

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/68003	Date: May 14, 2025
Circular Ref. No: 473/2025	

To All NSE Members,

Sub: SEBI Interim order in the matter of Varyaa Creations Limited.

This is with reference to SEBI vide order no WTM/AB/CFD/CFD-SEC-3/31401/2025-26 dated May 14, 2025, wherein SEBI has restrained following entity from accessing the securities market, either directly or indirectly, in any manner whatsoever until further orders.

Sr. nos.	Noticee	PAN
1	Varyaa Creations Limited	AACCK6166A

The detailed order is available on SEBI website (<https://www.sebi.gov.in/enforcement.html>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

<https://www.nseindia.com/regulations/member-sebi-debarred-entities>

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in



National Stock Exchange of India

**For and on behalf of
National Stock Exchange of India Limited**

**Sandesh Sawant
Senior Manager**

Annexure: SEBI Interim order in the matter of Varyaa Creations Limited.

SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992

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)

In the matter of Varyaa Creations Limited**Background**

1. Varyaa Creations Limited (VCL/Company), having its registered office at 11, 3rd Floor, Kailash Darshan, Gamdevi, Mumbai, is primarily engaged in wholesale trading of precious metals, and manufacture and sale of jewellery. The Company came 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 Merchant Banker Services Private Limited (Inventure) acted as the Lead Manager to the issue.

2. SEBI, while carrying out a routine inspection of the activities of the Inventure noticed certain irregularities in the IPO process of VCL and initiated an inquiry in the matter. It was noted that initially First Overseas Capital Limited (FOCL) was to have acted as the Lead Manager to the issue. However, subsequent to certain observations made by BSE, Inventure was appointed as the Lead Manager.
3. The IPO, which was a fixed-priced issue, was priced at ₹150 per share and raised ₹20.10 Crore, by way of a fresh issue of shares. The details of the public issue made by VCL are given in the Table below:

Name	Varyaa Creations Limited		
Segment and Platform	BSE SME Platform		
Issue opening date	April 22, 2024		
Issue closing date	April 25, 2024		
Issue type	Fixed Price issue		
Issue Price	INR 150/- per share		
Issue size (value)	INR 20.10 Crore (Fresh Issue- Gross basis)		
Issue size (no. of shares)	13,40,000 equity shares		
No. of times the issue was subscribed	Retail Individual Investors-3.45 times Non-Retail Investors- 3.47 times Market maker-1 time Overall-3.33 times		
Date of Listing and Trading Approval	Listing approval- April 29, 2024 Trading Approval- April 29, 2024 Date of commencement of Trading – April 30, 2024		
Lock in details at the time of filling of Prospectus	Category	No. of Shares	Lock in upto (date)
	Promoter &	24,50,000	May 14, 2025
	Promoter Group	10,00,000	May 14, 2027
	Total	34,50,000	

4. 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 (₹ 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 the Company (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 (₹ Cr.)	Deposit (₹ 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 can be noted from the Table above that more than 70% of the issue proceeds (₹14 Crore) were transferred to three entities 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 (Copy of the letter is placed as an Annexure to this Order). 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.
8. The Lead Manager replied on the same day and submitted that the transfer of funds to Kaveri Corporation, Maruti Corporation, and Overseas Metal and Alloys Pvt. Ltd., were made in furtherance of the objects of the issue as stated in the Prospectus—namely, purchase of inventory and general corporate purposes.
9. The Company, in its response submitted vide email dated May 09, 2025, however, failed to provide any explanation for the aforesaid transfers, and instead sought additional time, stating that its accounts team and statutory auditor were unavailable until May 14, 2025.
10. This request was denied by SEBI on the same day considering that the lock-in period on a portion of the promoters' shareholding was set to expire on May 14, 2025.
11. The Company was advised to submit its reply by May 12, 2025. The Company failed to submit its response by the said date and, instead, once again stated that its accounts personnel had not yet resumed work due to ongoing holidays.
12. In view of the explanation furnished by the Lead Manager—that the transfers to Kaveri Corporation, Maruti Corporation, and Overseas Metal and Alloys Pvt. Ltd. were made towards the objects of the issue—and considering that the 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.

13. The inquiry initiated in the matter is ongoing. As on date, only the bank statements of Kaveri Corporation and Overseas Metal and Alloys Private Limited have been received by SEBI. The observations from the analysis of the banks statements of the aforesaid two entities are given below:

Kaveri Corporation

14. The observations from the analysis of the bank account of Kaveri Corporation maintained with Ahmedabad Branch of IDFC Bank are provided below:
- It was noted from the KYC documents that Kaveri Corporation 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 F/18, Murudul Tower, 10 Kailesh Society, H K House Lane, Ashram Road, Navrangpura, Ahmedabad – 380009, Gujarat.
 - Analysis of the bank statements of Kaveri Corporation revealed that an amount of ₹4.00 Crore was credited to the account on April 30, 2024, at 16:27 hrs, originating from the issue account of VCL maintained with HDFC Bank. Subsequently, the entire amount was withdrawn in cash on the same day at 16:43 hrs, within 16 minutes after the funds were received. The relevant portion of the bank statement is given below:

Trans Date and Time	Value Date	Transaction Details	Cheque No	Debit	Credit	Balance
30/04/24 16:27	30/04/24	RTGS/HDFCR52024043052962425/57500 001383538 VARYAA CREATION/HDFC0000240			40,000,000.00	45,428,503.18Cr
30/04/24 16:43	30/04/24	CASH WITHDRAWAL: CHEQUE NO. 000079/Cash Paid To Ma	000079	40,000,000.00		5,428,503.18Cr

15. As stated earlier, the bank statement of Maruti Corporation is not available at this stage. However, analysis of Kaveri Corporation's bank statement revealed that an amount of ₹5.00 Crore was received by Kaveri Corporation from Maruti Corporation on April 30, 2024, at 16:58 hrs. This corresponds to the same amount that was transferred to Maruti Corporation from the IPO proceeds earlier that day from the HDFC Bank account in Mumbai. The funds received from Maruti Corporation were subsequently withdrawn in cash by Kaveri

Corporation at 17:05 hrs on April 30, 2024. A snapshot of Kaveri Corporation's bank statement reflecting this transaction is provided below:

Trans Date and Time	Value Date	Transaction Details	Cheque No	Debit	Credit	Balance
30/04/24 16:58	30/04/24	RTGS/GSCBR52024043019630294/MARU TI CORPORATION/GSCBOGUMCO1			5,000,000.00	10,428,503.18Cr
30/04/24 17:05	30/04/24	CASH WITHDRAWAL: CHEQUE NO. 000081/Cash Paid To Ma	000081	10,000,000.00		428,503.18Cr

16. From the analysis above, it prima facie appears that ₹9 Crore from the IPO proceeds was credited to the bank account of Kaveri Corporation and withdrawn in cash on April 30, 2024 - the very day the Company was listed.

Overseas Metal and Alloys Pvt Ltd

17. On examining the statement of bank account of Overseas Metal and Alloys Pvt. Ltd. maintained with Ahmedabad Branch of Indian Bank, it was noted that ₹5 Crore was received from the issue account of VCL on April 30, 2025. Subsequently, on the next day (May 01, 2024), Overseas Metal and Alloys Pvt. Ltd. transferred ₹4,98,50,000 in two tranches of ₹2,49,25,000 to 'transpaacific'. Extract from the bank statement of Overseas Metal and Alloys Pvt. Ltd. is given below:

Post Date	Value Date	Details	Chq.No.	Debit	Credit	Balance
30/04/24	30/04/24	RTGS/HDFC/HDFCR52024043052962427/57500001/ /BRANCH : MUMBAI FORT			50000000.00	50005753.00Cr
01/05/24	01/05/24	transpaacific /BRANCH : VASTRAPUR 445074	24925000.00			25080753.00Cr
01/05/24	01/05/24	transpaacific /BRANCH : VASTRAPUR 445073	24925000.00			155753.00Cr

Further observations in respect of the above transfer is given in subsequent paragraphs.

18. The above fund flow is in clear variation to the disclosures made in the Prospectus, which stated that ₹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, ₹5.50 Crore was to be allocated for capital expenditure and ₹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.

19. No disclosure was made regarding any payment to Kaveri Corporation, which is a sole proprietorship based in Ahmedabad, Gujarat, engaged in agricultural activity, or Overseas Metal and Alloys Pvt. Ltd., also based in Ahmedabad. The absence of any business connection between the stated Agra showroom and the Gujarat-based Kaveri Corporation and Overseas Metal and Alloys Pvt. Ltd, coupled with the immediate onward transfer or withdrawal of funds in cash, undermines the explanation offered and casts serious doubt on the authenticity and purpose of these transactions.
20. The aforesaid acts which prima facie appear to have been undertaken by the Lead Manager in cahoots with Company attract the provisions of Section 12A(a),(b) and (c) of the SEBI Act and Regulation 4(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practises related to the Securities Market) Regulations, 2003.
21. It may also be noted in this regard that a similar *modus operandi* was prima facie observed in the Initial Public Offering of Synoptics Technologies Limited wherein SEBI passed an Interim Order dated May 06, 2025. FOCL, the Lead Manager who handled the IPO of Synoptics, was also initially appointed by the Company for the present issue. Further, as noted earlier in this Order, one of the recipient entities had transferred the funds received from the issue proceeds to an entity which could be identified from the bank statement as 'transpaacific'. Incidentally, Transpaacific Shipping and Resources Private Limited, was one of the entities to which proceeds of IPO of Synoptics Technologies Limited were transferred on the instructions of FOCL. The links, if any, in this respect, need further examination.

