

Securities and Exchange Board of India  
SEBI Bhawan, Plot C4-A, "G" Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai - 400 051

Dear Sir/Madam,

**Sub.: Request for Informal Guidance by way of an "interpretive/no-action letter" under the SEBI (Informal Guidance) Scheme, 2003 with respect to SEBI (Delisting of Equity Shares) Regulation, 2021.**

**Background of the Applicant:**

1. Arihant Capital Markets Limited ("Company") (CIN: L67120MP1992PLC007182) is a public company incorporated and existing under the provisions of the Companies Act, 1956/2013 and is registered as a Category I Merchant Banker with SEBI u/s 12 of the Securities and Exchange Board of India Act, 1992 and as such is an 'intermediary' capable of seeking informal guidance in terms of rule 4 of the Securities and Exchange Board of India (Informal Guidance) Scheme 2003.

**Background:**

2. We had acted as the Manager in the delisting exercise carried out by Marvel Vinyls Limited (listed on BSE Limited) (the 'Company') in accordance with SEBI (Delisting of Equity Shares) Regulation, 2021 ("the Delisting Offer"). The offer was made by Sauve Enterprises Private Limited ("the Acquirer"), an entity forming part of the promoter group, and the offer price was fixed at Rs. 89/- per share ("the Offer Price").
3. Pursuant to the application made by the Company, SEBI had, vide its letter dated September 30, 2021, granted certain relaxations from the strict compliances of the SEBI Delisting Regulations and had also mandated certain additional requirements for compliance which were beyond the requirements stipulated under the SEBI Delisting Regulations ("the SEBI Letter").
4. Accordingly, based on the aforementioned SEBI Letter, the Company obtained the in-principle approval for the Delisting Offer from BSE Limited and the said offer opened on June 10, 2022 and closed on June 16, 2022. Based on the final delisting application made, the Equity Shares of the Company were delisted w.e.f. September 15, 2022 and the same was communicated by BSE, vide its notice dated September 8, 2022. Further, pursuant to the SEBI Letter, the Acquirer is required / obligated to take up the shares from the remaining public shareholders who could not participate in the Delisting Offer, for a further period of 2 years from the date of delisting of the Equity Shares of the Company ("the Exit Offer"). The exit offer commenced from September 15, 2022 and the two year mandated period would be completed on September 14, 2024.

**Present Proposal of the Company:**

5. Company is currently engaged in the business of manufacturing plastic vinyls and synthetic leather (textiles) which can be broadly segregated into: (a) Vinyl Business; and (b) Synthetic Leather (Textile) Business. Since, both the businesses have significant potential for growth and the nature of risk and competition involved in each of these businesses is distinct, the company proposes to transfer the Textile Business to a newly incorporated company. This is sought to be achieved by the Company through a Scheme of Demerger to be filed with jurisdictional NCLTs.
6. As a part of the Scheme proposed by the Company, they intend to give exit option to the public shareholders by implementing a capital reduction as summarised below, prior to transferring the Textile Business to the new company. The capital reduction is proposed to be done as under:
  - (a) Upon the Scheme becoming effective, all shares held by the public shareholders in the Company as on the Record date shall be cancelled and extinguished and the Company shall pay the public shareholders for the equity shares held by them and which are cancelled and extinguished, a sum of such amount as determined by a registered valuer or Rs. 89 per equity share, whichever is higher.
  - (b) The payment shall be discharged by issue of cheque, draft, pay order/ warrant or demand draft, electronic transfer of funds, NEFT/ RTGS/ IMPS to the last known details of such public shareholder, as available with the Company/Registrar and Share Transfer Agent.
  - (c) If the payment is not claimed by or paid to the public shareholders, on account of cheques returned and/or undelivered, cheques not deposited, or for any other reason, for a period of 7 (seven) years from the Record Date, such unclaimed consideration after the said period shall be transferred by the Company to the Investor Education and Protection Fund.
  - (d) The Capital Reduction shall be effected as an integral part of the Scheme of Demerger.
7. This is subject to approval of the jurisdictional NCLT. The aforesaid will not prejudice the interest of the public shareholders who shall be assured of the offer price (Rs. 89/-) as per the delisting exit offer and the public shareholders will get a period upto 7 years to claim the amount against their shares which are cancelled and extinguished as against no such extended period beyond Exit Offer Period (in this case two years). Further, for a period of 10 Months of Exit Offer period, only 700 shares representing 0.016% of total public shareholding as on the date of Delisting has been tendered during Exit Offer Period.

