

**QUASI-JUDICIAL CELL – 2**

**April 28, 2026**

*By SPAD & e-mail*

| Noticee No. | Name of the Noticee                               | PAN         | Address                                                                                                                                                                                                                                     | SCN No.   |
|-------------|---------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1.          | Nidan Laboratories & Healthcare Limited (NLHL)    | AADCA4257H  | SY No. 294/A H. No. 18, Swapnshilpa, Behind Aarti Apartment, Vartak Road, Virar (W), Thane, Mumbai, Maharashtra – 401 303.<br><a href="mailto:cs@nidanhealthcare.co.in">cs@nidanhealthcare.co.in</a>                                        | DIS/11156 |
| 2.          | Roshan Nitin Thorve (Promoter and CEO of NLHL)    | ABYPT3619F  | Swapnashilp Bungalow, Vartak Road, Behind Arti Apartment, Virar West, Maharashtra - 401 303<br><a href="mailto:roshnitin1000@gmail.com">roshnitin1000@gmail.com</a>                                                                         | DIS/11144 |
| 3.          | Nitin Vitthalrao Thorave (Promoter & CEO of NLHL) | ACBPT2601D  | SY No. 294/A H. No. 18, Swapnshilpa, Behind Aarti Apartment, Vartak Road, Virar (W), 401 303<br><a href="mailto:drnitinthorve@gmail.com">drnitinthorve@gmail.com</a>                                                                        | DIS/11147 |
| 4.          | Tejal Anil Jayakar (CFO & Director of NLHL)       | AMEPJ7971M  | SY No. 294/A H. No. 18, Swapnshilpa, Behind Aarti Apartment, Vartak Road, Virar (W) - 401 303<br><a href="mailto:cfo@nlhlhealthcare.co.in">cfo@nlhlhealthcare.co.in</a> ;<br><a href="mailto:tejalnidan@gmail.com">tejalnidan@gmail.com</a> | DIS/11153 |
| 5.          | Edwin Dabre (Executive Director of NLHL)          | ALHPD2999R  | Room No.-104,Gangubhai Apartment, Umrula Nanbhat Road, Virar West, Bolinj, Thane Maharashtra – 401 303<br><a href="mailto:edwindabre@gmail.com">edwindabre@gmail.com</a>                                                                    | DIS/11151 |
| 6.          | Junnar Sugars Limited                             | AACCCJ5194P | Shop No.28/31, Second floor, Thakur Arcade, above Viva Super Market, Virar Thane Maharashtra – 401 303<br><a href="mailto:tejal@nidangroup.in">tejal@nidangroup.in</a>                                                                      | DIS/11148 |
| 7.          | Amol Hanumant Nikam                               | AHMPN3240N  | 52, Mahagaon, Prabhachiwadi, Pawana Nagar, Mawal, Pune, 410 406<br><a href="mailto:amol_nikam456@rediffmail.com">amol_nikam456@rediffmail.com</a> ;<br><a href="mailto:jivaneshvar@gmail.com">jivaneshvar@gmail.com</a>                     | DIS/11149 |
| 8.          | Avishkar Impex Private Limited (AIPL)             | AAECA7330G  | Office No. 218, 2nd Floor, Stadium House, Opp. Saradar Patel Swimming Pool, Navrangpura, Ahmedabad, Gujarat - 380 009<br><a href="mailto:aavishkar83@gmail.com">aavishkar83@gmail.com</a>                                                   | DIS/11141 |



| Noticee No. | Name of the Noticee                                                     | PAN        | Address                                                                                                                                                                                                                                                             | SCN No.   |
|-------------|-------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 9.          | Kamlesh Mandaliya<br>(Director of AIPL & Signatory to MoU)              | AJGPM1688M | C-7, Bijal Apartment, Nr. Panchvati Ellisebridge, Gujarat – 380 006<br><a href="mailto:aaryavart.commodities@gmail.com">aaryavart.commodities@gmail.com</a>                                                                                                         | DIS/11146 |
| 10.         | Hanumant Narayan Nikam                                                  | AFQPN2829F | 52, Mahagaon, Prabhachiwadi Pawana Nagar, Mawal, Pune, 410 406                                                                                                                                                                                                      | DIS/11142 |
| 11.         | Oval Enterprises Pvt. Ltd (OEPL)                                        | AADCO4543N | 711-G, Titanium City Centre, Near Sachin Tower, Anandnagar, Ahmedabad, Gujarat, India – 380 015<br><a href="mailto:ovalenterprise80@gmail.com">ovalenterprise80@gmail.com</a>                                                                                       | DIS/11155 |
| 12.         | Bharatkumar Govindbhai Patel<br>(Director of OEPL & Signatory to MoU)   | ALQPP0295B | F -301, Ganesh Vihar, Near Galaxy Banglows, Nikol Gujarat - 382 330<br><a href="mailto:ovalenterprise80@gmail.com">ovalenterprise80@gmail.com</a>                                                                                                                   | DIS/11154 |
| 13.         | RHC Global Exports Pvt. Ltd. (RGEL)                                     | AAJCR3808D | Plot No 278-B, SEZ, Sachin, Surat Gujarat - 394 230<br><a href="mailto:accounts@rhcglobalexports.com">accounts@rhcglobalexports.com</a>                                                                                                                             | DIS/11140 |
| 14.         | Rahil Hiteshbhai Chavatia (Director of RGEL & Signatory to MoU)         | BAWPC1525P | Plot No 278-B, SEZ, Sachin, Surat Gujarat - 394 230<br><a href="mailto:rahil.chovatiya@outlook.com">rahil.chovatiya@outlook.com</a> ;<br><a href="mailto:hiteshshah22@hotmail.com">hiteshshah22@hotmail.com</a>                                                     | DIS/11150 |
| 15.         | Rockhard Metals Pvt. Ltd (RMPL)                                         | AAKCR9451K | 1012-B, Titenium City Centre, Near Sachin Towers, Anandnagar, Satellite, Ahmedabad Gujarat - 380 015<br><a href="mailto:rockhardmetals265@gmail.com">rockhardmetals265@gmail.com</a>                                                                                | DIS/11138 |
| 16.         | VC Metals Pvt. Ltd (VMPL)                                               | AAICV0233H | GF/Q, Mondel Square, Opp. Prahladnagar Garden, S.G. Highway, Ahmedabad, Gujarat - 380 015<br><a href="mailto:metalsvc898@gmail.com">metalsvc898@gmail.com</a>                                                                                                       | DIS/11139 |
| 17.         | Vipul Bhikubhai Patel<br>(Director of RMPL & VMPL and Signatory to MoU) | BGJPP3101M | 1012-B, Titenium City Centre, Near Sachin Towers, Anandnagar Satellite, Ahmedabad Gujarat - 380 015<br><a href="mailto:vipulpatel198984@gmail.com">vipulpatel198984@gmail.com</a> ;<br><a href="mailto:rockhardmetals265@gmail.com">rockhardmetals265@gmail.com</a> | DIS/11145 |
| 18.         | First Overseas Capital Limited (Merchant Banker)                        | AAACL4737A | Bhupen Chambers Ground Floor, Unit-I, Dalal Street, Fort, Mumbai - 400 001<br><a href="mailto:mb@focl.in">mb@focl.in</a>                                                                                                                                            | DIS/11143 |
| 19.         | Akshay Joshi                                                            | AMYPJ4569R | C/19 Monidan Apartment, Mulgaon Road, Near Mulgaon Church, Vasai West – 401 201<br><a href="mailto:akshay1joshi1@gmail.com">akshay1joshi1@gmail.com</a>                                                                                                             | DIS/11152 |

*The aforesaid entities are hereinafter individually referred to by their respective names/ Noticee Numbers and collectively as "the Noticees".*

**Show Cause Notice under Sections 11(1), 11(4), 11B (1), 11B (2) of the Securities and Exchange Board of India Act, 1992, read with Rule 4(1) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules 1995, in the matter of Nidan Laboratories & Healthcare Limited**

**Background:**

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) conducted an investigation into the utilisation of the proceeds of the Initial Public Offer (“IPO”) by Nidan Laboratories & Healthcare Limited (hereinafter referred to as “NLHL” / “the company”) vide Prospectus dated October 23, 2021, (hereinafter referred to as “the prospectus”) to examine if there was any deviation in utilization of the IPO proceeds from the disclosures made in the prospectus, in violation of the provisions of, *inter alia*, Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as “ICDR Regulations”), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations”), and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “LODR Regulations”), if any. The company came out with the IPO in 2021 and listed on the NSE’s Emerging platform on November 12, 2021. Hence, the period of FY 2021-22, FY 2022-23, and FY 2023-24 is being considered as Investigation Period (hereinafter referred to as the “Investigation Period / IP”). However, reference has been made to outside the IP wherever required.

