



**SNG & PARTNERS**

Advocates & Solicitors

ESTD 1962

## **SNG Newsletter**

Volume 41, June 2025



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# Editor's Letter



Dear Readers,

June 2025 witnessed a multitude of regulatory developments from the RBI, SEBI, and IBBI, as well as important judicial pronouncements spanning various fields, including Insolvency and Bankruptcy, Arbitration, and the Negotiable Instruments Act. Many of those that may interest our readers have been covered in this edition.

The current edition pens down an article addressing the “use of Artificial Intelligence (AI) and the submissions before the Lordship”, which highlights how AI is not merely automating tasks; it is beginning to co-author content, assist in decision-making, and even draft arguments meant to influence courts and scholarly discourse. The article discusses how the AI tools, on one hand, ensure that submissions meet the formal requirements of various courts, saving hours of clerical work for attorneys, while on the other hand, it “hallucinates” legal precedents, which some attorneys fail to verify in the case of *Mata v. Avianca* [678 F. Supp. 3d 443] dated July 07, 2023. This incident underscored the danger of relying too heavily on AI without proper validation, particularly in a domain as sensitive as law.

On the judicial front, the Supreme Court has held that the right under Article 19(1)(g) of the Constitution to carry on any trade or business includes the right to shut down that business. Further, the Apex Court also ruled that the developers are liable for the refund of the principal amount with interest to aggrieved homebuyers in cases of delay/ non-delivery, but they can't be held liable for interest on the personal loans taken by buyers to finance their homes.

The NCLAT New Delhi has held that a default in repayment of debt, which is continuously reflected in the Corporate Debtor's balance sheets, constitutes a clear acknowledgment of debt under Section 18 of the Limitation Act, particularly when no fresh borrowing was undertaken during that time. In another significant judgment, the NCLAT has held that where a notice under section 13(2) of the SARFAESI explicitly demands payment from the guarantor in terms of the guarantee agreement, it amounts to an invocation of the personal guarantee.

In the realm of Arbitration, in one of the landmark judgments, the Delhi High Court has ruled that communications between the parties through WhatsApp and emails can constitute a valid arbitration agreement. In another judgment, the Delhi High Court has held that the mere reference to certain assets in a provisional attachment order under PMLA does not, by itself, oust the jurisdiction of the arbitral tribunal, and the pendency of parallel investigations by the CBI or ED into allegations of fraud does not bar the arbitrator from adjudicating the dispute.

On the regulatory front, the RBI has issued new guidelines directing that no pre-payment charges can be levied on floating rate loans granted to individuals for non-business purposes. SEBI has extended the deadline for adoption and implementation of its Cybersecurity and Cyber Resilience Framework (CSCRF) till August 31, 2025. Now, a resolution professional, with the approval of the CoC, can invite expression of interest for submission of resolution plans for the corporate debtor as a whole, or for sale of one or more of the assets of the corporate debtor, or both. Lastly, the CoC has been empowered to direct the resolution professional to invite the providers of interim finance to attend CoC meetings as observers without voting rights.

I hope you find this edition insightful.

Warm regards,

A handwritten signature in dark ink that reads "Navneet Gupta". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**Mr. Navneet Gupta, Partner**

**SNG & Partners**



## A

**ARTICLE - Use of Artificial Intelligence and Submissions before Lordships**

*Author – Pankaj Bajpai,  
Senior Associate*

**“Hey Siri”, “Alexa”,** and more are not uncommon these days. You may be termed as crazy if you do not know them. Don’t get it wrong, since it's conventional and very handy if used intellectually. What is it actually, and how shall it be used tactfully, so that it will prove to be an auxiliary to human need and not replace the human race? Essentially, it’s a form of Artificial Intelligence (AI) which has taken place on human ground, rendering it more viable, when it comes to time saving. In recent years, AI has moved beyond theoretical research and academic debate into tangible applications that are transforming multiple industries, including academia and the legal system. Two of the most noteworthy applications are in the creation of research papers and in drafting legal submissions for courts. These developments raise both excitement and concern, as AI becomes a significant contributor to processes once solely reliant on human expertise and intellectual rigor. In short, AI is redefining nearly every professional domain from healthcare and finance to transportation and education. Among the most transformative developments is its growing role in domains that depend heavily on intellectual rigor and structured writing, academic research, and legal practice. In these realms, AI is not merely automating tasks; it is beginning to co-author content, assist in decision-making, and even draft arguments meant to influence courts and scholarly discourse.

**THE ROLE OF AI IN ACADEMIC RESEARCH AND PAPER WRITING:**

The AI has revolutionized how researchers gather, analyse, and synthesize information. Traditional research methods, which involve combing through vast libraries and databases, are being replaced, or at least enhanced, by intelligent algorithms. AI-powered tools such as Mike Legal and Harvey can analyse thousands of publications within seconds, identifying the most relevant papers, highlighting key arguments, and even detecting citation patterns. For the last 20 years, lawyers have been using historic legal software that takes too much time and effort to research through and has an extremely outdated experience. Thus, it began with the idea to create an AI-based legal assistant that can help automate legal processes, and the vision is to build a global legal tech company aiming to build an ecosystem of legal solutions that helps legal teams be more efficient and make data-driven decisions. Mike Legal is inspired by the TV show 'Suits', and it has

been developed into something like the Character Mike, who was a perfect assistant with photographic memory who plans steps ahead.

Similarly, designed specifically for law firms, Harvey AI provides a suite of AI products tailored to lawyers and law firms across practice areas and workflows. By streamlining time-consuming tasks, Harvey AI enables lawyers to focus on higher-value legal work while improving accuracy and productivity. In February 2023, Allen & Overy, one of the world's largest law firms, announced its partnership with Harvey AI. Since November 2022, the London-based law firm reported that over 3,500 of their lawyers have already tested Harvey AI by asking 40,000 questions during their day-to-day work. Additionally, these tools help academics perform more efficient literature reviews by offering citation recommendations based on the research topic, summaries of related studies, trend analysis to spot emerging research areas, drafting introductions, abstracts, and summaries, and rewriting or paraphrasing content for clarity. Importantly, these models can tailor output based on prompts, making them highly adaptable across disciplines and writing styles.

