

Date: 30th December, 2025

To,
BSE Limited
1st Floor, New Trading Ring,
Rotunda Bldg., P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001

Reference: Scrip code - 544168 - Varyaa Creations Limited

Sub: Intimation under Regulation 30 of SEBI (LODR) Regulations, 2015 - Revocation Order

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Securities and Exchange Board of India ("SEBI") has passed an order revoking the earlier order issued against the Company.

The details are as under:

- **Name of the Company:** Varyaa Creations Limited
- **CIN:** U36910MH2005PLC154792
- **Details of the earlier order:** SEBI issued an interim order dated May 14, 2025 regarding its SME IPO
- **Details of the revocation order:** WTM/KV/CFD/CFD-SEC-4/31938/2025-26 dated 29th December, 2025

A copy of the **revocation order** is enclosed herewith for your information and records.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,
For **Varyaa Creations Limited**

Sarika Naheta
Director
DIN: 03515120
Encl:



WTM/KV/CFD/CFD-SEC-4/31938/2025-26

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under sub-sections (1) and (4) of section 11 and section 11B of the Securities and Exchange Board of India Act, 1992

In the matter of Varyaa Creations Limited

In respect of:

Noticee No.	Name of Noticee	PAN / SEBI Registration No.
1.	Varyaa Creations Limited	AACCK6166A
2.	Inventure Merchant Banking Services Private Limited	INM000012003
3.	Pooja Vineet Naheta	AARPP9431B
4.	Sarika Amit Naheta	AALPJ6021B
5.	Kusum Naheta	AACPN3275A
6.	Jaineshaa Naheta	AJUPN7094A
7.	Pari Naheta	AJUPN7146B
8.	Vineet Naheta HUF	AAFHV8923C
9.	Amit Naheta HUF	AAJHA5174L

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee no. and collectively as "Noticees", unless the context specifies otherwise)

Background

1. Securities and Exchange Board of India ("**SEBI**"), while carrying out a routine inspection of the activities of Inventure Merchant Banker Services Private Limited ("**Inventure**"), noticed certain irregularities in the IPO process of Varyaa Creations Limited ("**VCL**" / "**Company**") which had come out with an Initial Public Offer (IPO) of equity shares and got listed on the SME Platform of BSE Ltd. (BSE)



on April 30, 2024. Inventure had acted as the Lead Manager to the issue. Pursuant to the same, SEBI initiated an inquiry in the matter.

2. Based on the preliminary findings of the examination, SEBI issued an interim order dated May 14, 2025 ("Interim Order") vide which the following directions were issued against the Company (Noticee no. 1) its promoters (Noticee nos. 3 to 9) and Inventure (Noticee no. 2), the Lead Manager to the issue:

- (a) *The shareholding of the Noticees 3 to 9 in Varyaa Creations Limited shall stand frozen till further directions.*
- (b) *Noticee1 is restrained from accessing the securities market, either directly or indirectly, in any manner whatsoever until further orders.*
- (c) *Noticee 2 shall not take up any new assignment relating to merchant banking activities in the securities market till further directions from SEBI.*
- (d) *In respect of any pending assignments where Noticee 2 is already engaged as a Lead Manager as on date of this Order, the issuer shall appoint a Monitoring Agency to monitor the use of proceeds irrespective of the issue size.*

3. The observations and the prima facie findings of examination by SEBI recorded in the Interim Order are summarized in subsequent paragraphs.

OBSERVATIONS AND PRIMA FACIE FINDINGS IN THE INTERIM ORDER

4. The SME IPO of VCL, which was a fixed-priced issue, raised INR 20.10 Crore, entirely by way of a fresh issue of shares. The proposed utilisation of the proceeds from the public issue, as per the disclosure made in the Prospectus dated April 12, 2024 (Prospectus), filed by the Company, is given in the Table below:

Objects	Amount proposed to be utilized (INR Cr)
Capital Expenditure for the proposed new showroom	5.50
Purchase of Inventory	10
General Corporate Purpose	4
Issue Expenses	0.60
Total	20.10



5. During the course of inquiry, it was noted that a Public Issue Account cum Sponsor Bank Agreement dated April 02, 2024 (Escrow Agreement) was entered by VCL, Lead Manager (Inventure), the Registrar to the Issue (Bigshare Services Private Limited) and the Banker to the Issue (HDFC Bank). In terms of the Escrow Agreement, the issue proceeds were deposited into an escrow account maintained with HDFC Bank. The transactions recorded in the said issue account are given in the Table below:

