Penal Code, distinct from those in Criminal Case No. 403/2004, undertake to comply with the following conditions:

1. During the police investigation, I will appear whenever summoned by the police.
2. I will not, directly or indirectly, threaten or intimidate witnesses or prevent them from giving testimony or making representations.
3. I will report to the Valsad Police Station every Saturday between 8:00 AM and 8:00 PM.
4. I will surrender my passport or provide details of my passport.
5. I will provide my full name and address and will not change my address without the Court's permission until the trial is concluded.

Date: 25/07/2006

Conditions to be Complied with by the Surety:

I, Prakashbhai Ramjibhai Dhanak, the surety for the accused in the aforementioned case, undertake to ensure the following conditions are met:

1. During the police investigation, I will ensure the accused person appears whenever summoned by the police.
2. I will not allow the accused, directly or indirectly, to threaten or intimidate witnesses or prevent them from giving testimony or making representations.
3. I will ensure the accused reports to the Valsad Police Station every Saturday between 8:00 AM and 8:00 PM.
4. I will ensure the accused surrenders his passport or provides details of his passport.
5. I will ensure the accused provides his full name and address and does not change his address without the Court's permission until the trial is concluded.

Date: 25/07/2006

To: P.S.I. Shri Gandevi Police Station

Criminal Case No. 2778/4

Date 31/12/20

I-Court Gandevi

From: Manharlal Dahyalal Dave

Resident of Dave Mohallo, Gandevi

A complaint has been filed before me that [name of accused not specified in the document], resident of [residence not specified in the document], on the date [date not specified in the document] in the month of [month not specified in the document] in the year 201[year not fully specified in the document], committed an offense under Sections 406, 409, 420, 468, and 120B of the Indian Penal Code, and it appears to me that you, on behalf of the Government, will likely provide substantial evidence regarding the matter.

Therefore, you are hereby summoned to appear before this Court at Gandevi on the 31st day of the 12th month at 11:00 AM to give evidence regarding what you know in connection with the said complaint, and you shall not leave the court without its permission.

Here, the offense, its time, and place should be written.

Here, it should be written on behalf of the complainant, the accused, or the Court.

And you are hereby warned that if, without reasonable cause, you fail to appear at the said time and place or refuse to do so, a warrant will be issued to compel your attendance.

Issued under my signature and the seal of the Court on this day [date not specified in the document] in the month of [month not specified in the document], 201[year not fully specified in the document].

In the Court of the Hon'ble Additional Chief Judicial Magistrate,

Gandevi

At: Gandevi

Criminal Case No. 2778/4

Complainant: The State Government

Versus

Accused: Ketan Kantilal Seth

Humble Application on Behalf of the Accused in this Case:

The accused in this case, due to unavoidable circumstances, has been unable to remain present in the Hon'ble Court. Therefore, it is respectfully requested that an appropriate order be passed in the interest of justice to condone their absence for today only.

Date: 08/07/2022

Sd/- Illegible

Case Diary

No. 01

Date: 16/7/02

Investigating Officer: S.B. Zhala, Police Sub-Inspector

Police Station: Gandevi

District: Navsari

Crime Register Number and Sections: M. Case No. 3/02, under IPC Sections 406, 420, 120(B)

Complainant's Name and Address: Champakbhai R. Mali, Resident of Ugman Street, Gandevi, Taluka Gandevi

Accused's Name and Date and Time of Arrest:

- (1) Home Trade Limited, Mumbai
- (2) Nandkishor Shankarlal Trivedi
- (3) Ketan Seth
- (4) Sanjay Hariram Agarwal
- (5) Subodh Bhandari
- (6) Hiten Bhupendra Shah
- (7) Hiren Gada
- (8) Shashank Gopal Rande
- (9) Vijay Himatlal Modi
- (10) Salil Dinakarlal Gandhi
- (11) Alan James Macmillan

- (12) Rasal Bankkam Vegar
- (13) Mike alias Manoj Ambelal Shah, Resident of Bangalore
- (14) Dhananjay Agarwal
- (15) Mrs. Shilpa Hiten Shah
- (16) Mrs. Jagruti Ketan Seth
- (17) Kanan Mevawala
- (18) Ketan R. Mashkariya
- (19) Neeraj A. Surati
- (20) Kruti Neeraj Surati
- Nos. 1 to 10 and 14 to 18: Resident of Mumbai
- Nos. 11, 12: Resident of U.S.A.
- Nos. 13, 19, 20: Resident of Bharuch
- (a) In Police Custody or on Bail?: [Not specified in the document]
- (b) Date and Time Sent to Magistrate's Custody: [Not specified in the document]
- Place of Crime: K. Da. No. 8, Village Gandevi, People's Co-operative, East Km. 200 meters, House Veer
- Date and Time of Crime: K. Da. No. 9, From Date 26/2/02
- Date and Time of Crime Registration: K. Da. No. 10, Date 16/7/02, Time 14:30
- Date and Time of Visits to Places for Investigation: [Not specified in the document]
- Places Investigated: [Not specified in the document]
- Stolen Property: [Not specified in the document]
- Recovered Property: [Not specified in the document]
- Time the Officer Started and Completed the Investigation: [Not specified in the document]
- Case Diary Number and Date: [Not specified in the document beyond No. 01, Date 16/7/02]
- Last Case Diary Number and Date: [Not specified in the document]

In the manner that at the date, time, and place mentioned above, the accused persons listed in the Case Diary, at Gandevi People's Co-operative Bank Ltd., conspired to misappropriate an amount of Rs. 2,90,10,162.50, which was given for the purchase of government securities, by committing criminal breach of trust and cheating, thereby committing an offense.

Today, I was on duty at the police station. During this time, the complainant in this case submitted a complaint bearing Court Notification No. 763/02 dated 12/7/02 from the Hon'ble Judicial Magistrate First Class, Gandevi Court, under Criminal Case No. 11/02. Accordingly, an M. Case was registered under the aforementioned number, a report was made under Section 157 of the Cr.P.C., and further investigation was taken up. The details of the complaint are as follows:

**In the Court of the Hon'ble Judicial Magistrate First Class, Gandevi
Criminal Case No. 11/2002**

Complainant: Champakbhai R. Mali, Age 55 years, Occupation: Service, Resident of Ugman Street, Gandevi, Taluka Gandevi

Versus

Accused:

1. Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
2. Shri Nandkishor Shankarlal Trivedi, Age 45 years, Occupation: Business, Resident of Dev Bhuvan, 2nd Floor, Room No. 32, Chira Bazaar, Mumbai
3. Shri Ketan Kantilal Seth, Age 40 years, Occupation: Business, Resident of 193, Lalit Kutir, C.H.S., Gulmohar Cross Road No. 9, Juhu, Mumbai

4. Shri Sanjay Hariram Agarwal, Age 35 years, Occupation: Business, Resident of Juhu Shalimar, C.H.S. Limited, Gulmohar Cross Road No. 10, Juhu, Mumbai
5. Shri Subodh Bhandari, Age 46 years, Occupation: Business, Resident of 704/B, Govind Complex, Sector 14, Vashi, Navi Mumbai 400705
6. Shri Hiten Bhupendra Shah, Adult, Occupation: Business, Resident of 102, Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai 400055
7. Hiren Gada, Adult, Occupation: Business, Senior Vice President, Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
8. Shashank Gopal Rande, Age 40 years, Occupation: Business, Resident of 3/1, Radhakrishna Niwas, Ground Floor, Dagadiwadi, S.K. Bole Road, Dadar (C.W.J.), Mumbai
9. Shri Vijay Himatlal Modi, Age 46 years, Occupation: Business, Resident of A/203, Amita Co-operative Housing Society Ltd., Kulupawadi Road, Borivali (East), Mumbai 400063
10. Salil Dinakarlal Gandhi, Age 43 years, Occupation: Business, Resident of 11/13, Gold Coin Co-operative Housing Society Ltd., Tardeo, Mumbai
11. Alan James Macmillan, Age 41 years, Occupation: Business, Resident of 785 Castro Street, Mountain View, CA 94041, U.S.A.
12. Rasal Bankekam Vegar, Adult, Occupation: Business, Resident of Timber Hill Terrace, Zion Galed, AL 1940, U.S.A.
13. Shri Mike alias Manoj Ambelal Shah, Age 58 years, Occupation: Business, Resident of Bellary Road, R.M.V. Extension, Bangalore 80
14. Shri Dhananjay Agarwal, Adult, Occupation: Business, Director, Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021

15. Mrs. Shilpa Hiten Shah, Adult, Occupation: Business, Resident of 102, Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai 400055
16. Mrs. Jagruti Ketan Seth, Adult, Occupation: Business, Resident of 193, Lalit Kutir, Gulmohar Cross Road No. 9, Juhu, Mumbai
17. Ms. Kanan Mevawala, Age 28 years, Occupation: Business, Resident of Jayant Mahal, 5th Floor, Opposite Wankhede Stadium, Marine Drive, Mumbai
18. Shri Ketan R. Mashkariya, Age 35 years, Occupation: Business, Director, Home Trade Limited, Address: As per Accused No. 14
19. Neeraj A. Surati, Age 34 years, Occupation: Business, Resident of Suryo Flats, First Floor, Above Surya Shopping Complex, Sevashram Road, Bharuch 392001
20. Mrs. Kruti Neeraj Surati, Adult, Occupation: Business, Resident of Matru Ashish, Near Rungta Eye Hospital, Sindhvoi, Bharuch 392001

Complaint: Under IPC Sections 406, 420, 120B, the basis of the complainant's complaint is as follows:

1. We, the complainant, are an institution established and operating at Gandevi under the Banking Regulation Act, 1949, the Gujarat Co-operative Act, and its sub-rules. Our institution has been granted the necessary licenses by the Reserve Bank of India, Ahmedabad, to conduct banking operations. The head office of our institution is located at Gandevi, with other offices at Bilimora and Chikhli. The institution, through Resolution No. 2(A)3 dated 19-5-[year not specified, likely 2002], has authorized us, the complainant, to take legal action against the accused in this case. Accordingly, this complaint has been filed against the accused in this case.
2. The accused No. 1, "Messrs Home Trade Limited," is a firm engaged as a share and stockbroker, registered with the National Stock Exchange.

The accused Nos. 1 to 18 are directors of the said firm, while accused Nos. 19 and 20 operate a business in Bharuch and represent themselves as agents of accused No. 1's firm. They have made such representations to us, the complainant, and we, relying on these representations, have accepted them as agents of accused No. 1's firm and proceeded accordingly. Accused Nos. 2 to 8 personally manage and administrator accused No. 1's firm under their direct supervision and are responsible for its operations. In this capacity, the present complaint has been filed against the accused.

3. Accused No. 3, Shri Ketan Seth is a prominent share broker in Mumbai. In 1999, he represented himself as a reputed share broker and stated that he was a director of Euro Asian Securities Limited, a company that is a member of the National Stock Exchange. He further represented that the said company conducts large-scale transactions in government securities and satisfies its customers.

The complainant bank is required to maintain its Statutory Liquidity Ratio (SLR) amount, as referred to as SLR, by investing in government securities. This is mandated under the Banking Regulation Act, 1949. Compliance with the Reserve Bank of India's directives is mandatory for all government banks, and accordingly, the complainant bank was also required to invest in government securities to maintain its SLR.

4. Based on the above facts and legal requirements, and relying on the representations and assurances of accused No. 3, Ketan Seth, in October 1999, the complainant bank paid Rs. 25,77,358.61 via cheque No. 63956 drawn on Maharashtra State Co-operative Bank Limited, Mumbai, to the accused for the purchase of government securities. The accused conducted this transaction to the complete satisfaction of the complainant.

5. Subsequently, in May 2000, accused No. 3, Ketan Seth, accused No. 4, Sanjay Agarwal, and accused No. 2, Nandkishor Trivedi, visited the main branch of the complainant bank and represented that they had changed the name of their firm, Euro Asian Securities Limited, to Home Trade Limited. They stated that Home Trade Limited is a member of the National Stock Exchange and that its directors are highly professional techno-traders. They requested that government securities transactions be conducted through Home Trade Limited. Additionally, the accused represented that Home Trade Limited's sister company, Vez India Limited, engages in traditional transactions with prominent individuals such as Shah Rukh Khan, Hrithik Roshan, Sachin Tendulkar, and Priyanka Chopra. The accused invited the complainant to visit their office in Mumbai to gain firsthand knowledge of their operations. Taking their request into consideration, the directors of the complainant bank visited the accused's office at Software Park, Navi Mumbai. The office was ultra-modern, equipped with computerized, air-conditioned facilities. The accused represented that a significant portion of the Mumbai and Pune Stock Exchanges' operations is conducted through their firm and made claims about their firm's performance. The accused, from the outset, made misrepresentations to the complainant bank and attempted to create a false impression of their efficient operations.
6. Relying on the accused's representations and for the purpose of maintaining SLR, we, the complainant, entered into the following financial transactions with the accused in this case:

Details of Financial Transactions

- (a) In October 1999, a cheque No. 63956 from Maharashtra State Co-operative Bank Limited was issued for Rs. 25,77,358.61 to purchase government securities, and the transaction was completed.

(b) In May 2002, among the accused, Shri Ketan [Seth], Sanjay Agarwal, and [Nandkishor] Trivedi visited Gandevi and represented that the firm named Euro Asian Securities had changed its name to Home Trade Limited. They stated that Home Trade Limited deals in government securities and other transactions, is a member of the Stock Exchange, and requested that future transactions be conducted with them. Additionally, they represented that Home Trade Limited is managed by highly professional experts and that prominent personalities such as Shah Rukh Khan, Hrithik Roshan, Sachin Tendulkar, and Priyanka Chopra are associated with the institution's activities. Considering the accused's representations and request, we visited their office in Navi Mumbai, met Ketan Seth and other directors, and they made grand claims about their institution. From that time, the accused's intention was to deceive the complainant.

(c) Based on the accused's representations, in the period of 16/1/2001, we instructed the purchase of government securities, and the accused issued Contract Notes No. 6405 and 6407 dated 16/1/2001 for Rs. 1,98,95,641.66.

(d) Based on the accused's Contract Notes No. 6403 and 6406, we resolved to purchase 13.80% bonds of the Sardar Sarovar Narmada Nigam, and for the purchase and sale of these bonds, we were to pay the accused Rs. 63,79,986.02, which was paid via cheque No. 069109 from HDFC Bank.

(e) As another transaction, we instructed the sale of securities worth Rs. 2,21,90,375.00, for which the accused issued Contract Notes No. 6815 and 6817, and we provided the securities to the accused. For this sale, we purchased 9.85% GOI 2015 securities worth Rs. 2,02,38,305.56 through the accused's Contract Note No. 6813, and the difference of Rs. 19,52,069.44 was paid by the accused. However, the accused did not deliver the securities under Contract Note No. 6813.

(f) In November 2001, when we instructed the accused to deliver the securities under Contract Note No. 6813, the accused stated that selling these securities

would be profitable. Accordingly, we instructed the accused to sell the securities, and the accused reported having sold them for Rs. 2,16,68,694.44 via Contract Note No. 6867 dated 15-11-2001.

(g) To meet our SLR requirements, we instructed the purchase of 10.03% GOI 2019 securities, and the accused issued Contract Note No. 6869 dated 15-11-2001 for Rs. 2,72,93,665.67. We paid the difference of Rs. 56,24,972.23 to the accused via cheque No. 297812 from HDFC Bank. The accused was to deliver these securities to us in December 2001.

(h) In the period of 13-12-2001, instead of accepting delivery of the aforementioned securities, we, the complainant, instructed the accused to sell these securities. The accused issued Contract Note No. 6939 dated 16-12-2001 for Rs. 2,90,16,743.06.

(i) To meet our SLR requirements, we purchased 7.50% GOI 2010 securities from the accused through Contract Note No. 6941 dated 16-12-2001 for Rs. 2,79,58,333.33.33. The difference of Rs. 10,58,409.33 was paid to us by the accused via cheque. However, the accused was required to deliver these securities to us, the complainant.

(j) In the period of 26/2/2002, we instructed the accused to proceed with the sale of the transaction under Contract Note No. 6941, and the accused issued Contract Note No. 7435 dated 26-2-2002 for Rs. 2,86,79,062.50 to us.

(7) To meet our requirements, we instructed the accused in this case to purchase 8.07% GOI 2017 securities. The accused issued Contract Note No. 7437 dated 26-2-2002 for Rs. 2,90,10,162.50. From the outset, the accused, in collusion with each other, made misrepresentations to our complainant institution and, with malicious intent, deliberately enticed us to misappropriate crores of rupccs. Despite our repeated demands, the accused have neither returned nor delivered the 8.07% GOI 2017 securities under Contract Note No. 7437 dated 23-2-2002. Despite our repeated attempts to contact the accused via phone, fax, and in person, the accused do not appear at their usual place of business or

residence, nor do they provide the security as per our demands or act in accordance with the promises and trust they established. Subsequently, through newspapers, television, and other sources, we, the complainant, became convinced that the accused in this case, as stated in the complaint, failed to deliver the securities worth Rs. 2,90,10,162.50 under Contract Note No. [likely 7437, though "2017" appears to be a typo] dated 26-2-2002, which we, the complainant, had purchased and for which the accused were responsible. By doing so, the accused deliberately committed the acts mentioned in the complaint, constituting serious criminal offenses under Sections 406, 420, and 421 of the Indian Penal Code. Due to their illegal actions, we are compelled to file this complaint in the Gandevi Court to seek justice.

(8) Our witnesses are as follows:

1. I, the complainant myself
 2. Shri Akshay R. Desai, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
 3. Shri Mukesh Mehta, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
 4. Shri Manharlal D. Shah, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
 5. Shri Kishor T. Patel, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
 6. Shri Gulabbhai B. Patel, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
- Additional witnesses will be presented as needed during the investigation.

Date: 10/7/2002

Today, we, the complainant, at Gandevi, declare on affirmation that all the facts written in the above complaint are true and correct to our knowledge and belief.

Date: 10/7/2002

The complaint's details and facts have been read and included in the case file.

Thereafter, in this case, a significant amount of approximately three crores has been misappropriated through fraud. The accused named in the complaint, Home Trade Limited, a share-broking firm, has similarly committed fraud and criminal breach of trust against several cooperative banks in Gujarat and Maharashtra, for which various cases have been registered at different locations. The current offense registered in this case is of a serious nature. Accordingly, a wireless message (N.R. 16 Group 8/70) was sent to the Superintendent of Police, Navsari, to inform them of the complaint's facts, and the case was included in the Watch Register (W.C. No. O.C.) for further action.

Subsequently, contact was made with the complainant, Shri [Champakbhai R. Mali], at the Gandevi People's Co-operative Bank via telephone (No. 62338). The complainant stated that they were engaged in important work and would visit after completing the bank's working hours. They were instructed to provide necessary copies of the documents mentioned in the complaint about this case.

Meanwhile, we were required to travel to Chikhli to obtain custody of the accused in another case (I.C.R. No. 59/02, under IPC Sections 454, 457, 380, 114) from the court of the Judicial Magistrate, Chikhli, via a transfer warrant. As a result, the investigation of this case was temporarily paused.

Therefore, further investigation in this case, including recording witness statements and obtaining necessary documentary evidence, will be resumed after returning from the investigation of I.C.R. No. 59/02.

Gandevi

Case Diary No. 2, Date: 17/7/02, Time: 22:00 to 23:00

Today, the investigation of this case was undertaken. Upon questioning the complainant, Champaklal Rangildas Mali, aged 55 years, resident of Ugmana Street, Gandevi, Taluka Gandevi, he stated that he has been serving as a Recovery Officer at the Gandevi People's Co-operative Bank Ltd. since 1986. On 30/11/01, the then General Manager, Hasmukhbhai M. Desai, retired due to illness. In a meeting of the bank's Board of Directors on 11/1/[year not specified, likely 2002], under Resolution No. 10(8), he was assigned the duties of In-Charge General Manager until further arrangements were made. The bank has been granted License No. UBD-GUJ-1431 under the Banking Regulation Act, 1949, to conduct banking operations.

Generally, every urban bank or cooperative bank licensed for banking operations is required to invest a certain percentage of its total deposits, as periodically revised by the Reserve Bank of India (RBI), in Statutory Liquidity Ratio (SLR) requirements. This amount must be invested in District Co-operative Banks, State Co-operative Banks, or government securities approved by the RBI, as per the prescribed percentage. The RBI issues circulars specifying the percentage to be invested in District Co-operative Banks, State Co-operative Banks, or government securities.

In 1999, as per RBI directives, our bank was required to invest Rs. 3,28,46,011/- in SLR. Of this, Rs. 37,19,294/- was invested in the Valsad District Co-operative Bank to meet SLR requirements. Additionally, as per RBI Circular No. U.B.D. 498/A, Rs. 25,77,358.61 was invested in government securities through a firm named "Euro Asian Securities," now renamed Home Trade Limited, based in Mumbai. These securities were Government of India bonds maturing in 2009 with an annual interest rate of 11.99%. A cheque was issued in the name of Maharashtra State Co-operative Bank Ltd., Mumbai, for this transaction.

In January 2001, to meet SLR requirements for 25% of the bank's total deposits as per RBI Circular No. U.B.D. 498/A, Rs. 2,64,55,666/- was invested in the Valsad District Co-operative Bank. Additionally, to meet the SLR requirement of investing two crores in government securities, an agreement was made with Home Trade Limited, Mumbai, to purchase government securities. Accordingly, Home Trade Limited, Mumbai, facilitated the purchase of Government of India securities (CG 2012) with a nominal value of Rs. 1 crore at a market price of Rs. 96.25, under Contract No. LBL/NSE/2001-200006405 dated 16-1-2001, with an annual interest rate [not specified]. Additionally, Government of India securities (CG 2012) with a nominal value of Rs. 1 crore was purchased at a market price of Rs. 101.25, totaling Rs. 1,01,31,127.78 (including interest) with an annual interest rate of 11.3%, under Contract Note No. LBL/NSE/2001-02-0006407.

Under both contract notes, a total of Rs. 1,98,95,641.67 was invested. This amount was to be paid by our bank to Home Trade Limited, Mumbai. In exchange, Government of India securities maturing in 2009, with a nominal value of Rs. 25 lakh were sold at a market price of Rs. 108.25, totaling Rs. 27,92,011.81, under Contract No. LBL/NSE/2001-02-0006403. Additionally, Sardar Sarovar Narmada Nigam Ltd. (SSNL) bonds of the Gujarat Government, with a nominal value of Rs. 1 crore were sold on the same day at the prevailing market price, totaling Rs. 1,07,23,643.84, under Contract No. LBL/NSE/2001-02-0006409. The total proceeds from these sales amounted to Rs. 1,35,15,655.65. Consequently, on 16/1/01, the difference in funds from the purchase and sale of government securities amounting to Rs. 63,79,986.02, was paid to Home Trade Limited, Mumbai, via cheque No. 069109 from HDFC Bank, Surat. The purchase and sale of these government securities were conducted satisfactorily by Home Trade Limited, Mumbai, with our bank.

Similarly, on 22/10/2001, Government of India securities (GOI 2012) with an annual interest rate of 11.03% and a nominal value of Rs. 1 crore were

sold at a market price of Rs. 111.10, totaling Rs. 1,14,01,069.44, under Contract Note No. LBL/NSE/2001-02-00068118. Additionally, Government of India securities (GOI 2012) with an annual interest rate of 10.25% and a nominal value of Rs. 1 crore held by our bank were sold at the prevailing market price, totaling Rs. 1,07,89,305.56, under Contract Note No. LBL/NSE/2001-02-0006817. The total proceeds from these sales amounted to Rs. 2,21,90,375.00. On the same day, i.e., 22/10/01, to meet SLR requirements, Government of India securities (GOI 2015) with an annual interest rate of 9.85% and a nominal value of Rs. 2 crore were purchased at a market price, totaling Rs. 2,02,38,305.56, under Contract No. LBL/NSE/2001-02-0006913. Thus, on that day, the difference in funds from the purchase and sale of government securities, amounting to Rs. 19,52,069.40, was credited to our bank's account at HDFC Bank, Surat, via cheque No. 257017 by Home Trade Limited, Mumbai.

Thereafter, on 15-11-01, Government of India securities (GOI 2015) with an annual interest rate of 9.85% and a nominal value of Rs. 2 crore held by our bank were sold at the prevailing market price, totaling Rs. 2,16,68,694.44, under Contract No. LBL/NSE/2001-02/0006867. On the same day, to meet our bank's SLR requirements, Government of India securities (GOI 2019) with a nominal value of Rs. 2.5 crore and an annual interest rate of 10.03% were purchased at the prevailing market price, totaling Rs. 2,72,93,666.67, under Contract No. LBL/NSE/2001-02/0006869. Thus, on 15-11-2001, the difference in funds from the purchase and sale of government securities, which our bank was to pay to Home Trade Limited, Mumbai, amounted to Rs. 56,24,972.23 [Note: The document states Rs. 56,74,972.23, likely a typo], and this was paid to Home Trade Limited, Mumbai, via cheque No. 297812 from HDFC Bank, Surat.

Despite this, the directors and officers of Home Trade Limited, Mumbai, conspired and, during the aforementioned trading, gained our bank's trust and

committed fraud. Although the full amount was paid for the purchase of Government of India securities with an annual interest rate of 10.03% under Contract No. LBL/NSE/2001-02/0006869 dated 15-11-2001, the securities, which were to be delivered to our bank within the stipulated time as per regulations, were not provided. When our bank demanded these securities via telephone from the responsible officer of Home Trade Limited, Mumbai, Shri Kanan Mevawala, he advised that selling the securities would be profitable. Accordingly, on 16-12-01, we contracted with Home Trade Limited, Mumbai, to sell the said GOI 2019 securities under Contract No. LBL/NSE/2001-02/0006939, which yielded Rs. 2,90,16,743.06. Concurrently, to meet SLR requirements, Government of India securities (CG 2010) with an annual interest rate of 7.50% and a nominal value of Rs. 2.75 crore were purchased at the prevailing market price, totaling Rs. 2,79,58,333.33, under Contract No. LBL/NSE/2001-02/0006941. On 16/12/2001, the difference in funds from the purchase and sale of government securities, amounting to Rs. 10,58,409.33, was to be paid by Home Trade Limited, Mumbai, to our bank and was credited to our bank's account at HDFC Bank, Surat, via cheque No. 356171.

Thereafter, as the market value of the Government of India securities (CG 2010) held by our bank was expected to yield higher returns, we contracted with Home Trade Limited, Mumbai, on 26-2-02 to sell these securities under Contract No. LBL/NSE/2001-02/0007435. The sale yielded Rs. 2,86,79,062.50 at the prevailing market price. Concurrently, as there was a need to purchase government securities to meet our bank's SLR requirements, we contracted with Home Trade Limited, Mumbai, on 26/2/02 to purchase Government of India securities (GOI 2017) with a nominal value of Rs. 2.75 crore and an annual interest rate of 8.07%, totaling Rs. 2,90,10,162.50, under Contract No. LBL/NSE/2001-02/0007437. The difference in funds from the purchase and sale of government securities, amounting to Rs. 3,31,100.00, was to be paid by our bank to Home Trade Limited, Mumbai. However, the Government of India

securities (GOI 2017) purchased by our bank through Home Trade Limited, Mumbai, under Contract No. LBL/NSE/2001-02/0007437 have not been delivered to our bank to date.

Consequently, the directors and officers of Home Trade Limited, Mumbai, conspired against our bank, gained our trust during prior financial transactions, and committed fraud and criminal breach of trust. On 26/2/02, our bank purchased Government of India securities (GOI 2017), which have not been delivered to date, resulting in the misappropriation of a significant amount of Rs. 2,86,79,062.50 and causing serious financial loss to our bank.

To obtain the aforementioned government securities, our bank repeatedly demanded delivery from the responsible directors/officers of Home Trade Limited, Mumbai, via telephone and fax within the stipulated time as per regulations, but the securities were not provided. Additionally, on 22-4-2002, our bank's accountant, Shri Mahendrabhai Tailor, was sent to Home Trade Limited, Mumbai, with an authorization letter to collect the outstanding government securities. He visited the office of Home Trade Limited at Vashi, Navi Mumbai, and met the director, Shri Ketan R. Mashkariya. He requested the delivery of the GOI 2017 securities and provided the authorization letter addressed to the responsible officer of Home Trade Limited, Mumbai, Shri Trivedi. Mashkariya asked Mahendrabhai to wait, went inside the office, and returned after about 15 minutes. He informed Mahendrabhai that the securities purchased by our bank were not available. Instead, he provided a cheque for Rs. 2,96,45,114.58, including interest to date, in the name of our bank, drawn on HDFC Bank, Surat, with Account Payee Cheque No. 984153, dated 16-6-02, signed by N.S. Trivedi as an authorized officer of Home Trade Limited. Mahendrabhai returned to Gandevi with the cheque.

Thereafter, on 10-6-02, our accountant, Shri Mahendrabhai Tailor, deposited the cheque provided by Home Trade Limited, Mumbai, at HDFC Bank, Surat.

Subsequently, on 17/6/02, HDFC Bank, Surat, informed our bank in writing that Cheque No. 984153 dated 10-6-02 was returned due to "Account Blocked" and could not be cleared. This confirmed that Home Trade Limited, Mumbai, had conspired to commit fraud and criminal breach of trust, causing our bank a significant financial loss of Rs. 2,96,45,114.58.

Meanwhile, on 28/4/02, our bank's directors, Shri Manharbhai Shah and Mukeshbhai Mehta, learned from television news that Home Trade Limited, Mumbai, had similarly failed to deliver government securities to the Nagpur District Co-operative Bank after receiving payment, and the Nagpur bank had filed a complaint against Home Trade Limited. Director Shri Manharbhai Shah informed me and other bank officers of this fact. The next day, on 29/4/02, in the morning, our bank's Chairman, Shri Akshaybhai Desai, Vice-Chairman, Shri Mukeshbhai Mehta, and Director, Shri Manharbhai Shah, went to Home Trade Limited's office in Mumbai to retrieve the aforementioned securities. However, the office was closed, and no responsible director or officer was available. Throughout the day, no specific information was obtained. The next day, they visited Home Trade Limited's sister concern, Vez India Limited, to investigate and learned that the police had visited Home Trade Limited's office and that the company had committed a large-scale scam involving the purchase and sale of government securities.

Thereafter, on 30/4/2002, Director Shri Manharbhai Shah called me to Mumbai. There, we confirmed that Home Trade Limited's officers had committed fraud and criminal breach of trust against our bank. On 2-5-02, I filed complaints with the National Stock Exchange (NSE) of India Limited, Bandra Kurla Complex, Mumbai, and the Securities and Exchange Board of India (SEBI), Nariman Point, Mumbai. On 4-5-02, I also filed a complaint with the Economic Offences Wing, Crime Branch, Crawford Market, Mumbai. The officer responsible accepted the complaint, signed, and stamped a copy for me. However, for some reason, the complaint was returned, and I was advised to

file it in Gujarat. To date, as informed by NSE, SEBI, and Crime Branch officers, the complaint regarding this matter has been filed in the Gandevi Court.

Additionally, the necessary documents related to the transactions with Home Trade Limited, Mumbai, at the relevant times have been submitted. Consequently, Home Trade Limited, Mumbai, has committed fraud and criminal breach of trust against our bank. As the accused are highly influential, filing a complaint in court is likely to yield justice. Therefore, through our advocate, Shri R.G. Desai, the present complaint has been filed. As per our advocate's advice, if a complaint is to be filed in the court, it should not be filed at the Gandevi Police Station. Accordingly, I mentioned in my complaint that I had gone to the Gandevi Police Station to file a complaint, but in reality, I did not take any steps to file a complaint at the Gandevi Police Station.

The detailed statement of the complainant, along with the facts stated above, has been recorded and included in the case file. The submitted documents have been read and included in the case file.

Therefore, further investigation, including recording statements from other witnesses, is ongoing.

Date: 18/7/02

Today, the investigation of this case was undertaken, and witness Mahendrabhai Bhanabhai Tailor, aged 40 years, occupation: service, resident of Kumbharwad, near Hanumanji Temple, Gandevi, Taluka Gandevi, was questioned. He stated that he has been working as an accountant at Gandevi People's Co-operative Bank Ltd., Gandevi, for the last 12 years. The bank has a total of 13 directors. The directors are elected through a general body election and serve for three years before re-election. The current chairman of the bank is Akshaybhai Desai, the vice-chairman is Mukeshbhai Babubhai Desai, and the secretary is Kishorbhai T. Patel, resident of Gandevi. Other directors include

Manharbhai Shah, Gulabbhai B. Patel, and others. The bank is managed collectively by the chairman, vice-chairman, and directors. The subsequent facts align with the statement given by Shri Champaklal Rangildas Mali. His detailed statement was recorded and included in the case file.

Thereafter, witness Akshaybhai Rameshchandra Desai, aged 55 years, occupation: agriculture, resident of Desai Compound, Gandevi, Taluka Gandevi, was questioned. He stated that he has been serving as the chairman of the said bank for the last two years. The vice-chairman is Mukeshbhai Balubhai, and the secretary is Kishorbhai Thakorbhai Patel. The directors include Manharbhai Shah, Gulabbhai Patel, Jasminbhai Desai, Rajeshbhai Vaidh, Navinchandra M. Gandhi, Gopalbhai Gohil, Sureshbhai P. Nemani, Naginbhai Rana, and Ghulambhai J. Sheikh. The current general manager is Champakbhai R. Mali. The subsequent facts align with the statement given by Shri Champaklal Rangildas Mali. His detailed statement was recorded and included in the case file.

Therefore, further investigation, including recording statements from other witnesses, remains pending.

Gandevi

Case Diary No. 4, Date: 20/7/02, Time: 15:30 to 17:00

Today, the investigation of this case was undertaken, and witness Manharlal Dahyalal Shah, aged 49 years, occupation: transport business, resident of Dave Mohallo, Gandevi, Taluka Gandevi, was questioned. He stated that he operates a transport business named J.M. Roadways. Previously, in September 1991, he served as a director of Gandevi People's Co-operative Bank, and in 1993-94, he served as the bank's vice-chairman. Since 30/09/01, he has been serving as a director of the bank. The bank's chairman, Akshaybhai Desai, has been serving since October 2000 to the present. Other current directors include Kishorbhai Thakorbhai Patel and Gulabbhai Bhagubhai Patel. From 1991 to 1993, the bank's manager was Hasmukhbhai M. Desai, followed

by Harkishanbhai Rana, then Chhaganbhai Bhatt, then Upadhyay Sir, then Gunvantbhai Shah, then Hasmukhbhai Desai again. Currently, Champaklal Rangildas Mali serves as the manager. The subsequent facts align with the statement given by Shri Champaklal Rangildas Mali. His detailed statement was recorded and included in the case file.

Therefore, further investigation, including recording statements of other witnesses as they become available, remains pending.

Gandevi

Case Diary No. 5, Date: 31/7/02, Time: 16:00 to 18:00

Today, the investigation of this case was undertaken, and witness Gulabbhai Bhagwandas Patel, aged 45 years, occupation: business, resident of Bhat Mohallo, Gandevi, Taluka Gandevi, was questioned. He stated that he runs a business named Rashtriya Cold Drinks in the Gandevi market. Since 1999, he has been serving as a director of Gandevi People's Co-operative Bank. Other directors include Manharbhai Shah, and the chairman is Akshaybhai R. Desai. The bank's manager was Hasmukhbhai Desai, but due to illness, he retired, and since 8-11-01, Champaklal Rangildas Mali has been serving as the manager, performing these duties as an additional responsibility. The subsequent facts align with the statement given by the complainant, Shri Champaklal Rangildas Mali. His detailed statement was recorded and included in the case file.

Thereafter, the complainant, Shri Champaklal Rangildas Mali, resident of Gandevi, was questioned specifically. He confirmed that his previously recorded statement is correct and true. Additionally, he submitted the following documents for the case:

1. Certified copy of Resolution No. 5(15) from the Board of Directors' meeting held on 28/10/99.
2. Certified copy of Resolution No. 9(14) from the Board of Directors' meeting held on 27/12/2000.

3. Certified copy of Resolution No. 11(1) from the Board of Directors' meeting held on 20/10/2001.
4. Certified copy of Resolution No. 10(6) from the Board of Directors' meeting held on 20/10/2001.
5. Computerized copy of the list of names of directors and the manager of Gandevi People's Co-operative Bank.
6. Photocopy of the inspection report by the Reserve Bank of India (RBI) for the bank in the year 2002.
7. Photocopy of the audit report by the Government Co-operative Societies, Navsari, for Gandevi Co-operative Bank Ltd. for the period from 14/2/2000 to 31/3/2001.
8. Photocopy of RBI Circular No. UBD/BR No. 42/1662600/2000-2001 dated 19/4/2001.
9. Photocopy of RBI Circular No. UBD/BR No. 42/1662600/2000 dated 19/4/2001.
10. Photocopy of RBI Circular No. UBD/BR No. 42/1662600/2001 dated 19/4/2001.
11. Photocopy of Resolution No. 2(D)3.
12. Copy of the transfer form and securities for GOI 2009 transferred on 6/3/2000.
13. Copy of the transfer forms and securities for GOI 2012 transferred on 22/2/2001.
14. Copy of the transfer forms and securities for GOI 2012 transferred on 4/7/2001.

The above documents were submitted, read, and included in the case file.

Thereafter, pursuant to order No. VHF/NR 159/RB/Investigation/2002 dated 20/7/2002 from the Superintendent of Police, Navsari, the further investigation of this case was assigned to the Circle Police Inspector, Bilimora. Accordingly, today, I, Circle Police Inspector, Shri A.M. Sarang, Bilimora,

handed over the further investigation of this case to Satyendra Sir. The investigation details were communicated to him, and the case papers, from register pages 1 to 180, were included. A note was made about handing over the further investigation and papers.

A.M. Sarang

Circle Police Inspector

Bilimora

Diary No. 5 (Continued), Date: 31/7/02, Time: 21:00 to 21:30

Today, pursuant to the orders of the Hon'ble Superintendent of Police, the investigation of this case was taken over from the Police Sub-Inspector (P.S.I.), Gandevi Police Station. The case papers and facts were reviewed, and documents numbered 1 to 50, as per the sub-register, were taken into custody.

Thereafter, further investigation in this case remains ongoing.

A.M. Sarang

Circle Police Inspector

Diary No. 6 (Continued), Date: 27/8/2002, Time: 14:00 to 15:00

Today, the investigation of this case was undertaken.

Thereafter, permission was sought from the Hon'ble Superintendent of Police, Navsari, to conduct investigations in Bharuch and Mumbai, which was granted. The approval was read and included in the case file.

Subsequently, the P.S.I., Gandevi Police Station, Shri Zhala, was informed that the accused, Shri Ketan Seth, had been detained by the Valsad District Police. To detain this accused in connection with this case, a transfer warrant was to be obtained from the local court and submitted to the Hon'ble Judicial First-Class Magistrate, Valsad. Additionally, on 26/8/02, we were

scheduled to attend the Ahmedabad High Court. The Valsad District Police were to present the accused in the Hon'ble Court on 26/8/02. Accordingly, a report was submitted to P.S.I. Zhala to obtain custody of the accused in the Valsad Court. Pursuant to this, P.S.I. Zhala attended the Valsad Court, where the accused, Ketan Seth, was presented by Valsad Police Inspector Mahendrasinh Parmar. The accused was granted police custody remand until 30/8/2002. P.S.I. Shri Zhala verbally reported the actions taken, which were noted and included in the case file.

Thereafter, further investigation in this case remains ongoing.

A.M. Sarang

Circle Police Inspector

Diary No. 7, Date: 30/8/2002, Time: 13:00 to 21:00

Today, the investigation of this case was undertaken.

Thereafter, the accused, Ketan Seth, was to be presented in the Valsad Court by Police Inspector Shri [Mahendrasinh Parmar] of the Valsad District Police, as his remand period in their case was ending. P.S.I. Zhala of Gandevi Police Station had a witness appearance in the Navsari Sessions Court today and had obtained a transfer warrant in his name. To ensure the accused did not secure bail, P.S.I. Zhala attended the Valsad Court with staff members. The accused, Ketan Seth, was not presented in court as Police Inspector Shri Parmar was still in Mumbai for investigation. Later, P.S.I. Zhala returned from the Sessions Court, and at 17:00, the Valsad District Police presented the accused in court, requesting further police custody remand. The accused was granted police custody remand until 2/9/2002. As a result, the accused could not be obtained via the transfer warrant for this case, and the team returned to Bilimora.

Thereafter, further investigation into this case remains ongoing.

A.M. Sarang

Circle Police Inspector

Diary No. 8, Date: 2/9/2002, Time: 07:30 to 08:00

Today, the investigation of this case was undertaken.

Thereafter, P.S.I. Shri Zhala, who had obtained police custody remand for the accused, Ketan Seth, in connection with the Valsad City case, recorded a detailed statement from the complainant, Shri Champakbhai Rangildas Mali, the bank's manager, regarding the contract notes provided to the bank. This statement was included in the case file.

Subsequently, a report was submitted to the Hon'ble Judicial First-Class Magistrate, Gandevi, stating that the accused had provided fraudulent contract notes, requesting the addition of IPC Sections 409, 467, and 468 to the case. A copy of the report was included in the case file.

Thereafter, P.S.I. Shri Zhala was instructed to arrange for obtaining custody of the accused, Ketan Seth, as the transfer warrant had not yet been received, in coordination with Police Inspector Shri Parmar of the Valsad District Police.

Thereafter, further investigation, pending custody of the accused, remains ongoing.

A.M. Sarang

Circle Police Inspector

Diary No. 8 (Continued), Date: 2/9/2002, Time: 22:00 to 22:45

Today, the investigation of this case was undertaken.

Thereafter, the accused, Shri Ketan Seth, was presented by the Valsad District Police upon completion of their remand period. The Hon'ble Judicial First-Class Magistrate, Valsad, was requested to hand over custody of the accused for Gandevi Police Station's M. Case No. 3/2002 under IPC Sections 406, 420, 120B, 409, 467, and 468. P.S.I. L.B. Zhala of Gandevi Police Station attended the Valsad Court, but the Hon'ble Judicial First-Class Magistrate did not grant custody of the accused, Ketan Seth. Instead, a report (Dispatch No. 67/2002, dated 2/9/2002) was issued to P.S.I. Zhala, directing him to obtain custody from Central Jail, Mumbai. This report was read and included in the case file.

Subsequently, instructions were given to obtain custody of the accused, Ketan Seth, from Mumbai Jail, and a report was prepared accordingly.

Thereafter, further investigation, pending the accused's custody via transfer warrant, remains ongoing.

A.M. Sarang

Circle Police Inspector

Diary No. 9 (Continued), Date: 7/9/2002, Time: 22:00 to 24:00

Today, the investigation of this case was undertaken.

Thereafter, P.S.I. Shri L.B. Zhala of Gandevi Police Station, pursuant to the report of the Hon'ble Judicial Magistrate, Valsad, went to Mumbai on 5/9/2002 with staff members in a government vehicle to obtain custody of the accused, Ketan Kantilal Seth, resident of Juhu, Mumbai, Lalit Kutir, Gulmohar Cross Road. A report was submitted to the Superintendent, Central Jail, Mumbai, requesting custody, based on the order of the Hon'ble Judicial First-Class Magistrate, Valsad. However, the Jail Superintendent did not release the accused to P.S.I. Zhala, stating that custody would be granted only after an order from the Sessions Court, Mumbai. This was noted and included in the case file.

Subsequently, P.S.I. Zhala submitted an application to the Hon'ble Special Sessions Court, Mumbai, requesting custody of the accused, Ketan Kantilal Seth, resident of Mumbai, for Gandevi Police Station's case. The typed application was read and included in the case file.

Thereafter, regarding the application submitted to the Hon'ble Special Sessions Judge for custody of the accused, Ketan Kantilal Seth, for M. Case No. 3/2002, the court's order (No. 40560, dated 5/9/2002) was read and included in the case file.

Subsequently, the Hon'ble Sessions Court, Mumbai, issued an order to the Superintendent, Central Jail, Mumbai, to release the accused. P.S.I. Zhala submitted a report to the Central Jail, Mumbai, to obtain custody of the accused, Ketan Kantilal Seth. This report was read and included in the case file.