### **CONTENT GENERATION VS. INTELLECTUAL CONTRIBUTION:**

While AI can generate readable and grammatically sound content, concerns arise when it begins to influence the intellectual contribution of a paper. For example, AI cannot form genuinely novel hypotheses or original scientific insight. Whereas, if improperly used, AI-generated text may inadvertently echo existing sources, risking unintentional plagiarism. The use of AI without disclosure can lead to ethical violations in academic publishing, as many journals require transparency about authorship and contributions. Therefore, institutions are beginning to set guidelines on how AI should be used in research to maintain academic integrity.

The legal industry, known for its reliance on documents and precedent, has also begun leveraging AI to handle drafting legal documents. AI platforms like Casemine, Supreme Today, and Thomson Reuters' Westlaw Edge can generate legal briefs, contracts, and pleadings. Besides, they can analyse case law and statutes, summarize key rulings, and suggest relevant precedents. The AI tools also ensure that submissions meet the formal requirements of various courts, saving hours of clerical work for attorneys. These tools are particularly useful for small law firms or public defenders with limited resources, helping them compete more effectively with larger firms.

However, not all AI-generated court documents are created equal, and there have been notable failures. In the case of *Mata v. Avianca* [678 F. Supp.3d 443] dated July 07, 2023, a lawyer used ChatGPT to draft a court filing that cited fictitious cases. The AI "hallucinated" legal precedents, which the attorney failed to verify. The court sanctioned the lawyer, emphasizing the need for human oversight. The Court not only

dismissed the case, deeming it time-barred, but also sanctioned the attorneys for their “subjective bad faith” in filing false authorities. This incident underscored the danger of relying too heavily on AI without proper validation, particularly in a domain as sensitive as law.

Recently, this year, as per the Times of India news dated January 26, 2025, Sam Altman-led OpenAI is facing a new copyright lawsuit in India. According to a Reuters report, Indian book publishers and their foreign counterparts in New Delhi have filed a lawsuit aimed at halting the ChatGPT chatbot’s access to proprietary content. The lawsuit was filed by the Federation of Indian Publishers, including Bloomsbury, Penguin Random House, Cambridge University Press, and Macmillan. In the lawsuit, the Federation of Indian Publishers argues that OpenAI's services in India should be governed by Indian laws. The federation’s December filing claims OpenAI used its members’ literary works without permission to train ChatGPT, with evidence from publishers. They warn that AI-generated book summaries and extracts, often from unlicensed online copies, threaten their sales. ANI (Asian News International), a prominent news agency, has also alleged that the tech company used its content without permission to train its AI chatbot, ChatGPT. ANI claims that OpenAI not only utilised its copyrighted material without a lawful licence but also accused the company of attributing fabricated news stories to the agency. Globally, the ChatGPT-maker is facing a list of legal challenges from various global news organisations and copyright holders, including The New York Times and The Chicago Tribune, who have similarly accused OpenAI of using their work without authorization.

Similar fate took place in February 2025 with the Bangalore ITAT, whereby the Income Tax Appellate Tribunal placing reliance on the decisions quoted by the counsel, had affirmed a huge tax demand and penalty, where almost 500 crores quantum was on stake. The Tribunal accepted the decisions presented before it, which were however fictitious and does not even exist. So, the fundamental question arises as to who is accountable when AI produces incorrect legal information, developers, lawyers or firms? It cannot be disputed that AI models trained on biased legal data may perpetuate or exacerbate inequalities. Since legal documents often involve sensitive information, using AI services that store data on cloud servers can pose privacy risks if not handled properly. As a result, courts and bar associations are exploring frameworks to govern AI use responsibly.

### **ETHICAL CONCERNS:**

When AI contributes significantly to the writing process, the question arises: Who is the true author of the content? AI cannot claim intellectual ownership, but excessive reliance on it may dilute the originality of a

researcher's work. AI can inadvertently produce text that closely resembles existing publications, leading to unintentional plagiarism. Moreover, it may generate false citations or "hallucinated" references that don't exist, posing serious risks in academic publishing. AI also lacks true understanding or the ability to engage in critical reasoning. It can summarize or rephrase ideas but cannot offer genuine insight, which remains the cornerstone of academic research.

## **CONCLUSION: BALANCING INNOVATION WITH RESPONSIBILITY**

The use of AI in both academic and legal contexts is a double-edged sword. On one hand, it offers unprecedented speed and support in drafting complex documents. On the other, it challenges traditional standards of authenticity, accuracy, and ethics. Since AI's integration into academia and law is inevitable, its capacity to assist in research, writing, and legal drafting can significantly enhance productivity, democratize access, and improve outcomes. However, these benefits come with the need for ethical oversight, transparent disclosure, and rigorous human supervision. Remember, AI is not a substitute for critical thinking or legal reasoning. Instead, it should be viewed as a collaborative tool, one that complements human expertise but does not replace it. As we continue to explore the frontiers of human-AI collaboration, both the academic and legal communities must evolve with clear guidelines that ensure integrity, accuracy, and accountability remain paramount.





**B**

## **Reserve Bank of India ["RBI"]**

### **1. RBI Guidelines on AePS Operator Due Diligence**

To enhance security and fraud risk management within the Aadhaar Enabled Payment System (AePS), the RBI has directed that the inactive AePS Touchpoint Operators (ATOs) with no transactions for three consecutive months must undergo a fresh KYC process before resuming operations, and the acquiring banks must continuously monitor ATO activity using risk-based parameters such as transaction volume and location.

[Read more](#)

### **2. RBI Amends Export Regulations for Marine Vessels**

The RBI has broadened the scope of goods and services considered for export under these regulations, specifically addressing certain marine vessels, by inserting a new sub-regulation (ca) in Regulation 4 of the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, which now covers "Tugs or Tug Boats, Dredgers and Vessels used for providing offshore support services, subject to their re-import into India."

[Read more](#)

### **3. RBI Eases Advance Remittance for Shipping Vessel Imports**

The RBI has introduced a relaxation for the import of shipping vessels, by permitting Authorised Dealer Category-I banks to allow importers to make advance remittances for shipping vessel imports.

