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07th June 2025

Securities and Exchange Board of India vide circular dated June 05, 2025, has provided for limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- Securities and Exchange Board of India vide circular dated June 05, 2025, has provided for limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- It has been decided that entities having listed non-convertible securities, who have complied with the conditions as specified in MCA general circular No.09/2024 dated September 19, 2024 and have not sent hard copy of 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 registered their email address, shall not be subject to any penal action for non-compliance with Regulation 58(1)(b) under the LODR Regulations for the period October 01, 2024 to June 05, 2025.
- It has also been decided that for the period June 06, 2025 to September 30, 2025, similar relaxation from the requirements of Regulation 58(1)(b) of the SEBI LODR Regulations is hereby provided for entities having listed non-convertible securities provided that advertisement in terms of Regulation 52(8) of the SEBI LODR Regulations shall disclose the web-link to the statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder, so as to enable the holder of non-convertible securities to have access to the said the statement.
- This Circular shall come into force with immediate effect.
- The circular is attached herein.

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Securities and Exchange Board of India vide circular dated June 06, 2025, has provided extension of timeline of additional liquidation period for VCFs migrating to SEBI (Alternative Investment Funds) Regulations, 2012

- Securities and Exchange Board of India vide circular dated June 06, 2025, has provided extension of timeline of additional liquidation period for VCFs migrating to SEBI (Alternative Investment Funds) Regulations, 2012.
- Paragraph 5.2 of the Circular No. SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/11, inter-alia, specified that VCFs with schemes whose liquidation period has expired and are not wound up and who migrate to AIF Regulations shall be granted an additional liquidation period till July 19, 2025.
- Based on representation received and consultations held with the industry and in order to facilitate migration, it has been decided to extend the additional liquidation period, prescribed under Paragraph 5.2 of the said circular, to July 19, 2026.
- All other provisions of SEBI circular dated August 19, 2024 shall remain unchanged.
- It is reiterated that the last date for applying for migration with SEBI for all eligible VCFs remains as July 19, 2025.
- The circular shall come into force with immediate effect.
- The circular is attached herein.

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Reserve Bank of India vide notification dated June 06, 2025, has issued Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025

- Reserve Bank of India vide notification dated June 06, 2025, has issued Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025.
- These Directions shall apply, unless specified otherwise, to all loans offered by



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an RE mentioned below for the purpose of consumption or income generation (including farm credit) where eligible gold or silver collateral is accepted as a collateral security.

- i. Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, but excluding Payments Banks).
 - ii. Primary (Urban) Co-operative Banks (UCBs) & Rural Co-operative Banks (RCBs), i.e., State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs).
 - iii. All Non-Banking Financial Companies (NBFCs), including Housing Finance Companies (HFCs).
- The regulatory objectives behind these revised Directions are to: (i) put in place a harmonised regulatory framework for such loans applicable across various REs; (ii) address the concerns observed relating to some of the lending practices being followed and provide necessary clarity on certain aspects; and (iii) strengthen the conduct-related aspects.
- The notification is attached herein.

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Financial Assistance Cannot Be Deemed a Loan in Absence of a Loan Agreement: NCLT Delhi

The National Company Law Tribunal, New Delhi Bench, comprising Shri Mahendra Khandelwal (Judicial Member) and Shri Atul Chaturvedi (Technical Member), dismissed a petition filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC" or "the Code"), holding that financial assistance extended without the backing of a formal loan agreement does not amount to a short-term or long-term loan, and hence cannot be treated as a financial debt.

Factual Background:

In May 2019, the Corporate Debtor approached the Financial Creditor seeking a sum of USD 150,000 (approximately ₹1.25 crore) for the purpose of constructing apartments at



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Malviya Nagar, New Delhi. The Corporate Debtor represented that a profit of USD 70,000 to 80,000 was expected from the project and proposed to share 50% of the profits with the Financial Creditor, in addition to repaying the principal amount within six to eight months.

Despite repeated demands, the Corporate Debtor failed to repay the principal or share any profits. Consequently, the Financial Creditor issued a legal notice on 9 October 2024, demanding repayment of USD 190,000.

Findings of the Tribunal:

The Tribunal noted that the Financial Creditor failed to produce any documentary evidence, such as bank statements or a formal loan agreement, to substantiate the disbursement of the alleged amount as a financial debt. No document was submitted to indicate that the parties had entered into a validly executed loan contract.

The Tribunal emphasized that mere advancement of financial assistance, without an agreement setting out terms of repayment, interest, or security, cannot be classified as a financial debt. Reliance was placed on *Pawan Kumar v. Utsav Securities Pvt. Ltd.*, 2020, wherein the NCLAT held that in the absence of a written contract delineating the terms of the loan, including interest, it is difficult to ascertain the existence of a financial arrangement.

The Financial Creditor also sought to rely on a WhatsApp conversation between the directors of the parties as proof of the transaction. However, the chat was filed without a certificate under Section 65B of the Indian Evidence Act, 1872, rendering it inadmissible. Furthermore, even assuming that the funds were transferred, the applicant failed to establish that the disbursement satisfied the definition of "financial debt" under Section 5(8) of the Code.

In *Imdadali M Momin & Ors. v. Pellucid Lifesciences Pvt. Ltd.*, 2024, the NCLAT reiterated that in the absence of documentation specifying the duration, interest rate, and payment schedule, such transactions cannot be treated as financial debt under the IBC.

The Applicant contended that the Corporate Debtor's assurance of a 50% share in future profits constituted consideration for the time value of money under Section 5(8). However, the Tribunal observed that the anticipated profits were speculative and contingent on uncertain future events, thereby lacking the certainty required for such consideration.

The ruling drew from *Realpro Realty Solutions Pvt. Ltd. v. Sanskar Projects and Housing Ltd.*, 2023, where the NCLAT held that amounts disbursed with an expectation of future profits do not meet the threshold of financial debt as they do not involve a definite return or assured consideration.



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Conclusion:

The Tribunal concluded that the Financial Creditor failed to demonstrate the existence of a financial debt within the meaning of Section 5(8) of the IBC. The absence of a loan agreement, proof of disbursal, record of default, or supporting financial documents led the Tribunal to reject the Section 7 application. Accordingly, the question of default did not arise, and the petition was dismissed.

Case Title: M/s Imperial Banquets & Dining Pvt. Ltd.
Company Petition No.: IB/370/ND/2024

Arbitration Clause Overrides Exclusive Jurisdiction Clause Where Seat is Specified: Delhi High Court

The Delhi High Court, through Justice Purushendra Kumar Kaurav, has held that where an exclusive jurisdiction clause is expressly made *subject to* an arbitration clause, and the arbitration clause specifies a different territorial seat of arbitration, the jurisdiction of courts at the designated seat prevails. In the event of a conflict, the seat of arbitration determines the jurisdiction, thereby superseding any exclusive jurisdiction clause contained in the agreement.

Brief Facts:

On 29.07.2023, the respondent, M/s Gulshan Homz Private Limited, issued a Letter of Intent to the petitioner, M/s KLA Const. Technologies Pvt. Ltd., for undertaking civil and structural work for the “Gulshan Dynasty Moradabad Project,” with a contract value of ₹101.8 crores. A formal agreement was executed on 06.09.2023.

The petitioner contended that despite mobilizing resources and commencing work, delays occurred solely due to the respondent's failure to fulfill contractual obligations, including delays in site handover, inadequate utility supply, non-approval of changes, and delayed payments.

Subsequently, on 06.11.2024, the respondent terminated the contract under Clause 33 without serving the mandatory 7-day prior notice. The petitioner then invoked the arbitration clause via notice dated 13.11.2024, proposing the appointment of a sole arbitrator, to which the respondent did not respond.

The respondent argued that a combined reading of Clauses 37(a) and 37(b) of the Agreement, along with Clause 92.10 of the General Conditions of Contract (GCC), indicated that Noida was the designated venue and seat for arbitration. Conversely, the



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petitioner relied on Clause 91.2 of the GCC, which provided that the courts in New Delhi would have exclusive jurisdiction over disputes arising from the contract.

Court's Observations:

Referring to the Supreme Court's decision in *Ramkishorelal*, the Court reiterated the principle that contractual documents must be interpreted as a whole to ascertain the true intention of the parties, giving words their plain and ordinary meaning.

The Court emphasized that where conflicting clauses exist, courts must attempt to harmonize them. Only where reconciliation is impossible should one clause be given primacy over the other.

The Court relied on its earlier ruling in *Devyani International Ltd. v. Siddhivinayak Builders and Developers*, where it was held that when a specific seat of arbitration is designated, the courts at the seat have exclusive jurisdiction, even if an exclusive jurisdiction clause in favor of another forum exists.

Applying this principle, the Court interpreted Clause 37(a) as clearly stipulating that disputes would be referred to a sole arbitrator under the Arbitration and Conciliation Act, and arbitration proceedings would be held in Noida/Delhi, thereby designating the seat of arbitration. The Court held that Clause 37(b) should be read subordinate to Clause 37(a), maintaining consistency in the agreement's hierarchy and intent.

The Court further referred to *Inder Mohan*, where it was held that if an exclusive jurisdiction clause is made expressly subject to the arbitration clause, then the arbitration clause—along with its designated seat—prevails. Similarly, in *Vedanta Ltd.*, it was held that when multiple seats are mentioned, courts at any of the designated seats may assume jurisdiction.

Conclusion:

The Court held that Clause 92.10 (exclusive jurisdiction in Noida) must be interpreted in light of Clause 91.2 of the GCC, which grants exclusive jurisdiction to courts at New Delhi. Given that Clause 37(a) designates Noida/Delhi as the seat/venue of arbitration, and that the exclusive jurisdiction clause is subject to the arbitration clause, the court at the seat—New Delhi—retains jurisdiction.

Accordingly, the Court allowed the petition, holding that disputes arising under the arbitration agreement shall be adjudicated by the courts at the designated seat, i.e., New Delhi.



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Case Title: *M/s KLA Const. Technologies Pvt. Ltd. v. M/s Gulshan Homz Private Limited*

Citation: 2025 LiveLaw (Del) 623

Case Number: ARB.P. 90/2025

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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