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11th August 2025

Reserve Bank of India vide notification dated August 06, 2025, has issued Reserve Bank of India (Co-Lending Arrangements) Directions, 2025

- Reserve Bank of India vide notification dated August 06, 2025, has issued Reserve Bank of India (Co-Lending Arrangements) Directions, 2025.
- These Directions shall be applicable to Co-Lending Arrangements (CLAs) entered into by the following REs: Commercial Banks (excluding Small Finance Banks, Local Area Banks and Regional Rural Banks); All-India Financial Institutions; and Non-Banking Financial Companies (including Housing Finance Companies).
- These Directions shall not apply to loans sanctioned under multiple banking, consortium lending, or syndication.
- For the purpose of these Directions, CLA refers to an arrangement, formalised through an ex-ante agreement, between a RE which is originating the loans ('originating RE') and another RE which is co-lending ('partner RE'), to jointly fund a portfolio of loans, comprising of either secured or unsecured loans, in a pre-agreed proportion, involving revenue and risk sharing.
- These Directions shall come into force from January 1, 2026, or from any earlier date as decided by a RE as per its internal policy ("effective date").
- The notification is attached herein.

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Reserve Bank of India vide notification dated August 06, 2025, has issued Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025

- Reserve Bank of India vide notification dated August 06, 2025, has issued Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025.
- These Directions shall apply to the following entities, hereinafter referred to as Regulated Entity (RE) and collectively as Regulated Entities (REs), as the context may require, for all their Non-Fund Based (NFB) exposures such as



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guarantee, letter of credit, co-acceptance etc., unless otherwise permitted under these Directions or any regulatory guidelines/ directions issued by the Reserve Bank. Commercial Banks (including Regional Rural Banks and Local Area Banks); Primary (Urban) Co-operative Banks (UCBs)/ State Co-operative Banks (StCBs)/ Central Co-operative Banks (CCBs); All India Financial Institutions (AIFIs); Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs) in Middle Layer and above, only for the issuance of Partial Credit Enhancement, as permitted under Chapter IV of these Directions.

- The credit policy of a RE shall incorporate suitable provisions for issue of NFB facilities, inter alia, covering aspects relating to type of NFB facilities, limits granted, credit appraisal, security requirement, fraud prevention, overall monitoring mechanism including post-sanction monitoring, delegation matrix, audit and internal controls, compliance to uniform standards issued by standard setting bodies and other safeguards.
- These Directions shall come into force from April 01, 2026, or from any earlier date as decided by a RE as per its internal policy ("effective date").
- The notification is attached herein.

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Securities and Exchange Board of India vide circular dated August 05, 2025, revises process for review, appeal or waiver of penalty requests emanating out of actions taken by the Member Committee

- Securities and Exchange Board of India vide circular dated August 05, 2025, has revised process for Review, Appeal or Waiver of penalty requests emanating out of actions taken by the Member Committee.
- In order to further streamline the mechanism for handling of requests for review, appeal or waiver of penalty, based on feedback received from MIIs and deliberations in the Secondary Market Advisory Committee of SEBI (SMAC), the provision at Paragraph 2 of Chapter 6 of SEBI Master Circular No. SEBI /HO



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/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024 above stands modified as under:

- Any request for review, appeal or waiver of penalty filed against actions taken by the Internal Committee (IC) of the Member Committee (MC), or against actions taken by the MII as per pre-approved policy on regulatory action shall be placed before the MC for its consideration.
 - Any request for review, appeal or waiver of penalty filed against actions taken by the MC from the date of implementation of this circular shall be handled by a mechanism set up by the Governing Board of the MII with Public Interest Directors and/or Independent External Professionals not forming part of the MC. The Governing Board shall issue the Standard Operating Procedure (SOP) with regard to handling of such review, appeal or waiver of penalty requests, if any, emanating out of actions taken by the MC.
 - For further appeal against the decisions emanating out of the appeal mechanism of the MII, the members or participants would be free to approach appropriate authority based on the applicable laws
- The provisions of the circular shall be applicable from the 45th day of issuance of the circular.
- The circular is attached herein.

[Click Here](#)

NCLT/NCLAT Has No Authority Under IBC To Set Aside Pre-CIRP Auction Sale: NCLAT

The National Company Law Appellate Tribunal (NCLAT), New Delhi Bench comprising Justice Ashok Bhushan, Mr. Barun Mitra (Technical Member), and Mr. Arun Baroka (Technical Member), has ruled that an auction sale conducted prior to the commencement of the Corporate Insolvency Resolution Process (CIRP) cannot be annulled by the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016 (IBC). The Tribunal clarified that such a sale is not affected by the moratorium under Section 14 of the IBC.



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The ruling came in an appeal against an NCLT order allowing an application filed by Suraksha Asset Reconstruction Ltd. seeking to nullify an auction sale and directing the handing over of assets to the Resolution Professional following the initiation of CIRP.

The appellant argued that the NCLT lacked jurisdiction to interfere with the auction, which had been conducted pursuant to an order dated 25.11.2019 passed by the Additional Chief Metropolitan Magistrate in criminal proceedings. The auction of the Yacht took place on 22.03.2021, predating the initiation of CIRP on 30.04.2021. Payments were made on 22.03.2021 and 26.03.2021 as per the auction terms.

The respondent contended that the auction process had not concluded even after CIRP began, justifying the NCLT's intervention.

However, the Tribunal found that the auction, being in accordance with a judicial order and completed before CIRP commenced, was valid and beyond the jurisdiction of the NCLT to annul. It held that Section 14's moratorium did not apply and emphasized that the NCLT's powers under IBC do not extend to adjudicating matters rooted in public law or arising from decisions of statutory authorities.

The NCLAT relied on the Supreme Court's rulings in *Kalyani Transco* and *Embassy Property Developments* to underline the limited jurisdiction of NCLT/NCLAT under the IBC framework.

The Tribunal further declined to comment on the distribution of sale proceeds, deeming it outside the scope of the present proceedings. Consequently, the appeal was allowed, setting aside the NCLT's order.

Case Title: *Unity Small Finance Bank Ltd. v. Suraksha Asset Reconstruction Ltd. & Ors.*
Case No.: Comp. App. (AT) (Ins) No. 1480 of 2023

Seat of Arbitration Retains Jurisdiction Over Execution Proceedings Regardless of Location of Judgment Debtor's Assets: Karnataka High Court

In a significant ruling, the Karnataka High Court, through Justice M. Nagaprasanna, held that the court at the *seat of arbitration* retains jurisdiction over execution proceedings, regardless of where the award-debtor resides or holds assets—even if another execution petition is pending in a different jurisdiction.

Background

The petitioner and respondent entered into an exclusive consultancy agreement, appointing the petitioner as Exclusive Consultant and Design Director. Upon resignation, the petitioner's services were extended due to delays in the handover process. Despite



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this, no remuneration was paid for the extended term. The petitioner subsequently issued a legal notice and invoked arbitration under the agreement, resulting in an award in her favor.

While the respondent challenged the arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996, before the Commercial Court, the petitioner filed an execution petition before the Thane Court (the respondent's registered office). After dismissal of the Section 34 petition, the petitioner initiated another execution proceeding in Bangalore, seeking disclosure of the respondent's movable assets. The respondent, however, filed a deed of lease surrender for its Bangalore premises, asserting the absence of assets in that jurisdiction.

The petitioner then filed an application under Order XXI Rule 41 of the CPC, seeking a direction for the respondent to disclose its assets via affidavit. The Commercial Court rejected the application, stating that it lacked jurisdiction due to the lease surrender and advised pursuing execution in Thane. The petitioner challenged this through a writ petition.

Arguments

Petitioner's Counsel contended that an arbitral award may be executed in any court across the country where the judgment debtor holds assets. Initiating proceedings in Thane does not bar similar action in Bangalore, particularly since assets existed in Bangalore at the time of filing. The respondent's surrender of its lease was portrayed as a tactic to frustrate execution.

Respondent's Senior Counsel argued that once an execution petition is filed in one jurisdiction (Thane), subsequent steps must proceed there alone. As no assets remained in Bangalore, the respondent should not be compelled to file an affidavit concerning non-existent assets.

Court's Observations

Jurisdiction of the Seat Court

The Court emphasized that under *BGS SGS SOMA JV v. NHPC Limited (2020)*, Section 42 of the Arbitration Act centralizes jurisdiction with the court at the seat of arbitration. It reaffirmed that Bangalore was the seat, as the respondent had an operational presence there and the petitioner functioned from the same city. Citing *Patel Roadways Ltd. v. Prasad Trading Co.*, the Court noted that a corporation cannot avoid jurisdiction merely by arguing that it no longer conducts business in a location where the cause of action arose.



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Order XXI Rule 41 CPC – A Step-in-Aid to Execution

Referring to *United Phosphorous Ltd. v. A.K. Kanoria* and *State Bank of India v. M.K. Raveendran*, the Court clarified that applications under Order XXI Rule 41 are procedural aids—not direct execution petitions—and are meant to assist decree holders in identifying the assets of the judgment debtor. High Courts across the country (Delhi, Bombay, Calcutta, Kerala) have upheld this interpretation.

Thus, even if another execution is pending elsewhere, the seat court retains jurisdiction to entertain such applications.

Lease Surrender Does Not Eliminate Jurisdiction

Relying on *Motorola Inc. v. Modi Wellvest Pvt. Ltd.*, the Court observed that the surrender or loss of assets within the seat court's jurisdiction—especially after execution proceedings have commenced—does not divest the court of jurisdiction. It condemned attempts by respondents to evade execution by shifting premises during proceedings.

Seat Court Jurisdiction Independent of Asset Location

The Court cited *Global Asia Venture Company v. Arup Parimal Deb*, reaffirming that the court under Section 2(1)(e) of the Act (i.e., the seat court) retains jurisdiction for enforcement. It also clarified that the *Sundaram Finance v. Abdul Samad* decision enables execution anywhere assets are located, without stripping the seat court of jurisdiction. The ruling does not mandate choosing only one jurisdiction; rather, it provides parallel remedies.

Decision

The High Court allowed the petitioner's application, directing the respondent to file an affidavit of assets under Order XXI Rule 41 within 15 days. It quashed the Commercial Court's earlier order (dated 04.11.2024) and allowed the writ petition.

Case Title: *Ms. Sumita Abhishek Sundaram v. Sankalpan Infrastructure Private Limited*
Case No.: WRIT PETITION No. 35715 OF 2024 (GM - CPC)



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