



Fwd: Formal Objection and Complaint regarding Irregularities and Inadequate Disclosures in the Draft Red Herring Prospectus (DRHP) of M.K. Sons Fine Jewels Limited

1 message

MK Jewels Compliance <compliance@mkjewels.in>
To: Aryaman Financial Services Ltd <info@afsl.co.in>

Fri, May 29, 2026 at 6:25 PM

----- Forwarded message -----

From: mf@fariaandco.com <mf@fariaandco.com>

Date: Wed, 13 May 2026 at 20:56

Subject: Formal Objection and Complaint regarding Irregularities and Inadequate Disclosures in the Draft Red Herring Prospectus (DRHP) of M.K. Sons Fine Jewels Limited

To: <compliance@mkjewels.in>, <ipo@afsl.co.in>, <mail@pareshrakesh.in>, <chairman@sebi.gov.in>

To,

1. The Chairman / Executive Director
Securities and Exchange Board of India
SEBI Bhavan, BKC
Mumbai – 400051

2. M. K. Sons Fine Jewels Limited

3. Aryaman Financial Services Limited

4. Bigshare Services Private Limited

5. Statutory Auditors to the Company
M/s Paresh Rakesh & Associates LLP

Reference: DRHP filed by M.K. Sons Fine Jewels Limited on May 11, 2026

Respected Sir/Madam,

The complainant, Faria HUF, having its address at Office No. 514, 5th Floor, Vardhaman Chambers, Cawasjee [Patel Street, Fort, Mumbai – 400001](#), is a prospective investor filing the present complaint seeking immediate regulatory scrutiny into the Draft Red Herring Prospectus ("DRHP") filed by M. K. Sons Fine Jewels Limited in connection with its proposed Initial Public Offering.

Upon a preliminary review of the DRHP dated May 11, 2026, several material red flags, disclosure concerns, structural irregularities and circumstances potentially prejudicial to investor interest appear to arise, warranting detailed examination under the provisions of the SEBI Act, 1992, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and allied securities laws.

At the outset, the DRHP itself records that the issuer company acquired the entire running business of the promoter's sole proprietorship concern only on March 29, 2025 through a Business Succession Agreement and thereafter the company was converted into a public limited company only on January 30, 2026 shortly prior to filing of the DRHP. Such extremely proximate timing of succession/acquisition of the promoter's proprietary business, restructuring into a public company and filing of IPO documents raises serious concerns regarding the genuineness, continuity, sustainability and independent verifiability of the issuer's financial track record and business structure.

The issuer appears to have substantially relied upon a recently transferred promoter-controlled proprietorship business to establish operational and financial history. Such restructuring immediately preceding an IPO raises serious concerns whether the issuer independently possessed the disclosed operational track record, whether historical revenues and profitability are genuinely attributable to the issuer entity, whether assets, goodwill, inventory and liabilities were transferred at arm's length, whether any independent valuation exercise was undertaken, whether liabilities or contingent liabilities of the proprietorship concern have been fully and accurately disclosed and whether the restructuring was primarily undertaken to artificially satisfy IPO eligibility norms.

The complainant further submits that the financial growth disclosed in the DRHP appears highly unusual and disproportionate to ordinary industry trends within the retail jewellery sector. It is noted that the issuer's reported revenue allegedly surged from approximately ₹24.91 crore in FY23 to approximately ₹351.28 crore in FY25 within a short span of time. Such exponential escalation within two financial years raises serious concerns regarding the sustainability, authenticity and quality of earnings and warrants an independent examination to ascertain whether the financial statements reflect genuine business expansion or whether there exist elements of circular transactions, accommodation entries, inventory inflation, revenue booking irregularities or artificial window dressing intended to enhance the valuation and marketability of the proposed IPO.

It is respectfully submitted that the concerned regulatory authorities and intermediaries examine whether the restated financial statements and disclosures fully comply with ICDR disclosure standards and whether the investing public is being presented with a substantially restructured business lacking adequate historical continuity as a listed entity candidate.

The DRHP further discloses that the promoter selling shareholder's weighted average acquisition cost is merely ₹18.31 per equity share. In the event the IPO is proposed at a substantially enhanced valuation multiple, it becomes necessary to examine the basis and justification for such pricing, whether the valuations are supported by sustainable financial fundamentals, whether inventory valuation methods are aggressive or inflated, whether profitability has disproportionately increased immediately preceding the IPO and whether any accounting treatment arising from the business succession artificially enhanced financial metrics.

