भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

**GENERAL MANAGER**
**ENFORCEMENT DEPARTMENT – DRA-III**

EFD1/DRA3/MC/NRM/ || १५ /1/2017
January 13, 2017

1. **M/s. Atlas Jewellery India Ltd.**
**A-12, RHS, Lower Ground Floor**
**Lajpat Nagar – III**
**Delhi – 110024**

2. **M/s. Al Juraina Precious Metals & Bullions FZE**
**P.O.Box 120509, SAIF Zone**
**Sharjah, UAE.**

3. **M/s. Al Layyah General Trading FZE**
**P.O.Box – 121938, SAIF Zone,**
**Sharjah, UAE**

4. **M/s. Al Marelja Precious Metal and Bullions FZE**
**P.O.Box – 120158, SAIF Zone,**
**Sharjah, UAE**

5. **M/s. Mankool General Trading FZE**
**P.O.Box 121700, SAIF Zone,**
**Sharjah, UAE**

6. **M/s. Atlas Jewellery Private Limited**
**Door no. XI/305 II, Near Federa Bank Ltd., Opp. CIAL,**
**Vappalassery,**
**P.O. Nedumbassery,**
**Angamally, Kerala – 683572.**

7. **Mathukkara Moothedath Ramachandran**
**Flat no. 313,**
**AL Rais Shopping Center, Dubai**

**Show Cause Notice under Sections 11B of the Securities and Exchange Board of India Act, 1992 read with Regulation 32 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 in the matter of M/s Atlas Jewellery India Ltd.**

1. **M/s. Atlas Jewellery India Ltd.**, (hereinafter referred to as **"Target Company" or "noticee 1" or "you"**) is a company having its registered office at DTJ-224, DLF Tower B, IInd Floor, Plot No.11, Jasola, New Delhi, 110025 and its securities are listed on the Bombay Stock Exchange ("BSE").

2. As per the shareholding pattern of the Target Company disclosed to the BSE, as on quarter ending March 2014, the Promoter Group of the Target Company

included Atlas Jewellery Pvt Ltd. **("Noticee no. 6")** which was holding 3.23% of the total shareholding of the target company.

3. A draft offer document for open offer for acquisition of 2,61,70,180 equity shares of face value Rs.10/- each representing 26% of the total equity/voting share capital of Atlas Jewellery India Ltd. was filed by Merchant Banker ("MB") named D & A Financial Services (P) Limited on behalf of Shri Mathukkara Moothedath Ramachandran **("Acquirer" or noticee no. 7")** along with M/s. Atlas Jewellery Pvt. Ltd. (PAC) in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Regulations, 2011").

4. The Acquirer and PAC together held 3.23% of the voting share capital of the Target Company. The Board of Directors of the Target Company in the meeting held on June 9, 2014, proposed that a preferential allotment of 5,00,00,000 equity shares be made to the Acquirer at Rs. 20/- per share representing 49.67% of the post preferential share capital.

5. Pursuant to this event, which triggered the open offer obligation under regulation 3(1) of SEBI (SAST) Regulations, 2011, the open offer was being made to acquire 26% of the voting share capital under the Offer. Pursuant to the proposed preferential allotment and instant open offer, the holding of the Acquirer and PAC would go up from 3.23% to 77.30% of the paid up equity share capital of the Target Company. The objective of the offer was substantial acquisition of shares in the Target Company.

6. The date of public announcement was June 09, 2014 and the proposed post offer holding of Acquirer was as below:

| Entities | No. of shares | % of shares |
|---|---|---|
| Acquirer | Nil | Nil |
| Proposed preferential allotment to Acquirer | 5,00,00,000 | 49.67 |
| Acquirer (through open offer) | 2,61,70,180 | 26.00 |
| PAC holding (post open offer) | 16,36,044 | 1.62 |
| **Total** | **7,61,70,180** | **77.30** |

7. The Acquirer had proposed in the Offer to acquire 2,61,70,180 equity shares representing 26% of the fully paid up equity share capital at a price of Rs. 21/- per share payable in cash.

**Acquirer - Shri Mathukkara Moothedath Ramachandaran (' noticee no. 7)**

8. Shri M.M Ramachandran, a Non-resident Indian (NRI), is the founder of Atlas Group, a conglomerate having more than 49 Jewellery outlets across gulf region and India

apart from having other business establishments in various sectors like construction, real estate, advertising, hospitality, entertainment, etc.

9. The Acquirer did not hold any equity shares in the Target Company as on the date of Public Announcement. The Acquirer belongs to the promoter group of the Target Company.

**Person Acting in Concert - Atlas Jewellery Pvt. Ltd. (noticee no.6)**

10. Atlas Jewellery Pvt. Ltd. is a private limited company incorporated with the Asst. Registrar of Companies, Kerala at Kochi.

11. Atlas Jewellery Pvt. Ltd. was part of the promoter group of the Target Company and held 16,36,044 Equity Shares of the Target Company, representing 3.23% of the total paid-up share capital of the Target Company as on the date of public announcement.

12. The Acquirer is the promoter of and in control of Atlas Jewellery Pvt. Ltd., holding 99.9% of share capital in Atlas Jewellery Pvt. Ltd.

**Financial Arrangements**

13. The maximum amount of funds required to make payment of consideration of the Offer Price for the shares tendered in the Offer (assuming full acceptances) would have been Rs. 54,95,73,780/- (Maximum Consideration). The Acquirer deposited a sum of Rs. 14,00,00,000/- in the Escrow Account opened with Axis Bank Ltd.

14. Preferential allotment of shares was made on January 15, 2014 to 4 Dubai based companies viz. Al Juraina Precious Metals & Bullions (19.06%) (noticee no. 2), Al Layyah General Trading (24.06) (noticee no. 3), Al Mareiha Precious Metal and Bullions (24.66%) (noticee no. 4) & Mankool General Trading (23.90%) (noticee no. 5) , all of them being single shareholder companies. The shares issued under the preferential allotment constituted 4,64,49,333 equity shares representing 91.70% of the total post allotment share capital.

15. Since the shares acquired by the aforesaid companies did not cause their individual shareholding to exceed 25% of the share capital of the Target Company, individually, the 4 entities did not trigger regulation 3(1) of SEBI (SAST) regulations, 2011.

16. Similar agreements (annexure 1) were executed between the Target Company, promoters and these 4 entities. The Agreement, in its clauses 7.1 and 7.2 states that "the investors are making a financial investment in the Company and that they will never interfere into the management of the company nor will they ask for any supervision over the affairs of the Company". It further states that the "investors will

have no right to appoint or nominate the directors of the Company and that the company shall continue to be managed by its present directorship composition as the Board of Directors of the Company thinks fit." By virtue of the Agreements, these 4 noticees did not trigger regulation 4 of SEBI (SAST) Regulations, 2011.

17. The name of the target company was formerly "Gee El Woolens Ltd." and was changed to "Atlas Jewellery India Ltd." vide fresh Certificate of Incorporation issued by RoC on August 30, 2013. Formerly, the company was in the business of textiles. After change in name, the company has ventured into an altogether different business of Gems and Jewellery.

18. Excess share application money was received by the Target Company from Al Layyah General Trading to the tune of Rs. 4.32 crores at the time of preferential allotment in January 15, 2014. It was informed by the MB in its letter dated July 9, 2014 (copy enclosed as annexure 1A) that the excess share application money was paid by Al Layyah General Trading by mistake and was duly refunded on April 17, 2014.

19. It was observed that the Income of the target company from Operations has suddenly risen from Nil in financial year 2012-13 to Rs. 72.96 crores in financial year 2013-14. On the Asset side of the Target Company, out of Rs. 75.21 crores of total assets, a major chunk is under the head "Trade receivables" (Rs. 72.26 crores).

20. With respect to 4 Dubai based companies, the MB inter alia, made the following submissions vide emails dated August 5, 2014, July 30, 2014 and September 15, 2014, letter dated July 9, 2014, (copy of letter / emails are enclosed as annexure 1A):

    a) The certificates from the Government of Sharjah state that the companies have received commercial licenses for trading in gold & precious metals/general trading.
    However, within a year of incorporation, these 4 companies have made significant financial investments in the Target Company. Upon perusal of the MOA of these companies, it was observed that the object clause allows the companies to invest in shares.

    b) The 4 companies seem to have an ongoing business of trading in jewellery in Dubai. Their shareholder's Net worth was also certified by a Chartered Accountant indicating that they had the financial capacity to invest in the Target Company. As for the question of PAC, MB had confirmed vide email dated July 30, 2014 that it has taken an undertaking from the Acquirer that "the four foreign bodies corporate are not acting as PACs with each other as they are not holding or subsidiary of each other and also these companies are not under the same management and control."

c) The MB submitted vide letter dated July 9, 2014 that the trade receivables are due from only one company - Satwa Precious Metals and Bullion Trading based in Dubai and that this entity is not a related party.

d) The 4 Dubai based companies had cast their votes through e-voting in favour of the resolutions proposed including the issue of 50,000,000 equity shares of the Company on Preferential basis to the Acquirer, Mr. M. M. Ramachandran.

21. The following similarities are observed among the 4 Dubai based companies:

(i) The 4 companies were all registered at Sharjah Airport International Free Zone as Free Zone Establishments having one shareholder and one Director.

(ii) The 4 companies were incorporated within a span of 13 days between June 10, 2013 and June 23, 2013.

(iii) Identical tri-partite agreements were entered into with the Target Company and the Promoter of the Target Company agreeing not to exercise control over the Target Company.

(iv) All the four entities are in the similar line of business.

(v) The Memorandum and Articles of Association of these 4 entities are identical in nature.

(vi) One Auditor has certified financial statements of these 4 entities.

(vii) Investment in shares of the Target Company form a major chunk of the assets of the companies, the details of which are given below:
a. Al Juraina Precious Metals & Bullions - 77.89%
b. Al Layyah General Trading - 81.95%
c. Al Mareiha Precious Metal and Bullions - 81.83%
d. Mankool General Trading - 83.75%

(viii) The profit earned by each of these entities for the year ending March 31, 2014 is exceptionally high, almost equaling their net worth at the beginning of the reporting period. Even while clocking such supernormal profits, the foreign companies decided on investing in the Target Company, a company whose operations had just commenced under the new brand of Atlas and at a time when the company was incurring losses (net loss for F.Y. 2013).

(ix) The 4 companies had voted in the same manner for all the resolutions passed in the AGM held on July 8, 2014. However, it may also be noted that all other shareholders including the promoters had voted in favour for all resolutions passed in that particular AGM. No other shareholders' meeting had been

called between the date of allotment i.e. January 15, 2014 and September 15, 2014.

22. As per the notice of postal ballot submitted by MB on July 28, 2014, the following preferential allotment was proposed to be made -

| Sr. No. | Name of the proposed allottees | No of equity shares | % |
|---|---|---|---|
| 1 | Al Juraina Precious Metals & Bullions | 1,54,00,000 | 18.98 |
| 2 | Al Layyah General Trading | 1,59,00,000 | 19.60 |
| 3 | Al Mareiha Precious Metal and Bullions | 1,51,00,000 | 18.61 |
| 4 | Mankool General Trading | 1,50,00,000 | 18.49 |
| 5 | Satwa Precious Metals and Bullion Trading | 1,55,23,000 | 19.13 |
| | **Total** | **7,69,23,000** | **94.81** |

23. As per the Board resolutions and Shareholders' resolutions, the actual allotment done on January 15, 2014 was as under –

| Sr. No. | Name of the allottees | No of equity shares | % |
|---|---|---|---|
| 1 | Al Juraina Precious Metals & Bullions | 96,55,168 | 19.08 |
| 2 | Al Layyah General Trading | 1,21,88,737 | 24.06 |
| 3 | Al Mareiha Precious Metal and Bullions | 1,24,94,680 | 24.66 |
| 4 | Mankool General Trading | 1,21,10,748 | 23.90 |
| | **Total** | **4,64,49,333** | **91.70** |

24. With this backdrop and the fact that excess share application money was received from Al Layyah General Trading to the tune of Rs. 4.32 crores, had shares been allotted for the excess share application amount received, the shareholding of Al Layyah General Trading in the Target Company would have exceeded 25%, triggering regulation 3(1) of SEBI (SAST) Regulations, 2011. The allotment was adjusted in a way so that no company would trigger Open Offer regulation under the Takeover Regulations, 2011.

25. It was also observed that Rs. 72.26 crores of trade receivables was due from only one company - Satwa Precious Metals and Bullion Trading, the same company which was supposed to be allotted shares on a preferential basis as per table at para 23. In Financial year 2013-14, the Target Company had conducted 99% of its business with Satwa Precious Metals and Bullion Trading (Rs.72.26 crores out of

Rs.72.96 crores). Also, it is the only trade receivable in the balance sheet of the Target Company.

26. In the AGM held on held on July 8, 2014, resolution was passed to allot 5,00,00,000 shares to Mr. M. M. Ramachandran (the Acquirer). Mr. Ramachandran is incidentally also the promoter shareholder holding 99.9% stake in Atlas Jewellery Pvt. Ltd. (promoter of the Target Company). With the allotment of shares and the resultant open offer, the shareholding of the promoter group will range anywhere between 51.29% and 77.3% of the total share capital of the Target Company, depending on the shares being tendered in the open offer. However, it is also observed that 97.5% of the equity share capital post allotment to Mr. M. M. Ramachandran will be held by the promoter group and the 4 Dubai based entities together. Merely 2.5% of the share capital would remain with the remaining public shareholders (excluding promoters and 4 Dubai based companies).

27. Based on the documents submitted by MB, many similarities were observed between these 4 Dubai based entities, on the basis of which it was suspected that they were acting in concert amongst themselves and /or with promoters of the target company as defined under Takeover Regulations, 2011.

28. Bank account statements of these companies were received and based on which following observations were made:

    a. The 4 Dubai based companies Al Juraina Precious Metals & Bullions (Al Juraina), Al Layyah General Trading (Al layyah), Al Mareija Precious Metal (Al Mareija) & Bullions and Mankool General Trading (Mankool), were incorporated within a span of 13 days between June 10, 2013 and June 23, 2013. They all are registered at Sharjah Airport International Free Zone (SAIF Zone) with 1,50,000 (AED) capital as single owner entities.

    b. From the transactions in the bank accounts of the four entities it is noted that:

        i. There are several entries in the books of each of the entities for fund transfers only among themselves and one other entity Satwa Precious Metals and Bullion Trading (entity to whom preferential issue was proposed in postal ballot submitted by MB but no preference issue was made). (summary of their bank account statement is enclosed as annexure 2)

        ii. (a) Any credit to the account from another entity is followed by cash withdrawal either the same day or next day and (b) any cash deposit in the account is either transferred to any one of the remaining 4 entities or is withdrawn the same or next day. Thus, at all points of

time, the available balance in each of these accounts is kept at a very minimal level.

iii. Same individuals (Jamsheer with ID no. 784198661879761, Mankool with ID no. 1014744639701 etc.) are operating the aforesaid bank accounts. This is confirmed from the fact that apart from same name, for every withdrawal transaction the individual has provided an ID, and these identification details are found to be the same for a particular individual across bank accounts. Details of the same is enclosed as annexure 2.

iv. The balance available in each of the accounts at the time of transfer of funds for subscribing to preferential issue was examined. At the time of transfer of funds amounting to AED 2,756,250 by Al Mareiha Precious Metal and Bullions (on December 28, 2013 to Target Company) the total available balance in the account of said entity was AED 2,777,275. Out of the said balance, an amount equivalent to AED 2,756,000 was received from Mankool General Trading. Similarly, at the time of transfer of funds amounting to AED 1,104,000 by Al Layyah (on January 04, 2014 to Target Company) the total available balance in the account of said entity was AED 1,124,825. Out of the said balance, an amount equivalent to AED 60,000 was received from Mankool.

c. From the investment agreement entered with SAIF Zone Authority it is noted that in two cases (Al Juraina Precious Metals & Bullions FZE and Al Mareija Precious Metal and Bullions FZE), the address of the investor in the investment agreement is stated as Atlas Jewellery LLC and the contact number (04-2254235) provided is of one of the stores of Atlas Jewellery in UAE. Further, in one case (Al Mareija Precious Metal and Bullions FZE ) the domain name (Faizal@atlasera.com) stated with an email id is Atlasera.com which is the website of Atlas Group with its founder being the acquirer (copy of investment agreement entered with SAIF Zone Authority and bank account opening forms are enclosed as annexure 3 ).

d. From the bank account opening forms of the four entities the following are observed (copy enclose as annexure 3):

i. The four individuals (Surjith Poyil – Al Juraina Precious Metals & Bullions FZE, Jamsheer Narikuni – Al Layya General Trading, Sankara Pillai – Mankool General Trading FZE and Faizal Koppath – Al Mareija Precious Metal and Bullions FZE) who are also shown as owners of the four entities are ex-employees of Atlas Jewellery.

ii. In two cases of Al Juraina Precious Metals & Bullions FZE and Al Layya General Trading, in the additional remarks column of the form, reference has been drawn to the ownership details of other entity i.e. in the form of Al Juraina reference has been w.r.t to ownership of Al Layyah and vice-versa.

iii. In two cases i.e., Al Mareija Precious Metal and Bullions FZE and Mankool General Trading FZE in the customer contact information, the telephone number (+97142254235) provided is of Atlas Jewellery store as referred at Para 28(c) above and in two cases i.e., Al Mareija Precious Metal and Bullions FZE and Al Layyah General Trading FZE, the domain name of email ids is Atlasera.com

iv. In two cases i.e., Mankool General Trading FZE and Al Layya General Trading, where the individuals have submitted their salary statements for showing proof of funds while opening the accounts, it is noted that the salary received of AED 2400 and AED 3800 (approx.) is from previous employer or payment from client (in one case client being Atlas Jewellery, LLC, Dubai).

29. It can be concluded from the above facts and observations that the aforesaid 4 Dubai based entities were related to each other and to the promoter of Atlas Jewellery Private Limited. By virtue of being related to each other and the promoter, it can be concluded that the entities are merely fronts created by the promoters, and can be considered to be PAC in terms of Regulation 2(1)(q)(1) while investing in target company.

30. In this context, your attention is drawn to the following provisions of the Regulations as existing during the aforesaid period, which is reproduced hereunder:

a) **Definition of PAC in terms of Regulation 2(1)(q)(1):**
*(q) "persons acting in concert" means,—*
*(1) persons who, with a common objective or purpose of acquisition of shares or voting rights in, or exercising control over a target company, pursuant to an agreement or understanding, formal or informal, directly or indirectly co-operate for acquisition of shares or voting rights in, or exercise of control over the target company.*

b) Regulation 3(2) of Takeover Regulations, 2011:

***Substantial acquisition of shares or voting rights.***

*"3.(2) No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations."*

c) Regulation 25(1) read with 25(5) of Takeover Regulations, 2011

**Obligations of the acquirer.**

*25(1) Prior to making the public announcement of an open offer for acquiring shares under these regulations, the acquirer shall ensure that firm financial arrangements have been made for fulfilling the payment obligations under the open offer and that the acquirer is able to implement the open offer, subject to any statutory approvals for the open offer that may be necessary.*

.....

*(5) The acquirer and persons acting in concert with him shall be jointly and severally responsible for fulfillment of applicable obligations under these regulations.*

d) Regulation 72(1) (c) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009

**Conditions for preferential issue.**

*72. (1) A listed issuer may make a preferential issue of specified securities, if:*
*(a) .....*
*(b.....*
*(c) the issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the recognised stock exchange where the equity shares of the issuer are listed;*

e) Regulation 3(d) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003:

***3. Prohibition of certain dealings in securities***
*No person shall directly or indirectly—*
*(a) .....*
*(b) .....*

*(c) .....*
*(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

f) Rule 19A(2) of SCRR, 1957, Section 21 of SCRA, 1956

***Continuous Listing Requirement.***
***Rule 19A.*** *(1) .....*
*(2) Where the public shareholding in a listed company falls below twenty five percent. At any time, such company shall bring the public shareholding to twenty five per cent. within a maximum period of twelve months from the date of such fall in the manner specified by the Securities and Exchange Board of India.]*

***Conditions for listing.***
***Section 21.*** *Where securities are listed on the application of any person in any recognised stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.*

31. The shareholding in the Target Company of promoters and PAC being the 4 Dubai based companies, increased post the Preferential allotment made on January 15, 2014 from 38.9% (December 2013) to 91.7%. Thus, the aforesaid 4 Dubai based entities (Al Juraina Precious Metals & Bullions, Al Layyah General Trading, Al Mareiha Precious Metal and Bullions and Mankool General Trading) alongwith promoter (Atlas Jewellery Pvt. Ltd.) are under obligation to make an open offer under regulation 3(2) read with regulation 13(1) of the Takeover Regulations, 2011. However, these 4 Dubai based entities along with the promoter failed to make public announcement to make open offer for acquiring shares of the target company, therefore, violated the provisions of regulation 3(2) read with regulation 13(1) of the Takeover Regulations, 2011.

32. In addition to above, in view of the news articles regarding sentencing of acquirer Sh. Mathukkara Moothedath Ramachandran in cheque bouncing case, Merchant Banker was advised to provide disclosure in terms of Para 6.2.9 of format for letter of offer under SEBI Takeover Regulations, 2011, which requires that Merchant Banker is satisfied about the ability of the acquirer to implement the offer. Merchant Banker has informed that they have not received updated net-worth certificate from Sh. Mathukkara Moothedath Ramachandran despite repeated reminders.

Sh. Mathukkara Moothedath Ramachandran being 99.9% shareholder of Atlas Jewellary Pvt. Ltd., is also PAC. The said action of acquirer and PAC with him i.e, Atlas Jewellery Private Ltd. of not being able to provide the certificate regarding his

ability to meet the financial obligations is in violation Reg. 25(1) read with Regulation 25 (5) of Takeover Regulations, 2011. Thus, Sh. M. M. Ramachandran and Atlas Jewellary Pvt. Ltd. have violated Reg. 25(1) read with Regulation 25 (5) of Takeover Regulations, 2011.

33. In addition to the above, the preferential allotment that took place on January 15, 2014 to 4 Dubai based entities, i.e., Al Juraina Precious Metals & Bullions, Al Layyah General Trading, Al Mareiha Precious Metal and Bullions and Mankool General Trading which raised the shareholding in the target company of these 4 Dubai based entities from 0% to 91.7% i.e., more than 75% and thus public shareholding in the target company fell below twenty 25%. In terms of Rule 19A(2) of Securities Contracts (Regulation) Rules, 1957 ("SCRR, 1957") read with 40A of Listing Agreement, where the public shareholding in a listed company falls below twenty 25%, at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall in the manner specified by SEBI. The above acquisition resulted in violation of 19A(2) of SCRR, 1957 read with Section 21 of Securities Contracts (Regulation) Act, 1956 ("SCRA, 1956") read with Clause 40A of Listing Agreement.

34. Further, the target Company is in violation of Clause 35 of Listing Agreement read with Section 21 of SCRA, 1956 for incorrect disclosure of shareholding for 8 quarters ended March, June, September and December 2014, March, June, September and December 2015.

35. Regulation 72(1)(c) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, prescribes that a listed issuer may make a preferential issue of securities, if the issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the recognized stock exchange. In June 2014, when the Board of the target company approved preferential allotment to the acquirer, based on facts stated above, the promoter shareholding of the company was beyond 75%. It may be noted here that as per Letter of offer, in June 2014 the Board of the Target Company comprised of 4 directors 2 of which included the acquirer and his spouse. Hence, by making the said preferential issue, Target Company has violated Regulation 72(1)(c) of SEBI (ICDR) Regulations, 2009.

36. The acquirer had concealed the relationship of the 4 dubai based entities with Atlas Jewellery LLC, Dubai, which in turn is related to the acquirer i.e, Mr. M. M. Ramachandran. The acquirer Mr. M. M. Ramachandran was aware of these 4 Dubai based entities being PACs and their ex-employer. This act of the acquirer is in violation of regulation 3(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. Thus, Mr. M. M. Ramachandran has violated regulation 3(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

37. In light of the above, you are called upon to show cause as to why suitable directions under Section 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 32 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 should not be issued against you for the alleged violations referred to at paragraphs nos. 31, 32, 33, 34, 35 and 36.

38. Your reply, if any, should reach the undersigned, at the address given below, as well as through email at maninderc@sebi.gov.in and nirdoshrm@sebi.gov.in (in MS-Word format), within 21 days from the date of receipt of this notice, failing which it shall be construed that you have no reply to submit and the matter shall be proceeded ex-parte on the basis of the material available on record.

**Securities and Exchange Board of India**
**SEBI Bhavan**
**Plot No. C4-A, "G" Block,**
**Bandra Kurla Complex, Bandra (E)**
**Mumbai – 400 051**
**Ph: 022-2644 9520**

39. If you are desirous of a personal hearing before the Whole Time Member, SEBI, the same may be intimated accordingly.

40. You are advised to keep SEBI informed about the change in your correspondence address, if any, till the proceedings are complete.

41. You are also advised to submit a photocopy of your Income Tax Permanent Account Number Card (PAN card) for our records.

Cheema

**MANINDER CHEEMA**

***Encl: As stated above***