GENERAL MANAGER
Integrated Surveillance Department

ISD2/SR/SRS/14971/04
July 8, 2004

Shri Sanjay Agarwal
74, Juhu Shalimar Apartments,
Gulmohar Cross Road 10,
Juhu, Mumbai - 400 049

Sub:Show Cause Notice u/s 11 B of SEBI Act, 1992 read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 2003 in the matter of Home Trade Ltd.

Dear sir,

Euro Offshore Investments Ltd. (one of the Promoters of Euro Asian Securities Ltd) came out with an offer for sale of 59,90,250 equity shares of Rs.10/- each for cash at a price of Rs.50/- per share aggregating to Rs.29.95 crores during October 1999. The offer for sale opened on 27th October 1999 and closed on 30th October 1999 and the shares were listed for trading on Pune Stock Exchange and Bangalore Stock Exchange and trading started on 15th November 1999. The paid-up capital of the company was 2,39,61,000 shares of Rs.10/- each amounting to Rs. 23.96 crores. During September 2000, Home Trade Ltd. sub-divided shares having face value of Rs.10/- into 5 shares of face value of Rs.2/- w.e.f. September 29, 2000. At present the capital of the company is consisting of 11,98,05,000 equity shares of Rs.2/- each. It was seen that the promoters were holding 75% of the post-issue capital of the company under the category promoter's holding.

SEBI had initiated investigations into the affairs of the above mentioned Offer for Sale and the subsequent trading of the scrip of HTL at Pune and Bangalore Stock Exchange. Details were collected from the stock exchange and the Registrar to the Offer for Sale. The findings of the investigations are given below:

It was seen that certain individuals made applications for large quantity of shares in the offer for sale of shares of Euro Asian Securities Ltd. These applications were analysed further. The analysis of such large applications is as under :

Application by Ketan Sheth and Associates :

On perusal of the details obtained from Pune Stock Exchange, Registrar to the Offer for Sale, it was seen that Shri. Ketan Sheth and his associates/family members and associate/connected firms (who were large shareholders in Home Trade Ltd) made large applications in the Offer for Sale. The details of the same are as under :

Sr. No.	Name Of The Applicant	No. Of Shares Applied For	No. Of Shares Allotted	Amount (Rs)
1	Ketan Sheth	800000	795950	4000000
2	Kantilal K Sheth Nila K Sheth	230000	228900	1150000
3.	Tejal Navenetbhai Sanqhvi/Bina N Sanqhvi	200000	199000	1000000
4	Nilesh Sheth Harsha Sheth	200000	199000	1000000
5	Trupti Sheth Amit Sheth	200000	199000	1000000
6	Amit Sheth Trupti Sheth	200000	199000	1000000
7	Bina Navnetbhai Sanghvi / Tejal Navneetbhai Sanghavi	200000	199000	1000000
8	Jagruti Sheth Ketan Sheth	200000	199000	1000000
9	Harsha Sheth Nilesh Sheth	200000	199000	1000000
		24,30,000	24,17,850	12,15,00,000

The address of all the above applicants, as per the Allotment Register, was 103 Liberty Apartment, 80-A, Sarojini Road (B/H Mc Donald's), Vile Parle(W), Mumbai-400056. Thus, nine applications were made by Shri. Ketan Sheth and associate persons/family members in the offer for sale of Home Trade Ltd. for 24,30,000 shares (out of the total offer for sale of 59,90,250) which constitute 40.56% of the total offer for sale. It was seen that 24,17,850 shares were allotted against these applications which constitute about 40.35% of the total offer for sale and about 10.14 % of the post-issue equity shares capital of the company.

On perusal of the banks details it was seen that the subscription money against the applications in the offer for sale of shares of Home Trade Ltd. by Shri. Ketan Sheth and associate/family was paid back to Shri. Ketan Sheth out of Offer for Sale proceeds in the following manner:

The offer for sale of shares of Euro Asian Securities Ltd. closed on October 30, 1999. After the closure of the issue the proceeds were collected in the account of Euro Offshore Investments Ltd. (EOIL) at Indusind Bank Ltd., which was the collection bank for the issue. On perusal of the details submitted by Indusind Bank Ltd. it was seen that the issue proceeds were converted into FCNR deposit and against the lien on this deposit a bridge loan, for an amount of

Rs.14,54,44,000/- each, was sanctioned by the Indusind Bank Ltd. to two associate entities *1* entities under the same management of Home Trade Ltd. i.e. No.1 and 2 of you and the amount was collected in the bank accounts of these two entities at Janata Sahakari Bank Ltd., Fort Branch on November 11, 1999. The above loan was repaid by EOIL.

It was observed that immediately an amount of Rs.12,05,00,000/- was transferred from the account of no.2 of you to the account of No.3 of you on the same day. This amount was further transferred to the account of No.8 of you on the same day. It was further seen that on the same day Le. November 11, 1999 an amount of Rs.5 crores was paid to Ketan Sheth.

Investigations also revealed that on November 19, 1999 an amount of Rs.249,00,000/- was transferred from the account of No.2 of you to the account of No.4 of you.

It is therefore seen that, the entire amount of Rs.14,54,44,000/- was taken out from the account of No.2 of you in a circuitous route to buyback the shares of Home Trade Ltd.

An amount of Rs.14,54,44,000 was received in the account of No.1 of you on November 19, 1999 and was immediately transferred to the accounts of No.6 of you (Rs.10,29,00,000/-) and to the account of No.4 of you (Rs.4,25,00,000/-*).* As stated above, an amount of Rs.2,49,00,000/- was also transferred to the account of No.4 of you from the account of No.2 of you. Thus No.4 of you received Rs.6,74,00,000/- (Rs.4.25 Crore were received from NO.1 of you and Rs.2.49 Crore received from No.2 of you). It was further seen that, this amount was transferred from the account of No.4 of you to the account of NO.7 of you on the same day Le. November 19, 1999. It was observed that, on the same day an amount of Rs.3 crores was paid to Ketan Sheth by No.7 of you.

As stated above, an amount of Rs.10,29,00,000/- was transferred to the account of No.6 of you on November 19, 1999. This amount was further transferred to the account of NO.5 of you on the same day. Investigations revealed that out of the above receipts in the account of NO.5 of you, an amount of Rs.4,15,00,000/- was paid to Ketan Sheth on the same day.

From the above, it can be seen that Ketan Sheth received Rs.5,00,00,000/- through the account of No.8 of you, Rs.3,00,00,000/- through the account of NO.7 of you and Rs.4,15,00,000/- through the account of NO.5 of you amounting to Rs.12,15,00,000/-. It is also clear from the above, that the amounts of Rs.12,15,00,000/- received by Ketan Sheth had come from the proceeds of offer for sale of the shares of Home Trade Ltd., which was routed in the circuitous manner through the aforesaid bank accounts as mentioned above. It is pertinent to mention that Ketan Sheth Group subscribed in the offer for sale of Home Trade Limited to the extent of Rs.12.15 Crore. It is exactly this amount which has been received by Ketan Sheth and Company from Euro Offshore Investment Limited.

The above fund flow are depicted in pictorial form given in **Annexure 1**.

On perusal of the prospectus for the offer for sale of shares of Home Trade Ltd., it was seen that Ketan Sheth was a director in promoter and offeror Euro Offshore Investments Ltd. and its subsidiaries WAYS Inc, Euro Allied Ltd., Euro Discover Ltd. On perusal of the annual report of the company Home Trade Ltd. it is also seen that, Shri. Ketan Sheth was inducted as an additional director of the Board of Directors of Home Trade Ltd. during the financial year 1999-2000. Shri. Ketan Sheth was also continuing as a director of the company till May 2001. It is therefore seen that Ketan Sheth was a part of the promoter group of Euro Asian Securities Ltd.

In view of the above it is seen that, Ketan Sheth and associate/family members made applications for 24,30,000 shares out of the total offer for sale of 59,90,250 which constitute 40.56% of the total offer for sale. It was seen that 24,17,850 shares were allotted against these applications which constitute about 40.35% of the total offer for sale and about 10.14 % of the post-issue equity shares capital of the company. It is also observed that the application money of Rs.12.15 Crores for the aforesaid applicants was received back by them from the issue proceeds through number of bank accounts which was routed in the circuitous manner and the share allotted against these applications were delivered by the registrar to the company Home Trade Ltd. It therefore appears that, the shares allotted to the applications in the name of Ketan Sheth and family members/associate persons were beneficially owned by Home Trade Ltd. The funds were shown to have been routed to Ketan Sheth Group to the extent of subscription it made in the offer for sale of Home Trade Limited through the account of No.5, 7 and 8 of you. The beneficial ownership of the shares allotted to Ketan Sheth Group was with Home Trade Limited is evident from the fact that the application money was received back by Ketan Sheth (funds were routed through a number of bank accounts in circuitous manner) and the shares allotted to Ketan Sheth Group were hand-delivered to the company and not to the allottees. In view of the above, it appears that, the applications made by Ketan Sheth and associate/family members were not genuine. This led to cornering of a substantial portion of the floating stock in the scrip in the hands of the company Home Trade Ltd. and its promoters/directors/associate persons.

Applications by Directors/Key management personnel of Home Trade Ltd.

It was also observed during investigation that applications were made in the said offer for sale by certain directors/key management personnel of Euro Asian Securities Ltd viz. Sh.Sanjay Aggarwal, Sh.Subodh Bhandari and Sh.N.S.Trivedi. Details of these applications and allotment made against those applications are given below :

Sr.No.	Name of the applicant	No. of shares applied for	No. of shares allotted	Amount
1	Sanjay Agarwal	600000	597000	3000000
2.	N. S. Trivedi	410000	408000	2050000
3.	Subodh Bhandari	131000	130300	6550000
	Total	1141000	1135300	57050000

It was seen from the prospectus for the offer for sale of shares that persons mentioned above were either directors or key management persons of the company Euro Asian Securities Ltd.

1. Shri. Sanjay Agarwal was shown to be the whole-time director of the company Euro Asian Securities Ltd. and it was also mentioned that the management of the company was looked after by the team of persons headed by Shri. Sanjay Agarwal.
2. Shri. N. S. Trivedi was shown in the prospectus as a key management person designated as Director - Finance and Company Secretary. It was also seen from the Annual Report of the company Home Trade Ltd. for the year 1999-2000 that, Shri. N. S. Trivedi was inducted as Executive Director of the company during the year 1999-2000.
3. Shri. Subodh Bhandari was shown in the prospectus as director of Dalhousie Securities Ltd., which was shown as Promoter in the prospectus and distribution schedule of the company Euro Asian Securities Ltd. It was also seen from the details gathered that, Shri. Subodh Bhandari was holding around 99% of the shareholding of the company Dalhousie Securities Ltd., which is the part of the promoter group of Home Trade Ltd. As per the information submitted by the company to BSE along with an application for listing of shares of Home Trade Ltd. on the exchange, it was stated that Shri. Subodh Bhandari was the Senior Vice-President of the company.

It was observed that Shri. Sanjay Agarwal, Shri. N. S. Trivedi and Shri. Subodh Bhandari have in total applied for 11,41,000 shares of Euro Asian Securities Ltd. for Rs. 5,70,50,000/-and were allotted 11,35,300 shares which constitute 18.95% of the total offer for sale of the shares of Euro Asian Securities Ltd.

In this regard it was observed from a perusal of the bank accounts that the application money for the applications in the name of N. S. Trivedi was given by the company - Euro Asian Securities Ltd.- through a circuitous route of bank accounts. On November 05, 1999, an amount of Rs.2,05,00,000 was transferred from the account of Euro Asian Securities Ltd. to the account of Dalhousie Securities Ltd. and on the same day this amount was transferred to the account of No.5 of you. It was further seen that on the same day this amount was transferred from the account of No.5 of you to the account of Shri. N. S. Trivedi.

An amount of Rs. 75,00,000/- was transferred from Komac Investments and Finance Pvt. Ltd. to the account of NO.5 of you on 6th November 1999 who in turn gave Rs. 65,50,000/- to Shri. Subodh Bhandari on November 06, 1999. Subsequently, on 19th November 1999, an amount of Rs.75 lakhs was paid to Komac Investments from the account of No.5 of you.

An amount of Rs. 1,20,12,000/- was transferred from the account of NO.5 of you to the account of Shri. Sanjay Agarwal on November 19, 1999. The proceeds of offer for sale were transferred from the account of EOIL through a circuitous route of bank account and out of these Rs.10,29,00,000/- were transferred to the account of NO.5 of you through accounts of No.1 to No.6 to No.5 of you on November 19, 1999. As stated earlier, out of these proceeds, an amount of Rs. 1,20,12,000/- was transferred to the account of Shri. Sanjay Agarwal on the same day i.e. November 19, 1999.

Application of Lippo Properties Pvt.Ltd.

It was seen that an application was made in the offer for sale of shares of Euro Asian Securities Ltd. in the name of Lippo Properties Pvt. Ltd. for large quantity of shares. The details of the applicant are as under:

Name of the applicant	No. of shares applied	No. of shares allotted	Amount (Rs)
Lippo Properties Ltd.	564000	561200	2,82,00,000/-

With regard to the application in the offer for sale, Lippo Properties had submitted a copy of MOU and bank account statement for the relevant period. On perusal of the MOU it is seen that, Lippo Properties had entered into an agreement with No.8 of you during October 1999 for financing an application in the offer for sale of shares of Euro Asian Securities Ltd. The terms of the agreement were such that, Lippo Properties would finance the application for an amount of Rs. 2.82 crores in the offer for sale on behalf of No.8 of you with an interest of 31 % per annum. It was further stated in the MOU that shares of Zee telefilms Ltd. in the name of sister/associate firm of NO.8 of you would be kept with Lippo as security for this loan/finance. It was seen that, pursuant to this agreement, an application for an amount of Rs. 2.82 crores(5,64,000 shares) was made by Lippo Properties in the aforesaid offer for sale on behalf of NO.8 of you. After the issue was over, the shares allotted in the name of Lippo Properties pursuant to the aforesaid application was purchased back by No.8 of you by making a payment of Rs. 2.82 Crores to Lippo Properties on November 19, 1999. Alongwith this repayment of principal amount, an interest of Rs.3,90,000/- was also paid by No.8 of you to Lippo Properties, which is also seen in the copy of bank account statement submitted by Lippo Properties. Investigations revealed that, this amount paid to Lippo properties toward purchase of shares of Euro Asian Securities Ltd. had come from the proceeds of issue for offer for sale of shares of Euro Asian Securities Ltd. which was routed through several bank accounts in circuitous manner.

