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Reserve Bank of India vide notification dated October 07, 2025, has expanded the coverage of the Reserve Bank - Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021)

➤ The core highlight of this notification is the expansion of the definition of 'Regulated Entity' under the RBI-Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021).

➤ **Analysis:**

➤ Key highlights are:

- **Inclusion of Co-operative Banks:** The RBI has directed that State Co-operative Banks and Central Co-operative Banks (except to the extent specifically excluded under the Scheme) are now included and will be treated as 'Regulated Entities' under the RB-IOS, 2021.
 - **Effective Date:** This inclusion comes into force starting from November 1, 2025.
 - **Current Scope:** With this inclusion, the RB-IOS, 2021 now applies to a wide range of entities, including all commercial banks, Regional Rural Banks, the newly added State/Central Co-operative Banks, and certain Primary (Urban) Co-operative Banks with deposits of ₹50 crore and above.
 - **Non-Banking Financial Companies (NBFCs):** It also covers all NBFCs (excluding Housing Finance Companies) with an asset size of ₹100 crore and above that either accept deposits or have a customer interface.
 - **Other Entities:** The scheme also covers all System Participants and Credit Information Companies.
- The impact is primarily on the banking and financial services industry, and critically on co-operative banking management.
- **Co-operative Banking Management and Staff:** The State Co-operative Banks and Central Co-operative Banks are directly impacted, as they must now comply



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with the RB-IOIS, 2021 framework. Their compliance, customer service, and grievance redressal teams will need to be trained on the Ombudsman Scheme procedures.

- **Existing Regulated Entities:** Commercial Banks, Regional Rural Banks, NBFCs, and Credit Information Companies are already part of the scheme, but the circular reiterates their continued inclusion.
 - **Customers:** Customers of all these financial entities, particularly those using State and Central Co-operative Banks, are now impacted as they gain a new, free, and unified platform to escalate their complaints.
- The notification is attached herein.

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Securities and Exchange Board of India vide circular dated October 08, 2025, has reviewed Block Deal Framework

- The circular revises the rules for executing "Block Deals," which are trades of large quantities of shares conducted between two parties. The key changes are focused on increasing the deal size and extending the time frame for execution.
- **Analysis:**
- **Timeline Extension:** The primary highlight is the extension of the implementation date for the full framework from August 1, 2025, to October 1, 2025. This was done to allow stock exchanges and the Brokers' Industry Standards Forum more time to finalize necessary systems and standards.
- **Increase in Minimum Order Size (Value):** The minimum order value for a transaction to qualify as a block deal has been significantly increased from the previous value to a minimum of **₹25 crore** per transaction.
- **Expansion of Trading Window:** The time frame within which block deals can be executed on the stock exchanges has been expanded. It will now be available during two specific windows on the trading day:



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- **Morning Window:** This window shall operate between the trading hours of 08:45 AM to 09:00 AM. The reference price for execution of block deals in this window shall be the previous day closing price of the stock
- **Afternoon Window:** This window shall operate between 02:05 PM to 02:20 PM. The reference price for block deals in this window shall be the volume weighted average market price (VWAP) of the trades executed in the stock in the cash segment between 01:45 PM to 02:00 PM. Between the period 02:00 pm to 02:05 pm, the stock exchanges shall calculate and disseminate necessary information regarding the VWAP applicable for the execution of block deals in the Afternoon block deal window.
 - **Price Limit (Cap):** The orders placed shall be within +3% of the applicable reference price in the respective windows as stated above, subject to surveillance measures and applicable price bands.
 - **Mandatory Disclosure:** Buyers and sellers are required to disclose their intent to the stock exchange at the time of execution. Details of the block deal, including the name of the scrip, client names (buyer and seller), quantity, and price, must be promptly disseminated by the stock exchange.
 - The changes primarily affect large investors and the intermediaries that facilitate their trades.
- **Financial Institutions:** Large Mutual Funds, Foreign Portfolio Investors (FPIs), Insurance Companies, and Alternative Investment Funds (AIFs) are heavily impacted, as they are the main users of the block deal window to manage their portfolio positions without disturbing the market price.
- **Stock Market Intermediaries (Professionals):** Stock Brokers and Custodian Banks must update their systems to handle the new minimum transaction size and adhere to the extended and split trading windows. They are responsible for ensuring all mandatory disclosures are made correctly and on time.
- **Stock Exchanges:** Recognized Stock Exchanges (like NSE and BSE) must adjust their trading systems and surveillance mechanisms to monitor the two distinct



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trading windows and manage the mandatory disclosure and dissemination of the block deal information.

➤ The circular is attached herein.

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Advance Payment Constitutes Operational Debt Under Section 5(21) of IBC: NCLAT

The National Company Law Appellate Tribunal (NCLAT), New Delhi, has held that an amount paid as **advance consideration qualifies as an Operational Debt** under Section 5(21) of the Insolvency and Bankruptcy Code, 2016 (IBC), particularly when such advance is reflected in the corporate debtor's audited balance sheet without any qualifying note from the auditor.

A Bench comprising **Justice Yogesh Khanna (Judicial Member)** and **Mr. Indevar Pandey (Technical Member)** observed that *“a purchaser who has made advance payments for supply of goods is an operational creditor when such goods are not supplied. The debt arises in respect of the provision of goods or services, and the failure to perform creates a right to payment.”*

Background

The appeal arose from an order of the **National Company Law Tribunal (NCLT), Ahmedabad**, which had admitted a Section 9 IBC petition filed by **Hiralal Bhimjibhai Kumavat** against **Vasundhara Seamless Stainless Tubes Pvt. Ltd.** (“Corporate Debtor”).

The dispute originated from a **sale agreement** for the purchase of machinery and scrap worth ₹1 crore. The operational creditor had paid the entire consideration in three tranches but alleged that the corporate debtor neither allowed the removal of the scrap nor refunded the amount. The NCLT admitted the petition, holding that the unpaid advance amount constituted an operational debt under the IBC.

The appellant argued that the transaction did not amount to an operational debt under Section 5(21) of the IBC since it was a one-time sale of scrap and machinery, not a contract for ongoing supply or services. It was further contended that no default had occurred as the scrap had allegedly been lifted in 2019, and since the agreement contained no clause for refund, no enforceable debt existed.



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Conversely, the respondent submitted that multiple letters and reminders seeking permission to lift the scrap were duly acknowledged by the company, demonstrating continued correspondence and acknowledgment of liability. It was also emphasized that the sum of ₹1 crore appeared in the corporate debtor's balance sheet as "advance from BN Enterprises" without any auditor's qualification.

The respondent further contended that no pre-existing dispute existed since the police complaint alleging forgery was filed only after the NCLT had reserved its order, and thus was an afterthought.

Findings

The NCLAT observed that the operational creditor's claim for refund of the advance directly arose from the corporate debtor's **failure to deliver goods**, thereby falling within the ambit of **operational debt** as defined in Section 5(21) of the IBC. Referring to the **Consolidated Construction Consortium** judgment, it reiterated that a purchaser who has made advance payment for goods becomes an operational creditor when the goods are not supplied.

The Tribunal noted that the **audited balance sheets for FY 2020–21 and 2021–22** recorded the amount as "Advance from Others – B.N. Enterprises" without any auditor qualification. It remarked that, *"If these were merely accounting disclosures for GST compliance, they would ordinarily carry a qualifying note or disclaimer. The absence of such qualification indicates that the amount was treated as a subsisting liability."*

Citing the **Bishal Jaiswal** judgment, the Tribunal held that entries in a company's balance sheet constitute acknowledgment of debt under Section 18 of the Limitation Act. Applying the **Mobilox** test, it ruled that a pre-existing dispute must be genuine and must exist prior to the issuance of the demand notice. The Tribunal observed that the police complaint dated 20.07.2024—filed five years after the transaction and over a year after the demand notice—was *"clearly an afterthought intended to create an illusion of dispute."*

The Bench further noted that there was no evidence on record showing that the corporate debtor had ever objected to the authenticity of the letters, denied liability, or disputed the ₹1 crore transaction before the complaint. No communication from 2019 to 2023 indicated any disagreement or denial of obligation, demonstrating the absence of a genuine pre-existing dispute.

Concluding its findings, the Tribunal held that *"once an advance is shown to have been paid and not returned, and there exists no plausible evidence of discharge, default stands established."*

Accordingly, the appeal was **dismissed**.



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Case Title: *Rakesh Bhailalbhai Patel v. Vasundhara Seamless Stainless Tubes Private Limited*

Case Number: Company Appeal (AT) (Ins.) No. 1695 of 2024

Parties' Agreed Choice of Jurisdiction Prevails Even If Cause of Action Arises Elsewhere: Karnataka High Court

The Karnataka High Court has reaffirmed that when parties to a contract have expressly chosen the exclusive jurisdiction of a particular court, no other court can entertain the dispute—even if part of the cause of action arises elsewhere.

A Division Bench comprising Chief Justice Vibhu Bakhru and Justice C.M. Poonacha set aside an interim injunction granted by the Bengaluru Commercial Court in favor of Atria Brindavan Power Pvt. Ltd., holding that the Debenture Trust Deed (DTD) in question clearly vested exclusive jurisdiction with the courts in Mumbai.

The Bench observed:

“Where more than one court has jurisdiction, and the parties agree that one or more of those courts will have exclusive jurisdiction to decide disputes, such an agreement is lawful and binding.”

Background

The appeal was filed by Baboon Investments Holding B.V., a Netherlands-based investor, challenging an interim injunction order of the Bengaluru Commercial Court that restrained the appellants from exercising their rights under the DTD and related securities.

The trial court had assumed jurisdiction on the ground that part of the cause of action had arisen in Bengaluru and further held that Defendant No. 3, not being a signatory to the DTD, was not bound by its jurisdiction clause.

Findings

Disagreeing with the commercial court, the High Court found that clause 72.1 of the DTD was explicit and left no room for concurrent proceedings. The DTD stated that courts and tribunals in Mumbai would have exclusive jurisdiction over disputes “arising out of or in connection with” the debenture documents—a phrase the Bench interpreted in its widest possible sense.

Relying on the Supreme Court’s decision in *Renusagar Power Co. Ltd.*, the Court reiterated that any dispute necessitating reference to the terms of the contract would fall within that expression. It further cited *Swastik Gases Pvt. Ltd. v. Indian Oil Corporation*



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Ltd., holding that even if the words “exclusive” or “only” are absent, specifying that a contract is subject to the jurisdiction of a particular court implies exclusion of all others.

The Court also rejected the commercial court’s view regarding Defendant No. 3, clarifying that since its rights were derived from Defendant No. 1—a signatory to the DTD—the jurisdiction clause equally applied to it.

“Defendant No. 3 is not asserting any independent rights but claims through Defendant No. 1, hence the jurisdiction clause binds it,” the Bench noted.

Conclusion

The High Court concluded that when two or more courts have jurisdiction, parties are entitled to select one of them as the exclusive forum for dispute resolution, and such an agreement is legally enforceable. The appeal was therefore allowed, and the impugned order of the commercial court was set aside.

Case Title: *Baboon Investments Holding B.V. v. M/s. Atria Brindavan Power Pvt. Ltd.*

Case Number: *Commercial Appeal No. 209 of 2024*

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