भारतीय प्रतिभूति
और विनिमय बोर्ड

Securities and Exchange Board of India

GENERAL MANAGER
INTEGRATED SURVEILLANCE DEPARTMENT

ISD1/SR/SRS/ 14629 /04
July 07, 2004

Subodh Bhandari
46/5c, Bally Gunge Place
Calcutta – 700 019

Dear Sirs,

Sub: **Show cause notice for alleged violation of Regulation 11(2) read with Regulation 14(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in the matter of acquisition of shares of Home Trade Ltd.**

1. Investigations were carried out by SEBI into the buying, selling and dealings in the shares of the captioned target company under the provisions of the SEBI Act, 1992 and the Regulations made there under.
2. During the course of the investigation, it was observed that the equity share capital of the target company consisting of 2,39,61,000 shares of Rs.10/- were held by the promoter group prior to the Offer for Sale in October 1999 in the following way:

	Name of shareholders	no of shares	%
1	Euro Offshore Investment Ltd.	98,11,000	40.95
2	Dalhousie Securities Ltd	61,49,980	25.67
3	Ways Inc	40,00,000	16.69
4	Euro Discover Ltd.	20,00,000	8.35
5	Euro Allied Ltd.	20,00,000	8.35
6	Mr. Sanjay Agarwal	10	0.00
7	Mr. Rakesh Chandkak	10	0.00
	Total	2,39,61,000	100.00

3. Out of the above mentioned capital of 2,39,61,000 shares, 59,29,250 shares aggregating 25% of the equity capital of the target company held by Euro Offshore Investments Ltd was offered for sale, in terms of Rule 19(2)(b) of SC(R) Rules, 1957. The said offer for sale opened and closed on October 27, 1999 and October 30, 1999 respectively.

4. As per the disclosure made in the letter of offer dated July 26, 1999 for the aforesaid offer for sale, the shareholding after the offer for sale was to be as follows:

मित्तल कोर्ट, "बी" स्कंध, प्रथम तल, 224, नरिमन पॉइंट, मुंबई-400 021. दूरभाष : 2850451 (6 लाईनें), 2880962 (9 लाईनें), फैक्स : 022-2045633/2021073
Mittal Court 'B' Wing, First Floor, 224, Nariman Point, Mumbai-400 021. Tel.: 2850451 (6 Lines), 2880962 (9 Lines), Fax : 022-2045633/2021073

	Name of shareholders	no of shares	%
1	Euro Offshore Investment Ltd.	38,20,750	15.94
2	Dalhousie Securities Ltd	61,49,980	25.67
3	Ways Inc	40,00,000	16.69
4	Euro Discover Ltd.	20,00,000	8.35
5	Euro Allied Ltd.	20,00,000	8.35
6	Mr. Sanjay Agarwal	10	0.00
7	Mr. Rakesh Chandak	10	0.00
8	Public	59,90,250	25.00
	Total	2,39,61,000	100.00

5. The investigations have also revealed that subscription over 53,45,650 shares (out of the total 59,90,250 shares offered in the offer for sale) which forms 89% of the total shares in the offer for sale and 22% of the paid up capital were not genuine public subscriptions. These were arranged by the target company and the promoters/ directors and associated persons in the following way:

Particulars	No of shares applied for	No of shares allotted	% to the offer for sale to no of shares applied	% to the total post offer capital
Application by Ketan Sheth and associate/ family members with an arrangement for buy back of the shares	24,30,000	24,17,850	40.56%	10.09%
Application by directors/ key management persons/ directors	11,41,000	11,35,300	19.04%	4.74%
Application in the name of Lippo properties and other major applications with an arrangement for buy back of the shares	5,64,000	5,61,200	9.41%	2.34%
Application in the name of other major applications with an arrangement for buy back of the shares	12,34,100	12,31,300	20.60%	5.13%
TOTAL	**53,69,100**	**53,45,650**	**89.63%**	**22.30%**

6. Investigations prima-facie revealed that, the aforesaid applications were made with an arrangement to buy back the shares allotted against these applications at a pre-determined price which was the price 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

7. the funds from the account of Home Trade Limited to various entities which were fronts/associated/ connected entities.

8. **Application by Ketan Sheth and Associates:** On perusal of the details obtained from Pune Stock Exchange, it was observed that Shri. Ketan Sheth and his associates/family members and associate/connected firms were large shareholders in the company Home Trade Ltd. On perusal of the details submitted by Registrar to the offer for sale, it was observed that Shri Ketan Sheth and associate persons/family members made large applications for the shares of Home Trade Ltd. The details of the same are as under:

Sr. No	Name of the applicant	Address (as per allotment registrar)	No. of shares Applied for	No. of Shares allotted	Amount (Rs)
1	Ketan Sheth	103 Liberty Apartment 80-A Sarojini Road(B/H MC Donald's)Vile Parle (W) Mumbai 400056	800000	795950	4000000
2	Kantilal K Sheth Nila K Sheth	103 Liberty Apts 80-A Sarojini Road Behind Mc Donald Vile Parle (W) Mumbai 400056	230000	228900	1150000
3	Tejal Navneetbhai Sanghvi Bina N Sanghvi	103 Liberty Apartment 80-ASarojini Road (B/H Mc Donald's) Vile Parle (W) Mumbai 400056	200000	199000	1000000
4	Nilesh Sheth Harsha Sheth	103 Liberty Apartment 81-A Sarojini Road bhd. Mc Donald's Vile Parle (W) Mumbai 400056	200000	199000	1000000
5	Trupti Sheth Amit Sheth	103 Liberty Apartment 80-ASarojini Road (B/H Mc Donald's) Vile Parle (W) Mumbai 400056	200000	199000	1000000
6	Amit Sheth Trupti Sheth	103 Liberty Apartment 80-ASarojini Road (B/H Mc Donald's) Vile Parle (W) Mumbai 400056	200000	199000	1000000
7	Bina Navneetbhai Sanghvi Tejal Navneetbhai Sanghavi	103 Liberty Apartment 80-ASarojini Road (B/H Mc Donald's) Vile Parle (W) Mumbai 400056	200000	199000	1000000

8	Jagruti Sheth Ketan Sheth	103 Liberty Apartment 80-ASarojini Road (B/H Mc Donald's) Vile Parle (W) Mumbai 400056	200000	199000	1000000
9	Harsha Sheth Nilesh Sheth	103 Liberty Apartment 80-ASarojini Road (B/H Mc Donald's) Vile Parle (W) Mumbai 400056	200000	199000	1000000
		Total	24,30,000	24,17,850	12,15,00,000

7.1 From the above table it can be seen that, nine applications were made by Shri. Ketan Sheth and associate persons/family members in the offer for sale of Home Trade Ltd. with same address i.e. 103, Liberty Apartment, 80-A Sarijini Road, (B/h M C Road) Vile Parle (West), Mumbai – 400 056. The applications by Ketan Sheth and associate/family members were 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.

7.2 Investigations have further revealed 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 public issue proceeds. It was seen that, offer for sale of shares of Euro Asian Securities Ltd. was 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 was sanctioned by the Indusind Bank Ltd. to the associate entities / entities under the same management of Home Trade Ltd. namely Tellme.Com (INDIA) Ltd. and Buyeverthing.Com (INDIA) Ltd. for an amount of Rs.14,54,44,000/- each. These entities i.e. Tellme.Com and Buyeverything.Com did not have accounts at Indusind Bank Ltd. The funds received against lien on offer for sale proceeds by aforesaid entities were collected in the bank accounts of these entities at Janata Sahakari Bank Ltd., Fort Branch on November 11, 1999. It was observed that an amount of Rs.12,05,00,000/- was transferred from the account of Tellme.Com to the account of Poddar Trading Co. on the same day. This amount was further transferred to the account of Parakh Shares and Stock Broking Services Ltd. on the same day. It was further seen that on the same day i.e. 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 Tellme.Com to the account of Pacific Finance. It is therefore seen that, the entire amount of Rs.14,54,44,000/- was taken out from the account of Tellme.Com. in a circuitous route to buyback the shares of Home Trade Ltd. (Annex A1 and A2). The amount received by Ketan Sheth Group is exactly to the

7.3 extent of subscription made by it in the offer for sale of shares by Home Trade Limited.

7.4 The amount received in the account of Buyeverything.Com i.e.Rs.14,54,44,000/- on November 19, 1999 was transferred to the accounts of Hooghly Trading Co.(Rs.10,29,00,000/-) and to the account of Pacific Finance (Rs.4,25,00,000/-). As stated above, an amount of Rs.2,49,00,000/- was also transferred to the account of Pacific Finance from the account of Tellme.Com. Thus Pacific Finance received Rs.6,74,00,000/- out of this, Rs.4.25 Crore was received from Tellme.com which were routed through the account of Hooghly Trading; this was in addition to Rs.2.49 Crore received from Buyeverything.com. It was further seen that, this amount was transferred from the account of Pacific Finance to the account of AGS Financial Services Ltd. on the same day i.e. November 19, 1999. It was observed that, on the same day an amount of Rs.3 crores was paid to Ketan Sheth by AGS Financial.

7.5 As stated above, an amount of Rs.10,29,00,000/- was transferred to the account of Hooghly Trading Co. on November 19, 1999. This amount was further transferred to the account of Maniram Consultants on the same day. Investigations revealed that out of the above receipts in the account of Maniram Consultants, an amount of Rs.4,15,00,000/- was paid to Ketan Sheth on the same day.

7.6 On perusal of the details submitted by Indus Ind Bank Ltd, it was also observed that the bridge loan granted to the associate companies of Home Trade Ltd. namely, Tellme.Com and Buyeverything.Com was against the lien on the issue proceeds of offer for sale of shares of Home Trade Ltd. It was also seen that the said loan was repaid by EOIL.

7.7 From the above, it can be seen that Ketan Sheth received Rs.5,00,00,000/- through the account of Parakh Shares, Rs.3,00,00,000/- through the account of AGS Financial Services and Rs.4,15,00,000/- through the account of Maniram Consultants 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 .

8. Investigations have further revealed that aforesaid persons who are directors/promoters or Key Management Persons of Euro Asian Securities Ltd. had made applications for large quantity of shares of Euro Asian Securities Ltd. during the offer for sale. The details of these applications are as under :

Sr. No.	Name of the applicant	No. of Shares applied for	No. of shares allotted	Amount Rs.
1	Sanjay Agarwal	600000	597000	30000000
2.	N. S. Trivedi	410000	408000	20500000
3.	Subodh Bhandari	131000	130300	6550000
	Total	1141000	1135300	57050000

8.1 From the above table it can be seen that the aforesaid persons namely,, 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.

8.2 On perusal of the bank accounts it appeared 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 Maniram Consultants Ltd. It was further seen that on the same day this amount was transferred from the account of Maniram Consultant Ltd. to the account of Shri. N. S. Trivedi apparently for the application money for the application made in the offer for sale of shares of Euro Asian Securities Ltd..

8.3 Investigation revealed that an amount of Rs. 75,00,000/- was transferred from Komac Investments and Finance Pvt. Ltd. to the account of Maniram Consultants who in turn gave Rs. 65,50,000/- to Shri. Subodh Bhandari on the same day i.e. November 06, 1999 apparently for the application money for the application made in the offer for sale of shares of Euro Asian Securities Ltd. This has been explained in a pictorial manner in Annx B

8.4 Shri N.S. Trivedi applied for 4,10,000 shares (amounting to Rs.2.05 crores) and Shri Subodh Bhandari applied for 1,31,000 shares (amounting to Rs.65 lacs) in the Offer for Sale of Home Trade Limited. The subscription amount was received from Home Trade Limited through circuitous route. (Annex B & C) Shri Sanjay Agarwal applied for 2,40,240 shares (amounting to Rs.1,20,12,000/-) in the Offer for Sale of Home Trade Limited. The subscription amount was received from Home Trade Limited through circuitous route.

8.5 Investigations also revealed that, an amount of Rs. 1,20,12,000/- was transferred from the account of Maniram Consultants Ltd. to the account of Shri. Sanjay Agarwal on November 19, 1999. As stated earlier, 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 Maniram Consultants through accounts viz., Buyeverything.com to Hooghly Trading to Maniram Consultants 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 ie. November 19, 1999.

8.6 Investigation also revealed that the shares allotted against the applications in the name of Ketan Sheth and family members/associate persons were hand-delivered by the registrar to Shri. N. S. Trivedi, director of Home Trade Ltd. It is also seen that, the request for issuing Jumbo Share Certificates for these applicants was also made by the company to the registrar and the registrar had delivered the Jumbo Certificates for these applicants also to the company. The registrar had also submitted acknowledged copies of letters addressed to Home Trade Ltd. in which it is stated that, the share certificates in respect to Ketan Sheth and family members/associate persons have been sent to the company.

9. Application of Lippo Properties Pvt. Ltd. On perusal of the details submitted by the registrar 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**	**Amt. (Rs)**
Lippo Properties Pvt. Ltd.	564000	561200	2,82,00,000/-

9.1 From the above table it can be seen that the application in the name of Lippo Properties Pvt. Ltd. was made for 5,64,000 shares amounting to Rs. 2.82 Crores and 5,61,200 shares were allotted against this application. In view of the large application in the name of Lippo Properties, enquiries were made with the applicant. 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 one Parakh Shares and Stock Broking Services Ltd. 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 Parakh Shares 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 Parakh Shares 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 Parakh Shares. After the issue was over, the shares allotted in the name of Lippo Properties pursuant to the aforesaid application was purchased back by Parakh Shares 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 Parakh Shares 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 as per Annex C.

10 **Other Major Applicants** On perusal of the details received so far it appears that, apart from the aforesaid large applicants, 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 also appeared that, on allotment the shares allotted against applications made by these applicants were purchased by the company/promoters/directors through their associate companies Parakh Shares, AGS Financial Services and Maniram Consultants our of proceeds of the offer for sale, which was routed through a number of Bank Accounts in a circuitous manner. (Annex B2).

10.1 The table below give details of the applicants who had sold the shares allotted to them in pursuance to prior arrangement with Parakh shares at the rate of Rs.50/- per share when the market price was around Rs.250/- per share.

Table 1 shares purchased back from the account of Parakh Shares			
Name of the applicant	**No. of shares 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	[illegible]
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
Bhagwan S. Sharma	500	500	25547
Bhupendra Kumar Jain	10000	10000	511412
Jitendra Kumar Jain	20000	19900	1017823
Madheo Singh	400	400	20437
Mahaveer Sharma	500	500	25547
Aniket Mangal	600	600	30656
Anjali Kumar Baheti	4000	4000	204374
Anil Mongal	200	200	10219
Sanjay Mongal	600	600	30654
Mahendra Kumar	500	500	25547
Mamata Mangal	1000	1000	51094
Nepear Disuja	400	400	20437
Nikita Mongal	700	700	35766
Poonji Mongal	600	600	30656
Pramod Jain	800	800	40875
Rajendra Kumar Jain	20000	19900	1017823
Total	**464300**	**462700**	**23457929**

10.2 As discussed above funds were transferred by Home Trade Limited through Buyeverthing.Com and Tellme.Com and various entities to AGS Financial. This amount was used to purchase these shares from the allottees.

10.3 The table below give details of the applicants who had sold the shares allotted to them pursuance to prior arrangement to AGS Financial Services Ltd. at the rate of Rs.50/- per share when the market price was around Rs.250/- per share.

Table 2 Shares Purchased back from the account of AGS Financial Services Ltd.			
Name of the applicant	**No. of shares applied for**	**No. of Shares allotted**	**Amount Refunded**

Sangram 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**

10.4 As discussed above funds were transferred by Home Trade Limited through Buyeverthing.Com and Tellme.Com and various entities to Maniram Consultants Ltd. This amount was used to purchase these shares from the allottees.

10.5 The table below give details of the applicants who had sold the shares allotted to them pursuance to prior arrangement to Maniram Consultants. at the rate of Rs.50/- per share when the market price was around Rs.250/- per share.

Table 3 Shares Purchased back from the account of Maniram Consultants Ltd.			
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 Capital 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**

10.6 From the table given on the previous pages, it can be seen that, the company Home Trade Ltd. and its directors/promoters purchased back shares allotted in the Offer for Sale during October 1999, through its associate/connected companies namely, Parakh Shares, (4,64,300 shares amounting to Rs. 2.34 crores), AGS Financial Services Ltd. (3,04,600 shares amounting to Rs. 1.43 crores) and through Maniram Consultants Ltd. (462400 shares amounting to Rs. 2.31 Crores) totaling to 12,31,300 shares. The purchase was immediately after listing and trading at the exchanges was permitted at the rate of Rs.50/- per share and the payment was out of proceeds of public issue. The money has been credited in the account of the seller around November 19, 1999. It is pertinent to mention that the market price at the exchange was Rs.270/- per share when it was allowed to be traded. The sell price thus had no bearing with the market price. These purchases constitute around 20.76%of the total offer for sale and around 5.13% of the post-issue paid-up equity shares capital of the company. This led to cornering a large portion of the floating stock in the scrip with the company and its promoters/directors.

11. The aforesaid applications were made with an arrangement to purchase back the shares allotted against these applications at a predetermined rate of Rs.50/- per share. This price is no where close to the market price of Rs. 250/- at which these shares were listed.

12. The purchase of the shares from the allottees were made by transferring the funds from the target company account to various entities which were fronts/ associated/ connected entities.

13. It, therefore, appears that you have acquired 22% of the shares of the target company immediately after listing (around November 19, 1999) by way of an arrangement between the promoters and the subscribers resulting in your shareholding increasing from 75% to 97%.

14. In this context, we draw your attention to the provisions of Reg. 11(2) and Reg. 14(1) of the Regulations as existed on 19.11.1999 which reads as under:

Reg. 11(2): No acquirer, who together with persons acting in concert with him has acquired , in accordance with the provisions of law, 75% of the shares or voting rights in a company, shall acquire either by himself or through persons acting in concert with him any additional shares or voting rights, unless such acquirer makes a public announcement to acquire shares in accordance with the regulations

Reg. 14(1): The public announcement referred to in Regulation 10 or Regulation 11 shall be made by the merchant banker not later than four working days of entering into an agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the respective percentage specified therein.

15. Since you have acquired the shares/voting rights as stated above, without making a public announcement as required by the provisions of the Regulations, you have, prima-facie, violated the provisions of Reg. 11(2) read with Reg. 14(1) of the Regulations and therefore, are liable for action under the Regulations and SEBI Act, 1992.

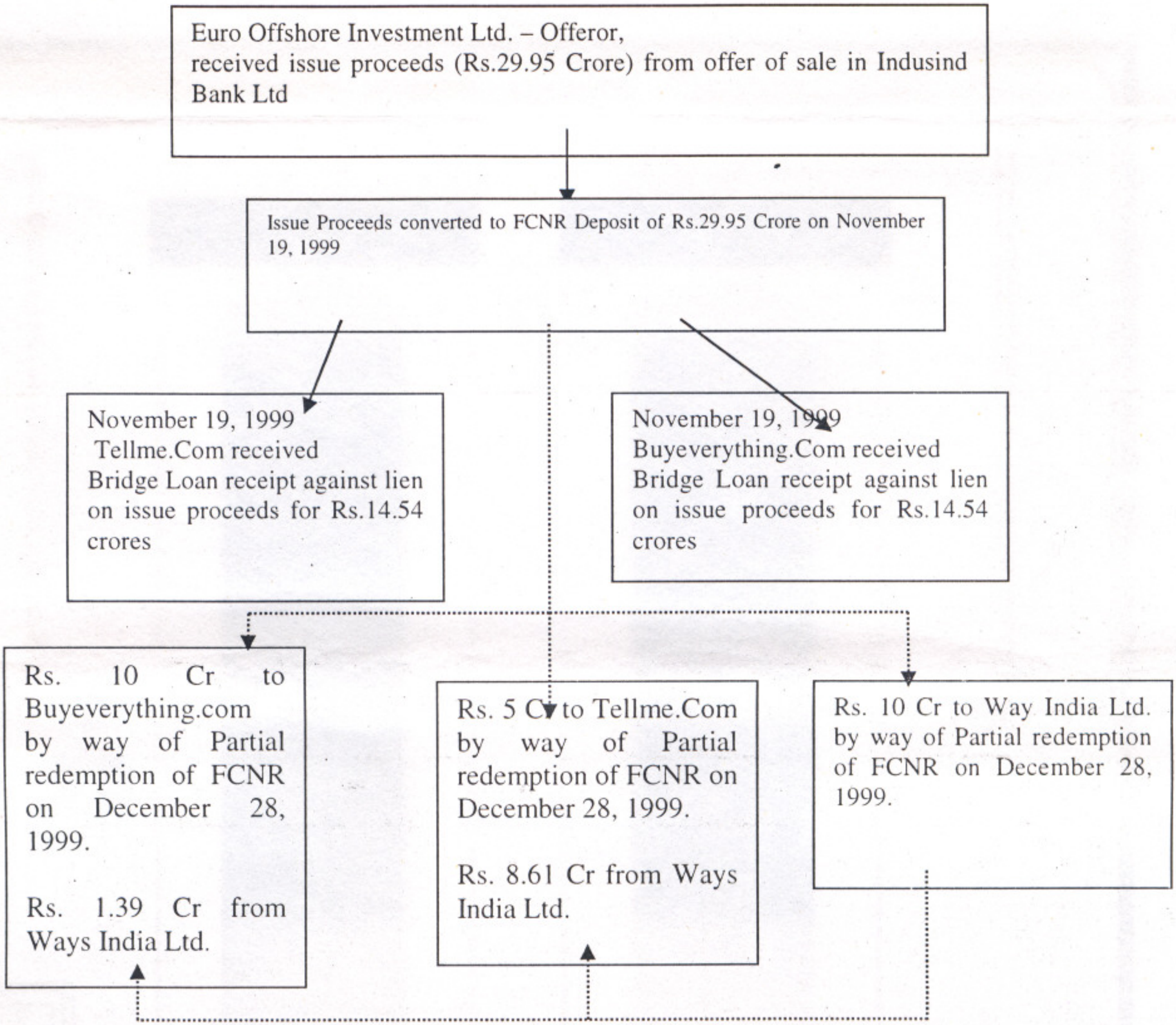
16. In view of the above, you are directed to show cause as to why one or more or all action(s) under Reg. 44 and Reg. 45(6) of the Regulations and Sections 11 and 11B of the SEBI Act, should not be initiated against you for the violation specified above.

17. Your submissions, if any, should reach us **within 15 days from the receipt of this show cause notice**, failing which it would be construed that you have no comments to offer and SEBI will be free to take action against you in terms of the Regulations and Act. If you are desirous of a personal hearing before SEBI, you may let us know accordingly.

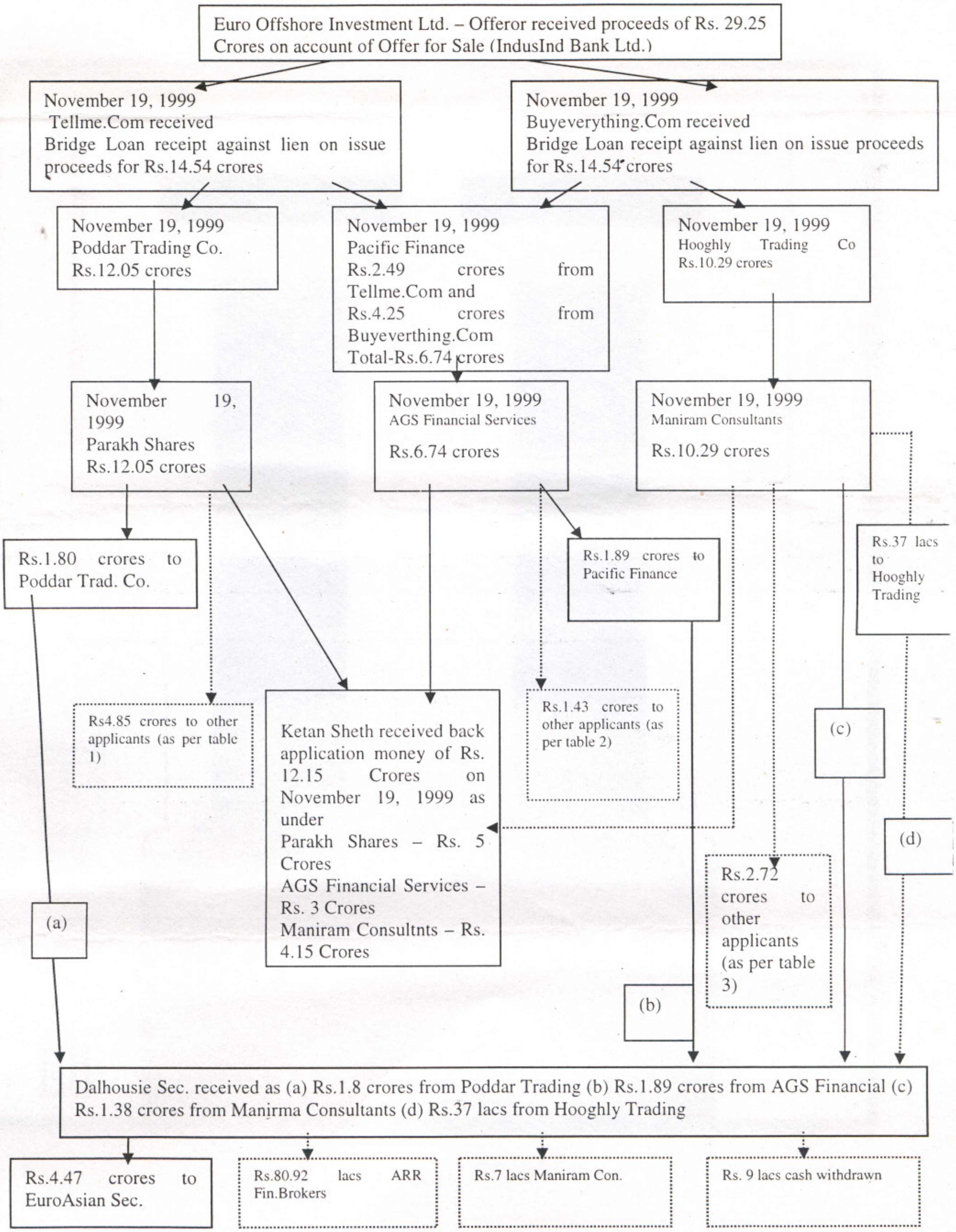
Yours faithfully,

S RAVINDRAN
7/7/04

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.

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

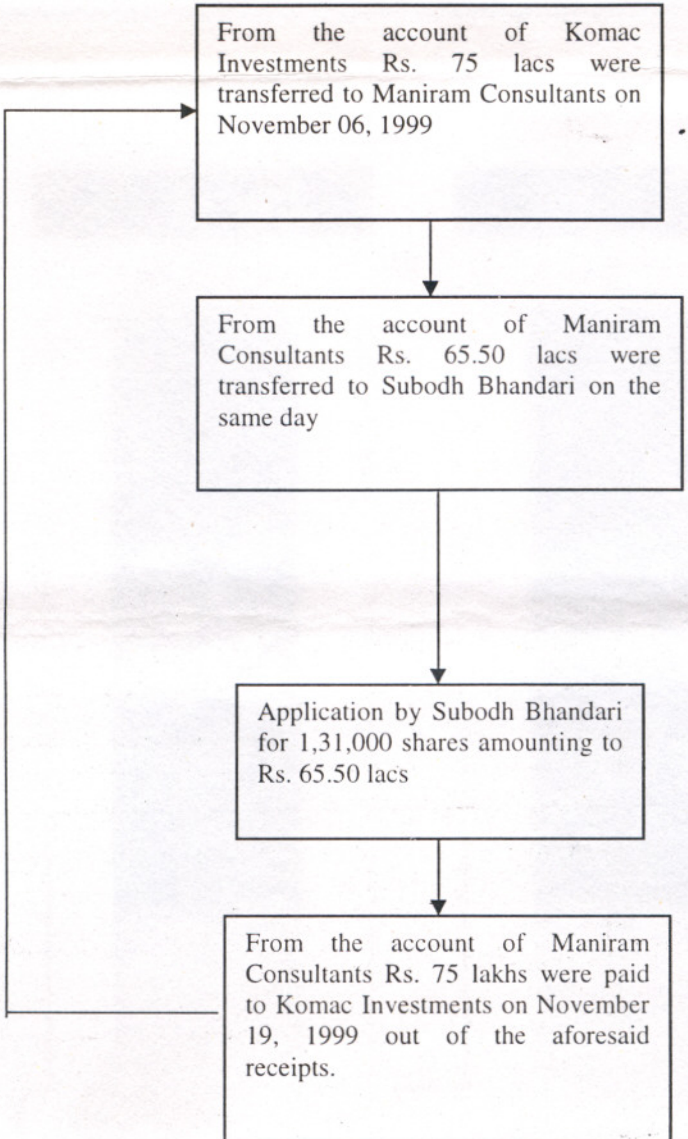
Dalhousie Securities Ltd. gave Rs. 2.05 to Maniram Consultants Ltd. on the same day.

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

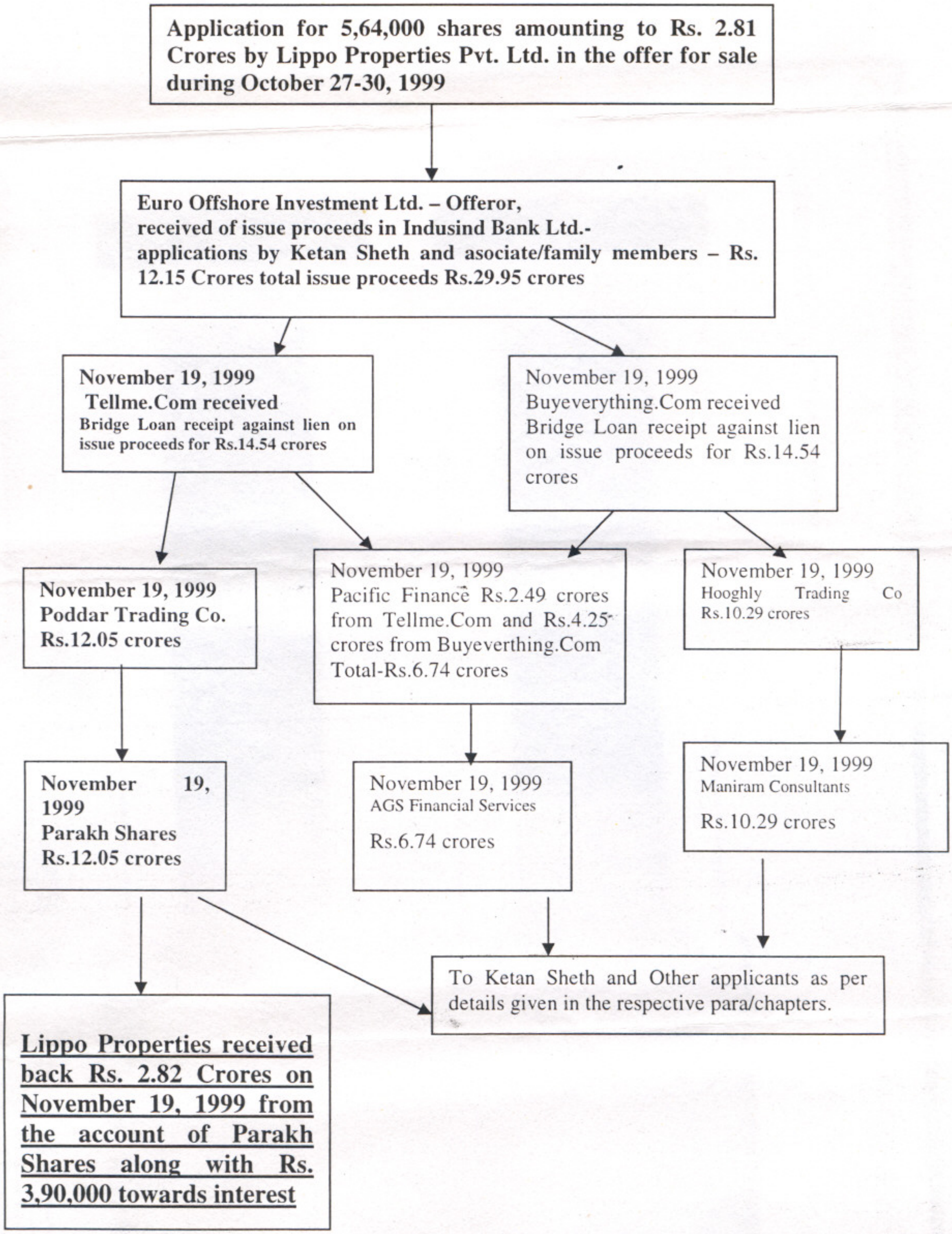
Application for 4,10,000 shares by N. S. Trivedi amounting to Rs. 2.05 Crores

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
To Ketan Sheth and Other applicants as per details given in the respective para/chapters.
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