The DRHP contemplates an Offer for Sale of up to 3,400,000 equity shares by the promoter selling shareholder. This raises concerns whether the IPO is substantially intended as a promoter exit and liquidity event rather than a genuine capital formation exercise for corporate growth and expansion. It is therefore necessary to examine the proportion of fresh capital versus promoter monetisation, utilisation of issue proceeds, whether the stated objects of the issue are sufficiently specific and commercially justified and whether promoter dilution is excessive relative to business requirements.

The complainant further submits that the disclosures relating to the proposed utilization of issue proceeds appear inadequate and lacking the granularity ordinarily expected under material disclosure standards prescribed under the ICDR framework. While the DRHP refers to the establishment of a new showroom in Maharashtra and expansion of an existing facility in Gujarat, the prospectus does not adequately disclose whether the underlying properties have been lawfully secured, whether valid title and possession exist in favour of the issuer, whether municipal sanctions and approvals have been obtained and whether all regulatory and local authority permissions necessary for commencement of such projects are presently in place.

The DRHP further discloses that the company may undertake a Pre-IPO Placement of up to 2,000,000 equity shares prior to filing the final prospectus. It is therefore necessary to investigate the identities of proposed allottees, whether connected or related parties are proposed beneficiaries, whether such placement would occur at a significant discount, whether such allotment structure may result in preferential enrichment of select insiders immediately prior to listing and whether such placement could adversely impact public shareholders post listing.

The governance structure of the issuer also appears to present potential compliance gaps regarding the composition of the Board of Directors and mandatory committees. Under the SEBI LODR Regulations, the board is required to maintain the prescribed ratio of independent directors and ensure proper constitution of committees including the Audit Committee with the mandated level of independent representation. However, the disclosures presently available do not sufficiently establish whether all directors satisfy the fit and proper criteria expected of directors of a proposed listed entity or whether the committee composition requirements under the LODR framework would be fully complied with upon listing.

It is pertinent to note that the issuer operates in the jewellery sector, which inherently involves heightened regulatory sensitivities concerning inventory valuation, bullion accounting, cash-intensive transactions, GST compliance, related-party procurement, stock verification, revenue recognition, accommodation entries and circular transactions. In light thereof, it is requested that enhanced due diligence be conducted into stock audit reports, inventory ageing and valuation methodology, related-party transactions, unsecured transactions with promoters/group entities, cash sales exposure, auditor qualifications and internal control systems.

The complainant further submits that there are concerns regarding the completeness and adequacy of disclosures contained in the "Litigation and Material Developments" section of the DRHP. It is imperative that verification be undertaken as to whether any criminal proceedings, tax disputes, regulatory proceedings, defaults, investigations or associations involving promoters, directors or connected entities have been omitted or inadequately disclosed. Any non-disclosure or suppression of such material information would constitute a serious violation affecting investor protection and market transparency.

It is further necessary to verify the promoter's post-issue contribution and continuing shareholding to ensure strict compliance with the minimum promoter contribution requirements and mandatory lock-in obligations prescribed under the applicable ICDR Regulations.

The DRHP presently contains multiple placeholders and incomplete particulars relating to pricing, stock exchange approvals and monitoring agency disclosures. It is respectfully requested that all litigation, tax proceedings, regulatory actions, related-party dealings, financial risks, contingent liabilities and promoter/group entity transactions be comprehensively disclosed in strict compliance with ICDR requirements.

Given the cumulative nature of the above circumstances, it is respectfully submitted that the proposed IPO exhibits multiple classic red-flag indicators frequently associated with heightened investor-risk offerings including recent restructuring immediately preceding IPO, promoter-driven business succession, abnormal revenue escalation, potential valuation inflation, promoter monetisation, discretionary pre-IPO allotment flexibility and operation in a sector susceptible to inventory and accounting opacity.

In the interest of protecting public investors and maintaining market integrity, it is respectfully requested that enhanced scrutiny of the DRHP and underlying financial statements be conducted, the business succession transaction and asset transfer mechanism from the proprietorship concern be examined, the authenticity and sustainability of revenues, profitability and inventory disclosures be verified, related-party transactions and promoter dealings be examined, any preferential or connected-party pre-IPO placements be investigated, appropriate addenda and additional disclosures be directed wherever necessary and an independent forensic reviewer or auditor be appointed if deemed appropriate before permitting the issue to proceed further.

The present complaint is being submitted in good faith and in the larger interest of investor protection, transparency and integrity of the securities market.

Kindly acknowledge receipt and take appropriate action in accordance with law.

Yours Sincerely,

For Faria HUF

(Karta / Authorized Signatory)

Office No. 514, 5th Floor, Vardhaman Chambers,
Cawasjee [Patel Street, Fort, Mumbai – 400001](#)