

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 8TH DAY OF JULY, 2026

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

Appeal No.37 of 2026

Marwadi Chandarana Intermediaries
Brokers Ltd.
X-Change Plaza, Office No.1201
to 1205, 12th Floor, Building No.53E,
Zone-5, Road 5E, Gift City,
Gandhinagar-382050, Gujarat.

.....Appellant

(By Mr. Janak Dwarkadas, Senior Advocate with Ms. Shruti Rajan, Mr. Vivek S. Shah, Mr. Paras Taneja and Mr. Taposh Das, Advocates i/b. Trilegal for the Appellant.)

Securities and Exchange Board of India
Plot No.C/4/A, G Block, Bandra Kurla
Complex, Bandra (East),
Mumbai-400051, India.

.....Respondent

(By Mr. Chetan Kapadia, Senior Advocate with Mr. Suraj Chaudhary, Mr. Mihir Mody, Mr. Harshvardhan Nankani, Mr. Vijay Chockalingam, Mr. Yash Sutaria, Mr. Karthik K.P. and Mr. Aavish Shetty, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 TO SET ASIDE THE ORDER DATED JANUARY 30, 2026 PASSED BY SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON JUNE 18, 2026 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P.S. Dinesh Kumar, Presiding Officer

This appeal is directed against SEBI's¹ communication dated 30.01.2026 addressed to the appellant's Merchant Banker conveying its comments with a direction to make an open offer.

2. We have heard Mr. Janak Dwarkadas, learned Senior Advocate for the appellant and Mr. Chetan Kapadia, learned Senior Advocate for the SEBI.

3. Brief facts of the case are, appellant, Marwadi Chandarana Intermediaries Brokers Private Limited, is in the business of stock broking services, merchant banking services etc. It desired to acquire control of 'TruCap Finance Limited' ('TruCap/target company' for short) an NBFC² listed on BSE³ and NSE⁴. It entered into a Share Purchase Agreement ('SPA' for

¹ Securities and Exchange Board of India

² Non-Banking Financial Institution

³ Bombay Stock Exchange

⁴ National Stock Exchange

short) and Securities Subscription Agreement ('SSA' for short) both dated 26.05.2025 with the target company to acquire its controlling rights. The SSA was for issue of fresh equity shares of 47.98% under the preferential route and SPA for direct sale of 15.26% of equity to acquire voting rights in excess of 25%.

4. A public announcement was made on 26.05.2025 in relation to the open offer made by the appellant with SEBI through its Merchant Banker. On 02.06.2025, 'Detailed Public Statement' was made in relation to the open offer. On 09.06.2025, appellant filed a draft letter of offer with SEBI.

5. On 22.09.2025, SPA and SSA were terminated and it was intimated to the SEBI. On 24.09.2025, the Merchant Banker conveyed to the SEBI that appellant would not proceed with acquiring the target company and sought to withdraw the open offer.

6. On 06.10.2025, appellant submitted another formal letter to the SEBI seeking permission to withdraw the open offer. On 27.10.2025, SEBI informed the Merchant Banker that the open offer cannot be withdrawn. On 04.11.2025, appellant submitted a representation explaining the position of law and again requested to consider its request to withdraw the open offer. After exchange of communications between the appellant, SEBI and Merchant Banker, on 30.01.2026, SEBI sent the impugned communication.

7. Assailing the impugned communication, Mr. Janak Dwarkadas, learned Senior Advocate submitted at the outset that the impugned communication meets the appellant with serious civil consequences. The said communication is bereft of cogent reasons and without application of mind and hence, unsustainable in law.

8. He further submitted that the impugned order is in violation of principles of natural justice; SEBI has not considered appellant's detailed factual and legal submissions, wherein appellant had demonstrated that the open offer was expressly conditional and the relevant condition precedent had failed for the reasons beyond appellant's control and that the agreements giving rise to open offer had stood validly terminated.

9. He submitted that since the impugned order is in violation of principles of natural justice, this Tribunal may set aside the same and remit the matter to the SEBI for fresh consideration with a direction to pass a speaking order.

10. In reply, Mr. Chetan Kapadia, learned Senior Advocate for the SEBI submitted that what is challenged in this appeal cannot be construed as an order passed by the SEBI. It is a communication issued in response to the draft letter of offer dated 09.06.2025 submitted by the appellant. Appellant cannot be permitted to withdraw its open offer in terms of Regulation

23(1)(c) of SAST Regulations⁵, because appellant has not disclosed 'material adverse effect' in the 'Detailed Public Statement'.