[Read more](#)

#### **4. RBI Amends Unclaimed Deposits & Inoperative Account Rules**

Aiming to streamline the process of account reactivation and ensure compliance with regulatory requirements, the RBI allows banks to leverage their authorized Business Correspondents to facilitate the activation of these inoperative accounts and unclaimed deposits.

[Read more](#)

#### **5. Master Direction: RBI (Electronic Trading Platforms) Directions, 2025**

The RBI has issued comprehensive eligibility criteria for authorization, encompassing general, financial, and technological requirements, whereby the Electronic Trading Platforms (ETPs) operators must be Indian companies with a minimum net worth of Rs. 5 crore and demonstrate experience in financial market trading infrastructure.

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#### **6. RBI (Pre-payment Charges on Loans) Directions, 2025**

While preventing restrictive clauses that deter borrowers from switching lenders, the RBI has issued new guidelines directing that no pre-payment charges can be levied on floating rate loans granted to individuals for non-business purposes.

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#### **7. Reserve Bank of India (Project Finance) Directions, 2025**

As per the Reserve Bank of India (Project Finance) Directions, 2025, the projects where financial closure has been achieved by the effective date will continue under existing prudential guidelines, but any fresh credit event or material change in loan terms post-effective date will be governed by these new directions. Loans not qualifying as 'project finance' or those in the operational phase will remain under the broader Prudential Framework for Resolution of Stressed Assets.

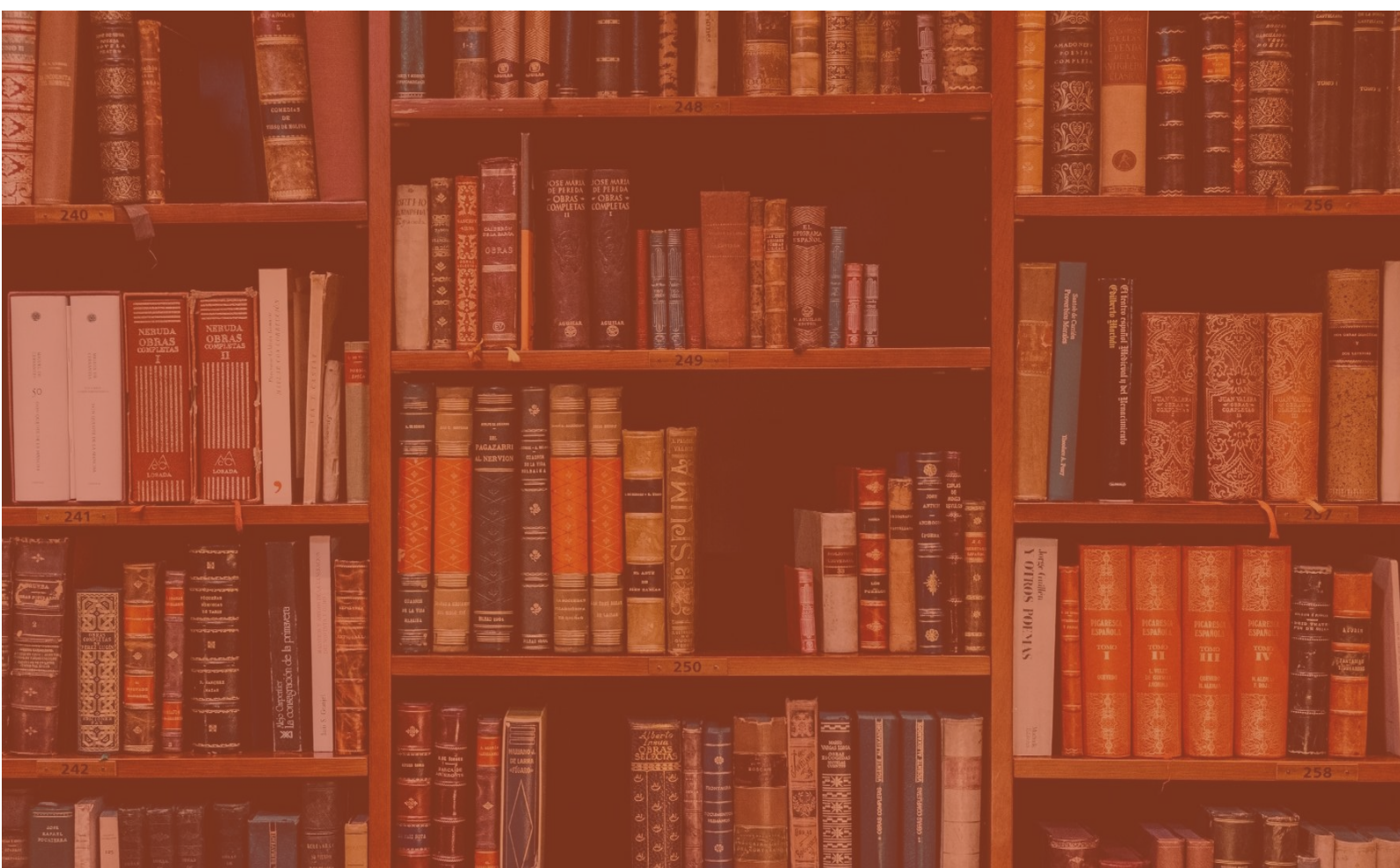
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## 8. RBI Implements STRIPS for State Government Securities

The RBI has introduced a facility for the Separate Trading of Registered Interest and Principal of Securities (STRIPS) for State Government Securities (SGS), whereby eligible SGS for stripping or reconstitution must have a residual maturity of up to 14 years, a minimum outstanding value of Rs. 1,000 crores as of the stripping date, be eligible for Statutory Liquidity Ratio (SLR) requirements, and be transferable.

[Read more](#)



**1. SEBI Mandates Standardized UPI IDs for Investor Payments**

Aiming to enhance accessibility and safety for investors transacting in the securities market by providing a validated and exclusive channel for fund transfers, SEBI has mandated a structured Unified Payment Interface (UPI) address mechanism for its registered investor-facing intermediaries.