Thereafter, the accused, Ketan Kantilal Seth, resident of Juhu, Mumbai, was obtained from Central Jail, Mumbai, and brought to Gandevi Police Station in a government vehicle. Upon taking custody, preliminary questioning of the accused, Ketan Kantilal Seth revealed that he had conducted transactions involving government securities with Gandevi People's Co-operative Bank. On 7/9/2002 at 22:00, he was arrested, and a personal identification form was filled out. His relative, Chandrakant Anantram Parekh, resident of Pune, was informed of the arrest, and his signature was obtained. The identification form was sent to the Police Assistant Officer, Gandevi, for entry in the identification register and to be noted in the station diary. The officer recorded the entry in the Station Diary (Entry No. 21/2002, Time: 22:35) and returned it, which was included in the case file.

Subsequently, during questioning, the accused, Ketan Kantilal Seth, Vaishnav by caste, aged 40 years, occupation: share broker, resident of 193, Lalit Kutir, Gulmohar Cross Road No. 9, J.V.P.D. Scheme, Andheri West, Mumbai 49, stated in his statement that he lives with his family. Since 1990, he has been working as a share broker at the Pune Stock Exchange. In 1993, he

established his company, Giltage, where he dealt in share broking and government securities. In 1995, he obtained membership in the National Stock Exchange and continues to deal in government securities through Giltage Management Services. He has one daughter, Puja, aged 11 years, and his wife is Jagrutiben. His in-laws reside in Dadar, Mumbai. His father-in-law, Tribhovandas Kachaliya, is deceased, and his mother-in-law is Lalitaben Kachaliya. He has three brothers: the eldest, Nilesch, is a share broker; he is the second; and the youngest, Amit, also works in the share market. They live separately. He operated three companies: Giltage Management Services Limited, Ketan Seth & Company, and another company, with an office at Vile Parle West, Mumbai 56, employing around 30 people. These companies dealt in securities transactions with cooperative banks, nationalized banks, corporate banks, and financial institutions.

In 1997, his company conducted government securities transactions with cooperative banks in Gujarat through Growth Avenue Share Broker in Surat, with consultancy provided by Chartered Accountant Neeraj Surati in Bharuch. After Neeraj Surati resigned from the company, he established a separate firm and facilitated transactions between Gujarat cooperative banks and our company. From 1998-99 onward, these transactions were conducted through Home Trade. When he met Home Trade's owner, Sanjay Agarwal, he was regarded as a prominent trader in the market. In 1998, the company was named Lloyds Brokerage, owned by Mukesh Gupta. Sanjay Agarwal and Trivedi purchased it, renamed it Euro Asian Securities, and in 1999, it issued a public offering. The shares were listed on the Pune and Bangalore Stock Exchanges. The company launched a project to develop software to provide the best information to small investors in India. He joined as a director during this time. In January 2000, Gujarat banks under Neeraj Surati's consultancy conducted transactions with Home Trade. During a conference in Mumbai in 2000, he met Shri Akshaybhai Desai of Gandevi People's Bank. While a director at Home

Trade, he facilitated government securities transactions with Gandevi People's Bank but did not issue fraudulent contract notes. This statement, made upon request, was recorded and included in the case file.

Thereafter, arrangements were made to provide dinner to the accused, Ketan Kantilal Seth.

Subsequently, as today's investigation concluded, arrangements were made to place the accused in the lockup at Bilimora Police Station.

Thereafter, further investigation in this case remains ongoing.

A.M. Sarang

Circle Police Inspector

Case Diary No. 10, Date: 7/9/2002, Time: 08:30 to 18:00

Today, the investigation of this case was undertaken.

Thereafter, the accused, Ketan Kantilal Seth, was removed from the Bilimora Police Station lockup and brought to our office for further investigation. Upon further questioning, he stated that all transactions with Gandevi People's Co-operative Bank Ltd., Gandevi, were handled by Chartered Accountant Neeraj Surati, and related documents would be with him. Financial transactions of Gandevi People's Co-operative Bank Ltd., Gandevi, would be available at the Mumbai office. This detailed statement was recorded and included in the case file.

Subsequently, the accused, Ketan Kantilal Seth, gained the trust of Gandevi People's Co-operative Bank Ltd. and provided a bogus contract note for government securities worth Rs. 2,90,10,162.50. When questioned in confidence about where these funds were invested and who was involved, he did not provide any details. As the 24-hour period ended, to obtain documents related to the complainant bank's government securities from Mumbai, investigate where the Rs. 2,90,10,162.50 was invested in banks/companies in Mumbai, and conduct inquiries at RBI, Ahmedabad, and Neeraj Surati in

Bharuch, a request was planned to seek 12 days of police custody remand from the Hon'ble Judicial First-Class Magistrate, Gandevi.

Thereafter, arrangements were made to take photographs of the accused, obtain fingerprints, and issue an M.C.R. card.

Thereafter, further investigation, pending the accused's remand, remains ongoing.

ED TRUE COPY OF THE
ECTORS OF THE COMPANY HELD AT T
ATIONAL INFOTECH PARK, VASHI, NAVI MU
400 703 ON
MAY 10, 2001.

"RESOLVED THAT the resignation of Shri Ketan Sheth from the Board be accepted with immediate effect and that the Board of Directors places on record its sincere appreciation for the valuable services rendered by him to the Board and to the Company as a Director of the Company

RESOLVED FURTHER THAT a copy of the aforesaid resolution be sent to Shri Ketan Sheth"

For Home Trade Limited

Director



home trade ltd.
Tower 4, 5th Fl.
Vashi Rd, Sion Camp
Navi Mumbai - 400
Tel: 91 22 81 244
Fax: 91 22 81 244

IN THE COURT OF THE
MISC. APPLN. NO. 369 OF 2002
IN
R.C. 4/E/02 S.F. F.C. C.B.I.
The State (Gandevi Police Station
Dist. Navsari, Gujarat)
V/s.
Ketan Kantilal Sheth

O.W.N.O.
Dated:

To,
The Superintendent,
Mumbai Central Prison,
Mumbai.

WHEREAS Shri L.B. Zala,
to Gandevi Police Station, Dist. Navsari
application through Public Prosecutor
that (a) Necessary directions may kindly be
Arthur Road Central Prison, Mumbai to hand over
accused to Gandevi Police Station, Dist. Navsari,
M. Case No. 3/02 U/s. 406, 409, 420 I.P.C. for
prosecution AND UPON HEARING this Court (by
Judge Shri S.G. Deshpande) has been
order on 5/9/02 :-

The Accd. Ketan Kantilal
in Crime No. 4/E/2002, CBI BSAFC, V
remand has been extended upto 10
furnished the bail, he is released.
Case No. 3/2002, the letter of
State is on record stating that
Court for M.C. No. 3/2002 he
requested to handover the accused to L.B. Zala, P.S.I. Gandevi
accd. is required for investigation in Gandevi M.C. No. 3/2002
Gujarat State.

Supdt. Jail Arthur Road is directed to handover accd.
Ketan Kantilal Sheth for the investigation in M. Case No. 3/
of Gandevi Court to L.B. Zala, P.S.I. Gandevi, Gujarat State.

You are, therefore, directed to take a note and
comply the above order of this Hon'ble Court.

Dated this 5th day of September,

By Order



Copy to Shri L.B. Zala, P.S.I.,
Gandevi Police Station, Dist. Navsari,
Gujarat State.

For information.



Case Diary

No. 01

Date: 16/7/02

Investigating Officer: S.B. Zhala, Police Sub-Inspector

Police Station: Gandevi

District: Navsari

Crime Register Number and Sections: M. Case No. 3/02, under IPC
Sections 406, 420, 120(B)

Complainant's Name and Address: Champakbhai R. Mali, Resident of
Ugman Street, Gandevi, Taluka Gandevi

Accused's Name and Date and Time of Arrest:

- (1) Home Trade Limited, Mumbai
- (2) Nandkishor Shankarlal Trivedi
- (3) Ketan Seth
- (4) Sanjay Hariram Agarwal
- (5) Subodh Bhandari
- (6) Hiten Bhupendra Shah
- (7) Hiren Gada
- (8) Shashank Gopal Rande
- (9) Vijay Himatlal Modi
- (10) Salil Dinakarlal Gandhi
- (11) Alan James Macmillan
- (12) Rasal Bankkam Vegar

(13) Mike alias Manoj Ambelal Shah, Resident of Bangalore

(14) Dhananjay Agarwal

(15) Mrs. Shilpa Hiten Shah

(16) Mrs. Jagruti Ketan Seth

(17) Kanan Mevawala

(18) Ketan R. Mashkariya

(19) Neeraj A. Surati

(20) Kruti Neeraj Surati

Nos. 1 to 10 and 14 to 18: Resident of Mumbai

Nos. 11 and 12: Resident of U.S.A.

Nos. 13, 19, and 20: Resident of Bharuch

(a) In Police Custody or on Bail?: [Not specified in the document]

(b) Date and Time Sent to Magistrate's Custody: [Not specified in the document]

Place of Crime: K. Da. No. 8, Village Gandevi, People's Co-operative,
East Km. 200 meters, House Veer

Date and Time of Crime: K. Da. No. 9, From Date 26/2/02

Date and Time of Crime Registration: K. Da. No. 10, Date 16/7/02, Time
14:30

Date and Time of Visits to Places for Investigation: [Not specified in the document]

Places Investigated: [Not specified in the document]

Stolen Property: [Not specified in the document]

Recovered Property: [Not specified in the document]

Time the Officer Started and Completed the Investigation: [Not specified in the document]

Case Diary Number and Date: [Not specified in the document beyond
No. 01, Date 16/7/02]

Last Case Diary Number and Date: [Not specified in the document]

Case Diary No. 10 (Continued), Date: 7/9/2002, Time: 18:00 to 19:00

Today, the investigation of this case was continued, and the accused, Ketan Kantilal Seth, was presented before the learned Judicial First-Class Magistrate, Shri Rawal Sir, at the Gandevi Court. The accused's advocate, Shri Ayaz Sheikh, argued against granting police custody remand, while we submitted a request for 12 days of police custody remand, stating the accused's necessity for this case. The Hon'ble Court granted police custody remand until 12/9/2002, issued a warrant, which was read and included in the case file.

Thereafter, the Police Station Officer, Bilimora, was informed to provide government food to the accused in this case.

Subsequently, arrangements were made to place the accused, Ketan Seth, in the lockup at Bilimora.

Thereafter, further investigation, including additional questioning of the accused, remains ongoing.

A.M. Sarang

Case Diary No. 11 (Continued), Date: 8/9/2002, Time: 08:45 to 24:00

Today, the investigation of this case was undertaken.

Thereafter, the accused, Ketan Kantilal Seth, under remand, was removed from the Bilimora lockup for further questioning. He stated that Neeraj Surati, a Chartered Accountant residing in Bharuch, introduced him to Akshay Desai of Gandevi People's Co-operative Bank in Surat. Neeraj Surati would inquire about which government securities were worth purchasing or selling, arrange for their purchase or sale, and facilitate these transactions with Gandevi People's Co-operative Bank. The accused clarified that he did not directly conduct these transactions [one line illegible]. Instead, he dealt directly

with Kanan Mevawala, a director of Home Trade's government securities division, and received brokerage directly from her. This detailed statement was recorded publicly and included in the case file.

Subsequently, the Superintendent of Police was informed telephonically about the investigation's progress, and telephonic approval was obtained to conduct inquiries in Bharuch and Ahmedabad.

Thereafter, it was noted that Navsari People's Co-operative Bank Ltd., Navsari, had registered a case against Ketan Kantilal Seth and others at Navsari Police Station, investigated by P.S.I. Shri R.S. Patel of Navsari Town Police Station. Following verbal instructions from the Superintendent of Police, Navsari, P.S.I. Shri R.S. Patel was instructed to join the investigation in Bharuch and Ahmedabad with his case papers, using a government vehicle. He was directed to report to the Navsari Control Room at 15:00.

Subsequently, arrangements were made to depart at 15:35 with the accused, Ketan Kantilal Seth, in a government vehicle for further investigation, accompanied by necessary staff members under custody, and this was noted.

Thereafter, inquiries were made at the address provided for the accused, Neeraj Surati, in Bharuch, but he was not found. Ketan Kumar Shankarlal Patel, aged 27, occupation: rickshaw driver, resident of Surya Flats, First Floor, above Surya Shopping Complex, Sevashram Road, Bharuch, living nearby, was questioned. He stated in his statement that Amighar Surati and his younger son, Keshavkumar, occasionally visit their office for work. Neeraj Surati, the elder son, visits the office intermittently but has not been seen for many days, and his current whereabouts are unknown. This detailed statement was recorded and included in the case file.

Subsequently, Keshavkumar Amighar Surati, aged 29, occupation: student, resident of "Matru Ashish," opposite Majmudar Apartment, Bharuch, Telephone No. 4007, Bharuch, Neeraj Surati's brother, was questioned. He stated in his statement that Neeraj Surati is his elder brother, a Chartered

Accountant by profession, residing at Pritam Bungalow No. 55, Bharuch, for the past two years. He is aware that Gandevi People's Co-operative Bank and Navsari People's Co-operative Bank [one line illegible] have named Neeraj Surati in their complaints, as reported in local newspapers for the past two months. He does not know Neeraj's current whereabouts but provided his telephone number (26316) and mobile number (98250 29705). This detailed statement was recorded and included in the case file.

Thereafter, other individuals in Bharuch were informed about Neeraj Surati's case and instructed to remain vigilant and report any information to us.

Subsequently, as Neeraj Surati's residence at "Pritam Bungalow," Bharuch, falls under the "A" Division Police Station, Bharuch, the Police Inspector, "A" Division, Bharuch, was instructed to investigate the accused and inform us if found, with a report and copy included in the case file.

Thereafter, arrangements were made to provide the accused with an evening meal.

Subsequently, the surveillance staff of Bharuch Police Station "A" Division were informed about the accused, Neeraj Surati.

Thereafter, the team, with staff members and the accused, departed from Bharuch to Ahmedabad for further investigation.

A.M. Sarang

Case Diary No. 12, Date: 9/9/2002, Time: 00:15 to 24:00

Today, the team traveled from Bharuch to Ahmedabad to investigate at the Reserve Bank of India (RBI).

Thereafter, after completing work related to an original affidavit at the Hon'ble High Court, the team visited the RBI's Public Debt Office, located near Ashram Road, Gandhi Bridge, Ahmedabad. The Manager, Public Debt Office, RBI, was met to obtain details of ownership changes, purchases, and

sales of government securities for Gandevi People's Co-operative Bank. A report was submitted, and a copy was included in the case file.

Subsequently, the team visited the RBI's Urban Banking Division office at Lal Darwaja Chambers, Ahmedabad, to obtain statements from officers who audited Gandevi People's Co-operative Bank. The officer was on leave, and this was noted.

Thereafter, accompanied by P.S.I. Shri R.S. Patel for Navsari's case, the team visited the Registrar of Companies office in Gandhinagar for investigation.

Subsequently, the team returned from Gandhinagar to Ahmedabad.

Thereafter, further investigation continued in Ahmedabad.

A.M. Sarang

Case Diary No. 13, Date: 10/9/2002, Time: 00:15 to 05:30

Today, the investigation in Ahmedabad was completed, and the team departed from Ahmedabad to Bilimora in a government vehicle with staff members. Due to vehicle breakdown, the team reached Navsari slowly, and the Navsari Constable was informed.

A.M. Sarang

Case Diary No. 14 (Continued), Date: 10/9/2002, Time: 05:45 to 06:40

Today, the investigation continued, and the team reached Bilimora from Navsari. The accused, Ketan Kantilal Seth, was questioned in confidence, but he provided no significant details shedding light on the case, so arrangements were made to place him in the lockup.

A.M. Sarang

Case Diary No. 14 (Updated), Date: 10/9/2002, Time: 17:00 to 21:45

Today, the investigation of this case was undertaken.

Thereafter, the accused, Ketan Kantilal Seth, resident of Mumbai, under police custody remand, was sent for a medical examination as per regulations to the Honble Medical Officer, Referral Hospital, Chikhli. A report was submitted, and arrangements were made for the examination.

Subsequently, the accused, Ketan Kantilal Seth, stated that he had no role in the purchase of government securities worth Rs. 2,90,10,162.50 for Gandevi People's Co-operative Bank Ltd., and his signature was not on the contract note provided. This detailed statement was recorded and included in the case file.

Thereafter, arrangements were made to provide the accused with a meal.

Subsequently, arrangements were made to place the accused in the Bilimora Police Station lockup.

Thereafter, further investigation remains ongoing.

A.M. Sarang

Case Diary No. 15, Date: 11/9/2002, Time: 07:00 to 24:00

Today, the investigation of this case was undertaken.

Thereafter, arrangements were made to obtain approval from the Hon'ble Superintendent of Police, Navsari, for further investigation, which was granted. Accordingly, with P.S.I. Shri R.S. Patel of Navsari and staff members, the team departed in a government vehicle to Mumbai for investigation.

Subsequently, inquiries were made at the main bank accounts of the accused, Home Trade Ltd., Mumbai, at: (1) HDFC Bank, Fort, Mumbai; (2) Janata Sahakari Bank, Fort, Mumbai; (3) Federal Bank, Fort, Mumbai. The team met with bank officials, submitted a written request for banking transaction account details, and included the acknowledgment receipt in the case file.

Thereafter, a search was conducted at the accused's residence in the presence of witnesses, but no materials related to Home Trade were found. A detailed panchnama was prepared and included in the case file.

Subsequently, the accused's father, Kantilal Keshavlal Seth, was present at the residence, and his detailed statement was recorded and included in the case file.

Thereafter, arrangements were made to travel from Mumbai to Ahmedabad.

A.M. Sarang

Case Diary No. 16 (Continued), Date: 12/9/2002, Time: 02:00 to 10:00 and 12:40 to 17:00

Today, the investigation of this case was undertaken.

Thereafter, the team returned from Mumbai to Bilimora, and arrangements were made to place the accused in the Bilimora Police Station lockup.

Subsequently, the accused was removed from the lockup for questioning. He specifically stated that he resigned from Home Trade Company in May 2001 and informed the Registrar of Companies, Pune. He claimed to have no knowledge of the last contract note for the purchase and sale of government securities for Gandevi People's Co-operative Bank Ltd. This statement was recorded and included in the case file. Correspondence was initiated with the Registrar of Companies, Pune, to obtain details of Home Trade's Board of Directors to date, and included in the case file.

Thereafter, the accused, Ketan Kantilal Seth, provided no significant details about the case. As live tests in Ahmedabad are necessary, details of transactions with banks dealing with Home Trade are expected from Mumbai, requiring the accused's presence. Additionally, investigations of co-accused are pending. A report was submitted to the Hon'ble Judicial First-Class Magistrate, Gandevi, requesting further remand.

Subsequently, arrangements were made to present the accused to the Hon'ble Judicial First-Class Magistrate upon completion of the current remand.

Thereafter, further investigation, pending additional remand, remains ongoing.

A.M. Sarang

To,

Hon'ble Judicial First-Class Magistrate,
Gandevi.

Subject: Request for 12 days of police custody remand for the accused in Gandevi Police Station M. Case No. 3/2002 under IPC Sections 406, 420, 467, 468, 120B.

With utmost respect, A.M. Sarang, Circle Police Inspector, Bilimora, submits the following humble request report:

In the matter of Gandevi Police Station M. Case No. 3/2002 under IPC Sections 406, 409, 420, 467, 468, 120B, the Gandevi People's Co-operative Bank Ltd., Gandevi, provided funds amounting to Rs. 2,90,10,162.50 to Home Trade, Mumbai, for the purchase of 8.07% Government of India (GOI) 2017 securities, as per Contract Note No. 7437 dated 26-2-2002. The directors and officers of Home Trade, including Ketan Kantilal Seth, gained the trust of the bank's officers, created false documents, failed to deliver the securities, and committed fraud and criminal breach of trust against the bank.

The accused, Ketan Kantilal Seth, aged 40 years, resident of Lalit Kutir, Gulmohar Cross Road No. 9, J.V.P.D. Scheme, Andheri West, Mumbai 49, a director of Home Trade, Mumbai, was arrested on 6/9/2002 at 22:00 hours. Due to the reasons outlined below, the accused's presence is essential for the investigation, and a request is made for 12 days of police custody remand. A copy of the investigation case diary is attached.

1. To obtain documents related to government securities transactions with the Gandevi People's Co-operative Bank Ltd., Gandevi, from Mumbai.

2. To investigate who else was involved in creating the fraudulent contract note for the securities.
3. To trace where the Rs. 2,90,10,162.50 invested in securities was deposited in banks or companies in Mumbai.
4. To verify whether the bank's securities funds were deposited at the Reserve Bank of India (RBI), Ahmedabad, and to obtain relevant documents.
5. To identify co-accused, as the arrested accused is likely the only one who knows their identities and whereabouts, requiring investigation in Mumbai, Bharuch, or Ahmedabad.

For the above reasons, the presence of the accused, Ketan Kantilal Seth, resident of 193, Lalit Kutir, Gulmohar Cross Road No. 9, Andheri West, Mumbai 49, is critically necessary for the investigation. His presence is essential to reach other co-accused and to determine where the funds for the securities purchased by the Gandevi People's Co-operative Bank Ltd., Gandevi, were invested in banks or companies in Mumbai. Investigations in Mumbai, Bharuch, and Ahmedabad are required. It is respectfully requested that the Hon'ble Court, considering the above reasons, grant 12 days of police custody remand for the accused in the interest of justice. A copy of the investigation case diary is attached.

Date: 7/9/2002

Signature: [Illegible]

(A.M. Sarang)

Circle Police Inspector, Bilimora

Fitting Feet

Printed by Mr. Senior Arnold
None of Company - Horse Trade Limited

Presented by Mr. Senior Arnold

Note -- If a company has no particulars to be included in one or two of the headings 'A', 'B' and 'C' the parts containing those headings (in respect of the company) has no particulars to be included) need not be filed.

A Application of and changes among directors

1	2	3	4	5	6
Name or names and surname in full	Robert's husband's name	Usual residential address	Nationality	Date of appointment or change	Birth date
Mr. Keiran Shroth	Shon Keatiah Shroth	Lulu Kulu, Off. North South Road No 9, JYFD, Mumbai -400049	Indian	May 13, 2001	Rev. Easa 1970

(2) In fact of managing director, his designation should be stated as "in place of" instead of "as" like those of some directors, the original W.P. "acting, returned by me".

OFFICE OF THE
C. (HARRAVASHTRA) P.
1951
EC NO. 1
ONE TRADE LIMITED
TYPE OF DOCUMENT
MODE OF PAYMENT
DATE OF DOCUMENT
AMOUNT
TOTAL
A: ADDITIONAL FEE
BY INDUSTRY DIVISION N.C.
NORMAL FEE
COMPUTER SUPPORT



10th July 2002

Shri Rohit Desai:
Advocate,
Parsiwall,
Dist. Navsari,
Pin 396360, Gujarat

Dear Mr. Desai:

Sub: Your Letter dated 26th June 2002 addressed to, Mr.
Ketan Sheth And Mrs. Jagruti Sheth on behalf of
Gandevi People's Co-operative Bank Ltd.

We are concerned for our clients, (1) Mr. Ketan Sheth and (2) Mrs. Jagruti Sheth, who have placed copies of your above letter dated 26th June 2002 in our hands with instructions to reply thereto as under:-

1. At the outset, our clients state that you have addressed your letter under reply to our clients on the alleged ground that our clients are directors of Home Trade Limited (HTL). Our clients state that they were not, either on the date of the cheque mentioned in your letter under reply allegedly issued by HTL in favour of your clients or even today, directors, employees, agents or persons in charge of or responsible to HTL for the conduct of the business of HTL. Our client Mr. Ketan Sheth resigned as an additional director of HTL on 15th May 2001 that is much prior to the date of the said cheque. We enclose copies of Resolution of HTL and Form 32 filed with the Registrar of Companies, Maharashtra evidencing the fact that Mr. Ketan Sheth resigned as an additional director of HTL with effect from 15th May 2001. Our clients state that our client Mrs. Jagruti Sheth never was nor is a director of HTL.
2. With reference to paragraph 1 of your letter under reply, our clients deny that they are the directors of HTL or are legally or otherwise in charge of HTL or are conducting the affairs of HTL as alleged. Our clients therefore, state that the notice is issued to our clients improperly and without any basis.
3. With reference to paragraphs 2 and 3 of your letter under reply, our clients state that your clients had entered into the transactions mentioned in the paragraphs under reference with HTL and not with either of our clients. Our clients are therefore, and for the reasons mentioned herein above not liable for such transactions in any manner at all.
4. With reference to last unnumbered paragraph of your letter under reply, our clients state that for the reasons earlier mentioned in the letter under reply they are not liable in any manner under or in respect of the cheque allegedly issued by HTL.

It is a well settled position in law that the person who was not a director nor a person in charge of or responsible to the Company for the conduct of the business of the Company on the date of the cheque in question, the penal provisions of Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 are not attracted against such person if such cheque was dishonoured. Our clients therefore, state that in the above circumstances, they are not liable to pay any amount to your clients, rather



Hamam House, 3rd Floor,
Ambalal Dasa Maru, Fort,
Mumbai - 400 023, INDIA.
Telephone: 91-22-265 43 55
Telex: 91-22-265 02 27
E-mail: yugesh.adhia@vsnl.com

11:19

6154735

GILTEGE

001

(223)

under the said cheque or otherwise howsoever. The question therefore, of our clients making payment of any amount to your clients does not arise at all. Our clients also deny all other allegations contained in your letter under reply.

6. Our clients state that in spite of the above facts, your clients file any criminal proceedings under Section 138 of the Negotiable Instruments Act, 1881 or any other provision and/or any civil proceedings in respect of the said cheque or otherwise, against our clients or either of them, the same shall be defended by our clients at your clients' risk as to the costs and consequences thereof. Our clients shall also adopt suitable criminal and/or civil proceedings for adopting such malicious proceedings against them and also for defamation and damages therefor, at your clients' risk as to the costs and consequences which please note.

Yours faithfully,
For Adhia & Adhia

Yogesh Adhia

Encl : Copies of Resolution and Form 32



To,
The Hon'ble Judicial First-Class Magistrate,
Gandevi.

With utmost respect, A.M. Sarang, Circle Police Inspector, Bilimora, submits the following humble report:

In the matter of Gandevi Police Station M. Case No. 3/2002 under IPC Sections 406, 409, 420, 467, 468, 120B, the accused, Ketan Kantilal Seth, aged 40 years, resident of 193, Lalit Kutir, Gulmohar Cross Road No. 9, J.V.P.D. Scheme, Andheri West, Mumbai 49, was presented on 12/9/2002 and obtained on remand for one day until 13/9/2002 at 17:00 hours. As the accused's remand period expires today, he is being sent to Your Honor's court custody for detention. It is respectfully requested that he be kept in Your Honor's court custody. The original warrant is attached herewith for Your Honor's information.

Date: 13/9/2002

Signature: [Illegible]

(A.M. Sarang)

Circle Police Inspector, Bilimora.

Warrant for Return to Custody After Court Appearance

(Section 344)

Gandevi M. Case No. 3/02

Date 12/9/02

To:

The Chief Officer of the Police Station and Jail,
Shri A.M. Sarang,
Circle Police Inspector, Bilimora

Regarding:

Ketanbhai Kantilal Seth,
Resident of Lalit Kutir, Mumbai

Charges have been framed in this court against the accused under IPC Sections 406, 409, 420, 120B for committing an offense. It has been deemed necessary to adjourn the inquiry of the said offense until Friday, the 13th of September 2002.

Therefore, it is hereby ordered that you take the accused into your custody and produce him before this court on the aforementioned date at 6:00 PM.

Issued under my signature and the seal of the court on this day, the 12th of September 2002.

Warrant for Return to Custody After Court Appearance

(Section 344)

Gandevi M. Case No. 3/02

: Date 12/9/02

To:

The Chief Officer of the Police Station and Jail,
Shri A.M. Sarang,
Circle Police Inspector, Bilimora

Regarding:

Ketanbhai Kantilal Seth,
Resident of Lalit Kutir, Mumbai

Charges have been framed in this court against the accused under IPC Sections 406, 409, 420, 120B for committing an offense. It has been deemed necessary to adjourn the inquiry of the said offense until Thursday, the 12th of September 2002, at 17:00 hours.

Therefore, it is hereby ordered that you take the accused into your custody and produce him before this court on the aforementioned date at 6:00 PM.

Issued under my signature and the seal of the court on this day [date not specified] in the month of [month not specified], 200[year incomplete].

Warrant for Return to Custody After Court Appearance

(Section 344)

Gandevi M. Case No. 3/02

To:

The Chief Officer of the Police Station and Jail,
Shri [name not specified]

Regarding:

Ketanbhai Kantilal Seth,
Resident of 193, Lalit Kutir, Jalalpor Cross Road, J.V.P.D., Mumbai 49

Charges have been [word missing, likely "framed"] in this court against the accused under IPC Sections 406, 409, 420, 467, 468, 120B for committing an offense. It has been deemed necessary to adjourn the inquiry of the said offense until [day of the week not specified], the 2nd of September 2002.

Therefore, it is hereby ordered that you take the accused into your custody and produce him before this court on the aforementioned date at 10:30 PM.

Issued under my signature and the seal of the court on this day, the 13th of September 2002.

To,
The Hon'ble Judicial First-Class Magistrate,
Gandevi.

With utmost respect, A.M. Sarang, Circle Police Inspector, Bilimora, submits the following humble report:

In the matter of Gandevi Police Station M. Case No. 3/2002 under IPC Sections 406, 409, 420, 120B, 467, 468, the accused, Ketanbhai Kantilal Seth, aged 40 years, resident of 193, Lalit Kutir, Gulmohar Cross Road No. 9, J.V.P.D. Scheme, Andheri West, Mumbai 49, was arrested on 6/9/2002 at 22:00 hours and has been sent to Your Honor's court custody within the stipulated time. It is respectfully requested that he be taken into court custody.

Date: 7/9/2002

Sd/- Illegible
(A.M. Sarang)
Circle Police Inspector, Bilimora

To,

The Hon'ble Judicial First-Class Magistrate,
Gandevi.

With utmost respect, A.M. Sarang, Circle Police Inspector, Bilimora, submits the following humble report:

In the matter of Gandevi Police Station M. Case No. 3/2002 under IPC Sections 406, 409, 420, 467, 468, 120B, the accused, Ketanbhai Kantilal Seth, aged 40 years, resident of 193, Lalit Kutir, Gulmohar Cross Road No. 9, J.V.P.D. Scheme, Andheri West, Mumbai 49, was arrested on 6/9/2002 at 22:00 hours. The accused was granted police custody remand until 12/9/2002 at 17:00 hours. As the accused's remand period expires today, he is being sent to Your Honor's court custody within the stipulated time on this day, 12/9/2002. It is respectfully requested that he be taken into court custody. The accused's warrant is attached herewith.

Date: 12/9/2002

Sd/- Illegible

(A.M. Sarang)

Circle Police Inspector, Bilimora

To,

The Hon'ble Judicial First-Class Magistrate,
Gandevi.

Subject: Request for 4 days of police custody remand for the accused in Gandevi Police Station M. Case No. 3/2002 under IPC Sections 406, 409, 420, 467, 468, 120B.

With utmost respect, A.M. Sarang, Circle Police Inspector, Bilimora, submits the following humble request report:

In the matter of Gandevi Police Station M. Case No. 3/2002 under IPC Sections 406, 409, 420, 467, 468, 120B, the accused, Ketanbhai Kantilal Seth, aged 40 years, resident of 193, Lalit Kutir, Gulmohar Cross Road No. 9, J.V.P.D. Scheme, Andheri West, Mumbai 49, was arrested on 6/9/2002 at 22:00 hours in connection with this case. The accused was granted police custody remand until 12/9/2002 at 17:00 hours by Your Honor. Due to the reasons outlined below, the investigation remains incomplete, and the accused's presence is critically necessary during the investigation. Therefore, in the interest of justice, we respectfully request Your Honor to grant 4 days of police custody remand for the accused. The reasons are as follows:

1. The accused's presence is required at the Registrar of Companies (ROC), Pune, for investigation purposes.
2. To conduct a lie detector test on the accused in Ahmedabad.
3. To investigate co-accused associated with the accused.

4. To question the accused regarding financial transactions, records from banks where Home Trade and the accused conducted financial dealings are expected to arrive in Mumbai within 2 days, necessitating the accused's presence for inquiries into financial dealings.
5. To obtain statements from the officer who audited Gandevi People's Co-operative Bank at the Reserve Bank of India (RBI), Ahmedabad, and to conduct cross-examination of the accused and the bank audit officer, requiring the accused's presence.

For the above reasons, the accused's presence is highly necessary for the police investigation. We respectfully request 4 days of police custody remand for the accused. A copy of the investigation case diary is attached for Your Honor's information.

Sd/- Illegible

(A.M. Sarang)

Circle Police Inspector, Bilimora

Outward No. 579/02

Office of the Circle Police Inspector

Bilimora, Date: 2-9-02

To,

The Hon'ble Judicial First-Class Magistrate,
Gandevi.

Subject: Request to add IPC Sections 409, 467, and 468 to Gandevi
Police Station M. Case No. 3/2002.

With utmost respect, A.M. Sarang, Circle Police Inspector, Bilimora,
submits the following humble report:

In the matter of Gandevi Police Station M. Case No. 3/2002 under IPC
Sections 406, 409, 420, and 120B, it has been found during the investigation
that the accused in this case have also committed offenses under IPC Sections
409, 467, and 468 against the Gandevi People's Co-operative Bank Ltd.,
Gandevi. Therefore, it is respectfully requested to add IPC Sections 409, 467,
and 468 to this case. This is for Your Honor's information.

Sd/- Illegible

(A.M. Sarang)

Circle Police Inspector, Bilimora

239
J.No. 67 /2002
Judi.Magi.F.C.Court,
Valsad Dist.Valsad.
Date:2-9-2002.

To,
The Suprintendent (Jail)
Central Jail Mumbai.

Subject: Submission of Shri Accused
Ketan Kantilal Sheth in view of
transfer warrant of Gandevi
Court.(Gujarat).

With reference to subject noted above I have to
state that P.I.Shri M.J.Parmar get the transfer warrant
in connection with Valsad City Police Station I-119/2002
Accused has been handed over to P.I. Shri M.J.Parmar
during the course of proceeding of this Court P.S.I.Gandevi
Shri L.B.Zala has produce Transfer warrant of Gandevi
Court for M.Case No.3/2002. *Assume is granted by this Court* Accused, has been sent back to
your Jail in view of Valsad City Police Station No.119/02
P.S.I.Gandevi is required Accused Ketan Kantilal Sheth
for Gandevi Court M.Case No.3/2002, accordingly you are
inform by this yadi and hand over Accused Ketan Kantilal
Sheth to P.S.I. Gandevi Shri L.B.Zala.



R 2/9/02
Judicial Magistrate F.C.
Valsad.



m.n. 369/02
71-4-G-02
27-21-02 SID 23/6

IN THE COURT OF HON'BLE SPECIAL JUDGE FOR GR. MUMBAI AT MUMBAI
MISC. APPLN. NO. OF 2002
IN
4/E/2002 B.F., F.C., C.B.I.
The State
(Gandevi Police Station,
Dist : Navsari, Gujarat). ..Applicant

v/s

Ketan Kantilal Sheth

..Accused

MAY IT PLEASE YOUR HONOUR :

I, L.B. Zala, Police Sub-Inspector, attached to Gandevi Police Station, Dist : Navsari, Gujarat, do hereby state on solemn affirmation as under :-

1. I say that the aforesaid accused was arrested by F.C., C.B.I., in their C.R.No.4/E/2002 and at present lodged in Arthur Road Central Prison, Mumbai.

2. I say that the aforesaid accused is required by Gandevi Police Station, Dist : Navsari, Gujarat, in M. Case No.3/02 u/s 406,409,420 I.P.C.

It is, therefore, prayed that :-

- (a) Necessary directions may kindly be issued to the Superintendent, Arthur Road Central Prison, Mumbai, to hand over the aforesaid accused to Gandevi Police Station, Dist : Navsari, Gujarat, in their M. Case No.3/02 u/s 406,409,420 I.P.C. for the purpose of investigation.

Solemnly affirmed at Mumbai)

This day of Sept., 2002)

Identified by me/-

Rohini Salgar
Public Prosecutor, Gr. Mumbai.

(L.B. Zala
Police Sub-Inspector,
Gandevi P. Stn., Dist : Nav
Gujrat

Before me/-



To,
The Hon'ble Circle Police Inspector,
Bilimora.

Subject: Transfer of investigation for Gandevi Police Station M.
Case No. 3/02 under IPC Sections 406, 420, 120B.

Reference: Order No. RB/Investigation/02 dated 20/7/02 from the
Hon'ble Superintendent of Police, Navsari.

With greetings, the Police Sub-Inspector, Gandevi Police Station,
submits the following humble request report:

In reference to the above subject and order, it is stated that, pursuant to the directive from the Hon'ble Superintendent of Police, Navsari, the further investigation of Gandevi Police Station M. Case No. 3/02 under IPC Sections 406, 420, and 120B is to be transferred to Your Honour. Accordingly, the case papers related to the investigation conducted, including documents numbered 1 to 50 as per the sub-register, along with the original Case Diaries Nos. 1 to 5, are attached herewith. It is respectfully requested that these case papers be accepted and retained.

Date: 31/7/02

Sd/- Illegible
Police Sub-Inspector
Gandevi

**Before the Hon'ble Judicial Magistrate First Class Court, Gandev
Criminal Case No. 11/2002**

Complainant: Shri Champakbhai R. Mali, Age: 55 years,
Occupation: Service
Resident of: Ugman Street, Gandevi, Taluka Gandevi,
District Navsari

Versus

Accused:

(1) Home Trade Limited

Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai
400021

(2) Shri Nandkishor Shankarlal Trivedi

Age: 45 years

Occupation: Business

Resident: Dev Bhuvan, Second Floor, Chira Bazaar, Mumbai

(3) Shri Ketan Kantilal Seth

Age: 40 years

Occupation: Business

Resident: 193, Lalit Kutir, Gulmohar Cross Road 9, Juhu, Mumbai

(4) Shri Sanjay Hariram Agarwal

Age: 35 years

Occupation: Business

Resident: Juhu Shalimar, C.H.S., Gulmohar Cross Road No. 10, Juhu, Mumbai

(5) Shri Subodh Bhandari

Age: 46 years

Occupation: Business

Resident: 704/B, Govind Complex, Sector 14, Vashi, Navi Mumbai 400705

(6) Shri Hiten Bhupendra Shah

Age: Approximately adult

Occupation: Business

Resident: 102, Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai 400055

(7) Shri Hiren Gada

Age: Approximately adult

Occupation: Business, Senior Vice President, Home Trade Limited

Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021

(8) Shri Shashank Gopal Patil

Age: 40 years

Occupation: Business

Resident: 3/1, Radhakrishna Niwas, Ground Floor, S.K. Bole Road, Dadar (C.W. Jr.), Mumbai

(9) Shri Vijay Himatlal Modi

Age: 46 years

Occupation: Business

Resident: A/203, Amita Co-operative Housing Society, Kulupwadi Road, Borivali (East), Mumbai 400063

(10) Shri Salil Dinakarlal Gandhi

Age: 43 years

Occupation: Business

Resident: 11/13, Gold Coin Co-operative Housing Society, Tardev, Mumbai 400034

(11) Shri Alan James Macmillan

Age: 41 years

Occupation: Business

Resident: 785 Castro Street, Mountain View, CA 94041, U.S.A.

(12) Shri Rasal Bankekam Vegar

Age: Approximately adult

Occupation: Business

Resident: Timber Hill Terrace, Iron Field, MA 1940, U.S.A.

(13) Shri Mike alias Manoj Ambelal Shah

Age: Approximately 58 years

Occupation: Business

Resident: Bellary Road, R.M.V. Extension, Bangalore 506080

(14) Shri Dhananjay Agarwal

Age: Approximately adult

Occupation: Business, Director, Home Trade Limited

Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai
400021

(15) Smt. Shilpa Hiten Shah

Age: Approximately adult

Occupation: Business

Resident: 102, Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai
400055

(16) Smt. Jagruti Ketan Seth

Age: Approximately adult

Occupation: Business

Resident: 193, Lalit Kutir, Gulmohar Cross Road No. 9, Juhu, Mumbai

(17) Smt. Kanan Mevawala

Age: Approximately 28 years

Occupation: Business

Resident: Jayant Mahal, Fifth Floor, Opposite Wankhede Stadium, Marine Drive, Mumbai

(18) Shri Ketan R. Mashkariya

Age: Approximately 35 years

Occupation: Business, Director, Home Trade Limited

Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021

(19) Shri Neeraj A. Surati

Age: Approximately 34 years

Occupation: Business

Resident: Surya Flats, First Floor, Above Surya Shopping Complex, Sevashram Road, Bharuch 392001

(20) Smt. Kruti Neeraj Surati

Age: Approximately adult

Occupation: Business

Resident: Matru Ashish, Near Rungta Eye Hospital, Sindhvai, Bharuch 392001

Complaint: Under IPC Sections 406, 420, 120B

The basis of our complaint is as follows:

(1) We, the complainant, are an institution established and operating at Gandevi under the Banking Regulation Act, 1949, the Gujarat Co-operative Societies Act, and its sub-rules. Our institution has been granted the necessary licenses by the Reserve Bank of India, Ahmedabad, to conduct banking operations. The head office of our institution is located at Gandevi, with additional offices in Bilimora and Chikhli. The Board of Directors of our institution, through Resolution No. 2(A)3 dated 19-5-02, has authorized us, the complainant, to take legal action against the accused in this case. Accordingly, the present complaint is filed against the accused.

(2) Accused No. 1, M/s Home Trade Limited, is a firm engaged in share and stock broking, registered with the National Stock Exchange. Accused Nos. 1 to 18 are directors of the aforementioned firm, while Accused Nos. 19 and 20 conduct business in Bharuch and present themselves as agents of Accused No. 1's firm. They have made such representations to us, the complainant, and we have relied on these representations, accepting them as agents of Accused No. 1's firm and conducting transactions accordingly. Accused Nos. 2 to 8 personally manage and administer Accused No. 1's firm under their direct supervision and are responsible for its operations. In this capacity, the present complaint is filed against the accused.

(3) Accused No. 3, Shri Ketan Seth, is a prominent share broker in Mumbai. In 1999, he represented himself as a reputed share broker and director of Euro Asian Securities Limited, a member of the National Stock Exchange, claiming that the company conducts large-scale government securities transactions to the satisfaction of its customers.

The complainant bank is required to maintain a Statutory Liquidity Ratio (SLR) amount, as mandated by the Reserve Bank of India under the Banking Regulation Act, 1949. This SLR requires investment in government securities, with the ratio determined periodically by the Reserve Bank. Compliance with these directives is mandatory for all government banks, and thus, the complainant bank was also obligated to invest in government securities to meet SLR requirements.

(4) Based on the above facts and legal requirements, and relying on the representations and assurances of Accused No. 3, Ketan Seth, in October 1999, the complainant bank issued Cheque No. 63956 from Maharashtra State Co-operative Bank Limited, Mumbai, for Rs. 25,77,358.61 to purchase government securities. The accused completed this transaction to the complete satisfaction of the complainant.

(5) Subsequently, in May 2000, Accused No. 3, Ketan Seth, Accused No. 4, Sanjay Agarwal, and Accused No. 2, Nandkishor Trivedi, visited the main branch of the complainant bank in Gandevi and represented that their firm, Euro Asian Securities Limited, had changed its name to Home Trade Limited. They stated that Home Trade Limited is a member of the National Stock Exchange, conducts government securities transactions, and is managed by highly professional technocrats. They requested that future transactions be conducted with them. Additionally, they represented that Home Trade Limited has a sister company, Vez India Limited, and that prominent personalities such as Shah Rukh Khan, Hrithik Roshan, Sachin Tendulkar, and Priyanka Chopra are associated with their group's traditional transactions. They invited the complainant bank's directors to visit their office in Mumbai to gain firsthand knowledge of their operations. Considering their request, the complainant bank's directors visited their office at Software Park, Navi Mumbai, which was an ultra-modern, computerized, air-conditioned facility equipped with advanced amenities. The accused claimed that their firm handles a significant portion of the operations of the Mumbai and Pune Stock Exchanges and made grandiose assertions about their firm's capabilities. From the outset, the accused had the intent to deceive the complainant bank by making false representations and creating a misleading impression of their firm's credibility.