Thus it is alleged that pursuant to the MOU with No.8 of you, Lippo Properties Pvt. Ltd. financed an application in the offer for sale of shares of Euro Asian Securities Ltd. for 5,64,000 shares amounting to Rs. 2.82 crores. These shares allotted in the name of Lippo Properties were purchased back by No.8 of you at a pre-determined rate. This purchase was at a rate of Rs.50/- per share though the opening price since listing was hovering around Rs.250/- to Rs.270/- per share. The money has been credited in the account of the seller around November 19, 1999. The sell price thus had no bearing with the market price.

Other Major Applicants

It was observed that there were several applicants who made applications in the offer for sale of the shares of Euro Asian Securities Ltd. with an arrangement that, the shares allotted against these applications would be purchased back by the company/directors/promoters at a pre-determined rate i.e. rate at which shares were offered at Rs. 50/- per share. It is also seen that, on allotment the shares allotted against applications made by these applicants were purchased by company/promoters/directors through their associate companies i.e. No.5, 7 and 8 of you out of proceeds of the offer for sale, which was routed through a number of Bank Accounts in a circuitous manner.

It was found that funds were transferred by Home Trade Limited through No.1 and 2 of you through various entities to No.8 of you. This amount was used to purchase these shares from the allottees. The table below give details of the applicants who had sold the shares allotted to them pursuance to prior arrangement to NO.8 of you at the rate of Rs.50/- per share when the market price was around Rs.250/- per share.

Name of the applicant	No. of share applied for	No. of Shares Allotted	Amount Refunded

Komac Investment	100000	99500	5042315
Rupa Dilip Gosalia	14000	13900	695000
Raj Daryani	8000	8000	407001
Nayan N. Shah	40000	39800	2011156
N. R. Muchala	6000	6000	305100
Anjanli Chandiramani	2500	2500	127188
Aruna Manubhai Trivedi	1500	1500	76010
Dharmesh B. Mehta	6000	6000	305100
Jayesh S. Bakhai	50000	49800	2523658
B. J. Shukla	7000	7000	354488
Praful P. Mithwani	6000	6000	304039
Gulab Chandiramani	4000	4000	203500
B. B. Desai	10000	10000	508750
Priti Sanghvi	4000	4000	203334
Rekha Mehta	1000	1000	50875
Bakul M. Mehta	1500	1500	76250
Panna H. Batavia	18000	17900	907117
Renu M.Motiani	10000	10000	508078
Rahul B. Dedhia	20000	19900	1011668
Parimal C. Parekh	30000	29900	1495000
Manish Bakhai	14000	13900	703975
Darias Nariman Sethna	6000	6000	300000
Mukesh B. Sanghnani	3000	3000	152743
Aruna M. Sanghnani	5000	5000	254572
Bhikubhai R. Sanghnani	4000	4000	203658
Mangula B. Sanghnani	4000	4000	203658
Ashok Keshavlal Javeri	10000	10000	509114
Kriti P. Mehta	1400	1400	71280
Niti S. Shah	900	900	45823
Asha S. Shah	4000	4000	203658
Rukhiben K. Mehta	6000	6000	305480
Kuber Capital	2000	2000	101603
Pragna K. Mehta	600	600	30000
Malini J. Shah	900	900	45823
Mukund C. Doshi	2000	2000	101829
Babita Agarwal	200	200	10219
Bhaqwan S. Sharma	500	500	25547

Bhupendra Kumar Jain	10000	10000	511412
Jitendra Kumar Jain	20000	19900	1017823
Madheo Sinqh	400	400	20437
Mahaveer Sharma	500	500	25547
Aniket Mangal	600	600	30656
Anjali Kumar Baheti	4000	4000	204374
Anil Monqal	200	200	10219
Sanjav Monqal	600	600	30654
Mahendra Kumar	500	500	25547
Mamata Mangal	1000	1000	51094
Nepear Disuja	400	400	20437
Nikita Mongal	700	700	35766
Poonji Monqal	600	600	30656
Pramod Jain	800	800	40875
Raiendra Kumar Jain	20000	19900	1017823
Total	**464300**	**462700**	**23457929**

It was found that funds were transferred by Home Trade Limited through No.1 and 2 of you through-various entities to No.7 of you. This amount was used to purchase these shares from the allottees. Details of the applicants who had sold the shares allotted to them pursuance to prior arrangement with No.7 of you, at the rate of Rs.50/- per share when the market price was around Rs.250/- per share, are given below :

Name of the applicant	No. of shares applied for	No. of Shares allotted	Amount Refunded
Sanqram Shah	200000	199000	10098093
Sanjay R. Mulchandani	4000	4000	203334
Sarala Gandhi	4500	4500	228750
Shyam Chandiramani	4000	4000	203500
Siddarath Sanghvi	30000	29900	1520003
Sunita Motiani	10000	10000	508078
Trilok P. Motiani	30000	29900	1519233
Sonal J. Bhakari	2000	2000	101282
Sushila Bhavnani	3000	3000	152625
Satyanarayan Parekh	900	900	46884
Subhas Mangal	1000	1000	52094
Sudirkumar Gungwal	6000	6000	312562

V. B. Agarwal	10000	10000	520936
Vinod K. Sharma	400	400	20837
Total	305800	304600	15488211

Funds were transferred by Home Trade Limited through NO.1 and 2 of you through various entities to No.5 of you. This amount was used to purchase these shares from the allottees. The following are the details of the applicants who had sold the shares allotted to them pursuance to prior arrangement to NO.5 of you

at the rate of Rs.50/- per share when the market price was around Rs.250/- per share.

Name of the applicant	No. of shares applied for	No. of Shares Allotted	Amount Refunded
Apoorva L. Sanghvi	140000	139900	6965000
Amol Financial Services P. Ltd.	100000	99500	4975000
Nikko Captal Market	8000	8000	384303
M.M. Trivedi	2500	2500	125000
Kiran Daryanani	6000	6000	300000
Alka Virani	20000	19900	1009809
Anil M. Virani	20000	19900	995000
Dadia Fin. Stock	20000	19900	1012502
Arti A. Virani	20000	19900	995000
Gamataka B. Sheth	50000	49800	2523658
Labubhai V. Sanghvi	3500	3500	177917
Bakal M. Mehta	5500	5500	279813
Muktaben S. Sanghvi	500	500	25000
DTC Securities Ltd.	20000	19900	995000
Ganapati Creative P. Ltd.	30000	29900	1495000
Subhash Gangwal	18000	17800	915541
Total	464000	462400	23173543

Investigations prima-facie also revealed that, No.8, 7, 5, 6, 4, 3 and Dalhousie Securities are associated/connected with Home Trade Ltd. group of companies and its directors/promoters.

