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26th April 2025

Securities and Exchange Board of India vide circular dated April 22, 2025, has changed in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in overnight schemes of Mutual Funds

- Securities and Exchange Board of India vide circular dated April 22, 2025, has changed in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in overnight schemes of Mutual Funds.
- Para 8.4.5.4 of the Master Circular for Mutual Funds dated June 27, 2024 stands modified as under:

"8.4.5.4 The following Cut-off Timings shall be observed by AMCs with respect to repurchase of units in liquid fund & overnight fund schemes and plans and the following NAVs shall be applied for such repurchase:

- a. Where the application is received up to 3.00 pm – the closing NAV of day immediately preceding the next business day; and*
- b. Where the application is received after 3.00 pm –the closing NAV of the next business day.*

Provided that in case application is received through online mode, the cut-off timing of 7 PM shall be applicable for overnight fund schemes. Explanation: "Business Day" does not include a day on which the Money Markets are closed or otherwise not accessible."

- The provisions of this circular shall come into force from June 01, 2025.
- The circular is attached herein.

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Securities and Exchange Board of India vide circular dated April 09, 2025, has issued clarification on Regulatory framework for Specialized Investment Funds ('SIF')

- Securities and Exchange Board of India vide circular dated April 09, 2025, has issued clarification on regulatory framework for Specialized Investment Funds ('SIF').
- The provisions under paragraph 12.27.2.4 of the Master Circular for Mutual Funds dated June 27, 2024 ('MF Master Circular'), regarding maturity of securities in interval schemes, shall not be applicable to Interval Investment Strategies under SIF.
- The paragraph 4.1.1 of the SIF Circular, regarding minimum investment threshold, shall stand modified as under:

"The AMC shall ensure that an aggregate investment by an investor across all investment strategies offered by the SIF, at the Permanent Account Number ('PAN') level, is not less than INR 10 lakh (hereinafter referred to as the 'Minimum Investment Threshold'). Provided that, the above provisions shall not be applicable for mandatory investments made by AMCs for designated employees under paragraph 6.10 of the Master Circular for Mutual Funds dated June 27, 2024."
- The provisions of this circular shall come into force with effect from the date of this circular.
- The circular is attached herein.

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Reserve Bank of India vide circular dated April 09, 2025, has reduced repo rate under Standing Liquidity Facility for Primary Dealers

- Reserve Bank of India vide circular dated April 09, 2025, has reduced repo rate under Standing Liquidity Facility for Primary Dealers.
- As announced in today's bi-monthly Monetary Policy Resolution, the Monetary Policy Committee (MPC) has decided to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.25 per cent to 6.00 per cent, with immediate effect.
- Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 6.00 per cent, with immediate effect.
- The circular is attached herein.

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Reserve Bank of India vide circular dated April 09, 2025, has reduced repo rate under Liquidity Adjustment Facility

- Reserve Bank of India vide circular dated April 09, 2025, has reduced repo rate under Liquidity Adjustment Facility.
- As announced in the Monetary Policy Statement dated April 09, 2025, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.25 per cent to 6.00 per cent with immediate effect.
- Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 5.75 per cent and 6.25 per cent respectively, with immediate effect.



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- All other terms and conditions of the extant LAF Scheme will remain unchanged.
- The circular is attached herein.

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NCLAT: Section 9 IBC Petition Not Maintainable When Based on Fabricated Invoices for Personal Revenge

The National Company Law Appellate Tribunal (NCLAT), New Delhi Bench, comprising Justice Ashok Bhushan (Judicial Member) and Mr. Arun Baroka (Technical Member), ruled that a Section 9 petition under the Insolvency and Bankruptcy Code, 2016 (IBC) cannot be entertained when it is based on fabricated invoices created to settle personal or matrimonial disputes between the parties.

BRIEF FACTS:

Om Sai Moulds & Plastics (Appellant/Operational Creditor) filed a Section 9 petition seeking recovery of ₹1.27 crore from Plastomax Engineering Private Limited (Corporate Debtor) for goods allegedly supplied between 2021 and 2022. The appellant relied on delivery challans and invoices that were acknowledged at the time of supply and claimed that the respondent failed to clear the dues despite reminders and a statutory demand notice.

The National Company Law Tribunal (NCLT) dismissed the petition, finding that the claim was rooted in personal disputes between Mr. Nilesh Dahanukar (partner of the appellant) and Mrs. Sheetal Dahanukar (director of the corporate debtor), including allegations of oppression and mismanagement. The NCLT also imposed costs of ₹10 lakh on the appellant for filing a frivolous and vexatious petition.

APPELLANT'S CONTENTIONS:

The appellant argued that the existence of personal disputes was irrelevant under



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Section 9 and that the IBC only recognizes disputes relating to the existence of debt, quality of goods, or breach of contract. They contended that lifting the corporate veil to address personal disputes was erroneous and that matrimonial conflicts should not influence insolvency proceedings.

RESPONDENT'S CONTENTIONS:

The respondent submitted that issuing e-way bills does not prove actual delivery of goods, as the bills can be generated unilaterally. It was alleged that the appellant, having access to backdated documents, fabricated invoices to initiate false claims. The respondent further contended that Mr. Nilesh Dahanukar orchestrated this claim to harass his estranged wife, Mrs. Sheetal Dahanukar, amid ongoing matrimonial and criminal disputes. Allegations of document fabrication and unauthorized use of the respondent's digital signature were supported by a police complaint lodged on 01.06.2023 at Kasarvadavli Police Station, Thane.

TRIBUNAL'S OBSERVATIONS:

The Tribunal observed that the corporate debtor's registered email was linked to the appellant's domain and that its registered office was Mr. Nilesh Dahanukar's personal residence, demonstrating his significant control over the company's affairs. The Tribunal noted that the purchase orders relied on by the appellant were signed by individuals other than Mrs. Sheetal Dahanukar and were issued after April 2021, when the matrimonial dispute escalated.

It was further noted that Mr. Gaurang Ghodi, connected to both companies, was actively involved in the corporate debtor's management, suggesting collusion. Additionally, a prior order by the Additional Chief Judicial Magistrate, Nashik (dated 07.11.2022), found sufficient grounds to proceed against Mr. Nilesh Dahanukar under Section 465 IPC for forgery.



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The Tribunal found that the close relationships between the parties, the surrounding circumstances, and pending criminal proceedings seriously undermined the authenticity of the appellant's claims. It concluded that the Section 9 petition was not a bona fide insolvency proceeding but a misuse of the IBC for settling personal scores.

Conclusion:

The NCLAT upheld the NCLT's decision dismissing the Section 9 petition, along with the imposition of ₹10 lakh costs on the appellant for filing a motivated and frivolous petition. Consequently, the appeal was dismissed.

Case Title: Om Sai Moulds & Plastics v. Plastomax Engineering Private Limited & Anr.

Case Number: Company Appeal (AT) (Insolvency) No. 261 of 2025

BOMBAY HIGH COURT: ARBITRATION CLAUSE WITH UNILATERAL EXIT OPTION NOT INVALID PER SE

The Bombay High Court, through Justice Somasekhar Sundaresan, while disposing of applications under Section 11 of the Arbitration and Conciliation Act, 1996 (ACA), held that an arbitration clause allowing only one party to opt out does not render the agreement invalid. Such a clause can be preserved either by striking out the unilateral option or by rendering the right bilateral.

Facts:

The applications sought appointment of an arbitrator in disputes arising from a Loan Agreement dated January 31, 2016, and a subsequent Top-Up Loan Agreement dated October 31, 2017, both containing arbitration clauses. The arbitration agreement included a non-obstante provision permitting the Applicant to opt out if it became entitled to remedies under the SARFAESI Act or similar debt recovery statutes. No corresponding right was provided to the Respondents.



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Contentions:

The Respondents relied on the Delhi High Court ruling in *Tata Capital Housing Finance Ltd. v. Shri Chand Construction & Apartments Pvt. Ltd.* (2022), which invalidated a similar clause for lack of mutuality, arguing that mutual consent is fundamental to an arbitration agreement.

They also argued that the Applicant, by invoking remedies under the SARFAESI Act, had elected to abandon arbitration. Furthermore, they contended that arbitration proceedings had previously been initiated and allowed to lapse. The Applicant had unilaterally appointed an arbitrator by letter dated October 29, 2018, and no extension of the tribunal's mandate was sought under Section 29-A of the ACA after the mandate expired.

In response, the Applicant asserted that lenders are entitled to pursue both SARFAESI proceedings and arbitration simultaneously. They emphasized that the option to terminate arbitration was never exercised and thus, the agreement remained operative.

Court's Observations:

The Court framed the core issue as whether the lack of mutuality in the second paragraph of the arbitration clause invalidated the entire agreement.

It distinguished the Delhi High Court's *Tata Capital* judgment, noting that it was rendered in a unique factual context involving provocative conduct by the lender. Therefore, the finding on lack of mutuality must be confined to its specific facts and not read as an absolute principle.

The Court further held that a unilateral clause enabling one party to terminate arbitration does not destroy the entire arbitration agreement. Similar to the principle that an illegal unilateral appointment of an arbitrator can be cured by appointing an independent arbitrator, the offending unilateral opt-out provision could be severed or modified to preserve the agreement.



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Additionally, it reaffirmed that pursuing remedies under the SARFAESI Act does not bar the right to initiate arbitration proceedings, as both remedies can co-exist.

Regarding the earlier arbitration, the Court noted that the previous arbitrator was unilaterally appointed and thus the tribunal was non est (non-existent in law). Consequently, the lapse of its mandate had no bearing on the validity of fresh arbitration proceedings.

Conclusion:

Allowing the applications, the Court appointed Mr. Sandeep H. Parikh as the Sole Arbitrator to adjudicate the disputes.

Case Title: Tata Capital Limited v. Vijay Devji Aiya
Case Numbers: Commercial Arbitration Application No. 237 and 243 of 2024

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