Date	Particulars	Withdrawal (INR Cr.)	Deposit (INR Cr.)	Remarks
26/04/24 to 02/05/2024	IPO Proceeds		20,10,00,000/-	Proceeds from the public issue
30/04/2024	Maruti Corporation	5,00,00,000/-		Transfers made on the instructions of the LM
30/04/2024	Kaveri Corporation	4,00,00,000/-		
30/04/2024	Overseas Metal and Alloys Pvt Ltd.	5,00,00,000/-		
30/04/2024	IPO related expenses	42,91,060/-		Transfer towards IPO expenses
30/04/2024 to 03/05/2024	Varyaa Creations Ltd.	5,67,08,940/-		Transfer to the VCL's bank account
	Total	20,10,00,000/-	20,10,00,000/-	

6. It was noted that more than 70% of the issue proceeds (INR 14 Crore) were transferred to three entities, viz. Maruti Corporation ("**Maruti**") Kaveri Corporation ("**Kaveri**") and Overseas Metal and Alloys Pvt. Ltd. ("**Overseas**"), directly from the escrow account on the day of listing (April 30, 2024). These transfers were effected based on instructions issued by the Lead Manager to HDFC Bank vide letter dated April 30, 2024. The stated purpose of the transfers, as per the aforesaid letter, was to cover issue management fees, underwriting and selling commissions, registrar fees, and other IPO-related expenses. A copy of the instruction was also marked to the Company by the Lead Manager.
7. As the above-mentioned transfers, purportedly made to cover issue-related expenses, were disproportionate to the issue-related expenses disclosed in the



Prospectus, SEBI sought responses from the Company and the Lead Manager regarding these transactions, vide email dated May 09, 2025. The Lead Manager, in its reply, submitted that the transfer of funds to Kaveri, Maruti and Overseas were made in furtherance of the objects of the issue as stated in the Prospectus—namely, purchase of inventory and general corporate purposes. However, the Company failed to provide any explanation for the aforesaid transfers on the ground that its accounts team and statutory auditor were unavailable at that time.

8. In view of the explanation furnished by the Lead Manager and considering that funds were transferred directly from the public issue account on the instructions of the Lead Manager, without first being routed through the Company's bank account, the bank statements of the recipient entities were sought from the respective banks. While the bank statements / records of Kaveri and Overseas were received by SEBI, those of Maruti were not available at the time of issuance of Interim Order.

Kaveri Corporation

9. From the analysis of the said bank statements / records of Kaveri, the following were observed:
 - (a) The bank account of Kaveri was maintained with Ahmedabad Branch of IDFC Bank. It was noted from the KYC documents that Kaveri is a sole proprietorship and the account was opened on February 02, 2024. The nature of business disclosed was 'Agriculture. The registered address of Kaveri Corporation was at Ahmedabad, Gujarat.
 - (b) The bank statements of Kaveri showed that an amount of INR 4.00 Crore was credited to the account on April 30, 2024, originating from the issue account of VCL. Subsequently, the entire amount was withdrawn in cash on the same day, barely 16 minutes after the funds were received. Kaveri's bank statement further revealed that an amount of INR 5.00 Crore was also received by Kaveri from Maruti on April 30, 2024, within minutes of the abovementioned receipt of INR 4 Crore from VCL. This corresponded to the same amount that was transferred to Maruti from the IPO proceeds



earlier that day. The funds received from Maruti Corporation were subsequently withdrawn in cash by Kaveri on April 30, 2024 within 16 minutes of receipt of funds.

10. From the above, it *prima facie* appeared that INR 9 Crore from the IPO proceeds was credited to the bank account of Kaveri Corporation and withdrawn entirely in cash on April 30, 2024 - the very day the Company was listed.

Overseas Metal and Alloys Pvt Ltd

11. From the analysis of the said bank statements / records of Overseas, the following were observed:
 - (a) The bank account of Overseas was maintained with Ahmedabad Branch of Indian Bank.
 - (b) The bank statement of Overseas showed that INR 5 Crore was received from the issue account of VCL on April 30, 2025. Subsequently, on the next day (May 01, 2024), Overseas transferred INR 4,98,50,000 in two tranches to an entity 'transpaacific'.
12. The above fund flow was in variation to the disclosures made in the Prospectus, which stated that INR 15.50 Crore would be deployed towards the opening of a new retail showroom at Agra during FY25. As per the objects disclosed in the Prospectus, INR 5.50 Crore was to be allocated for capital expenditure and INR 10 Crore towards inventory. The Prospectus further disclosed an agreement with Kalakriti, an Agra-based establishment, for the operation of a 300 sq. ft. jewellery section. No disclosure was made regarding any payment to Kaveri, which is a sole proprietorship based in Ahmedabad, Gujarat, engaged in agricultural activity, or Overseas, also based in Ahmedabad. The absence of any business connection between the stated Agra showroom and the Gujarat-based Kaveri and Overseas, coupled with the immediate onward transfer or withdrawal of funds in cash, undermined the explanation offered and cast serious doubt on the authenticity and purpose of these transactions.
13. It was noted that a similar *modus operandi* was *prima facie* observed in the IPO of Synoptics Technologies Limited wherein SEBI passed an Interim Order dated May 06, 2025. First Overseas Capital Limited ("FOCL"), the Lead Manager who handled the IPO of Synoptics, was initially appointed by VCL for its IPO but was



subsequently replaced with Inventure. Further, the entity 'transpaacific', which was one of the ultimate recipients of IPO funds in this case, also appeared to be one of the entities to which proceeds of IPO of Synoptics Technologies Limited were transferred on the instructions of FOCL.

14. It was noted that the lock-in period applicable to a portion of the promoters' shareholding was to expire on May 14, 2025 and there was a risk of the promoters offloading the shares held by them in VCL while the inquiry into the end-use of IPO proceeds was ongoing. Further, the Company had approved a proposal in April 2025 to raise an additional INR 35 Crore through a rights issue. Further, the funds transferred to third parties in the guise of issue related expenses on the instruction of the Lead Manager accounted for close to 75% of the issue proceeds, which was much higher than the issue related expenses disclosed in the Prospectus.
15. Given the prima facie observations and findings set out above, interim directions were issued against the Company, Inventure and other Noticees, as detailed in Para 2 above.

REPLIES TO INTERIM ORDER & PERSONAL HEARING

16. Noticee nos. 1 and 3 to 9 have filed a common reply dated September 29, 2025. They were also granted an opportunity to inspect documents on July 07, 2025. Noticee no. 2 (Inventure) has filed its reply vide letter dated May 19, 2025.
17. Noticees were provided with opportunities of personal hearing. Noticee no. 2 availed the same on September 09, 2025 whereas Noticee nos. 1 and 3 to 9 availed opportunity of personal hearing on November 06, 2025. During the hearings, Noticees made submissions on the lines of their written submissions filed earlier.
18. Further, during the personal hearing, Noticee nos. 1 and 3 to 9 were asked to furnish certain documents within 15 days of the hearing. In this regard, the said Noticees made submissions vide letter dated December 15, 2025, which are referred to later in this order.
19. In the meantime, Noticee no. 2 (Inventure) filed an appeal (No. 550/2025) against the Interim Order before the Hon'ble Securities Appellate Tribunal ("SAT"). The



Hon'ble SAT on December 19, 2025, after hearing the arguments on both sides, directed SEBI to pass Confirmatory Order in the matter on or before Jan 16, 2026.

20. The submissions made by Noticee nos. 1 and 3 to 9 in their written submissions are summarized below:

- (a) The Interim Order has been passed ex-parte and in violation of the principles of natural justice. Had SEBI sought proper clarification from VCL before passing the ad-interim Order; a lot of misconceptions would have been dispelled and need for Interim Order would not have arisen. The Interim Order has been issued in violation of the basic principles of justice and fair play. On this ground, the Interim Order ought to be set revoked.
- (b) SEBI's Examination Report and its annexures were the only documents in possession of SEBI which were referred to and relied upon by SEBI on subject matter. A plain perusal of the said Report and SEBI's "evidence" indicates that there is not even an iota of proof to sustain the unsubstantiated claims in the Interim Order.
- (c) The Lead Manager's letter dated April 30, 2024 addressed to the banker, incorrectly stated that the fund transfers to the three entities were for issue related expenses. This statement is factually incorrect and contrary to the contemporaneous instructions issued by the Company for transfer of funds. The Company had in its email to the Lead Manager, expressly stated that the transfers were "towards purchase of inventory and GCP [general corporate purpose]". The Lead Manager has, in fact, confirmed in writing to the Company that its letter dated April 30, 2024 was issued in error as it had inadvertently used the different format meant for transfer of issue related expenses.
- (d) The Company had authorized the transfer of funds to Kaveri, Maruti and Overseas ("**Suppliers**") who were suppliers of inventory, as advance, for purchase of gold and jewellery. Purchase Orders were also issued to the Suppliers, prior to the transfer of funds, which envisaged 100% advance payment. Accordingly, the fund transfers were in accordance with, and



directly relatable to, the stated objects of the issue, namely, purchase of inventory.

- (e) Notably, the funds transferred to the Suppliers was returned to the Company, since Company cancelled the purchase orders. The cancellation was necessitated as the sample gold and gold jewellery supplied by the Suppliers failed to meet the agreed quality standards. In any event, neither the Company nor the other Noticees, have any insight into, or control over, the utilisation of funds received by the Suppliers, once transferred. Importantly, there is no allegation, nor any evidence, to suggest that these entities are in any manner connected with the Company, its promoters or subscribers to the IPO.
- (f) The record shows that the Company applied the issue proceeds strictly in accordance with the objects of the issue. The Company entered into an agreement with the Kalakriti Agra Unit ("**Kalakriti**") of Oswal Traders and Travels Private Limited ("**Oswal**") for operating a section of a retail jewellery outlet managed by Kalakriti in Agra, for a term of three years. The Company transferred INR 1.5 Crore to Kalakriti as a security deposit and incurred expenditure of approximately INR 4 Crores towards purchase of inventory from various suppliers.
- (g) The allegations of diversion of issue proceeds and fraud are misplaced and not supported by the record.
- (h) The Company, originally incorporated as Kalgi India Pvt. Ltd. on July 14, 2005, is a wholesaler and manufacturer of gold, gold ornaments, silver / silver jewellery, diamonds & gemstones jewellery, gemstones and allied articles. It has launched various brands.
- (i) Noticee nos. 3-9 are the promoters/directors of the Company. The Interim Order does not make any allegation qua them and they have been arraigned as parties, without any explanation of their involvement in the actions of the Company.
- (j) The Escrow Agreement contained an irrevocable consent granted by the Company to the Lead Manager, authorizing the Lead Manager to instruct the Escrow Agent regarding transfers from the Designated Account, for



specified purposes in connection with the utilization of issue proceeds. The parties had agreed on distinct formats for such instructions: the format in Annexure A2 was to be used by the Lead Manager for transfers for issue-related expenses and the format in Annexure B2 was to be used for transfers to third parties towards other objects of the IPO.

- (k) On April 30, 2024, the Company instructed Inventure to transfer the funds "towards purchase of inventory and GCP" and provided the names of the 3 entities viz. Kaveri, Maruti and Overseas along with their bank details. A copy of the email is enclosed. However, the Lead Manager inadvertently issued instructions for transfers to third parties using the format in Annexure A2 which was intended solely for issue-related expenses. This resulted in Inventure's letter dated April 30, 2024 to HDFC Bank, wrongly stating that the transfer of INR 14 crores, was for issue related expenses.
- (l) While Inventure forwarded the email containing the instructions to the Company, the Company could not immediately detect the typo error at same point in time since in substance the transfers were aligned with the objects of the issue, viz., purchase of inventory.
- (m) It was only on May 12, 2025 that Inventure wrote to the Company stating that it had wrongly used the format in Annexure A2 instead of the format in Annexure B2 to instruct HDFC to transfer of funds to the three entities for purchase inventory. It issued a revised annexure for the Company's records and stated that the same be treated as replacing the earlier instruction. A copy of said email dated May 12, 2025 has been provided to SEBI.
- (n) Between May-2024 and June-2024, the Company exchanged multiple rounds of correspondence with Maruti, about the poor quality of the gold and gold jewellery samples provided by it and ultimately cancelled the purchase orders and sought refund of the monies paid. The letters are self-explanatory and the same have been provided to SEBI.
- (o) Similar rounds of extensive correspondence were exchanged with Kaveri and Overseas. Copy of the correspondence exchanged with Kaveri and Overseas have been provided to SEBI.



- (p) On June 19 & 20, 2024, Maruti returned INR 5 Crores it had received from the Company. Further, On September 3, 2024 and September 5, 2024, Kaveri returned INR 4 Crores in two tranches of INR 2 crores each to the Company. Therefore, well prior to any SEBI investigation in the matter, approximately INR 9 Crores was returned by Kaveri and Maruti. Copy of the Company's bank statement with the relevant entries highlighted has been provided to SEBI.
- (q) Overseas, however, sought more opportunities to provide better quality of jewellery. Ultimately, since the sample provided were not up to the mark despite multiple opportunities, the Company cancelled the purchase orders in May-2025. Overseas returned INR 5 Crores to the Company between May-June 2025. A copy of the Company's Bank Statement with the relevant entries highlighted showing receipt of funds from Overseas is enclosed.
- (r) Between May-2024 and October-2024, the Company transferred INR 1.5 Crores as security deposit to Oswal in connection with the opening of a showroom at Kalakriti. The showroom got fully operational during April 2025.
- (s) On May 9, 2025, for the first time, the Company learnt that SEBI was undertaking an examination of the matter, as it sought details of "utilization of IPO proceeds with supporting documents to be provided on the same day on an urgent basis. VCL's request for additional time for filing its response was denied and SEBI issued Interim Order on May 14, 2025.
- (t) SEBI's case of alleged misutilisation of Issue Proceeds was based primarily on Inventure's letter dated April 30, 2024, authorising transfer of a part of the Issue Proceeds to the Suppliers, which stated that it was towards issue-related expenses. SEBI's case is based entirely on a mere human error committed by relevant staff of Inventure. Inventure has also accepted its error in the email dated May 12, 2025 sent to the Company. Therefore, the finding that around 70% of the Issue Proceeds was used for issue related expenses, is incorrect and belied by records.
- (u) SEBI's case that the fund transfers were effected on the date of listing and that the utilisation by the Suppliers was suspicious - is equally untenable.



SEBI passed the Interim Order without affording the Company adequate opportunity to produce documents and evidence that were in the process of being retrieved.

- (v) The funds transferred to the Suppliers were advance payment for purchase of inventory. This is evident from the fact that each of the 3 Suppliers had executed Purchase Orders issued by VCL prior to the transfer of funds for supply of gold and gold jewellery which provided for 100% payment as advance. The Suppliers were introduced to the Company by Mr. Sunil Naheta, son of Mr. Milapchandji Naheta of Jaipur, a jeweller of repute and a respected figure in the global jewellery industry. The purchase of inventory was an expressly stated object of the IPO. Therefore, there is nothing suspicious in the transfer of funds to the Suppliers for purchase of inventory.
- (w) Detailed correspondence between the Company and the Suppliers shows efforts by the Company to obtain inventory of the agreed quality for display and sale including at its Agra showroom which ultimately did not fructify leading to cancellation of the purchase orders.
- (x) The Company's efforts to seek refund of the advance yielded fruit, as each of the three Suppliers have refunded the entire amount paid to them. Two of the Suppliers (Kaveri and Maruti) refunded the monies well prior to the commencement of any examination/investigation by SEBI. Out of the INR 14 crores transferred to the Suppliers, INR 9 crores i.e. representing 65% of the Issue Proceeds, was already returned to the Company by Maruti and Kaveri between June-2024 and September-2024, well prior to SEBI commencing any examination/investigation in the matter. Overseas sought additional time to provide better quality samples. The Company engaged extensively with Overseas but, when quality concerns persisted, it cancelled the purchase order in May 2025. Overseas refunded the monies between May-2025 and June-2025.
- (y) There is no evidence of any nexus between the Company, its promoters/directors, and the Suppliers, nor any indication that the Suppliers had connections with IPO subscribers. There is no evidence whatsoever



that the Company had any insight into or control over the manner in which the Suppliers used funds since they are independent entities with their own management. Therefore, the fact that the funds were withdrawn by them or used by them, cannot possibly be attributed to the Company.

- (z) Therefore, the charge of diversion of funds, contrary to the objects of the issue, is untenable. SEBI's case that the Issue Proceeds were not applied for opening the showroom in Agra is also untenable as the store has become operational since April-2025.
 - (aa) Following cancellation of the original purchase orders with the Suppliers, the Company placed fresh orders with other suppliers. A total of INR 14 Crores from the Issue Proceeds has been utilised towards purchase of inventory, which is also substantiated by bank statements.
21. Noticees 1 and 3 to 9 have referred to the order of Hon'ble SAT in the matter of Tijaria Polypipes Vs. SEBI (Appeal no. 372 of 2014, Order dated September 23, 2016) which held that a direction by SEBI to call back the IPO proceeds without examining the evidence of transaction led to miscarriage of justice. They have also referred to the judgment of Hon'ble Calcutta High Court in the matter of Sanjiv Jajodia vs. Ananta Kumar Sethi [(2011) 3 Cal LJ 611] dealing with the liability of a director for mis-statement in prospectus. They have also referred to order of Hon'ble SAT in Vipul Mohan Joshi vs. SEBI (Appeal No. 105 of 2019, Order dated November 07, 2019) which held that suspicion cannot be conflated with fraud. Lastly, they have referred to the judgment of the Hon'ble Supreme Court in the matter of Hindustan Steel Ltd. Vs. State of Orissa [1969 (2) SCC627] which held that a penalty should not be imposed for the sake of it but should be there to achieve a specific purpose.
22. The submissions made by Noticee nos. 2 (Inventure) are summarized below:
- (a) Inventure denies that it has contravened any provisions of law as set out in the Interim Order or otherwise. It also denies all the allegations in the Interim Order.
 - (b) SEBI ought not to have passed the Interim Order, without giving Inventure an opportunity to be heard as prima facie there was no case to pass the ex



parte Interim Order. The Interim Order is disproportionate to the violations alleged, contrary to the established principles of law.

- (c) The role played by Inventure is that of a merchant banker. It only acted as per the agreement with the Issuer Company and transferred funds to the said entities on their explicit written instructions.
 - (d) The Escrow Agreement contemplated inter alia that Inventure had the right to issue instructions to make payments to specific parties prior to release of funds to the Company from the public issue account and the instructions for the same were to be given in the format contained in Annexure B2 (Clause 3.2.3.4 (vii)).
 - (e) Inventure merely issued the instructions in an incorrect format of Annexure A2 rather than Annexure B2. The fact that these sums were not issue related expenses is clear from the fact that paragraph 5 of the interim order itself records that the issue related expenses were INR 42.91 Lakhs.
 - (f) SEBI ought not to have passed directions against Inventure without allowing it to be heard, given that all the issues were old and there was no urgency to pass any ex parte interim directions. The allegation, at best, is one of making a clerical error in issuing the wrong form to HDFC Bank. The same is a purely human error, which was not fatal.
 - (g) There is not an iota of evidence to even suggest that Inventure is connected to any of the alleged transferee entities.
23. Noticee no. 2 has also cited the judicial pronouncements in the matters of North End Foods Marketing Pvt. Ltd. Vs. SEBI (SAT Appeal No. 80 of 2019, Order dated March 12, 2019); Excel Corp Care Ltd. Vs. CCI & Anr. [(2017) 8 SCC 47] and Andhra Pradesh Dairy Development Fed. Vs. B. Narasimha Reddy and Others [(2011) 9 SCC 286] on the issues of urgency and proportionality.

CONSIDERATION OF ISSUES AND FINDINGS

24. At the outset, I note that the scope of the present proceedings before me at this stage, when detailed investigation in the matter is yet to be concluded, is limited to considering whether Noticees have been able to effectively rebut the *prima*



facie findings recorded in the Interim Order. Keeping the same in mind, I now proceed to consider the issues.

25. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by Noticees in their replies and during personal hearing. I have also considered the judicial pronouncements cited by them in their replies.
26. The allegation arising out of *prima facie* findings in the Interim Order is that the Company raised a total of INR 20.10 Crore through its SME IPO out of which a total of INR 14 Crore was paid to three entities, viz., Maruti, Kaveri and Overseas. The payments were released by the Bank on the instructions of the Merchant Banker, Inventure, which issued such instructions to HDFC Bank vide a letter dated April 30, 2024. It was stated in the instruction issued by Inventure that the said payments pertained to '*amounts due from the Company as Issue management fees, underwriting and selling commissions, Registrar fees, and other IPO related expenses*'. As per disclosures made in the Prospectus, issue-related expenses amounted to only INR 42.91 Lakh, whereas the said letter showed that INR 14 Crore was paid as "Issue management fees, underwriting and selling commissions, Registrar fees, and other IPO related expenses."
27. I note that the *prima facie* findings of examination by SEBI have given rise to allegations of diversion of IPO proceeds by the Company, in complicity with the merchant banker, Inventure.
28. I note that Noticees 1 and 3 to 9 have denied the allegation of diversion of IPO proceeds, as alleged in the Interim Order. They have submitted that the payments to Kavery, Maruti and Overseas were made for purchasing inventory for Company's business, which was as per the objects of the IPO. The payments were made as advance to the said suppliers for purchase of gold and jewellery. Purchase Orders were also issued to the said entities prior to the transfer of funds, which envisaged 100% advance payment. Accordingly, the fund transfers were in accordance with, and directly relatable to, the stated objects of the issue, namely, purchase of inventory.



29. The Noticees have submitted that the funds transferred to the Suppliers was returned to the Company, since Company cancelled the purchase orders as the sample gold and gold jewellery supplied by the Suppliers failed to meet the agreed quality standards. The Noticees have submitted that Maruti returned INR 5 Crores during June 2024 and Kaveri returned INR 4 Crores in September 2024 itself, which was well prior to any SEBI investigation in the matter and the Interim Order.
30. The Company has further submitted that Overseas had sought more opportunities to provide better quality of jewellery. However, since the sample provided were not up to the mark despite multiple opportunities, the Company cancelled the purchase orders to Overseas in May-2025 and thereafter, Overseas returned INR 5 Crores to the Company between May-June 2025.
31. The Noticees have further submitted that neither the Company nor the other Noticees, have any insight into, or control over, the utilisation of funds received by the Suppliers, once transferred. Further, there is no allegation or any evidence to suggest that these entities are in any manner connected with the Company, its promoters or subscribers to the IPO.
32. The Noticees have also submitted that the Company had transferred INR 1.5 Crores as security deposit to Oswal in connection with the opening of a showroom at Kalakriti, which got fully operational during April 2025.
33. Further, the Noticees have submitted that Inventure's letter dated April 30, 2024, authorising transfer of a part of the Issue Proceeds to the Suppliers, which stated that that it was towards issue-related expenses, was a mere human error committed by relevant staff of Inventure. Inventure has also accepted its error in the email dated May 12, 2025 sent to the Company. Therefore, the finding that around 70% of the Issue Proceeds was used for issue related expenses, is incorrect and belied by records.
34. I have considered all the submissions made by the Company. I note that the Company has provided bank statements in support of its submissions that it had received back funds totalling INR 14 Crore paid to Maruti, Kaveri and Overseas.



From the bank statements, it appears that the Company had received back funds totalling INR 9 Crore from Maruti and Kaveri by September 2024, which was well before issuance of the Interim Order. Further, the funds paid to Overseas also appear to have been received back by the Company, although the same happened after issuance of the Interim Order.

35. In order to verify the authenticity of the said bank statements, emails were sent to concerned bank, which provided the bank statement of the relevant account. It is noted that the statement provided by the Company tallied with the statement obtained directly from the bank.
36. I note that the Interim Order was primarily issued keeping in view the payments made to the three entities, which *prima facie*, appeared to be diversion of IPO proceeds. Considering that the Company has been able to show that it had received back the entire funds from the said entities, with a major portion of the same having been received even prior to the issuance of Interim Order, the Noticees have been able to rebut the *prima facie* finding that the Company's funds were diverted.
37. As regards allegation that Inventure (Noticee no. 2) was involved in diversion of funds in the name of issue related expenses, I note that Inventure has contended that it merely issued the payment instructions vide letter dated April 30, 2024 in an incorrect format of Annexure A2 rather than Annexure B2 and that the sums were not issue related expenses. It has further contended that the allegation, at best, is one of making a clerical error in issuing the wrong form to HDFC Bank, which was a purely human error and not fatal.
38. I note that, at this stage, there is no other *prima facie* finding against Inventure, except that it issued payment instructions categorizing the payments as issue related expenses, which it has contended to be a clerical error.
39. Considering that the *prima facie* finding pertaining to diversion of funds which formed the basis of issuance of Interim Order has been rebutted by Noticee nos. 1 and 3 to 9 as of now and also considering that submissions of Inventure are supported by other Noticees, I find that, at this stage, the balance of convenience



lies in favour of Noticees in so far as the issue of vacation of interim directions is concerned. Accordingly, I am inclined to accept Noticees' request for vacation of the interim directions.

40. However, notwithstanding the above, I note that certain concerns regarding the authenticity and purpose of Company's transaction with the said three entities and the doubts regarding the role of Inventure as a merchant banker still remain.
41. The Noticees have submitted copies of various letters purportedly exchanged between the Company and the three entities, viz. Maruti, Kaveri and Overseas, regarding purchase orders, their cancellations and refund of money. During the hearing, the Noticees were *inter alia* asked to furnish records showing mode and timestamp of the Company's communication with the three entities to whom the IPO proceeds were paid, regarding return of money. In this regard, the Noticees vide letter dated December 15, 2025 have *inter alia* submitted that the correspondences with the said three entities were hand delivered by Mr. Sunil Naheta / staff who were co-ordinating with the parties. It does not appear normal that the Company was interacting with three entities, to whom it had collectively paid INR 14 Crore, only through exchange of physical letters, which were hand delivered. The absence of any record authenticating the date and time of receipt of such letters raises suspicion and this issue needs to be looked into further.
42. During the hearing, the Company was also asked to comment on the observation in the Interim Order that Kaveri, to which payment was made out of IPO proceeds, was engaged in agricultural activity. In this regard, the Company has submitted that the said entity was introduced by Mr. Sunil Naheta, a jeweller of repute. Considering his standing, the Company believed that he had conducted requisite due diligence. The Company has further stated that the registration certificate of Kaveri showed that it was engaged in the business of *Agriculture Products, Material and Trading*. The Company has contended that the said categories included trading in jewels and jewellery. However, applying the principle of *ejusdem generis*, it appears to me that the abovementioned words used in the said certificate imply trading in agricultural goods and material only



and not jewels and jewellery. The business activities of Kaveri need further examination.

43. Further, it is noted from Company's submissions that following cancellation of the original purchase orders with the Suppliers, the Company placed fresh orders with other suppliers and a total of INR 14 Crores from the Issue Proceeds has been utilised towards purchase of inventory. I note that while the Company had received the funds from the three entities referred to above, the Company has further incurred expenses of INR 14 Crore purportedly on inventory. This aspect also needs to be examined.
44. As regards concerns regarding role of Inventure, I note that while the Interim Order does not allege any connection between Inventure and the three transferee entities, the fact that the Escrow Agreement contemplated *inter alia* that Inventure had the right to issue instructions to make payments to specific parties prior to release of funds to the Company from the public issue account appears out of normal. It is baffling as to why a merchant banker would retain the right to transfer money to third parties out of escrow account rather than transferring the IPO funds directly to the issuer company's account. In this regard, it is pertinent to refer to the provisions of regulation 272 of the ICDR Regulations dealing with release of subscription money. This issue also needs further examination.
45. I note that a detailed investigation in this matter is already in progress. The same shall examine all the aspects of the matter comprehensively, which shall also include the following:
- (a) Authenticity of exchange / delivery of physical letters between the Company and three entities, viz., Maruti, Kaveri and Overseas.
 - (b) Authenticity of business activities of Kaveri
 - (c) Purported utilization of INR 14 Crores received back from Maruti, Kaveri and Overseas for purchase of jewellery / inventory, as claimed by the Company.
 - (d) The role of Inventure in transferring IPO proceeds from Escrow Account to third parties before crediting the IPO proceeds to the Company's account.
 - (e) Veracity of Company's claims regarding role played by Mr. Sunil Naheta.



46. Based on the final findings of the detailed investigation in this matter, appropriate course of action would be taken, including initiation of enforcement action, if any.

ORDER

47. In view of the above, I, in exercise of the powers conferred upon me under sub-sections (1) and (4) of section 11 and sub-section (1) of section 11B read with section 19 of the SEBI Act, 1992, hereby vacate the directions issued vide the Interim Order dated May 14, 2025 qua Noticees.
48. The observations made in the present Order are tentative in nature, pending detailed investigation. The detailed investigation shall be carried out without being influenced by any of the directions passed or any observation made either in the Interim Order or in the present Order other than the line of investigation suggested in this order. Based on the outcome of the detailed investigation, appropriate action shall be taken in accordance with law.
49. This Order shall take effect immediately and shall be in force until further orders.
50. A copy of this order shall be served upon Noticees, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

DATE: DECEMBER 29, 2025

PLACE: MUMBAI

KAMLESH CHANDRA VARSHNEY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA