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Securities and Exchange Board of India vide circular dated October 13, 2025, requires listed entity to provide minimum information to the Audit Committee and Shareholders for approval of Related Party Transactions

- The SEBI circular dated October 13, 2025, addresses the approval process for Related Party Transactions (RPTs) by introducing simplified, tiered disclosure requirements for listed entities.
- **Analysis:**
 - **Complete Exemption Threshold:** Any RPT that does not exceed ₹1 crore (individually or taken together with previous transactions in a financial year) is fully exempt from the minimum information requirements for both the Audit Committee and Shareholders.
 - **Simplified Disclosure Threshold (Annexure-13A):** A simplified format (Annexure-13A) is introduced for transactions that do not exceed the lower of 1% of annual consolidated turnover or ₹10 crore. These transactions require a less onerous set of disclosures compared to the full RPT Industry Standards.
 - **Full Disclosure Standard:** Only RPTs exceeding the simplified threshold must continue to comply with the full RPT Industry Standards for disclosure and approval.
 - **Mandatory Justification:** Even for transactions using the simplified Annexure-13A format, the listed entity must provide a clear justification as to why the proposed RPT is in the interest of the listed entity.
 - **Key Information Requirement:** Annexure-13A requires essential details such as the type, value, tenure, and related party name/relationship. For loans, advances, or investments, it mandates disclosure of the source of funds and the purpose for which the funds will be utilized by the ultimate beneficiary.



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- The guidelines directly impact the corporate governance structure and compliance functions of publicly listed companies.

- **Industries/Entities:**

- **All Listed Entities:** All companies whose shares are listed on recognized Stock Exchanges are mandated to follow this tiered framework.
- **Financial Services:** Listed banks, Non-Banking Financial Companies (NBFCs), insurance companies, and housing finance companies are provided specific exemptions from disclosing the source and cost of funds for RPTs involving loans and advances.

- **Professions/Roles:**

- **Audit Committee Members and Boards of Directors:** They are primarily responsible for reviewing and approving RPTs, and the new rules change the information they receive based on transaction materiality.
 - **Company Secretaries and Compliance Officers:** These professionals must ensure that the appropriate disclosure format (simplified Annexure-13A or full standards) is used based on the RPT's financial value and regulatory thresholds.
 - **Shareholders:** As they are required to approve material RPTs, they are impacted by the standardized and summarized information provided in the explanatory statement for voting.
- This circular shall come into effect immediately.
 - The circular is attached herein.

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Securities and Exchange Board of India vide circular dated October 30, 2025, enables Investment Advisers (“IAs”) to provide second opinion to clients on assets under pre-existing distribution arrangement

- This SEBI circular, dated October 30, 2025, introduces a measure to facilitate the ease of doing business for Investment Advisers (IAs) by allowing them to charge a fee for offering a second opinion on certain pre-existing client investments.
- **Analysis:**
 - **Fee Permission:** IAs are now explicitly permitted to charge a fee to clients who seek a second opinion on assets that are already under a distribution arrangement with another entity.
 - **Fee Limit:** The fee charged on these specific assets is subject to a maximum limit of 2.5% of the assets' value per annum.
 - **Mandatory Consent and Disclosure:** IAs must annually disclose and seek consent from the client for this arrangement.
 - **Revised Rule:** This modifies the previous rule, which required IAs to deduct these pre-existing distributed assets from their Assets Under Advice (“AUA”) and prohibited them from charging an AUA-based fee on them.
 - The guidelines primarily affect the registered professionals who offer investment advisory services and the clients who use them:
 - **Investment Advisers (IAs):** All Registered Investment Advisers are directly impacted, as the circular expands the scope of services they can charge for and introduces a new fee structure and disclosure requirement.
 - **Investment Adviser Administration and Supervisory Body (IAASB):** This body is responsible for supervising IAs and will need to monitor compliance with the new fee limit and mandatory annual disclosure/consent requirements.
 - **Investors/Clients:** Individuals or entities who receive investment



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advice and hold assets that are part of a distribution arrangement (where they pay commission) but want a second, independent opinion from a separate IA are impacted.

- The provisions of this circular shall come into effect immediately.
- The circular is attached herein.

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Company's Net Worth Not a Factor in Insolvency Proceedings If Debt and Default Are Proven: NCLAT New Delhi

The National Company Law Appellate Tribunal (NCLAT), New Delhi Bench, consisting of Justice Ashok Bhushan (Chairperson) and Member (Technical) Arun Baroka, ruled that the financial standing or net worth of a company is irrelevant when initiating insolvency proceedings under Section 7 of the IBC, provided that debt and default are duly established.

The ruling came in response to an appeal against the NCLT's admission of a Section 7 application filed by Axis Bank, claiming a default of ₹16,95,95,909 by the corporate debtor.

Arguments Presented

The corporate debtor contended that although the financial creditor sanctioned a loan of ₹24.90 crore, only ₹12.50 crore was actually disbursed. It further claimed that documents of certain properties were handed over to the creditor, which the creditor now disavows. Additionally, it argued that the NCLT erred by admitting the application despite the company's substantial net worth.

The financial creditor, however, did not dispute the disbursement details and argued that incomplete disbursement cannot be grounds to oppose a Section 7 petition. It also pointed to the One Time Settlement (OTS) proposal offered by the debtor during the NCLT proceedings as evidence of acknowledged debt and default.

NCLAT's Findings

The tribunal clarified that the incomplete disbursement of loan funds does not justify dismissal of a Section 7 application. It noted the absence of any registered mortgage on record. Further, the NCLAT held that the corporate debtor's net worth is not relevant



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when the debt and default surpass the threshold of ₹1 crore. The debtor's proposal for an OTS was considered a clear admission of liability.

The bench also stated that the sale of corporate assets after the declaration of moratorium does not affect the insolvency proceedings at hand.

Consequently, the appeal was rejected and the pending interlocutory applications were disposed of.

Case Title: Ammeet Kamal Agarwal v. Axis Bank Ltd. & Anr.
Case No.: Comp. App. (AT) (Ins.) No. 1216 of 2023

Supreme Court Clarifies When Delay in Arbitral Award Can Lead to Its Cancellation

In a notable judgment under the Arbitration & Conciliation Act, 1996, the Supreme Court clarified that while a mere delay in pronouncing an arbitral award does not automatically invalidate it, a significant and unexplained delay that undermines the effectiveness of the award can render it void. The Court also held that an award failing to grant effective relief and compelling parties to restart legal proceedings goes against public policy and is unenforceable.

The bench comprising Justice Sanjay Kumar and Justice Satish Chandra Sharma addressed two key legal issues:

a. Does undue and unexplained delay in delivering an arbitral award affect its validity?

The Court held:

“Delay in delivering an arbitral award is not, on its own, sufficient to invalidate it. Each case must be evaluated individually to determine whether the delay impacted the tribunal's decision to such an extent that the award is compromised. Only when the delay explicitly affects the tribunal's findings—and remains unexplained—can the award be held to conflict with India's public policy under Section 34(2)(b)(ii) or Section 34(2A) of the Act, as it may also indicate patent illegality. A party need not first seek termination of the arbitrator's mandate under Section 14(2) before challenging such an award under Section 34.”

b. Can an unworkable arbitral award that fails to conclusively resolve disputes be set aside for perversity, patent illegality, or conflict with public policy?



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The Court answered in the affirmative, stating:

“The essence of arbitration is prompt and effective dispute resolution. When an arbitral award leaves core issues unresolved, alters the parties’ positions irrevocably, and forces them back into further litigation, it is both contrary to public policy and patently illegal. Such an award is liable to be set aside under Section 34. Moreover, if the criteria outlined in the Constitution Bench judgment of *Gayatri Balasamy vs. ISG Novasoft Technologies* are met, the Supreme Court may invoke its powers under Article 142.”

Case Background

The dispute arose from a 2004 Joint Development Agreement (JDA) between developer Lancor Holdings Ltd. and landowners led by Prem Kumar Menon. While the developer claimed construction was completed and executed sale deeds using a copy of the power of attorney, the landowners argued otherwise. The dispute went to arbitration in 2012, but the award was delivered only in 2016—after an unexplained delay of nearly four years.

The award voided the developer’s sale deed but issued no consequential relief, prompting both parties to return to court.

Supreme Court’s Findings

The Court deemed the arbitrator’s conduct deficient in two respects: the inordinate delay in issuing the award and the failure to grant effective relief, rendering the award “rudderless.” Justice Sanjay Kumar noted:

“The arbitrator took nearly four years to deliver an ineffective award, which neither resolved the dispute nor upheld arbitration’s purpose as a speedy remedy.”

The Court found the award to be in clear violation of public policy and marred by patent illegality.

Final Order Using Article 142 Powers

Exercising its extraordinary powers, the Court declined to reinstate arbitration. Instead, it validated the original sale deeds (despite their defective origin), penalized the developer by forfeiting a ₹6.82 crore deposit, and required an additional payment of ₹3.18 crores—bringing total compensation to ₹10 crores. On payment, the developer would be entitled to its 50% share in the property, thus conclusively ending the litigation.

Case Title: *M/s. Lancor Holdings Limited v. Prem Kumar Menon & Ors.*
Case No.: Civil Appeal Nos. 10074-10075 of 2024



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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