



Lex Favios
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Securities Exchange Board of India vide circular dated July 03, 2024, has introduced Reduction in denomination of debt securities and non-convertible redeemable preference shares

- SEBI vide circular dated July 03, 2024, has introduced Reduction in denomination of debt securities and non-convertible redeemable preference shares.
- It is observed that Market participants have expressed that lower ticket size of debt securities may encourage more non-institutional investors to participate in the corporate bond market which in turn may also enhance liquidity. Therefore, SEBI has made amendments to the existing Chapter V (Denomination of issuance and trading of Non-convertible Securities) of the Master Circular.
- The provisions of this circular shall be applicable to all issues of debt securities and non-convertible redeemable preference shares, on private placement basis that are proposed to be listed from the date of issuance of this circular.
- The circular is herein attached.

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Securities Exchange Board of India vide circular dated June 27, 2024, has issued amendments in Participation by Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs) and Resident Indian (RI) individuals in SEBI registered FPIs based in International Financial Services Centres in India

- SEBI vide circular dated June 27, 2024, has issued amendments in Participation by Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs) and Resident Indian (RI) individuals in SEBI registered FPIs based in International Financial Services Centres in India.



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- SEBI (Foreign Portfolio Investors) Second Amendment Regulations, 2024 were notified on June 26, 2024, amending the SEBI (Foreign Portfolio Investors) Regulations, 2019 ("FPI Regulations, 2019"), to inter alia, provide flexibility of having up to hundred percent aggregate contribution by NRIs, OCIs and RI individuals in the corpus of FPIs based in International Financial Services Centres ("IFSCs") in India and regulated by International Financial Services Centres Authority ("IFSCA"). In view of the amendments to the FPI Regulations, 2019, the FPI Master Circular stands modified
- The provisions of this circular shall come into force with immediate effect.
- The circular is herein attached.

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Insolvency and Bankruptcy Board of India vide circular dated June 28, 2024, has issued amendments in Filing Forms to monitor Voluntary liquidation processes under the Insolvency and Bankruptcy Code, 2016, and the regulations made thereunder.

- IBBI vide circular dated June 28, 2024, has issued amendments in Filing Forms to monitor Voluntary liquidation processes under the Insolvency and Bankruptcy Code, 2016, and the regulations made thereunder.
- A corporate person (CP) may initiate voluntary liquidation in terms of section 59 of the Insolvency and Bankruptcy Code and the IBBI (Voluntary Liquidation Process) Regulations, 2017. During the process, the liquidator invites claims and prepares a list of stakeholders based on the verified claims, sells assets of the CP in the manner and mode approved by the CP, and distributes proceeds as per section 53 of the Code. Upon completion, the liquidator submits the Final Report and an application for dissolution of CD, to the Adjudicating Authority.



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The provisions of this circular shall come into force with immediate effect.

- For the purpose of smooth filing of these Forms, a platform is hosted on the IBBI website at <https://www.ibbi.gov.in>. An IP shall access the platform with a unique username and password provided by the IBBI and upload/submit the Forms, along with relevant information and records, after affixing DSC or e-signing. Further, timely filing of complete and accurate information along with records is the sole responsibility of the IP.
- The circular is herein attached.

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- IBBI vide circular dated June 28, 2024, has issued amendments in Filing Forms to monitor Voluntary liquidation processes under the Insolvency and Bankruptcy Code, 2016, and the regulations made thereunder.
- During the liquidation process, the liquidator invites claims from stakeholders, forms a liquidation estate, endeavours to sell assets in consultation with the Stakeholders' Consultation Committee (SCC) and distributes the realized proceeds to stakeholders as per the waterfall mechanism provided under section 53 of the Code.
- The set of forms developed by the Board on an electronic platform has been hosted on its website at <https://www.ibbi.gov.in>. The IP handling the liquidation assignment shall access the platform with a unique username and password provided by the IBBI and upload/submit the Forms, along with relevant information and records, after affixing DSC or e-signing.



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- The circular is herein attached.

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CIRP APPLICATION NOT MAINTAINABLE AGAINST CORPORATE GUARANTOR WHEN DEMAND NOTICE ONLY ISSUED TO CORPORATE DEBTOR: NCLT MUMBAI

The Hon'ble National Company Law Tribunal, Mumbai Bench- VI (hereinafter "**Hon'ble NCLT**") comprising of K.R. Saji Kumar (Judicial Member) and Sanjiv Dutt (Technical Member) while adjudicating an Application under Section 7 of the Insolvency & Bankruptcy Code, 2016 (hereinafter "IBC") has held that a notice of demand issued to Corporate Debtor recalling entire outstanding loan amount doesn't constitute demand notice calling upon corporate guarantor.

BRIEF FACTS OF THE CASE

SBI ("Financial Creditor") had extended various credit facilities to M/s Deogiri Infrastructure Private Limited ("borrower"). M/s Navjeevan Tyres Private Limited (Corporate Debtor) had executed corporate guarantee in favour of SBI for the repayment of total outstanding amount payable by M/s Deogiri Infrastructure Private Limited to the Financial Creditor.

The borrower had defaulted in repayment of the credit facilities and the



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borrower's loan account was classified as NPA on 30.10.2018, followed by a demand notice dated 10.04.2019 under Section 13(2) of the SARFAESI Act, 2002. Thereafter the Financial Creditor initiated Corporate Insolvency Resolution Process against the borrower by filing an Application under Section 7 of the Insolvency and Bankruptcy Code, 2016. Since the Financial Creditor was at liberty to initiate CIRP proceedings against the Corporate Debtor as well, an application was also filed against the Corporate Debtor.

NCLT'S JUDGMENT

The Hon'ble NCLT after considering the objection raised by the Corporate Debtor that no demand whatsoever was ever made by the Financial Creditor to the Corporate Debtor, held that the petition against the Corporate Debtor was not maintainable as the Financial Creditor had not made any demand for repayment of debt or invoked the guarantee towards the Corporate Debtor.

Further placing reliance on the Supreme Court's decision in ***Syndicate Bank v. Channaveerappa Beleri & Ors.***, the Hon'ble NCLT observed that the guarantor's liability is contingent upon the terms of the contract, which in this case explicitly stated that the guarantee amount would be payable upon demand. Thus, the Corporate Debtor's liability would only arise when a demand was made by the Financial Creditor.

CP (IB) No. 1282/MB/2022

Case Title: State Bank of India v. Navjeevan Tyres Private Limited



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