2. During the IP, the management of NLHL was as under:

| DIN(PAN)                 | Name                                 | Designation                                       | Appointment Date       | End Date*  |
|--------------------------|--------------------------------------|---------------------------------------------------|------------------------|------------|
| 02689862<br>(ABYPT3619F) | Ms. Roshan Thorave<br>(Noticee No.2) | CEO<br>(Promoter)                                 | Prior to<br>23/10/2021 | 31/05/2022 |
| 07705632<br>(ALHPD2999R) | Edwin Dabre (Noticee<br>No.5)        | Executive Director<br>( Promoter )                | 13/01/2017             | Till Date  |
| 07984686<br>(AMEPJ7971M) | Tejal Anil Jayakar<br>(Noticee No.4) | Executive Director<br>( Professional )<br>and CFO | 29/09/2018             | Till Date  |
| 07978746<br>(AJUPT4896N) | Krupesh Deepak<br>Thakur             | Non – Executive<br>Director<br>(Professional)     | 26/03/2021             | Till Date  |
| 09250964<br>(ACMPN4967D) | Abhinay Shashikant<br>Nerurkar       | Non – Executive<br>Director<br>(Independent )     | 20/08/2021             | Till Date  |
| 06366702<br>(ALVPB5166E) | Nilesh Bide                          | Non – Executive<br>Director                       | 20/08/2021             | Till Date  |

Show Cause Notice in the matter of Nidan Laboratories & Healthcare Limited

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| DIN(PAN)                 | Name                                          | Designation                                              | Appointment Date       | End Date*  |
|--------------------------|-----------------------------------------------|----------------------------------------------------------|------------------------|------------|
|                          |                                               | (Independent )                                           |                        |            |
| 08395353<br>(AGSPD7385H) | Abhijeet Ramesh<br>Dhanegaonkar               | Non – Executive<br>Director<br>(Independent )            | 27/09/2023             | Till Date  |
| 00650117<br>(ACBPT2601D) | Nitin Vitthalrao<br>Thorave<br>(Noticee No.3) | CEO                                                      | 01/06/2022             | Till Date  |
| 07698480<br>(CGEPK1839H) | Karim Hakam Khimani                           | Non – Executive<br>Director<br>(Independent )            | 02/08/2021             | 15/03/2023 |
| AMYPJ4569R               | Mr.Akshay Joshi<br>(Noticee No.19)            | Company<br>Secretary                                     | Prior to<br>23/10/2021 | 11/12/2023 |
| Not Available            | Kunika Maheshwari                             | Company<br>Secretary (wef 1 <sup>st</sup><br>March 2024) | 01/03/2024             | Till Date  |

\*Data as on the date of the completion of investigation

3. Based on the investigation, it is alleged in this Show Cause Notice (“SCN”), that NLHL, mis-utilised/siphoned off Rs. 29.99 crores of IPO proceed out of the total of Rs. 50 crores raised through an initial public offering (IPO), through a scheme as detailed in this SCN and also mis-represented the figures in the Prospectus and financial statements for FY 2021-22 and 2022- 2023.

### **Factual details and allegations**

#### **I. Diversion of IPO Proceed**

4. NLHL launched a fixed-price IPO of 40,00,000 equity shares with a face value of Rs.10 each during October 28, 2021 to November 02, 2021. The issue price was Rs.125 per equity share, including a share premium of Rs.115 per equity share, aggregating to Rs.50 crores. Post IPO, the shares of NLHL were listed on the NSE on November 12, 2021.
5. The prospectus outlined a clear plan for utilizing Rs. 50 crores raised through the public issue (**Annexure – 1**). The proposed allocation included:
- Rs. 16 crores for ‘*repayment of bank borrowings*’,
  - Rs. 26 crores for ‘*additional working capital*’,
  - Rs.4.40 crores for ‘*general corporate expenses*’ and,
  - Rs. 3.60 crores to cover ‘*IPO expenses*’.
6. The investigation revealed, that out of the IPO proceeds of Rs. 50 crores, NLHL diverted an amount of Rs. 29.99 crores of the said IPO proceeds. In this regard, it was observed that the amounts proposed to be allocated for providing ‘*additional*

*working capital* and *'general corporate expense'* in the Prospectus, were not utilised for the said purpose. The same is explained in the following paragraphs.

**A. Additional Working Capital**

- a) As per the prospectus, NLHL estimated a working capital requirement of Rs. 48.98 crores for FY 2021-22, proposing to fund it through a combination of sources wherein Rs.19.39 crores to be sourced from banks and financial institutions, Rs.3.59 crores from internal accruals and Rs.26 crores from the IPO proceeds.

(The prospectus disclosed the basis for estimating its working capital requirement for FY 2021-22. The estimation was based on the company's current assets and liabilities for the previous years.)

- b) During investigation, NLHL, vide email date January 24, 2025, submitted that it disbursed Rs.28.36 crores from its IPO proceeds between November 12-15, 2021, to provide advances to Noticee No. 6, 7, 9, 10, 12, 14 and 15, collectively referred to as "**seven entities**", for opening franchises, however none could open the desired franchise and only six entities could return Rs. 23.74 Crores to NLHL. (**Annexure - 2**)
- c) The above was said to be done in accordance to one resolution passed by both the Board of Directors and Audit Committee of NLHL in their meetings held on October 07, 2021.
- d) NLHL, vide the said email date January 24, 2025, also provided breakup of the aforesaid disbursement to the seven entities alongwith the agreements entered between them and NLHL as tabulated below:

| Date of transfer (after the receipt of IPO funds) | Name of entity             | Amount (in Rs.) | Purpose of Advance / Loan | Whether agreement was entered between NLHL and the entity | Amount repaid (in Rs.) |
|---------------------------------------------------|----------------------------|-----------------|---------------------------|-----------------------------------------------------------|------------------------|
| 12.11.2021                                        | Amol Hanumant Nikam        | 1 crore         | Working Capital           | No                                                        | 1 crore                |
| 15.11.2021                                        | Avishkar Impex Pvt. Ltd.   | 7.5 crores      | Working Capital           | Yes                                                       | 7.5 crores             |
| 12.11.2021                                        | Hanumant Naryan Nikam      | 0.12 crores     | Working Capital           | No                                                        | Nil                    |
| 12.11.2021                                        | Oval Enterprises Pvt. Ltd. | 4 crores        | Working Capital           | Yes                                                       | 4 crores               |

| Date of transfer (after the receipt of IPO funds) | Name of entity               | Amount (in Rs.)     | Purpose of Advance / Loan | Whether agreement was entered between NLHL and the entity | Amount repaid (in Rs.) |
|---------------------------------------------------|------------------------------|---------------------|---------------------------|-----------------------------------------------------------|------------------------|
| 12.11.2021                                        | RHC Global Exports Pvt. Ltd. | 7 crores            | Working Capital           | Yes                                                       | 2.5 crores             |
| 12.11.2021                                        | Rockhard Metals Pvt. Ltd.    | 5 crores            | Working Capital           | Yes                                                       | 5 crores               |
| 15.11.2021                                        | VC Metals Pvt. Ltd.          | 3.74 crores         | Working Capital           | Yes                                                       | 3.74 crores            |
| <b>Total</b>                                      |                              | <b>28.36 crores</b> |                           |                                                           | <b>23.74 crores</b>    |

e) However, upon examining the bank account statements of NLHL's A/c No. 560321000012088 with UBI Bank (**Annexure-3**), it was observed that NLHL had rather transferred Rs. 1 Crore to Mr. Hanumant Nikam and Rs. 4.30 Crores to V C Metals Pvt. Ltd from the IPO proceeds during November 12-15, 2021, instead Rs. 0.12 Cr and Rs. 3.74 Cr respectively as submitted by NLHL vide email dated January 24, 2025. Therefore, it is observed that NLHL had transferred Rs.29.80 Cr to the seven entities during November 12-15, 2021 out of the IPO proceeds.

f) Further analyses of the bank account statements of NLHL and the MoUs entered between the five out of 7 entities and NLHL (**Annexure-2**), revealed following details:

| Name of the entity               | Location | Loan/ Advance | Rate of Interest (p.a.) | Date of Disbursal | Interest Charged (in Rs.) (as per NLHL) | Actual Interest to be Charged (in Rs.) - Calculated (A*D*(I-E)) | Repayment received | Date of Repayment        |
|----------------------------------|----------|---------------|-------------------------|-------------------|-----------------------------------------|-----------------------------------------------------------------|--------------------|--------------------------|
| Amol Hanumant Nikam              | Pune     | 1             | 9%                      | 12.11.2021        | 0.10                                    | 0.21                                                            | 1                  | 28.03.2024               |
| Avishkar Impex Private Limited   | Kolkata  | 7.5           | 9%                      | 15.11.2021        | 0.70                                    | 1.57                                                            | 7.5                | 15.03.2024 to 28.03.2024 |
| Hanumant Narayan Nikam           | Pune     | 1 Cr          | 9%                      | 12.11.2021        | 0.10                                    | 0.28                                                            | 0                  | Did not receive          |
| Oval Enterprises Private Limited | Udaipur  | 4             | 9%                      | 12.11.2021        | 0.40                                    | 0.86                                                            | 4                  | 28.03.2024 to 30.03.2024 |

| Name of the entity         | Location  | Loan/ Advance | Rate of Interest (p.a.) | Date of Disbursal | Interest Charged (in Rs.) (as per NLHL) | Actual Interest to be Charged (in Rs.) - Calculated (A*D*(I-E)) | Repayment received | Date of Repayment |
|----------------------------|-----------|---------------|-------------------------|-------------------|-----------------------------------------|-----------------------------------------------------------------|--------------------|-------------------|
| RHC Global Exports Pvt Ltd | Chennai   | 7             | 9%                      | 12.11.2021        | 0.60                                    | 1.26                                                            | 2.5                | 30.03.2024        |
| Rockhard Metals Pvt Ltd    | Surat     | 5             | 9%                      | 12.11.2021        | 0.50                                    | 1.09                                                            | 5                  | 08.02.2024        |
| V C Metals Pvt Ltd         | Ahmedabad | 4.30          | 9%                      | 15.11.2021        | 0.40                                    | 0.92                                                            | 3.74               | 13.02.2024        |
| <b>Total</b>               |           | <b>29.80</b>  | <b>-</b>                | <b>-</b>          | <b>2.80</b>                             | <b>6.19</b>                                                     | <b>23.74</b>       | <b>-</b>          |

g) From the above table, it was observed that the repayment of Rs.23.74 crores was received by NLHL during February 08, 2024 to March 30, 2024. Post repayment, Rs. 6.06 crores of principle amount remained outstanding (Rs. 29.80 crores - Rs. 23.74 crores). Further, as per the MoUs, NLHL is also entitled to receive interest @9% p.a., amounting to Rs. 6.19 crores, from the seven entities; however, it was observed that none of the seven entities paid interest on the aforesaid advances availed from NLHL out of the IPO proceeds.

h) During investigation, following was observed from MoU and GST Portal details (**Annexure - 4**) with respect to the seven entities:

| S. No. | Name                                      | Address                                                                                                  | Date of MoU with NLHL                                       | Business of the entity                                                                                                                                                                                                                                                                                                                    |
|--------|-------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Amol Hanumant Nikam                       | F-145 Shop, Plot No. 47, Fntasia Multiplex, Sector 30A, Vashi, Navi Mumbai, Thane, Maharashtra – 400 703 | No MoU entered                                              | Amol Hanumant Nikam operates a proprietorship firm under the name of Shree Balaji Enterprises, with a Goods and Services Tax Identification Number (GSTIN) of 27AHMPN3240N1ZX. The entity is primarily engaged in the business of garments. However, the GSTIN Authorities have suo-moto cancelled the GSTIN of Shree Balaji Enterprises. |
| 2      | Aavishkar Impex Private Limited ('AIPL')  | Office No.218,2nd Floor, Stadium House, Opp. Sardar Patel Swimming Pool, Navrangpura, Ahmedabad          | November 15, 2021 (Stamp Paper purchase date: Sep 30, 2021) | Avishkar Impex Private Limited (AIPL) is engaged in the business of gold and diamond ornaments. The company is registered under the Goods and Services Tax (GST) with a GST Identification Number (GSTIN) of 24AAECA7330G1Z1. The MoU with NLHL was signed by Kamlesh Mandaliya, Director of AIPL.                                        |
| 3      | Hanumant Narayan Nikam                    | Mahagaon, Prabhachiwadi, Pawana Nagar, Mawal, Pune, 52                                                   | No MoU entered                                              | No GSTIN was found                                                                                                                                                                                                                                                                                                                        |
| 4      | Oval Enterprises Private Limited ('OEPL') | 711-G, Titenium City Center, Near Sachin Tower, Anand Nagar Ahmedabad Gujarat 380015                     | November 12, 2021 (Stamp Paper purchase date: )             | OEPL is engaged in the export and retail business of cultured pearls, precious metals, and stones, as well as imitation jewellery. The company is registered under the GSTIN 24AADCO4543N1Z8.                                                                                                                                             |

| S. No. | Name                                | Address                                                                                      | Date of MoU with NLHL                                           | Business of the entity                                                                                                                                                                                                                                                                                                               |
|--------|-------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |                                     |                                                                                              | October 21, 2021)                                               | The MoU with NLHL was signed by Bharatkumar Govindbhai Patel, Director of OEPL.                                                                                                                                                                                                                                                      |
| 5      | RHC Global Exports Pvt Ltd ('REPL') | Plot No.278 B.SEZ SACHIN Surat, Gujarat                                                      | November 12, 2021 (Stamp Paper purchase date: Sep 30, 2021)     | REPL is engaged in the export and retail business of precious metals and stones, as well as diamonds. The company is registered under the GSTIN 27AAJCR3808D1ZG.<br><br>The MoU with NLHL was signed by Rahil Hiteshbhai Chovatia, Director of REPL.                                                                                 |
| 6      | Rockhard Metals Pvt Ltd ('RMPL')    | Titenium City Center, 1012-B, Near Sachin Towers, Anand Nagar, Satellite, Ahmedabad, Gujarat | November 12, 2021 (Stamp Paper purchase date: Sep 30, 2021)     | RMPL is engaged in the export and retail business of cultured pearls, precious metals, and stones, as well as imitation jewelry. The company is registered under the GSTIN 24AAKCR9451K1ZV. However, GSTIN was cancelled by the GSTIN Authorities suo-moto.<br><br>The MoU with NLHL was signed by Vipul Patel, Director             |
| 7      | VC Metals Pvt Ltd ('VMPL')          | 405 D, Titenium Citi Centre, Near Sachin Towers, Anand Nagar, Satellite Ahmedabad, Gujarat   | November 12, 2021 (Stamp Paper purchase date: October 21, 2021) | VMPL is engaged in the export and retail business of cultured pearls, precious metals, and stones, as well as imitation jewellery. The company is registered under the GSTIN 24AAICV0233H1ZM. However, GSTIN was cancelled by the GSTIN Authorities suo-moto.<br><br>The MoU with NLHL was signed by Vipul Mikhabhai Patel, Director |

- i) Board of Directors (BoD) and Audit Committee (AC) of NLHL in their meetings held on October 07, 2021, passed a resolution to assist the seven entities from the IPO proceeds, i.e. even prior to the date of prospectus (October 23, 2021). Further, the details from the above table shows that NLHL purchased stamp papers for the MoUs on September 30, 2021, and October 21, 2021. The agreements were subsequently executed by NLHL with five out of seven entities, with four entities executing on November 12, 2021, and one entity on November 15, 2021. From the above, it is observed that NLHL had planned to enter into these agreements (MoUs) prior to the prospectus date (October 23, 2021) and the Initial Public Offering (IPO) opening dates (October 28, 2021, to November 2, 2021). However, despite the planned agreements, no disclosures of the proposals for these MoUs were made by NLHL in the prospectus.
- j) Though the MoUs executed between NLHL and the five entities revealed that despite the same were signed and the funds were transferred for the purpose of opening franchises for providing medical services, it was observed from the GST details that none of the seven entities had experience in medical business or medical profession. Further, all the five

MoUs stated that they had approached NLHL through a single person i.e, Mr. Mohammed Sajid Ayub Shaikh, residing at A-213, Sadabahr Mohalla, Juhu Lane, Andheri West, Mumbai – 400 058.

- k) Further, as per the MoUs, the franchise was to be named '*NIDAN's Main Centre Plus*' and was required to provide a space and purchase equipment, including MRI, Cardiac CT Scanner, Colour Doppler, X Ray, Mammography, ECG, EEG, and EMG machines. The entities were responsible for purchase of equipment, setting up facilities such as water, telephone lines, internet, and electricity. NLHL's responsibilities under the MoU included providing staff, maintaining equipment and investing in working capital, which was refundable within five years from the date of operations in five equal instalments.
- l) Therefore, it was observed that the responsibilities of NLHL, as per the MoUs, should have started after the fulfilment of the deliverables by the other party. However, from the examination of bank statement of NLHL, as detailed above, it was observed that NLHL had transferred funds to the seven entities immediately upon receipt of the IPO proceeds towards the investment as working capital. This was done in absence of any such obligation in the MoU, where it was agreed that NLHL's obligations were contingent upon the counterparties' completion of their setup obligations.
- m) The above observation was confirmed by, Mr. Nitin Vitthalrao Thorave (Noticee No.3), the promoter director of NLHL, during the statement recording on December 03, 2024, that the franchises (seven entities) did not incur any expenditure to set up the proposed franchises. (**Annexure – 5**)

n) Connection among the seven entities:

| S. No. | Name                   | Connections                                                                                                                                                                                                                                                                                                 |
|--------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | OEPL                   | 1.RMPL, VMPL, OEPL are connected to each other by way of common director Mr. Vipul Bhikhavhai Patel (DIN: 08855291 ; PAN: BGJPP3101M). DIN Master sheet from MCA website is at <b>Annexure-6</b> .<br>2.All the five entities approached NLHL through one person i.e, <u>Mr. Mohammed Salid Ayub Shaikh</u> |
| 2      | RMPL                   |                                                                                                                                                                                                                                                                                                             |
| 3      | VMPL                   |                                                                                                                                                                                                                                                                                                             |
| 4      | REPL                   |                                                                                                                                                                                                                                                                                                             |
| 5      | AIPL                   |                                                                                                                                                                                                                                                                                                             |
| 6      | Amol Hanumant Nikam    | They share common address (Mahagaon, Prabhachiwadi, Pawana Nagar, Mawal, Pune, 52), as per bank account statements submitted by Bank of Maharashtra. Copies of Bank Statements are at <b>Annexure-7</b> .                                                                                                   |
| 7      | Hanumant Narayan Nikam |                                                                                                                                                                                                                                                                                                             |

o) Utilization of funds by the seven entities:

- p) As per the bank account statement of NLHL, the funds of Rs. 7.50 crores, which NLHL claimed to have transferred to AIPL were actually transferred to one Maxed Out Tech Pvt. Ltd. Similarly, the fund of Rs. 7 crores which NLHL claimed to have transferred to REPL, were actually transferred to one Bhagyasree Vyas. However, the return payments of all the seven entities were verified during investigation and it was observed that the funds were received from the respective seven entities' bank accounts.
- q) From the Bank statements of the below mentioned entities (**Annexure-8**), it was observed that they transferred the funds of NLHL, immediately upon receipt, to third parties. The fund trail revealed following movement of IPO proceeds of NLHL:
- i. Amol Hanumant Nikam: Received Rs. 1 crore from NLHL and transferred Rs. 0.80 crore to Ms. Malini Pradeep Shrof.
  - ii. Hanumant Narayan Nikam: Received Rs. 1 crore from NLHL and transferred Rs. 1 Cr to Mr. Pradeep Madhukar Shrof who is connected to Ms. Malini Pradeep Shrof.  
  
Together, Mr. Pradeep Madhukar Shrof and Ms. Malini Pradeep Shrof received Rs. 1.8 crore of NLHL's IPO proceeds from Mr. Amol Hanumant Nikam and Mr. Hanumant Narayan Nikam.
  - iii. Maxed Out Tech Pvt. Ltd./Avishkar Impex Pvt. Ltd (AIPL): Upon receipt of funds from NLHL, Maxed Out Tech Pvt. Ltd. transferred Rs. 5.40 crores to DM Enterprise and Rs. 2.10 crores to Akash Corporation. DM Enterprise then transferred Rs. 5 crores to RHC Global Exports Pvt. Ltd, while Akash Corporation made a cash withdrawal of Rs. 2.10 crores.
  - iv. Oval Enterprises Pvt. Ltd.(OEPL): Received Rs.4 crore and transferred Rs.7.53 crore (including IPO proceeds) to Ugatai Trading Company, which made a cash withdrawal of Rs.1 crore.
  - v. Bhagyasree Vyas/RHC Global Exports Pvt. Ltd (REPL): Received Rs.7.5 crore and transferred Rs.7.19 crore to Mr. Meghkumar Mahendrakumar Shah.
  - vi. V C Metals Pvt. Ltd (VMPL): Received Rs. 4.3 crores and transferred Rs. 4.6 crores (including IPO proceeds) to Mr. Meghkumar Mahendrakumar Shah.
  - vii. Rockhard Metals Pvt. Ltd (RMPL): Received Rs. 5 crores and transferred the entire amount to Patel Rushabh & Co, which made a cash withdrawal of the entire amount.
- r) Related Party Transaction between NLHL and Junnar Sugar Limited:

- s) Junnar Sugars Limited is a company with significant control by NLHL's Key Managerial Personnel (KMP) Mr. Nitin Thorave and his family holding 85% of the shares in FY 2022-23 (**Annexure - 9**). NLHL had also disclosed Junnar Sugars Limited as a *related party* in the prospectus and its financial statements.
- t) As observed in preceding paragraphs, NLHL received Rs.23.74 crores from six out of seven entities during February 08, 2024 to March 28, 2024. From the fund trail analysis, it was observed that, out of the said Rs. 23.74 crores, NLHL had again advanced Rs. 23.71 crores to Junnar Sugars Limited as a short-term loan at an interest rate of 9% p.a. (**Annexure - 2**)
- u) Out of the said Rs. 23.74 crores, Junnar Sugars Limited repaid Rs. 20.86 crores to NLHL during April 03, 2024 to July 02, 2024, leaving remaining amount of Rs.2.88 crores plus interest outstanding. Out of the said funds, NLHL invested Rs. 20 crores in Junnar Sugars Limited's equity shares during April 08-24, 2024. (**Annexure - 10**)
- v) In the statement recorded on December 05, 2024, Mr. Nitin Vitthalrao Thorave (**Annexure - 5**) confirmed the above transactions and submitted that he could not identify any other attractive business opportunities in the diagnostic sector. As a result, the funds received from the six entities were utilized as a loan to support other group companies.
- w) With regard to the aforesaid related party transaction with Junnar Sugars Limited, NLHL vide email dated January 31, 2025 (**Annexure - 10**) had submitted copy of Annual General Meeting (AGM) resolution dated September 27, 2023 giving an approval to make investment, give loans, guarantees and to provide securities in excess of limits specified under Section 186 of the Companies Act. However, the said resolution was observed to be *general* in nature without any details of the above financial commitments. Neither the resolution nor the explanatory statement provided any specific details about the NLHL loan or investment in Junnar Sugars Limited.
- x) In view of the above observations, it is alleged that the IPO proceeds earmarked for working capital were mis-utilised and further siphoned off by NLHL for the benefit of its related party, Junnar Sugar Limited, and hence were not utilised for the objective disclosed in the prospectus.

## B. General Corporate Expenses

- a) As per the Prospectus, an amount of Rs.4.40 crore was earmarked for 'General Corporate Expenses'. At page 72 of the Prospectus, NLHL had stated that,

*"Net Proceeds not exceeding 25% of the amount raised by our Company through this Issue, for general corporate purpose including but not restricted to, meeting operating expenses, branding, promotion, advertisements and meeting exigencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act." (Annexure - 11)*

- b) NLHL vide email dated January 24, 2025, (**Annexure - 2**) submitted that it had utilised Rs. 4.41 crores towards 'General Corporate Expenses'. The following breakup of the said expense was provided:

| Entity                      | Purpose                               | Amount (in Rs., in Crores) | Period of transfers   |
|-----------------------------|---------------------------------------|----------------------------|-----------------------|
| Dr. Nitin Torave            | Repayment of unsecured loan           | 1.28                       | 17/11/2021-30/11/2021 |
| Thorave Realtors Pvt. Ltd.  | Repayment of unsecured loan           | 0.10                       | 22/11/2021            |
| Arnala Beach Resort         | Repayment of unsecured loan           | 0.70                       | 22/11/2021-30/12/2021 |
| Income tax of India         | Income tax payment                    | 1.03                       | 29/11/2021-02/02/2022 |
| Utility payments            | Telephone & Electricity expenses etc. | 0.13                       | 29/11/2021            |
| Metropolis Healthcare Ltd.  | Lab Charges Payment                   | 0.25                       | 30/11/2021            |
| Wipro GE Healthcare Limited | Medical Equipment purchase            | 0.92                       | 05/02/2022-31/03/2022 |
| <b>Total</b>                |                                       | <b>4.41</b>                |                       |

- c) Among the entities mentioned above, NLHL had disclosed Dr. Nitin Torave, Thorave Realtors Pvt. Ltd and Arnala Beach Resort as related parties in the prospectus. It was observed from the submission of NLHL that the repayment to Mr. Nitin Thorave was done in four different bank accounts. One of the bank accounts of Mr. Nitin Thorave, said to be credited with the repayment amount by NLHL, is Axis Bank account having number 91302004790447. This transaction was stated to be done on November 20, 2021.

d) However, during the investigation, it was observed that the aforesaid bank account (A/c No. 91302004790447) belongs to *Akanksha Developers (Annexure - 3)* where NLHL had transferred an amount of Rs. 0.19 crore as repayment to Mr. Nitin Thorave. *Akanksha Developers* was disclosed as a 'group company' by NLHL in the prospectus (Page 154 of the Prospectus). Mr. Nitin Thorave, promoter of NLHL, has 100% ownership in *Akanksha Developers*.

e) Upon examination of the unsecured loans payable to the three entities disclosed in the Prospectus revealed that as of June 30, 2021, NLHL had outstanding amounts of Rs. 3.85 crore to Dr. Nitin Thorave, Rs. 1.54 crore to Thorave Patil Realtors Pvt. Ltd, and Rs. 1.64 crore to Arnala Beach Resort. There was no disclosure of any amount payable to *Akanksha Developers* in the Prospectus.

7. In view of the above, it is alleged that NLHL did not utilize Rs. 29.99 Cr of IPO proceeds towards the objectives disclosed in the Prospectus. Instead, NLHL siphoned off / diverted the IPO proceeds to its group companies, Junnar Sugars Limited (Rs. 23.74 crores) and *Akanksha Developers* (Rs. 0.19 crore). Further, Rs. 6.06 crore (which is outstanding from the seven entities) were also not utilised as per the objective disclosed in the Prospectus.

8. The above findings are tabulated below:

All amounts in Rs. in Crores

| Sr. No       | Particulars                                   | Proposed utilisation (in Rs.; in Crores) | Actual Utilisation as observed in the Investigation (in Rs.; in Crores) | Mis-utilisation/ Siphoned off funds as per Investigation (in Rs.; in Crores) |
|--------------|-----------------------------------------------|------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1            | Repayment / pre-payment of certain borrowings | 16.00                                    | 16.01                                                                   | -                                                                            |
| 2            | Additional Working Capital                    | 26.00                                    | 29.80                                                                   | 29.80                                                                        |
| 3            | General Corporate Expenses                    | 4.40                                     | 3.80                                                                    | 0.19                                                                         |
| 4            | To meet the expenses of the Issue             | 3.60                                     | 0.39                                                                    | -                                                                            |
| <b>Total</b> |                                               | <b>50.00</b>                             | <b>50.00</b>                                                            | <b>29.99</b>                                                                 |

9. In view of the deviation from the objectives, observed in the preceding paragraphs, in terms of Regulation 32 of LODR Regulations, a SME issuer company is required to submit 'Statement of deviation(s) or variations(s)' on a half yearly basis to the exchange. The NSE had confirmed vide email dated February 10, 2025 (**Annexure-12**) that NLHL had made no such disclosures.

## II. Inflating Working Capital requirement in the Prospectus

10. It is observed that the figures disclosed in the Prospectus under 'Statement of Assets and Liabilities' (Pg. No.44-45) and under 'Additional Working Capital' (Pg.71-72) (**Annexure – 13**) for FY 2020-21 were inconsistent with the figures provided in the financial statements for FY 2021-22 of NLHL. The same is demonstrated in the table below:

|                                      | I                                           | II                                     | III                                                                             |
|--------------------------------------|---------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------|
| Particulars                          | 2020-21<br>(Prospectus dated<br>23/10/2021) | As per MCA<br>filings on<br>31/12/2021 | 2020-21<br>(disclosed in<br>Annual Report of<br>FY 2021-22 i.e.,<br>31/03/2022) |
|                                      | Audited                                     |                                        | Audited                                                                         |
| <b>Current Assets</b>                |                                             |                                        |                                                                                 |
| Inventories                          | 0.10                                        | 10.58                                  | 10.58                                                                           |
| Trade Receivables                    | 5.43                                        | 5.43                                   | 5.43                                                                            |
| Cash & Bank Balances                 | 7.29                                        | 7.29                                   | 7.29                                                                            |
| Short Term Loans & Advances          | 18.68                                       | 18.68                                  | -                                                                               |
| Other Current Assets                 | -                                           | 0.00                                   | 10.08                                                                           |
| <b>Total Current Assets (A)</b>      | <b>31.51</b>                                | <b>31.40</b>                           | <b>22.80</b>                                                                    |
| <b>Current Liabilities</b>           |                                             |                                        |                                                                                 |
| Other Current Liabilities            | 1.08                                        | 1.52                                   | 0.31                                                                            |
| Short Term Borrowings                | 0.00                                        | 0.00                                   | 23.89                                                                           |
| Trade Payables                       | 1.52                                        | 0.00                                   | 1.29                                                                            |
| <b>Total Current Liabilities (B)</b> | <b>2.60</b>                                 | <b>1.52</b>                            | <b>25.49</b>                                                                    |
| <b>Working Capital Gap (A-B)</b>     | <b>28.91</b>                                | <b>19.88</b>                           | <b>(2.69)</b>                                                                   |

11. In the Prospectus, for FY 2020-21 (Column I), NLHL disclosed 'short term loans and advances' at Rs. 18.68 Cr; 'other current liabilities' at Rs. 1.08 Cr; 'trade payable' at Rs. 1.52 Cr and 'short term borrowings' at nil. There was no mention of 'other current assets'. Considering the said figures, the working capital requirement for FY 2020-21 was disclosed by NLHL as Rs. 28.91 Crores.

12. However, in the financial statements for FY 2021-22 (Column III), the figures for the previous FY 2020-21 were disclosed differently. In financial statements, NLHL disclosed 'short term loans and advances' as nil; 'other current liabilities' at Rs. 0.31 Cr; 'trade payable' at Rs. 1.29 Cr and 'short term borrowings' at 23.89 Cr. Additionally, figures of 'other current assets' was included for an amount of Rs. 10.08 Cr. While new figures were considered, the working capital gap was negative indicating no additional working capital was required for FY 2020-21.

13. Further, from the MCA filings of NLHL, filed on December 31, 2021 (Column II), it was observed that it had different figures compared to the Prospectus and

Financial statements, discussed above, as it indicated a working capital gap of Rs. 19.88 Crores.

14. On comparison of the working capital gap disclosed across the said three documents, it was observed that the Prospectus stated the working capital requirement of NLHL for FY 2020-21 as Rs. 31.51 crores which was higher in comparison to the working capital calculated based on the figures disclosed with MCA and in the financial statements for the same period. The copies of Prospectus, MCA filings and Financial Statements for FY 2021-22 are at **Annexure - 14**.
15. As per the Prospectus, one of the objectives of NLHL IPO was to meet '*Additional working capital*' requirement for an amount of Rs. 26 Crores where the figures in table above (Column I) were used for demonstrating the working capital requirement of NLHL. When the said figures were compared with financial results for FY 2020-21 filed with MCA, the figures indicated in the Prospectus and financial results for FY 2021-22 were different.
16. Therefore, it is alleged that NLHL disclosed incorrect figures and inflated the working capital gap in the Prospectus and misled the investors by disclosing incorrect information in the Prospectus and Financial Statements for FY 2021-22.
17. It is also alleged that the Merchant Banker of the instant issue of NLHL, i.e. First Overseas Capital Limited (Noticee No. 18), failed to carryout due diligence and proper care while preparing the Prospectus as required under SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as "**Merchant Bankers Regulations**").

### **III. Delay in Provisioning of Trade Receivables**

18. From the Annual Report of NLHL for FY 2022-23, it was observed that trade receivables of Rs.6.03 crores were shown as outstanding. Out of the said Rs.6.03 crores, Rs.5.36 crores were outstanding for more than 3 years. When NLHL was enquired regarding the same by the Exchange, NSE, NLHL submitted that the amount of Rs.4.88 crores (~91% of 5.36 crores) was due from Asian Heart Hospital. The reason provided by NLHL for non-provisioning the same in its books, as per the applicable accounting standards, the company stated that "Due to Covid Pandemic two years had actually wasted and Company's management is hopeful for the recovery of the outstanding amount and company is also trying its best for such recovery". NLHL also provided copy of legal notice served on Asian Heart Hospital dated 01.02.2024.

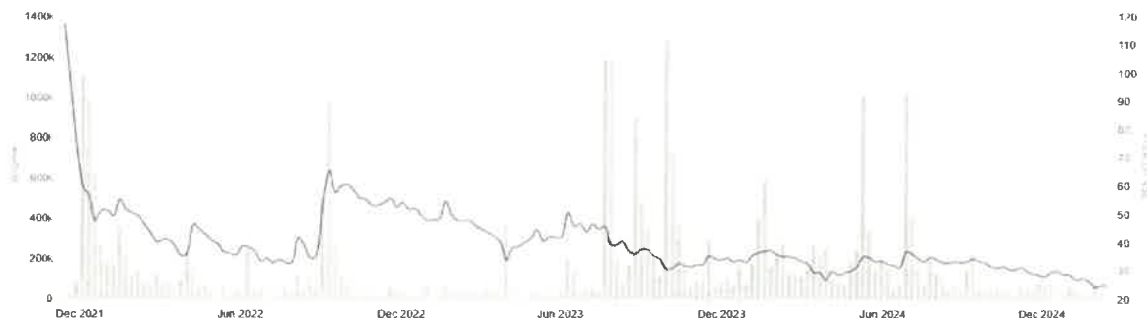
19. However, it was observed that, post seeking aforesaid clarification by Exchange from NLHL regarding non-provisioning of long-standing debtors of Rs.5.36 crores, in the financial results for FY 2023-24, NLHL had recorded an exceptional item of Rs. 5.36 crores pertaining to provision created on Sundry debtors which were outstanding for a long period.
20. Therefore, it is alleged that by deliberately not providing a provision for the receivables from Asian Heart Hospital i.e. Rs. 4.88 crores for the FY 2022-23 as per Ind AS 109, the company inflated its profits for the said Financial Year to that extent and mislead the investors and induced the public to deal in the scrip of NLHL.

**IV. Certificate of the Auditor on utilization of the loans under Clause 9(A)(2)(b) of Part A of Schedule VI of the ICDR Regulations:**

21. As stated in the preceding paragraphs, one of the objectives mentioned in the Prospectus was repayment of loan by NLHL. In this regard, in terms of Clause 9(A)(2)(b) of Part A of Schedule VI of the ICDR Regulations, the issuer was required to obtain certificate from the statutory auditor certifying the utilization of loan for the purpose availed. NLHL at Page 71 of the Prospectus had disclosed that it had obtained certificate dated October 06, 2021 from the statutory auditor in compliance of the said provision.
22. However, it was observed from the said certificate dated October 06, 2021, (**Annexure - 15**) that the certificate issued by the statutory auditor of NLHL, R.K. Chapawat & Co., was about the deployment of funds towards issue expenses of Rs.6 Lakhs and was not about the usage of the loans that were disclosed to be repaid from the IPO proceeds. Hence, the certificate issued by the statutory auditor of NLHL was not in compliance of the SEBI ICDR Regulations.
23. Based on the observation above, it is alleged that NLHL failed to obtain the requisite certificate from the statutory auditor in terms of Clause 9(A)(2)(b) of Part A of Schedule VI of the ICDR Regulations. Further, the Merchant Banker of the issue, First Overseas Capital Limited, failed to exercise due diligence in performing its functions and is in violation of Clause 2, 4 of Schedule III read with Regulation 13 of Merchant Bankers Regulations read with Clause 9(A)(2)(b) of Part A of Schedule VI of the ICDR Regulations.

**V. Price movement in the scrip of NLHL:**

24. The price volume chart of the scrip of NLHL, during the IP is given below:



25. During the period, November 12, 2021 (listing day), to February 10, 2025, the share price of NLHL had decreased from Rs. 117.75 (November 12, 2021) to Rs. 32.90 (July 29, 2022). Subsequently the price increased to Rs. 65.90 (September 09, 2022) and closed at Rs. 24.95 (February 10, 2025).

26. In this regard, it is alleged that had NLHL disclosed to its shareholders, the information about the actual utilisation of IPO proceeds i.e., advancing loan to seven entities, investment in Junnar Sugars Limited etc. the same may have resulted in a further decrease in the share price. Hence, the failure of NLHL to disclose the correct information has had a significant impact on the decision-making process of all stakeholders, including minority shareholders of NLHL.

27. Hence, it is alleged that the increase in the price of NLHL during the IP was due to the wrong and misleading disclosures it made in the Prospectus.

#### VI. Failure in disclosing change in promoter's shareholding

28. The shareholding pattern of promoter group entities of NLHL was as follows:

| S. No. | Entity                   | March 31, 2023 | %     | Sep 30, 2023 | %     | March 31, 2024 | %     | Sep 30, 2024 | %     |
|--------|--------------------------|----------------|-------|--------------|-------|----------------|-------|--------------|-------|
| 1      | Roshan Nitin Thorave     | 9,57,200       | 6.89  | 9,57,200     | 6.89  | 9,57,200       | 6.89  | 9,57,200.00  | 6.89  |
| 2      | Nitin Vitthalrao Thorave | 89,41,500      | 64.33 | 77,70,500    | 55.90 | 69,70,500      | 50.15 | 69,70,500    | 50.15 |
| 3      | Lata Vitthal Hande       | 100.00         | 0.001 | 100.00       | 0.001 | 100.00         | 0.001 | 100.00       | 0.001 |
| 4      | Krupesh Deepak Thakur    | 100.00         | 0.001 | 100.00       | 0.001 | 100.00         | 0.001 | 100.00       | 0.001 |
| 5      | Edwin Dabre              | 100.00         | 0.001 | 100.00       | 0.001 | 100.00         | 0.001 | 100.00       | 0.001 |
| 6      | Tejal Anil Jayakar       | 100.00         | 0.001 | 100.00       | 0.001 | 100.00         | 0.001 | 100.00       | 0.001 |
| 7      | Vitthal Laxman Thorave   | 100.00         | 0.001 | 100.00       | 0.001 | 100.00         | 0.001 | 100.00       | 0.001 |
| 8      | Abhilasha Nitin Thorave  | 100.00         | 0.001 | 100.00       | 0.001 | 100.00         | 0.001 | 100.00       | 0.001 |
| 9      | Hariprit Nitin Thorave   | 100.00         | 0.001 | 100.00       | 0.001 | 100.00         | 0.001 | 100.00       | 0.001 |

| S. No. | Entity | March 31, 2023 | %     | Sep 30, 2023 | %     | March 31, 2024 | %     | Sep 30, 2024 | %     |
|--------|--------|----------------|-------|--------------|-------|----------------|-------|--------------|-------|
|        | Total  | 98,99,400      | 71.23 | 87,28,400    | 62.80 | 79,28,400      | 57.05 | 79,28,400    | 57.05 |

29. From the above, it is observed that during the period from July 18, 2023, to September 29, 2023, Mr. Nitin Vitthalrao Thorave sold 19,71,000 shares, accounting for 14.18% of his shareholding, through stock exchange transactions. The total consideration for this sale was Rs. 7.2 Crore, at an average price of Rs. 36.54 per share.

30. Therefore, as per regulation 29(1) read with 29(3) of the SAST Regulations, Mr. Nitin Vitthalrao Thorave was required to disclose the disposal or acquisition of shares within two working days if the change exceeded 2% of the total shareholding of the target company. On January 29, 2025, the National Stock Exchange (NSE) in an email (**Annexure - 16**) submitted that Mr. Thorave made four disclosures under the SAST Regulations for the disposal of 8,73,000 shares only.

31. Hence, it was observed that Mr. Nitin Vitthalrao Thorave sold a total of 19,71,000 shares but made disclosures for only 8,73,000 shares. No disclosures were made for the remaining 10,98,000 shares, thereby he is alleged to have violated Regulation 29(1) read with 29(3) of the SAST Regulations.

### **Allegations against Noticees**

32. In view of the observations made above, the following allegations are made against the Noticees:

#### **32.1. NLHL, Ms. Roshan Nitin Thorave, Mr. Nitin Vitthalrao Thorave, Ms. Tajal Jayakar and Mr. Edwin Dabre:**

32.1.1. NLHL and its then CEO, Ms. Roshan Nitin Thorave, executive directors Mr. Nitin Vitthalrao Thorave (current CEO & Director), Ms. Tejal Jayakar (CFO & Director), Mr. Edwin Dabre (Executive Director) devised a scheme to raise funds from public by way of issuing shares through IPO and siphon it for the use of personal benefit at the expense of the public shareholders.

32.1.2. As part of the scheme, the Board of Directors (BoD) and the Audit Committee (AC) of NLHL in their meetings held on October 07, 2021 passed a resolution to assist the seven entities from the IPO proceeds (**Annexure - 17**). However, these resolutions were not reported by NLHL in the Prospectus

dated October 23, 2021, which would have affected the decision of IPO investors.

- 32.1.3. NLHL and its executive directors raised Rs. 50 crores from public by way of issuing shares in IPO and transferred Rs. 29.80 Cr out of the proceeds to seven entities disguised as advance towards the working capital.
- 32.1.4. NLHL transferred these funds to the seven entities even though they did not set up or spent any money to start the franchise while the responsibilities of the NLHL were contingent on completion of their responsibilities.
- 32.1.5. Out of Rs. 29.80 Cr transferred to seven entities, only Rs. 23.74 Cr was received back by NLHL and the same was invested in Junnar Sugars Limited, a related party of NLHL, which was owned by Mr. Nitin Vitthalrao Thorave (Noticee No.3).
- 32.1.6. The statements of Mr. Nitin Vitthalrao Thorave, Ms. Tajal Jayakar, and Mr. Edwin Dabre were recorded on December 5, 2024. Consistent with the previous transactions, Mr. Nitin Vitthalrao Thorave and Ms. Tejal Jayakar confirmed the abovementioned transactions. Mr. Edwin Dabre clarified that his responsibilities focused on management, customer relationships, centre maintenance and he was not directly involved in overall company operations or decision-making. However, it was observed that he signed the financials of NLHL on the advice of the CEO, Mr. Nitin Vitthalrao Thorave & CFO, Ms. Tejal Jayakar. Noticee No. 2,3,4 and 5 were also one of the signatories of the Prospectus.
- 32.1.7. Apart from the above, NLHL disclosed incorrect figures of current assets, current liabilities and working capital calculations in the prospectus and financial statements of FY 2021-22 that led to misrepresentation of the prospectus, financial statements and the said documents does not contain the true and fair view of the financials of NLHL.
- 32.1.8. Further, NLHL failed to disclose 'Statement of deviation or variation' on the stock exchange to the public keeping the public investors in dark about the actual utilization of the IPO proceeds.
- 32.1.9. Noticee No.2 being the CEO and executive director of NLHL, Noticee No.4 being the CFO and executive director of NLHL and Noticee No.5 being the executive director of NLHL during the IP, failed in overseeing the disclosure of 'Statement of Deviation or Variation' by NLHL of the IPO proceeds as required under LODR Regulations.

- 32.1.10. Noticee No. 1 has also allegedly misrepresented the financial statements of NLHL by not providing provision for Rs. 4.88 Cr in FY 2022-23 which inflated the profits of NLHL to that extent. Noticee No. 2,3,4 and 5 being the signatories of financial statements of NLHL for FY 2022-23 are also responsible alongwith NLHL.
- 32.1.11. Keeping the public shareholders in dark with the mis-representations in the financials and non-disclosures about utilisation of IPO proceeds, Mr. Nitin Vitthalrao Thorave sold 14.18% of the NLHL shareholding to benefit himself at the manipulated prices.
- 32.1.12. In view of the above, it is alleged that NLHL has violated Sections 12A (a), (b), (c) of SEBI Act, 1992; Regulations 3 (a), (b), (c), (d) and 4 (1), 4(2) (f) (k) and (r) read with Regulation 2(1) (b) and 2(1) (c) of PFUTP Regulations for devising the fraudulent scheme and siphoning of IPO proceeds.
- 32.1.13. Further, by failing to disclose the '*Statement of Deviation or Variation*' of the IPO proceeds, NLHL is alleged to have violated Regulation 32(1), (2), (3) of LODR Regulations.
- 32.1.14. Additionally, it is alleged that NLHL has violated Sections 12A (a), (b), (c) of SEBI Act, 1992, Regulation 24(1) of ICDR Regulations, Regulations 3 (a), (b), (c), (d) and 4 (1), 4(2) (f) (k) and (r) of PFUTP Regulations read with Regulation 4(1), 33(1)(a) & (c), and 48 of the LODR Regulations for misrepresentation of the Prospectus and financial statements for FY 2021-22 & 2022-23.
- 32.1.15. Further, by failing to obtain the certificate of statutory auditor w.r.t. utilization of loan for which IPO proceeds were earmarked for repayment, NLHL is alleged to have violated Clause 9(A)(2)(b) of Part A of Schedule VI of the ICDR Regulations.
- 32.1.16. For the aforesaid violations at Paragraph No. 32.1.12 and 32.1.14, the executive directors of NLHL during the IP i.e. Noticee No. 2, 3, 4 and 5 are also alleged to be liable in terms of Section 27 of SEBI Act, 1992.
- 32.1.17. For the violation alleged against NLHL at Paragraph No. 32.1.13 and 32.1.15, Noticee No. 2, 4 and 5 are also alleged to be liable in terms of Regulation 4(2)(f)(ii)(8) of LODR Regulations and Section 27 of SEBI Act, 1992, respectively.

32.1.18. Further, by failing to make the complete disclosures of the disposal of the shareholdings by the promoter of NLHL, Noticee No.3 is alleged to have violated Regulation 29(1) read with 29(3) of the SAST Regulations.

32.1.19. For the violations alleged above, Noticee No. 1 to 5 are liable for appropriate directions and penalty under Section 15A(b), 15HA, 15HB of SEBI Act, 1992.

**32.2. First Overseas Capital Limited ('FOCL'), the Merchant Banker:**

32.2.1. FOCL, disclosed as Lead manager to the Issue in the Prospectus, failed to perform due diligence while disclosing NLHL's financial statements, resulting in misrepresentation of the Prospectus by disclosing incorrect figures of current assets, current liabilities and miscalculation of the working capital gap. Further, given that one of NLHL's objectives was to repay the loans, it was necessary for NLHL to obtain an auditor's certificate verifying the utilization of the loans intended to be repaid from the IPO proceeds. However, the same was not obtained from the statutory auditor of NLHL.

32.2.2. Further, FOCL failed to exercise due diligence, as there was omission of material information in the Prospectus regarding the approval of Board of Directors and the Audit Committee of NLHL for providing financial assistance to the seven entities out of the funds earmarked for the use of 'Additional Working Capital'.

32.2.3. Therefore, it is alleged that FOCL provided a false due diligence certificate, stating that all material disclosures in the prospectus were true and adequate.

32.2.4. Hence it is alleged to have violated Clause 2, 4 of Schedule III read with Regulation 13 of SEBI (Merchant Bankers) Regulations, 1992. Clause 2(c) of Form A of Schedule V read with Regulation 24(3), 25(2)(b) of ICDR Regulations. For the violations alleged above, Noticee No. 18 is liable for appropriate directions and penalty under 15HB of SEBI Act, 1992.