(6) Relying on the accused's representations and to fulfill SLR requirements, the complainant bank conducted the following financial transactions with the accused:

Details of Financial Transactions

(a) In October 1999, a cheque (No. 63956) from Maharashtra State Co-operative Bank Limited, Mumbai, for Rs. 25,77,358.61 was issued to purchase government securities, and the transaction was completed.

(b) In May 2002, Accused Shri Ketan Seth, Sanjay Agarwal, and Trivedi visited Gandevis and represented that their firm, previously named Euro Asian Securities, was now Home Trade Limited. They stated that Home Trade Limited conducts government securities transactions, is a member of the Stock Exchange, and requested that future transactions be conducted with them. They further represented that Home Trade Limited is managed by highly professional experts and that prominent personalities such as Shah Rukh Khan, Hrithik Roshan, Sachin Tendulkar, and Priyanka Chopra are associated with the institution's activities. Based on their representations and request, we visited their office in Navi Mumbai, met Ketan Seth and other directors, who made grand claims about their institution. From that time, the accused's intention was to deceive the complainant bank.

(c) Based on the accused's representations, on 16/1/2001, we instructed the purchase of government securities, and the accused issued Contract Notes No. 6405 and 6407 dated 16/1/2001 for Rs. 1,98,95,641.67.

(d) Based on the accused's Contract Notes No. 6403 and 6406, we resolved to purchase 13.80% bonds of the Sardar Sarovar Narmada Nigam, and for the purchase and sale of these bonds, we were to pay the accused Rs. 63,79,986.02, which was paid via Cheque No. 069109 from HDFC Bank.

(e) In another transaction, we instructed the sale of securities worth Rs. 2,21,90,375.00, for which the accused issued Contract Notes No. 6815 and 6817, and we provided the securities to the accused. For this sale, we purchased 9.85% GOI 2015 securities worth Rs. 2,02,38,305.56 through the accused's Contract Note No. 6813, and the difference of Rs. 19,52,069.44 was paid by the accused. However, the accused did not deliver the securities under Contract Note No. 6813.

(f) In November 2001, when we instructed the accused to deliver the securities under Contract Note No. 6813, the accused stated that selling these securities would be profitable. Accordingly, we instructed the accused to sell the

securities, and they reported having sold them for Rs. 2,16,68,694.44 via Contract Note No. 6867 dated 15/11/2001.

(g) To meet our SLR requirements, we instructed the purchase of 10.03% GOI 2019 securities, and the accused issued Contract Note No. 6869 dated 15/11/2001 for Rs. 2,72,93,665.67. We paid the difference of Rs. 56,24,972.23 to the accused via Cheque No. 297812 from HDFC Bank. The accused was to deliver these securities to us in December 2001.

(h) On 13/12/2001, instead of accepting delivery of the aforementioned securities, we, the complainant, instructed the accused to sell these securities. The accused issued Contract Note No. 6939 dated 16/12/2001 for Rs. 2,90,16,743.06.

(i) To meet our SLR requirements, we purchased 7.50% GOI 2010 securities from the accused through Contract Note No. 6941 dated 16/12/2001 for Rs. 2,79,58,333.33. The difference of Rs. 10,58,409.33 was paid to us by the accused via cheque. However, the accused was required to deliver these securities to us, the complainant.

(j) On 26/2/2002, we instructed the accused to proceed with the sale of the transaction under Contract Note No. 6941, and the accused issued Contract Note No. 7435 dated 26/2/2002 for Rs. 2,86,79,062.50 to us.

(7) To meet our requirements, we instructed the accused in this case to purchase 8.07% GOI 2017 securities. The accused issued Contract Note No. 7437 dated 26/2/2002 for Rs. 2,90,10,162.50. From the outset, the accused, in collusion with each other, made misrepresentations to our complainant institution and, with malicious intent, deliberately enticed us to misappropriate crores of rupees. Despite our repeated demands, the accused have neither returned nor delivered the 8.07% GOI 2017 securities under Contract Note No. 7437 dated 26/2/2002. Despite our repeated attempts to contact the accused via phone, fax, and in person, the accused do not appear at their usual place of business or residence, nor do they provide the securities as per our demands or act in

accordance with the promises and trust they established. Subsequently, through newspapers, television, and other sources, we, the complainant, became convinced that the accused in this case, as stated in the complaint, failed to deliver the securities worth Rs. 2,90,10,162.50 under Contract Note No. 2017 dated 26/2/2002 [likely a typo for No. 7437], which we, the complainant, had purchased and for which the accused were responsible. By doing so, the accused deliberately committed the acts mentioned in the complaint, constituting serious criminal offenses under Sections 406, 420, and 120B of the Indian Penal Code. Due to their illegal actions, we were compelled to file the present complaint at the Gandevi Police Station on 9/7/2002. However, they advised us to seek justice through the court, necessitating the filing of this complaint here.

(8) Our witnesses are as follows:

- (1) I, the complainant myself
- (2) Shri Akshay R. Desai, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
- (3) Shri Mukesh Mehta, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
- (4) Shri Manharlal D. Shah, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
- (5) Shri Kishor T. Patel, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi
- (6) Shri Gulabbhai B. Patel, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi

Additional witnesses will be presented as needed during the investigation.

Date: 10/7/2002

Today, we, the complainant, at Gandevi, declare on affirmation that all the facts written in the above complaint are true and correct to our knowledge and belief.

Date: 10/7/2002

GUJARAT STATE POLICE WIRELESS GRID
(Traffic Section)
MESSAGE FORM

GUJARAT STATE

IN CALL:

PRIORITY: 05

TRANS. INSTRUCTIONS: 2-1-2

NR: 16

GR: 8/70

ABOVE THIS LINE FOR USE OF RADIO STAFF ONLY

TO: Deputy Superintendent of Police, Navsari

INFO: Sub-Divisional Police Officer, Navsari; Circle Police Inspector, Bilimora

FROM: Circle Police, Gandevi

ORIGINATOR'S NUMBER: [Not specified]

DATE: [Not specified]

IN REPLY TO: [Not specified]

DATE: [Not specified]

Gandevi Police Station M. Case No. 3/2002, under IPC Sections 406, 420, and 120B, has been registered at the police station today at 14:30 hours, following a directive from the Hon'ble Judicial First-Class Magistrate,

Gandevi. The complainant in this case is Shri Champakbhai R. Mali, resident of Uramani Street, Gandevi, who is the Manager of the Gandevi People's Co-operative Bank Ltd. The complainant has filed a public complaint against the officers of Home Trade Limited, Mumbai, alleging that they conspired to commit criminal breach of trust and fraudulently misappropriated a significant amount of Rs. 2,90,10,162.50, which was entrusted to them for the purchase of government securities on behalf of the Gandevi People's Co-operative Bank Ltd. Accordingly, an "M. Case" has been registered at Gandevi Police Station with the above details, and we have personally taken charge of the further investigation of this case. This is for Your Honor's information.

Circle Police, Gandevi

PRIORITY: [Not specified]

ORIGINATOR'S SIGNATURE & DESIGNATION: [Not specified]

BELOW THIS LINE FOR USE OF RADIO STAFF ONLY

T.O.O: [Not specified]

T.H.I: 15:05

TIME: [Not specified]

DATE: [Not specified]

TIME OUT: 15:05

DATE: [Not specified]

READER: [Not specified]

SENDER: [Not specified]

M. Case No. 3/02

**First Information of a Cognizable Offense Reported at the Police Station
under Section 154 of the Code of Criminal Procedure**

Sub-Division: Navsari

District: Navsari

Date and Time of Offense: From 26/2/2002 to the present day, at all times

1. **Date and Time of Reporting:** 16/7/2002, 14:30 hours
2. **Place of Offense, Distance from Police Station, and Direction:** Village Gandevi, People's Co-operative Bank Limited, 200 meters east, Town Beat, Taluka Gandevi
3. **Date Dispatched from Police Station:** 16/7/2002
4. **Name and Address of Informant and Complainant:** Champakbhai R. Mali, Age: 55 years, Occupation: [Illegible], Resident of Ugman Street, Gandevi, Taluka Gandevi, District Navsari
5. **Name and Address of Accused:**
 - (1) Home Trade Limited, Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
 - (2) Nandkishor Shankarlal Trivedi, Age: 45 years, Occupation: Business, Resident: Dev Bhuvan, Second Floor, Room No. 32, Gajdar Street, Chira Bazaar, Mumbai
 - (3) Ketan Kantilal Seth, Age: 40 years, Occupation: Business, Resident: 193, Lalit Kutir, C.H.S., Gulmohar Cross Road 9, Juhu, Mumbai

- (4) Sanjay Hariram Agarwal, Age: 35 years, Occupation: Business, Resident: Juhu Shalimar, C.H.S. Limited, Gulmohar Cross Road No. 10, Juhu, Mumbai
- (5) Subodh Bhandari, Age: 46 years, Occupation: Business, Resident: 704/B, Govind Complex, Sector 14, Vashi, Navi Mumbai
- (6) Hiten Bhupendra Shah, Age: Approximately adult, Occupation: Business, Resident: 102, Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai 400055
- (7) Hiren Gada, Age: Approximately adult, Occupation: Business, Senior Vice President, Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
- (8) Shashank Gopal Rande, Age: 40 years, Occupation: Business, Resident: 3/1, Radhakrishna Niwas, Ground Floor, Dagadiwadi, S.K. Bole Road, Dadar (C.W. Jr.), Mumbai
- (9) Vijay Himatlal Modi, Age: 46 years, Occupation: Business, Resident: A/203, Amita Co-operative Housing Society Limited, Kulupwadi Road, Borivali (East), Mumbai 400063
- (10) Salil Dinakarlal Gandhi, Age: 43 years, Occupation: Business, Resident: 11/13, Gold Coin Co-operative Housing Society Limited, Tardev, Mumbai 400034
- (11) Alan James Macmillan, Age: 41 years, Occupation: Business, Resident: 785 Castro Street, Mountain View, CA 94041, U.S.A.
- (12) Rasal Bankekam Vegar, Age: Approximately adult, Occupation: Business, Resident: Timber Hill Terrace, Sion Geld, MA 1940, U.S.A.

- (13) Mike alias Manoj Ambelal Shah. Age: 58 years, Occupation: Business, Resident: Bellary Road, R.M.V. Extension, Bangalore 5060080
- (14) Dhananjay Agarwal, Age: Approximately adult, Occupation: Business, Director, Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
- (15) Smt. Shilpa Hiten Shah, Age: Approximately adult, Occupation: Business, Resident: 102, Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai 400055
- (16) Smt. Jagruti Ketan Seth, Age: Approximately adult, Occupation: Business, Resident: 193, Lalit Kutir, Gulmohar Cross Road No. 9, Juhu, Mumbai
- (17) Smt. Kanan Mevawala, Age: Approximately 28 years, Occupation: Business, Resident: Jayant Mahal, Fifth Floor, Opposite Wankhede Stadium, Marine Drive, Mumbai
- (18) Ketan R. Mashkariya, Age: 35 years, Occupation: Business, Director, Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
- (19) Neeraj A. Surati, Age: 34 years, Occupation: Business, Resident: Surya Flats, First Floor, Above Surya Shopping Complex, Sevashram Road, Bharuch 392001
- (20) Smt. Kruti Neeraj Surati, Age: Approximately adult, Occupation: Business, Resident: Matru Ashish, Near Rungta Eye Hospital, Sindhvai, Bharuch 392001

6. Brief Description of Offense with Sections and, if Property Taken, Brief Description Thereof:

Brief Details: Under IPC Sections 406, 420, and 120B, it is represented that on the aforementioned date and place, the accused listed in point 5, officers of Home Trade Limited, Mumbai, gained the trust of the officers of the Gandevi People's Co-operative Bank Limited and conspired to fraudulently misappropriate a significant amount of Rs. 2,90,10,162.50, which was entrusted for the purchase of government securities, thereby causing financial loss to the bank and committing the offense.

**Before the Hon'ble Judicial Magistrate First Class Court, Gandevi
Criminal Case No. 11/2002**

Complainant:

Champakbhai R. Mali, Age: 55 years, Occupation: Service, Resident: Ugman Street, Gandevi, Taluka Gandevi, District Navsari

Versus

Accused:

- (1) Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
- (2) Shri Nand Kishor Shankarlal Trivedi, Age: 45 years, Occupation: Business, Resident: Dev Bhuvan, Second Floor, Room No. 32, Gajdar Street, Chira Bazaar, Mumbai
- (3) Shri Ketan Kantilal Seth, Age: 40 years, Occupation: Business, Resident: 143, Lalit Kutir, C.H.S., Gulmohar Cross Road 9, Juhu, Mumbai

- (4) Shri Sanjay Hariram Agarwal, Age: 35 years, Occupation: Business, Resident: Juhu Shalimar, C.H.S. Limited, Gulmohar Cross Road No. 10, Juhu, Mumbai
- (5) Shri Subodh Bhandari, Age: 46 years, Occupation: Business, Resident: 704/B, Govind Complex, Sector 14, Vashi, Navi Mumbai
- (6) Shri Hiten Bhupendra Shah, Age: Approximately adult, Occupation: Business, Resident: 102, Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai 400055
- (7) Shri Hiren Gada, Age: Approximately adult, Occupation: Business, Senior Vice President, Home Trade Limited, Address: Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai 400021
- (8) Shri Shashank Gopal Rande, Age: 40 years, Occupation: Business, Resident: 3/1, Radhakrishna Niwas, Ground Floor, Dagadiwadi, S.K. Bole Road, Dadar (C.W. Jr.), Mumbai
- (9) Shri Vijay Himatlal Modi, Age: 46 years, Occupation: Business, Resident: A/203, Amita Co-operative Housing Society Limited, Kulupwadi Road, Borivali (East), Mumbai 400063
- (10) Salil Dinakarlal Gandhi, Age: 43 years, Occupation: Business, Resident: 11/13, Gold Coin Co-operative Housing Society Limited, Tardev, Mumbai 400034
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- (12) Rasal Bankekam Vegar, Age: Approximately adult, Occupation: Business, Resident: Timber Hill Terrace, Sion Geld, MA 1940, U.S.A.

- (13) Shri Mike alias Manoj Ambelal Shah, Age: 58 years,
Occupation: Business, Resident: Bellary Road, R.M.V.
Extension, Bangalore 5060080
- (14) Shri Dhananjay Agarwal, Age: Approximately adult,
Occupation: Business, Director, Home Trade Limited, Address:
Mittal Court, 'A' Wing, 143, 14th Floor, Nariman Point, Mumbai
400021
- (15) Smt. Shilpa Hiten Shah, Age: Approximately adult, Occupation:
Business, Resident: 102, Gandhi Niwas, Ashok Nagar Road,
Vakola, Santacruz, Mumbai 400055
- (16) Smt. Jagruti Ketan Seth, Age: Approximately adult, Occupation:
Business, Resident: 193, Lalit Kutir, Gulmohar Cross Road No.
9, Juhu, Mumbai
- (17) Smt. Kanan Mevawala, Age: Approximately 28 years,
Occupation: Business, Resident: Jayant Mahal, Fifth Floor,
Opposite Wankhede Stadium, Marine Drive, Mumbai
- (18) Ketan R. Mashkariya, Age: 35 years, Occupation: Business,
Director, Home Trade Limited, Address: Mittal Court, 'A' Wing,
143, 14th Floor, Nariman Point, Mumbai 400021
- (19) Shri Neeraj A. Surati, Age: 34 years, Occupation: Business,
Resident: Surya Flats, First Floor, Above Surya Shopping
Complex, Sevashram Road, Bharuch 392001
- (20) Smt. Kruti Neeraj Surati, Age: Approximately adult,
Occupation: Business, Resident: Matru Ashish, Near Rungta Eye
Hospital, Sindhvai, Bharuch 392001

Complaint: Under IPC Sections 406, 420, 120B

The basis of our complaint is as follows:

(1) We, the complainant, are an institution established and operating at Gandevi under the Banking Regulation Act, 1949, the Gujarat Co-operative Societies Act, and its sub-rules. Our institution has been granted the necessary licenses by the Reserve Bank of India, Ahmedabad, to conduct banking operations. The head office of our institution is located at Gandevi, with additional offices in Bilimora and Chikhli. The Board of Directors of our institution, through Resolution No. 2(A)3 dated 19-5-02, has authorized us, the complainant, to take legal action against the accused in this case. Accordingly, the present complaint is filed against the accused.

(2) Accused No. 1, M/s Home Trade Limited, is a firm engaged in share and stock broking, registered with the National Stock Exchange. Accused Nos. 1 to 18 are directors of the aforementioned firm, while Accused Nos. 19 and 20 conduct business in Bharuch and present themselves as agents of Accused No. 1's firm. They have made such representations to us, the complainant, and we have relied on these representations, accepting them as agents of Accused No. 1's firm and conducting transactions accordingly. Accused Nos. 2 to 8 personally manage and administer Accused No. 1's firm under their direct supervision and are responsible for its operations. In this capacity, the present complaint is filed against the accused.

(3) Accused No. 3, Shri Ketan Seth, is a prominent share broker in Mumbai. In 1999, he represented himself as a reputed share broker and director of Euro Asian Securities Limited, a member of the National Stock Exchange, claiming that the company conducts large-scale government securities transactions to the satisfaction of its customers. The complainant bank is required to maintain a Statutory Liquidity Ratio (SLR) amount, as mandated by the Reserve Bank of India under the Banking Regulation Act, 1949. This SLR requires investment in government securities, with the ratio determined periodically by the Reserve Bank. Compliance with these directives is mandatory for all government banks,

and thus, the complainant bank was also obligated to invest in government securities to meet SLR requirements.

(4) Based on the above facts and legal requirements, and relying on the representations and assurances of Accused No. 3, Ketan Seth, in October 1999, the complainant bank issued Cheque No. 63956 from Maharashtra State Co-operative Bank Limited, Mumbai, for Rs. 25,77,358.61 to purchase government securities. The accused completed this transaction to the complete satisfaction of the complainant.

(5) Subsequently, in May 2000, Accused No. 3, Ketan Seth, Accused No. 4, Sanjay Agarwal, and Accused No. 2, Nandkishor Trivedi, visited the main branch of the complainant bank in Gandevi and represented that their firm, previously named Euro Asian Securities Limited, had changed its name to Home Trade Limited. They stated that Home Trade Limited is a member of the National Stock Exchange, conducts government securities transactions, and is managed by highly professional technocrats. They requested that future transactions be conducted with them. Additionally, they represented that Home Trade Limited has a sister company, Vez India Limited, and that prominent personalities such as Shah Rukh Khan, Hrithik Roshan, Sachin Tendulkar, and Priyanka Chopra are associated with their group's traditional transactions. They invited the complainant bank's directors to visit their office in Mumbai to gain firsthand knowledge of their operations. Considering their request, the complainant bank's directors visited their office at Software Park, Navi Mumbai, which was an ultra-modern, computerized, air-conditioned facility equipped with advanced amenities. The accused claimed that their firm handles a significant portion of the operations of the Mumbai and Pune Stock Exchanges and made grandiose assertions about their firm's capabilities. From the outset, the accused had the intent to deceive the complainant bank by making false representations and creating a misleading impression of their firm's credibility.

(6) Relying on the accused's representations and to fulfill SLR requirements, the complainant bank conducted the following financial transactions with the accused:

Details of Financial Transactions

- (a) In October 1999, a cheque (No. 63956) from Maharashtra State Co-operative Bank Limited, Mumbai, for Rs. 25,77,358.61 was issued to purchase government securities, and the transaction was completed.
- (b) In May 2002, Accused Shri Ketan Seth, Sanjay Agarwal, and Trivedi visited Gandevi and represented that their firm, previously named Euro Asian Securities, was now Home Trade Limited. They stated that Home Trade Limited conducts government securities transactions, is a member of the Stock Exchange, and requested that future transactions be conducted with them. They further represented that Home Trade Limited is managed by highly professional experts and that prominent personalities such as Shah Rukh Khan, Hrithik Roshan, Sachin Tendulkar, and Priyanka Chopra are associated with the institution's activities. Based on their representations and request, we visited their office in Navi Mumbai, met Ketan Seth and other directors, who made grand claims about their institution. From that time, the accused's intention was to deceive the complainant.
- (c) Based on the accused's representations, on 16/1/2001, we instructed the purchase of government securities, and the accused issued Contract Notes No. 6405 and 6407 dated 16/1/2001 for Rs. 1,98,95,641.67.
- (d) Based on the accused's Contract Notes No. 6403 and 6409, we resolved to purchase 13.90% bonds of the Sardar Sarovar Narmada Nigam, and for the purchase and sale of these bonds, we were to pay the accused Rs. 63,79,986.02, which was paid via Cheque No. 069109 from HDFC Bank.

(e) In another transaction, we instructed the sale of securities worth Rs. 2,21,90,375.00, for which the accused issued Contract Notes No. 6815 and 6817, and we provided the securities to the accused. For this sale, we purchased 9.85% GOI 2015 securities worth Rs. 2,02,38,305.56 through the accused's Contract Note No. 6813, and the difference of Rs. 19,52,069.44 was paid by the accused. However, the accused did not deliver the securities under Contract Note No. 6813.

(f) In November 2001, when we instructed the accused to deliver the securities under Contract Note No. 6813, the accused stated that selling these securities would be profitable. Accordingly, we instructed the accused to sell the securities, and they reported having sold them for Rs. 2,16,68,694.44 via Contract Note No. 6867 dated 15/11/2001.

(g) To meet our SLR requirements, we instructed the purchase of 10.03% GOI 2019 securities, and the accused issued Contract Note No. 6869 dated 15/11/2001 for Rs. 2,72,93,665.67. We paid the difference of Rs. 56,24,972.23 to the accused via Cheque No. 297812 from HDFC Bank. The accused was to deliver these securities to us in December 2001.

(h) On 13/12/2001, instead of accepting delivery of the aforementioned securities, we, the complainant, instructed the accused to sell these securities. The accused issued Contract Note No. 6939 dated 16/12/2001 for Rs. 2,90,16,743.06.

(i) To meet our SLR requirements, we purchased 7.50% GOI 2010 securities from the accused through Contract Note No. 6941 dated 16/12/2001 for Rs. 2,79,58,333.33. The difference of Rs. 10,58,409.33 was paid to us by the accused via cheque. However, the accused was required to deliver these securities to us, the complainant.

(j) On 26/2/2002, we instructed the accused to proceed with the sale of the transaction under Contract Note No. 6941, and the accused issued Contract Note No. 7435 dated 26/2/2002 for Rs. 2,86,79,062.50 to us.

(7) To meet our requirements, we instructed the accused in this case to purchase 8.07% GOI 2017 securities. The accused issued Contract Note No. 7437 dated 26/2/2002 for Rs. 2,90,10,162.50. From the outset, the accused, in collusion with each other, made misrepresentations to our complainant institution and, with malicious intent, deliberately enticed us to misappropriate crores of rupees. Despite our repeated demands, the accused have neither returned nor delivered the 8.07% GOI 2070 [likely a typo for 2017] securities under Contract Note No. 7437 dated 26/2/2002. Despite our repeated attempts to contact the accused via phone, fax, and in person, the accused do not appear at their usual place of business or residence, nor do they provide the securities as per our demands or act in accordance with the promises and trust they established. Subsequently, through newspapers, television, and other sources, we, the complainant, became convinced that the accused in this case, as stated in the complaint, failed to deliver the securities worth Rs. 2,90,10,162.50 under Contract Note No. 2017 [likely a typo for No. 7437] dated 26/2/2002, which we, the complainant, had purchased and for which the accused were responsible. By doing so, the accused deliberately committed the acts mentioned in the complaint, constituting serious criminal offenses under Sections 406, 420, and 120B of the Indian Penal Code. Due to their illegal actions, we were compelled to file the present complaint at the Gandevi Police Station on 9/7/2002. However, they advised us to seek justice through the court, necessitating the filing of this complaint here.

(8) Our witnesses are as follows:

(1) I, the complainant myself

(2) Shri Akshay R. Desai, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi

(3) Shri Mukesh Mehta, Director, The Gandevi People's Co-operative Bank Limited, Resident of Bilimora

(4) Shri Manharlal D. Shah, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi

(5) Shri Kishor T. Patel, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi

(6) Shri Gulabbhai B. Patel, Director, The Gandevi People's Co-operative Bank Limited, Resident of Gandevi

Additional witnesses will be presented as needed during the investigation.

Date: 10/7/2002

Affirmation:

Today, we, the complainant, at Gandevi, declare on affirmation that all the facts written in the complaint are true and correct to our knowledge and belief.

Date: 10/7/2002

The above written complaint was received from the Hon'ble Judicial Magistrate First Class, Gandevi, under Dispatch No. 763/02 as Criminal Miscellaneous Application No. 11/02 dated 12/7/02 for investigation. Accordingly, this case has been registered at Gandevi Police Station as M. Case No. 3/02 dated 16/7/02, and a report under Section 157 of the Code of Criminal Procedure has been prepared and dispatched.

Signature: [Illegible]

Police Sub-Inspector
Gandevi

Dispatched to:

The Hon'ble Judicial First-Class Magistrate, Gandevi Court

Date: 16/7/02

Signature: [Illegible]

Police Sub-Inspector

Gandevi

Certified True Copy from Original

Signature: [Illegible]

(L.B. Zhala)

Police Sub-Inspector, Gandevi Police Station, District Navsari

Date: 17/7/2002

My name is Champaklal Rangildas Mali, age 55 years, occupation: service, resident of Ugman Street, Gandevi, Taluka Gandevi, Telephone No. 63932, Bank Nos. 62338, 63436.

I state in person, upon being questioned, as follows:

I reside at the above address with my family and have been serving as a Recovery Officer at The Gandevi People's Co-operative Bank Ltd., Gandevi, since 1986. On 30/11/2001, the then General Manager of our aforementioned bank, Shri Hasmukhbhai M. Desai, retired due to illness. Pursuant to Resolution No. 10(8) passed in the meeting of the Board of Directors of our aforementioned bank on 08/11/2001, I was entrusted with the additional responsibility of acting as In-Charge General Manager until further arrangements are made. Accordingly, since 01/12/2001, I have been performing the duties of In-Charge General Manager at the aforementioned bank, in addition to my role as Recovery Officer. I submit a certified true copy of the Board of Directors' Resolution No. 10(8) dated 08/11/2001 with this statement.

The Gandevi People's Co-operative Bank Ltd., Gandevi, has been granted License No. UBD-GUJ-1437 on 08/07/1997 under Sections 22(1) and 56(o) of the Banking Regulation Act, 1949, to carry out banking operations.

Generally, every citizen bank or co-operative bank, as per the provisions of the Banking Regulation Act, 1949, is required to invest in government securities to meet the Statutory Liquidity Ratio (SLR) requirements. In this context, our bank invested a total of Rs. 1,98,95,645.67 through Home Trade Limited, Mumbai, for the purchase of government securities. This amount was to be paid by our bank to Home Trade Limited, Mumbai. In return, we sold government securities of the Government of India worth Rs. 25 lakh, maturing

in 2009, at the prevailing market rate of 108.25%, amounting to Rs. 27,92,011.82, through a contract with Home Trade Limited, Mumbai, under Contract Note No. LBL/NSE/2001-02/0006403. Additionally, our bank held bonds of the Sardar Sarovar Narmada Nigam Limited (SSNL), guaranteed by the Government of Gujarat, with a face value of Rs. 1,00,00,000. These bonds were contracted for sale through Home Trade Limited, Mumbai, under the same Contract Note No. LBL/NSE/2001-02/0006403, at the market rate of Rs. 1,07,23,643.84 on that day. The total proceeds from these sales amounted to Rs. 1,35,15,655.65. Consequently, on 16/01/2001, our bank paid the difference of Rs. 63,79,986.02 for the purchase and sale of government securities through Home Trade Limited, Mumbai, via Cheque No. 069109 from HDFC Bank, Surat. This government securities purchase and sale process was carried out satisfactorily by Home Trade Limited, Mumbai, with our bank.

Similarly, on 22/10/2001, government securities of GOI 2012 with an annual interest rate of 11.03% were sold through Home Trade Limited, Mumbai, under Contract Note No. LBL/NSE/2001-02/0006815 at a market rate of 111.10% for Rs. 1,00,00,000 (face value), yielding Rs. 1,14,01,069.44. Additionally, government securities of GOI 2012 with an annual interest rate of 10.25%, held by our bank with a face value of Rs. 1,00,00,000, were contracted for sale through Home Trade Limited, Mumbai, on the same day, under Contract Note No. LBL/NSE/2001-02/0006817, yielding Rs. 1,07,89,305.56 at the market rate. The total proceeds from these sales were Rs. 2,21,90,374.00. On the same day, i.e., 22/10/2001, to meet our bank's SLR requirements, we purchased government securities of GOI 2015 with an annual interest rate of 9.85%, with a face value of Rs. 2,00,00,000, through Home Trade Limited, Mumbai, under Contract Note No. LBL/NSE/2001-02/0006813, at a market value of Rs. 2,02,38,305.56. Thus, on 22/10/2001, the difference from the purchase and sale of government securities through Home Trade Limited, Mumbai, amounted to Rs. 19,52,069.44, which was credited to

our bank's account at HDFC Bank, Surat, via Cheque No. 257017 by Home Trade Limited, Mumbai.

Thereafter, on 15/11/2001, our bank's government securities of GOI 2015 with an annual interest rate of 9.85% and a face value of Rs. 2,00,00,000 were sold through Home Trade Limited, Mumbai, under Contract Note No. LBL/NSE/2001-02/0006867, yielding Rs. 2,16,68,694.44 at the market rate. On the same day, to meet our bank's SLR requirements, we contracted to purchase government securities of GOI 2019 with an annual interest rate of 10.03% and a face value of Rs. 2.5 crore through Home Trade Limited, Mumbai. Despite paying the full amount as per the above details, the government securities, which were to be delivered within the stipulated time as per regulations, were not provided to our bank. When our bank demanded these securities via telephone from the responsible officer of Home Trade Limited, Mumbai, Ms. Kanan Mevawala, she advised that selling these securities would be profitable. Accordingly, on 16/12/2001, we contracted to sell the aforementioned GOI 2019 government securities through Home Trade Limited, Mumbai, under Contract Note No. LBL/NSE/2001-02/0006939, yielding Rs. 2,90,16,743.06. To meet our SLR requirements, we purchased government securities of GOI 2010 with an annual interest rate of 7.50% and a face value of Rs. 2.75 crore, at a market value of Rs. 2,79,58,333.33, under Contract Note No. LBL/NSE/2001-02/0006941. The difference from the purchase and sale of government securities on 16/12/2001, amounting to Rs. 10,58,409.33, was paid to our bank by Home Trade Limited, Mumbai, via Cheque No. 356171 credited to our account at HDFC Bank, Surat.

Subsequently, as the market value of our bank's GOI 2010 government securities was expected to yield higher returns, we contracted to sell these securities on 26/2/2002 through Home Trade Limited, Mumbai, under Contract Note No. LBL/NSE/2001-02/0007435, yielding Rs. 2,86,79,062.50 at the market rate. To meet our bank's SLR requirements, we needed to purchase new

government securities. We contracted to purchase GOI 2017 government securities with a face value of Rs. 2.75 crore on 26/2/2002 through Home Trade Limited, Mumbai, under Contract Note No. LBL/NSE/2001-02/0007437, for Rs. 2,90,10,162.50. The difference from the purchase and sale of government securities, amounting to Rs. 3,31,100.00, was to be paid by our bank to Home Trade Limited, Mumbai. However, the GOI 2017 government securities purchased under Contract Note No. LBL/NSE/2001-02/0007437 have not been delivered to our bank by Home Trade Limited, Mumbai, to date.

Therefore, the directors and officers of Home Trade Limited, Mumbai, conspired against our bank, gained our trust through prior financial transactions as detailed above, and committed fraud and criminal breach of trust by failing to deliver the GOI 2017 government securities purchased by our bank on 26/2/2002, valued at Rs. 2,86,79,062.50, causing serious financial loss to our bank.

To obtain the aforementioned government securities, our bank repeatedly contacted Home Trade Limited, Mumbai, via telephone and fax, demanding delivery within the stipulated time as per regulations. Despite these demands, the securities were not provided. Furthermore, on 22/4/2002, our bank's accountant, Shri Mahendrabhai Tailor, was sent in person to Home Trade Limited, Mumbai, with an authorization letter to collect the outstanding government securities. He visited their office in Vashi, Navi Mumbai, and met Director Shri Ketan R. Mashkariya, presenting the authorization letter addressed to the responsible officer, Shri Trivedi. Mashkariya asked Mahendrabhai to wait, went into the office, and returned after about fifteen minutes, stating that the securities purchased by our bank were not available. Instead, he provided a cheque (No. 984153, dated 10/6/2002) for Rs. 2,96,45,114.58, including interest up to that date, drawn on HDFC Bank, Surat, in favor of our bank, signed by N.S. Trivedi as an authorized signatory of Home Trade Limited. Mahendrabhai returned to Gandevi with this cheque.

On 10/6/2002, our accountant, Shri Mahendrabhai Tailor, deposited the cheque provided by Home Trade Limited, Mumbai, into our account at HDFC Bank, Surat.

On 17/6/2002, HDFC Bank, Surat, informed our bank in writing that Cheque No. 984153 dated 10/6/2002 was returned due to "Account Blocked" and could not be cleared. Consequently, Home Trade Limited, Mumbai, conspired to commit fraud and criminal breach of trust, causing our bank a significant financial loss of Rs. 2,96,45,114.58.

Meanwhile, on 28/4/2002, our bank's directors, Shri Manharbhai Shah and Shri Mukeshbhai Mehta, learned from television news that Home Trade Limited, Mumbai, had similarly failed to deliver government securities to Nagpur District Co-operative Bank, which had filed a complaint against Home Trade Limited. Director Shri Manharbhai Shah informed me and other bank officers of this fact. The next day, on 29/4/2002, our bank's Chairman, Shri Akshaybhai Desai, Vice-Chairman, Shri Mukeshbhai Mehta, and Director, Shri Manharbhai Shah, visited Home Trade Limited's office in Mumbai to retrieve our securities. However, the office was closed, and no responsible director or officer was available. Throughout the day, no specific information was obtained. The following day, they visited Home Trade Limited's sister concern, Vez India Limited, and learned that police had visited Home Trade Limited's office and that the company was involved in a large-scale scam related to government securities transactions.

On 30/4/2002, Director Shri Manharbhai Shah called me to Mumbai, where we confirmed that Home Trade Limited's officers had committed fraud and criminal breach of trust against our bank. On 2/5/2002, I filed complaints with the National Stock Exchange (NSE) of India Limited, Bandra Kurla Complex, Bandra, Mumbai, and the Securities and Exchange Board of India (SEBI), Nariman Point, Mumbai. On 4/5/2002, I also filed a complaint with the Economic Offences Wing, Crime Branch, Fraud Market, Mumbai. The officer

responsible accepted the complaint, provided a signed and stamped copy, but later returned it, stating that the complaint must be filed in my jurisdiction. As advised by NSE, SEBI, and Crime Branch officers, I filed the complaint in the Hon'ble Gandevi Court, as recorded to date.

We submit xerox copies of the relevant contract notes for the transactions with Home Trade Limited, Mumbai, xerox copies of the SLR requirements at the time, xerox copies of the cheques from HDFC Bank, Surat, the letter regarding the "Account Blocked" cheque, the complaint filed with SEBI, Mumbai, the complaint filed with NSE, Bandra, Mumbai, and other necessary documents with this statement.

Thus, Home Trade Limited, Mumbai, committed fraud and criminal breach of trust against our bank. As the accused are influential, we believe filing a complaint in court will ensure justice. Accordingly, through our advocate, Shri R.G. Desai, we have filed the present complaint. Based on our advocate's advice that complaints to be filed in the Hon'ble Court should not be lodged at Gandevi Police Station, I stated in my complaint that I had attempted to file it at Gandevi Police Station. In reality, I did not make any such attempt at Gandevi Police Station.

This is the truth of my complaint, which is correct and accurate.

Before,
Police Inspector
Gandevi

Date: 21/7/2002

My name is Champaklal Rangildas Mali, age 55 years, occupation: service, resident of Ugman Street, Gandevi, Taluka Gandevi.

I state in person, upon being questioned, as follows:

I reside at the above address and serve as the Manager of the Gandevi People's Co-operative Bank. On 17/7/2002, in the Hon'ble Gandevi Court, a complaint was read and explained to me regarding Home Trade Limited, Mumbai, and other individuals who failed to deliver government securities, thereby committing fraud and criminal breach of trust against our bank. In connection with this complaint, Your Honor questioned me and recorded my statement, which I provided. The statement I gave is correct and true as per my dictation. However, I wish to state specifically in public that in our bank, monthly meetings of the Board of Directors are held, during which resolutions are passed regarding the bank's deposits and investments. I submit xerox copies of these resolutions with this statement.

Furthermore, our bank operates in accordance with the regulations of the Reserve Bank of India (RBI), and an annual inspection is conducted. I submit a xerox copy of the RBI inspection note for the year 2001-02 with this statement.

Additionally, the special auditor appointed by the District Co-operative Joint Registrar, Navsari, conducted an audit of our bank for the period from 01/04/2000 to 31/03/2001. I submit a xerox copy of this audit report with this statement for the purposes of the investigation.

In relation to the Statutory Liquidity Ratio (SLR), I submit the following xerox copies of RBI circulars:

- (1) UBD-BR-42/1626001
- (2) RBI Register No. BR 742/16.26.00/00-01 dated 19/04/2001
- (3) RBI Circular No. UBD NO. BR CIR 42/16.26.00 dated 19/04/2001, along with the authorizing resolution No. 2(A)3 dated 19/05/2002, which pertains to the implementation of these circulars.

Moreover, regarding the government securities purchased by our aforementioned bank, I submit:

- A xerox copy of the 11.99% GOI 2009 securities, including the transfer form and securities certificate.
- A xerox copy of ten securities of 10.25% GOI 2012, each with a face value of one lakh, along with their respective transfer forms.
- A xerox copy of the 11.03% GOI 2012 securities transferred to our bank by Federal Bank Ltd., including the transfer form and securities certificate.

These documents are submitted for the purpose of the investigation. If required during the investigation, I will present additional documents. This is my special statement, which is true.

Before,
Police Sub-Inspector
Gandevi

EXHIBIT-A

202

CONTRACT NOTE
(Regulation 3.3)

Subject to the jurisdiction of the courts in India

Contract note issued by members acting for constituents as Brokers & Agents or principals

To: THE GANDEVI PEOPLES CO-OPERATIVE BANK LTD.
B-22/32 GANDEVI
DISTRICT - NAVSARI
PIN 395 350
PS Code:

Home Trade Ltd.
Home Trade Ltd.
Home Trade Ltd.

CONTRACT NO. LBLASER701 - 2,00,000 & 485
Constituent Order Ref. No.
Stamp as required under Article 49(3) of schedule I to the Banking Stamp Act, 1958.

We have this day done by your order and to your account the following transactions:

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (in Rs. Lacs)	Price (in Rs.)	Repo Rate (%)	OA (in Lacs)
0016012001212	TT	CCO/12	10.25		NA	100.00	96.25		NA

ST - Security Type TT - Trade type OA - Order Ambiguity

TRANSACTION DETAILS

B/S		ON	TN	TT	CBN	CPN	LP	FV/SV (Rs.)	BR (Rs.)	AI	TDS	TC
B	0016012001212	12.07	2:15:03			EURO	01/12/2000	9,625,000.00		139,213.89	0.00	9,764,513.89

TRADE DATE 16/01/2001 SETTLEMENT DATE 20/01/2001

CODES

B/S - Buy/Sell
ON - Order No.
TN - Trade No.

TT - Trade Time
TD - Trade Date
CBN - Counter Party Broker Name

CIN - Counter Party Participant Name
SD - Settlement Date
LP - Last Interest Payment Date

PV - Purchase Value
SV - Sale Value
BR - Brokerage

TDS - Tax Deducted
AI - Accrued Interest
TC - Total Consideration

This contract is made subject to the Rules, Bye-Laws and Regulations, and usages of the National Stock Exchange of India Limited, Bombay and other Government/Regulatory bodies as applicable.

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any claim (whether admitted or not) difference or dispute arising between you and me/us out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract, conditions and shall be deemed to constitute as provided overleaf an agreement between you and me/us that all claims (whether admitted or not) differences and dispute arising out of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay

For HOME TRADE LTD.

[Signature]
Authorized Signatory/Deputy





CONTRACT NO. 2
(Ref: 2004/214)

Subject to the jurisdiction of the courts in India

Contract note issued by members acting for constituents as Initiators & Agents or principals

To: THE GANDEVI PEOPLE'S CO-OPERATIVE BANK LTD
BILASAR GANDEVI
MOTIPAT - NAVSAR
386 260
Pin Code:

CONTRACT NO. LILASAR/2001 - 2, 10, 100 5, 407
Constituent Order Ref. No.
Security as required under Article 42(6) of Schedule 1 to the Depository Act, 1986.

For HOME TRADE LTD.
10/11/2001

We have this day done by your order and to your account the following transactions:

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Kcpo Point	Value (In Rs. Lacs)	Price (In Rs.)	Rcpo Rate (%)	OA (In Lacs)
0010012001214	GS	CO 2002	11.03		NA	100.00	101.25		NA

ST - Security Type TT - Trade type

OA - Order Annuities

(REMARKS - REFUNDON REVO)

TRANSACTION DETAILS

Trade Date 16/01/2001 Settlement Date 20/01/2001

B/S	ON	TN	TT	CBN	CPN	LIP	FVSV (Rs.)	ER (Rs.)	AI	TDS	TC
B	10/10/2001	11/11/01	122500		EURO	18/01/2001	10,125,000.00		6,127.72	0.00	10,131,127.78

CODES

B/S - Buy/Sell
ON - Order No.
TN - Trade No.

TT - Trade Type
TD - Trade Date
CBN - Counter Party Broker Name

CPN - Counter Party Participant Name
SD - Settlement Date
LIP - Last Interest Payment Date

FV - Purchase Value
SV - Sale Value
ER - Brokerage

TDS - Tax Deducted
AI - Accrued Interest
TC - Total Consideration

This contract is made subject to the Rules, Bye-Laws and Regulations, and usages of the National Stock Exchange of India Limited, Bombay, and other Government/Regulatory bodies as applicable.

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any claim (whether admitted or not) difference or dispute arising between you and me out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract constitutes and shall be deemed to constitute as provided overleaf an agreement between you and me that all claims (whether admitted or not) differences and dispute in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date prior or subsequent to the date of this contract) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay

For NSE TRADE LTD.

[Signature]
Sd/- Assistant Secretary



CONTRACT NO. 2004/2004
10/10/2004

Subject to the jurisdiction of the courts in India

Contract note issued by members action for constituents as Brokers & Agents or principals

To,
THE GANDEVI PEOPLES CO-OPERATIVE BANK LTD
BILGAJI GANDEVI
DISTRICT - NAVARATNA
PIN CODE - 395 100

CONTRACT NO. 2004/2004
10/10/2004
Constituent Order Ref. No.
Stamp as required under Article 43(1) of the Companies Act, 1956.

For: HOME TRADE LTD.

We have this day done by your order and to your account the following transactions:

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (in Rs.)	Price (in Rs.)	Repo Rate (%)	OA (in Lacs)
0010012001214	GS	CO 2012	11.03	NA	NA	100.00	101.25		NA

ST - Security Type

TT - Trade type

OA - Order Amount

(REAR - REPONON REPO)

TRANSACTION DETAILS

Trade Date: 10/10/2001 Settlement Date: 20/10/2001

BS	ON	TN	TT	CSN	CTN	LIP	PV/SV (Rs.)	BR (Rs.)	AI	TDS	TC
B	0010012001214	12.01	12.01	12.01	12.01	12.01	10,125,000.00		6,127.78	0.00	10,131,127.78

CODES

BS - Buy/Sell
ON - Order No.
TN - Trade No.

TT - Trade Type
TD - Trade Date
CSN - Counter Party Broker Name

CTN - Counter Party Participant Name
SD - Settlement Date
LIP - Last Interest Payment Date

PV - Purchase Value
SV - Sale Value
BIV - Brokerage

TDS - Tax Deducted
AI - Accrued Interest
TC - Total Consideration

This contract is made subject to the Rules, Bye-Laws and Regulations, and usages of the National Stock Exchange of India Limited, Bombay and other Government/Regulatory bodies as applicable.
 Brokerage has been charged as set out and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any claim/counterclaim or not difference arising between you and me/us out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract (entirety and abrid) is deemed to constitute as provided overleaf an agreement between you and me/us that all claims/counterclaims or not differences and dispute in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay

For J.M.E. TRADE LTD.

Sd/- *[Signature]*
 Asst. Assistant Secretary



269

Subject to the jurisdiction of the courts in India

Contract note issued by members action for constituents as brokers & agents or principals

TO: THE GANDEVI PIONEERS CO-OPERATIVE BANK LTD
BUDAUR GANDEVI
DISTRICT - NAWASARI
206 X20
Pin Code: 387 120

CONTRACT NO LUN/SC/2001-26-0006409
Constituent Order Ref. No.
Stamp as required under Section 43(1) of the Securities and Exchange Act, 1956

FOR: JIVE TRADE LTD.
JIVE TRADE LTD.
JIVE TRADE LTD.

WE have this day done by your order and to your account the following transactions:

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (in Rs. Lacs)	Price (in Rs.)	Repo Rate (%)	OA (in Lacs)
0016012001218	CZ	SSNL 2009	13.90		NA	100.00	102.40		NA

ST - Security Type TT - Trade type

TRANSACTION DETAILS

BS	ON	TN	TT	CIN	LP	PVSV (ES)	BR (RL)	AI	TDS	TC
S	0016012001218	11.04	2.56.01			10,240,000.00		43,641.14	0.00	10,72,640.84

BS - Buy/Sell
ON - Order No.
TN - Trade No.

TRADE DATE 14/01/2001 **SETTLEMENT DATE** 28/01/2001

DEBIT - REPONON REPO

TT - Trade Time
TD - Trade Date
CIN - Counter Party Broker Name
LP - Last Business Payment Date
PV - Purchase Value
SV - Sale Value
BR - Brokerage
TDS - Tax Deducted
AI - Annual Interest
TC - Total Consideration

This contract is made subject to the Rules, Bye-Laws and Regulations, and usages of the National Stock Exchange of India Limited, Bombay and other Government Regulatory bodies as applicable.

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any claim (whether admitted or not) difference or dispute arising between you and member firm of these transactions the matter shall be referred to arbitration in Bombay as per clause in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract constitutes and shall be deemed to constitute a provision created by an agreement between you and member firm all claims (whether admitted or not) differences and disputes in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd, Bombay

For HOME TRADING LTD.

[Signature]
Authorized Signatory



V-Sale Value
R-Residence



BOMBAY

This contract is made subject to the Stock Exchange and Regulations, and usages of the National Stock Exchange of India Limited, Bombay and other Government Regulatory bodies as applicable.

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and is stated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any claim or counter claim or difference or dispute arising between you and me or our respective agents, the matter shall be referred to arbitration in Bombay as provided in the Stock Exchange and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract constitutes an agreement to provide, on behalf of an agent between you and me, that all claims, whether admitted or not, after notice and dispute, except of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any questions whether such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Stock Exchange and Regulations of the National Stock Exchange of India Limited, Bombay.

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay

For HOME TRADE LTD.

B. S. Mankar
 Assistant Secretary





CONTRACT NO. LD-147-2000-2-01-18,817
Constituent Order Ref. No.

L. J. Fine

Order Number	ST	Security Name	Issue	TT	Repo Period	V.L. of if S.L. is 1	Price (in Rs.)	Repo Rate (%)	OA (in Lacs)
21102001110	TT	CC2012	10.25		NA	102.00	101.85		NA

Trade Date: 22/10/2001 Settlement Date: 23/10/2001

EVS	ON	TN	TT	CBN	CFN	LIP*	FVSV(RL)	BK(Fd)	AI	TDS	TC
S	20200801110	55.04	2/12/20			NORME TRADE 01/06/2001					

ES - Buy/Sell	TI - Trade Time	CFN - Counter Party Participant Name	IPV - Inverse Value	TDS - Tax Deductible
ON - Order No.	TD - Trade Date	ED - Settlement Date	SV - Settle Value	AI - Annual Interest
TH - Trade No.	CSN - Counter Party Broker Name	LP - Last Interest Payment Date	ES - Settle Age	TC - Total Consideration

File 2 of 2 of CC No. 2778 of 2004 Gandevi PS

the contract shall be subject to the Rules, Bye-Laws and Regulations, and usages of the National Stock Exchange of India in India, and shall be governed by the laws of India and the jurisdiction of the courts in India.

The exchange has been charged as aforesaid and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any claim (whether admitted or not) difference or dispute arising between you and me in or out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract is subject to the jurisdiction of the courts in Bombay. In the event of any claim (whether admitted or not) difference or dispute arising between you and me in or out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd, Bombay

For NSE TRADE LIMITED
General Secretary, Director



(203)

11-11-2004 11:11:11
KAPAS-13

Subject to the satisfaction of the conditions

Contract note issued by members action for constituents of brokers & agents or principals

RECEIVED BY
Name: _____
Signature: _____
Date: _____

RECEIVED BY
Name: _____
Signature: _____
Date: _____

TC
THE GANDEVI PEOPLES CO-OPERATIVE BANK LTD
BAZAAR GANDEVI
DISTRICT - NAVSARI
396 300
Pin Code: _____

CONTRACT NO. LBN/NT/2004-2402/06 6317
Constituent Order Ref. No.
Stamp as required under Article 5(3) of the Rules of Stamp Act 1958

For HOME TRADE (HOMES)

WE have this day done by your order and to your account the following transactions:

SECURITY DETAILS

Order Number	ST	TT	Security Name	Issue	TT	Repo Period	Value (in Rs. Lacs)	Price (in Rs.)	Repo Rate (%)	OA (in Lacs)
22102001110	TT		CC0012	10.25		NA	100.00	100.85		NA

ST - Security Type TT - Trade type OA - Order AirBasis (REAR - REPO/MON REPO)

TRANSACTION DETAILS

ID/S	ON	TN	TT	CBN	CFN	LIP	PV/SV (Rs.)	BR (Rs.)	AI	IDS	TC
S	22102001110	15.04	210230		HOME TRADE	01/02/2001	10,38,000.00		994,303.56	0.00	10,789,365.56

COOSES

TT - Trade Time
ON - Order No.
TN - Trade No.

CRN - Counter Party Participant Name
SD - Settlement Date
LIP - Last Interest Payment Date

PV - Purchase Value
SV - Sale Value
BR - Brokerage

TDS - Tax Deducted
AI - Amount Interest
TC - Total Consideration

This contract is made subject to the Rules, Bye-Laws and Regulations, and usage of the National Stock Exchange of India Limited, Bombay, and of all other relevant regulatory bodies as applicable.

Brokerage No. 1 from cleared as issued and has been at rates not exceeding the official scale of brokerage, and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any dispute (whether admitted or not) difference or dispute arising between you and me or our officers transactions the number shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract is void and shall be deemed to constitute no agreement between you and me or our officers transactions the number shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours faithfully

Member of National Stock Exchange of India Ltd Bombay

FOR HONG KONG TRADE LIMITED
(Signature)
 Director



EXHIBIT-E

2011

CONTRACT NOTE
(Appendix 3.1)

Subject to the jurisdiction of the courts in India.

Contract not issued by members action for enforcement as Brokers & Agents or principals

TO:
THE GANDEVI PEOPLE CO-OPERATIVE BANK LTD.
RAJALAKSHMI
DISTRICT - NAVSARI
395 500
Pin Code:

CONTRACT NO. BL/AN/2001-2010/0001

Contract Order Ref. No.
Stamp as required under Article 47 of the Indian Stamp Act, 1918.

We have this day done by your order and in your account the following transactions:

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (in Rs. Lac)	Price (in Rs.)	Repo Rate (%)	OA (in Lac)
15112001402	CS	COB 2015	9.65		NA	200.00	107.55	11.11	NA

REAS - REPO/ON REPO

OA - Order Amount

TT - Trade type

TRANSACTION DETAILS

BS	ON	TN	TT	CPN	LP	FV/SV (Rs.)	BR (Rs.)	AI	TDS	TC
S	15112001402	9/05/12	043		1000000000	21,510,000.00		136,064.44	0.00	21,558,064.44

CDDIS

BS - Buy/Sell
ON - Order No.
TN - Trade No.

TT - Trade Type
TD - Trade Date
CPN - Counter Party Broker Name

CPN - Counter Party Participant Name
SD - Settlement Date
LP - Last Interest Payment Date

PV - Purchase Value
SV - Sale Value
BR - Brokerage

TDS - Tax Deducted
AI - Accrued Interest
TC - Total Consideration



This contract is made subject to the Rules, Bye-Laws and Regulations, and usages of the National Stock Exchange of India Limited, Bombay and other Government or Regulatory bodies as applicable.

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

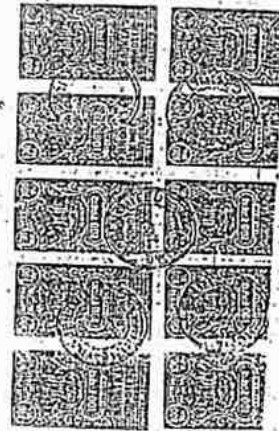
In the event of any claim (whether admitted or not) difference or dispute arising between you and me/us out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract constitutes and shall be deemed to constitute as provided overleaf an agreement between you and me/us that all claims (whether admitted or not) differences and disputes in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay



For Registrar Limited

[Signature]
21st November 1937

EXHIBIT-E

CONTRACT NOTE
(Appendix 1)

Subject to the jurisdiction of the courts in India

Contract was issued by members action for requirement as Broker, at Vijay, Hyderabad

TO:
THE GANDVI TEOMLES CO-OPERATIVE BANK LTD
BAG 248 GANDEVI
DISTRICT - NAWABUR
59300

CONTRACT NO. BLANS/2001 - 22 - 23 - 24

Contract Order Ref. No.

Stamp as required under Article 47 of the Companies Act, 1956

PE Code:

We have this day done by your order and to your account the following transactions:

ST - TRINITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (in Rs. Lacs)	Price (in Rs.)	Repo Rate (%)	OA (in Lacs)
15112001402	CS	GOI 2015	9.55		NA	296.00	107.15	1.5	NA

ST - Summary Type

TT - Trade type

OA - Order Attributes

(RENT - REPONON REPO)

TRANSACTION DETAILS

Trade Date 15/11/2001 Settlement Date 15/11/2001

BS	ON	TN	TT	CSN	CYN	LP	PVSV (Rs.)	BR (Rs.)	AI	TDS	TC
S	15/11/2001	402	9.55	12:15:00		RENT TRAVE	159702001	21,510,000.00	133,094.44	0.00	21,643,094.44

FINES

BS - Buy/Sell

ON - Order No.

TN - Trade No.

TT - Trade Type

TD - Trade Date

CSN - Counter Party Buyer Name

CYN - Counter Party Name

LP - Last Interest Payment Date

PVSV - Purchase Value

BR - Brokerage

AI - Allocated Interest

TDS - Tax Deducted

TC - Total Consideration

This contract is made subject to the Rules, Bye-Laws and Regulations, and usages of the National Stock Exchange of India Limited, Bombay, and other Government Regulatory bodies as applicable.

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

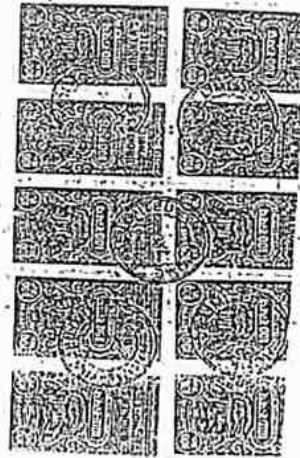
In the event of any claim (whether admitted or not) difference or dispute arising between you and me/us out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract constitutes and shall be deemed to constitute as provided overleaf an agreement between you and me/us that all claims (whether admitted or not) differences and dispute in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay



FOR NOMINEE LIMITED

[Signature]
Authorized Signatory

EXHIBIT-G

(Page 137 of 626)



CONTRACT NOTE
(Regulation 11)

Subject to the jurisdiction of the courts in India

Contract note issued by members acting for conditions as brokers & agents or principals

Stamp
Stamp 1 & 2 from members
Stamp 3 from the company
Stamp 4 from the company

Stamp
Stamp 1 & 2 from members
Stamp 3 from the company
Stamp 4 from the company

TO:
THE GANDEVI PEOPLES CO-OPERATIVE BANK LTD.
HAGAR GANDEVI
DISTRICT - NAVSARI
PIN CODE - 396 300

FROM:
FAT KCHH TRADE LIMITED
FAT KCHH TRADE LIMITED
FAT KCHH TRADE LIMITED

CONTRACT NO.: LIL/AN/2001 - 2/01/000 6 939
Consolidated Order Ref. No.:
Stamp as required under Article 2(3) of Schedule 1 to the Banking Stamp Act, 1957

Pin Code:

NOTE: We have this day due by your order and to your account the following transactions:

o o

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (Rs. Lacs)	Price (Rs. Lacs)	Repo Rate (%)	QA (in Lacs)
1612500162	GS	GOI 814	16/03		NA	21.00	112.35		NA

ST - Security Type **TT - Trade type** **QA - Order Amount** **REPO - REPON/REPO**

TRANSACTION DETAILS

IS	ON	TN	TT	CEN	CFN	LP	PMSV (Rs.)	BR (Rs.)	AI	TDS	TC
1	1612500162	16/03	16/03		REDA TRADE	16/03/2001	21,00,000.00	21,00,000.00		0.00	20,016,750.00

CODES

BS - Buy/Sell	TT - Trade Type	CFN - Counter Party Periodic Name	PV - Purchase Value	TDS - Tax Deducted
ON - Order No.	TD - Trade Date	SD - Settlement Date	SV - Sell Value	AI - Account Interest
TN - Trade No.	CEN - Counter Party Order Name	LP - Last Interest Payment Date	BR - Booking	TC - Total Consideration

This contract is subject to the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay and other Government Securities Regulations, 1956.

Brokerage has been charged as mentioned hereon at rates of commission, the official scale of brokerage and indicated separately.

This contract is subject to the provisions of the contract in Bombay.

In the event of any change of price (whether or not) difference or loss arising between you and me as a result of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract constitutes the entire agreement between you and me and no other agreement or understanding of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date been entered into or not) shall be admitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay

FOR HOUSE TRAFFIC LIMITED

[Signature]
Managing Director

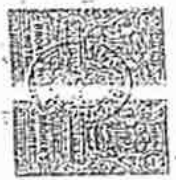


EXHIBIT-G

CONTRACT NOTE
(Regulation 11)

Subject to the jurisdiction of the courts in India

Contract note issued by members acting for constituents as Brokers & Agents or principals

To: THE GANDEVI PEOPLES CO-OPERATIVE BANK LTD
BAZAR GANDEVI
DISTRICT - NAVSARI
396 300
Pin Code:

Contract No. BLANKS/2001 - 2002/06 039
Contract Order Ref. No.
Stamp as required under Article 33(1) of the Bombay Stamp Act, 1958

From: M/S. TRADE LIMITED
100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

We have this day done by your order and to your account the following transactions:

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (In Rs. Lacs)	Price (In Rs.)	Repo Rate (%)	OA (In Lacs)
16122001652	CS	GOI 2019	10/03		NA	251.00	112.15		NA

ST - Security Type TT - Trade type OA - Order Amounts REPR - REPONON RETO

TRANSACTION DETAILS

B/S	ON	TN	TT	CR	CPN	LP	PVSV (Rs.)	BR (Rs.)	AI	TDS	TC
S	16122001652	16122001652			100.00 TRACT	100.00 TRACT	22,602,590.07		22,602,590.07	0.00	22,602,590.07

CODES

B/S - Buy/Sell	ON - Order No.	TN - Trade No.	TT - Trade Type	TD - Trade Date	CPN - Counter Party Counter Name	LP - Last Interest Payment Date	PV - Purchase Value	SV - Sale Value	BR - Brokerage	TDS - Tax Deducted	AI - Annual Interest	TC - Total Consideration

This contract is made subject to the Bye-Laws of the National Stock Exchange of India Limited, Bombay and other Acts, Regulations, Rules, By-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

Brokerage has been charged. It is not to be taken into account in the calculation of the net profit and loss of the contract and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any dispute or difference (or non) delivery or failure to deliver between you and me out of these transactions the matter shall be referred to arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

This contract constitutes and shall be deemed to constitute as provided in the agreement between you and me that all claims (whether a claim, or non) delivery and dispute in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether or such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd. Bombay

FOR HOUSE TRADE LIMITED

[Signature]
Managing Director



Page Total

①

CONTRACT NO. LBL-ASE-002 - 2-90) \$307,655
Consistent Order Ref. No.
Stamp as Issued under Act No. 23-000 - Code 50(b) 0

FOR MORE, PLEASE CONTACT

We have this done by your order and to your account the following transactions:

Handwritten signature: *W. D. ...*

TRÉVOR - RÉPONDANT RÉPOND

O.A. Order Agencies

III. Trade Unit

Trade Date	Quantity	Settlement Date	Market
11/15/2011	100	11/15/2011	100
11/16/2011	100	11/16/2011	100
11/17/2011	100	11/17/2011	100
11/18/2011	100	11/18/2011	100
11/19/2011	100	11/19/2011	100
11/20/2011	100	11/20/2011	100
11/21/2011	100	11/21/2011	100
11/22/2011	100	11/22/2011	100
11/23/2011	100	11/23/2011	100
11/24/2011	100	11/24/2011	100
11/25/2011	100	11/25/2011	100
11/26/2011	100	11/26/2011	100
11/27/2011	100	11/27/2011	100
11/28/2011	100	11/28/2011	100
11/29/2011	100	11/29/2011	100
11/30/2011	100	11/30/2011	100
12/01/2011	100	12/01/2011	100
12/02/2011	100	12/02/2011	100
12/03/2011	100	12/03/2011	100
12/04/2011	100	12/04/2011	100
12/05/2011	100	12/05/2011	100
12/06/2011	100	12/06/2011	100
12/07/2011	100	12/07/2011	100
12/08/2011	100	12/08/2011	100
12/09/2011	100	12/09/2011	100
12/10/2011	100	12/10/2011	100
12/11/2011	100	12/11/2011	100
12/12/2011	100	12/12/2011	100
12/13/2011	100	12/13/2011	100
12/14/2011	100	12/14/2011	100
12/15/2011	100	12/15/2011	100
12/16/2011	100	12/16/2011	100
12/17/2011	100	12/17/2011	100
12/18/2011	100	12/18/2011	100
12/19/2011	100	12/19/2011	100
12/20/2011	100	12/20/2011	100
12/21/2011	100	12/21/2011	100
12/22/2011	100	12/22/2011	100
12/23/2011	100	12/23/2011	100
12/24/2011	100	12/24/2011	100
12/25/2011	100	12/25/2011	100
12/26/2011	100	12/26/2011	100
12/27/2011	100	12/27/2011	100
12/28/2011	100	12/28/2011	100
12/29/2011	100	12/29/2011	100
12/30/2011	100	12/30/2011	100
12/31/2011	100	12/31/2011	100
1/01/2012	100	1/01/2012	100
1/02/2012	100	1/02/2012	100
1/03/2012	100	1/03/2012	100
1/04/2012	100	1/04/2012	100
1/05/2012	100	1/05/2012	100
1/06/2012	100	1/06/2012	100
1/07/2012	100	1/07/2012	100
1/08/2012	100	1/08/2012	100
1/09/2012	100	1/09/2012	100
1/10/2012	100	1/10/2012	100
1/11/2012	100	1/11/2012	100
1/12/2012	100	1/12/2012	100
1/13/2012	100	1/13/2012	100
1/14/2012	100	1/14/2012	100
1/15/2012	100	1/15/2012	100
1/16/2012	100	1/16/2012	100
1/17/2012	100	1/17/2012	100
1/18/2012	100	1/18/2012	100
1/19/2012	100	1/19/2012	100
1/20/2012	100	1/20/2012	100
1/21/2012	100	1/21/2012	100
1/22/2012	100	1/22/2012	100
1/23/2012	100	1/23/2012	100
1/24/2012	100	1/24/2012	100
1/25/2012	100	1/25/2012	

Exemple

BS - Buy/Sell	TT - Trade Type
ON - Order No.	TD - Trade Date
TN - Trade No.	CEB - Counter Party Broker Name

CPN - Current Party Participant Name
SD - Submission Date
LIP - Last Interest Payment Date

PV = Purchase Value
SV = Sale Value
OR = Breakage

TD6 - Tax Deduction
AJ - Accrued Interest
TC - Total Consideration

This contract is subject to the Securities Laws and Regulations, and rules of the National Stock Exchange of India Limited, Bombay and other Government or Regulatory bodies as applicable.

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the jurisdiction of the courts in Bombay.

In the event of any dispute (whether admitted or not) difference or dispute arising between you and me (as one of these transactions the number shall be referred to) in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

The contract continues and shall be deemed to continue as provided overleaf in agreement between you and me (as one of these transactions) all claims (whether admitted or not) differences and dispute in respect of any dealings, transactions and contracts of a date prior or subsequent to the date of this contract (including any question whether such dealings, transactions or contracts of a date been entered into or not) shall be submitted to and decided by Arbitration in Bombay as provided in the Rules, Bye-Laws and Regulations of the National Stock Exchange of India Limited, Bombay.

BOMBAY

Yours Faithfully

Member of National Stock Exchange of India Ltd Bombay
for HOME TRADE LIMITED

Handwritten signature
Authorized Signatory



EXHIBIT-J



CONTRACT NOTE
(Figures in Lakhs)

Subject to the jurisdiction of the courts in India

Contract note issued by members acting for constituents as Brokers & Agents or principals

To
THE GANDEVI PEOPLES CO-OPERATIVE BANK LTD
BAXLA GANDEVI
DISTRICT - NAVSARI
396 360
Pin Code :

CONTRACT NO. LILN/SK/2002 - 1,00,000 7,437

Consent Order Ref. No.

Stamp acquired under Article 3(1) OR Article 3(1)(a) of the Banking Stamp Act, 1955

For THE STATE TRADING CORPORATION

I/We have this day done by your order and to your account the following transactions :

SECURITY DETAILS

Order Number	ST	Security Name	Issue	TT	Repo Period	Value (in Rs. Lacs)	Price (in Rs.)	Repo Rate (%)	OA (in Lacs)
24022002125	TT	GOI 2007	6.07		NA	275.00	104.35		NA

ST - Security Type TT - Trade type

OA - Order Attributes

(RENR - REPONON REPO)

TRANSACTION DETAILS

Trade Date 24/02/2002 Settlement Date 23/02/2002

B/S	ON	TN	TT	CBN	CPN	LIP	PV/SV (RL)	BR (Rs.)	AI	TDS	TC
D	24022002125	77,001	115525		806479.008	1500/2002	28,751,250.00		258,912.50	0.00	29,010,162.50

Remarks

BS - Buy/Sell
ON - Order No.
TN - Trade No.

TT - Trade Type
TD - Trade Date
CBN - Counter Party Broker Name

CPN - Counter Party Participations Name
LIP - Last Interest Payment Date

PV - Purchase Value
SV - Sale Value
BR - Brokerage

TDS - Tax Deducted
AI - Accrued Interest
TC - Total Contribution

[illegible]

130154)

Yours Faithfully,

Member of National Stock Exchange of India Ltd. Bombay
FOR HOLIDAY TRADING LIMITED

FOR HOLDING TRUSTS LIMITED

John J. F. Smith, Jr.
John J. F. Smith, Jr., Director



The Gandevi People's Co-operative Bank Limited.

S. T. D. 02684 : 62338



Standerton House, Bazar,
P. B. No. 10
GANDEVI-396360
Dist. NAVSARI.

Ref. 297402

Date 22-4-2002

HOME TRADE, LTD.,
VASHI RLY Station Complex,
Navi Mumbai-400703.

Dear Mr. Trivedi,

This is to inform you that I
have authorized our accountant, Mr. Mahendrakhan
Tilak, to collect the PDC, on behalf of The Gandevi
People's Co-operative Bank Ltd., Gandevi.

Kindly do the needful.

Thanking you,

Yours sincerely,
The Gandevi People's Co-op. Bank Ltd.
Bhokha Govt.

PRESIDENT



Banking Regulation Act, 1949

**(As Applicable to Co-operative Societies)
Banking Laws (Amendment) Act, 1983, and Banking Regulation
(Amendment) Act, 1991 (54 of 1991)**

The Banking Regulation Act, 1949 (as applicable to co-operative societies), effective from March 1, 1966, grants the Reserve Bank of India (RBI) various statutory powers to regulate, control, and supervise co-operative banks. However, powers related to the amalgamation, management, and similar aspects of these banks remain with the Registrar of Co-operative Societies of the respective state. Specifically, the provisions of the Banking Regulation Act, 1949 (as applicable to co-operative societies) apply in addition to, and without prejudice to, the powers of any other law in force at the time. This means that co-operative banks must comply not only with the provisions of the Banking Regulation Act but also with any other applicable laws. Nevertheless, where specific provisions are made in the Banking Regulation Act, those provisions shall prevail over the provisions of co-operative societies' laws.

Some important aspects of key sections of this Act are outlined below:

Section 5 (CCV)

Under this section, an urban co-operative bank refers to a co-operative society, other than a primary agricultural credit society, which:

1. Has as its primary object or principal business the transaction of banking business.
2. Has a paid-up share capital and reserves of not less than one lakh rupees.

3. Has by-laws that do not permit the admission of any other co-operative society as a member.

It is provided that this sub-clause shall not apply to the admission of a co-operative bank as a member due to contributions to its share capital from funds provided by the state government.

Sections 6 and 8

Section 6 specifies the types of business or operations a co-operative bank may undertake. Section 8 prohibits a co-operative bank from engaging in any trading activities.

However, under Clause (o) of Sub-section (1) of Section 6, it is lawful for a co-operative bank to undertake such business as may be specified and permitted by the Central Government.

6. Investments in Government and Other Trustee Securities by Urban Co-operative Banks

The Reserve Bank of India, through its circular No. UBD No. 498A/12(24)/84-85 dated January 8, 1985, advised all urban co-operative banks with working capital of Rs. 25 crore or more to comply with the provisions of Section 24 of the Banking Regulation Act, 1949 (as applicable to co-operative societies). These banks are required to invest at least 10% of their liquid assets, necessary for compliance with Section 24, in government and other trustee securities. Additionally, all banks with working capital currently below Rs. 25 crore must comply with these instructions within three months from the date their working capital reaches Rs. 25 crore.

7. Display of Balance Sheet and Profit and Loss Account (Rule 10)

Banks with deposit liabilities of Rs. 20 lakh or less, which are required to display their balance sheet and profit and loss account along with the auditor's certificate at every place of business, must submit a certificate to the Reserve Bank as specified below:

As per the provisions outlined in Explanation 2 of Rule 10 of the Banking Regulation (Co-operative Societies) Rules, 1966, we certify that the balance sheet and profit and loss account, including the auditor's report, for the year ending March 31, have been displayed at a conspicuous place at the bank's head office and every place of business.

8. Special Report on Assets and Liabilities of Co-operative Banks – Position as of March 31

To provide data on money supply in India, a table is published annually in the Reserve Bank of India Bulletin as of March 31. Accordingly, every co-operative bank must submit an additional return in Form IX, reflecting the bank's assets and liabilities as of March 31 (or the last Friday if March 31 is not a Friday). This additional return, under the provisions of Section 27(1) of the Banking Regulation Act, 1949 (as applicable to co-operative societies), is separate from the general returns prescribed in Form IX and must be submitted to the Reserve Bank.

9. Extension of Banking Hours for Branch Operations

The Reserve Bank, through its circular DBOD.UBD.RBL.1555/J.82-83 dated May 16, 1983, stated that it has no objection to banks extending their business hours. However, it is essential that transactions conducted during these extended hours are integrated into the branch's main accounts. Where such

facilities are provided, they should ideally be limited to specific transactions, such as accepting deposits. Banks must ensure compliance with the Shops and Establishments Act and other applicable laws, as well as adherence to agreements under industrial awards or settlements. Where necessary, banks should also inform their members and the clearing house.

223



HDFC BANK LTD.
2nd Floor, Hind Rajathan Bldg.,
Oak Lane, Fort,
Mumbai : 400 023.

240

MEMORANDUM

Return to : HDFC BK
Cheque No. : 924153
Rs. 95,45,114/8 Date : 10/6/07
Return Unpaid Reason Marked (X)

9659164/58

- ☐ Effect not cleared. Please present again.
 - ☐ Full cover not received.
 - ☐ Exceeds arrangements.
 - ☐ Funds expected. Please present again.
 - ☐ Drawer's signature required / differs from specimen.
 - ☐ Cheque post dated / stale / un-dated.
 - ☐ Cheque mutilated.
 - ☐ Payment stopped by drawer.
 - ☐ Funds insufficient.
 - ☐ Cheque not drawn by this bank.
 - ☐ Material alteration in the instrument. requires full signature of the drawer.
 - ☐ Clearing stamp of date required.
 - ☐ Account closed.
 - ☐ Refer to Drawer.
 - ☐ Payee's Name Required.
 - ☐ Not payable through Mumbai Clearing
- Date: 10/06/07 Signature: [Signature]

(22)

10/06/2002

HDFC BANK

BY The Gandevi Peoples Co-operative Bank Ltd या बटक से OR BEARER

IN RUPEES Two inces Ninety Six Lakhs Forty Five

Thousand One Hundred Fourteen and Paise

fifty eight only

Jc No. 0010400217011 CA

HDFC BANK LIMITED
CMS, SURAT.

Rs. 2,96,45,114/58

For HOME TRADE LIMITED

[Signature]
Authorized Signatories

HDFC BANK LTD.
1 - 104, Tulsiani Chambers, F.P. Marg,
Chinapoint, Mumbai - 400 621.

#984153# 400240003: 400317# 13 #0002964511458#



Payee A/c will be credited
on realisation
FOR HDFC BANK LIMITED
SURAT BRANCH

Authorized Signatory

B. C. No. 404
Credit the Amount to our A/c.
Payee's A/c. will be Credited on Realisation
For: The Gandevi People's Co-op. Bank Ltd.
Sd/- Officer / Accountant / Manager

Central Group, 30-A, Narayan Prasad, Off Salt Vihar Road, Chaudhwa

Realisation Copy
(Please enclose along with credit advice)

229

Return Statement

of Peoples Co-op Bank Ltd
to
one Main Rd
Dist. Harwar



Period: 17th Jan 2002 to 17th Jan 2002

Sl. #	Deposit Ref #	Deposit Date	Drawer Clearing Location	Inst. # Return Remarks	Last Date	Liqa. Date	Amount
1	SPRINT COLLECTIONS(METRO)	10/06/2002	Mumbai	984153 AC BLOCKED	10/06/2002	13/06/2002	296,45,114.52
Total For Product				SPRINT COLLECTIONS(METRO)			296,45,114.52
Total For Class				The Gandevi Peoples Co-op Bank Ltd			296,45,114.52



S. T. D. 02634 : 62338

Le Gandevi People's Co-operative Bank Limited.



Standerton House, Bazar,
P. B. No. 10
GANDEVI-396360
Dist. NAVSARI.

Date...

02/05/2002

The Sr. Inspector of Police
Economic Offence Branch
Crime Branch - CID,
Crawford Market,
Mumbai

Sub: Complaint against M/s. Home Trade Ltd., Share and
Stock Broker, member of The National Stock
Exchange of India Ltd. and its directors Mr. Sanjay
Agarwal, Mr. Katan Sheth, Mr. N. S. Trivedi, Mr.
Subodh Bhandari for criminal conspiracy and
cheating us.

Dear Sir,

Please find enclosed copy of our complaint against M/s. Home
Trade Limited, Share and Stockbroker, member of The
National Stock Exchange of India Ltd. for necessary action.

Thanking you,

Yours faithfully,

The Gandevi People's Co-op Bank Ltd.

[Signature]
Authorized Signatory *[Signature]* Incharge General Manager



[Signature]
सविन संकेत निमित्त
साधारण जाय. मुझे भविष्य
विशेष धन.



2
237

02/05/2002

The Sr. Inspector of Police
Economic Offence Branch
Crime Branch - CID
Crawford Market,
Mumbai

Sub: Complaint against M/s. Home Trade Ltd., Share and
Stock Broker, member of The National Stock Exchange
of India Ltd. and its directors Mr. Sanjay Agarwal, Mr.
Ketan Sheth, Mr. N. S. Trivedi, Mr. Subodh Bhandari
for criminal conspiracy and cheating us.

Dear Sir,

We are the co-operative Bank incorporated under the name and
style of The Gandevi People's Co-operative Bank Ltd.,
Standerdton House, Gandevi - 396 360, Dist Navsari, Gujarat
under The Gujarat State Co-operative Societies Act, 1961. We
under the authorization of the Reserve Bank of India
(hereinafter referred to as "RBI") are carrying business of
banking activities at Gandevi and nearby areas in district
Navsari in the state of Gujarat.

We are submitting this complaint against M/s. Home Trade
Limited (hereinafter referred to as the "broker"), Share and
Stock Broker, member of The National Stock Exchange of India
Ltd. (hereinafter referred as "NSE") and its directors Mr.
Sanjay Agarwal, Mr. Ketan Sheth, Mr. N. S. Trivedi & Mr.
Subodh Bhandari for criminal conspiracy and cheating us upto
the extent of Rs. 2,90,10,162.50 (Rupees Two Crores Ninety
Lacs Ten Thousand One Hundred Sixty Two And Paise Fifty
Only) as the broker has failed to deliver government securities
purchased by us through them as a member of NSE for which
full consideration was paid. We are enclosing herewith
Schedule - I providing therein complete addresses of the
offices of the broker, name and address of the directors, their
bankers and associate companies.

(233)

Facts of the case:

1. We are a co-operative bank incorporated under the Gujarat State Co-operative Societies Act, 1961 and under the authorization of RBI, carrying our business of banking activities at Gandevi and nearby area in the district of Navsari in the state of Gujarat.
2. We as a co-operative bank in compliance with the provisions of Banking Regulations Act, 1949 pertaining to investment upto 25% of the Net Time and Demand Liability into government securities, decided to invest the amount within the limit approved by the RBI as Statutory Liquidity Amount (known as SLR).
3. We submit that some time in the year 1999, Mr. Ketan Sheth approached us and made a presentation that he is a director of Euro Asian Securities Limited and that the company is a share and stockbroker and member of NSE and also entitled to execute transactions into government securities.
4. We in order to comply SLR requirement for investment of funds into government securities internally decided to place order for purchase of government securities with the broker.
 - a. We thereafter sometime in the month of October 1999 placed an order for purchase of government securities and Euro Asian Securities Ltd. confirmed the transactions for a sum of Rs. 25,77,358.61 and we had made payment by cheque no. 63956 of Maharashtra State Co-op Bank Ltd. and completed transaction.
 - b. Sometime in the month of May 2000, Mr. Ketan Sheth alongwith Mr. Sanjay Agarwal and Mr. N. S. Trivedi made a presentation that their old broking firm Euro Asian Securities Ltd. has now been renamed as Home Trade Ltd. and made a further



(23/11)

presentation that the new named company i.e Home Trade Ltd. is a member of NSE for debt market and run by a team of professionals and assured a quality cum result oriented professional services with the request to start transactions for sale and purchase of government securities through the new broking firm i.e. Home Trade Ltd.

- c. They also made a presentation that Home Trade Ltd. having another group company known in the name of Ways India Ltd. and according to their presentation the company is one of the best professionally managed company into software technology. They further made a statement that
- their business promotion activities shall be handled by celebrities like Mr. Shahrukh Khan, Mr. Hrithik Roshan, Mr. Sachin Tendulkar and Ms. Priyanka Chopra.

- d. We in order to satisfy ourselves about the credential of the broking firm, visited the office of the broker situated at Tower No. 3, 5th Floor, Software Park, Navi Mumbai Railway Station Complex and met with Mr. Sanjay Agarwal, Chairman and Chief Executive Officer of the broking firm alongwith Mr. Ketan Sheth, another director of the company. We also met other directors and officers of the broking outfit wherein we realized that the company Home Trade Ltd. is a professionally managed company and therefore will be in a better position to provide assured services, which we now realize to be a misleading impression created by the broking outfit with mala fide intention to cheat investors.

- e. We thereafter placed order for purchase of government securities on 16/01/2001 wherein the broker confirmed having purchased securities through the trading mechanism provided by NSE on our behalf. The broker also issued contract no.



239

6405 & 6407 dated 16/01/2001 and thereby confirmed purchase of securities mentioned therein for a consideration of Rs. 1,98,95,641.67. Copy of contract note no. 6405 & 6407 enclosed herewith as Exhibit A.

- f. We also placed order for sale of securities and PSU Bond i.e. 13.90% Sardar Sarovar Narmada Nigam Ltd. for which the broker issued contract note no. 6403 and 6409 for a consideration of Rs. 1,35,15,655.65. Copy of contract note nos. 6403 & 6409 enclosed herewith as Exhibit B.

The transaction of purchase of securities and sale of securities as stated above has resulted into payment obligation of Rs. 63,79,986.02. We have paid the said amount by a/c. payee cheque no. 069109 of HDFC Bank Ltd. and completed our part of obligation and became entitled for getting delivery of securities purchased under contract note no. 6405 & 6407.

The broker thereafter delivered said securities and thereby both the parties have completed their part of obligation and the transaction completed in all respect.

- g. We thereafter entered into another transaction with the broker wherein we had sold securities worth Rs. 2,21,90,375/- for which the broker had issued contract note no. 6815 and 6817. We in order to complete our sales transactions delivered securities to the broker. Copy of contract note no. 6815 & 6817 enclosed herewith as Exhibit C.

During the same settlement we purchased 9.85% GOI 2015 worth Rs. 2,02,38,305.56 through the broker and the broker issued contract note no. 6813. Copy of contract note no. 6813 enclosed herewith as Exhibit D.



235

"The difference between sale price and purchase price was Rs. 19,52,069.44 and same was paid by the broker and thereby the broker has completed his part of obligation. However, the broker has not delivered securities purchased under contract note no. 6813, though the consideration was paid as and by way of adjustment of sale proceeds as stated hereinabove.

- h. Thereafter sometime in the month of November 2001 when we requested the broker to deliver the securities purchased under contract note no. 6813, the broker made a presentation that due to reduction in the interest rate in the capital market, the market price of the government securities lying with them has increased substantially and therefore it would be beneficial to dispose off said securities.

We thereafter decided to dispose off said securities and accordingly instructed the broker. The broker executed the transactions for a sum of Rs 2,16,68,694.44 and issued contract note no. 6867 dated 15/11/2001. Since the deliveries were lying with the broker and therefore the transaction was completed, as far as our responsibility was concerned. Copy of contract note no. 6867 enclosed herewith as Exhibit E.

- g. In order to comply SLR requirement we placed the order to buy 10.03% GOI 2019 securities and the broker executed the transactions for contract value Rs. 2,72,93,665.67 and issued contract note no. 6869 dated 15/11/2001. Copy of contract note no. 6869 enclosed herewith as Exhibit F.

The difference, being the purchase value and the sale value of Rs. 58,24,972.23 and same was paid by us by a/c. payee cheque no. 297812 of HDFC Bank Ltd. and completed our part of obligation. The



202

securities were due for delivery sometime in the month of December 2001.

- i. On 16/12/2001 we instead of accepting deliveries of securities purchased under contract note no. 6869 decided to dispose off said securities and therefore instructed the broker to dispose off said securities. The broker executed transaction for a consideration of Rs. 2,90,16,743.06 and issued contract note no. 6939 dated 16/12/2001. Copy of contract note no. 6939 enclosed herewith as Exhibit G.

- j. We in order to comply SLR requirement again purchased 7.50% GOI 2010 for a consideration of Rs. 2,79,58,333.33 and the broker issued contract note no. 6941 dated 16/12/2001. Copy of contract note no. 6941 enclosed herewith as Exhibit H.

The difference between the sale price and purchase price was Rs. 10,58,409.33 and for the same the broker issued a cheque, which was en-cashed by us. The delivery of said securities were due and recoverable from the broker.

- k. Finally on 26/02/2002 we instructed the broker to execute sales transaction for the securities under pending delivery purchased under contract note no. 6941 dated 16/12/2001 and the broker executed the transaction for a consideration of Rs. 2,86,79,062.50 and issued a contract note no. 7435 dated 26/02/2002. Copy of contract note no. 7435 enclosed herewith as Exhibit I.

- l. We again in order to comply SLR requirement, ordered the broker to purchase 8.07% GOI 2017 securities and the broker executed transactions under contract note no. 7437 dated 26/02/2002 for a consideration of Rs. 2,90,10,182.50. Copy of contract note no. 7437 enclosed herewith as Exhibit J.

7 (26)

The difference between the purchase price and sale price of Rs. 3,31,100/- as payable to the broker. We requested the broker to deliver the securities purchased under contract note no. 7437 in exchange of a pay order of Rs. 3,31,100/-. However, the broker has requested to wait for sometime for delivery, delivery of which is still awaited.

5. In view of this, the broker M/s. Home Trade Ltd. has defaulted in delivering the securities worth Rs. 2,90,10,162.50 for which consideration was fully paid subject to payment of balance amount Rs. 3,31,100/- of last transaction dated 26/02/2002.
6. We telephonically and personally followed up the matter with the broker for delivering the securities purchased for consideration but the broker has given false assurance and not delivered the securities till date.
7. Our directors finally visited the office of the broker on 29th April 2002 and were stunned to know that all the directors of the broking firm and the senior officers of the broking firm were not available in the office and seemed to be absconding. We thereafter realized that the broker has defaulted and in order to bypass personal meeting, delivery of securities (their commitments to the investors); absconding.
8. We submit that on the basis of newspaper reports, T. V. news and some other reliable sources we concluded that the broker has failed to honor their contractual obligation arising from the contract notes issued and in fact misappropriated the securities / monies paid by us for the purchase transactions and hence cheated us by entering into criminal conspiracy amongst all the directors and officers of the broking firm.

28

9. We in order to take precautionary steps filed a complaint through our advisor M/s. Dear Investor's Grievance Services Ltd. with The Investor Service Cell of The National Stock Exchange of India Ltd. and Securities and Exchange Board of India Ltd. on 30/04/2002 and 01/05/2002 respectively by fax and submitted hard copy on 02/02/2002, copy of which enclosed herewith as Exhibit K and Exhibit L respectively.

In view of seriousness of the matter and the quantum of amount it is likely that the directors and officers of the broking firm and their associate concerns in order to avoid liability and to avoid legal action may fly to some other country and hence we request you to kindly initiate necessary steps to seize their passport and ensure that the culprit does not leave the country.

We are also attaching herewith a schedule of property which according to the best of our information and knowledge are owned either by the broking firm, their directors and associate concerns, with the request to attach said properties to safeguard the interest of investors who have been cheated, duped and conned by the broker by entering into criminal conspiracy.

We, therefore, request you to kindly do the needful and oblige.

Thanking you.

Yours faithfully,

For: The Gandevi People's Co-operative Bank Ltd.

The Gandevi People's Co-operative Bank Ltd.

R. Mali
(General Manager R. Mali)
Authorized Signatory Zichang General Manager



o/c

278
Deear
INVESTOR'S
GRIEVANCE
SERVICES LTD.

01/05/2002

The Manager
Stock Exchange Division,
Securities & Exchange Board of India
Mittal Court, Nariman Point,
Mumbai

URGENT

**Sub: Complaint against Home Trade Ltd.
Share & Stock Broker - Member NSE**

Dear Sir,

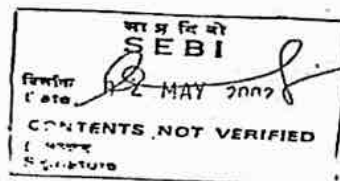
Please find enclosed copy of complaint submitted by us on behalf of our client Gandevi People's Co-operative Bank Ltd., Standardion House, Gandevi - 396 360, Dist Navsari, Gujarat with the Investor Service Cell of NSE for taking immediate action against the broker M/s. Home Trade Limited.

Kindly consider the complaint and take necessary steps after seeing the seriousness of the matter and the amount involved.

Thanking you,

Yours faithfully,
For: Deear Investor's Grievance Services Ltd.


Kamal Agrawal
Director



LAXMI HOUSE, 5TH FLOOR,
177-79, KALBADEVI ROAD,
MUMBAI-400 002, INDIA.
TEL : 91-022-2400333, 2404243
FAX : 91-022-2408708
E-mail : deear@vsnl.com
Website : www.deearinvestors.com



30/04/2002

The Manager
Investor Service Cell
National Stock Exchange of India Ltd
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

Sub: Complaint against Home Trade Ltd.
Share & Stock Broker - Member NSE

Dear Sir,

We are Investor's grievance service company retained by Gandevi People's Co-operative Bank Ltd., Standerdton House, Gandevi - 396 360, Dist Navsari, Gujarat. According to the information and explanation given by our client we are submitting this complaint against M/s. Home Trade Ltd., Share and Stock Broker, member of The National Stock Exchange of India Ltd. (hereinafter referred to as "NSE") for their failure to honor obligations arising from the contract issued by the broker member in the name of our client and requesting you to kindly consider the seriousness of the matter and the amount involved and take immediate action against the broker to safeguard the interest of our client as well as interest of several depositors of our client bank.

Facts of the case:

1. Our client is a Co-op Bank Incorporated under The Gujarat State Co-operative Societies Act, 1961 and under the authorization of the Reserve Bank of India (hereinafter referred to as "RBI") carrying their business of banking activities at Gandevi and nearby areas in Dist Navsari, Gujarat.
2. Our client in compliance with the provisions of the Banking Regulations Act, 1949 pertaining to investment upto 25% of the Net Time & Demand Liabilities into government securities, decided to invest the amount within the limit approved by the RBI as statutory liquidity amount.
3. The broker made presentation to our client through their director Mr. Ketan Sheth, Mr. Sanjay Agarwal, Mr. N. S. Trivedi and Mr. Subodh Bhandari and stated that they are the members of NSE and therefore requested to execute transactions for purchase of government securities through them.

NSE
Received on
02 MAY 2002
Contents not verified
202

LAXMI HOUSE, 5TH FLOOR,
177-79, KALEASDEVI ROAD,
MUMBAI-400 002, INDIA.
TEL : 01-2222 2400/2222 2401/2222 2402
FAX : 01-2222 2400/2222 2401
E-mail : deeCar@vsnl.com
Website : www.deeCarinvestors.com

2.12

4. Our client thereafter purchased certain government securities through the broker wherein the broker had issued contract notes in the manner and procedure prescribed under the Byelaws of the Exchange.

Our client in order to complete their part of obligation arising from the contract notes issued cheque equivalent to the contract value and same has been en-cashed.

Our client therefore became entitled for receiving deliveries of securities covered under the contract notes for which they made full payment by a/c. payee cheque and received deliveries of securities covered under contract note and hence completed the transactions by and between both the parties.

5. Our client states that thereafter that they have decided to dispose off securities purchased earlier and therefore instructed the broker to sell securities as specified at that time and the broker has executed sales transactions and issued contract notes. Our client thereafter delivered security for the transactions executed and completed their part of responsibility. Our client during the period also purchased certain securities either against cash payment or against sale value of securities.

6. Our client states that finally in the month of February 2002 delivery of 7.50% GOI 2010, face value Rs. 2,75,00,000/- were lying with the broker against the purchase orders for which payments were settled as per para 5.

Our client therefore decided to dispose off said securities and the broker executed the transactions and issued contract note as detailed below.

Sr. No.	Scrip Name	Cont. No.	Face Value	Total Consideration
1.	7.50% GOI 2010	7435	2,75,00,000.00	2,86,79,062.50
			Total Receivable	2,86,79,062.50

Copy of above contract note is enclosed herewith as Exhibit A.

7. Our client thereafter during the same settlement instructed the broker to purchase securities as specified below and the broker executed the transactions and issued contract note.

2.12

4. Our client thereafter purchased certain government securities through the broker wherein the broker had issued contract notes in the manner and procedure prescribed under the Byelaws of the Exchange.

Our client in order to complete their part of obligation arising from the contract notes issued cheque equivalent to the contract value and same has been un-cashed.

Our client therefore became entitled for receiving deliveries of securities covered under the contract notes for which they made full payment by a/c. payee cheque and received deliveries of securities covered under contract note and hence completed the transactions by and between both the parties.

5. Our client states that thereafter that they have decided to dispose off securities purchased earlier and therefore instructed the broker to sell securities as specified at that time and the broker has executed sales transactions and issued contract notes. Our client thereafter delivered security for the transactions executed and completed their part of responsibility. Our client during the period also purchased certain securities either against cash payment or against sale value of securities.

6. Our client states that finally in the month of February 2002 delivery of 7.50% GOI 2010, face value Rs. 2,75,00,000/- were lying with the broker against the purchase orders for which payments were settled as per para 5.

Our client therefore decided to dispose off said securities and the broker executed the transactions and issued contract note as detailed below.

Sr. No.	Scrip Name	Cont. No.	Face Value	Total Consideration
1.	7.50% GOI 2010	7435	2,75,00,000.00	2,86,79,062.50
			Total Receivable	2,86,79,062.50

Copy of above contract note is enclosed herewith as Exhibit A.

7. Our client thereafter during the same settlement instructed the broker to purchase securities as specified below and the broker executed the transactions and issued contract note.

243

Sr. No.	Scrip Name	Cont. No.	Face Value	Total Consideration
1	8.07% GOI 2017	7437	2,75,00,000.00	2,90,10,162.50
			Total Receivable	2,90,10,162.50

Copy of above contract note is enclosed herewith as Exhibit B.

8. Our client submits that according to the transactions as specified under para 6 & 7 above our client were entitled to receive deliveries of securities purchased in exchange of difference payment of Rs. 3,31,100/- (i.e. purchase value - sell value). Since the broker has not delivered securities and therefore our client has not made difference payment of Rs. 3,31,100/-.
9. Our client submit that after lot of telephonic follow-up, they realized that the broker is not sending deliveries of securities for which full payment was made, the officers of our client bank visited the office of the broker and found that all the directors and senior officers of the broking firm are absconding.
10. In order to safeguard their interest, they decided to submit the present complaint with the exchange for necessary action against the broker.

We, therefore, request you to kindly look into the seriousness of the matter and the amount involved and take necessary action against the defaulter broker immediately. In case if you need any additional information / document, kindly contact undersigned on 2400333, 2318051 or mail your queries at deear@vsni.com, to enable us to comply your additional requirement.

Thanking you,

Yours faithfully,

For: Deear Investor's Grievance Services Ltd.


Kamal Agrawal
Director



200

Cc.: The Manager
Stock Exchange Division,
Securities & Exchange Board of India
Mittal Court, Nariman Point, Mumbai



219

THE GANDEVI PEOPLE'S CO-OP.BANK LTD. GANDEVI-396 360.			
<u>DATE</u>	<u>TOTAL DEPOSIT</u>	<u>S.L.R. INVESTMENT</u>	
01/04/1999 TO 31/03/2000	13,13,84,045.21	GOVT.SECURITY	25,55,750.00
		DIST.CO-OP.BANK	3,71,94,294.00
		G.S.C.BANK LTD.	3,20,000.00
01/04/2000 TO 31/03/2001	15,11,96,667.94	GOVT.SECURITY	1,97,50,000.00
		DIST.CO-OP.BANK	2,64,55,662.00
		G.S.C.BANK LTD.	3,20,000.00
01/04/2001 TO 31/03/2002	13,58,50,812.30	GOVT.SECURITY	2,77,06,250.00
		DIST.CO-OP.BANK	1,10,97,858.00
		G.S.C.BANK LTD.	3,20,000.00

For, The Gandevi People's Co-Op.Bank Ltd.

[Signature]
I.C.General Manager



SCHEDULE - I

Showing addresses of broking firm, their associate concerns and the name and address of directors and officers, who were incharge for the operation of the company.

Sr. No.	Name and address	Tele No.
1.	Home Trade Ltd. Share and Stock Broker Member of The National Stock Exchange of India Ltd. Tower No. 3, 5 th Floor, International Infotech Park, Vashi, Navi Mumbai - 400 703	78124444, 7812550
2.	Home Trade Ltd. Mittal Court, A Wing, 143, 14 th Floor, Nariman Point, Mumbai - 400 021	2821211, 2846114, 2846115
3.	Home Trade Ltd. 709, Raheja Centre, 214, Free Press Journal Marg, Mumbai - 400 021.	
4.	Ways India Ltd. Tower No. 3, 5 th Floor, International Infotech Park, Vashi, Navi Mumbai - 400 703	78124444, 7812550
5.	Giltedge Management Services Ltd. 103, Liberty Apartment, 80-A, Sarojini Road, Behind McDonald, Vile Parle (West), Mumbai - 400 056	6194712
6.	Giltedge Investment Banking Services Ltd. 103, Liberty Apartment, 80-A, Sarojini Road, Behind McDonald, Vile Parle (West), Mumbai - 400 056	6194712
7.	Giltedge Forex Ltd. 103, Liberty Apartment, 80-A, Sarojini Road, Behind McDonald, Vile Parle (West), Mumbai - 400 056	6194712
8.	Giltedge Equidriveratives Ltd. 103, Liberty Apartment, 80-A, Sarojini Road, Behind McDonald, Vile Parle (West), Mumbai - 400 056	6194712
9.	Giltedge Credit Capital Ltd. 103, Liberty Apartment, 80-A, Sarojini Road, Behind McDonald, Vile Parle (West), Mumbai - 400 056	6194712
10.	Ketan Sheth & Co. 103, Liberty Apartment, 80-A, Sarojini Road, Behind McDonald, Vile Parle (West), Mumbai - 400 056 And 124-A, Sohrab Hall, 21 Sassoon Road, Pune - 411 001 And	6194712 020-601607 / 603962 Fax: 020-6114285 033-4133899

252

	138/2A, Sarat Bose Road, Post Office Lansdowne, Kolkata - 700 029	Fax: 033-4748215
	And	
	5B, Utility Centre, 2 nd Floor, Saranpur Road, Opp. Rajiv Gandhi Bhawan, Nasik City, Pin - 422 002	0253-317078-79
	And	
	801, Siddhi Ratna Bldg. Opp. Panchvati Press, Ellisbridge, Ahmedabad - 380 006	0796-561054
11.	Euro Discover Technology Ventures Ltd. 5, Duke of Edinburgh Avenue, P. O. Box. 827, Port Louis, Mauritius	(230) 2125150, 2128077-79 Fax: (230) 2127375
12.	Euro Discover Technology Ventures Ltd. Tower 3, 5 th Floor, Railway Station Complex, Navi Mumbai - 400 705	7812441-44 Fax: 7812548
13.	Euro Offshore Investments Ltd.	
14.	Dalhousie Securities Pvt. Ltd.	
15.	Euro Allied Ltd.	

Name and address of the Directors, Promoters and Officers:

Sr. No.	Name and address	Telo No.
1.	Mr. Sanjay Agarwal, Director S/o. Hariram Agarwal Juhu Shalimar CHS Ltd. 7 th Floor, Gulmohar Cross Road No. 10, Juhu, Mumbai - 400 049	
2.	Mr. Sanjay Agarwal, Director 9 th Floor, Kussum Apartment, Sector No. 17, Vashi, Navi Mumbai	7897172
3.	Mr. Ketan Sheth, Director S/o. Kantilal Sheth 193, Lalit Kutir CHS, 3 rd Floor, Gulmohar Cross Road No. 9, JVPD, Mumbai - 400 049	6194712-19 Mobile: 98211 42821 98211 42823
4.	Mrs. Jagruti Sheth W/o. Ketan Sheth 193, Lalit Kutir CHS, 3 rd Floor, Gulmohar Cross Road No. 9, JVPD, Mumbai - 400 049	6194712-19 Mobile: 98213 30822
5.	Mr. Nandkishore S. Trivedi, Director S/o. Shankarlal V. Trivedi Dev Bhuvan, 2 nd Floor, R No. 32, Gazadar Street, Chira Bazar, Mumbai - 400 002	Mobile: 98210 30149
6.	Mr. Nandkishore S. Trivedi, Director Pushpam Apartment, 3A, 3 rd Floor, Khandubal Desai Road, Vile Parle (West), Mumbai - 400 056	8254041
7.	Mr. Hiten B. Shah, Director S/o. Bhopendra B. Shah 102 Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai - 400 055	
8.	Mrs. Shilpa H. Shah, Director W/o. Hiten B. Shah	

233

	102 Gandhi Niwas, Ashok Nagar Road, Vakola, Santacruz, Mumbai - 400 055	
9.	Mr. Kanen Mewawala Manager, Home Trade Ltd. Jayant Mahal, 5 th Floor, Opp. Wankhede Stadium, Marine Drive, Mumbai	(O): 7909427 (R) 2819290 Mobile: 98200 88818
10.	Bina Sanghvi Officer, Ketan Sheth & Co. 103, Liberty Apartment, 80-A, Sarojini Road, Behind McDonald, Vile Parle (West), Mumbai - 400 056	8194712 Mobile: 98211 42821, 98211 42823
11.	Mr. Ketan Maskaria Officer, Home Trade Ltd.	
12.	Mr. Subodh Bhandari Executive Managing Director, Home Trade Ltd. Flat No. 703 - B, Govind Complex, Sector - 14, Vashi, Turbhe, Navi Mumbai - 400 705	7897433 Mobile: 98210 30143
13.	Mr. Hiren Gada Sr. Vice President, Home Trade Ltd.	
14.	Mr. Atul Shah Sr. Officer, Giltedge Mng Services Ltd.	
15.	Ms. Vichita Officer Giltedge Mng Services Ltd.	



(294)

SCHEDULE - II

Details of the bank account and other properties owned by the broker and its directors, promoters and associate companies.

Sr. No.	Name and address	Tele No.
1.	HDFC Bank Ltd. Tulsiani Chambers, Nariman Point, Mumbai	
2.	HDFC Bank Ltd. 169, Ramon House, Backbay Reclamation, Mumbai - 400 020	
3.	ICICI Bank Ltd. Nariman Point, Mumbai	
4.	UTI Bank Ltd. Universal Insurance Bldg. Ground Floor, Sir P. M. Road, Fort, Mumbai	
5.	Janata Sahakari bank Ltd. Botawala Bldg. Alkesh Dinesh Mody Marg, Fort, Mumbai	
6.	Industrial Bank Ltd. Hochst House, Nariman Point, Mumbai	
7.	Bank of India Stock Exchange Branch Mumbai	
8.	Capital Market Branch Fort, Mumbai	



The Gandevi People's Co-operative Bank Ltd., Gandevi

Dispatch No.: [Not specified]

Certified True Copy of Resolution No. 5(15) Passed in the Board of Directors' Meeting Held on 28-10-99

Resolution No. 5(15)

Subject: Investing surplus funds in appropriate avenues due to lower lending compared to deposits, resulting in excess funds held by the bank

The bank's lending is lower than its deposits, leading to surplus funds remaining with the bank or invested in other banks at low interest rates.

Currently, Government Securities bonds have been issued, including 11.99% Government of India 2009 bonds. After discussion and deliberation, it is resolved to invest Rs. 80 lakh in these bonds. Furthermore, the investment in these bonds will be counted towards the Statutory Liquidity Ratio (SLR). Additionally, it is resolved to grant full authority to the Chairman, Vice-Chairman, and Secretary to carry out the investment in the aforementioned bonds.

True Copy from Original

The Gandevi People's Co-operative Bank Ltd., Gandevi

Dispatch No.: [Not specified]

Certified True Copy of Resolution No. 9(14) Passed in the Board of Directors' Meeting Held on 27-12-2000

Resolution No. 8(14)

Subject: Granting authority to sign, purchase, sell, pledge, or otherwise deal with government securities, trustee securities, and other securities on behalf of The Gandevi People's Co-operative Bank Ltd., Gandevi

It is hereby resolved that, in accordance with By-Law 35(23) of The Gandevi People's Co-operative Bank Ltd., Gandevi, authority is granted to the following persons to jointly sign, purchase, sell, pledge, exchange, or otherwise deal with government securities, trustee securities, and other securities on behalf of the bank: the Chairman, Vice-Chairman, Secretary, Director, General Manager, Accountant, or Officer from among the members of the Board of Directors.

Resolved that, in supersession of all previous resolutions, it is hereby resolved that anyone from the following persons is authorized:

Sr. No.	Name of Person	Designation
1	Akshaybhai R. Desai	Chairman
2	Mukeshbhai B. Maheta	Vice-Chairman
3	Rajeshbhai G. Vaidya	Secretary
4	Navinbhai M. Gandhi	Director

True Copy from Original

* धी गण्डेवी पीपल्स को. ओ. लि., गण्डेवी *

S. T. (02434) : 12836
13484



राज्य शासन, गण्डेवी,
पो. नं. १०
गण्डेवी-३६१ ३६
जि. नवसारी.

ता. - २००

Any one from the following persons.

- (1) Shri Kusumkeshu M Desai General Manager
- (2) Shri Madhankeshu B Tailor Accountant
- (3) Shri Chhampakeshu R Mali Officer.

are hereby jointly authorised to sell, purchase, transfer, endorse, negotiate and for otherwise deal in government securities and also authorised to receive interest and principal thereon and give effective discharge there against on behalf of the Gandevi Peoples co-operative Bank Ltd Gandevi.

अतः २२ वीं मई १९८१.



The Gandevi People's Co-op. Bank Ltd.

[Signature]
President



The Gandevi People's Co-operative Bank Ltd., Gandevi

Dispatch No.: [Not specified]

Certified True Copy of Resolution No. 10(6) Passed in the Board of

Directors' Meeting Held on 20-10-01

Resolution No. 10(K)

Subject: Granting authority to sign, purchase, sell, pledge, or otherwise deal with government securities, trustee securities, and other approved securities in accordance with the regulations of the Reserve Bank of India

It is hereby resolved that, in accordance with the regulations of the Reserve Bank of India, authority is granted to the following persons to jointly sign, purchase, sell, pledge, or otherwise deal with government securities, trustee securities, and other approved securities on behalf of the bank: the Chairman, Vice-Chairman, Secretary, Director, General Manager, Accountant, or Officer from among the members of the Board of Directors.

Furthermore, it is resolved to grant joint authority to two individuals—anyone from among the Chairman, Vice-Chairman, Secretary, or Director, and any one from among the General Manager, Accountant, or Officer—for the following activities:

Endorsing loans and board collaterals.

Purchasing, selling, or exchanging shares of joint stock companies and other securities.

Signing and affixing seals on behalf of the bank for transactions involving government securities, trustee securities, and other approved securities, including bonds, as per the Reserve Bank of India's requirements.

True Copy from Original

THE GANDEVI PEOPLE'S CO-OP.BANK LTD.
STANDERTON HOUSE,
GANDEVI
DIST.NAVSARI.

254

LIST OF BOARD OF DIRECTORES

1. AKSHAYBHAI R.DESAI-PRESIDENT
DESALI COMPOUND,
GANDEVI DIST.NAVSARI
2. MUKESHBHAI B.MEHTA- VICE PRESIDENT
GHAKTI COMPLEX, COLLEGE ROAD,
BILMORA DIST.NAVSARI
3. KISHORBHAI T.PATEL -SECRETORY
PARSI STREET,
GANDEVIDIST.NAVSARI
4. JASMINBHAI J.DESAI
M.G.ROAD,
BILMORA.DIST.NAVSARI
5. RAJESHBHAI G.VAIDYA
TANK PALIYA,
GANDEVIDIST.NAVSARI
6. JAYDEVBHAI M.DER
HORMAZAD BAUG,GOHAR BAUG,
BILMORA DIST.NAVSARI
7. SURESHBHAI P.NEMANI
BEHIND NISCHAY TOWER,
GOHAR BAUG,
BILMORA.DIST.NAVSARI
8. NAGINBHAI A.RANA
ATAPO:AMLASAD
DIST.NAVSARI
9. GULABBHAI B.PATEL
BHAT STREET,
GANDEVIDIST.NAVSARI
10. GULAMNABI J.SHAikh
KADIYAWAD,
GANDEVIDIST.NAVSARI
11. NAVINCHANDRA M.GANDHI
HAVELI STREET,
GANDEVIDIST.NAVSARI
12. MANHARLAL D.SHAH
DAVE STREET,
GANDEVIDIST.NAVSARI
13. GOPALBHAI M.GOHIL
NEAR REST HOUSE,
GANDEVIDIST.NAVSARI
14. HASMUKHBHAI M.DESAI - GEN.MANAGER DT.30/11/2001
DESAI STREET,TALODH,
BILMORA DIST.NAVSARI
15. CHAMPAKBHAI R.MALI - INCHARGE GEN.MANAGER ON 01/12/2001
UGMAN STREET,
GANDEVIDIST.NAVSARI



RBI inspection
not.

239

तार : रिजर्विस्ट
दूरभाष : पी.बी.ए.एस.
6587614, 6587324/25, 6586019
टेलीफोन : 0121-6449

भारतीय रिजर्व बैंक

राष्ट्रीय बैंक विभाग, आभय रोड,
अहमदाबाद-380 009.

वर्ष : वर्ष (अह) निरीक्षण 12-04-3346 (XV) / 2001-2

दिनांक : 22 जून 2002

पंजीकृत डाक द्वारा
गोपनीय

THE G. P. C. BANK LTD.
H. O. GANDEVI
28 JUN 2002
INWARD No. 26-22/02-03

प्रबंधक
श्री अणुदत्त प्रभाकर गोपाळ शिंदे
पि. के. नं. 101, एन. सी. रोड
अहमदाबाद - 380 036

प्रिय महोदय,

बैंकिंग विनियमन अधिनियम, 1949 की सहायता
समितियों पर लागू है) की धारा 35 के अधीन निरीक्षण

हम सूचित करते हैं कि हमारे द्वारा बैंकिंग विनियमन अधिनियम 1949 (जो कि सहायता समितियों पर लागू है) की धारा 35 की उपधारा (1) के अधीन दिनांक 31.3.2002 की स्थिति के अनुसार आपकी बैंक का निरीक्षण किया था। अब हम इसके साथ निरीक्षण रिपोर्ट दिनांक 22.6.02 की प्रति भेज रहे हैं। कृपया रिपोर्ट की मदद अनुसार (आईएम-बॉक्स) अनुपालन अपने दिवस सहित प्राप्ति की तिथि से तीन महीने के अंदर की अपेक्षा में व्यवस्था एवं कार्यालय को भिजवाने की व्यवस्था करें।

कृपया इस की प्राप्ति सूचना करें।

सहयोग,

आर. प्रभाकर
सहायक महा प्रबंधक

अनु :



236

 भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA	भारतीय रिज़र्व बैंक एन. गणेश चैम्बर, 201 बचप रोड, पोस्ट बॉक्स नं. 1, अहमदाबाद 380 009 URBAN BANKS DEPARTMENT La Gajjar Chambers, Ashram Road, P.B. No. 1, Ahmedabad 380 009 टेलीफोन/Telephone : 079-5194, 5194, 4037, 7704, 7704-02, 6009 फेक्स/Fax : 079-458 4853 ई-मेल/ E-mail: rdahmedabad@rbi.org.in
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Ref.UBD(AH)No.Insp/ /12.04.338/2001-02

Confidential/By Regd. Post with A/D.

The Chief Executive Officer
 The Gandevi Peoples' Co-operative Bank Ltd.,
 Gandevi, Navsari Dist., S. Gujarat

Dear Sir,

Inspection under Section 35 of the B. R. Act, 1949 (AACs) -
Annual Financial Inspection - Position as on 31 March 2002

The Statutory inspection of your bank under Section 35 of the Banking Regulation Act 1949 was carried out with reference to its position as on 31 March 2002. A copy of the inspection report dated 22.6.02 is forwarded herewith in terms of sub-section (1) of Section 35 of the said Act. A summary of important features observed on the working of the bank is given in the Annexure.

2. We advise that the inspection report and your comments alongwith this letter may be placed before the Board of Directors of your bank and the action taken to rectify the features observed in the bank's working may be intimated to us within six weeks from the date of receipt of this letter, as per enclosed format. A copy of the compliance may also be forwarded to the Registrar of Co-operative Societies, Gandhinagar and the General Manager, Gujarat State Co-operative Bank Limited, Relief Road, Ahmedabad-380001.

3. Based on the findings of the present inspection your bank has been classified as "weak". A separate communication will following in this regard.

4. We also advise that you may alongwith the Chairman and one or two Directors of the bank call on our General Manager/Officer-in-Charge of this Office by obtaining prior appointment within 30 days of receipt of this letter for a discussion on the findings of the inspection.

5. Please acknowledge receipt.

Yours faithfully,

(A. Udgate)
 General Manager

212

ANNEXURE

Inspection under Section 35 of the Banking Regulation Act, 1949 (AACS) -
The Gandevi Peoples' Co-operative Bank Ltd., Gandevi, Navsari Dist.

Summary of Important Features

1. Net Worth

The bank's paid up capital at book value amounted to Rs.58.71 lakh, as on 31 March 2002, the date of present inspection, registering an increase of Rs.15.48 lakh (35.8%) since the date of last inspection. The net worth of the bank has been assessed by the Inspecting Officer at Rs.(-) 263.23 lakh after making the requisite adjustments as detailed in the Inspection Report.

With the real or exchangeable value at Rs.(-) 263.23 lakh, the bank is not having adequate assets to meet its liabilities and thus does not comply with the provision of Section 22(3)(a) of the Banking Regulation Act, 1949 (AACS). Further, the bank does not comply with the requirements of minimum capital prescribed in terms of the provisions of Section 11(1) of the Act, *ibid*.

2. Loan Assets

2.1 The bank has reported its gross NPAs at Rs.116.07 lakh which formed 12.5% of the total advances of the bank at Rs.928.51 lakh. The net NPAs of the bank as assessed by the Inspecting Officer at Rs.90.39 lakh (10.0%). The bank had held a provision of Rs.25.68 lakh in Bad and Doubtful Debt Reserve as against the actual requirement of Rs.63.91 lakh.

2.2 Credit Management

The credit appraisal followed by the bank was deficient in certain respects. The bank sanctioned term loan for working capital purposes. The actual amount of working capital required was not arrived at by critically examining the financial statements submitted by the borrowers. Bank was not arriving at the drawing power limit based on the monthly stock position and book debts. The book debts statement were accepted at its face value. Operation in unrenewed cash credits were allowed even upto one year.

3. Investments

The bank had entered into transactions in Govt. securities with M/s Home Trade Ltd. violating various instructions issued by RBI in this regard. The bank had incurred a huge loss of Rs.277.06 lakh due to non-adherence of instructions issued by RBI and due to managerial lapses.

4. Management

223

The management of bank was vested in an elected Board of Directors consisting of 13 members. The Board functioned cohesively. Board had not prepared investment policy for judicious use of surplus funds. It had also prepared prudential maximum exposure limit for individual/group of borrowers although the limit was exceeded in few cases. The Board had not reviewed NPAs, weaker section advances.

5. Earning Analysis

The earnings of the bank deteriorated for the year ended 31.3.2002 as compared to the previous year. This was mainly due to the irregularities observed in the investment of Govt securities which had to be eroded. The fraud committed by Daily Collection Agent of Rs.1.58 lakh had also to be taken for erosion. The net loss as reported by the bank amounted to Rs.2.02 lakh for the year ended 31.3.2002. After making adjustment for shortfall in provisions the net loss was assessed by Inspecting Officer at Rs.395.82 lakh.

6. Funds Management & Liquidity

The deposits amounting to Rs.75.28 lakh maturing within 6 months are considered as more volatile. The term deposits constituted 81.6% of the total deposits as on the date of present inspection as compared to 82.9% as on the date of last inspection. Out of the term deposits 71.2% were at a cost of 10% and above per annum. C.D. ratio was 68.3%. The bank had not defaulted in maintenance of required CRR. The bank had defaulted in maintenance of SLR on 428 occasions during the period covered by the present inspection.

7. Systems and Control

The internal control system followed by the bank suffered from certain deficiencies. It has not introduced certain important registers like market price register, D.P. Register etc. Bank has not introduced internal audit/inspection. It has also not introduced certain important control returns from the branches.

8. Frauds, vigilance and staff accountability

The bank had not reported to RBI in prescribed form the fraud committed by the Daily Deposit Agent to a tune of Rs.1.58 lakh. The bank had also not reported the shortfall of Rs.20,000/- in cash balance of Billimora branch due to detection of forged notes which were impounded by SBI.



212

RBI/UBD/Rmir.See/

To,
The General Manager,
Urban Banks Department,
Reserve Bank of India,
La Gajjar Chambers,
Ashram Road,
Ahmedabad.

Dear Sir,

Compliance of the Reserve Bank of India
Inspection Report Dated 22.6.02
Conducted under section 35 of the Banking
Regulation Act, 1949 (AACS)

Approved by the Board of Directors on _____

Item No.	Defects/Suggestions	Bank's Compliance	Space for RBI use
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(213)

Reserve Bank of India

URBAN BANKS DEPARTMENT
AHMEDABAD REGIONAL OFFICE
LA-GAJJAR CHAMBERS
ASHRAM ROAD
AHMEDABAD-380 009.

CONFIDENTIAL

INSPECTION REPORT ON THE

સા ડાઉટરી બીચર કોમ્પેન્ડીયમ ઇ.એમ. ડાઉટરી
DR. N. N. N. N.

GUJARAT STATE

Encls :-

AHMEDABAD
DATED



216

(i) Credit Management

The bank has not framed a set of loan rules duly approved by the Registrar of Co-operative Societies. The credit appraisal was deficient in many respects. There was no pre-sanction inspection of borrowers' units. Post sanction supervision was lacking. Overdrawals were allowed in excess of the drawing power limit/sanctioned limit in a few cases.

(ii) Investments

The bank had not framed any Investment Policy for the judicious deployment of its surplus funds as required in terms of RBI Circular UBD.No.Plan.13/ UB.81/92-93 dated 15 September 1992. The bank had invested in Govt. securities to a tune of Rs.277.06 lakh through Home Trade for which no delivery was received by the bank. This was in contravention of guidelines issued by RBI vide Cir.No.UBD.No.Plan.13/UB.1/92-93 dated 15 September 1992.

(iii) Management

The Board of Directors did not give adequate attention to certain important areas in the working of the bank like periodical review of big borrowal accounts, investment in Government Securities, non performing assets, recovery of overdues, Priority Sector/Weaker Section advances, branch performance etc. On account of its securities transactions with M/s Home Trade Ltd., the bank is likely to suffer a huge loss of Rs.277.06 lakh. This indicates lack of supervision and thus Board's functioning is considered highly unsatisfactory.

(iv) Earning Analysis

The earnings of the bank deteriorated in the year 2001-02. The operating loss during 2001-2002 was Rs.2.02 lakh as compared to the profit of Rs.1.35 lakh in the previous year. The net loss of the bank did not reflect true picture as the bank has not adequately provided for loan losses, erosion in other assets liabilities likely to devolve on the bank. The shortfall in provision amounted to Rs.393.80 lakh as on the date of inspection.

(v) Non-Performing Assets

The bank did not strictly follow RBI guidelines regarding Income Recognition, Asset Classification and provisioning as it was capitalising interest on NPA accounts. The net NPAs as on 31 March 2002 worked out to 10% of its net advances as on that date.

(vi) Funds Management & Liquidity

The fixed deposits constituted 81.6% of the total deposits and out of the fixed deposits nearly 71.1% were at a cost of above 10%. The credit deposit ratio rose to 68.3% as on 31 March 2002 from 53.3% as on the date of previous inspection. The bank has not obtained any Govt. securities either in physical or SGL form from Home Trade Ltd. in respect of transactions made through it. It was observed that the bank had defaulted on 428 occasions in maintaining SLR during the period covered by the present inspection.

The CRR maintained was in excess of the optimum level of 6% on a few occasions and the excess ranged from a high of Rs.61.45 lakh on 23 June 2001 to a low of Rs.5.65 lakh on 14 September 2001.

(vii) Capital Adequacy

CRAR of the bank was assessed as negative at (-) 21.3% as on 31 March 2002.

(viii) Systems and Control

The internal control system suffered from several deficiencies. It did not introduce certain important control returns from the branches. Periodical reviews/information were not placed before the Top Management.

(ix) Priority sector/weaker section advances

The bank had achieved the targets fixed for advances to the priority sector/weaker section.

(x) Net worth/erosion

The real or exchangeable value of the Paid-up Capital and Reserves of the bank as on 31 March 2002 was assessed as negative at (-) Rs.263.23 lakh.

3. Assessment of Net-worth

3.1 Paid-up Share Capital

The Paid-up Share Capital (at book value) stood at Rs.58.71 lakh on the date of the present inspection i.e. 31 March 2002, posting an increase of Rs.15.48 lakh (35.8%), since the date of the last inspection. The increase in book equity resulted from the following changes:

(Rs. in lakh)		
(i)	Paid-up Share Capital (31 March 2000) Last inspection	42.23
(ii)	Deduct: Repayment/Adjustment	0.57
(iii)	Add: Addition to Share Capital	17.05
(iv)	Paid up Share Capital (31 March 2002) Present Inspection	58.71

The owned funds of the bank as on the date of the present inspection (31 March 2002) amounted to Rs.123.85 lakh which constituted 13.3% of the total loans and advances outstanding as on that date.

The bank's ordinary membership increased from 13143 as on 31 March 2000 (last inspection) to 13913 as on 31 March 2002 (present inspection), whereas the nominal membership decreased from 62 to 25 during the same period. The nominal membership constituted 0.2% of the regular membership and did not exceed the ceiling of 20% prescribed in RBI Circular UBD.No.Plan S/UB.81/91-92 dated 5 February 1992.

Despite the observations in the previous inspection report, all the staff members continued to be the shareholders of the bank in contravention of bye-law No.9(b)(iv) of Model Bye-laws. The bank should take immediate measures to rectify the position.

The bank had incurred an expenditure of Rs.9.00 lakh towards Golden Jubilee Celebrations for which no permission was obtained from the Registrar of Co-operative Societies. The bank should now obtain post-facto approval for the expenditure and regularise the same.

3.2 Determination of Outside Liabilities

Certain liabilities which have an impact on net worth assessment not brought on books were noticed and provisions were required for such liabilities as explained in Annexure V.

3.3 Assessed Net Worth

The real value of Paid-up Share Capital and Reserves of the bank (Net Worth) as on 31 March 2002 has been assessed at Rs.(-) 263.23 lakh i.e. Rs.393.80 lakh less than the book value. The divergence between book value and assessed value is analysed in Annexure VI. There has been a decrease of Rs.359.33 lakh in the real or exchangeable value of Paid up Capital and Reserves, since the date of the last inspection, when it was placed at Rs.125.17 lakh.

With the realisable value of the assets being negative at Rs. 1196.65 lakh, the bank is not considered to have adequate assets to meet its liabilities as required under Section 22(3)(a) of the B.R. Act, 1949 (AACS). Further the bank does not comply with the requirements of minimum Capital prescribed in terms of provisions of Section 11(1) of the B.R. Act, 1949 (AACS).

The owned funds are totally wiped out and the deposits have also eroded to the extent of Rs.234.16 lakh.

3.4 Capital Adequacy

The bank reported capital to risk weighted assets ratio (CRAR) of 10.6 and core CRAR of 10.6 as on the date of the inspection. The Inspecting Officer has analysed the bank's CRAR at (-) 21.3% and Core CRAR at (-) 21.3% as under:

Tier - I Capital as reported by the bank

	(Rs. in lakh)
Paid up Share capital	58.71
Statutory Reserves	39.14
Capital Reserves	-
Other disclosed free reserves	34.74
Plus: Surplus in P&L A/c	-
Less: Accumulated losses	-
Less: Intangible Assets	2.02
Total	130.57

2011

Adjustments following Inspection Findings

Less: Additional loan provisions required	36.43
Less: Additional investment (depreciation)	277.06
Less: Provisions required for losses in other assets	15.73
Less: Additional provisions required for any other liabilities, e.g. Tax, Gratuity, Pension, Bonus etc.)	63.01
Less: Intangibles	
Less: Provisions required for any other items as assessed by the Inspecting Officer	1.57
Tier I Capital after adjustments following inspection findings	(-) 263.23

Tier - II Capital as reported by the bank

Undisclosed reserves	-
Revaluation reserves	-
General Provisions & loss reserves	-
Hybrid debt capital instruments subordinated debts	-
Total	-

Tier - III Capital actually reckoned after corrections, if any, as assessed by the I.O.

Capital actually reckoned after corrections, if any, as assessed by I.O.	(-) 263.23
--	------------

Total capital funds (Tier I + Tier II)

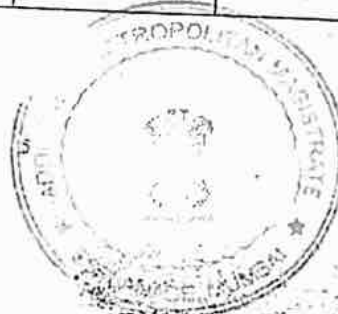
As reported by the bank	130.57
As assessed by the I.O.	(-) 263.23

Risk weighted Assets

As reported by the bank	1237.37
Corrections/adjustments, if any, including the addition of "notional risk assets towards open foreign exchange position as assessed by the Inspecting Officer.	-

	As reported by bank	As assessed by I.O.
Tier I - Capital funds or Core Capital to risk weighted assets ratio (Core CRAR)	10.6	(-) 21.3%
Total capital funds to risk weighted assets ratio (CRAR)	10.6	(-) 21.3%

- 4 Asset Management
4.1 Funds Management and Liquidity



4.1.1 The total working resources of the bank as on 31 March 2002 amounted to Rs.1618.38 lakh, of which Deposits constituted Rs.1358.51 lakh forming 83.9% of the working funds.

For comparative position of the bank's deposits as on the last inspection i.e. 31 March 2000 and the present inspection i.e. 31 March 2002 is mentioned below:

Type of Deposits	Last Inspection (31 March 2000)		Present Inspection (31 March 2002)	
	Amount	% to total deposits	Amount	% to Total deposits
1) Fixed Deposits	1089.06	82.9	1108.96	81.6
2) Savings Deposits	187.38	14.8	214.55	15.8
3) Current Deposits	37.40	2.8	35.00	2.6
Total	1313.84	100.0	1358.51	100.0

The deposits grew by 2.6% during the period covered by the present inspection. 68.3% of the deposit resources has been deployed in the disbursement of loans & advances.

4.1.2 Maturity profile and volatility of deposits

The maturity profile of deposits as on 31 March 2002 was as under:

Maturity period	Amount (Rs.in lakh)	As % to total Deposits
Upto 6 months	355.91	26.2
Above 6 months to 1 year	236.06	17.4
Above 1 year to 3 years	196.84	14.5
Above 3 years to 5 years	221.65	16.3
Above 5 years	348.05	25.6
Total	1358.51	100.0

The deposits amounting to Rs.355.91 lakh maturing within 6 months are considered as more volatile.

4.1.3 The fixed deposits constituted 81.6% of the total deposits as on 31 March 2002 as against 82.9% as on 31 March 2000, the date of the previous inspection. Moreover, out of the fixed deposits of Rs.1108.96 lakh as on 31 March 2002, the date of the present inspection, nearly 71.1% were at a cost of more than 10%. The bank should endeavour to mobilise more of low cost deposits for better profitability.

The bank had borrowing arrangements with Valsad Dist. Central Co-operative Bank Ltd., Valsad against its fixed deposits with them to meet the day to day funds requirements especially for issue of drafts. The borrowing arrangements were sparingly used by the bank. There was no outstanding borrowing as on 31 March 2002.

It was observed that there were many irregularities while opening Savings Bank accounts, a few of which are listed below:

(BANKER)



(21-6)

Sr.No.	Date	A/c No.	Name	Remarks
1.	20.2.02	2148	Gunwant Patel	Manager's signature not obtained on the a/c opening form.
2.	8.1.02	2146	Harishchandra Bhavsar Nayanaben H. Bhavsar Brijesh H. Bhavsar	-do-
3.	24.1.02	2143	Jank P. Desai Keuna N. Desai	-do-
4.	30.3.02	2166	Renukaben B. Patel	No photograph obtained. Manager's signature not obtained.
5.	17.10.2001	2138	Kaushik N. Vaidya Balmukund N. Vaidya Rajani N. Vaidya	No photograph obtained.
6.	-	2159	Gulabbhai B. Patel	-do-

It was also observed that the bank was not obtaining photographs of account holders in the case of Fixed Deposits and Recurring Deposits holders. RBI vide its Circular UBD.No.1&L/T.4/12.05.00/93-94 dated 27th May 1994 has clarified that photographs should be obtained for all types of deposit accounts including Fixed/Recurring/Cumulative deposits and the bank has not followed instructions contained therein.

4.1.4 The credit deposit ratio as on 31 March 2002 stood at 68.3% as against 53.3% as on the date of the previous inspection.

4.1.5 The bank has computed its demand and time liabilities correctly.

4.1.6 The bank had complied with the provisions of Section 18 of the B.R. Act, 1949 (AACS). No default was observed in the maintenance of CRR during the period covered by the present inspection. The bank had, however, defaulted in the maintenance of SLR as it had included the amount of Rs.277.06 lakh reported to have been invested in Govt. securities through M/s Home Trade for which no delivery was received although considerable time has elapsed (since 23.10.2001). The bank was advised to file revised returns excluding the amount. It was observed that the bank had defaulted on 428 occasions.

4.2 Investments

As on the reference date of inspection i.e 31 March 2002 the bank's investments were as under which have been mentioned in Annexure II.

Category	(Rs. in lakh)
(i) Shares -	
a) Co-operative Institutions - 10.15	11.17
b) AIFI - 1.02	
(ii) Debentures/Bonds	
a) NABARD Capital Gain Bond	4.00
TOTAL ...	15.17

802

4.2.1. The total investments of the bank as on 31 March 2002 amounted to Rs.15.17 lakh as against Rs.136.73 lakh as on the date of the previous inspection (31 March 2000). The bank entered into sale/purchase transactions of Govt. securities to the tune of Rs.23.95 crore with Home Trade Ltd. in contravention of the instructions issued by RBI vide their various circulars. The bank had not received delivery of any Govt. securities in the above deal. The bank had not made classification of the securities as required in terms of Reserve Bank Circular No.CO.BSD.1.PCB.44/12.05.05/2000-2001 dated 23.4.2001. It had no physical/SGL securities with it.

The bank had not framed any Investment Policy. The bank had not submitted any quarterly review of the transactions in Govt. securities to their Board of Directors.

The transactions were not got audited by the Chartered Accountants. Half yearly reports were not submitted to RBI. The bank made short sales without having actual possession of Govt. securities.

The bank had shown Govt. securities as investment in Form I & IX without having possession of the securities.

The bank had thus contravened instructions contained in following RBI circulars :-

UBD.No.Plan.13/UB.81/92-93 dated 15.9.1992
UBD.No.Plan.74/UB.81/92-93 dated 15.5.1993
UBD.No.21/12.15.00/93-94 dated 21 September 1993
UBD.No.3/09.29.00/93-94 dated 2 August 1993
UBD.Plan.PCB.32/09.29.00/94-95 dated 24 November 1994
UBD.Plan.PCB.69/09.29.01/95-96 dated 21 June 1996
UBD.Plan.PCB.Cir.19/09.29.00/97-98 dated 10 November 1997
UBD.No.Plan.PCB.Cir.22/09.29.00/00-01 dated 30 December 2000
UBD.No.BR.Cir.42/16.26.00/2000-01 dated 19 April 2001
UBD.No.BR.6/16.26.00/2000-01 dated 9 August 2001

The bank entered into transactions in Govt. securities with Home Trade Ltd. who was not a member of either Bombay Stock Exchange or OTC Exchange of India or NSE and hence contravened instructions contained in Circular UBD.No.Plan.PCB.32/09.29.00/94-95 dated 24 November 1994. The bank had thus incurred a huge loss of Rs.277.06 lakh due to non-adherence to instructions issued by RBI and due to managerial lapses. The bank had, therefore, acted in a manner detrimental to the interest of the depositors and hence did not comply with Section 22(3) (b) of the Banking Regulation Act, 1949 (AACS).

4.2.2 The bank has not formulated any investment policy for judicious deployment of its surplus funds as required in terms of RBI Circular UBD.No.Plan.13/UB.81/92-93 dated 15 September 1992.

4.2.3 The bank should form an Audit Committee as required in terms of RBI Circular UBD.No.Plan. PCB.9/09.06.00/94-95 dated 25.7.1994.



4.3 Loan Assets

4.3.1 The comparative position of the Loans & Advances as on the date of the last inspection (31 March 2000) and the present inspection (31 March 2002) is as under:-

Date	Loans & Advances	Deposits	(Rs. in lakh) CD Ratio
(31.03.2000) Last Inspection	700.25	1313.84	53.3%
(31.03.2002) Present Inspection	928.51	1358.51	68.3%

During the period under review, the Loans & Advances of the bank registered an increase of Rs.228.26 lakh, thus showing a growth of 32.6%. The total advances had reached a level of Rs.928.51 lakh as at the end of 31 March 2002.