11. Amplifying his contention, Mr. Kapadia argued that the SPA and SSA are private agreements between the appellant and the target company. Investors take decisions to invest based on the public announcement and Detailed Public Statement. They did not have the benefit of knowing the conditions in the SPA and SSA to take an informed decision.

12. In substance, he contended that appellant has not disclosed the precise condition contained in the SPA and SSA. Therefore, withdrawal of open offer is not permissible.

13. We have carefully considered rival contentions and perused the records.

14. Admitted facts are, appellant entered into a share purchase agreement ('SPA') to purchase 3,68,00,220 equity shares (representing 15.26% of the emerging share capital of the target company) from the promoters and members of the promoter group of the target company, at a price of ₹4.07 per equity share, for a maximum consideration of up to ₹14,97,76,896 and subject to the receipt of necessary statutory approval from RBI⁶. Pursuant to a Board resolution passed by the

⁵ SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

⁶ Reserve Bank of India

target company, authorising issuance and allotment of 11,56,80,000 shares, appellant entered into an SSA for preferential allotment of 9,37,00,000 warrants at a price of ₹9.88 per warrant convertible into equity shares by way of preferential allotment.

15. The summary underlining the transaction in SPA and SSA is as follows:

<i>Type of transaction</i> (Direct / Indirect)	<i>Mode of transaction</i> (Agreement / Allotment / Market Purchase)	<i>Shares / voting rights acquired / proposed to be acquired</i>			<i>Total Consideration for shares / voting rights (VR) proposed to be acquired (Rs. in lakhs)</i>	<i>Mode of payment</i> (Cash / securities)	<i>Regulation which has / will be triggered</i>
		<i>Number of fully dilutive equity shares</i>	<i>% of Emerging Share Capital</i>	<i>% of Fully Diluted Share Capital</i>			
<i>Direct (Securities Subscription Agreement)</i>	<i>Preferential Allotment (Subscription Shares)</i>	11,56,80,000	47.98%	34.55%	11,429.18	Cash	Regulations 3(1) and 4 of SEBI SAST Regulations, 2011
	<i>Preferential Allotment (Acquirer Warrants)</i>	9,37,00,000	NA	27.99%	9,257.56		
<i>Direct (Share Purchase Agreement)</i>	<i>Transfer pursuant to Agreement</i>	3,68,00,220	15.26%	10.99%	Up to 1,498.00 (subject to downward adjustments in accordance with the provisions of the SPA.)	Cash	Regulations 3(1) and 4 of SEBI SAST Regulations, 2011
Total		24,61,80,220	63.25%	73.53%			

16. The 'material adverse effects' are recorded thus in the SPA are as follows:

“Material Adverse Effect means any event, occurrence, fact, condition, change, development or effect (including any change in Applicable Laws or any order, award, injunction or decision

by a Governmental Authority) (any such item, an Effect) that individually or when considered with any other Effect

(a) has or would reasonably be expected to have a material adverse effect on the legality, validity, binding nature or enforceability of this Agreement and any other Transaction Documents, or restrains, prohibits or renders illegal any of the transactions contemplated thereby;

(b) has reduced or would reasonably be expected to reduce the consolidated net worth of the Company by 20% (Twenty percent) or more, as compared to the net worth of the Company on the Accounts Date;

(c) xxxxxx;

(d) xxxxxx;

(e) xxxxxx;”

(Emphasis Supplied)

17. The ‘material adverse effects’ are recorded thus in the SSA as follows:

“Material Adverse Effect means any event, occurrence, fact, condition, change, development or effect (including any change in Applicable Laws or any order, award, injunction or decision by a Governmental Authority) (any such item, an Effect) that individually or when considered with any other Effect:

(a) has or would reasonably be expected to have a material adverse effect on the legality, validity, binding nature or enforceability of this Agreement and any other Transaction Documents, or restrains, prohibits or renders illegal any of the transactions contemplated thereby;

(b) has reduced or would reasonably be expected to reduce the consolidated net worth of the Company by 20% (Twenty percent) or more, as compared to the net worth of the Company on the Accounts Date;

(c) xxxxxxxx;

(d) xxxxxxx;

(e) xxxxxxx;

(f) xxxxxxx”

(Emphasis Supplied)

18. Clause (b) in both SPA and SSA is ‘material adverse effect’ clause. It means that if the net worth of the target company reduces by 20% or more as compared to the net worth on the accounts date, the agreements could be terminated. According to the appellant, the net worth of target company reduced by more than 20% and therefore, the appellant terminated the SPA and SSA and communicated to the SEBI through its Merchant Banker and sought permission to withdraw the offer. After exchange of correspondence, SEBI has issued the impugned order/communication.

19. Mr. Dwarkadas has argued that the impugned communication has serious consequences because it shall ensue in shareholders offering their shares and appellant shall be obliged to purchase them. Appellant had sought permission to withdraw its offer letter because the SPA and SSA had been terminated. The SEBI, being the market Regulator, ought to have passed a reasoned order.

20. SEBI’s contention is that the ‘material adverse effects’ are not made known in the Detailed Public Announcement, which

deprived the shareholders and investors from taking informed decisions.

21. We have carefully perused the communication dated 30.01.2026. It is mentioned that it is in response to appellant's letter dated 09.06.2025 and other correspondences regarding the open offer for acquisition of shares. Exhibit – H to the memorandum of appeal is appellant's letter to the SEBI seeking permission to withdraw. Exhibit – I⁷ is SEBI's response and it reads as follows:

“Subject: RE: Intimation regarding Termination of SPA and SSA - Open Offer of TruCap Finance Limited

Sir,

Please note that as per Regulation 23(1)(c), an acquirer shall not withdraw an open offer pursuant to a public announcement made under clause (g) of sub-regulation (2) of Regulation 13 (i.e., preferential issue), even if the proposed acquisition through the preferential issue is not successful.

Hence, the captioned open offer cannot be withdrawn.

In this regard, you are advised to provide your response on the clarifications sought on Sep 23, 2025.

Regards

*Madhuri
Assistant Manager,
Division of Corporate Restructuring -1,
Registration, Approvals and Correspondences,
Corporation Finance Department,
Securities and Exchange Board of India.
Phone: 022-20752380”*

⁷ Dated 27.10.2025

22. Exhibit-I quotes Regulation 23(1)(c) of SAST Regulations and conveys that open offer cannot be withdrawn. Subsequently, on 12.11.2025, SEBI has written to the Merchant Banker to submit its independent comments with regard to withdrawal of offer. The Merchant Banker has submitted its comments as per Exhibit-L⁸. Thereafter, appellant has also submitted a detailed note with the SEBI on 22.01.2026.

23. As on the date of impugned communication, respondent had received appellant's initial request seeking withdrawal, Merchant Banker's comments and appellant's detailed note. Without adverting to any of them, the impugned communication has been sent in response to appellant's draft letter of offer dated 09.06.2025. Paragraph No.4 of the impugned communication⁹ is relevant and it reads as follows:

“The letter of offer should be dispatched within 7 working days from the date of receipt of this letter and offer may open within 5 working days thereafter. Suitable amendments regarding the revised activity schedule and consequential effects/compliance of other obligations like escrow etc. should be carried out in the letter of offer, wherever required.”

24. Appellant is right in contending that the above paragraph of the letter directs the appellant to dispatch the letter of offer within 7 working days from the date of receipt of impugned communication. This shall ensue in shareholders offering to sell their shares. Suffice to note that all events subsequent to the

⁸ Dated 24.11.2025

⁹ Dated 30.01.2026

impugned communication meet the appellant with civil consequences.

25. SEBI is statutory market regulator. It is duty bound to pass speaking orders in accordance with law. Much water has flown for nearly six months after submission of appellant's 'draft letter of offer'. Appellant's request for permission to withdraw, Merchant Banker's comments and appellant's detailed note on facts and law do not find any reference in the impugned communication. There is no reference to the termination of the SPA and SSA. In these circumstances, the impugned communication will result in serious consequences. Therefore, in our opinion, it is akin to an 'order', although it is mentioned as 'SEBI's comments in terms of Regulation 16(4) of SAST Regulations.'

26. SEBI has filed a detailed reply and it was urged that this Tribunal may not accede to appellant's initial prayer to remit the matter to the SEBI. SEBI, as a Regulator has not conveyed its decision on appellant's prayer to withdraw the open offer with a speaking order. SEBI's express rejection with a cryptic communication as per Exhibit - I and implied rejection by the impugned communication is appellant's main grievance and the crux of the matter. To consider and decide whether to grant or not the permission to withdraw is within the domain of SEBI. In this case, SEBI's decision shall have consequences on several entities viz., the acquirer, the target company and the investors. Therefore, it is not only desirable but imperative that the

Regulator conveys its decision with reasons. Admittedly, both Exhibit – A and I do not contain any reasons.

27. In the circumstances, the following:

ORDER

1. Appeal is ***allowed***.
2. Communications/orders dated 30.01.2026 Exhibit – A and Exhibit - I dated 27.10.2025 are set aside.
3. Matter is remitted to the SEBI to pass a speaking order.
4. We make it clear that we have not examined the merits of the case.
5. Pending interlocutory application(s), if any, stand disposed of.
6. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

08.07.2026

RHN