Need for Interim Directions

22. Given the prima facie findings set out above, interim directions are warranted in the matter for the following reasons:
 - a. The lock-in period applicable to a portion of the promoters' shareholding expires today, May 14, 2025, and there is a risk of the promoters offloading the shares held by them in VCL while the inquiry into the end-use of IPO proceeds is ongoing.

- b. The Company has approved a proposal in April 2025 to raise an additional ₹35 Crore through a rights issue. While material concerns regarding diversion of funds raised through the IPO remain unresolved, further fundraising from public shareholders cannot be permitted. It is surprising to note that VCL has now planned to raise an amount that is far more than the amount already raised from the public, within 13 months from its IPO.
 - c. The funds transferred to third parties in the guise of issue related expenses on the instruction of the Lead Manager account to over 71% of the IPO proceeds, which is much higher than the issue related expenses disclosed in the Prospectus. Given the same, Inventure needs to be restrained from taking up new assignments as a Lead Manager, pending conclusion of the inquiry in this matter.
23. The balance of convenience lies in restraining the promoters from offloading their shares and restricting the Company from taking further corporate actions, rather than risking irreparable harm to public investors and market confidence. Further, the role of the Lead Manager, on whose instructions, the funds were transferred out of the issue account to entities which prima facie appear to be not connected to the Company, also requires further inquiry.
24. On a concluding note, it has to be mentioned that over the past year, SEBI has had to repeatedly intervene in cases, especially in the SME segment, where IPO proceeds were misutilised or siphoned off. The task often feels Sisyphean—but when confronted with facts that strike at the very heart of investor protection and market integrity, SEBI's hands are forced. Inaction is not an option.
25. The stock exchanges, BSE and NSE, are advised to take note of SEBI Orders passed in respect of companies which got listed on the SME Segment, and exercise due care and diligence while permitting listing. Instances like the present one, where the Company barely got access to 30% of the issue proceeds cannot definitely be in the interest of the investors in the securities market.

Order

26. Keeping in view the foregoing factual deliberations recorded in the preceding paragraphs and in order to protect the interests of shareholders of VCL and and the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4), and 11B(1) read with Section 19 of the SEBI Act, 1992 hereby issue, by way of this interim order, the following directions, which shall be in force until further orders: -
- (a) The shareholding of the Noticees 3 to 9 in Varyaa Creations Limited shall stand frozen till further directions.
 - (b) Noticee 1 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.
27. The foregoing *prima facie* observations contained in this order, are made on the basis of the material available on record. The Noticees may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.
28. The above directions shall take effect immediately and shall be in force until further orders.
29. 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: MAY 14, 2025

PLACE: MUMBAI

**ASHWANI BHATIA
WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure

ANNEXURE A2

FORM OF INSTRUCTIONS TO THE BANKER(S) TO THE ISSUE

Date: 30-04-2024

To:
HDFC BANK LIMITED

From:
Inventure Merchant Banker Services Private Limited

Copy:
VARYAA CREATIONS LIMITED
Dear Sirs,

Re: Public Issue Account of VARYAA CREATIONS LIMITED and Public Issue Account Agreement Dated April 02, 2024

Account Name - **VARYAA CREATIONS LIMITED-PUBLIC ISSUE AC**

Account No : **57500001383538**

Pursuant to Section 3.2.3.3 and Section 3.2.3.4 of the Public Issue Account Agreement dated April 02, 2024, we hereby instruct you to transfer on 30-04-2024, from public issue account bearing account name and number "VARYAA CREATIONS LIMITED-PUBLIC ISSUE AC and 57500001383538" to the following bank accounts amounts due from the company as Issue management fees, underwriting and selling commissions, Registrar fees, and other IPO related expenses:

Beneficiary Name	Amount (In Rs.)	Beneficiary's Bank Name	Beneficiary Account No.	Beneficiary Bank Address	IFSC Code
Kaveri corporation	40000000	IDFC FIRST BANK LIMITED	10171439210	AHMEDABAD	IDFCB0040301
Maruti Corporation	50000000	GUJARAT MERCANTILE CO OP BANK LTD	251111101003198	AHMEDABAD	GSCB0GUMC01
OVERSEAS METAL AND ALLOYS PVT LTD	50000000	INDIAN BANK	7545988034	BODEKDEV, AHMEDABAD	IDIB000S156

Capitalized terms not defined herein shall have the same meaning as assigned to them in the Public Issue Account Agreement.

Kindly acknowledge the receipt of this letter.

Inventure Merchant Banker Services Private Limited


Arvind Gala
Principal Officer