The credit deposit ratio had increased to 68.3% from 53.3% as on the date of the previous inspection.

4.3.2 The bank has not framed a set of Loan Rules duly approved by the Registrar of Cooperative Societies. It has also not issued any detailed guide lines/instructions to the branches for the benefit of the dealing staff. The bank should frame a set of loan rules taking into account the socio-economic changes/liberalisation/latest RBI guidelines. It should also prescribe a manual of instructions for the guidance of the dealing staff of the various branches.

4.3.3 The loans and advances were sanctioned by Board of Directors. The Branch Managers were authorised to grant loans/overdrafts against tangible assets like gold ornaments, NSC, KVP, IVP and Fixed Deposits.

The bank had constituted a Credit Committee for the scrutiny, appraisal and assessment of loan proposals. But nowhere was it evident that the Committee had appraised the loan proposals or recorded its recommendations.

4.3.4 The bank did not follow the system/norms for calculation of working capital finance as contemplated in RBI Circulars. The credit appraisal obtaining in the bank was deficient in certain aspects. The bank did not ascertain the purpose for which the credit facilities were sought and whether the needs were legitimate and in accordance with the accepted socio-economic objectives. There was no system of the pre-sanction inspection of the borrowers, business. There was no independent and critical scrutiny to arrive at the need based credit requirements based on the credit worthiness of the borrowers, viability of the unit, borrowers' capacity to manage the business, his stake, borrowings from other sources, generating capacity, liquidity etc.

4.3.5 There was a lack of effective system of post disbursement supervision of credit and verification of end use of funds for identifiable purposes. The periodical stock/book debt statements were not received in many cases. The drawings had exceeded the drawing power in many cases. Head Office had not prescribed periodical control returns to supervise the

quantum/quality of credit and for reporting the excesses. There was also no system of verification of stock/book debts with reference to the records by visit to the borrowers' premises

A few examples of irregularities while sanctioning loans under various securities are listed below:

Advances against hypothecation of goods

- 1) Stock statements were not insisted upon. Drawing power was not worked out.
- 2) Market Price Register was not maintained.
- 3) Insurance Policy of the goods hypothecated to the bank was not renewed.
- 4) The borrower's units were not visited periodically.

Advances against Motor Vehicles

- 1) There was no system of periodical verification of the Vehicles to ascertain whether they were in a road worthy condition.
- 2) Insurance policies had lapsed and they were not renewed timely.
- 3) The bank had not obtained RTO Books.
- 4) Blank TT forms were not obtained by the bank.

Loans against Gold ornaments/NSC/Bank FD

- 1) There was no system to periodically verify the above securities by officials unconnected with their custody. The Gold Verification Committee did not carry out any surprise inspection during the period covered by the present inspection.
- 2) The bank did not have a system of recording the fineness of the gold by the appraiser. Further, the bank did not obtain valuation certificate from the Goldsmith.

Loans against Plant & Machinery

- 1) Insurance Policy was not renewed on due date.
- 2) Periodical inspection of the machinery was not conducted by the bank.
- 3) Payment was made to the borrower instead of making direct payment to the supplier.

Advances against Land & Building



(302)

- 1) Insurance policy was not obtained/renewed on due date.
- 2) The bank has not obtained from the borrower the evidence of periodical payment of taxes & rent.

A few examples to illustrate the above deficiencies/irregularities are furnished below:

Gold Loans

Sr.No	Date	Name	Amount (Rs)	Remarks
1	8.4.2002	S.C. Kansara	5000.00	Valuation certificate not obtained from Goldsmith.
2	10.4.2002	H.P. Kansara	17000.00	-do-
3	10.4.2002	C.B. Patel	15000.00	-do-
4	25.4.2002	E.N. Ganchi	31000.00	-do-

The bank should invariably obtain a valuation certificate from the Goldsmith.

Vehicle Loans

Sr.No	Date	Name	Amount (Rs)	Remarks
1.	21.7.2001	T.D. Desai	28400.00	Vehicle inspection not done. Insurance & RTO papers were not available.
2.	10.12.2001	Harshad C. Naik	31500.00	Vehicle inspection not carried out. RTO papers were not obtained.
3.	24.11.2001	Hemant T. Patel	30700.00	RTO papers were not obtained.
4.	5.12.2001	Sayad Mohd. Shaikh	28700.00	-do-

Hypothecation Loans

Sr.No	Date	Name	Amount (Rs)	Remarks
1.	15.1.1995	M.L. Patel	84000.00	Boring machinery - Valuation was not ascertained. Insurance policy not renewed in time.
2.	12.8.1998	Neha K. Mistry	100000.00	Value of the machinery not ascertained. Insurance policy had expired.
3.	5.1.1998	Zaverbhai B. Chauhan	213900.00	Value of machinery not recorded. Insurance policy had lapsed.



Loans to Builders/Contractors

The bank had granted loans to the following builders detailed below:

Sr.No	Date	Name	Amount (Rs)	Remarks
1.	23.6.2001	M/s Gurukripa Enterprises	10,00,000.00	-
2.	27.12.2000	M/s Deep Developers	20,00,000.00	-

The bank's attention is drawn to RBI Circulars UBD.BOM.INSF/3818/Y.1/84-85 dated 3rd June 1985 and UBD, No.1 and 2.67/J-1/87-88 dated 21 November 1987 where in the urban co-operative banks were advised to refrain from sanctioning loans and advances to these categories of borrowers as it may result in dual financing as the builders take advances from flat seekers/buyers. The bank had not adhered to the instructions contained in the above circulars.

Hiteshkumar R. Desai

The bank had granted loan of Rs.4.99 lakh to Shri Hitesh R. Desai and Hemansha J. Desai against the stock of fruits valued at Rs.4.15 lakh and building valued at Rs.54,000/-. The bank should desist from advancing loans against perishable items such as fruits. The insurance policy had already lapsed on 16 February 2002. There was no margin available.

4.3.6 While renewing cash credit limits, the turnover in the account and past performance were generally not taken into account.

There was no system to review the performance of bigger loan accounts periodically.

4.3.7 The bank had not followed the prudential norms relating to income recognition, assets classification and provisioning. It had not adhered to RBI instructions for income recognition and provisioning. It had also not maintained proper records of the NPA accounts.

The bank has not maintained the NPA Register in the prescribed format to keep proper record of the NPA accounts.

4.3.9 The gross non-performing assets as identified by the bank as on 31 March 2002 amounted to Rs. 116.07 lakh which formed 12.5% of the total loans and advances outstanding as on that date. No divergence in classification of advances was observed. The Net NPAs after adjustment of provisions available with the bank amounted to Rs.90.39 lakh which forms 10.0% of the Net loans and advances as on 31 March 2002. Details of Net NPAs is given below:

		(Rs. in lakh)
Sr. No.	Details	Amount
1.	Gross Advances	928.51
	Less:	
2.	BDDR	25.68
3.	OIR - to the extent of unrealised interest capitalised and included in outstanding loans and advances	-
	Total Deductions	25.68

32

4.	Net Advances	
5.	Gross NPAs	902.83
	Less:	116.07
6.	Provisions as mentioned under item 2 and 3 above	
7.	Net NPAs	25.68
8.	% of Gross NPA to Gross Advances (4 to 1)	90.39
9.	% of Net NPA to Net Advances (7 to 4)	12.5%
		10.0%

The risk profile of the advances portfolio is given below
(Rs. in lakh)

Particulars	IO's classification	
A - Standard	812.44	87.5%
B - Impaired comprising	29.48	3.2%
(1) Sub Standard	29.48	3.2%
(2) Doubtful	59.96	6.4%
(3) Loss assets	26.63	2.9%
Total loans & advances	928.51	100.0%

(Percentage shown in the brackets are on gross loans and advances)

The impaired loan portfolio at Rs.116.07 lakh worked out to 12.5% as on 31 March 2002 as compared to 10.9% as on the date of the last inspection. Thus, there has been a deterioration in the quality of loan portfolio.

4.3.10 As against the provision required to be made for loan losses of Rs. 53.91 lakh the bank has made provision of Rs.25.68 lakh. (BDDR/OIR) thereby leaving a shortfall in provision for loan losses at Rs.38.23 lakh.

4.3.11 The bank has no effective recovery policy as may be observed from the increase in the NPAs. It had filed suits in the case of 366 accounts involving Rs.116.07 lakh out of which 198 cases involving Rs.79.51 lakh were under arbitration and in 24 cases involving Rs.6.41 lakh awards were under execution. In the case of 136 accounts involving Rs.25.23 lakh the bank had issued only judiciary notices. The bank should follow up the case effectively for early recovery. The bank had not written off any debts during the period covered by the present inspection.

The bank has no effective recovery system as may be seen from the increasing trend in NPA position which has increased from 10.9% as on 31.3.2000 to 12.5% in 31 March 2002.

The Board should constitute a 'Recovery Committee' of the Board of Directors and closely monitor the recovery process in order to arrest the increasing trend in NPA over the years.

4.3.12 There was no system for fixing staff accountability in cases of slip back of advances from standard to NPAs.

4.3.13 As indicated above in para 4.3.11 there is scope for improvement in measures for improving the asset quality. The list of top 20 NPA accounts in each category is attached to

823

the Inspection Report showing the reasons for their becoming NPA and action taken etc. for suitable action.

4.4 Other Assets

Land and Buildings/furniture/fixtures/ mainly formed the other assets. The same were proportionate to its requirements. The bank had acquired two properties for its branches at Chikhli and Billimora.

It did not have any non-banking assets. The bank has made adequate provisions for depreciation in the value of its assets.

5 Management

5.1 In terms of the bank's bye-law No.34, the Management of the bank was vested in an elected Board of Directors consisting of 13 members, including the Chairman, Vice Chairman and Managing Director and in terms of Bye-law No.34(1) the entire Board is elected for a period of three years subject to retirement of 1/3rd directors every year by rotation as per the Bye-law No.30(4) of the Model Bye-laws prescribed by the Reserve Bank of India. The Board functioned cohesively. The Board meetings were held regularly and were well attended. The Agenda of the Board meetings were generally confined to routine matters such as admission/retirement of members, sanction of various loans and advances, ratification of loans sanctioned by Branch Managers under their discretionary powers, sanction of expenditure etc. Important circulars/letters received from RBI/RCS were placed and discussed in the meetings. However, the Board did not have a system of preparing perspective plans for disbursement of advances for different purposes with sector-wise allocation of funds. The Board did not review periodically the position of deposits/advances, bigger loan accounts, investments in government and other approved securities, lending to priority sector/weaker sections, branchwise performance etc. The Board had not framed Investment Policy for judicious deployment of surplus funds as required in terms of RBI Circular UBD.NO.PLAN.13/UB.81/92-93 dated 15 September 1992. The bank entered into transactions in Govt. securities with Home Trade Ltd. who were not a member of either Bombay Stock Exchange or OTC Exchange of India or NSE and had hence contravened instructions contained in Circular UBD.No.Plan.PCB.32/09.29.00/94-95 dated 24 November 1994. The bank had incurred huge loss of Rs.277.06 lakh due to non-adherence of RBI instructions and due to managerial lapses. The bank had, therefore, acted in a manner detrimental to the interest of the depositors and hence did not comply with Section 22(3)(b) of the Banking Regulation Act, 1949 (AACS). The Board's functioning, therefore, is considered highly unsatisfactory.

The loans and advances granted to Directors and their relatives were within the prescribed limits. Sanctioned limits amounted to Rs.29.70 lakh as on 31 March 2002 i.e. 3.2% of the total loans and advances. The outstanding amount as on 31 March 2002 was Rs.12.08 lakh which was 1.3% of the total loans and advances.

The Board had constituted Shakh Committees for each of its branches to process the loan application received by the branches and recommend the same to the Board. However, it was observed that the committees recommendations were not recorded in the loan applications.



320
The bank had not constituted an audit committee. The Board should constitute such committee as required in terms of RBI Circular UBD.No.PLAN.(PCB)9/09.06.00/94-95 dated 25 July 1994 to oversee the compliance to audit report, RBI inspection report and internal/branch inspection reports.

5.2 The bank has a total staff strength of 21 employees consisting of 5 senior officers, 12 clerks and 4 sub-staff. The staff strength was proportionate to the volume of business conducted by the bank.

5.3 The General Manager was assisted by a Manager and one Accountant at Head Office and by two Branch Managers. The Chief Executive Officer was the overall incharge of the bank looking after investment/liquidity/statutory control returns and supervision over the branches.

The bank may consider delegation of powers at various levels for better and prompt customer service. The Branch Manager was only delegated powers to sanction loans against FDRs, NSC, KVP and gold ornaments.

5.4 The bank had not prescribed important returns/statements for submission by the branches. The branches were not submitting the statements of excess drawals over DP limits/sanctioned limits to Head Office. The Head Office should insist on these statements in order to have effective control over the branches and to know the transgression in the delegated authority. The bank should also introduce a good reporting system from the branches to ensure that there is prompt consolidation of figures of the branches at the Head Office.

The following returns may be prescribed by the bank:

A - Daily

- 1) Statements of advances granted under discretionary powers vested with the Branch Managers. The Head Office should also give in writing the powers delegated to the Branch Managers.
- 2) Abstract of transaction put through Head Office General Account.

B - Monthly

1. Statement of short term and medium term loans and advances disbursed, recovered, outstanding and over dues and steps taken to recover the over dues.
2. Statement of cash credit accounts showing drawals, repayments, outstanding overdues, value of stock as per the stock statement submitted by the borrowers, drawing powers, excess drawals, insurance cover, dates of verification of stock by visit to the borrowers' premises etc.
3. Statement of sundry debtors/creditors, suspense account.

320

4. Branch Manager's monthly certificate regarding balancing of books of accounts, reconciliation of Head Office account, checking of cash etc.
5. The bank has not introduced a system of inspection of branches at Chikhli and Billimora. The same should be introduced immediately since the branches were having sizeable business. Further the investment transactions of the head office should also get audited at periodical intervals. The bank should introduce a suitable inspection format covering the entire working of the branches.
- 5.5 The bank has not constituted any Committees of the executives at Head Office for dealing with compromise settlement and acquisition of fixed assets.
- 5.6 No proper periodical reviews/information were placed before the top management on the position of deposits/advances, investment in government securities, NPA, branch performance etc. The half yearly annual review note on priority sector/weaker section advances were not prepared and put up to the Board. It had not prepared and implemented the submission of various reviews as per the calendar of reviews to be placed before the Board in terms of RBI Circular UBD.No.PLAN(PCB)/11/09.08.00/94-95 dated 2 August 1994.
- 5.7 The bank has submitted the Compliance Report to the earlier RBI inspection report and also further compliance called for.

However, the present inspection has revealed the existence of many of the irregularities/deficiencies pointed out in the earlier inspection. The bank should give adequate attention to RBI Inspection Report and rectify the defects pointed out in the Report.

6 Earning Appraisal

6.1 The profitability of the bank deteriorated in the year ended 31 March 2002 compared to the previous year as shown in Annexure-III. The operating loss of the bank during 2001-02 was Rs. 2.02 lakh as compared to profit of Rs.11.35 lakh in 2000-01. The net loss as reported by the bank did not reflect true picture as the bank has not adequately provided for loan losses, erosion in other assets, liabilities likely to devolve on the bank. The shortfall in provision amounted to Rs.393.80 lakh. After making adjustment, the net loss was assessed at Rs.395.82 lakh.

6.2 Analysis of profit and loss account.

The bank's net profit to working funds deteriorated from 0.07% in 2000-01 to (-) 0.1% in 2001-02. The main reason being the fall in interest income on investments.

6.3 The income earned from interest on advances increased to Rs.168.11 lakh as on 31 March 2002 from Rs.139.81 lakh as on 31 March 2001. As percentage to total income it increased to 52.4% from 65.9% on the respective dates. However, income from the investments decreased to Rs.30.24 lakh as on 31 March 2002 from Rs.62.49 lakh as on 31 March 2001. As a percentage to total income it came down from 29.5% to 14.8% in March 2002. The bank had not undertaken off balance sheet activities except issue of financial guarantees and the income received on the same was negligible. The bank had made adequate provisions for losses.



326

6.4 The retained earnings during 2000-01 amounted to Rs.1.35 lakh.

6.5 The bank has not adhered to the statutory provisions/guide lines/Bye-laws relating to appropriation to Statutory Reserve Fund and other reserves out of net profit of Rs.1.35 lakh in the year ended 31.3.2001.

6.6 The bank has made a provision of Rs.25.68 lakh under BDDR against the estimated loan loss of Rs.63.91 lakh.

As against the total erosion of Rs.425.51 lakh, the bank held a provision of Rs.85.86 lakh under BDDR/OIR and Rs.3.83 lakh provision for standard assets leaving an unprovided gap of Rs.395.82 lakh. There was, therefore, adverse impact on net profit.

6.7 The bank has not evolved any system of preparing expenditure budget on various capital and revenue items to ensure cost control.

6.8 The bank has not undertaken stock invest and merchant banking business.

6.9 The bank has made a donation of Rs.4.30 lakh towards Gujarat Relief Fund after obtaining permission of Registrar of Co-operative Societies in the matter.

7. Systems and Control

7.1.(a) As already pointed out in Para 5.4 the bank has not prescribed important returns from branches for ensuring internal control. The bank has not fixed limits for passing of cheques by officials at various levels. The bank has not given any training to many of the staff members during the last two years. The bank should give training to all the staff members in Cooperative banking in convenient batches. Officers may be sent to College of Agricultural Banking, Pune for training in Cooperative Banking/NPA etc.

7.1.(b) It was observed during the branch inspection of Billimora branch that cash was short to the extent of Rs.20,000/-. This was due to the forged notes impounded by SBI pending investigation by the Crime Branch of the Police Dept. The amount of Rs.20,000/- should have been made good either by the Cashier or the depositor of these notes immediately. The bank should have fixed accountability and recovered the amount before closing the cash balances on the same day. The bank has fixed overnight cash retention limits for its branches but the same have not been communicated to the branches. The overnight cash maintained by branches far exceeded the limits on a few occasions.

7.2 The bank has not introduced inspection of its main branch at Gandevi or inspection of Head Office transactions.

7.3 The bank has not introduced the necessary Management Information System as pointed out in Para 5.6 of the Report.

7.4 The various Statutory Returns were not submitted to Reserve Bank of India as per the prescribed time schedule. The bank has not submitted the statement of unclaimed deposits in form VIII for the years ended 1997 and 1998: 31 DEC 2001.



7.5 The balancing of books are done at regular intervals and there are no differences between the General Ledger and the various accounts.

The Branch/Head Office reconciliation was done regularly and there are no long outstanding entries. The reconciliation of accounts maintained with other banks was not done regularly at monthly intervals and there were long outstanding entries amounting to Rs.44,538.46 in the case of Bank of Baroda, Gandevi which is unreconciled for nearly eight years. The bank should follow up the same and adjust the outstanding entries early. The bank reconciliation statements were not seen by any other bank officials. The liquidity register was not put up to the CEO on daily basis.

7.6 The bank had not followed a good system for ensuring adherence to prudential norms relating to income recognition, assets classification and provisioning.

7.7 The bank has not introduced the system of EDP audit of its computer systems and hardware. The bank should employ technically qualified person to take care of its computers at Head Office/Branches or properly train the staff on computer operations. The bank should enhance its Computer Security System and appoint a System Administrator. The back up system of the computers was also lacking in many aspects.

7.8 There were no major complaints pending against the bank. The complaint of Shri Shailesh Shah, Ex-Board Member against the Management appeared to be devoid of substance and was referred to RCS.

Fraud

A Daily Deposit Agent of the bank - Shri Rameshbhai B. Patel who was appointed after usual formalities was not depositing the daily collection. The amount defrauded by him totals to Rs.1,57,600.00 as on 21 February 2002. The bank had not reported the matter to RBI in the prescribed format. Efforts may be made to recover the amount at the earliest.

7.9 Clearing Transactions

The bank had clearing arrangements with HDFC Bank for Mumbai cheques. Cheques pertaining to Surat were cleared through Surat District Co-operative Bank Ltd. Similar arrangements were made with Valsad Dis. Co-operative Bank Ltd. and Navsari Dist. Co-operative Bank Ltd. for respective areas. The cheques received for clearing were ranging between 5 and 10 on a daily basis. No irregularities were observed.

8. Foreign Exchange Business.

The bank has not been authorised to deal in Foreign Exchange Business.

9. Off Balance Sheet Business

It was observed that the bank had given Solvency Certificate to M/s Shree Laxmi Roadways, Gandevi for a value of Rs.20.00 lakh. It was not known on what basis these certificate were given. The bank should word such certificates carefully to ensure that no liability falls on the



bank in case of any default by the beneficiary of certificate. The bank should also levy a fee for such certificate.

10. Compliance Review
(a) Regulatory Compliance

10.1 The bank does not comply with Section 11(1) of the Banking Regulation Act, 1949 (AACS) as its real net-worth was negative.

10.2 The bank does not comply with Section 22(3)(a) of the Act, ibid as the realisable value of the assets of the bank at Rs.1254.65 lakh was not adequate to meet its outside liabilities at Rs.1522.89 lakh and the bank was not in a position to pay its depositors, present and future.

10.3 The affairs of the bank were being conducted in a manner detrimental to the interests of the depositors. Thus, the bank does not comply with Section 22(3)(b) of the Act, ibid.

10.4 The bank had defaulted in the maintenance of SLR on 428 occasions and had thus violated the provisions of Section 24 of the Banking Regulation Act, 1949 (AACS).

10.5 The bank had not complied with the prudential norms relating to asset classification, income recognition and provisioning requirements.

10.6 The bank had violated various instructions issued by Reserve Bank of India regarding transactions in Government securities as per details furnished in para 4.2.1 of the report.

10.7 The bank had not appropriated 25% of its net profits to Statutory Reserve Fund during the period covered by the present inspection due to inadequate profit for the year 2000-01 thereby contravening Section 67(2) of the GCS Act, 1961. The amount was retained for Golden Jubilee Celebration.

10.8 The bank has not fixed the prudential maximum exposure limits to individual/group of borrowers. However, the bank has not granted advances in excess of the permissible limits.

10.9 The interest rates on deposits and advances were revised by the bank based on market trends.

(b) Policy Compliance

As per the statement prepared by the bank and submitted to RBI the advances to priority sector amounted to Rs.604.13 lakh forming 65.1% of the total loans and advances. It has also achieved the target fixed for advances to weaker sections.

(c) Integrity of Regulatory Reporting

The Regulatory Returns submitted by the bank were compiled correctly.

11. Rehabilitation

11.1 Net Worth



3212

The real and exchangeable value of paid-up capital and reserves of the bank has been assessed as negative at Rs.263.23. The bank, therefore, does not comply with provisions of Section 11(1) of the Banking Regulation Act, 1949 (AACs).

11.2 Capital Adequacy

The CRAR of the bank has been assessed as negative at (-) 21.3%.

11.3 The net NPA of the bank formed 10.0% of net advances.

11.4 Profitability

The net profit/loss as reported by the bank for the last three years was as under:

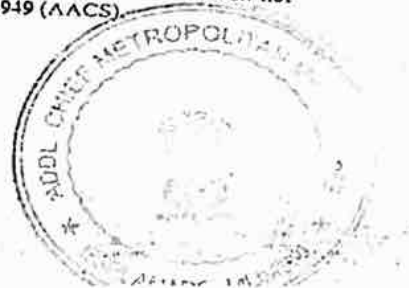
Year ended	Net profit(+) or Loss (-)
March 2000	4.98
March 2001	1.35
March 2002	(-) 2.02

However, after making adjustments for shortfall in provisions the Inspecting Officer has assessed the net loss of the bank at Rs.395.82 lakh for the year ended 31 March 2002.

11.5 Net Erosion to Net Owned Funds

I - Net Owned Funds		Rs. in lakh
Paid-up capital		58.71
Reserves (excluding BDD/OIR)		73.88
Net Owned Funds		132.59
II - Net Erosion		
NPA Provisions required.		63.91
Provisions required for Std. Assets		2.03
Provisions required for Erosion in Other assets		352.97
Provisions required for liabilities understated		64.58
Loss		2.02
Total erosion		485.51
Less:		
BDDR		25.68
OIR		60.18
Provision for Std. Assets		3.83
Sub Total		89.69
Net Erosion		395.82
% Net erosion to Net Owned Funds		298.5%

In view of the above, the bank may be classified as "Weak Bank" under rehabilitation not complying with Section 11(1) of the Banking Regulation Act, 1949 (AACs).



32

Registrar of Co-operative Societies, Gujarat State has been requested to supersede the Board of Directors under Section 115(A)3 of Gujarat Co-operative Societies Act, 1961. Besides criminal action has been initiated against the Board of Directors and all other concerned.


(R. Kumarasan)
Inspecting Officer

ABC/The Gandevi Peoples'



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

शहरी बैंक विभाग
ला गज़र चेंबरस, आश्रम रोड, अहमदाबाद-380009
URBAN BANKS DEPARTMENT
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रेडिफ़ोन Telephones : 6588853, 6585184, 6581168.
6584037, 6587324
टेलीग्राम/Telex : 0221-6449
सा/Telegram : 'RESERVIST'

सर्वमं स. शमैवि (अह) 12.04.338 (XV) / 2001-02

दिनांक : 22 जून 2002

पंजीकृत डाक द्वारा

गोपनीय
श्री श्रीमती श्री श्री
श्री श्रीमती श्री श्री
श्री श्रीमती श्री श्री
श्री श्रीमती श्री श्री

THE G. P. C. BANK LTD.
H. O. GANDEVI
2-8 JUN 2002
INWARD No 26-73/5203

प्रिय महोदय,

तेकिंग विनियमन अधिनियम 1949 की धारा 35 के अधीन निरीक्षण
(बोला कि सहकारी समितियों पर लागू है)

हम इस पत्र के साथ हमारा पत्र क्रमांक स. शमैवि. अह. 12.04.338 (XV) / 2001-02

दिनांक 22-6-02 की प्रति आपके आवश्यक कार्यावाही हेतु प्रेषित करते हैं।

इसका प्राप्ति सूचना शीघ्र भेजें।

भवदीय,

आस्थुतमणि
सहायक महा प्रबंधक

संलग्नक : 4

22-6-02



 भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA	शहरी बैंक विभाग एन गज्जर चैम्बर्स, आश्रम रोड, पोस्ट ऑफिस नं. १, अहमदाबाद ३८० ००९ URBAN BANKS DEPARTMENT La Gajjar Chambers, Ashram Road, P.O. No. 1, Ahmedabad 380 009 टेलीफोन/Telephone : 658-5184, 0188, 4037, 7614, 7324-25, 4019 फैक्स/Fax : 679-653 4853 E-mail: rdahmedabad@rbi.org.in
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Ref.UBD(AH)No.Insp/

/12.04.338/2001-02

Confidential/By Reed Post with A/D.

The Chief Executive Officer
The Gandevi Peoples' Co-operative Bank Ltd.,
Gandevi, Navsari Dist.. S. Gujarat,

Dear Sir,

Inspection under Section 35 of the B. R. Act, 1949 (AACS) -
Annual Financial Inspection - Position as on 31 March 2002

The Statutory inspection of your bank under Section 35 of the Banking Regulation Act 1949 was carried out with reference to its position as on 31 March 2002. A copy of the inspection report dated 22-6-02 is forwarded herewith in terms of sub-section (1) of Section 35 of the said Act. A summary of important features observed on the working of the bank is given in the Annexure.

2. We advise that the inspection report and your comments alongwith this letter may be placed before the Board of Directors of your bank and the action taken to rectify the features observed in the bank's working may be intimated to us within six weeks from the date of receipt of this letter, as per enclosed format. A copy of the compliance may also be forwarded to the Registrar of Co-operative Societies, Gandhinagar and the General Manager, Gujarat State Co-operative Bank Limited, Relief Road, Ahmedabad-380001.

3. Based on the findings of the present inspection your bank has been classified as "weak". A separate communication will following in this regard.

4. We also advise that you may alongwith the Chairman and one or two Directors of the bank call on our General Manager/Officer-in-Charge of this Office by obtaining prior appointment within 30 days of receipt of this letter for a discussion on the findings of the inspection.

5. Please acknowledge receipt.

Yours faithfully,

(A. Udgata)
General Manager

34



Enclt.UBD(AH)No.Insp/

7059- /12.04.338/2001-02 of date.

Copy forwarded for information and necessary action to :

- ✓ 1. Shri Akshay R. Desai, Chairman, The Gandevi Peoples' Co-operative Bank Ltd., Gandevi, Navsari Dist. (without report).
2. The Chief Secretary, Government of Gujarat, Sachivalaya, Gandhinagar (without report).
3. The Chief General Manager, Urban Banks Department, Reserve Bank of India, Central Office, Mumbai-400 018. together with :-
 - (i) A copy of the Inspection Report.
 - (ii) A file containing inspection statements.
 - (iii) A copy of the Executive Summary.

The bank has been classified as a weak bank on the basis of findings of the present inspection.

4. The Registrar of Co-operative Societies, Gujarat State, Gandhinagar.
5. The General Manager, Gujarat State Co-operative Bank Limited, Relief Road, Ahmedabad-380001.

Bhiman
Asst.General Manager

Encls: 2 Sheets



35

1932

ANNEXURE

Inspection under Section 35 of the Banking Regulation Act, 1949 (AACS) –
The Gandevi Peoples' Co-operative Bank Ltd., Gandevi, Navsari Dist.

Summary of Important Features

1. Net Worth

The bank's paid up capital at book value amounted to Rs.58.71 lakh, as on 31 March 2002, the date of present inspection, registering an increase of Rs.15.48 lakh (35.8%) since the date of last inspection. The net worth of the bank has been assessed by the Inspecting Officer at Rs.(-) 263.23 lakh after making the requisite adjustments as detailed in the Inspection Report.

With the real or exchangeable value at Rs.(-) 263.23 lakh, the bank is not having adequate assets to meet its liabilities and thus does not comply with the provision of Section 22(3)(a) of the Banking Regulation Act, 1949 (AACS). Further, the bank does not comply with the requirements of minimum capital prescribed in terms of the provisions of Section 11(1) of the Act, *ibid*.

2. Loan Assets

2.1 The bank has reported its gross NPAs at Rs.116.07 lakh which formed 12.5% of the total advances of the bank at Rs.928.51 lakh. The net NPAs of the bank as assessed by the Inspecting Officer at Rs.90.39 lakh (10.3%). The bank had held a provision of Rs.25.68 lakh in Bad and Doubtful Debt Reserve as against the actual requirement of Rs.63.91 lakh.

2.2 Credit Management

The credit appraisal followed by the bank was deficient in certain respects. The bank sanctioned term loan for working capital purposes. The actual amount of working capital required was not arrived at by critically examining the financial statements submitted by the borrowers. Bank was not arriving at the drawing power limit based on the monthly stock position and book debts. The book debts statement were accepted at its face value. Operation in unrenewed cash credits were allowed even upto one year.

3. Investments

The bank had entered into transactions in Govt. securities with M/s Home Trade Ltd. violating various instructions issued by RBI in this regard. The bank had incurred a huge loss of Rs.277.06 lakh due to non-adherence of instructions issued by RBI and due to managerial lapses.

4. Management



(339)

The management of bank was vested in an elected Board of Directors consisting of 13 members. The Board functioned cohesively. Board had not prepared investment policy for judicious use of surplus funds. It had also prepared prudential maximum exposure limit for individual/group of borrowers although the limit was exceeded in few cases. The Board had not reviewed NPAs, weaker section advances.

5. Earning Analysis

The earnings of the bank deteriorated for the year ended 31.3.2002 as compared to the previous year. This was mainly due to the irregularities observed in the investment of Govt. securities which had to be eroded. The fraud committed by Daily Collection Agent of Rs.1.58 lakh had also to be taken for erosion. The net loss as reported by the bank amounted to Rs.2.02 lakh for the year ended 31.3.2002. After making adjustment for shortfall in provisions the net loss was assessed by Inspecting Officer at Rs.395.82 lakh.

6. Funds Management & Liquidity

The deposits amounting to Rs.75.28 lakh maturing within 6 months are considered as more volatile. The term deposits constituted 81.6% of the total deposits as on the date of present inspection as compared to 82.9% as on the date of last inspection. Out of the term deposits 71.2% were at a cost of 10% and above per annum. C.D. ratio was 68.3%. The bank had not defaulted in maintenance of required CRR. The bank had defaulted in maintenance of SLR on 428 occasions during the period covered by the present inspection.

7. Systems and Control

The internal control system followed by the bank suffered from certain deficiencies. It has not introduced certain important registers like market price register, D.P. Register etc. Bank has not introduced internal audit/inspection. It has also not introduced certain important control returns from the branches.

8. Frauds, vigilance and staff accountability

The bank had not reported to RBI in prescribed form the fraud committed by the Daily Deposit Agent to a tune of Rs.1.58 lakh. The bank had also not reported the shortfall of Rs.20,000/- in cash balance of Billimora branch due to detection of forged notes which were impounded by SBI.





भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

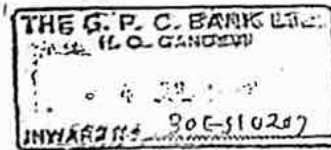
शहरी बैंक विभाग
ला गज्जर चैम्बर्स, आश्रम रोड, पोस्ट बॉक्स नं. 1, अहमदाबाद 380 009
URBAN BANKS DEPARTMENT
La Gajjar Chambers, Ashram Road, P.B.No. 1, Ahmedabad 380 009
टेलीफोन/Telephone : 658-5181, 0168, 4037, 7614, 7324-25, 6019
फैक्स/Fax : 079-658 4853
E-mail: rdahmedabad@rbi.org.in

UBD (All) Reh. No. 15.01.338/2001-2002

June 27, 2002

CONFIDENTIAL
REGISTERED A.D.

The Chief Executive Officer
The Gandevi Peoples Co-operative Bank Ltd.
Main Road Bazar
Standardtan House
Gandevi 396 360
Dist: Navsari



Dear Sir

Inspection under Section 35 of the Banking Regulation Act, 1949
(As Applicable to Co-operative Societies) - Rehabilitation
of weak primary urban co-operative banks

During the course of the XV statutory inspection of your bank conducted from 31.5.2002 to 7.6.2002 with reference to its financial position as on 31.3.2002, it was observed that the net worth of the paid up share capital and reserves of the bank was assessed as negative at Rs.262.23 lakhs as such the bank does not comply with the provisions of Section 11 (1) and 22(3)(a) of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies). As also the % of net erosion to net owned funds worked out to 298.5% which is much higher than the tolerance limit of 25.0%. Accordingly, your bank has been classified as a weak bank requiring rehabilitation and is included in the list of weak banks not complying with the provisions of Section 11 (1) & 22 (3) (a) of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies).

2. Your bank should, therefore, not declare and disburse the dividend without our prior permission in that behalf from the year 2001-02 and onwards. The application for permission to declare dividend, if any, may be submitted to us in duplicate in proforma enclosed. You are also advised not to acquire/dispose of any immovable properties and to shift/change the existing place/s of business without our prior approval in that behalf. Further, this letter should be placed before the Board of Directors of the Bank and Board Resolution having taken a note thereof for necessary compliance may be forwarded to us in duplicate urgently.

38 JUNEY2K2
26 June 2002



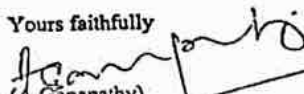
3. You are also advised to make sustained efforts towards deposit mobilisation, judicious deployment of funds with a view to improving profitability and management competence, building up of a strong capital base and strengthening general internal control system, loan policy and procedure and recovery of overdues.

4. You are advised to submit to RBI an Action Plan for revival within a period of 6 weeks from the date of receipt of this advice. Such an Action Plan should envisage revival within a period of two years and rectification of other features that caused its classification as weak. For this purpose, the bank may, if necessary, avail of services of Urban Banks Federations/Associations or experts in the field of banking/finance.

5. As the bank does not comply with the provisions of Section 11 (1) of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies), you should apply for the exemption from the provisions thereof for a period of say 2 years by which time the bank/expected to comply with the said statutory requirements. The application duly supported by the feasible and realistic time bound action plan for improving the financial position alongwith the necessary Board resolution should be submitted in triplicate addressed to the Secretary to Government of India, Ministry of Finance, Department of Economic Affairs, Banking Division, New Delhi and routed through us.

6. Quarterly information on progress achieved by the bank should be submitted to RBI in the prescribed format for review.

Yours faithfully


(A. Ganapathy)
General Manager

Encl: as above



39 JUNEY2K2
26 June 2002

ANNEXURE

303

PARTICULARS TO BE FURNISHED IN CONNECTION WITH A
PROPOSAL FOR DECLARATION OF DIVIDEND BY A WEAK BANK

1. Name of the bank
2. No. & date of licence, if issued, for commencing and/or carrying on banking business.
3. Date with reference to which the bank was brought under rehabilitation.
4. Proposed date of Annual General Body Meeting.
5. Dividend
 - (a) i) Year of last declaration of dividend.
 - ii) Rate and amount
 - (b) Dividend declared for preceding year (rate & amount).
 - (c) Proposed rate of dividend for current year.
 - (d) Amount of the proposed dividend (current year).
 - (e) Percentage of dividend to published net profit.
6. Profit
 - (a) Gross profit
 - (b) Published net profit
 - i) Bal. of profit brought forward from the previous year.
 - ii) Current year's profit
 - iii) Total net profit available for appropriation (i)+(ii)

(Rs. lakhs)

Preceding year	Current year



-2-

(Please state the reasons for large variations, if any, in profits (gross & net) of the preceding and current year)

7. Direct deductions towards

- (a) Bonus
(Rate of bonus may also be indicated)
- (b) Provision for bad and doubtful debts.
- (c) Bad debts written off
- (d) Provision for gratuity
- (e) Depreciation in investments
- (f) Contingencies
- (g) Others

8. Appropriations

- (i) Statutory reserve fund
 - (ii) Building fund
 - (iii) Bad/doubtful debts reserve
 - (iv) Dividend equalisation fund
 - (v) Investment depreciation fund
 - (vi) Others (specify)
Education Fund
 - (vii) Percentage of statutory reserve to net profit.
9. (a) Amount of advances considered bad and doubtful of recovery, as per the last inspection report of the Reserve Bank.
- (b) Provision made for bad and doubtful debts.
 - (i) From gross profit
 - (ii) By appropriation from net profit.



..3..

-3-

		(Rs. lakhs)	
		Preceding year	Current year
10.	(a) Amount of interest found overdue at the end of the year.		
	(b) Of which overdue for more than 6 months.		
	(c) Provision made therefor (as required under Section 20(1) of the State Coop. Societies Act, 1961).		
11.	(a) Depreciation in investment as at the end of the year.		
	(b) Provision made therefor		
12.	Amount of bonus/ex-gratia paid to staff.		
13.	Paid-up share capital		
14.	Reserves		
15.	Total owned funds (13+14)		
16.	(a) Depreciation		
	(b) Ratio of owned funds to depreciation		

*Please indicate the manner, if share capital, owned funds or deposits have declined and steps taken to increase share capital, owned funds, deposits, etc.

		(Rs. lakhs)	
		Preceding year	Current year
17.	<u>Advances</u>		
	(a) Total advances		
	(b) Advances to priority Sector.		
	(c) Percentage of priority sector advances to total advances.		
	(d) Steps taken to increase advances to priority sector.		
	(e) Sticky advances as on the date of last inspection of RSI.		
	(f) % of sticky advances to the total advances as on date.		

N.B.: Please submit annual reports for last two years.
"ashwin"



ANNEXURE

Part of the Bank:

Comparative position of profits,
appropriation of profits and other
key indicators for the year 19
and 19

(Amounts in lakhs of
Rs.)

19 19

I. Gross profitsII. Deduct deductions towards

- a) Bonus
(Rate of Bonus)
- b) Provisions for bad and doubtful debts
- c) Bad debts written off
- d) Provisions for gratuity
- e) Depreciation in investments
- f) Contingencies
- g) Others

III. (A) Published net profits

(i) Balance of profit brought forward from the previous year

(ii) Total net profit available for appropriation (i) + (ii)

IV. Proposed appropriations

- i. Statutory Reserve Fund
- ii. Building Fund
- iii. Bad/doubtful debts reserve
- iv. Dividend equalisation fund
- v. Investment depreciation reserve
- vi. Others (specify)

V. Position regarding compliance with our guidelines

- a) i. Transfer to statutory reserves
- ii. % of transfer to statutory reserves to net profit.

(Such transfer should be at least 25% of the net profit or the percentage allowed by the Registrar of Co-operative Societies in terms of Co-operative Societies Act/ Rules).

...P.T.O. 2,-

- ii) Amount of advances considered bad or doubtful or recovery as per the last inspection report.
- iii) Provision for the bad and doubtful debts
- iv) Amount of overdue interest and provision made there on.
- v) i) Depreciation in investments at the end of the year
- ii) Provision made/proposed during the year.

VI. Dividend:

- a) Rate of dividend
- b) Amount of dividend
- c) % to published net profit (% of item (b) to item-III(1) above)

VII. Key indicators:

- a) Capital
- b) reserves
- c) Other reserves
- d) Owned funds (A+B+C)
- e) Deposits
- f) Advances
- g) % of owned funds to deposits (% of (d) to (e))
- h) Sticky advances as on the date of the last inspection
- i) % to total advances as on the date of the last inspection
- j) Advances to the priority Sectors
- k) % of priority sector advances to total advances.

VIII. Brief Comments on the Bank's financial position:

Date with reference to which the bank is last inspected

Book value of paid up capital, reserves, provisions, etc.

Real or Exchangable value

Extent to which loss/erosion in

- (a) Previous (Book value in brackets)
- (b) Reserves (Book value in brackets)
- (c) Paid up capital (Book value in brackets)
- (d) Deposits (Book value in brackets)

Is the bank's financial position satisfactory ?

Dispatch No. Ashna/01/131/2001

Office of the Special Auditor, Co-
operative Societies, Navsari

Janathana Government Building, C-
Block, First Floor, Navsari

Date: 30/10/2001

To,

The Gandevi People's Co-operative Bank Ltd.

Standard House, Bazaar, Gandevi

Taluka Gandevi

Subject: Submission of audit report for the period from 01/04/2000
to 31/03/2001

Dear Sir,

With reference to the above subject, it is informed that the audit of your institution for the period from 01/04/2000 to 31/03/2001 has been conducted by this office. The audit report is enclosed herewith. You are instructed to fully rectify the deficiencies noted in Parts 1 and 2 of the report and submit a compliance report, along with copies of the resolutions of the Managing Committee, in three copies to this office within one month from the receipt of this audit report.

Enclosure: Audit Report for the period from 01/04/2000 to 31/03/2001

Pages 1 to 321

Special Auditor

Co-operative Societies, Navsari

Copy submitted and forwarded to:

The Joint Registrar and Special Auditor

Co-operative Societies (Division), Vadodara

For further action, with a request, Pages [Not specified] to [Not specified]

Copy forwarded with compliments to:

2. The Manager

[Details not specified]

For further action, Pages [Not specified] to [Not specified]

The Gandevi People's Co-operative Bank Ltd., Gandevi
Audit Report

Part 1

Audit Report Serial No. (2)

Bank Audit Classification: 'A'

Date of Bank Registration: 07/07/1951

Audit Classification for Last Five Years: 'A'

Bank Registration Number: 16658/7

Bank Name: The Gandevi People's Co-operative Bank Ltd.

Address: Standard House, Bazaar, Gandevi 396360, M.G. Gandevi, District Navsari

Date of Audit Completion: 06/10/2001

Number of Members: 14,286

Operational Area: As per By-Law 3 (Amended)

1. Individual Members: 13,913
2. Nominal Members: 373
3. Bank Members: None

Interest Rates:

1. Interest on Loans Provided by the Bank: 6% to 11% (as per Schedule No. 28)
2. Interest on Deposits: 12% to 17%

Activities Conducted by the Bank: Providing short-term, medium-term, and long-term loans to members, accepting deposits, and engaging in banking-related activities.

Audit Observations:

1. **Period of Audit:** From 01/04/2000 to 31/03/2001.