[Read more](#)

**2. SEBI Re-lodgement Window for Transfer Requests of Physical Shares**

While addressing the concerns from investors who missed previous deadlines for resubmitting documents for transfers that were initially lodged before April 1, 2019, and subsequently rejected or returned due to deficiencies, the SEBI has introduced a special six-month window for investors to re-lodge requests for the transfer of physical shares.

[Read more](#)

**3. SEBI Extends Cybersecurity Framework Compliance Deadline**

The SEBI has extended the deadline for adoption and implementation of its Cybersecurity and Cyber Resilience Framework (CSCRF), till August 31, 2025, and instructed Stock Exchanges and Depositories to inform their members and participants about this change and publish the circular on their websites.

[Read more](#)

**4. SEBI Framework for ESG Debt Securities Issuance**

While issuing framework for the Environment, Social, and Governance (ESG) debt securities, SEBI has mandated that funds raised be used for projects aligned with internationally recognized

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standards such as the ICMA Principles, Climate Bonds Standard, ASEAN Standards, or EU Standards.

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## **5. SEBI Revises Standards for Audit Committee & Shareholder Disclosures on RPTs**

Aiming to standardize the information presented for Related Party Transactions (RPTs) approvals, SEBI has directed that effective from September 01, 2025, listed entities must adhere to RPT Industry Standards for all RPT proposals submitted to audit committees and in notices sent to shareholders.

[Read more](#)

## **6. Investor Charter Infrastructure Investment Trusts (InvITs)**

To ensure transparency in grievance redressal, SEBI has asked all registered Infrastructure Investment Trusts (InvITs) to disclose data on complaints received against them, or against issues they manage, on their respective websites by the 7th of the succeeding month.

[Read more](#)

## **7. SEBI Mandates Investor Charter for REITs**

By introducing an Investor Charter for Real Estate Investment Trusts (REITs), SEBI has directed all registered REITs to publicly disclose their investor complaint data on their websites by the 7th of each succeeding month, promoting transparency in grievance redressal.

[Read more](#)

## **8. SEBI Eases Compliance for Non-Convertible Debt**

While providing temporary relief to entities with listed non-convertible debt securities, SEBI has said that the issuers who complied with the MCA's circular and did not send hard copies of these documents will not face penalties under Regulation 58(1)(b) of the



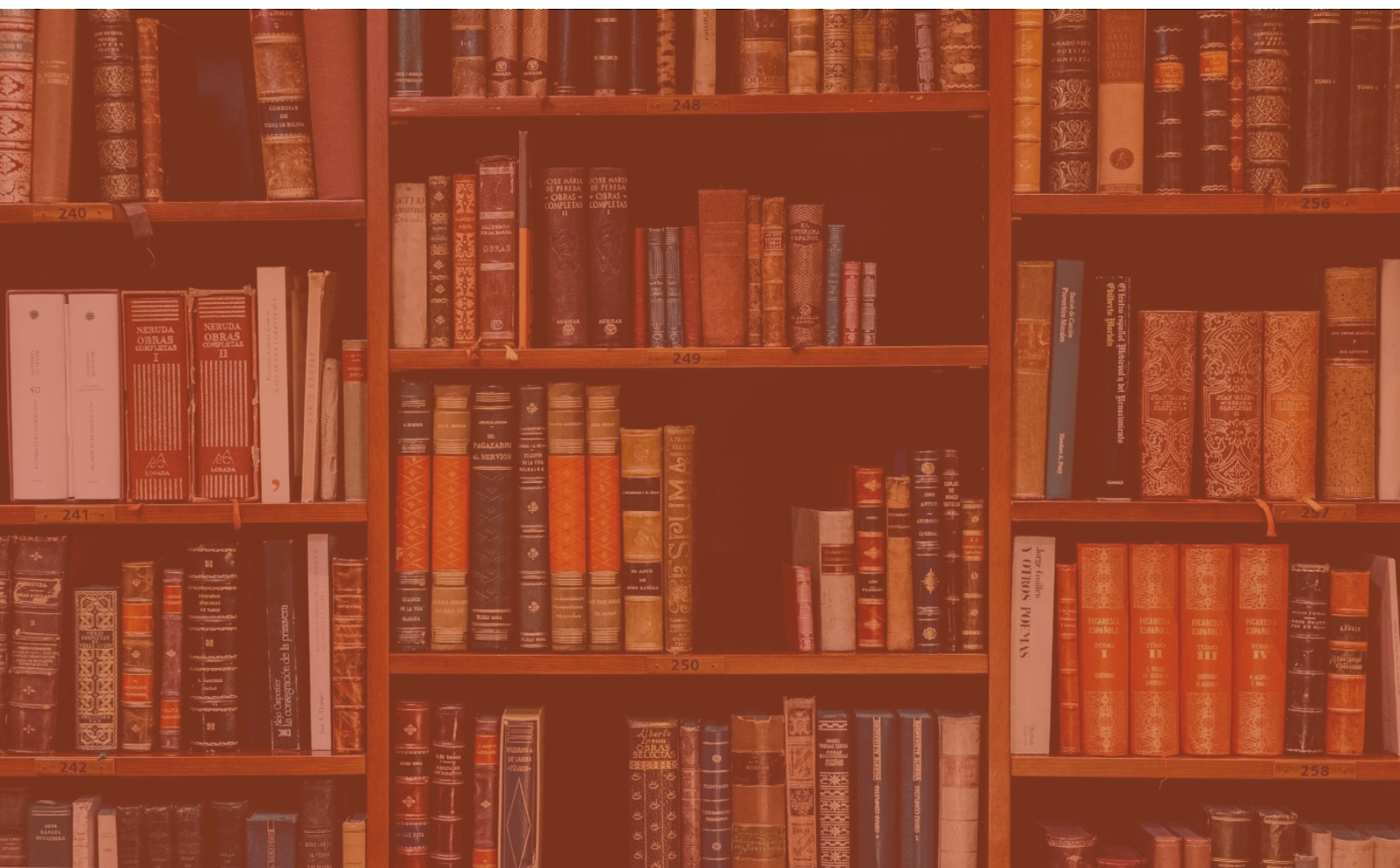
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

[Read more](#)

## 9. SEBI Clarifies Mutual Fund Portfolio Rebalancing Timelines

While clarifying the timelines for rebalancing portfolios of actively managed mutual fund schemes in cases of “passive breaches”, SEBI has explicitly stated that the provisions outlined in paragraph 2.9 of the “Master Circular for Mutual Funds” will apply to all types of such passive breaches.