**32.3. Role of the seven entities i.e. Amol Hanumant Nikam, AIPL, OEPL, RGEL, RMPL, VMPL and Hanumant Narayan Nikam:**

32.3.1. The seven entities received Rs. 29.80 crores in November 2022 from the IPO proceeds and used the funds for their own purposes and returned back only Rs. 23.74 crores to NLHL in February to March of 2024.

- 32.3.2. The five entities - AIPL, OEPL, RGEL, RMPL and VMPL, through their directors, entered into MoU with NLHL and its directors to divert/siphon off the IPO proceeds.
- 32.3.3. None of the seven entities had started any activity of the franchise business and caused a loss of Rs. 6.06 crores and interest loss of Rs. 6.19 crores to NLHL.
- 32.3.4. The MoUs that NLHL entered with five entities AIPL, OEPL, RGEL, RMPL and VMPL, for the purpose of opening of franchises, were signed by the directors of these entities,
1. Mr. Kamlesh Mandaliya (Noticee No.9) for AIPL,
  2. Rahil Hiteshbhai Chavatia (Noticee No.14) for RGEL, and
  3. Mr. Vipul Bhikubhai Patel (Noticee No.17) for RMPL and VMPL.
- 32.3.5. Based on the findings detailed in this SCN, it is alleged that Noticee No.7,8,9,10,11,12,13,14,15,16 and 17 aided and abetted NLHL in the fraudulent scheme to mis-utilisation/siphon off the IPO proceeds and also derived benefit from the same.
- 32.3.6. Hence, these Noticees have violated sections 12A (a), (b), (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d) and 4(1), 4(2) (a), (e) of PFUTP Regulations. For the violations alleged above, Noticee No.7,8,9,10,11,12,13,14,15,16 and 17 are liable for appropriate directions as well as penalty under 15HA of SEBI Act, 1992.

#### **32.4. Role of Junnar Sugars Limited (Noticee No.6)**

- 32.4.1. Junnar Sugars Limited was the beneficiary of the funds diverted from the IPO proceeds of NLHL. Junnar Sugars Limited is owned by Mr. Nitin Vitthalrao Thorave, promoter and CEO of NLHL and his family members. Hence, it is alleged that it aided and abetted NLHL and its executive directors, CEO in the fraudulent scheme to mis-utilise/siphon off the IPO proceeds and also benefitted from it.
- 32.4.2. Hence it is alleged to have violated Sections 12A (a), (b), (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d) and 4(1), 4(2) (a), (e) of PFUTP Regulations. For the violations alleged above, Noticee No. 6 is liable for appropriate directions and penalty under 15HA of SEBI Act, 1992.

#### **32.5. Role of Compliance Officer of NLHL, Mr. Akshay Joshi (Noticee No.19)**

- 32.5.1. Mr. Akshay Joshi was the compliance of NLHL atleast from October 23, 2021 until December 11, 2023. The same was also disclosed by NLHL in the Prospectus. Further, it was also observed that he was one of the signatories of the Prospectus and the Financial statements for FY 2021-22 and 2022-23.
- 32.5.2. In view of the above, Mr. Akshay Joshi is alleged to be liable alongwith NLHL for the mis-representations made in the prospectus and the financial statements of NLHL for FY 2021-22 and 2022-23, by disclosing incorrect figures for 'short term loans and advances', 'other current liabilities', 'trade payable' and 'short term borrowings' as discussed in the preceding paragraphs.
- 32.5.3. Further, as the compliance officer of NLHL, he was responsible to ensure that in compliance with the regulatory provision, NLHL filed appropriate disclosures, viz. '*Statement of Deviation or Variation*' of the IPO proceeds under the LODR regulations which NLHL had failed to disclose as detailed in this SCN.
- 32.5.4. In view of the above, it is alleged that Noticee No. 19, Mr. Akhsay Joshi, has violated Regulation 6(2)(a) read with Regulation 32(1),(2),(3) of LODR Regulations. For misrepresentation of the Prospectus and financial statements of NLHL for FY 2021-22 and 2022-23, he is alleged to have violated Sections 12A (a), (b), (c) of SEBI Act, 1992, Regulation 24(1) of ICDR Regulations, Regulations 3 (a), (b), (c), (d) and 4 (1), 4(2) (f) (k) and (r) of PFUTP Regulations read with Section 27 of the SEBI Act, 1992.
- 32.5.5. For the violations alleged above, Noticee No. 19 is liable for appropriate penalty under section 15A(b), 15HA and 15HB of SEBI Act, 1992.

### Show Cause

33. In view of the allegations as stated above, the Noticee Nos. 1 to 18 are hereby called upon to show cause as to why suitable directions, for the above violations, including directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, 1992 and any incidental directions thereto, for a prohibition on them for an appropriate period from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, should not be issued against them.
34. Further, the Noticees are called upon to show cause why inquiry should not be held against them under rule 4(1) of SEBI (Procedure for Holding Inquiry and

Imposing Penalties) Rules, 1995. If, after considering the cause, if any, shown by the Noticees, if an inquiry is to be held, the Noticees will show cause, at that point of time, against the adjudication of the alleged violations and imposition of any penalty, if any, as detailed in above paragraphs of this SCN.

35. The reply of the Noticees, if any, along with relevant supporting documents, should reach SEBI within 21 days of the date of receipt of this show cause notice at the following address:

**Securities and Exchange Board of India  
SEBI Bhavan II, Plot No. C/7, "G" Block,  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400 051**

36. Soft copies of the reply to be forwarded to email: [harshk@sebi.gov.in](mailto:harshk@sebi.gov.in).
37. The Noticees are advised to keep SEBI informed about the change in their correspondence addresses, if any, and provide updated email-ids and phone numbers, till the proceedings are complete. The Noticees are also advised to submit a photocopy of Income Tax Permanent Account Number Card (PAN card), bank account details, demat account details, mutual fund investment details, etc. along with details of other movable and immovable assets for our record.
38. This SCN is without prejudice to the rights of SEBI to issue any notice and to initiate any other proceedings/actions for the aforesaid violations in terms of SEBI Act and rules or regulations made there under.
39. The Noticees may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If the Noticees wish to opt for the settlement process, they may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, the Noticees may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.
40. The Noticees may note that the copy of the documents relied upon in this SCN are annexed as per the list of annexures available at the end of this SCN.

**Aishee Sengupta**  
**Deputy General Manager**

**Aishee  
Sengupta**  
**a**

Digitally signed  
by Aishee  
Sengupta  
Date: 2026.04.28  
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**List of Annexures**

| <b>Annexure</b> | <b>Description of Annexure</b>                                                                                   |
|-----------------|------------------------------------------------------------------------------------------------------------------|
| <b>1</b>        | NLHL Prospectus Page No. 68-69                                                                                   |
| <b>2</b>        | NLHL emails                                                                                                      |
| <b>3</b>        | NLHL Bank A/c held with UBI indicating names of counterparty (Akansha Developers)                                |
| <b>4</b>        | Copies of MoU submitted by NLHL & Screenshots from GSTIN Portal of the five entities to which NLHL gave advances |
| <b>5</b>        | Statement of Mr. Nitin Vitthalrao Thorave                                                                        |
| <b>6</b>        | DIN Master sheet of Vipul Bhikhavhai Patel from MCA website                                                      |
| <b>7</b>        | Bank Statements of Amol Hanumant Nikam and Hanumant Narayan Nikam with address                                   |
| <b>8</b>        | Bank Statement of seven entities to which NLHL gave advances                                                     |
| <b>9</b>        | Shareholding Pattern of Junnar Sugars Limited                                                                    |
| <b>10</b>       | NLHL email dated January 31, 2025                                                                                |
| <b>11</b>       | NLHL Prospectus Page No. 71-72                                                                                   |
| <b>12</b>       | NSE email dated February 10, 2025 w.r.t. NLHL disclosures on IPO utilization                                     |
| <b>13</b>       | NLHL Prospectus Page No. 44 & 45; 71 & 72                                                                        |
| <b>14</b>       | The copies of prospectus, MCA filings and Financial Statements for FY 2021-22 w.r.t. working capital             |
| <b>15</b>       | Auditor Certificate dated October 06, 2021 on utilization                                                        |
| <b>16</b>       | NSE email dated January 29, 2025 on disclosures of Mr. Nitin Vitthalrao Thorave                                  |
| <b>17</b>       | Copy of the minutes of Board meeting held on October 07, 2021                                                    |