**Applicable Provisions - SEBI (Delisting of shares) Regulations, 2021:**

8. Regulation 26 of the Regulations deals with the right of remaining public shareholders who have not tendered their shares in the delisting process. The said regulation is quoted below for ready reference:

*"Right of the remaining public shareholders to tender equity shares*

26. (1) *The remaining public shareholders, whose shares were either not accepted or were not tendered at all during the bidding period, shall have a right to tender their equity shares for a minimum period of one year from the date of delisting.*

(2) *The acquirer shall be under an obligation during such period to accept the shares of the remaining public shareholders under sub-regulation (1), at the same price at which the equity shares had been delisted.*

(3) *The payment of consideration for equity shares accepted under sub- regulation (2) shall be made out of the balance amount lying in the escrow account.*

(4) *The Manager to the offer shall ensure that the amount lying in the escrow account or the bank guarantee shall not be released to the acquirer for a minimum period of one year or till the time payment has been made to the remaining public shareholders, whichever is earlier."*

**Request for issue of confirmation / interpretative letter:**

9. In view of the foregoing, we, on behalf of the Company, request your interpretation and confirmation on the following:

(a) Whether the Company (Marvel Vinyls Limited) can make payment to the public shareholders instead of the Acquirer (Sauve Enterprises Private Limited) as part of the proposed Scheme of Demerger and if yes, whether the entire payment to all public shareholders can be made in terms of the capital reduction approved by NCLT, prior to expiry of the stipulated exit offer period of (2 years in the instant case as per SEBI exemption letter)

(b) If yes, whether the bank guarantee in terms of Regulations 26(4) can be released/returned once the payment to be made the public shareholders is secured by way of a NCLT sanctioned Scheme or is it necessary to wait for 2 years (as per undertaking) or 1 year (as per regulation 26(1) of the SEBI Delisting Regulations), prior to release or return of the bank guarantee.

10. The Company has remitted Rs. 29,500/- (Rupees Twenty Nine Thousand Five Hundred only) being the fees towards your issuance of interpretative letter / informal guidance in accordance with the SEBI (Informal Guidance) Scheme, 2003. The details of the remittance are :

Beneficiary	Securities and Exchange Board of India
Date of remittance	July 7, 2023
Amount remitted	Rs. 29,500/- (including GST of Rs. 4,500/-)
Beneficiary bank / account details	ICICI Bank Limited, A/c SEBIRCCFDINFMGUIDFEE
Remittance reference number	N188232537967799

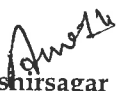
11. All material facts and legal provisions, which, in our opinion, are relevant for the determination of this request have been stated herein.

**Request for Confidentiality**

12. Since the proposed transactions are yet to be formalized, in accordance with para 11 of the SEBI (Informal Guidance) Scheme, we request you to keep the contents of this request and your response confidential for the maximum period possible i.e., until 90 days after the response to this letter be tendered.

We would be pleased to provide any additional information as may be required in support of this letter seeking informal guidance.

Yours faithfully,  
For **Arihant Capital Markets Limited**

  
Amol Kshirsagar  
Vice President - Merchant Banking

Enclosures :

- (a) SEBI Exemption Letter
- (b) BSE Delisting Notice
- (c) Letter of Offer for Exit Offer