[Read more](#)



**D****Insolvency and Bankruptcy Code, 2016 [IBC]****1. Continuous reflection of debt in the Corporate Debtor's balance sheet over an extended period constitutes a clear acknowledgment of debt under Section 18 of the Limitation Act**

The **NCLAT New Delhi** in the case of **Abhinav Bhatnagar vs. Bank of Baroda [Company Appeal (AT) (Insolvency) No. 615 & 616 of 2025]** dated May 30, 2025, has held that a default in repayment obligations is said to occur when the debt is continuously reflected in the Corporate Debtor's balance sheets over an extended period, particularly when no fresh borrowing was undertaken during that time. In such circumstances, the continued inclusion of the liability constitutes a clear acknowledgment of debt under Section 18 of the Limitation Act. Therefore, the period of limitation for filing an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) stands extended, even if the Financial Creditor's name is not expressly mentioned in the balance sheets.

[Read more](#)

**2. If notice u/s 13(2) of SARFAESI explicitly demands payment from the guarantor in terms of the guarantee agreement, it amounts to an invocation of the personal guarantee**

The **NCLAT New Delhi** in the case of **Asha Basantilal Surana v/s State Bank of India & Ors. [Company Appeal (AT) (Insolvency) No. 84 of 2025]** dated May 15, 2025, has held that where a notice under section 13(2) of the SARFAESI explicitly demands payment from the guarantor in terms of the guarantee agreement, it amounts to an invocation of the personal guarantee. The primary question before NCLAT was whether the notice issued under Section 13(2) of the SARFAESI Act and addressed to the Personal Guarantor constituted a valid invocation of the personal guarantee, thereby giving rise to a cause of action under Section 94(1) of the IBC. The Tribunal noted that the Section 13(2) notice was explicitly titled "Notice to Guarantor" and was addressed to the Personal Guarantor, and it clearly required the Personal Guarantor to discharge the outstanding liability within 60 days.

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### **3. Security interest can be proved through its registration with CERSAI, and the financial creditor can be classified as a Secured Creditor based on such registration**

The **NCLAT, New Delhi**, in the case of **Bizloan Private Limited Versus Mr. Amit Chandrashekhar Poddar [Comp. App. (AT) (Ins) No. 210 of 2024 & I.A. No. 718 of 2024]** dated July 03, 2025, has held that security interest can be proved through its registration with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) and the financial creditor can be classified as a Secured Creditor based on such registration as per Regulation 21 of the Liquidation Regulations, 2016.

The NCLAT held that it is not mandatory for the security interest to be registered under section 77 of the Companies Act to claim the status of a Secured Financial Creditor in the Liquidation proceedings under the Insolvency and Bankruptcy Code, 2016 (IBC). Section 77 of the Companies Act, 2013 mandates every company creating a charge on its property or assets (whether in India or outside) to register the particulars of the charge and the instrument creating it with the RoC.

[Read more](#)

### **4. In the absence of a formal loan agreement, Form 26AS, TDS deductions & ledger entries, are sufficient to establish a Financial Debt u/s 5(8) of the IBC**

The **NCLT New Delhi** in the case of **Fashion Suitings Pvt Ltd. vs. Shriya Overseas Pvt Ltd. [Company Petition IB/689/ND/2023]** dated May 09, 2025, has held that the absence of a formal loan agreement does not defeat the existence of a financial debt. The documentary evidence, such as tax filings (Form 26AS), TDS deductions, ledger entries, financial statements, and written acknowledgments, is sufficient to establish a Financial Debt under Section 5(8) of the Insolvency & Bankruptcy Code, 2016 (IBC).

The NCLT emphasized the April 2021 letter issued by the Director of the Corporate Debtor, which reaffirmed the outstanding debt and promised repayment by September 30, 2021. This letter was

accompanied by a confirmation of accounts, affirming both principal and accrued interest.

[Read more](#)

## **5. When the loan is granted without any interest, it should have a consideration of the time value of Money**

The **NCLT New Delhi** in the case of **Sunil Chopra vs. CAPL Hotels & SPA Private Limited [Company Petition IB/251/ND/2023] dated May 09, 2025**, dismissed a petition filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the code") stating that when the loan is granted without any interest, it should have a consideration of the time value of Money.

The NCLT also took note of the Corporate Debtor's contention that the Applicant had been in control of the Corporate Debtor, as a Director, when the accounting entries were made. Given this background, the Tribunal found the transaction to be a related party transaction, and the absence of any board resolution authorizing the loan from a related party further undermined the credibility of the claim. Additionally, the Tribunal found that the Applicant did not submit a valid record of default, and the mere filing of Form C, which records financial information, does not meet the requirement of a record of default.

[Read more](#)

## **6. The lease amount unpaid by the Corporate Debtor amounts to Operational Debt under IBC**

The **NCLT New Delhi** in the case of **M/s Unified Credit Solutions Pvt Ltd. v/s M/s DS Home Construction Pvt Ltd. [Company Petition IB/70/ND/2024] dated May 09, 2025**, has held that when the lease amount is unpaid by the Corporate Debtor it amounts to Operational Debt under the Insolvency & Bankruptcy Code, 2016 ("the Code").

The NCLT noted that the Operational Creditor has annexed true copies of the invoices to the petition, clearly evidencing that a commercial transaction took place between the parties. These

documents substantiate the existence of a legally enforceable debt arising from the use and occupation of the leased premises. Thus, the Tribunal concluded that it is evident that a debt is due and payable, and there has been a clear default on the part of the Corporate Debtor.

[Read more](#)

#### **7. IBBI empowers CoC to direct RPs to invite providers of interim finance to attend CoC meetings as observers without voting rights**

The IBBI has empowered the Committee of Creditors (CoC) to direct the resolution professional to invite the providers of interim finance to attend CoC meetings as observers without voting rights. This measure will provide interim finance providers with a better understanding of the corporate debtor's operational status, thereby enabling them to make well-informed decisions regarding funding requirements.

[Read more](#)

#### **8. IBBI Issues New Guidelines for IP Panel**

As per the new Guidelines issued by the IBBI effective June 02, 2025, the Insolvency Professionals (IPs) must not surrender their registration or Authorisation for Assignment (AFA) during the panel period. Additionally, the IPs withdrawing without a valid justification may be removed from the panel for six months.

[Read more](#)



**E****Arbitration and Conciliation Act, 1996 [A&C Act]****1. Communications between the parties through WhatsApp and emails can constitute a valid arbitration agreement**

Referring to Section 7(4)(b) of the Arbitration Act and emphasizing that it is not necessary for a concluded contract to be in existence for a valid arbitration agreement to be existing between the parties, the **Delhi High Court** in the case of **Belvedere Resources DMCC vs. OCL Iron and Steel Ltd. [O.M.P.(I) (COMM.) 397/2024, CRL.M.A. 9760/2025, I.A. 2377-78/2025] dated July 01, 2025**, has ruled that communications between the parties through WhatsApp and emails can constitute a valid arbitration agreement.

Disposing of the plea, the High Court noted that the Standard Coal Trading Agreement (SCOTA) was sent vide email by the petitioner to OCL Iron and Steel Ltd, which duly responded to the said email. It further noted that the respondent company informed the petitioner on WhatsApp that the SCoTA would be signed and sent immediately. The correspondence leaves no room for doubt that the arbitration agreement was contained in the exchange of email and WhatsApp communications between the parties, and hence, there is an existence of a valid arbitration agreement between the parties.

[Read more](#)**2. The mere existence of an arbitration clause is not sufficient to reject the plaint under Order VII Rule 11 CPC**

The **Delhi High Court** in the case of **Din Dayal Agarwal HUF vs. Capriso Finance Ltd. [CM(M) 2008/2024 & CM APPL. 12962/2024] dated June 25, 2025**, has held that if a proper application is filed under Section 8 of the Arbitration and Conciliation Act, 1996, the Court must refer the parties to arbitration and may reject the plaint under Order VII Rule 11(d) of the Civil Procedure Code, 1908 (CPC) as barred by law. However, if no such application is filed and no prayer is made for reference to arbitration, the mere existence of an arbitration clause is not sufficient to reject the plaint under Order VII Rule 11 CPC.

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### 3. Pendency of parallel investigations by the CBI or ED into allegations of fraud does not bar the arbitrator from adjudicating the dispute

The **Delhi High Court** in the case of **Lata Yadav vs Shivakriti Agro Pvt Ltd [CM(M) 53/2025 & CM APPL. 1854/2025]** dated **May 19, 2025**, has held that the mere reference to certain assets in a provisional attachment order does not, by itself, oust the jurisdiction of the arbitral tribunal. Similarly, the pendency of parallel investigations by the CBI or ED into allegations of fraud does not bar the arbitrator from adjudicating the dispute. Arbitration proceedings can continue independently, even when some aspects of the subject matter are under criminal investigation.

The High Court observed that the mere fact that certain assets involved in the arbitral proceedings are also mentioned in a provisional attachment order does not oust the arbitral tribunal's jurisdiction. It is well-settled that the same transaction can give rise to both civil and criminal proceedings, which may proceed simultaneously without affecting each other.

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### 4. Once arbitral proceedings commenced under Section 18(3) of the MSME Act, the process could not be reversed to reinitiate pre-arbitral conciliation

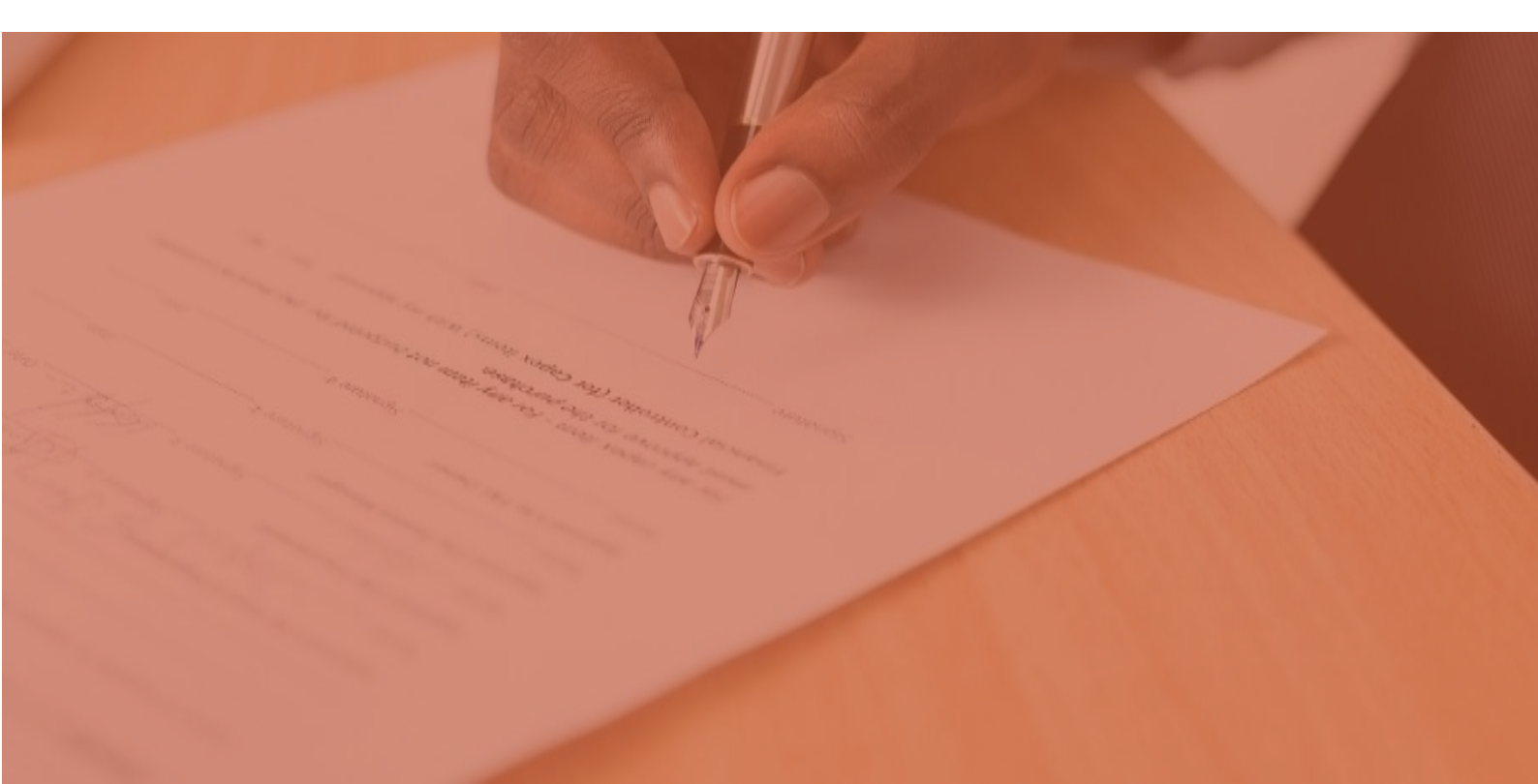
The **Calcutta High Court** in the case of **The Board of Major Port Authority for the Syama Prasad Mukherjee Port, Kolkata Vs. Marinecraft Engineers Private Limited [A.P.-COM No.296 of 2024 (Old No. A.P. 179 of 2023)]** dated **June 13, 2025**, has held that once arbitral proceedings commenced under Section 18(3) under the MSME Act, the process could not be reversed to reinitiate pre-arbitral conciliation. It was only at the petitioner's request that additional avenues for mutual settlement were explored alongside the arbitration, and upon the failure of these efforts, the Council proceeded to decide the matter on the merits.

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The High Court further opined that there is nothing in the 2006 Act itself to debar works contracts from being covered by the Micro, Small

and Medium Enterprises Development Act, 2006 ("the 2006 Act"), including Section 18 therein, provided the dispute relates to an MSME unit and is covered by Section 17 of the said Act. The Court further said that in this case, the arbitral tribunal's refusal to accept a jurisdictional objection under Section 16(2) or (3) of the Arbitration and Conciliation Act, 1996, is not appealable u/s 37(2)(a), as only acceptance of such an objection qualifies for appeal. Unlike Section 105 of the CPC, which applies to civil appeals and allows objections to interlocutory orders in a final appeal, the 1996 Act operates in a separate legal framework and does not permit importing such provisions indirectly to challenge arbitral orders through Section 34.

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### 1. Complainant in a cheque dishonour case, being a 'victim' as per Section 2(wa) of the CrPC, can file an appeal against acquittal under the proviso to Section 372 of the CrPC

The **Supreme Court** in the case of **M/s Celestium Financial vs. A Gnanasekaran [2025 INSC 804] dated April 08, 2025**, has held that a complainant in a cheque dishonour case for the offence u/s 138 of the Negotiable Instruments Act, 1881 (NI Act), is a person who has suffered economic loss, and can be regarded as a 'victim' within the meaning of Section 2(wa) of the Code of Criminal Procedure (CrPC) [Section 2(y) of Bharatiya Nagarik Suraksha Sanhita], who can file an appeal against acquittal under the proviso to Section 372 of the CrPC [Section 413 of the BNSS].

The Apex Court highlighted that the proviso to Section 372 was inserted in the CrPC by the 2009 amendment, giving victims the right to file an appeal against an order of acquittal. As the definition of 'victim' is an inclusive one, it includes a person who has suffered any loss or injury. In such circumstances, it would be just, reasonable and in consonance with the spirit of the CrPC to hold that the complainant under the NI Act also qualifies as a victim within the meaning of Section 2(wa) of the CrPC. Consequently, such a complainant ought to be extended the benefit of the proviso to Section 372, thereby enabling him to maintain an appeal against an order of acquittal in his own right without having to seek special leave under Section 378(4) of the CrPC.

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### 2. Developers are liable for the refund of the principal amount with interest to aggrieved homebuyers in cases of delay/ non-delivery, but they can't be held liable for interest on the personal loans taken by buyers to finance their homes

While deciding on the rights of homebuyers and the liabilities of real estate developers, arising from a dispute over delayed possession of flats in GMADA's 'Purab Premium Apartments' scheme launched in 2011 in Mohali, Punjab, the **Supreme Court** in the case of **Greater**

**Mohali Area Development Authority (GMADA) vs. Anupam Garg & Ors. [2025 INSC 808] dated June 04, 2025**, has held that while developers must refund the principal amount with interest to aggrieved homebuyers in cases of delay or non-delivery, they cannot be held liable for paying interest on the personal loans taken by buyers to finance their homes.

The Court went on to observe that whether the buyers of the flat do so by utilizing their savings, taking a loan for such purpose, or securing the required finances by any other permissible means, is not a consideration that the developer of the project is required to keep in mind. The one who is buying a flat is a consumer, and the one who is building it is a service provider. That is the only relationship between the parties.

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### **3. Right under Article 19(1)(g) of the Constitution to carry on any trade or business includes the right to shut down that business**

While considering the appeals filed by Harinagar Sugar Mills Ltd. (Biscuit Division) challenging the Bombay High Court's orders relating to the closure of its business, the **Supreme Court** in the case of **Harinagar Sugar Mills Ltd. (Biscuit Division) & Anr. vs. State of Maharashtra & Ors. [2025 INSC 801] dated June 04, 2025**, held that the right under Article 19(1)(g) of the Constitution to carry on any trade or business includes the right to shut down that business. However, this right is not absolute and is subject to reasonable restrictions aimed at protecting workers and ensuring compliance with statutory procedures.

The Supreme Court observed that the sum and substance are that Article 19(1)(g) includes the right to shut down a business, but is, of course, subject to reasonable restrictions. Emphasizing the interplay of Article 19(1)(g) and Section 25-O of the Act, the Court declared the closure application valid from August 28, 2019, and recognized the expiry of the 60-day period in October 2019, authorizing deemed closure.

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**4. If the original sale agreement remained unregistered, then it cannot result in a valid title merely on the ground that a subsequent transaction based on the said unregistered sale deed was registered**

Observing that an unregistered sale agreement does not confer valid title upon the person, the **Supreme Court** in the case of **Mahnoor Fatima Imran vs. Visweswara Infrastructure Pvt Ltd [2025 INSC 646] dated May 07, 2025**, held that if original sale agreement remained unregistered, then it cannot result in a valid title merely on the ground that a subsequent transaction based on the said unregistered sale deed was registered. The Court, therefore, refused to grant protection from dispossession to a person who sought title and possession based on an unregistered sale agreement.

Observing that the agreement of 1982, the original one and the revalidated one, cannot result in a valid title, merely for reason that the subsequent instrument had been registered, the Court noted that the defect of non-registration of a 1982 sale agreement cannot be cured upon its validation in 2006 without taking into fresh transaction.

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**5. In the absence of a suit for specific performance of a contract, an unregistered agreement to sell can't be relied upon for claiming ownership or title over the property**

While hearing a case where one of the parties, in the absence of a suit for specific performance of the contract, has sought enforcement of an agreement to sell to claim transfer benefits, the **Supreme Court** in the case of **Vinod Infra Developers Ltd. vs. Mahaveer Lunia & Ors. [2025 INSC 772] dated May 23, 2025**, reiterated that in the absence of a suit for specific performance of a contract, an agreement to sell cannot be relied upon for claiming ownership or title over the property. The Court clarified that title and ownership of immovable property can only be conveyed by a registered deed of sale.

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**G****Recognitions, Press Releases, and Deals****1. SNG & Partners advises UGRO Capital on ₹1,315 crore Rights and Preferential Issue**

SNG & Partners has advised **UGRO Capital Limited**, a prominent Data-Tech NBFC focused on MSME lending, on its successful capital raise aggregating ₹1,315 crore through a rights issue and a preferential allotment. The Firm advised UGRO on all legal and regulatory aspects of the capital raise, including drafting and finalisation of the Letter of Offer, assisting with shareholder and board approval processes, handling SEBI and stock exchange compliances, and providing inputs on structuring and procedural matters.

[Read more](#)**2. SNG & Partners acts on Lodha Developers ₹500 crore NCD Issuance**

SNG & Partners represented investors and the debenture trustee in relation to the issuance of rated, listed, senior, secured, redeemable, taxable, transferable non-convertible debentures (NCDs) aggregating to a total of ₹500 crore by **Lodha Developers Limited**. The NCDs were issued in two issuances comprising (i) 20,000 debentures of face value ₹1,00,000 each, and (ii) 30,000 debentures of face value ₹1,00,000 each, aggregating to ₹500 crore. The debentures were privately placed and subsequently listed on the stock exchange, marking a significant capital mobilisation by the company.

[Read more](#)**3. [Book Release] Bridging Law and Trade: Second Edition of "Documentary Letters of Credit"**

In a significant development for trade finance and legal literature in India, Amit Aggarwal, Managing Partner - Corporate & Non-Contentious Practice, at SNG & Partners, has announced the release of the **Second Edition of the iconic book "Documentary Letters of Credit – A Review of Cases from the Courts of India"**. The book has been jointly authored by Aggarwal, alongside international trade finance experts Ashish Madan, Founder of boutique advisory firm Adam Smith Associates, and Vincent O'Brien, Director at the International Chamber of Commerce (ICC) UAE.

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#### **4. SNG & Partners announces promotions across Leadership positions**

Reflecting its focus on nurturing talent and strengthening leadership, SNG & Partners has announced a new round of promotions across key positions within the firm's legal teams. With this recent development, the combined count of Partners and Associate Partners at the firm stands at 30.

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#### **5. Thought Leadership & Legal Insight – Noteworthy Publications by Our Professionals**

- **From Consent to Compliance: Navigating the implications of DPDP Act on Employment Practices – Varsha Kripalani, Partner, and Ipsita Sarkar, Associate**

This article discusses how employers and organisations must comply with stringent laws laid down by the DPDP Act when handling sensitive personal data or information of employees. It emphasises the evolving developments in the data privacy landscape that necessitate a proactive and strategic response from organizations across all sectors, and which accentuate the critical need for companies to reassess and realign their internal policies, protocols, and operational procedures concerning data collection, usage, storage, and sharing.

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- **Examining the intricacies involved in Sections 8 and 9 of the Insolvency and Bankruptcy Code 2016 – Ashish Kumar, Partner (Litigation and Head of Japan Desk); Lokesh Malik, Senior Associate; and Atika Chaturvedi, Associate**

This article analyses the IBC's distinction between financial and operational creditors, serving both a procedural and substantive purpose, reflecting the varied nature of their claims and the inherent risks involved. It delves into the question of whether a failure on the part of the corporate debtor to reply within the stipulated ten-day period operates as a bar against raising a pre-existing dispute before the Adjudicating Authority as a defence?

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## DELHI

R-26, Ground Floor,  
South Extension Part II,  
New Delhi - 110 049  
+91 11 46175500

One Bazar Lane,  
Bengali Market,  
New Delhi - 110 001  
+91 11 43582000

I-6, Jungpura-B,  
New Delhi -110014  
+91 11 49514500

## MUMBAI

9th Floor, Nehru Centre,  
Dr. Annie Besant Road, Worli,  
Mumbai – 400018  
+91 22 69215151

1011-1015 Raheja Chambers,  
Free Press Journal Marg,  
Mumbai – 400021  
+91 22 68255151

13A, 13th Floor, Earnest House,  
NCPA Marg, Nariman Point,  
Mumbai-400021  
+91 22 69835151

## BENGALURU

2nd Floor, 15/7, Saraf Towers,  
Primrose Road, Off M G Road,  
Ashoka Nagar,  
Bengaluru – 560001  
+91 80 46675151

For any inquiries about the content of this newsletter, please feel free to reach out to us at [info@sngpartners.in](mailto:info@sngpartners.in)

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