2. **Compliance with Previous Audit Observations:**

Have the deficiencies pointed out in the previous audit report been rectified, and have the significant suggestions made by the auditor been implemented?

Response: Yes, partially implemented. See remarks (1).

Has the compliance report been submitted to the relevant auditor on time?

Response: No.

If any significant issues from the previous audit report have been neglected, provide the reasons and explanations from the bank's management.

Response: No such issues have been noted.

3. **Verification of Missing Receipts:**

Have the missing receipts noted in the previous audit report been obtained and maintained? If not, investigate the reasons and ensure that the Managing Committee's approval exists for such expenditures. If approval is absent, obtain explanations from the personnel responsible.

Response: No missing receipts noted.

4. **Availability of Legal Documents:**

Does the bank possess copies of applicable laws, regulations, and its certified by-laws?

Response: Yes.

Has the bank printed and maintained copies of its by-laws, including all amendments to date, for distribution to members?

Response: Yes.

a. Has the bank made any unauthorized amendments to its by-laws? If so, specify and obtain explanations from the Managing Committee.

Response: No amendments were made during the audit period.

b. Have the amendments suggested by the authorities from time to time been adopted?

Response: Yes.

c. Have the amendments passed by the bank and sent for approval been subsequently approved by the general body meeting after incorporating changes suggested by the authorities?

Response: No amendments were approved during the audit period.

5. Affiliation with Central Institution:

Is the bank affiliated with any central institution? If so, which one?

Response: Yes, Valsad District Central Co-operative Bank Ltd., Valsad.

Does the bank receive necessary guidance from the central institution from time to time?

Response: [Not explicitly answered, but implied as part of affiliation].

How many times was the bank inspected by the central institution during the audit period? Are the inspection reports available in the

bank's records? Have the suggestions in the inspection reports been implemented?

Response: No inspections were conducted by the central institution during the audit period.

6. Membership Compliance:

a. Were members admitted during the audit period in accordance with the laws, regulations, and the bank's by-laws? Are their written applications in order, numbered sequentially by admission date, and filed systematically?

Response: Yes, but see remarks (2). Yes, applications are in order and sequentially filed.

b. Has the entry fee, as stipulated in the by-laws, been collected from new members and credited to the cash book? Provide a list of members from whom the entry fee has not been collected.

Response: No such instances noted.

c. Is the membership register maintained in the prescribed format and updated up to the audit date?

Response: Yes, fully updated.

d. If any member resigned during the audit period, are the resignations in accordance with the laws, regulations, and the bank's by-laws? Note any resignations due to dissatisfaction.

Response: Yes, but see remarks (3). No resignations due to dissatisfaction noted.

e. Have members nominated heirs as per Section 21 of the law, and are these nominations recorded in the membership register?

Response: Yes, but see remarks (4).

7. Shareholding Compliance:

a. Have the bank's members held shares within the limits prescribed by the by-laws? Are new shares issued during the audit period recorded in the share register and share ledger? Have share certificates been issued for all shares subscribed?

Response: Yes, but see remarks (5). Yes, recorded. No, see remarks (6).

b. If shares were transferred, were they done in accordance with the law and the bank's by-laws? Are transfer details recorded in the share transfer register?

Response: No share transfers occurred during the audit period.

c. If shares were refunded, were they within the limits and standards prescribed by the by-laws? Were share certificates retrieved, canceled, and filed with vouchers? For lost certificates, has an indemnity bond been obtained and maintained?

Response: No refunds occurred, see remarks (7). No lost certificates noted.

8. General Meetings:

Provide the dates of the last annual general meeting and special general meeting. Was the required quorum, as per the by-laws, present during these meetings? Were the signatures of attending members recorded? Are the proceedings of these meetings recorded timely and systematically?

Response: Annual General Meeting held on 30/09/2000. No Special General Meeting held. Yes, quorum present. Yes, signatures recorded. Yes, proceedings recorded systematically.

9. Managing Committee:

a. Was the Managing Committee appointed in accordance with the by-laws? Provide a list of committee members. What is the total loan amount outstanding with committee members? Are any amounts overdue? If so, provide names and overdue amounts. What steps have been taken to remove members with overdue loans? Is the total loan amount with committee members within the by-law limits?

Response: Yes. List included. Rs. 11.73 lakh outstanding. No overdue amounts. Not applicable. Yes, within limits.

b. How many Managing Committee meetings were held from the last audit date to the current audit date? Are meetings held as per the by-law standards? Do committee members attend regularly? Are signatures of attending members recorded in the minutes book? Are proceedings recorded systematically? Are the committee's actions in accordance with laws and by-laws?

Response: 20 meetings held. Yes, regular schedule. Yes, regular

attendance. Yes, signatures recorded. Yes, systematically recorded. Yes, compliant with laws and by-laws.

10. Staff Details:

Provide a list of the bank's Manager, Secretary, and other staff, including their qualifications, salary scales, current salaries, and duties. Are the Manager, Secretary, and staff trained? If not, what training arrangements has the bank made? Are sufficient and qualified staff employed for the bank's operations?

Response: List included. No, see remarks (8). Yes, sufficient qualified staff.

a. Are there any outstanding loans with the staff? Are any overdue? If so, what steps have been taken to recover them?

Response: Yes. No overdue loans. Not applicable.

b. Has the bank established a Staff Provident Fund? Are rules for the fund adopted? Is the fund maintained separately from the bank's operations?

Response: Yes. No rules adopted. Not applicable.

c. Has the bank obtained security bonds from staff responsible for cash and stock, proportionate to their responsibilities? Are bonds maintained with due care? Has the Managing Committee verified the validity of the bonds? Are bonds periodically checked for ongoing validity? If a package policy from a co-operative insurance company is taken, is it active and properly stored? Obtain a certificate from the bank and maintain it in records.

Response: No, see remarks (9). No, see remarks (10).
d. Are the duties of the staff determined considering the bank's operational efficiency? Note any deficiencies.

Response: See remarks (11).

11.Accounting Records:

Does the bank maintain all required accounting ledgers as per law and its activities? Provide a list of maintained ledgers. Are ledgers written accurately and regularly, with responsible officers' signatures where required?

Response: Yes. List obtained. Yes, accurately written. No, see remarks (12).

12.Cash Book:

a. Is the cash book written daily and regularly, with daily closing balances correctly calculated? Are signatures of responsible officers obtained daily for the closing balance?

Response: Yes. Yes. Yes.

b. Who holds the bank's cash balance? Are adequate safety measures in place? Has the Managing Committee passed a resolution specifying who holds the cash and the amount? If so, provide the resolution date and number. Is the specified cash limit sufficient for the bank's activities? Has the limit been violated by holding excessive cash without reason for extended periods? If so, obtain explanations from the Managing Committee.

Response: Cashier. Yes. Yes, see remarks (13). Resolution No. 4 dated 19/04/1997, cash limit Rs. 15 lakh (Head Office). Yes, Bilimora and Chikhli branches have a cash limit of Rs. 15 lakh, Resolution No. 10(1) dated 28/04/2000. No violation. Not applicable.

c. Was the cash balance counted on the audit date, and does it match the cash book balance for that day? Verify and note the date of counting, the counted amount, and the name and designation of the officer presenting the cash.

Response: Cash counted. Yes. On 05/10/2001, opening cash balance of Rs. 12,26,215.99 was verified by Cashier Shri B.D. Kayastha, confirmed accurate, and returned immediately.

13. Receipts:

Are receipts for deposits issued regularly? Do receipts have printed numbers, or are numbers assigned and verified if not printed? Is a proper record of printed receipt books maintained? Are unused receipt books accounted for properly? Is a new receipt book used only after the previous one is exhausted? Are canceled receipts retained with original copies, and is cancellation approved by an authorized officer?

Response: The institution conducts banking operations, minimizing receipts and primarily using chequebooks.

14. Expenditure:

a. Verify expenditure amounts in the cash book. Are receipts obtained, sequentially numbered, and filed for each expenditure? Is necessary approval obtained for each expenditure? Is expenditure controlled

through a budget or other method? Note any objectionable or extraordinary expenditures and obtain explanations from responsible officers.

Response: Verified. Yes, but see remarks (14). Yes. Yes. See remarks (15).

b. Is the bank's total administrative expenditure proportionate to its activities? What percentage is it of the working capital and total income?

Response: Yes. 11.1% of working capital, 92.46% of total income.

15. Borrowings and Deposits:

Has the bank obtained loans or deposits from external sources? Are external loans within the by-law limits? If limits were exceeded, was proper approval obtained, and were approval conditions followed? Was the loan used for the intended purpose? Are external loans repaid regularly as per conditions?

Response: No external loans. Deposits obtained. Not applicable.

16. Government Loans:

If the bank obtained a loan from the government, specify the amount and purpose. Was it used for the intended purpose? Were necessary agreements and loan deeds executed? Were loan conditions followed? Are installments repaid regularly? If installments were due during the audit period, provide payment dates and challan numbers.

Response: No government loans obtained. Not applicable.

17. Government Share Contributions:

Has the bank received any share capital contribution from the government? Were contribution conditions followed? Were share certificates issued for government contributions? If dividends were declared, was the dividend on government investments remitted?

Response: No government share contribution. Not applicable.

18. Government Subsidies:

If the bank received a government subsidy, specify the amount, receipt date, and purpose. Was it used for the intended purpose? If not, obtain explanations from the Managing Committee.

Response: No government subsidy received. Not applicable.

19. Deposits:

Has the bank accepted deposits from members or non-members? Compare the interest rate on deposits with the loan rate. If higher interest is paid on deposits, explain why. Are proper receipts and passbooks issued for deposits? Are issued receipts reconciled with the cash book? Are receipts obtained for repaid deposits? Are deposit receipts and repayments regularly recorded in the deposit ledger? Do individual deposit account balances match the general ledger? Are confirmation letters obtained from depositors periodically? Verify 10% or 50 confirmation letters (whichever is less) with the deposit ledger. Is interest on deposits calculated accurately? Verify 10% of accounts.

Response: Yes, deposits accepted. Rates compared. No higher interest paid. Yes, receipts and passbooks issued. Receipts reconciled. Yes, receipts for repayments. Yes, regularly recorded. No, see remarks (16). Yes, interest calculated accurately. Verified 10% of accounts.

20. Bank Passbooks and Statements:

Are passbooks or bank account statements up to the audit date maintained in records? If not, obtain updated passbooks or statements. Are discrepancies between bank ledgers and passbooks reconciled periodically? Obtain a bank balance certificate for the audit date and maintain it in records.

Response: Yes, but see remarks (17). Obtained. Discrepancies exist with other bank accounts, see remarks (18). Bank balance certificate obtained and maintained, see remarks (19).

21. Investments:

Verify investments in securities, shares, or debentures. If securities, debentures, or share certificates are held by a central lending institution, verify their certificate. Does the bank maintain an investment register? If so, reconcile it with the cash book. Is interest on securities/debentures and dividends on shares collected and credited regularly? If income tax is deducted from interest or dividends, has it been reclaimed? Has the bank made provisions for fluctuations in securities' market values?

Response: Verified. Verified. Yes, reconciled. Yes, collected regularly. No, see remarks (20).

22.Profit and Loss:

What is the total profit for the last co-operative year? Was the profit and loss statement prepared in accordance with laws, regulations, and by-laws? Note any deficiencies. How was the profit distributed?

Response: Profit for 1999–2000 (as of 31/03/2000): Rs. 3,71,396.36. Yes, compliant. No deficiencies.

Profit Distribution:

- Reserve Fund: 25%, Rs. 92,849.00
- Education Contribution: 25%, Rs. 9,284.36
- Dividend: 12%, Rs. 2,69,263.00
- Total: Rs. 3,71,396.36

Was the profit distribution approved by the general body meeting? Was it compliant with laws, by-laws, and Registrar's orders? If the bank incurred a loss or lower-than-normal profit, investigate and specify the reasons.

Response: Yes. Yes. No loss or low profit. Not applicable.

23.Education Contribution:

Has the bank allocated the education contribution as per law and remitted it to the District Co-operative Board? If not, specify the outstanding amount and provide a year-wise list.

Response: Yes, allocated and remitted. No outstanding amount.

24.Dividend:

Specify the declared dividend rate. Did the general body increase the dividend rate recommended by the Managing Committee? Was the dividend calculation accurate? Verify 10% of accounts. Specify the amount of unclaimed dividends. Are provisions in the by-laws for managing long-pending unclaimed dividends followed?

Response: 12%. No increase. Yes, accurate. Verified 10%. List included. [No response on by-law provisions, likely included in remarks].

25.Dead Stock Register:

Is the dead stock register updated to the audit date? Is appropriate depreciation recorded for dead stock and other depreciable assets owned by the bank?

Response: Yes, but see remarks (21).

26.Financial Statements:

Obtain receipts, expenditure statements, trading accounts, and profit and loss statements from the last audit date to 31/03, and

from 01/04 to the current audit date. Obtain balance sheets for 30/06 and the audit date. Attach copies to this report. If a balance sheet for the audit date is unavailable, obtain a trial balance.

Response: Obtained. List included.

a. Does the balance sheet presented at the annual general meeting accurately reflect the bank's financial position? If not, note discrepancies.

Response: Yes, no issues.

b. Verify the recoverability of receivables and payables in the audit date's balance sheet or trial balance. Obtain detailed lists of receivables and payables, signed by a responsible officer, and maintain them in audit records.

Response: Verified where possible. List included. Maintained in records.

27. Legal Violations:

Were any laws or by-laws violated? If so, specify the sections.

Response: Yes, By-Laws 1(A)(4), 4(8), 5(4), 35, 35(16), 23(1), 36(1)(2)(3), 36(K), 37(2), 39, 40.

28. Audit Fees:

Are previous years' audit fees outstanding? Have current year's audit fees been paid? If paid, provide the payment date and challan number. If not, ensure outstanding fees are paid to the treasury during the audit, obtain a challan copy, and maintain it in records.

Response: No outstanding fees, as audited by a certified auditor. Current year's fees of Rs. 10,500 paid on 19/09/2001 at SBI, Gandevi.

29. Administrative Inspections:

Were inspections conducted by administrative authorities during the audit period? If so, provide the inspecting officer's name and designation. Are inspection reports maintained in the bank's records? Have their suggestions been implemented?

Response: No inspections conducted, as the institution is an urban co-operative bank.

30. Progress of Objectives:

Has the bank made satisfactory progress toward achieving its objectives during the audit period? Provide comparative data for the last three years. If progress is unsatisfactory, investigate and specify the reasons.

Response: Yes. List included. Not applicable.

31. Managing Committee Members as Traders:

Are any Managing Committee members engaged in trading?

Response: No

32. Officers as Traders:

Are any bank officers engaged in trading?

Response: No.

33.Details of Trading by Committee Members or Officers:

If any committee member or officer is engaged in trading, provide details.

Response: No such instances noted.

34.Use of Bank Cash for Trading:

Do any officers use the bank's cash for trading activities?

Response: No, no such instances noted.

35.General Remarks:

Included.

Serial No. Ashna/01/235/2001

Office of the Special Auditor, Co-operative Societies, Navsari

Date: 30/10/2001

Submitted and forwarded to:

1. The Joint Registrar and Special Auditor
Co-operative Societies (Division), Vadodara

Forwarded with compliments to:

2. The Chairman/Manager
The Gandevi People's Co-operative Bank Ltd., Gandevi
Taluka Gandevi, District Navsari

Institution Name: The Gandevi People's Co-operative Bank Ltd., Gandevi

Audit Period: 01/04/2000 to 31/03/2001

Audit Report

Part 2

Urban Co-operative Banks and Societies

1. Deposits and Transactions:

Does the bank handle transactions for current accounts, savings accounts, and fixed deposits? Have necessary rules been framed for these transactions, and are they duly followed?

Response: Yes.

Yes, rules are framed and followed.

a. Are receipts obtained for deposits repaid, and have these been verified?

Specify the percentage of receipts checked.

Response: Yes, receipts obtained and verified.

[Percentage not specified, assumed verified as per audit].

b. Are deposits received and repaid accurately recorded in individual account ledgers? Specify the percentage of accounts verified.

Response: Yes, accurately recorded.

[Percentage not specified, assumed verified as per audit].

c. Obtain a list of deposit balances from individual accounts and reconcile them with the general ledger's deposit balances. Note any discrepancies and obtain necessary explanations.

Response: List obtained and reconciled.

Discrepancies exist, see remarks (16).

d. Has the bank maintained adequate fluid resources during the audit period to ensure timely repayment of deposits? If insufficient, what plans have been made to address the shortfall? Are quarterly statements regularly submitted to relevant authorities?

Response: Yes, adequate resources maintained.

No shortfall noted.

Yes, statements are regularly sent to the Reserve Bank of India (RBI).

e. Does the bank maintain schedules specifying repayment dates for fixed deposits and loans?

Response: No external loans, so not applicable.

f. Does the bank accept deposits from local institutions? If so, has necessary permission been obtained from the authorities? If permission exists, is there an approved limit for such deposits, and has this limit been violated? Note any violations.

Response: Yes, deposits accepted.

Yes, permission obtained.

[No mention of limit violations, assumed compliant].

2. Loan Limits:

Specify the overall loan limits for different activities and individual loans as per the bank's by-laws. Note any violations of these limits.

Response:

Cash Credit and Individual Deposits: Rs. 7,00,000/-

Housing Loan: Rs. 5,00,000/-

[No violations noted].

3. Loan Compliance:

Are loans disbursed in accordance with laws, regulations, by-laws, and periodic instructions from the authorities? Have necessary loan agreements been obtained for loans disbursed during the audit period? Are they registered where required, with adequate stamp duty? Reconcile loan agreements with loan ledgers and disbursement records.

Response: Yes, compliant with laws and instructions.

Yes, agreements obtained.

Yes, registered with adequate stamp duty.

Reconciled.

4. Member Creditworthiness:

Does the bank thoroughly assess members' creditworthiness before determining their credit limits? Is a register maintained showing the credit limits of each member as a principal borrower and guarantor?

Response: Yes, creditworthiness assessed.

Yes, register maintained.

5. Loans Against Immovable Property:

For loans secured against immovable property, is the property's value periodically reassessed? Are legal opinions obtained from experts regarding ownership rights and property value? Is there any prior encumbrance on the secured property? Verify.

Response: Yes, value periodically reassessed.

Yes, legal opinions obtained.

No prior encumbrances noted.

6. Loans Against Goods or Gold/Silver:

Does the bank provide loans against goods or gold/silver ornaments? If so, have rules been framed and approved by the authorities? Verify if loans are disbursed as per approved rules.

Response: Yes, loans provided.

Yes, rules framed and approved.

Yes, disbursed as per rules.

7. Valuation of Secured Assets:

Are necessary precautions taken when valuing goods, gold/silver, or securities used as collateral? Is an appropriate bond obtained from the valuer?

Response: Yes, precautions taken.

Yes, bond obtained.

8. Collateral Register:

Is a register for goods, gold/silver, or securities taken as collateral maintained in the prescribed format? Reconcile register entries with loan

ledgers. Is the value of collateral periodically verified, and is the margin between the collateral value and loan amount maintained as per standards? Note any instances where standards were not followed.

Response: Yes, register maintained.

Reconciled with loan ledgers.

Yes, value periodically verified.

No instances of non-compliance noted.

9. Bill Discounting:

Does the bank engage in bill discounting? If so, have necessary rules been framed and approved by the authorities? Are operations conducted as per approved rules? Is a prescribed register maintained? Verify. Note any instances of bills returned unaccepted. For usance bills on hand, verify if loans against them are within approved limits. Note any limit violations. Are individual credit limits for bill discounting determined after thorough creditworthiness checks?

Response: No such transactions noted during the audit period.

10. Loan Recovery:

Are loans recovered on time? Are extensions granted only for valid reasons? Is the guarantor's consent obtained for extensions?

Response: Yes, recovered timely.

Extensions granted with proper documentation, including renewals.

11. Overdue Loans:

Verify the loan ledger and prepare a list of loans overdue for more than two months without repayment or extension by the Managing Committee, as per Section 222 of the law.

Response: List included.

Classification of Overdue Loans:

- a. Overdue for more than five years: Rs. 56.86 lakh
- b. Overdue for 3–5 years: Rs. 28.31 lakh
- c. Overdue for less than 3 years: Rs. 60.95 lakh

Security Classification:

- a. Secured with adequate collateral (fully secure): Rs. 113.96 lakh
- b. Secured with personal guarantees: Rs. 26.69 lakh
- c. Doubtful recovery: Rs. 5.47 lakh

12. Provisions for Doubtful Loans:

Has the bank made adequate provisions for doubtful and non-performing loans? If so, specify the amount.

Response: Yes.

Provision: Rs. 29.51 lakh.

13.Recovery Actions:

Have necessary steps been taken to recover overdue loans? If not, investigate the reasons.

Response: Yes, steps taken.

14.Arbitration Actions:

If arbitration proceedings were initiated, specify the total amount involved. Provide details:

Response: Rs. 4.54 lakh, 82 cases.

1. Arbitration orders at the start of the audit period: Rs. 3.79 lakh, 9 cases.
2. Orders obtained during the audit period: Rs. 4.91 lakh, 11 cases.
3. Orders sent for execution by the audit date: Rs. 1.73 lakh, 3 cases.
4. Amount recovered during the audit period: Rs. 0.21 lakh.
5. Orders pending execution, with amount involved, and reasons for delay: 5 cases, [amount not specified, reasons investigated].

15. Loans to Officers or Related Entities:

Have loans been granted to bank officers or entities related to them? If so, specify the total amount and any overdue amounts.

Response: Yes, loans granted.

List included, [no overdue amounts specified].

16. Officers as Guarantors:

If officers are guarantors for loans, specify the total amount guaranteed.

Response: No guarantees by officers.

17. No Relevant Cases:

[Item 16 is marked as "No relevant cases," possibly a formatting error or skipped question].

18. Investment Compliance:

Has the bank made investments as per its approved loan policies? If discrepancies exist, obtain explanations.

Response: Yes, compliant.

No discrepancies noted.

19. Interest Rates:

Verify the interest rates applied to loans and deposits. Has a provision been made for interest payable on fixed deposits? If interest on overdue loans is credited to the profit and loss account, has an adequate provision been made? If not, obtain explanations.

Response: Verified.

Yes, provision made for fixed deposit interest.

Yes, provision made for overdue loan interest.

Not applicable.

20.Passbooks:

Are passbooks issued to depositors, and are they periodically reconciled with individual ledgers by a responsible officer with abbreviated signatures? Verify passbooks.

Response: Yes, issued.

Yes, reconciled with signatures.

Verified.

a. Are balance confirmation letters obtained from depositors and borrowers at least annually? If obtained, verify 10% or 50 confirmation letters (whichever is less) with individual ledgers.

Response: Yes, obtained.

Verified.

21. Bank Branches:

Has the bank opened any branches? Are adequate oversight arrangements in place for branches?

Response: Yes, branches exist.
No new branches opened during the audit period. Bilimora and Chikhli branches were opened in previous years.

The Gandevi People's Co-operative Bank Ltd., Gandevi

Address: Gandevi, Taluka Gandevi, District Navsari

Audit Period: 01/04/2000 to 31/03/2001

General Remarks, Part 1

The Gandevi People's Co-operative Bank Ltd., Gandevi, Taluka Gandevi, District Navsari, Registration No. 16658/7, dated 07/07/1951, is a registered co-operative institution. The statutory audit for the period from 01/04/2000 to 31/03/2001, conducted under Section 84 of the Co-operative Societies Act, has been completed based on the accounting records, documents, information provided, and oral explanations furnished by the bank's General Manager and Accountant.

Operational Area:

The bank's operational area, as per By-Law 3, is divided into three divisions as follows:

1. Gandevi Division:

Includes the areas of Gandevi, Valoti, Torangam, Ajrai Hoj, Vadsangal, Nani Khergam, Changa, Dhanori, and Pathari Gram Panchayats.

2. Bilimora Division:

Includes the Bilimora Municipal area, as well as Talodh, Devsar, Nandarkha, Antaliya, G.I.D.C., Chikhli, Samaroli, Thala, Khundh, Majigam, Alipor, Degam Chasa, Suyvad, Bamanvel, Rahevaniya, Manekpor, Rankuva, Khergam (Chikhli), Dhobikuva, Vansda, Unai, and Khambhla (Unai) Gram Panchayats.

3. Amalsad Division:

Includes the areas of Amalsad, Saribujrang, Vasan, Kotha, Devdha, Taliyara, Dhamdacha, Gandhor, and Katholi Gram Panchayats.

Objectives:

The bank aims to assist its members, traders, artisans, and other citizens by providing loans against suitable securities for their trade, industry, employment, cottage industries, and small-scale industries, and to encourage their development.

Loans are granted against gold and silver ornaments, immovable property, government securities, hypothecation, vehicles, and machinery. The bank accepts deposits from members and non-members and conducts banking activities in accordance with the provisions of the Banking Regulation Act.

Membership:

At the start of the audit period, the bank had 13,141 members. During the audit period, 811 new members were added, while 39 members were removed due to share transfers or other reasons. As of 31/03/2001, the

total number of members stood at 13,913. Additionally, there were 373 nominal members during the audit period.

Share Capital:

The nominal value of the bank's shares was previously Rs. 25/-. Prior to the audit period, the bank increased the nominal value to Rs. 100/- per share. The authorized share capital is Rs. 60,00,000/-. As of 31/03/2000, the paid-up share capital was Rs. 43,22,600/-. During the audit period, there was an increase of Rs. 16,09,300/-, while Rs. 2,79,825/- was refunded, resulting in a paid-up share capital of Rs. 56,52,075/- as of 31/03/2001.

Reserve Fund and Other Funds:

As of 31/03/2000, the reserve fund and other funds totaled Rs. 1,06,65,942/-. By 31/03/2001, this increased to Rs. 1,16,52,927/-, reflecting an increase of Rs. 9,86,985/- during the audit period.

Deposits:

As of 31/03/2000, total deposits were Rs. 13,13,84,045/-. By 31/03/2001, they rose to Rs. 15,11,96,668/-, an increase of Rs. 1,98,12,623/- during the audit period.

Loans:

As of 31/03/2000, total loans outstanding were Rs. 7,00,24,943/-. By

31/03/2001, they increased to Rs. 9,92,20,323/-, an increase of Rs. 2,91,95,380/- compared to the previous year.

Overdue Loans:

As of 31/03/2000, total overdue loans amounted to Rs. 1,06,29,403/-. By 31/03/2001, overdue loans rose to Rs. 1,46,11,528/-, an increase of Rs. 38,82,125/- during the audit period. Overdue loans constitute 14.72% of total loans. The classification of overdue loans is as follows:

1. 1 to 3 years: Rs. 60.95 lakh
2. 3 to 5 years: Rs. 28.31 lakh
3. Over 5 years: Rs. 56.86 lakh

Arbitration cases totaling Rs. 42.54 lakh have been filed against 82 members. At the start of the audit period, 9 arbitration orders involved Rs. 3.79 lakh. During the audit period, 11 orders were obtained for Rs. 4.91 lakh, and 3 orders involving Rs. 1.73 lakh were sent for execution. A recovery of Rs. 0.21 lakh was made, which is significantly low. The bank is requested to undertake intensive efforts to recover overdue loans.

Non-Performing Assets (NPA):

As of 31/03/2001, the bank's total loans of Rs. 9,92,20,323.37/- included 91.02% standard assets (Rs. 903.11 lakh). For the remaining 8.98%, a provision of Rs. 29.51 lakh has been made as per RBI guidelines. As of 31/03/2000, provisions were Rs. 23.14 lakh, and an additional Rs. 6.37 lakh was provided during the audit period, achieving 100% provisioning for NPAs. Overdue interest of Rs. 61,38,976/- remains outstanding.

Priority/Weaker Sector Lending:

Of the total loans (Rs. 9,92,20,323/-), Rs. 5,78,35,580/- (68.71%) were disbursed to the priority sector, and Rs. 3,39,03,217/- (58.62% of priority sector lending) to the weaker sector. Of the priority sector loans, 13.76% are overdue, and of the weaker sector loans, 15.88% are overdue.

Deposits:

As of 31/03/2000, total deposits were Rs. 13,13,84,045/-. By 31/03/2001, they increased to Rs. 15,11,96,668/-, an increase of Rs. 1,98,12,623/-. The breakdown is as follows:

Sr. No.	Account Type	31/03/2000 (Rs.)	31/03/2001 (Rs.)
1	Fixed Deposit	10,66,67,202.95	12,19,39,994.12
2	Savings Deposit	1,87,37,654.41	2,27,81,148.75
3	Current Deposit	37,39,853.85	35,61,738.07
4	Staff Provident Fund	22,39,334.00	29,13,787.00

As of 31/03/2001, fixed deposits constitute 80.65% of total deposits, savings deposits 15.06%, while current deposits show a decline. Total loans (Rs. 19,92,20,323/-) are 65.62% of total deposits (Rs.

15,11,96,668/-). High-interest deposits increased significantly, while low-interest deposits decreased during the audit period.

Profit and Loss Statement:

In 1999–2000, interest income was Rs. 1,61,51,142/-, increasing to Rs. 2,02,29,780/- in 2000–2001. Interest expenditure was Rs. 88,15,600/- in 1999–2000, rising to Rs. 1,08,78,508/- in 2000–2001. Staff salary and allowance expenses were Rs. 24,69,647/- in 1999–2000, increasing to Rs. 37,13,356/- in 2000–2001. Provisions of Rs. 6.37 lakh for NPAs and Rs. 3.63 lakh for a building fund were made in 2000–2001. Additional expenses (court fees, lawyer fees, rent, taxes, insurance, electricity, postage, telephone, and miscellaneous) also increased. The net profit for 2000–2001 was Rs. 1,35,214.55/-, significantly lower than the previous year.

Balance Sheet:

The bank's balance sheet as of 31/03/2001 reflects the following financial position (in Rs. lakh):

Liabilities	Amount	Assets	Amount
Share Capital	56.52	Cash Balance	280.79
Reserve Fund	43.41	Balances with Other Banks	13.31
Building Fund and Other Funds	73.12	Investments	292.18

Liabilities	Amount	Assets	Amount
Payable Interest	1511.96	Loans	992.20
Overdue	17.46	Receivable	120.09
Interest Reserve		Interest	
Bill Collection	6.29	Bill Collection	6.26
Other	17.05	Branch	2.16
Liabilities		Adjustments	
Net Profit	1.35	Building	30.65
		Dead Stock	25.47
		Computers	7.87
		Other Current	17.55
		Assets	
Total	1788.56	Total	1788.56

Investments:

The bank has invested Rs. 212 lakh in co-operative institutions, government securities, etc., against its own funds of Rs. 123 lakh. This results in an investment ratio of 173%, which is excessive and not in the bank's interest. The bank is requested to regulate investments as per norms to avoid future reliance on external funds for lending.

Cash Balance:

a. **Balances with Other Banks:** During the audit period, some bank accounts with other banks showed no transactions, leaving funds idle and

causing financial loss. It is recommended to reconcile and close these dormant accounts.

b. **Post Office Accounts:** Lack of attention to post office investments has led to expenses without transactions, causing losses. The board's attention is drawn to closing this account immediately.

c. **Adhesive Stamps:** Verification revealed Rs. 1,675/- worth of adhesive stamps unused for a long period, resulting in financial loss due to non-disposal. The bank is instructed to take necessary disposal actions.

Receivable Interest:

As of 31/03/2001, receivable interest totaled Rs. 1,20,09,202/-, with Rs. 1,04,16,934/- from loans, of which Rs. 61,38,976/- (59%) is overdue. This is excessive, and the board's special attention is drawn to continuously review recovery efforts.

Account Discrepancies:

Discrepancies exist between balance books and general ledgers for accounts such as Current Account, Recurring Account, Fixed Deposit Account, Overdraft, Mortgage Loan, Clean Loan, Fixed Deposit, NSC, KVP, Ornaments, Machinery, HP 1, HP 2, Housing Loan, Suvidha Loan, and Daily Deposit Loan. Some discrepancies have persisted for a long time, preventing the balance sheet from reflecting the true financial position. The board's attention is drawn to reconciling these accounts.

Branches:

1. Chikhli Branch:

- o Total Deposits: Rs. 2,04,08,927/-
- o Total Loans: Rs. 2,36,31,639/-
- o Total Income: Rs. 27,18,199/-
- o Total Expenses: Rs. 23,08,563/-
- o Profit: Rs. 4,09,626/-

2. Bilimora Branch:

- o Total Deposits: Rs. 3,29,84,668/-
- o Total Loans: Rs. 3,82,02,988/-
- o Total Income: Rs. 44,20,752/-
- o Total Expenses: Rs. 35,22,498/-
- o Profit: Rs. 9,98,254/-

Both branches have been operational for the last two years. Investments in buildings are Rs. 11,25,951.69/- for Chikhli and Rs. 19,62,979/- for Bilimora. Loan disbursements exceed deposits in both branches, primarily due to loans transferred from the Gandevi Head Office to these branches for borrowers' convenience. Chikhli has negligible overdue loans, while Bilimora has Rs. 24,94,119/- in overdue loans, mainly from transferred accounts. The board is requested to file arbitration cases for all overdue amounts.

Administration:

During the audit period, the Board of Directors held 20 meetings, the Renewal Committee 18 meetings, the Branch Committee 12 meetings, and the HP Committee 13 meetings. The Annual General Meeting was held on 30/09/2000, delayed beyond the stipulated period, but necessary permission was obtained. The head office operates from a rented building (Jamunadas Khatri's property) due to the lack of its own premises.

The board is recommended to review the following during meetings, in addition to routine operations, as per by-laws:

1. Cash reserves and liquid assets.
2. Overdue loans and recovery actions.
3. Long-pending account balance discrepancies, bank reconciliations, and budget implementation as per by-laws.

The following sub-committees were noted during the audit period:

1. Supervision Committee
2. Branch Committee
3. HP Committee
4. Overdraft Renewal Committee
5. Machinery Valuation Committee
6. Staff Committee
7. Bilimora Branch Advisory Committee
8. Chikhli Branch Advisory Committee
9. Recovery Committee

Some sub-committees were inactive during the audit period, and a lack of unity among board officers was observed, potentially impacting the bank's progress. The board's special attention is drawn to fostering cooperation and unity among officers to contribute to the bank's advancement.

The duties of all employees should be clearly defined, and an internal control system implemented to monitor performance. Most employees

are untrained, and arrangements for their training are recommended. The bank benefits from an experienced and diligent General Manager, supported by capable officers and a hardworking, skilled accountant.

With necessary coordination, cooperation, and diligent performance by officers, staff, and employees, the bank's progress and administration are certain to improve further.

Audit Classification:

Considering the Co-operative Societies Act, by-laws, financial position, administration, accounting operations, loan recovery, overdue loans, and achieved marks, the bank's **Audit Classification 'A'** is retained.

Institution/Bank Name: The Gandevi People's Co-operative Bank Ltd.,
Gandevi

Audit Period: 01/04/2000 to 31/03/2001

General Remarks

Part 2

Assurances and Recommendations

The statutory audit of The Gandevi People's Co-operative Bank Ltd., Gandevi, Taluka Gandevi, District Navsari, for the period from 01/04/2000 to 31/03/2001 has been completed. During the audit, deficiencies were rectified in person to the extent possible. However, certain remaining deficiencies, as listed below, need to be addressed. It is requested that these be rectified, the recommended actions implemented, and a compliance report, along with a copy of the resolution approved in the Board of Directors' meeting, be submitted in three copies in the prescribed format within three months.

1. Compliance with Previous Audit Report (1999-2000):

The compliance report for the audit findings of the year 1999-2000, which should have been submitted to the respective auditor within the stipulated time, has not been reported as submitted. It is instructed to ensure that compliance reports are sent within the prescribed time limit with special care. Additionally, the suggestions provided in previous audits have not been strictly implemented, which is inappropriate.

Several deficiencies have been repeated. It is instructed to take special care to ensure full and strict implementation of the assurances noted in the audit report.

2. Membership Application Deficiencies:

During the audit period, written applications of newly admitted members have not been assigned sequential numbers based on the admission date or filed systematically. In most cases, the applications lack complete details, which is not appropriate. It is instructed to ensure that all details in applications are fully and carefully completed. Examples of deficiencies include:

Sr. No.	Member Application No.	Applicant Name	Deficiency Details
1	15633	Said Ismail Sheikh	Different address in application and residence proof.
2	15638	Vipul H. Patel	No nominee appointed.
3	15639	Sharmilaben B. Patel	No nominee appointed.
4	15662	Vikal N. Gupta	No nominee appointed; age not specified.
5	15663	Nataraj Velvet Ind.	No registration certificate.
6	15666	Mukesh R. Patel	No age or residence proof.

Sr. No.	Member Application No.	Applicant Name	Deficiency Details
7	15682	Dhiren K. Bhavsar	No nominee appointed.
8	15684	Babubhai U. Patel	No nominee appointed.
9	15685	Ranjanaben M. Patwardhan	No mention of whose presence the thumbprint was taken in.
10	15686	Ashok C. Shah	No nominee appointed; no residence proof.
11	15687	Manjula A. Shah	No nominee appointed; no residence proof.
12	15690	Jayantilal D. Choksi	Age not specified in application; no residence proof.

3. Additionally, for cases where the applicant's age is stated as 20 years or less, it is instructed to maintain a practice of obtaining necessary proof of date of birth.

4. Resignation and Deceased Member Issues:

a. During the audit period, resignation applications from members lack clear reasons or supporting evidence. It is instructed to obtain complete details and verify them before approving such applications. Additionally, resignation applications do not specify the date and resolution number of

the board's approval, which should be recorded.

b. For members removed due to death, death certificates are missing in some cases. It is instructed to obtain necessary proofs for inheritance claims, verify all details, and proceed with further actions only after thorough scrutiny.

c. In cases of deceased members, indemnity bonds obtained from heirs vary in amounts, and in some instances, they are prepared on plain paper with revenue stamps, which is inappropriate. It is instructed to obtain indemnity bonds on stamp paper as per the bank's norms before proceeding.

5. Membership Register and Nominee Details:

The membership register shows several cases where nominee details are yet to be recorded. It is instructed to update the membership register with nominee details for all members and maintain it systematically. For new members, ensure that nominee names are mandatorily included in applications with special care.

6. Share Nominal Value Discrepancy:

As per By-Law 7, the bank's shares are divided into 80,000 shares of Rs. 25/- and 40,000 shares of Rs. 100/-. It is stipulated that new members will not be issued Rs. 25/- shares. The existence of two share denominations (Rs. 25/- and Rs. 100/-) creates inconsistency. To maintain uniformity and avoid future disputes, it is instructed to amend the by-law to standardize one nominal share value and take necessary action to eliminate this discrepancy.

7. Pending Share Certificates:

During the audit period, share certificates for many newly admitted and existing members have not been issued. It is instructed to issue these certificates promptly.

8. Share Refund Deficiencies:

When refunding share amounts to members removed due to resignation or death, the practice of retrieving, canceling, and obtaining signatures from responsible officers on share certificates is not consistently followed. In several cases, original share certificates were not obtained. Examples include:

Sr No	Member No	Member Name	Missing Details
1	7965	Shivprasad R. Yadav	Out of 54 share certificates, 50 are missing
2	7907	Shantaben Khandubhai Desai	Death certificate, share certificate, indemnity bond, authorized heirship proof missing
3	7909	Mrudulaben M. Desai	Death certificate, share certificate, indemnity bond, authorized heirship proof missing.
4	11339	Manharlal M. Zaveri	Share certificate missing
5	457	Parsottambhai H. Gandhi	Witness details, occupation not mentioned; indemnity bond, share certificate No. 4 missing
6	3098	Maniben Chhabildas Gandhi	Share certificate No. 4 missing
7	3426	Shardaben Balkrishna Shukla	Share certificate No. 2 missing; no officer's verification on application
8	6810	Arvind R. Shrofi	Share certificate No. 12 missing

9	378	Ramjibhai Dhanjibhai Rana	Share certificate No. 36 missing
10	1639	Dharesh Dhirubhai Adhwaryu	Share certificate No. 20 missing; indemnity bond not on stamp paper
11	1093	Dhirubhai Himmatbhai Adhwaryu	Share certificate No. 12 missing; indemnity bond not on stamp paper.
12	1683	Hasmukhben Chandulal Bhavsar	Share certificate No. 1 missing
13	749	Dhelabhai Narsinh Tailor	Guarantor signatures and details missing; indemnity bond not on stamp paper.
14	14097	Maganbhai Bhikhabhai Patel	Thumbprint in application and indemnity bond lacks details of whose thumbprint and in whose presence; no proof of share payment; share certificate No. 1 missing
15	1175	Chhotalal Maganlal Gandhi	Witness signatures and details missing; share certificate
16	11162	Jayantilal Chhotalal Patel	Application for dividend credit, but share amount refunded and membership terminated; share certificate No. 40 and other proofs missing
17	854	Ratanben Gokaldas Khatri	No officer's endorsement; witness/guarantor details, indemnity bond, heirship proof, share certificate No. 2, and payment proof missing
18	7292	Salmaben Hamimiyan Sheikh	No officer's endorsement; witness/guarantor details, indemnity bond, heirship proof, share certificate No. 13, and payment proof missing

Additionally, some applications and necessary proofs for share refunds are missing (e.g., Member Nos. 601, 5809, 599, 855, 6380, 13890,

13917, 14205, 5333, 4261, 14631, etc.). It is instructed to present these during the next audit.

9. Staff Training:

Only the General Manager has passed the co-operative education examination. Other officers and employees lack co-operative training or education, which is essential for serving customers effectively. It is instructed to arrange necessary co-operative training for all officers and employees.

10. Cash Balance Security:

The bank has set a cash balance limit of Rs. 15 lakh, but the security bond obtained from the employee responsible for cash is significantly low. It is instructed to obtain a new security bond proportionate to the cash limit.

11. Verification of Security Bonds:

Security bonds have been obtained from officers and employees, but the committee has not annually verified their validity and existence. It is instructed to establish a practice of passing a resolution each year to confirm the bonds' validity.

12. Staff Duties and Internal Controls:

The duties and responsibilities of each officer and employee should be clearly defined and communicated. It is instructed to strictly implement an internal control system as per RBI guidelines to monitor the bank's operations.

13. Accounting Signatures:

14. Supplementary ledgers, registers, and vouchers maintained for accounting purposes lack regular signatures from responsible officers/employees. It is instructed to ensure regular signatures with due care.

15. Annual Cash Limit Resolution:

Resolutions for cash balance limits at the bank and its branches are not passed annually. It is instructed to pass such resolutions each year with care and ensure implementation.

16. Expenditure Voucher Deficiencies:

Vouchers for expenditures lack voucher numbers, detailed descriptions, and, in some cases, approval signatures. It is instructed to maintain detailed information on all vouchers and ensure signatures from responsible officers.

17. Unprovisioned Expenses:

Lawyer fees for property purchases from 1998–99, incurred in the current year, lack prior provisioning, which is not evident. It is instructed to take special care to provision for such expenses.

18. Ledger Discrepancies:

As of 31/03/2001, discrepancies exist between the general ledger and balance books for the following accounts, which should be resolved promptly:

Sr. No.	Account Name	Discrepancy as of 31/03/2001 (Rs.)
Deposits		
1	Current Account	2,323.31
2	Recurring Deposit Account	5,500.00
3	Fixed Deposit Account	12,691.55
Loans		
4	Overdraft Mortgage	62,585.04
5	Overdraft Clean	31,394.68
6	HP 1 (Hypothecation)	450.00

19. Missing Bank Statements:

Bank statements for March 2001 for the following banks were not available, preventing transaction verification. It is instructed to promptly obtain these statements and present them at the next audit:

1. Bank of Baroda, Mumbai
2. Punjab National Bank, Surat
3. Bank of Baroda, Jawahar Road Branch, Bilimora
4. Bank of India, Bilimora

20. Bank Account Discrepancies:

Discrepancies were observed in the bank's accounts with the following banks as of 31/03/2001. It is urgently instructed to reconcile these accounts and eliminate the differences:

Sr. No.	Bank Name	Discrepancy as of 31/03/2001 (Rs.)
1	State Bank of India, Gandevi	3,35,466/-
2	Bank of Baroda, Mumbai	16,040.14
3	Bank of Baroda, Bilimora	22,500.92
4	Dena Bank, Gandevi	3,351.85
5	Bank of Baroda, Gandevi	1,03,965.26
6	Bank of Baroda, Navsari	2,11,004.23
7	Bank of Baroda, Bilimora	21,318.68
8	Gujarat Industrial Co-op. Bank Ltd., Bilimora	16,649.15
9	The Surat District Co-op. Bank Ltd., Surat	3,09,241/-
10	S.B. Pardi People's Co-op. Bank Ltd., Vapi	79.36
11	The Valsad District Central Co-op. Bank Ltd., Valsad	21,373.61
12	The Valsad District Central Co-op. Bank Ltd., Gandevi	607/-
13	The G.S.C. Bank Ltd., Ahmedabad	48,112.02
14	HDFC Bank, Surat	24,35,261.80

21. Missing Bank Balance Certificates:

Balance certificates for March 2001 (as of 31/03/2001) for the following banks were not available. It is instructed to promptly obtain these certificates and present them at the next audit:

1. Punjab National Bank, Surat
2. The Surat People's Co-op. Bank Ltd., Surat
3. HDFC Bank, Surat

22. Investment Tax Refunds and Provisions:

No income tax was deducted on investments during the audit period. However, Rs. 5,55,686.32/- deducted in previous periods remains unrefunded. It is instructed to take action to recover this refund. Additionally, as per RBI guidelines, a price fluctuation fund should be established for investments subject to market volatility, which has not been done. It is instructed to provision for such a fund henceforth. Original share certificates for government securities investments were not available, as they were sent for name transfer. These should be obtained.

