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03rd May 2025

Securities and Exchange Board of India vide circular dated May 02, 2025, has issued Measure for Ease of Doing Business–Facilitation to SEBI registered Stock Brokers to undertake securities market related activities in Gujarat International Finance Tech-city –International Financial Services Centre (GIFT-IFSC) under a Separate Business Unit (SBU)

- Securities and Exchange Board of India vide circular dated May 02, 2025, has issued Measure for Ease of Doing Business–Facilitation to SEBI registered Stock Broker to undertake securities market related activities in Gujarat International Finance Tech-city –International Financial Services Centre (GIFT-IFSC) under a Separate Business Unit (SBU).
- Stock brokers shall ensure that securities market related activities of the SBU in GIFT-IFS Care segregated and ring-fenced from the Indian securities market related activities of the stock broker and arms-length relationship between these activities is maintained.
- Such SBU in GIFT-IFSC shall be exclusively engaged in providing securities market related activities as permitted by the IFSCA. Further that, the activities to be carried out by the SBU shall be as permitted by the IFSCA.
- Stock brokers shall prepare and maintain a separate account for the SBU on arms-length basis.
- The net worth of the SBU shall be kept segregated from the net worth of the stock broker in the Indian securities market. Net worth criteria for stock broker shall be satisfied after excluding account of the SBU. The net worth for the purpose of the SBU shall be as per regulatory framework issued by the concerned regulatory authority.
- The circular is attached herein.

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Securities and Exchange Board of India vide circular dated April 28, 2025, has issued timelines for collection of Margins other than Upfront Margins – Alignment to settlement cycle

- Securities and Exchange Board of India vide circular dated April 28, 2025, has issued timelines for collection of Margins other than Upfront Margins – Alignment to settlement cycle.
- The below given paras of the Master Circular for Stock Brokers dated August 09, 2024 shall be modified as follows:

Para 39.1.2: "Henceforth, like in derivatives segment, the TMs/CMs in cash segment are also required to mandatorily collect upfront VaR margins and ELM from their clients. The TMs/CMs will have time till settlement day to collect margins (except VaR margins and ELM) from their clients. (The clients must ensure that the VaR margins and ELM are paid in advance of trade and other margins are paid as soon as margin calls are made by the Stock Exchanges/TMs/CMs. The period till settlement has been allowed to TMs/CMs to collect margin from clients taking into account the practical difficulties often faced by them only for the purpose of levy of penalty and it should not be construed that clients have been allowed time till settlement day to pay margin due from them)."

Para 39.1.3: "If pay-in (both funds and securities) is made by settlement day, the other margins would be deemed to have been collected and penalty for short / non collection of other margins shall not arise."

Para 39.1.5: "If client fails to make pay-in by settlement day and TM / CM do not collect other margins from the client by settlement day, the same shall also result in levy of penalty as applicable."

- The circular shall come into force from the date of its issuance.
- The circular is attached herein.

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Reserve Bank of India vide circular dated April 28, 2025, has issued processing of Regulatory Authorisations/ Licenses/ Approvals through PRAVAAH

- Reserve Bank of India vide circular dated April 28, 2025, has issued processing of Regulatory Authorisations/ Licenses/ Approvals through PRAVAAH.
- In terms of the various Statutes/Master Circulars/Directions/Instructions etc. issued by the Reserve Bank from time to time, the Regulated Entities are required to submit applications/requests for seeking authorisations /licenses /approvals from different Departments of the Reserve Bank. On May 28, 2024, the Reserve Bank launched PRAVAAH (Platform for Regulatory Application, Validation And AuthHorisation) as a secure and centralised web-based portal for any entity or individual to seek authorisation, license or regulatory approval on any reference made by it to the Reserve Bank. PRAVAAH has since facilitated receipt of nearly 4,000 applications/requests. However, some applications/requests are still being submitted by the Regulated Entities outside PRAVAAH.
- As announced in the Press Release dated April 11, 2025, with effect from May 01, 2025, Regulated Entities are advised to use PRAVAAH for submitting applications for regulatory authorisations, licenses, approvals to the Reserve Bank using the application forms already available in the portal.
- All Regulated Entities are advised to adhere to the above instructions. Instructions related to accessing the portal, submission and tracking of applications etc. are available on the portal itself.
- The circular is attached herein.

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Reserve Bank of India vide circular dated April 24, 2025, has issued amendments to Directions - Compounding of Contraventions under FEMA, 1999

- Reserve Bank of India vide circular dated April 24, 2025, has issued amendments to Directions - Compounding of Contraventions under FEMA, 1999.
- On a review, it is decided that the following clause shall be inserted as Para 5.4.II.vi in aforementioned Master Directions.
“vi. Subject to satisfaction of the compounding authority, based on the nature of contravention, exceptional circumstances/ facts involved in case, and in wider public interest, the maximum compounding amount imposed may be capped at INR 2,00,000/- for contravention of each regulation/ rule (applied in a compounding application) with respect to contraventions under row 5 of the above computation matrix.”
- All AD Category-I banks and Authorised banks may bring the guidelines contained in this circular to the notice of their constituents.
- The circular is attached herein.

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Supreme Court: NCLT/NCLAT Cannot Interfere with ED's Actions Under PMLA

In a significant ruling in the Bhushan Steel insolvency case, the Supreme Court held that the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) do not have the authority to review or interfere with actions taken by the Enforcement Directorate (ED) under the Prevention of Money Laundering Act (PMLA).

The apex court strongly disapproved of the NCLAT's decision to stay the ED's provisional attachment of assets belonging to Bhushan Steel and Power Ltd, declaring that such interference exceeded its jurisdiction. The Court clarified that both NCLT and NCLAT are constituted under the Companies Act, 2013 (Sections 408 and 410 respectively), and



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their jurisdiction is limited to what is specified under the Insolvency and Bankruptcy Code (IBC)—specifically Sections 31 and 60 for NCLT, and Section 61 for NCLAT.

The NCLAT had earlier ruled that in light of Section 32A(1)(2) of the IBC, the ED could not attach the assets of a corporate debtor once a resolution plan was approved, and any ongoing criminal proceedings would be abated. It also declared such attachments by the ED as illegal and beyond jurisdiction.

However, the Supreme Court bench of Justice Bela M. Trivedi and Justice Satish Chandra Sharma held that NCLT and NCLAT lack the authority to exercise judicial review over decisions made by statutory bodies in matters concerning public law. The Court relied on the precedent set in Embassy Property Developments Pvt. Ltd. vs. State of Karnataka & Ors, which held that decisions by the government or statutory authorities involving public law cannot be considered matters "arising out of or in relation to the insolvency resolution" under Section 60(5)(C) of the IBC.

Consequently, the Supreme Court ruled that since the PMLA is a public law statute, NCLAT had no jurisdiction to review or interfere with the ED's actions. The Court declared NCLAT's observations and findings regarding the ED's provisional attachment order as coram non judice—i.e., made without legal authority and beyond its jurisdiction.

Case: *Kalyani Transco vs M/s Bhushan Steel and Power Ltd and connected appeals*

Case No.: C.A. No. 1808/2020

WHEN CAN COURTS REMAND AN ARBITRAL AWARD TO THE TRIBUNAL UNDER SECTIONS 34/37 OF THE ARBITRATION ACT? SUPREME COURT CLARIFIES

In a landmark decision, a Constitution Bench of the Supreme Court has clarified that the power of courts to remit arbitral awards to the tribunal under Section 34(4) of the Arbitration and Conciliation Act, 1996 is not automatic or mechanical. Instead, it is a discretionary remedy to be exercised cautiously and only in limited circumstances.

The Court held that remand is appropriate only when the identified defects in the award are capable of being cured. If the award suffers from substantial injustice or patent illegality, it should not be remitted to the arbitral tribunal.

The Constitution Bench, led by Chief Justice Sanjiv Khanna and comprising Justices BR Gavai, Sanjay Kumar, AG Masih, and KV Viswanathan (4:1 majority), emphasized that



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while Section 34(4) allows courts to adjourn proceedings to give tribunals a chance to cure defects, this provision cannot be used to rewrite or fundamentally alter the award.

Limited Nature of Remand Power

The Court underscored that Section 34(4)—which allows a court to adjourn proceedings to enable the tribunal to eliminate grounds for setting aside the award—provides only a narrow remedial scope. The power is not meant for comprehensive review or reassessment of the merits of the award. Instead, it is intended for procedural or limited substantive corrections.

It stated:

“The power of remand permits the court only to send the award to the tribunal for reconsideration of specific aspects... it is a limited power, confined to circumstances and issues identified by the court.”

Once remanded, the tribunal may undertake corrective measures such as allowing a party to present its case if denied previously or supplying missing reasoning—but it cannot rewrite or annul the award.

Distinction Between Remand and Modification

The Court clarified the distinction between remand under Section 34(4) and modification of awards. Remand enables the tribunal to act within its original jurisdiction, while courts exercising powers under Sections 34 and 37 have far more limited ability to modify an award. The metaphor used was that courts, like sculptors, must act with precision when modifying awards.

Proportionality and Inappropriate Cases for Remand

The Court stressed that remand should be avoided when it would place the tribunal in a difficult or biased position, cause delays, or lead to excessive costs. The decision to remit must be proportionate to the nature and severity of the defect.

It emphasized that:

“Section 34(4) does not authorize the tribunal to rewrite the award... It serves as a curative mechanism, not a substitute for setting aside the award.”



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Rejection of Kinnari Mullick Principles

The Court overruled the earlier decision in *Kinnari Mullick v. Ghanshyam Das Damani*, which required a written request from a party before a court could remand an award. The Constitution Bench held that even an oral request suffices if recorded by the court, and the request may be made even after the Section 34(1) application has been decided.

Justice Viswanathan concurred:

“Where appropriate and requested orally, the court may adjourn proceedings under Section 34(4)... the tribunal can resume proceedings or take action to cure the defect.”

Applicability of Remand Power Under Section 37

The Bench also ruled that the appellate jurisdiction under Section 37 is as broad as that under Section 34. Thus, the power to remand an award to the tribunal is available to appellate courts too, even when the lower court has already ruled on the award.

Objective Behind Section 34(4)

Drawing from the *Dyna Technologies* and *I-Pay Clearing Services* judgments, the Court reiterated that the purpose of Section 34(4) is to provide a limited opportunity for the tribunal to rectify curable errors, such as lack of reasoning, thereby avoiding unnecessary setting aside of awards.

The Court concluded:

“Section 34(4) is an enabling and discretionary provision. It should be invoked only when the defects in the award are curable and remand will meaningfully address the issues raised.”

The tribunal, once the matter is remanded, retains the authority to revise or supplement the award within the limits of its jurisdiction, but it is not compelled to act.

Case Title: *Gayatri Balasamy vs. M/s ISG Novasoft Technologies Ltd*
Case No.: SLP(C) Nos. 15336-15337/2021



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please email us at info@lexfavios.com

Contact details

Sumes Dewan

Managing Partner

Lex Favios

Email: sumes.dewan@lexfavios.com

Tel: 91-11-41435188/45264524