This is evident from the following facts:

- Out of the above entities, Dalhousie Securities Ltd. have been shown as promoter in the prospectus for Offer for Sale and distribution schedule of the company Home Trade Ltd.
- All the aforesaid companies have their bank accounts at Janata Sahakari Bank Ltd., Fort Branch Mumbai. These accounts were introduced by Euro Asian Securities Ltd.
- Out of the above entities, NO.5 of you was having its office at 143, Wing A, Mittal Court, Nariman Point, Mumbai - 400 021 which the address of office of Home Trade Ltd. It was also seen that the authorised signatory for the bank

- account of NO.5 of you were Shri. Sanjay Agarwal and Shri. N. S. Trivedi, Directors of Home Trade Ltd.
- In reply to the query sent to the aforesaid bank branch, it was replied by the bank that, 2/3 representatives used to visit bank regularly for the purpose of deposit of cheques and collection of Cheque Book for the aforesaid accounts as well as Home Trade Ltd. and other related accounts like No.3, 4, 5, 6, 7, 8 and Dalhousie Securities Ltd. Perusal of bank accounts revealed that there were regular transfer of funds of large amounts in these accounts since opening of these accounts during October-November 1999 till March 2002.
- Out of the above entities, No.7 and 8 have shown to be based in Kolkata. It was also shown that the authorised signatory for the bank account of these entities was one Shri. Mahendra Agarwal. Enquiries conducted at Kolkata revealed that these were no indications of these companies being there. No books of accounts, sign boards, employees were traced/found at the addresses of these companies at Kolkata.
- On perusal of the details, received from Shree Sadguru Jangli Maharaj Sahakari Bank Ltd., it was seen that, in total 74,09,100 shares of Home Trade Ltd. in the name of No.5 and 8 of you have been pledged by Home Trade Ltd. with the aforesaid bank as collateral security against outstanding payment of Rs.45 Crores due to the bank from Home Trade Ltd. It is a common knowledge that no one would give its own shares for pledge on account of third party unless the parties are connected with each other. Shares belonging to No.5 and 8 were pledged by promoters of Home Trade Limited with the bank. This clearly shows the nexus between the three.
- On perusal of the account opening form for the account of No.8 of you, it was seen that, the authorised signatories for the bank account of these companies were was same person namely, Mahendra Agarwal.
- Shares were subscribed by Lippo Properties Private Limited on behalf of No.8 of you. The shares were given to No.8 of you after the subscription money along with interest was received by Lippo Properties. The whole deal was negotiated by Mr.Trivedi of Home Trade Limited. This shows that subscription was arranged by promoters of Home Trade Limited and No.8 of you was merely a front of Home Trade Limited / its promoters.

- No.3, 4, 5, 6, 7 & 8 of you were specific investors in the unlisted associate company of Home Trade Limited viz. Ways India Limited.
- Shares purchased in the name of No.3, 5, 7 & 8 of you were acquired from the funds received from Home Trade Limited.

Thus, it is alleged that the offer of sale of shares of Euro Asian Securities Ltd. during October 27-30, 1999 did not receive genuine public Subscription and over 89 % of the of the subscription was arranged by the company Home Trade Ltd. and promoters/directors and associate persons by following ways:

Particulars	No. of Shares applied	No. of Shares Allotted	Amount (Rs)	% of offer for sale to No. of shares applied	% of Post-Issue Capital
Application by Ketan Sheth And associate/family Members with an arrangement for buy-back of shares	2430000	2417850	121500000	40.56	10.09
Application by directors/key Management persons/promoters'	1141000	1135300	57050000	19.04	4.74
Application in the name of Lippo Properties and other major applicants with an arrangement to buy-back the shares	564000	561200	28200000	9.41	2.34
Application in the name of other major applicants with an arrangement to buy back the shares	1234100	1231300	62119683	20.60	5.13
Total	5369100	5345650	268869683	89.63	22.30

Investigations also prima-facie revealed that, the aforesaid applications were made with an arrangement to purchase back the shares allotted against these application at a pre-determined rate which was the rate at which the shares were offered which was Rs. 50/- per share (the shares were listed at a rate of Rs.250/- on November 15, 1999). The purchase of the shares from the allottes were made by transferring the funds from Home Trade Limited's account to various entities which were fronts/associated/ connected entities.

Thus, it is alleged that over 53,45,650 shares out of total offer of 59,90,250 shares allotted were purchased back by the company Home Trade Ltd. through its associated/connected companies of Home Trade Ltd. namely, No.3, 4, 5, 6, 7 & 8 of you. The purchase price was substantially lower than the prevailing market price at that point of time. Through the aforesaid arrangements, Home Trade Ltd. and its promoters/directors and associates had acquired about 89 % of the shares offered through offer for sale. In other words, 22% of the post-issue equity paid-up capital of the company was acquired in addition to 75% of the holding already being with the promoters. Therefore, it is alleged that the promoters had cornered 97% of the floating stock in the scrip of Home Trade Ltd. immediately after listing pursuant to arrangement between the promoters and subscriber of the shares, which facilitated subsequent manipulation of price of the scrip after listing on the exchange. Also a facade of

the offer for sale being fully subscribed was created and thereby created an impression among other investors in the securities market that the shares were worth investing when there was no real demand for the said shares.

Trading at Pune Stock Exchange

On analysis of the trading details obtained from PSE on the trading in the scrip of HTL, it was noticed that PSE Broker - Yatin Shah & co. had purchased 29700 shares and sold 30,600 shares in the period 1999-2000. From the details submitted by Yatin Shah & co. it was observed that he had done large transactions for certain clients like Maniram Consultancy, Porwal & co., Euro Discover Technology Ventures Limited, AGS Financial services Limited, Parakh Share & stock brokers Limited, Century Dealers Limited, Giltedge Finance and Management Services Limited, Sanjay Agarwal Euro Discover Technology Ventures Limited, is the promoter of HTL. As discussed earlier AGS Financial Services and Parakh Share and Stockbrokers Ltd., are Calcutta based entities and are the associates of HTL. During investigations it was gathered that at the address provided by the broker about these 2 entities, no sign board etc. was found indicating that the companies operated from those addresses. One Mrs. Radheshyam Agarwal, who was present in the mentioned address of Parakh Share & Stock Brokers, informed that the said premise was purely residential in nature and no business activity was done from there. She also informed the officials that the company belonged to Mahendra Agarwal, her son who was in Mumbai and she was not aware of Mahendra Agarwal's address in Mumbai. In the mentioned address of AGS Financial Services, also no sign board etc. was found. This shows that the said company did not operate from the given address. However in the said premise one Mrs. Radheshyam Agarwal was present who also informed that the company belonged to Mahendra Agarwal, her son who was in Mumbai and he was not aware of Mahendra Agarwal's address in Mumbai. She also informed the officials that both the companies were involved in share trading but not members of any exchange and that there was no books of accounts of the said companies were available in the premise. It may be noted here that Janata Shakari Bank has informed SEBI that representatives for cheque book collection, depositing etc. of both these entities were same as that of HTL.

The broker in his statement under oath has stated that one Sh. N. S. Trivedi and Sh.Rajendra Veerkar introduced all the entities namely Maniram Consultancy, Porwal & co., Euro Discover Technology Ventures Limited, AGS Financial services Limited, Parakh Share & stock brokers Limited, Century Dealers Limited, Sanjay aggarwal etc The broker further stated that Ketan Sheth had introduced Rajendra Veerkar to him sometime during December 1999 and informed him that Shri Veerkar was an employee of HTL and had also assured him that there would be no problem regarding payment and delivery. The terms of brokerage, delivery, payment etc. were finalised by the broker with Veerkar for

all these clients. Shri Veerkar had introduced N. S. Trivedi to the broker sometime in June 2000 in the office of HTL at Vashi. During the meeting Shri Veerkar had informed the broker that N. S. Trivedi was working at the senior position in HTL. It was also decided in the meeting that N. S. Trivedi would place orders on behalf of most of these clients and also would arrange and make payment (when necessary) in the broker's account of Janata Sahakari Bank, Fort Branch, Mumbai.

The broker had also stated that apart from Maniram Consultancy, on whose behalf Veerkar used to place orders, orders on behalf of all the clients introduced by Veerkar and N. S. Trivedi were placed by N. S. Trivedi himself.

Yatin Shah stated that apart from the above clients, one Porwal & Co. had done transactions through him and that Himmat Singh Porwal, the proprietor of Porwal & Co. used to place the orders directly to him. Porwal used to send payment either by D.D. to Pune or through cheque in Mumbai. Porwal in his statement under oath has stated that all the purchase and sell transactions done by him were on behalf of Maniram Consultancy, an associate of HTL. He also stated that Veerkar whom he knew since 1997 had introduced Maniram Consultancy. About Veerkar he stated that he knew Veerkar as an employee of Lloyds Brokerage limited since 1997. Veerkar contacted him and took him to N S Trivedi, key personnel of HTL and some other employees of HTL. Trivedi requested him to purchase and sell the shares of HTL on behalf of them and terms of brokerage were finalised. Trivedi also informed him that Veerkar would place orders on the behalf of the clients. Accordingly, whenever, Veerkar placed orders, Porwal in turn placed orders with Yatin Shah.

It may be mentioned here that M/s. Porwal & Co. / Mr.Himmat Singh Porwal had also dealt through PSE broker Shoba Investments and through two BgSE brokers - Swagath Securities & Sakurthi Finvest.

Maniram Consultancy has also dealt through PSE broker - M/s. Amin Mulani. The broker, in his statement to SEBI stated that Maniram Consultancy was introduced by Sh.Veerkar/Rajneesh on the instructions of Sh.Ketan Sheth. The details of trading were finalized by Sh.Rajneesh/Veerkar and took the liabilities on behalf of this client. The orders were placed by Sh.Rajneesh / Veerkar.

<u>Off market transactions at Pune Stock Exchange</u>

Analysis of details obtained from Yatin Shah & Co. revealed that there were a large number of off market transactions between OCBs namely Euro Discover Technology Ventures Limited and Discovery investment and associates of HTL like AGS Financial services, Maniram Consultancy etc. Details of these off market transactions are given below :

Date	Buying Client	Selling client	Price	Quantity	Value
03-Mar- 00	Maniram Consultancy	EDTV(Mauritius)	799.5	12500	9993750
04-Apr-00	Maniram Consultancy	EDTV(Mauritius)	789	3000	2367000
16-May-00	Maniram Consulfancy	EDTV(Mauritius)	889	600	533400
16-May-00	Maniram Consultancy	EDTV(Mauritius)	891	5000	4455000
16-May-00	Maniram Consultancy	EDTV(Mauritius)	894	9000	8046000
08-Jun-00	Maniram Consultancy .	Discover Investments	859	500	429500
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	860	5300	4558000
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	861	7900	6801900
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	862	6100	5258200
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	862	1900	1637800
06-Jul-00	Maniram Consultancy	Discover Investments	714	25000	17850000
24-Jul-00	Maniram Consultancy	Discover Investments	689	500	344500
09-Aug- 00	Maniram Consultancy	Discover Investments	849	103500	87871500
05-	Maniram Consultancy	Discover	853	4300	3667900

Sep- 00		Investments			
14-Sep-00	Maniram Consultancy	Discover Investments	810	7100	5751000
15-Sep-00	Maniram Consultancy	Discover Investments	795	29000	23055000
04-0ct-00	Maniram Consultancy	Discover Investments	614	9000	5526000
03-Nov-00	AGS Financials	Discover Investments	148	116500	17242000
04-Nov-00	Discover Investments		143	7000	-1001000
14-Nov-00	EDTV(Mauritius)	AGS Financials	143	70000	10010000
15-Dec-00	Maniram Consultancy	Discover Investments	158.25	37000	5855250
18-Dec-00	Maniram Consultancy	Discover Investments	151.5	619200	93808800
01-Jan-01	Maniram/ AGS/Parakh	Discover Investments	149.5	1100400	164509800
15-Feb-01	Maniram Consultancy	Discover Investments	164.26	60200	9888452
15-Feb-01	AGS Financials	Discover . Investments	164.5	52700	8669150
15-Feb-01	Parakh Share & Stock	Discover Investments	164.75	38100	6276975
22-Feb-01	Maniram Consultancy	Discover Investments	159.52	65500	10448560
28-Feb-01	Maniram Consultancy	Discover Investments	156.53	84000	13148520
09-Mar-01	AGS Financials	Discover Investments	152.54	126900	19357326
16-Mar-01	AGS Financials	Discover Investments	150.55	42400	6383320
04-Apr-01	Parakh Share & Stock	Discover Investments	148.95	200300	29834685
11-Jun-01	Dingo Vincom Pvt. Limited	Discover Investments	155.53	164000	25506920
08-Aug-01	Dingo Vincom Pvt. Limited	Discover Investments	153.19	71500	10953085

04-0ct-01	EDTV(Mauritius)	Dingo Vincom Pvt. Limited	109.78	85000	9331300
13-Nov-01	Dingo Vincom Pvt. Limited	Discover Investments	78.4	51000	3998400
14-Dec-01	Dingo Vincom Pvt. Limited		68.6	73000	5007800
14-Dec-01	Dingo Vincom Pvt. Limited	Discover Investments	68.4	73000	4993200
Total				3367900	642368993

It can be seen from above that through Yatin Shah 33,67,900 shares of HTL were traded in off market. It may be noted here that in Pune stock exchange Yatin Shah & Co. had a gross purchase position of 196000 shares and gross sale position of 2,09,000 shares in the entire 1999-2002 period which signifies that the off market transactions done by this broker in the scrip of HTL was much higher than the transactions done by him in Pune Stock Exchange. In fact the total volume in the scrip of HTL in Pune stock exchange in 1999-2002 period was to the tune of 14,00,000 shares and the off market transactions done through Yatin Shah & co. was 2.5 times higher in terms of volume.

The broker in his statement has stated that "When ever off market transactions were to be done" Trivedi/ Subodh Bhandari, employees of Home Trade used to call me up and used to tell me that the sell/ buy transactions was to be done at the closing rate/average rate for that day in Pune stock Exchange. For all these transactions they used to specify, the name of the seller and also the name of the buyer. Accordingly they used to send fax the order form mentioning the names of buyer and a separate order form for the seller. As per this order form I used to prepare the contract notes and bills and hand it over to a person named Raju, a Home Trade employee in Pune." In addition to the above about the delivery position, the broker has stated "In some cases when actually delivery used to be routed through me, Raju used to bring these deliveries to me from Home Trade and I used to send these deliveries to Home trade office at Vashi via courier and I did not maintain any copy for these delivery challans. However, on many occasions for such transactions, the delivery was not routed through me. On such cases one Rajesh / Damodar employees of Home Trade called me up and told me that the delivery part has been adjusted internally."

