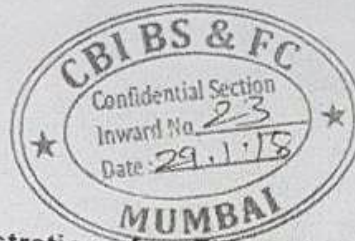


Zonal Office: 11th Floor, Dalamal House, Jamnalal Bajaj Marg,
Nariman Point, Mumbai-400 021
Tel-022/22832412 email-fgmmum@pnb.co.in

The Joint Director
Central Bureau of Investigation
Mumbai

Date: 29-01-2018



Reg: Criminal Complaint for registration of an FIR against accused persons for having committed offences of Cheating and Fraud thereby, causing a loss of Rs.280.70 crore to the Banks.

Sir,

I, Avneesh Nepalia, s/o Sh. A.L.Nepalia, presently posted as the Deputy General Manager in the Punjab National Bank, Zonal Office: Mumbai, since 05.01.2018, am fully conversant with the facts mentioned hereunder and also authorised to report and lodge the complaint as under:

That at the bank branch office: Mid Corporate Branch, Brady House, Mumbai some fraudulent issuance of Letters of Undertakings (LOU) for & on behalf of a set of Partnership firms viz. M/s Diamond R US, M/s Solar Exports and M/s Stellar Diamonds, having partners Sh. Nirav Modi, Sh. Nishal Modi, Smt. Ami Nirav Modi and Sh. Mehul Chinubhai Chokshi, have transpired when on 16th January, 2018 the above said firms approached bank and presented a set of import documents to the branch with request to allow buyers' credit for making payment to the overseas suppliers. Since there was no sanctioned limit in the name of the above firms, the branch officials requested the firms to furnish at least 100% cash margin for issuing LOU for raising buyer's credit. At this, the firms contested that they have been availing this facility in the past also but the branch records did not reveal details of any such facility having been granted to the said firms.

On preliminary checking of records, it has been observed that Shri Gokulnath Shetty, the Dy. Manager (PF No. 107272, since retired 31.05.2017), who was posted at the said branch since 31.03.2010 and was working in the Foreign Exchange Department looking after the Import Section and Sh. Manoj Hanumant Kharat had fraudulently issued LOUs without following prescribed procedure by obtaining required request applications, documents and approval of the authorities thereto and without making entries in the Bank system avoiding detection of the transactions, so made, transmitted SWIFT instructions to the overseas branches of Indian Banks for raising Buyers Credit & funding the Nostro Accounts of PNB. The funds so raised for payment of Import Bills have not been utilized for such purposes in many cases.



On scrutiny of the records of SWIFT messages, it has been revealed that the above named accused Shri Gokulnath Shetty and Sh. Manoj Hanument Kharat on 09.02.2017 issued 2 LOUs for & on behalf of M/s Diamond R US and M/s Solar Exports for USD 4415791.96 and USD 4335391.38, respectively, having due date of payment on 25.01.2018 favouring Allahabad Bank at Hong Kong. The accused again on 10.02.2017 had issued 3 LOUs for & on behalf of M/s Diamond R US, M/s Solar Exports and M/s Stellar Diamond for USD 5942017.70, USD 5843161.93 and USD 6093321.10, respectively having due date of payment thereof on 25.01.2018 favouring Allahabad Bank at Hong Kong. Shri Gokulnath Shetty and Sh. Manoj Hanument Kharat, further on 14.02.2017 had issued 3 LOUs for & on behalf of M/s Diamond R US, M/s Solar Exports and M/s Stellar Diamonds for USD 5856885.00, USD 5862251.03 and USD 5877064.00, respectively having due date of payment thereof on 25.01.2018 favouring Axis Bank at Hong Kong, as annexed in the list. They had, thereby, fraudulently issued 8 LOUs total amounting to USD 44225812.10 which is equivalent to Rs. 280,70,12,293.98 at the notional exchange rate of a Dollar @ Rs 63.47 per USD.

We have further to inform you that we are making an in-depth enquiry of the records of SWIFT messages to find out outstanding LOUs which are otherwise not available in the FINACLE system as these were issued without entering into CBS. While tracing some old entries, it transpires that buyers' credit based on fake LOUs might also have been paid through NOSTRO A/c. Once the enquiry is complete we will further inform the other fraudulent transactions, if any, done by the abovenamed accused.

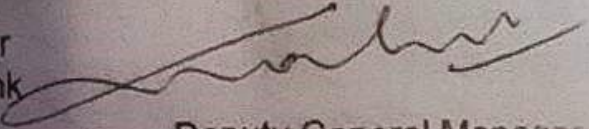
In the light of the above, it is now transpired that the above named accused Shri Gokulnath Shetty and Sh. Manoj Hanument Kharat in connivance with the partners of the above firms namely Sh. Nirav Modi, Sh. Nishal Modi, Smt. Ami Nirav Modi and Sh. Mehul Chinubhai Chokshi and their authorised signatories Shri Hemant Bhatt & Ms Kavita Mankikar committed fraud upon the banks (PNB, Allahabad Bank, Axis Bank) to the tune of Rs.280.70 crore. Since the public funds to the tune of Rs. 280.70 crore seems to have been embezzled by committing fraud, we request you to lodge an FIR against the abovenamed accused and other unnamed public servants and having carried out investigation in the matter, book the accused as per law of the land for punishment.

We also request you that a look out notice be also issued against the above named persons so that they may not leave the country to avoid process of law against them. We hereunder furnish compliance of DFS check list.

Yours Sincerely,

(Avneesh Nepalia)
Dy. General Manager
Punjab National Bank
Zonal Office
Mumbai

For Punjab National Bank



Deputy General Manager
Zonal Office, Mumbai

Annexure - I

Details of known / suspected / unknown accused with full particulars

- (1) Sh. Nirav Modi, 4, Grosvenor House, 2nd floor, Pedar Rd., Mumbai-26, partner of M/s Diamond R US, 1110 Prasad Chambers, Opera House, Mumbai, M/s Solar Exports, 15, Nagindas Mansion, 4th floor, 61 BJSS Rd., Opera House, Mumbai and M/s Stellar Diamonds, 5, Nagindas Mansion, 4th floor, 61 BJSS Rd., Opera House, Mumbai.
- (2) Sh. Nishal Modi, 4, Grosvenor House, 2nd floor, Pedar Road, Mumbai-26, partner of M/s Diamond R US, M/s Solar Exports, and M/s Stellar Diamonds, Mumbai.
- (3) Smt. Ami Nirav Modi, Samudra Mahal Premises, CHS Ltd, Dr. Annie Basant Road, Worli, Mumbai, partner of M/s Diamond R US, M/s Solar Exports, and M/s Stellar Diamonds, Mumbai.
- (4) Sh. Mehul Chinubhai Choksi, Gokul 99, 9 & 10 th Floor Near White House, Walkeshwar, Mumbai, partner of M/s Diamond R US, M/s Solar Exports, and M/s Stellar Diamonds, Mumbai.
- (5) Sh. Gokulnath Shetty, Deputy Manager (retd.), Punjab National Bank, 8 Sujata Plot no.12/324, TPS III, Kastur Park, Borivali (W), Mumbai.
- (6) Sh. Manoj Hanumant Kharat, SWO, Punjab National Bank, Panchashil Niwas, Yashin Nagar, Tal- Karjat, Dist- Ahmednagar.
- (7) And other unknown persons.

Sharada Raut

31/01/2018

**SHARADA RAUT, IPS
SUPDT. OF POLICE
CBI:BSFC:MUMBAI**