



*Lex Favios*  
*Advocates & Solicitors*

07<sup>th</sup> October 2023 – Issue 417

***Insolvency and Bankruptcy Board of India vide notification dated October 03, 2023, has issued Notification under Section 14(3)(a) of IBC for transactions, arrangements or agreements, under the Convention and the Protocol, relating to aircraft, aircraft engines, airframes and helicopters***

- IBBI vide notification dated October 03, 2023, has issued Notification under Section 14(3)(a) of IBC for transactions, arrangements or agreements, under the Convention and the Protocol, relating to aircraft, aircraft engines, airframes and helicopters.
- It WHEREAS, the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Aircraft Equipment were adopted under the joint auspices of International Civil Aviation Organization and the International Institute for the Unification of Private Law concluded at Cape Town on 16th November, 2001 and AND WHEREAS, India, being a signatory to and having acceded the Convention and the Protocol by depositing with the International Institute for the Unification of Private Law the instruments of accession on 31.03.2008.
- Therefore, in exercise of the powers conferred by clause (a) of sub-section (3) of section 14 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Central Government hereby notifies that the provisions of sub-section (1) of section 14 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), shall not apply to transactions, arrangements or agreements, under the Convention and the Protocol, relating to aircraft, aircraft engines, airframes and helicopters.



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- The notification is herein attached.

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***Securities Exchange Board of India vide notification dated October 06, 2023 has provided Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015***

- SEBI vide notification dated October 06, 2023 has provided Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Regulation 58(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") provides that a listed entity shall send a hard copy of the statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder to those holders of non-convertible securities who have not so registered.
- MCA vide circular dated September 25, 2023, has, inter-alia, extended the relaxation from dispatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith) upto September 30, 2024.
- It has been decided to relax, up to September 30, 2024, the requirements of regulation 58 (1)(b) of the SEBI Listing Regulations.
- The notification is herein attached.

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## **Reliance Industries Limited & others v. Securities & Exchange Board of India (SEBI)**

**SAT, Mumbai; Date: 28.07.2023.**

Reliance Industries Limited (IRL) issued shares worth Rs. 12cr to 38 entities as conversion warrants on 20th January 1994 and were converted into shares on 7th January 2000. RIL filed a disclosure on 28<sup>th</sup> April, 2000 under Regulation 8(3) of the SAST Regulations (Substantial Acquisition of Shares and Takeovers Regulations) disclosing that the shareholding of the persons acting in concert with the promoters had increased by 6.83% as of 31<sup>st</sup> March, 2000 on account of allotment of equity shares upon exercise of warrants held by them since 1994. A complaint was filed against RIL in SEBI alleging violation of the SAST Regulations. SEB launched an investigation and later sent a show-cause notice to RIL alleging contravention of Regulation 11(1) of the SAST Regulations. A penalty of Rs. 25cr was imposed on RIL vide order dated 7<sup>th</sup> April 2021 passed by the Adjudicating Officer of SEBI and the same was appealed before the SAT.

The Adjudicating Officer held that the promoters of RIL persons acting acquired voting rights on 7<sup>th</sup> January, 2000 i. e the date of acquisition, which triggered the obligation for the public announcement under Regulation 11(1). Further, held that the acquisition of 6.83% of the shares was in excess of the ceiling of 5% under Regulation 11(1) which triggered the obligation to make an open offer. Found RIL in violation of Regulation 11 (1) to make an open offer, held liable under Section 15(H) of the SEBI ACT, and imposed a penalty of Rs.25 cr.

The order of the Adjudicating Officer was appealed before the Securities Appellate Tribunal Mumbai, and the following issues were considered – a) Whether the obligation to make an open offer is triggered under Regulation 11(1) of the SAST Regulations at the time of acquisition of such convertible securities or at the time of conversion of such convertible securities into shares carrying voting rights? b)



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Whether the SAST Regulations will apply to warrants acquired in January 1994 and such warrants were converted into equity shares carrying voting rights on 7<sup>th</sup> January 2000.

The Presiding officer held that SAST Regulations are prospective in nature i.e., effective when the Regulations came into force i.e. 20<sup>th</sup> February 1997. Further held that in the SAST Regulations 1997, there is no distinction between a warrant and a share, and as such warrant is a share for the purpose of Regulation 11(1). It was also held that the obligation for Public Announcement for an open offer under Regulation 11(1) of the SAST Regulations 1997 is triggered at the time of acquiring the shares or securities. Also, held that RIL (Appellants) were not required to make a public announcement as the shares were acquired in January 1994, before the regulations came into effect. Further, it was held that under the new SAST Regulations 2011, securities that do not carry any voting rights do not trigger an obligation to make a Public announcement. Clarified that under the SAST Regulations 2011, “shares” only mean securities carrying voting rights.

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please email us at [info@lexfavios.com](mailto:info@lexfavios.com)

#### **Contact details**

**Sumes Dewan**

*Managing Partner*

*Lex Favios*

Email: [sumes.dewan@lexfavios.com](mailto:sumes.dewan@lexfavios.com)

Tel: 91-11-32084941 (D) 91-11-41435188/45264524