From the information provided by the broker it is seen that the volume of shares transacted off market transactions were much higher than the market transactions and also that orders specifying quantity, price (average or closing price) and the names of the buyer and seller used to be specified by Trivedi/Bhandari key personnel of HTL and also that on many occasions deliveries were not routed through the broker. From all these it appears that these transactions were not genuine and it may have been done for transfer of funds from one entity to another entity. As the OCBs were the majority sellers in such transactions, these transactions could have executed possibly to siphon out money from India. It has been mentioned above that for the off market transactions (in which Discover Investments, EDTV were sellers) the buyers were associates of HTL like AGS Financial services Maniram Consultancy, Parakh Share & Stock Brokers etc. Further analysis of the source of funds of these purchasers were done based on their bank accounts details and it was observed that on many occasions the funds had come actually from Ketan Sheth or HTL itself. Details of such fund flows are given below:

Date	Amount	Buyer	Funds transferred to Buyers from	Further Transferred from
03-03-00	1	MANIRAM	Dalhousie	Home Trade
16-05-00	1.3	MANIRAM	Dalhousie	Home Trade
08-06-00	0.52	MANIRAM	Dalhousie	Home Trade
	0.04	MANIRAM	Dalhousie	Home Trade
09-08-00	1.61	MAN IRAM	Dalhousie	Ketan Sheth
14-09-00	9.15	MANIRAM	Dalhousie	EDTV India Limited.
19-09-00	2.75	MANIRAM	Dalhousie	Home Trade
27-09-00	0.02	MANIRAM	Dalhousie	Home Trade
29-11-00	0.7	MANIRAM	Dalhousie	Home Trade
18-12-00	1.8	MANIRAM	Dalhousie	Ketan Sheth
18-12-00	1.92	MANIRAM	Dalhousie	Home Trade
01-01-01	5.25	MANIRAM	Poddar	Ways India
	5.25	AGS FIN	Hoogly	Ways India
	4.79	AGS FIN	Maniram	
01-01-01	5.44	PARAKH	Pacific	Ways India
12-01-01	1	MAN IRAM	Poddar	Dalhousie And Dalhousie Received From Giltedge

				Mgmt. Services
12-02-01	1.76	MANIRAM	Pacific	Home Trade
	1	MANIRAM	Pacific	Local Cheque
15-02-01	2.56	MANIRAM	Poddar	Home Trade
15-02-01	1.05	PARAKH	Pacific	Home Trade
28-02-01	0.05	MANIRAM	Pacific	Dalhousie and Dalhousie received from Ketan Sheth
09-03-01	0.87	AGS FIN.	Pacific	Dalhousie and Dalhousie received from Ketan Sheth
16-03-01	1.3	AGS FIN	Hoogly	Ketan Sheth
	0.63	AGS FIN	Hoogly	Maniram
	0.18	AGS FIN.	Poddar	Home Trade
04-04-01	1.74	AGSFIN.	Pacific	Dalhousie and Dalhousie received from Ketan Sheth
04-04-01	0.17	PARAKH	Hoogly	Dalhousie and Dalhousie received from Home Trade
				Indramani

Pledge of Shares of Home Trade Ltd. with Banks

It was noticed during investigations that the shares of Home Trade Ltd. were pledged with Bank for obtaining finance/loan/advance. From the information received from Shree Sadguru Jangji Maharaj Sahakari Bank Ltd. Chinchwad, it is seen that there was a letter dated February 11, 2002 of Home Trade Ltd. written to the bank is enclosed. On perusal of these documents it appears that, Home Trade Ltd. had an outstanding payment due to the bank for an amount of Rs. 45/- crores against sale of securities. In connections with this transactions, Home Trade Ltd. had given 74,09,100 equity shares of its own (i.e. shares of Home Trade Ltd.) of Rs. 2/- each for which it was stated in the letter that the market value was Rs.50 crores. It was stated that, these shares were given as collateral security against the amount due to the bank. It was seen that shares given as security to the bank by Home Trade Ltd. were in the names of Parakh Shares and Stock Broking Services Ltd. and Maniram Consultants Ltd.

Investigations prima-facie revealed that, the company Home Trade Ltd. and its promoters/directors/key management persons together cornered over 95% of the total floating stock in the scrip during the Offer for Sale of shares and subsequently transacted in the scrip with a view to establish an artificial market for the scrip and manipulate the price of the scrip. It also appears that, with the aforesaid transactions the promoters/directors/key management persons were instrumental in establishing an artificial price and volumes in the scrip of Home Trade Ltd. with the intention to pledge of shares of Home Trade Ltd. in the name of promoters/directors and associate/connected companies of Home Trade Ltd. with banks, and to receive funds/money from these banks. It is also noticed that there was lot of off market transactions done by Yatin Shah & Co., Member-PSE, wherein the sellers were OCBs (who are connected with HTL) and the buyers are related entities of HTL (as mentioned above). These off market transactions were done probably with a view to siphon money out of India.

It is alleged that you have aided and abetted the promoters/Directors of HTL in their manipulative operations which resulted in ensuring that the offer for sale is getting subscribed, cornering of the floating stock of HTL and subsequent manipulation in the price of HTL at Pune and Bangalore Stock Exchange.

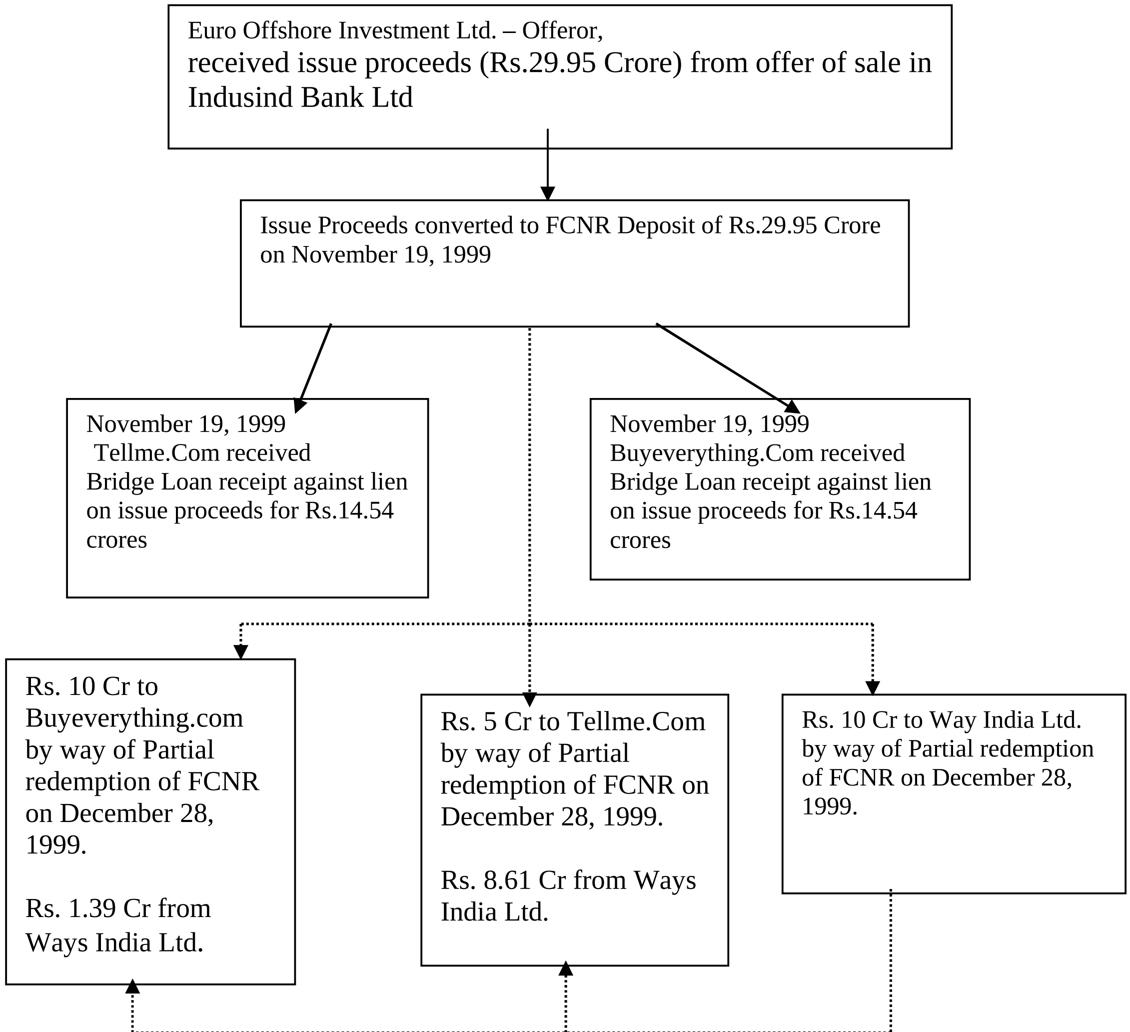
Thus, it is alleged that you have violated Regulation 3, 4(a), (b), (c), (d) and 6(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995. You are hereby asked to Show Cause as to why appropriate directions should not be issued against you in terms of Regulation 11 and 12 of the said Regulations read with section 11 and 11B of SEBI Act, 1992.

You may send your reply within 15 days from the receipt of this Show Cause Notice failing which it will be presumed that you have no explanation to offer and SEBI will proceed with the matter accordingly

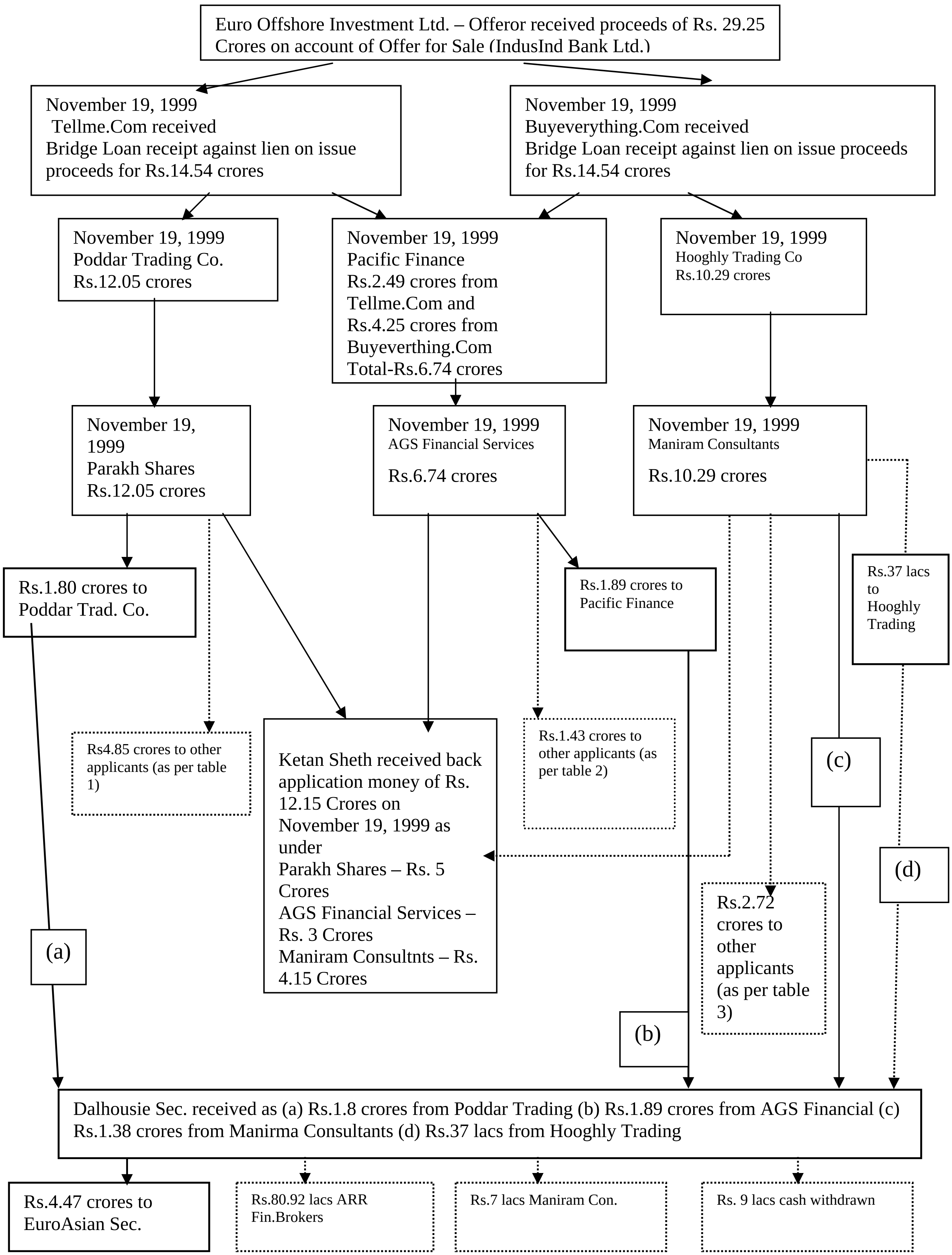
Yours faithfully

S.RAVINDRAN

Annex A1 - Fund flow for issue proceeds – FCNR deposits – Bridge Loan – Redemption of FCNR Deposit and repayment of Bridge Loan –consequent to offer for sale of shares of Euro Asian Securities Ltd.

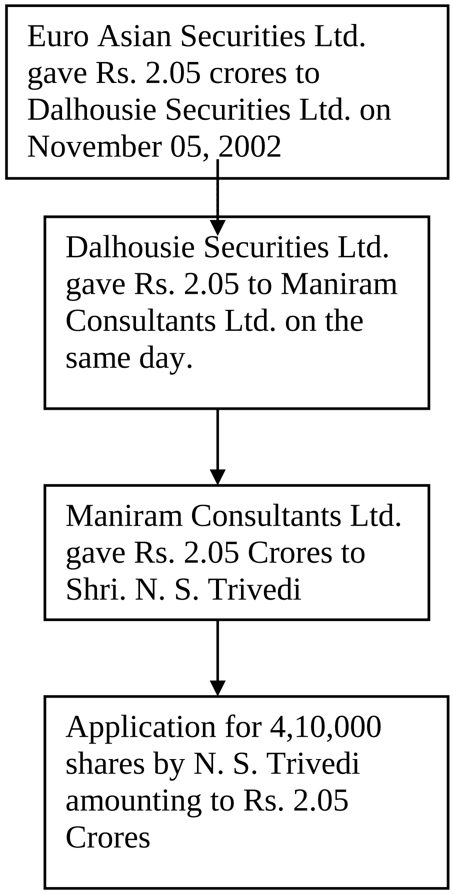


Annex – A2 - Depicting the flow of funds from account of Home Trade Limited to the account of Applicants for buy-back of shares



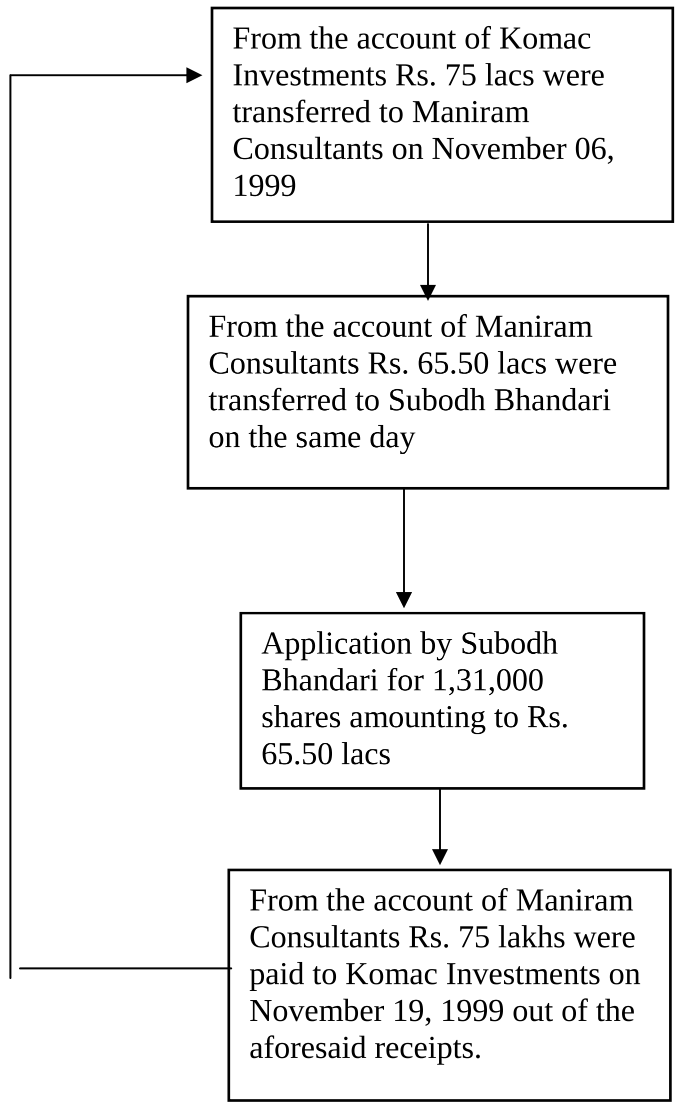
Annex B

Giving of funds for making application for 4,10,000 shares (amounting to Rs.2.05 crores) in offer for sale by Shri. N. S. Trivedi.

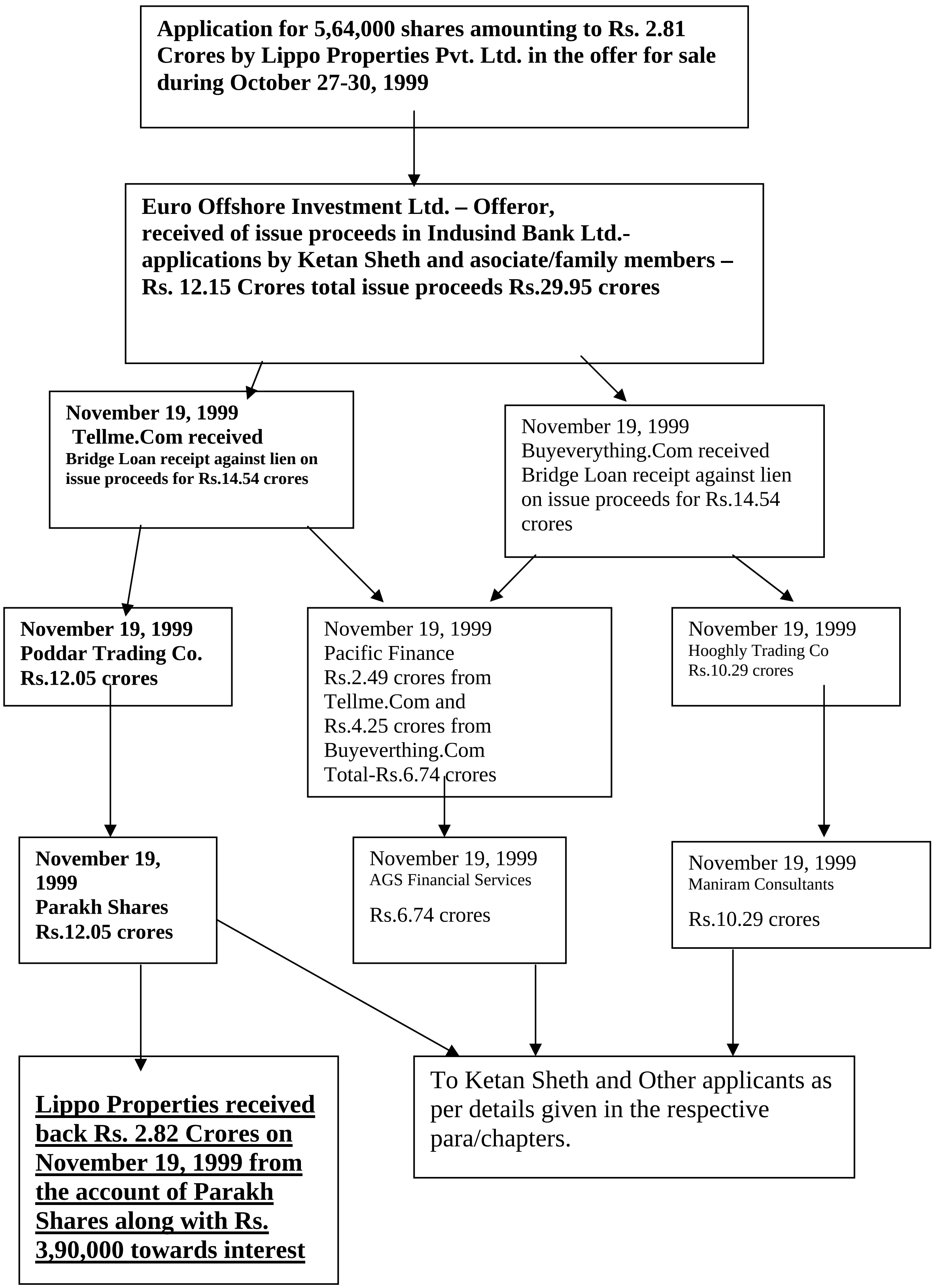


Annex C

Giving of funds for making application for 1,31,000 shares (amounting to Rs.65 lacs) in offer for sale by Shri. Subodh Bhandari.



Annex D


Application for 5,64,000 shares amounting to Rs. 2.81 Crores by Lippo Properties Pvt. Ltd. in the offer for sale during October 27-30, 1999
Euro Offshore Investment Ltd. – Offeror, received of issue proceeds in Indusind Bank Ltd.- applications by Ketan Sheth and asociate/family members – Rs. 12.15 Crores total issue proceeds Rs.29.95 crores
November 19, 1999 Tellme.Com received Bridge Loan receipt against lien on issue proceeds for Rs.14.54 crores
November 19, 1999 Buyeverything.Com received Bridge Loan receipt against lien on issue proceeds for Rs.14.54 crores
November 19, 1999 Poddar Trading Co. Rs.12.05 crores
November 19, 1999 Pacific Finance Rs.2.49 crores from Tellme.Com and Rs.4.25 crores from Buyeverthing.Com Total-Rs.6.74 crores
November 19, 1999 Hooghly Trading Co Rs.10.29 crores
November 19, 1999 Parakh Shares Rs.12.05 crores
November 19, 1999 AGS Financial Services Rs.6.74 crores
November 19, 1999 Maniram Consultants Rs.10.29 crores
Lippo Properties received back Rs. 2.82 Crores on November 19, 1999 from the account of Parakh Shares along with Rs. 3,90,000 towards interest
To Ketan Sheth and Other applicants as per details given in the respective para/chapters.

Giving of funds for making application for 4,10,000 shares (amounting to Rs.2.05 crores) in offer for sale by Shri N.S. Trivedi.

Euro Asian Securities Ltd. gave Rs.2.05 crores to Dalhousie Securities Ltd. on November 05, 2002

Dalhousie Securities Ltd. gave Rs.2.05 to Maniram Consultants Ltd. on the same day.

Maniram Consultants Ltd. gave Rs.2.05 Crores to Shri N.S. Trivedi

Application for 4,10,000 shares by N.S. Trivedi amounting to Rs.2.05 Crores.