23. Dead Stock Register:

The head office maintains a dead stock register, but it is incomplete, lacks prescribed format details, and has unnumbered pages. The total dead stock value as of March 2001 is not ascertainable from the register, which is inappropriate. It is instructed to promptly update the register with complete details in the prescribed format and present it at the next audit. Additionally, obsolete and deteriorated dead stock should be segregated, a board resolution passed for its disposal, and auctioned, with necessary entries made in the register.

24. Income Tax Refund:

The balance sheet as of 31/03/2001 shows Rs. 5,55,686.32/- as refundable income tax, pending recovery. It is instructed to take prompt action to recover this amount.

25. Adhesive Stamps:

As of 31/03/2001, the head office's adhesive stamp balance is Rs. 33,662/-, of which Rs. 1,675/- remains unused for a long period, as detailed below. It is instructed to verify with the treasury whether these stamps are usable; if unusable, calculate the financial loss to the bank and take disposal action.

Sr. No.	Year	Date	Description	Quantity & Denomination	Amount (Rs.)
1	1978	18/10/78	Promissory Note for Loan	50 x Rs. 14	700.00
2	1982	02/02/82	Promissory Note for Loan	10 x Rs. 7	70.00
3	1982	24/06/82	Promissory Note for Loan	10 x Rs. 6	60.00
4	1985	23/12/85	Promissory Note for Loan	10 x Rs. 1	10.00
5	1986	23/12/86	Promissory Note for Loan	10 x Rs. 6	60.00
6	1987	26/01/87	Promissory Note for Loan	10 x Rs. 3	30.00
7	1987	04/06/87	Promissory Note for Loan	10 x Rs. 34	340.00
8	1986	15/05/86	Promissory Note for Loan	10 x Rs. 6	60.00

Sr. No.	Year	Date	Description	Quantity & Denomination	Amount (Rs.)
9	1990	19/09/90	Godown Loan	50 x Rs. 3	150.00
10	1991	01/06/91	Bill Purchase	50 x Rs. 3, 15 x Rs. 3	150.00, 45.00

26. Safe Deposit Lockers:

The bank provides safe deposit locker facilities, with 270 lockers at the head office, 420 at Bilimora, and 435 at Chikhli. During the audit period, 224 lockers at Bilimora and 382 at Chikhli remained unused. The significant investment in lockers aims to provide customer convenience and generate rental income, but this objective is not met due to low utilization. The bank is instructed to actively promote locker allocation without mandating fixed deposit requirements to increase rental income. Additionally, Rs. 9,275/- in locker rent is outstanding as of 31/03/2001, which should be promptly recovered. For customers with rent overdue for over a year, locker access should be restricted until full payment is made.

27. Claims Deposit:

The balance sheet as of 31/03/2001 shows Rs. 1,32,20,012/- as claims deposit pending recovery. If related claims have been settled, it is instructed to take prompt action to recover the amount as per the orders.

28. Stationery Expenses:

The profit and loss account for 2000-2001 shows stationery expenses of

Rs. 1,41,605/-. During the audit period, Rs. 1,23,785/- worth of stationery was used, with a closing stock of Rs. 2,29,505/- as of 31/03/2001. Despite sufficient stock from the previous year, additional stationery was printed, while usage remained low, leading to excessive unused stock annually, which is inappropriate. It is instructed to print stationery based on actual usage. A stationery committee should be appointed to periodically verify stock and record signatures. The head office's stationery register is incomplete, lacks prescribed format details, and does not indicate total stock value as of March 2001. It is instructed to update the register with complete details and present it at the next audit.

29.Excessive Expenses:

The profit and loss account as of 31/03/2001 shows significantly higher expenses compared to the previous year, including staff salaries, allowances, insurance, electricity, postage, telephone, court fees, lawyer fees, travel, and miscellaneous expenses. It is instructed to control these expenses and adopt cost-saving measures. Miscellaneous expenses of Rs. 2,27,854/- include daily wages, which should not be classified as miscellaneous and require separate accounting.

30.Investment Approvals:

During the audit period, Rs. 1,97,50,000/- was invested in government securities and Rs. 4,00,000/- in NABARD capital gain bonds without evident approval. It is instructed to obtain approval from the District Registrar. Additionally, as per RBI guidelines, a price fluctuation fund for investments was not established, and original share certificates for

government securities were missing (sent for name transfer). It is instructed to establish the fund annually, obtain the certificates, and comply with RBI norms.

31.Profit Analysis:

The profit and loss account as of 31/03/2001 shows a net profit of Rs. 1,35,215/-, largely due to Rs. 3,90,500/- from investment sales. Expenses (99.36% of income) significantly reduced the profit. The board is requested to focus on improving interest income recovery and reducing NPAs to enhance profitability.

32.Suspense Account:

The balance sheet as of 31/03/2001 shows Rs. 2,93,198.76/- pending in the suspense account, primarily comprising vehicle registration deposits, housing mortgage deposits, and balances from closed NSC accounts. It is instructed to promptly settle these amounts to the respective account holders after completing formalities.

33.Pending Dividends and Deposits:

The balance sheet as of 31/03/2001 shows Rs. 8,08,731/- in pending dividends, which should be promptly paid. Dividends overdue for over three years should be transferred to the reserve fund. Vehicle registration deposits of Rs. 1,25,500/- are pending; obtain necessary documents and settle or credit to accounts. An adjustment account balance of Rs. 73,609/-, carried forward, requires thorough verification and settlement.

34.Charitable Donations:

During the audit period, the bank disbursed the following amounts from the charity fund:

1. Rotary Club, Bilimora: Rs. 15,000/-
2. Gandevi Hindu Crematorium Trust: Rs. 51,111/-
3. Lions Club Charitable Trust: Rs. 8,000/-

Approval was obtained from the District Co-operative Union, but as per RBI Circular dated 19/01/1996, donations are limited to 1% of net profit, which was not followed. It is instructed to comply with this limit.

As per the aforementioned RBI circular, any amount exceeding the prescribed limit for charitable donations requires approval from the Registrar, which has not been obtained. It is instructed to obtain this approval and exercise special care in the future. A donation of Rs. 15,000/- was paid to the Charitable Bilimora on 19/05/2000, but a stamped receipt for this payment was not available. It is instructed to obtain this receipt and present it during the next audit.

33. Post Office Savings Account:

The balance sheet as of 31/03/2001 shows Rs. 1,553.51/- in a savings account with the Gandevi Post Office under the assets and receivables section. The passbook for this account was not available during the audit. It is instructed to obtain the passbook and present it during the next audit.

34. Employee Membership Violation:

It was observed that most employees of the bank are members of the institution. As per By-Law 10(A)(2), only individuals who are not employees of the bank can become members, indicating a violation of this rule. It is instructed to take necessary action to comply with By-Law 10(A)(2).

35. Generator Certification:

The bank has installed a generator, but the necessary certificate from the Gujarat Electricity Board has not been obtained, which is inappropriate. It is instructed to promptly obtain this certificate and maintain it in the bank's records.

36. Misclassified Stationery Expense:

On 15/01/2001, Rs. 33,758/- was incurred for calendar printing, recorded under Stationery and Printing Expenses. This expense is not appropriately classified under this head. It is instructed to reclassify this expense under a different appropriate head.

37. Library Book Purchase:

On 09/05/2000, Rs. 2,001/- was incurred for purchasing three co-operative law books under the Library Books account, but the bill for this purchase was not available. It is instructed to clarify this matter, obtain the bill, and present it during the next audit.

38. Duplicate Key Register:

It is instructed to promptly prepare a register listing the numbers of duplicate keys for the bank's safes, locks, and lockers, and maintain it under the custody of the General Manager.

39. Board Meeting Agenda:

The board meetings do not regularly discuss critical issues such as cash reserves, liquidity assets, overdue loans and recovery actions, legal measures taken, long-pending account discrepancies with other banks, reconciliation, and daily deposit accounts. It is instructed to ensure these matters are discussed monthly.

40. Arbitration Recovery Efforts:

According to the bank's information, only 18 defaulters with dues of Rs. 14,94,782/- have had claims filed against them. As of 31/03/2001, total overdue loans amounted to Rs. 1,46,11,528.39/-. Arbitration claims should have been filed against all defaulters, but only 82 defaulters with claims of Rs. 42.54 lakh have been pursued, of which 11 cases secured orders for Rs. 4.91 lakh. This indicates insufficient focus on arbitration recovery. It is instructed to expedite recovery actions to maximize collections.

41. Branch Account Reconciliation:

As of 31/03/2001, transactions between the head office and branches amounted to Rs. 2,15,737.43/-. It is instructed to promptly reconcile

accounts with branches and ensure no discrepancies remain between the head office and branches with special care.

42. Excess Surplus Funds:

As per Sections 18 and 24 of the Banking Regulation Act, the bank maintains surplus funds beyond the required Total Demand and Time Liabilities (TDL) limit, which is inappropriate. It is instructed to utilize these surplus funds within limits by increasing lending sources to ensure full utilization.

43. Committee Operations:

a. As per By-Law 36, provisions exist for forming (1) Supervision Committee, (2) Branch Committee, (3) Branch Advisory Committee, and (4) HP Loan and Overdraft Committee. The bank, through resolutions 7 to 11 dated 17/10/2000, appointed Branch Committee, Staff Committee, HP Committee, Overdraft Committee, Valuation Committee, and Recovery Committee. However, no meetings of the Bilimora and Chikhli Branch Advisory Committees, Staff Committee, Machinery Valuation Committee, or Chikhli Committee were held during the audit period. If committees do not meet even once annually, their formation serves no purpose. It is instructed to reconsider the appointment of such committees.

b. The HP Committee held 13 meetings during the audit period, but member attendance was irregular, and the chairman's signatures were absent at the end of meeting proceedings. It is instructed to ensure the

chairman's signatures are recorded at the end of proceedings with due care.

c. The Branch Committee held 8 meetings, of which 3 were adjourned due to lack of quorum. Member attendance was irregular. Resolutions 3, 4, 5, and 6 dated 09/06/2000 approved branches, but details of approved branches were not recorded. Proceedings lack the chairman's signatures. Meetings on 13/05/2000 (2 members present), 09/06/2000 (1 member present), and 23/03/2001 (2 members present) lacked quorum. Resolution 2 dated 13/12/2000 approved branches for (1) Trikamji, (2) Suresh Amrutlal, and (3) Bipin Vasava, but the approved amount was not specified. It is instructed to record complete details in resolutions and commence proceedings only after achieving quorum with special care.

d. Meetings of the Renewal Committee, Supervision Committee, and Building Committee were held, but proceedings generally lack the chairman's signatures.

e. Proceeding books of all sub-committees lack page numbers, indexing, and signatures/seals. The Annual General Meeting's proceeding book also lacks these. It is instructed to rectify this promptly.

44. Board Meeting Agenda Compliance:

All matters, including policy, legal, financial, and policing issues, should be included in the board meeting agenda. However, some matters were taken up at the chairman's discretion without agenda inclusion, despite prior audit instructions to avoid this practice. It is instructed to clarify

this and urgently discontinue this practice, ensuring compliance with prior recommendations.

45. By-Law Implementation:

The following by-law provisions were not fully or partially implemented during the audit period. It is instructed to clarify these and ensure strict, full compliance with by-laws with special care:

- a. **By-Law 4(8):** The provision for a Chief Executive Officer, i.e., a salaried manager appointed by the board, is not followed, as a General Manager has been appointed instead, which is inconsistent with the by-law. It is instructed to clarify this, ensure strict compliance, and obtain approval from the competent authority for the General Manager's appointment, as no evidence of such approval was found.
- b. **By-Law 5(4):** Loans must comply with rules approved by the District Registrar. The bank obtained approval for loan rules on 23/03/2000 but made frequent amendments without approval. Necessary documents, proofs, and information were not obtained as per approved rules. It is instructed to formulate detailed policy rules for unapproved loan types, follow legal procedures, and obtain approval before disbursing such loans. Non-compliance may hold the board fully responsible for future liabilities.
- c. **By-Law 10(A)(4):** The membership entry fee is Rs. 10/-, but the bank charged Rs. 5/- during the audit period, violating the by-law. It is instructed to promptly recover the shortfall. Additionally, By-Law 10(A)(4) conflicts with By-Law 23(1), which requires clarification.

d. **By-Law 36:** The Supervision Committee of five members was appointed, but no meetings were held during the audit period, failing to fulfill the objectives of By-Laws 36(1)(2)(3). It is instructed to ensure compliance with these provisions with due care.

e. **By-Laws 35, 36:** Provisions for appointing auditors, internal auditors, and experts in banking law, finance, and other fields, and fixing their remuneration, were not followed. The bank appointed consultants for legal and income tax matters without fixing remuneration. Lawyer fees for property purchases were also not fixed. It is instructed to comply with these provisions.

f. **By-Law 35(16):** Provisions for establishing funds and framing usage rules were not followed. The bank used Rs. 11,000/- and Rs. 5,000/- (total Rs. 16,000/-) from the education fund without formulated policy rules. It is instructed to take action as per the by-law.

g. **By-Law 36(K):** The Branch Advisory Committees for Chikhli and Bilimora did not perform the tasks outlined in items 1 to 4. It is instructed to clarify this and ensure compliance with the by-law.

h. **By-Laws 37(2), 39, 40:** The duties assigned to the Chairman, Secretary, and Manager (General Manager) were only partially implemented. It is instructed to ensure strict compliance with these duties and avoid by-law violations.

46. Employee Recruitment Rules:

The bank has not adopted recruitment rules as per RBI guidelines. It is

instructed to formulate and obtain Registrar approval for these rules. Recruitment of officers and employees should involve public advertisements, written and oral examinations, and interviews, adhering to legal and by-law provisions. Resolution 12/19 dated 24/06/2000 regarding employee recruitment did not consider existing policy, rules, or laws. It is instructed to avoid such actions without compliance.

47. Daily Savings Deposit Scheme:

The bank operates a daily savings deposit scheme with appointed agents. Passbooks are provided to agents for customers, and issuance is recorded, but there is no record of how many passbooks were issued, how many accounts were opened, or how many remain unused. This risks misuse by agents, as passbooks remain with account holders. It is instructed to:

- a. Monthly verify opened accounts and reconcile passbooks with ledgers, obtaining signatures from responsible employees/officers.
- b. Address discrepancies in deposits taken from agents, which are treated as fixed deposits with interest payments, which is inappropriate. Ensure agents deposit the full amount as per board decisions.
- c. Obtain stamp paper agreements from all agents as per the bank's norms, as some were not obtained.
- d. Ensure agents deposit daily collections promptly. If delayed, charge 18% interest on delayed amounts, which is not currently practiced. It is instructed to implement this practice.

Loans:

48. Loan Policy Compliance:

The bank has formulated loan rules, approved by the District Registrar on 23/03/2000, as per By-Law 5(4). However, the bank frequently amended these rules without approval. Necessary documents, proofs, and information were not obtained as per approved rules, rendering some loans non-compliant. It is instructed to ensure loans are disbursed only for approved purposes, with appropriate securities, and to exercise due care in compliance.

1. Suvidha Loan

a. The bank provides Suvidha Loans up to a limit of Rs. 5,000/-. In most cases, apart from the loan application, no other supporting documents—such as a ration card copy, property card copy, or guarantor's credit worthiness are obtained. It is instructed to conduct thorough verification, obtain all necessary documents, and ensure detailed scrutiny by a responsible officer with a clear opinion before submitting the application for approval. The board should then make an appropriate decision. Strict compliance with this process is recommended. Examples of deficiencies include:

Sr. No.	Name	Loan Amount (Rs.)	Deficiency Details
1	Sureshchandra Bhagwandas Patel	5,000/-	No city survey certificate or assessment sheet for guarantor; no other documents available.
2	Shaileshkumar Thakorbhai	5,000/-	Guarantor's creditworthiness not specified; no city survey or assessment sheet; no supporting proofs.
3	Mukhtar Abdulkadar Vansadiya	5,000/-	No supporting proofs beyond loan application.
4	Vinaben Rajeshbhai	5,000/-	No supporting proofs or documents available.

b. Under the Suvidha Loan scheme, the bank disbursed Rs. 4,67,200/- to 146 members with a limit of Rs. 3,200/-. The Super Gas Agency, Gandevi, a mail dealer and agent, was appointed as the primary guarantor. Of this, Super Gas Agency repaid Rs. 49,352/- for 22 members. The remaining Rs. 4,17,848/- is pending recovery from 126 members (84 from Gandevi branch, 40 from Bilimora branch). The agency collected Rs. 2,00,909/- in installments, of which Rs. 1,11,638/- was not remitted to the bank despite collection. The agency was required to deposit Rs. 1,00,000/- as per the bank's norms, which was not done, and the condition of maintaining 10% in the current account was not

followed. It is instructed to take stringent measures to promptly recover the outstanding amount. The agency's letter dated 09/09/2000 mentions joint ownership by Lakshmiben Vipulbhai Nayak and Vipulkumar Ajitlal Nayak of land at Katholi village (Survey No. 152, Block No. 217) as security, but encumbrance records were not provided. It is instructed to clarify this matter.

2. Cash Credit (CC)

a. Messrs Kalyanbhai Kunvarji, CC Account No. 42, Rs. 3,00,000/-, Disbursed 15/05/2000:

The loan was disbursed on 15/05/2000, but the repayment due date is listed as 30/04/2000, which is inconsistent (agreement on page 3). The firm applied on 05/10/2000 to increase the CC limit to Rs. 6,00,000/-. The manager recommended an additional Rs. 4,20,000/-, totaling Rs. 3,42,000/-. However, the board, via Resolution No. 4(28) dated 05/12/2000, approved Rs. 4,50,000/-. Clarification is required. As of November 2000, the stock was Rs. 5,69,233/-, and the manager's recommendation (60% of stock) was appropriate, but the board's higher approval needs explanation. The trial balance as of 31/12/2000 lacks the applicant firm's signatures. The insurance policy for Rs. 4,50,000/- was not available, nor were monthly stock statements, accounting records (trading account, profit and loss, balance sheet), or stock verification signatures.

b. Mahalakshmi Cloth Stores, CC No. 43, Rs. 3,00,000/-, Disbursed 19/04/2000:

The agreement states the loan was disbursed on 19/04/2000 with a

repayment due date of 30/04/2000, requiring clarification. The full loan amount's insurance policy was not available. Monthly stock statements, periodic stock verifications, and accounting records (trading, profit and loss, balance sheet) were not provided.

c. **Ashirwad Trading Co., Amalsad, CC No. 44, Rs. 2,00,000/-:** Encumbrance registration in city survey records was not evident. Share certificates from the Co-operative Housing Society Ltd. were not obtained. The full loan amount's insurance policy was not available. The agreement was executed as a registered society, but post-registration status was not verified. Encumbrance registration in property records was absent. Three years' accounts, monthly stock statements, and guarantor creditworthiness details were not provided.

d. **Pratik Trading Co., Gandevi, CC No. 45, Rs. 7,00,000/-:** The full loan amount's insurance policy was not obtained or available. The stock statement did not maintain the withdrawal limit proportionate to stock. Monthly accounting records (trading, profit and loss, balance sheet) were not regularly submitted.

e. **Kishorbhai Gandabhai Nayak, Gandhar, CC No. 27, Rs. 3,00,000/-:**

No sales or income records were submitted. Monthly accounting records (trading, profit and loss, balance sheet) were not provided. No property proofs were submitted. For the tractor used as collateral, no supporting documents (insurance policy, RC book, registration receipt) were available. Withdrawals exceeded the CC limit.

f. Jalaram Traders, CC No. 47, Rs. 2,00,000/-:

As of 31/03/2001, the withdrawal limit was not maintained. No insurance policy was obtained. Monthly stock statements, accounting records (trading, profit and loss, balance sheet), or guarantor Mahendrabhai Manibhai Nayak's supporting proofs were not available.

g. Harchandbhai Bhikhabhai, CC No. 48, Rs. 70,000/-:

No insurance policy, monthly stock statements, or accounting records (trading, profit and loss, balance sheet) were available. The bank did not conduct business verification visits.

h. Sheet Agency, CC No. 49, Rs. 1,50,000/-:

No insurance policy or monthly stock statements were available. The manager recommended Rs. 1,00,000/-, but the board approved Rs. 1,50,000/-, requiring clarification. The submitted stock statement lacked the applicant's signature and bank verification remarks.

i. Sai Traders, CC No. 50, Rs. 2,50,000/-:

The agreement lacks the manager's signature and an attached stock statement. No pre-loan verification report or recommendations by bank officers were found. No verification was conducted regarding facilities from Central Bank, Amalsad. No property proofs for guarantor Kalyanbhai Bhikhabhai Patel or stock insurance policy were available.

3. Overdraft (OD)

a. Dakshaben Nimeshbhai Bhavsar, OD No. 936, Rs. 20,000/-:

The OD application is blank, with no details filled. The promissory note lacks details or amounts. The business registration certificate has not been renewed since 1994, and whether the business is operational is unclear. Guarantor creditworthiness details are absent.

b. Sumit Ajitram Desai, OD No. 937, Rs. 20,000/-:

Only five days' bills for one month were provided as business proof. No verification was conducted regarding business duration, income, or turnover. No 7/12 land records were submitted for agricultural activity. Regular account turnover was not observed.

c. Sumantbhai Kantilal, OD No. 938, Rs. 20,000/-:

No business-related proofs were provided. Regular account activity was not evident. As of 31/03/2001, Rs. 19,188/- was outstanding.

d. Rameshchandra Kantilal Lakdawala, OD No. 939, Rs. 20,000/-:

No business operation proofs were provided. Stamp compliance verification was not conducted.

4. Property Loan

a. Nanubhai Kikabhai Talaviya, Account No. 276, Rs. 85,000/-:

No property valuation report was available. The applicant's monthly

income is Rs. 1,128/-, while the loan installment is Rs. 1,420/- plus interest, with no assessment of additional income. No clear opinion was provided by the loan officer or manager. No insurance policy or advance cheques were obtained. Only one guarantor was taken.

b. Arunbhai Babubhai Patel, Account No. 277, Rs. 1,35,000/-:

No property insurance or valuation report was available. No consent letter under Section 50 of the Co-operative Societies Act for installment deductions was obtained.

c. Dolataram Paragji Nayak, Account No. 278, Rs. 5,00,000/-:

No property insurance, consent from son/wife for installment payments, valuation report, advance cheques, mortgage agreement, or encumbrance registration proof in gram panchayat/city survey records were available.

d. Ritaben Ranjitram Nayak, Account No. 279, Rs. 1,00,000/-:

No property insurance or updated land records (only 1997 records provided) were available. The loan was approved for purchasing a shop, but whether the property was acquired is unclear, requiring clarification on whether it qualifies as a housing loan. Ownership proof for the shop (Shiv Sankul, Tika No. 331/85, Shop No. 1200 sq. ft.) by Ritaben and the applicant was not available. The certified copy of the sale deed dated 09/12/2000 was not on record.

e. Ravjibhai Somabhai, Sadhibujrang, Account No. 280, Rs. 1,19,000/-:

No property insurance policy or encumbrance registration proof in talati records was available.

f. Rakesh Indravadan Desai, Account No. 281, Rs. 4,00,000/-:

No property insurance or mortgage agreement was available. Stamp compliance and sub-registrar registration for the mortgage were not verified.

5. Mortgage Loan

a. Savitaben Mohanbhai Dhimmar, Account No. 1418, Rs. 50,000/-:

No clear opinion from the loan officer or manager, property valuation report, or insurance policy was available. **Overdraft (OD)**

a. Desai & Shah Co., OD No. 22, Rs. 4,99,000/-:

Regular account turnover was not observed. No monthly stock statements, accounting records (trading, profit and loss, balance sheet), promissory note details, letter of continuity, or agreement details were provided.

6. Machinery Loan

a. Viral Rameshbhai Patel, Rs. 89,700/-:

No property card or guarantor creditworthiness details were available.

No verification was conducted regarding prior encumbrances on the guarantor's property. No insurance policy for the full loan amount was provided. The recommendation for five annual installments is inappropriate.

7. Clean Loan

a. Zulfiquar Ahmad Mastan, Account No. 2822, Rs. 15,000/-:

The business license was not renewed post-31/12. No creditworthiness record was available. Application details to be filled by the bank were incomplete. No clear opinion or signature from the loan officer/manager was provided. No property or residence proofs for the guarantor were available. The five-year repayment term requires clarification.

b. Kashyap Chandrakant Parekh, Account No. 2827, Rs. 20,000/-:

The approval letter states a loan term until 30/06/2001, while the application mentions five years, requiring clarification. The guarantor (father) is not permissible as per the bank officer's opinion, with no manager's opinion provided. No guarantor creditworthiness was documented. No repayments were made by 31/03/2001. No agreement was executed, and no repayment source verification was conducted.

8. Hypothecation

a. General Issues:

1. Loan applications lack thorough verification of income, expenses, and savings. The loan officer or General Manager does not provide a detailed study or clear opinion, which is not evident.
2. For two-wheeler loans, the following documents were often missing: RTO registration book, purchase bill, payment receipt (cheque/draft), driving license, insurance policy, RTO form, and RTO mortgage certificate. These should be obtained and filed.
3. For HP loans, a Rs. 500/- vehicle deposit is collected, but documents are not obtained, and deposits are not transferred to accounts or refunded.
4. For household appliance loans, purchase bills were missing in some cases. It is instructed to obtain valid bills with sales tax numbers post-approval and file them. Example: Gunvantray Chunilal Shah's TV purchase lacked a valid bill.

b. Four-Wheeler Loans:

Applications lack business-related proofs for the vehicle's purpose. RTO registration, RC book, and insurance policies are not endorsed with bank hypothecation, and original policies are not retained. RTO hypothecation certificates were not submitted. It is instructed to obtain all documents post-disbursement, collect a Rs. 1,000/- deposit, transfer or refund it, issue notices for overdue installments, and pursue legal recovery actions.

49. Supervision of CC and OD Facilities:

- a. No planning or actions were taken for supervision and oversight of CC and OD facilities. Stock statements, accounting records, and stock verifications are not regularly obtained or conducted. Withdrawal limits

and account turnover are not monitored. Insurance policies are not obtained or retained in bank custody. It is instructed to implement these measures.

b. For property-backed loans, insurance policies are not obtained or retained, and mortgage agreements are not registered with talati/city survey records with supporting proofs. Mortgage deposits are held in suspense accounts; these should be promptly registered, transferred to accounts, or refunded. Applicant and guarantor creditworthiness, including property valuations, are not assessed. Some loans were approved with changed guarantors without updating application details, which should be recorded.

50.KVP/NSC Loans:

Applications for loans against KVP/NSC lack clear approval notes with dates from competent officers or details of the board resolution (number/date) approving the loan, which is inappropriate. It is instructed to maintain a practice of recording clear approval details.

In addition, the following cases of loans against Kisan Vikas Patra (KVP) lack the required agreement letter with adhesive stamps of the necessary amount attached to the application:

Sr. No.	Application No.	Date	Name	Loan Amount (Rs.)
1	1364	20/03/2001	Shri Vinodbhai C. Patel	7,000/-
2	1353	10/07/2000	Shri Vinodbhai N. Sharma	25,000/-
3	1345	07/04/2000	Shri Natwarlal M. Kayasth	7,200/-
4	1344	07/04/2000	Shri Natwarlal M. Kayasth	5,200/-

51. Ornament Loans

a. Upon examining applications for loans against gold ornaments, the applications do not specify the board resolution number and date approving the loan, which is inappropriate. It is instructed to mandatorily include the board resolution number and date in every application. Additionally, in the following cases, accounts remain active despite the loan term (one year) having expired, which is not acceptable. It is instructed to inform the respective borrowers, recover the principal and interest, and close these accounts:

Sr. No.	Application No.	Name	Loan Date	Disbursement Term Date	Expiry
1	1339	Padmaben M. Arya	12/05/2000		12/05/2001
2	1356	Jamilabanu S. Mulla	20/07/2000		20/07/2001
3	1360	Kirtiben H. Mehta	31/07/2000		31/07/2001
4	1364	Bhaves S. Shah	19/08/2000		19/08/2001
5	1366	Rashmiben J. Nayak	19/08/2000		19/08/2001

Furthermore, for ornament loans overdue as of 31/03/2001, it is instructed to dispose of the ornaments as per loan conditions and recover the outstanding amount.

b. The bank engages in lending against gold ornaments, for which Shri Sureshchandra Thakorlal Kansara was appointed as a valuer in December 1998. The following deficiencies were noted in his security bond:

- The bond is dated 19/12/1998, and no new bond has been obtained since.
- The bond does not specify the duration of the appointment.
- The bond lacks witness signatures.
- The bond mentions acceptance by heirs but lacks their signatures.

52.Housing Loan Issues

a. Yusufbhai Ismailbhai Akudi, Housing Loan, Rs. 50,000/- (Board Meeting 10/06/2000, Resolution No. 3(K)(3)(57)):

The board approved a Rs. 50,000/- housing loan for construction based on an application dated 09/06/2000, processed the next day. The applicant's income tax return shows an income of Rs. 73,017/-, while the application claims Rs. 3,80,000/-, which was not verified. The construction estimate totals Rs. 6,02,017/- for a ground-plus-one-floor building. The loan was for the first floor, with the slab-level cost estimated at Rs. 2,06,234/-, plus Rs. 32,534/- for plumbing, electrical, and architect fees, totaling Rs. 2,38,118/-. The approved amount exceeds the eligible limit, requiring clarification. The head office, via a letter dated 17/06/2000, approved Rs. 5,00,000/- with monthly installments of Rs. 8,333/- plus interest over 60 months, stipulating phased disbursements and property insurance. However, Rs. 4,00,000/- was disbursed on 20/06/2000 and Rs. 1,00,000/- on 04/08/2000 (promissory note mentions Rs. 5,00,000/-), totaling Rs. 5,00,000/- without phased disbursement. An architect's certificate from Deep Architecture claims 90% completion, but lacks dates for completion or issuance. A completion certificate also lacks dates. A mortgage deed without construction was registered on 26/06/2000. A sub-officer's visit on 26/02/2000 reported the construction as old. The

loan to Yusufbhai Ismailbhai Akudi for Khundh village construction violates the bank's policies, lacking thorough verification and disbursing excess funds in one installment. The architect's certificates are vague and undated, with no attention paid. It is instructed to provide necessary clarification regarding this non-compliant loan.

b. Committee Resolution Book:

Resolutions dated 10/06/2000, 24/06/2000, 22/07/2000, 28/07/2000, and 15/05/2000 in the committee resolution book are not recorded sequentially, with resolution numbers listed out of order, which is inappropriate. It is instructed to record resolutions in sequential order.

c. Joint Registrar's Notice:

A show-cause notice dated 10/12/2000 from the Joint Registrar (Audit), Co-operative Societies, Gujarat, Gandhinagar, under Section 76(B)(1)(2) of the Gujarat Co-operative Societies Act, led to a resolution incurring expenses. It is instructed not to implement resolutions that harm the bank's interests, and any such expenses will be the board's responsibility.

53. Chikhli Branch Audit Findings:

The following deficiencies were noted during the audit of the Chikhli branch:

a. Suvidha Loan:

Gas loans of Rs. 3,200/- were approved without opinions from the branch

manager or General Manager. No applications were verified by the branch. It is instructed to mandate verification with written opinions from officers. Examples: (1) Ramesh Abu, (2) Chhagan Chhotu, (3) Ramesh Kiku, (4) Jagannarayan Kashi Prasad, (5) Kalavati Suresh, (6) Shyamji Ambu.

b. Cash Credit (CC) Loans:

CC loans follow Rules 1-16, but compliance is lacking. Monthly stock statements, accounting records (trading, profit and loss, balance sheet), periodic verification visits, insurance policies (retained in bank custody), property proofs, encumbrance registration, and licenses are not obtained. Clarification is required.

- **Account No. 15, Shiva Autosales & Service, Rs. 1,10,000/-:**

The applicant has an HP 1 account at Gandevi branch, but outstanding or overdue amounts were not verified. No property valuation report, three-year balance sheets, or monthly stock/accounting records were provided.

- **Krishna Gas Agency:**

Accounting records as of 31/03/2000 lack the proprietor's signature. A stock statement of Rs. 2,16,500/- lacks a date and verification. The authorization letter from Nandavan Gas Agency, Navsari, lacks the mail distributor's signature. No guarantor income/property proofs or registered lien documents were provided.

- **Kasturi Traders:**

Original share certificates from Darshan Co-op. Housing Society were not retained. A stock statement of Rs. 13,47,206/- lacks a date and verification. Accounting records are unclear. No stock/property valuation reports or regular records were submitted.

- **Harendra Shantilal Patel, Rs. 50,00,000/-:**

Excess withdrawals occurred from December 2000 to March 2001, requiring clarification.

- **Kishorbhai Haribhai, CC No. 24, Rs. 50,00,000/-:**

No contractor class license or executive engineer's classification certificate was provided. No property valuation report was available. The mortgaged land is in the names of Kishorbhai Haribhai and Shantilal Karamshi, but both names are not mentioned in the warrant. The sales tax license lists Saad Kapoor as the business location, requiring clarification. The original registered mortgage deed copy, requiring Shantilal Karamshi's signature, was not available. No verification was conducted regarding government/non-government contracts or contractor registry inclusion.

c. Housing Loan, Account No. 21, Yusuf Ismail Akudi, Rs. 50,00,000/-:

- The loan was approved without considering the construction estimate. The estimate of Rs. 6,02,017/- covers ground-plus-one floor, but Rs. 50,000/- was approved for the first floor only, requiring clarification.
- The bank officer's Rs. 1,50,000/- opinion was ignored.
- The sarpanch approved first-floor construction on 04/06/2000.

- Deep Apartment's plan/cstimate lacks dates, and the 90% completion certificate lacks issuance/completion dates, with no bank verification. Clarification is required.
- No property insurance was obtained or mortgaged in the bank's name, and the original policy was not retained.
- The income tax return shows Rs. 60,431/-, while the application claims Rs. 3,80,000/-, requiring clarification.
- Despite the branch officer's report of old construction, the loan was approved, violating bank rules, requiring clarification.

d. Deep Developers, Account No. 16, Rs. 20,00,000/-:

- No mortgage deed was executed, and conditions for mortgaging constructed property were not followed. No encumbrance registration proof was retained.
- No NOC was obtained from Dena Bank, Samaroli, for a partner's poultry loan.
- The resolution's requirement for additional guarantees (insurance policy) was not implemented.
- Submitted documents are mostly uncertified photocopies, lacking preparer/owner signatures, requiring clarification.

e. HP 1 and HP 2 Loans:

Most HP 1 and HP 2 loans lack RTO RC books, registration certificates, insurance policies (with bank mortgage), purchase bills, and stamped cheque receipts. Clarification is required.

- **HP 36, Dilasabanu Ibrahim:**

The agreement and promissory note lack details, with only signatures obtained. No original guarantor property card or assessment sheet was provided. No business location or proof was verified.

- **HP 1 No. 38, Rakesh Amrutlal, Rs. 33,600/-:**

No business location, monthly income, purchase bill, cheque receipt, insurance documents, RTO RC book, or mortgage certificate were provided. Clarification is required.

- **HP 1 No. 41, Vipulbhai Ravjibhai, Rs. 21,000/-:**

The loan for a Sony TV lacks business/job details, salary slip, or valid sales tax bill. The applicant's age (19) requires job proof. The guarantor's involvement in three accounts and a Rs. 50,000/- OD needs rule compliance verification.

- **HP 1 No. 42, Suman Ramesh Patel, Rs. 20,800/-:**

No income proofs (salary slip) or valid sales tax bill/cheque receipt for TV purchase were provided.

- **HP 1 No. 43, Jagdishbhai Hero Honda, Rs. 35,600/-:**

The consent letter under Section 50 lacks details and applicant signature. No purchase bill, cheque receipt, RTO RC book, mortgage certificate, or insurance policy was provided.

- **HP 48, A.P. Multani Honda, Rs. 33,600/-:**

No income verification proof was provided despite approval within days (07/12/2000 to 16/12/2000). No purchase bill, cheque receipt, RTO RC book, mortgage certificate, or insurance policy was available. No guarantor involvement verification was conducted.

f. Missing Documents:

The following accounts lack insurance policies, RTO RC books, mortgage letters, purchase bills, and cheque receipts: (1) HP 28, Dineshbhai Dhansukhlal; (2) HP 32, Sanjiv Shantilal Kapadia; (3) HP 33, Rajendra Ganpat Singh; (4) HP 35, Nasimabanu Nazir Ibrahim; (5) HP 53, Dinesh Bhikhabhai; (6) HP 46, Dilipbhai. For HP 1 Nos. 26, 27, 28, 29, 30, 34, loans approved by the head office lack approval letters in the files.

g. HP 2, Modern Shamji Tempo Trax, Rs. 3,20,000/-:

- No purchase bill or RTO registration documents were provided.
- The promissory note lacks borrower/guarantor signatures.
- No RTO form was obtained.

h. SCL Corp, Chikhli, CC Rs. 5,00,000/-:

The previously approved Rs. 5,00,000/- CC was reduced to Rs. 3,70,000/- via Resolution No. 5/3 dated 05/12/2000 due to irregular turnover. The hypothecation form is blank, and property mortgage conditions were not implemented. It is instructed to strictly enforce compliance and recover the fixed amount if turnover remains irregular.

54. Daily Savings Scheme at Chikhli Branch:

During the audit, passbooks for active daily savings accounts were reviewed, but most lack bank reconciliation signatures. It is instructed to obtain passbooks by the 10th of each month, reconcile with accounts, and have the responsible officer verify with signatures. Daily collections must be deposited regularly, with 18% interest charged on delayed deposits. Strict compliance is required, and the branch manager will be responsible for any customer complaints regarding non-deposited amounts.

55. Stationery Register at Chikhli Branch:

No stationery register is maintained, making it impossible to ascertain the types and quantities of stationery or the stock value as of March 2001. It is instructed to promptly maintain a stationery register in the prescribed format with complete details and present it at the next audit.

56. Overdue Ornament Loans at Chikhli Branch:

The following ornament loan accounts remain active post-term expiry, which is inappropriate. It is instructed to promptly close these accounts:

Sr. No.	Account No.	Name	Amount (Rs.)	Loan Date
1	31	Shri Sanjaybhai H. Lad	16,400/-	11/05/2000
2	34	Shri Gamanbhai P. Solanki	10,000/-	20/05/2000
3	37	Shri Himantbhai B. Patel	10,800/-	01/06/2000

57. Dead Stock Register at Chikhli Branch:

The dead stock register is not maintained in the prescribed format, contains incomplete details, and lacks page numbers. The total dead stock value as of March 2001 is not ascertainable, which is inappropriate. It is instructed to promptly maintain the register in the prescribed format with complete details and present it at the next audit.

58. Monthly Recurring Accounts at Chikhli Branch:

For matured monthly recurring accounts, payments are made, but accounts are not closed with the responsible officer's signature. It is instructed to establish a practice of closing accounts with signatures post-payment.

Bilimora Branch Audit Findings

59. The following deficiencies were noted during the audit of the Bilimora branch for the period 01/04/2000 to 31/03/2001:

a. Suvidha Loan:

- Loans of Rs. 3,200/- for gas connections were approved with two guarantors, including Super Gas Agency, Gandevi. Of 40 accounts totaling Rs. 1,48,331/-, Rs. 1,15,797/- is overdue, with no recovery or actions taken. It is instructed to take stringent measures to recover the amount and discontinue issuing loan cheques to the gas agency's agent.
- Promissory notes lack dates, and the manager's clear opinion is absent. Some initial applications lack manager remarks, approved directly by the head office, which is inappropriate.

- The following cases lack complete addresses, residence proofs, business/job details, guarantor/applicant creditworthiness, repayment capacity, branch verification remarks, or site visit reports, which is inappropriate. Clarification is required:

Sr. No.	Name	Loan Amount (Rs.)	Address
1	Tajuben Balubhai	3,200/-	Oriya-Moriya
2	Raju Bhikhu Rathod	3,200/-	Oriya-Moriya
3	Mahesh D. Patel	3,200/-	Oriya-Moriya
4	Sahebrao Baburao Jagannath	3,200/-	Bilimora
5	Dinesh Manilal Rathod	3,200/-	Bilimora
6	Maheshbhai Lallubhai	3,200/-	Bilimora
7	Anilbhai Babubhai	3,200/-	Bilimora
8	Budhabhai Chhotubhai Nayaka	3,200/-	Bilimora
9	Manilal Chhagan	3,200/-	Bilimora
10	Sukhdev Rama Savale	3,200/-	Bilimora

58 Bajpai Employment Scheme Loans:

Loans under the Bajpai Employment Scheme, approved with District Industries Centre recommendations, lack full-amount insurance policies retained in bank custody, stamped cheque receipts, and valid sales tax bills for equipment purchases. No post-disbursement site visits or verifications were conducted. Guarantor property verification, full-amount property collateral, and encumbrance registration in city survey/panchayat records were not ensured. Applicant/guarantor creditworthiness was not adequately assessed. Clarification is required.

- **Loan Account No. 28, Shri Vipul Hasmukhbhai Patel; Account No. 29, Shri Rajesh Hasmukhram Patel:**

Both accounts have Indrakant Mohanlal Shah as guarantor, but no property valuation report or creditworthiness details were provided. No full-amount insurance policy was retained. No valid sales tax bill for equipment purchase was available.

3. HP 1 and HP 2 Loans

The Bilimora branch disburses HP 1 and HP 2 loans. HP 1 loans are for household items such as TVs, refrigerators, etc. The following deficiencies were noted:

- No valid bills with sales tax numbers or stamped receipts for cheque payments are provided for purchases.
- For salaried borrowers, monthly recovery demands under Section 50 of the Co-operative Societies Act are not sent, and amounts are not collected.
- Insurance for the full loan amount is not obtained.
- For two-wheeler loans, RTO registration documents, insurance policies, and purchase bills are not obtained or maintained on record, which is inappropriate. Clarification is required.

Specific cases:

- a. **Account No. 76, Naranbhai Sukhabhai, Rs. 25,600/-:**

No purchase bill, stamped cheque receipt, insurance policy, RTO RC book, RTO mortgage certificate, or guarantor creditworthiness details were provided.

b. Account No. 82, Kashinath Arjun Patil, Rs. 30,500/-

No purchase bill, stamped cheque receipt, RTO RC book, RTO mortgage report, or consent letter under Section 50 were obtained.

c. Account No. 83, Bharat Ramanbhai Patel, Rs. 30,000/-:

No purchase bill, stamped cheque receipt, insurance documents, RTO RC book, or mortgage certificate were provided. Guarantor creditworthiness, applicant's business details, and repayment capacity were not verified, and no clear recommendation was made by the branch officer. Clarification is required.

d. Account No. 88, Kasim Haji Mahammad, Rs. 30,000/-:

The applicant's business details were not specified. The guarantor's property documents are not from the latest year or original. No purchase bill, stamped cheque receipt, RTO RC book, registration certificate, or insurance policy were provided. No clear opinion was given by branch officers. It was not verified whether the applicant's CC account at Gandevi branch is overdue. Clarification is required.

e. Account No. 90, Lallubhai Bhanabhai Patel, Rs. 33,600/-: