



भारतीय प्रतिभूति  
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Securities and Exchange  
Board of India

**GENERAL MANAGER  
INTEGRATED SURVEILLANCE DEPARTMENT**

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

Tellme.com  
143 A, Mittal Court  
Nariman Point,  
Mumbai – 400 021

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   |
|   | <b>Total</b>                  | 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:



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|   | 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         |
|   | <b>Total</b>                  | <b>2,39,61,000</b> | <b>100.00</b> |

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%                             |
| <b>TOTAL</b>                                                                                                            | <b>53,69,100</b>         | <b>53,45,650</b>      | <b>89.63%</b>                                   | <b>22.30%</b>                     |

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 allottees were made by transferring



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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<br>80-A Sarojini Road(B/H<br>MC Donald's)Vile Parle<br>(W) Mumbai 400056  | 800000                    | 795950                 | 4000000     |
| 2      | Kantilal K Sheth<br>Nila K Sheth                            | 103 Liberty Apts 80-A<br>Sarojini Road Behind<br>Mc Donald Vile Parle<br>(W) Mumbai 400056      | 230000                    | 228900                 | 1150000     |
| 3      | Tejal Navneetbhai<br>Sanghvi<br>Bina N Sanghvi              | 103 Liberty Apartment<br>80-ASarojini Road (B/H<br>Mc Donald's) Vile Parle<br>(W) Mumbai 400056 | 200000                    | 199000                 | 1000000     |
| 4      | Nilesh Sheth<br>Harsha Sheth                                | 103 Liberty Apartment<br>81-A Sarojini Road bhd.<br>Mc Donald's Vile Parle<br>(W) Mumbai 400056 | 200000                    | 199000                 | 1000000     |
| 5      | Trupti Sheth<br>Amit Sheth                                  | 103 Liberty Apartment<br>80-ASarojini Road (B/H<br>Mc Donald's) Vile Parle<br>(W) Mumbai 400056 | 200000                    | 199000                 | 1000000     |
| 6      | Amit Sheth<br>Trupti Sheth                                  | 103 Liberty Apartment<br>80-ASarojini Road (B/H<br>Mc Donald's) Vile Parle<br>(W) Mumbai 400056 | 200000                    | 199000                 | 1000000     |
| 7      | Bina Navneetbhai<br>Sanghvi<br>Tejal Navneetbhai<br>Sanghvi | 103 Liberty Apartment<br>80-ASarojini Road (B/H<br>Mc Donald's) Vile Parle<br>(W) Mumbai 400056 | 200000                    | 199000                 | 1000000     |



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|   |                              |                                                                                                 |           |           |              |
|---|------------------------------|-------------------------------------------------------------------------------------------------|-----------|-----------|--------------|
| 8 | Jagruti Sheth<br>Ketan Sheth | 103 Liberty Apartment<br>80-ASarojini Road (B/H<br>Mc Donald's) Vile Parle<br>(W) Mumbai 400056 | 2000000   | 1990000   | 1000000      |
| 9 | Harsha Sheth<br>Nilesh Sheth | 103 Liberty Apartment<br>80-ASarojini Road (B/H<br>Mc Donald's) Vile Parle<br>(W) Mumbai 400056 | 200000    | 199000    | 1000000      |
|   |                              | <b>Total</b>                                                                                    | 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 Buyeverthing.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



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- 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 :



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| 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

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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



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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 out 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.

| <b>Table 1 shares purchased back from the account of Parakh Shares</b> |                                  |                               |                        |
|------------------------------------------------------------------------|----------------------------------|-------------------------------|------------------------|
| <b>Name of the applicant</b>                                           | <b>No. of shares applied for</b> | <b>No. of Shares Allotted</b> | <b>Amount Refunded</b> |
| 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                 |



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| Aruna M. Sanghnani     | 5000          | 5000          | 203658          |
| Bhikubhai R. Sanghnani | 4000          | 4000          | 203658          |
| Mangula B. Sanghnani   | 4000          | 4000          | 509114          |
| Ashok Keshavlal Javeri | 10000         | 10000         | 71280           |
| Kriti P. Mehta         | 1400          | 1400          | 45823           |
| Niti S. Shah           | 900           | 900           | 203658          |
| Asha S. Shah           | 4000          | 4000          | 305480          |
| Rukhiben K. Mehta      | 6000          | 6000          | 101603          |
| Kuber Capital          | 2000          | 2000          | 30000           |
| Pragna K. Mehta        | 600           | 600           | 45823           |
| Malini J. Shah         | 900           | 900           | 101829          |
| Mukund C. Doshi        | 2000          | 2000          | 10219           |
| Babita Agarwal         | 200           | 200           | 25547           |
| Bhagwan S. Sharma      | 500           | 500           | 511412          |
| Bhupendra Kumar Jain   | 10000         | 10000         | 1017823         |
| Jitendra Kumar Jain    | 20000         | 19900         | 20437           |
| Madheo Singh           | 400           | 400           | 25547           |
| Mahaveer Sharma        | 500           | 500           | 30656           |
| Aniket Mangal          | 600           | 600           | 204374          |
| Anjali Kumar Baheti    | 4000          | 4000          | 10219           |
| Anil Mongal            | 200           | 200           | 30654           |
| Sanjay Mongal          | 600           | 600           | 25547           |
| Mahendra Kumar         | 500           | 500           | 51094           |
| Mamata Mangal          | 1000          | 1000          | 20437           |
| Nepear Disuja          | 400           | 400           | 35766           |
| Nikita Mongal          | 700           | 700           | 30656           |
| Poonji Mongal          | 600           | 600           | 40875           |
| Pramod Jain            | 800           | 800           | 1017823         |
| Rajendra Kumar Jain    | 20000         | 19900         |                 |
| <b>Total</b>           | <b>464300</b> | <b>462700</b> | <b>23457929</b> |

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 |
|-----------------------|---------------------------|------------------------|-----------------|
|-----------------------|---------------------------|------------------------|-----------------|



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| Sangram Shah          | 200000        | 139900        | 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           |
| <b>Total</b>          | <b>305800</b> | <b>304600</b> | <b>15488211</b> |

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.

| <b>Table 3 Shares Purchased back from the account of Maniram Consultants Ltd.</b> |                                  |                               |                        |
|-----------------------------------------------------------------------------------|----------------------------------|-------------------------------|------------------------|
| <b>Name of the applicant</b>                                                      | <b>No. of shares applied for</b> | <b>No. of Shares Allotted</b> | <b>Amount Refunded</b> |
| 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                 |



अनुवर्ती :  
Continuation:

भास्तीय प्रतिभूति  
और विनिमय बोर्ड

Securities and Exchange

|       |        |                                  |
|-------|--------|----------------------------------|
| Total | 464000 | <del>462400</del> India 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



अनुवर्ती :  
Continuation:

भास्तीय प्रतलभूतल  
और वलनलमय बर्ड

**Securities and Exchange  
Board of India**

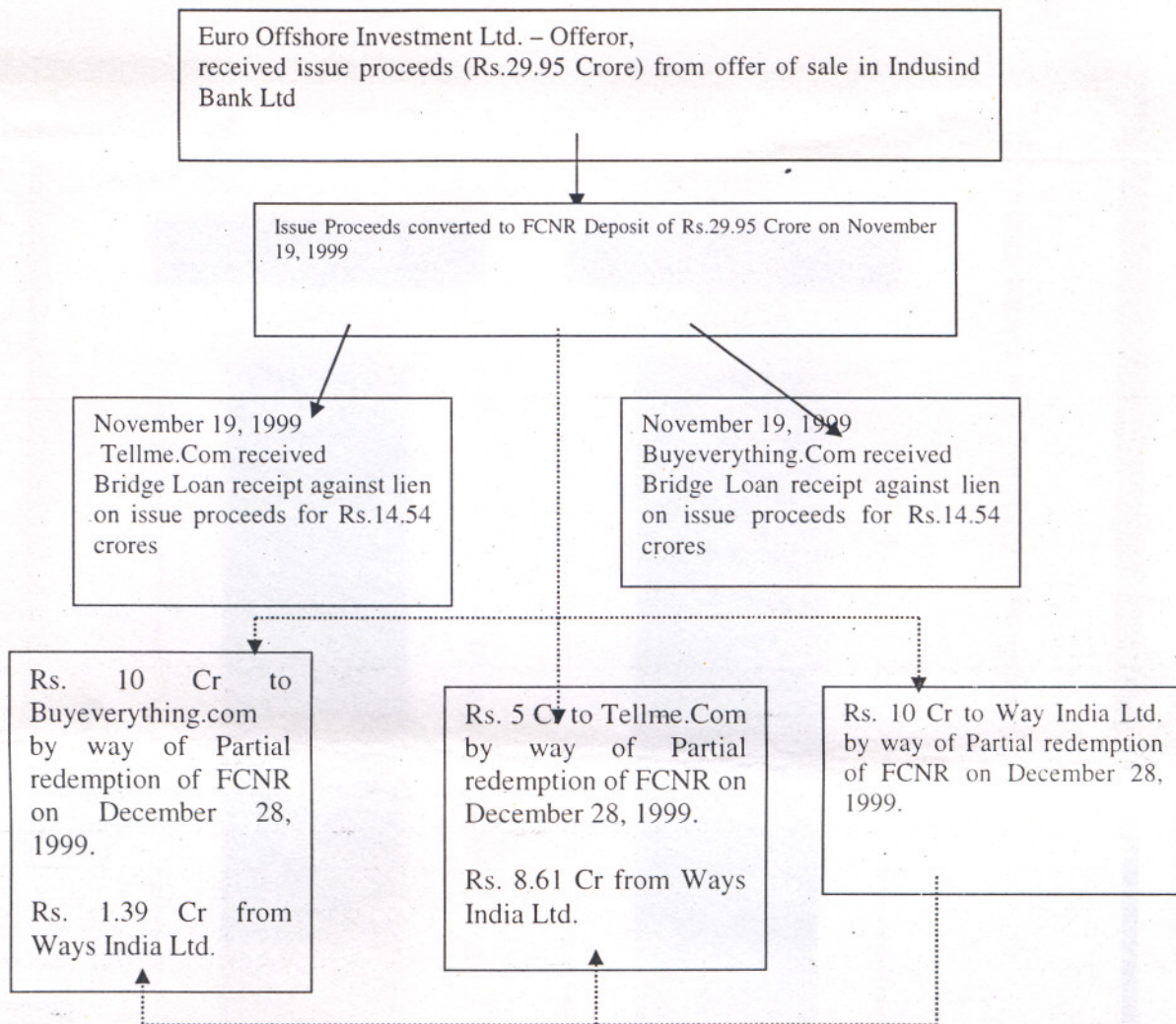
- or voting rights or deciding to acquire shares or voting rights exceeding the respective percentage specified therein.
15. Since you have acquired the shares/voting rights as stated above, without making a public announcement as required by the provisions of the Regulations, you have, prima-facie, 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,

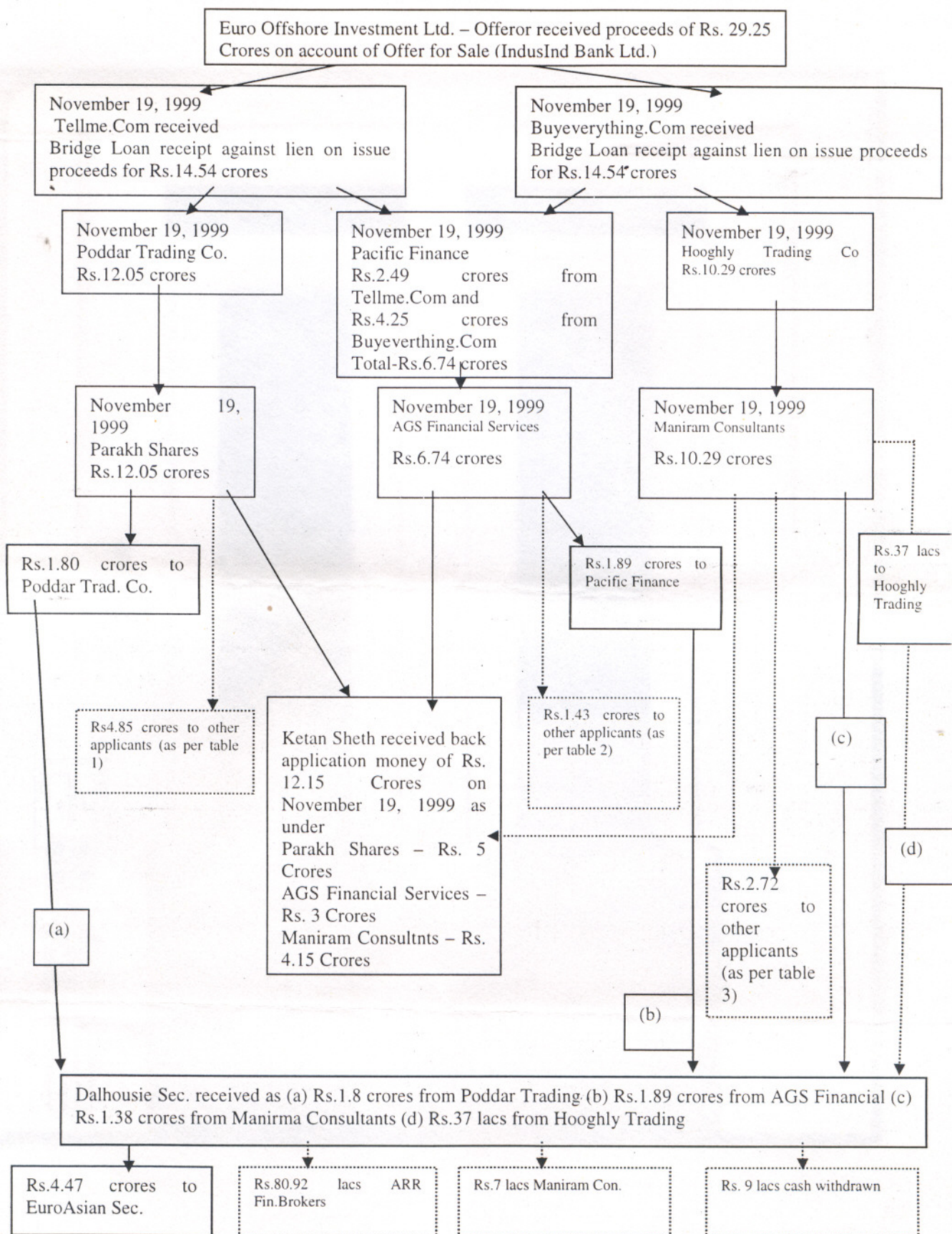
S RAVINDRAN

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.**

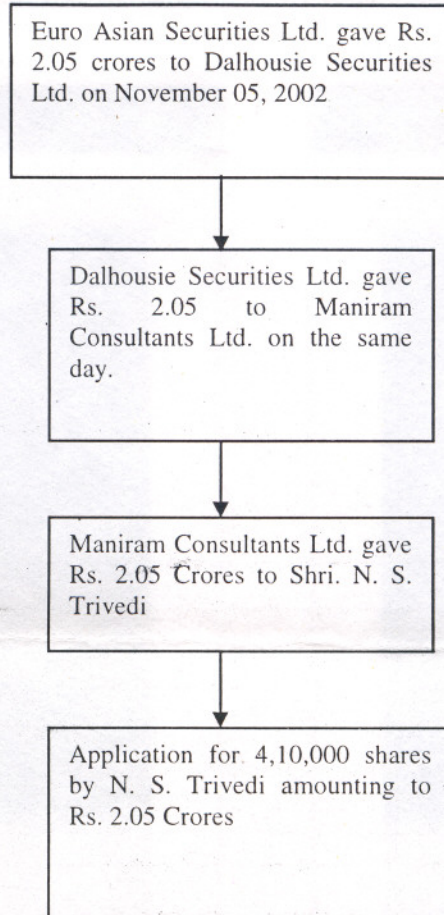


**Annex A2 -** Depicting the flow of funds from account of Home Trade Limited to the account of Applicants for buy-back of shares



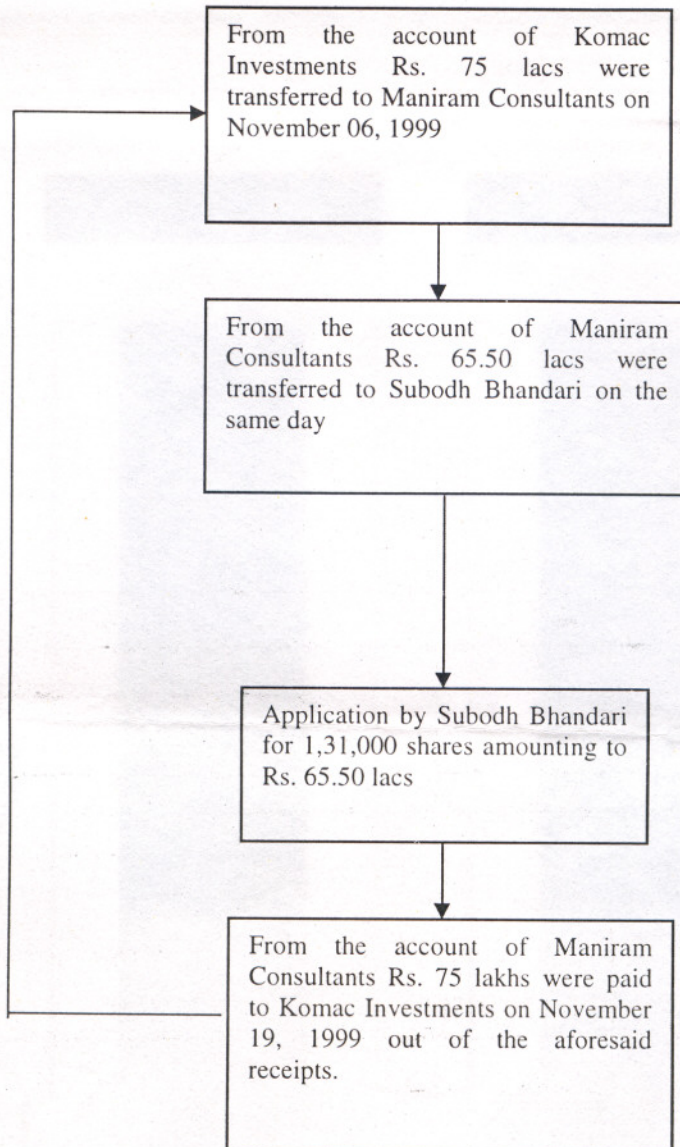
## Annex B

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.



## 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

