SAGUS SPEAKS

This Newsletter covers key Regulatory & Policy Updates, Government Notifications and Judicial Pronouncements.

REGULATORY AND POLICY UPDATES

RBI notifies Foreign Exchange Management (Authorized Persons) Regulations, 2026.

Reserve Bank of India ("RBI") by Notification dated 30.04.2026, published on 06.05.2026, notified the Foreign Exchange Management (Authorised Persons) Regulations, 2026 ("AP Regulations")[1].

The salient features of the AP Regulations are as follows:

(i) Scope and coverage of authorised persons: No person is permitted to act as an authorised person ("AP") in foreign exchange without obtaining authorisation from RBI under the AP Regulations. Existing APs may continue to operate until expiry of their current authorisation, subject to compliance with the AP Regulations and applicable directions. Applications for fresh authorisation are required to be submitted online through the PRAVAAH portal to the RBI regional office under whose jurisdiction the applicant's registered office is situated.

(ii) Categorisation under authorised dealer framework: RBI will grant fresh authorisations under three categories: AD Category-I, AD Category-II and AD Category-III.

(a) AD Category-I only covers banks licensed by RBI and is permitted to undertake any current and capital account transaction permissible under FEMA.

[1] Foreign Exchange Management (Authorized Persons) Regulations, 2026.

(b) AD Category-II covers banks licensed by RBI, NBFCs registered with RBI, and eligible Full-Fledged Money Changers ("FFMCs")/ Forex Correspondents that have been functioning for at least two years and have an average annual forex turnover of INR 50 crores during the previous two financial years. AD Category-II entities may undertake any non-trade current account transaction permissible under FEMA (other than gifts and donations) and foreign trade transactions up to INR 25 lakhs per transaction.

(c) AD Category-III is a newly introduced category for entities either required to deal in foreign exchange incidental to their principal activities or intending to offer innovative products and services involving foreign exchange transactions. The activities permitted to an AD Category-III entity shall be specifically set out in the authorisation issued by RBI.

(iii) Treatment of FFMCs and legacy applications: RBI shall not consider any fresh applications for authorisation as an FFMC, except applications already under process as on the date of commencement of the AP Regulations. Such pending applications are required to comply with the eligibility conditions, documentation requirements and procedures prescribed under the AP Regulations. Existing FFMCs may continue operations and apply for renewal as APs, subject to prescribed minimum net worth requirements of INR 25 lakhs for single-branch FFMCs and INR 50 lakhs for multiple-branch FFMCs, along with compliance with the prescribed fit and proper criteria.

(iv) Eligibility, fit-and-proper and enforcement clearance: Every applicant must be a company incorporated under the Companies Act, 2013 ("CA 2013"), and its memorandum of association must specifically authorise the foreign exchange activity for which approval is sought. Promoters, directors and key managerial personnel ("KMPs") are required to satisfy prescribed fit and proper criteria relating to qualifications and experience in the financial services industry, integrity, reputation, and absence of criminal convictions, regulatory sanctions or disqualifications under corporate laws. Further, at least 50% of the directors and KMPs must possess qualifications and experience in the financial services industry. Where the applicant, its promoters, directors, KMPs or parent entity is under investigation by the Directorate of Enforcement ("DoE"), the applicant is required to furnish a no-objection certificate ("NOC") from the DoE dated not earlier than 30 days from the application date. However, where no response is received from the DoE within 60 days of the request, the application may be processed on the basis of a declaration by the applicant, provided the request to the DoE was made not earlier than 90 days prior to the RBI application.

(v) Net-worth and minimum turnover thresholds: At commencement of business, APs must have minimum positive net worth as per their latest audited balance sheet, certified by statutory auditors, with specific minimum net worth of INR 10 crores for AD Category-II, INR 2 crores for AD Category-III and the same to be maintained for renewal of authorisation. Authorised persons other than banks/NBFCs must also achieve a minimum annual forex turnover within two years from (a) commencement of forex business, or (ii) coming into force of the Regulations, and maintain it on an ongoing basis (market reports indicate INR 50 crores for AD Category-II and INR 10 crores for FFMCs).

(vi) Validity of authorisation: Authorisation granted under the AP Regulations shall remain valid until revoked or surrendered. In the case of banks and NBFCs, such authorisation shall be co-terminus with the banking licence or certificate of registration, as applicable. APs are required to commence operations within six months from the date of authorisation and intimate RBI accordingly. Prior approval of RBI is also required before any change in management or any change in control or ownership exceeding 50%.

(vii) Forex Correspondent Scheme: AD Category-I and AD Category-II entities are permitted to appoint Forex Correspondents ("FxCs") as agents for money-changing business under a principal-agent model. FxCs may purchase/sell foreign currency notes/coins and travellers' cheques, and act as Money Transfer Service Scheme sub-agents, with all transactions being recorded in the books of the principal AD. Non-bank authorised dealers acting as principals (including NBFCs) must comply with the RBI (NBFC – Managing Risks on Outsourcing) Directions, 2025 in relation to their FxC arrangements.

(viii) Discontinuation of franchisee model and transition to FxCs: Authorised persons are barred from entering into any fresh franchisee arrangements under the earlier "Guidelines for Appointment of Agents/Franchisees by AD Category-I, AD Category-II and FFMC". Existing

franchisee arrangements must be discontinued within two years from commencement of the AP Regulations, and such franchisees may, thereafter, be onboarded as FxCs subject to FCS conditions.

The AP Regulations have come into effect from the date of its publication in the official gazette i.e., 06.05.2026.

GOVERNMENT NOTIFICATIONS

MoF notifies Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2026.

The Ministry of Finance ("MoF") by Notification dated 01.05.2026, notified the Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2026 ("Amendment Rules 2026")[2] to further amend the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("Principal Rules 2019").

The salient features of the Amendment Rules 2026 are as follows:

(i) Government route for investors from countries sharing land border with India:

(a) An entity or a citizen of a country which shares land border with India, or where the beneficial owner of an investment into India is a citizen of any such country, or where the beneficial ownership of an investment is vested in any such country, shall now invest only under the Government Route specified in sub-clause (ii) of clause (a) of paragraph (3) of Schedule I.

(b) Investments into India from an investor entity having any direct or indirect ownership by a citizen or an entity of a country sharing land border with India and not requiring prior Government approval under the provisions of this clause, shall be subject to reporting requirements specified by RBI.

(ii) Definition of 'beneficial owner of an investment into India': An explanation has been introduced to define "beneficial owner of an investment into India" as the beneficial owner of the investor entity incorporated or registered in a country other than one sharing a land border with India. It further provides that the term "beneficial owner" shall have the same meaning as assigned to it under the Prevention of Money-Laundering Act, 2002 ("PMLA"), and shall be determined in accordance with the criteria prescribed under sub-rule (3) of rule 9 of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 ("PML Rules").

(iii) Deemed vesting of beneficial ownership in a country sharing a land border with India: An explanation has been introduced to clarify that beneficial ownership shall be deemed to vest in such a country where a citizen or entity from that country, individually or cumulatively, directly or indirectly holds rights or entitlements above the applicable thresholds under the PML Rules, or is able to exercise control or ultimate effective control over the investor or investee entity in any manner.

The Amendment Rules 2026 have come into effect from the date of its publication in the official gazette i.e., 01.05.2026.

MoF notifies Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026.

MoF by Notification dated 02.05.2026, notified the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026 ("Second Amendment 2026")[3] to further amend the Principal Rules 2019.

The salient features of the Second Amendment 2026 are as follows:

(i) 100% Foreign Direct Investment in Indian Insurance Companies: The Second Amendment 2026 has revised the limit for foreign direct investment in an Indian insurance company from 74% of total paid-up equity to 100% of total paid-up equity of the Indian insurance company is allowed under the automatic route, subject to approval and verification by Insurance Regulatory and Development Authority ("IRDAI").

(ii) Requirements applicable to Indian Insurance Companies having foreign investment: Prior to the Second Amendment 2026, an Indian insurance company having foreign investment was required to have: (a) a majority of its directors; (b) a majority of its key management persons; and (c) at least one among the Chairperson of its Board, its Managing Director and its Chief Executive Officer, as Resident Indian Citizens. Under the

[2] Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2026.

[3] Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026.

Second Amendment Rules, 2026, the requirement now provides that at least one among the Chairperson of its Board, its Managing Director and its Chief Executive Officer, shall be Resident Indian Citizens.

(iii) Specific obligations applicable to insurance intermediaries having majority shareholding of foreign investors: The Second Amendment 2026 now restricts the specific compliance obligations applicable to insurance intermediaries with majority foreign shareholding, to the following: (i) incorporation as a limited company under the CA 2013; (ii) ensuring that at least one among the Chairman of the Board of Directors, CEO, Principal Officer, or MD is a resident Indian citizen; (iii) bringing in the latest technological, managerial, and other skills; and (iv) making disclosures, in such formats as may be specified by the Authority, of all payments made to group, promoter, subsidiary, interconnected, or associate entities.

The Second Amendment 2026 has come into effect from the date of its publication in the official gazette i.e., 02.05.2026.

DPIIT issues revised SOP for processing FDI proposals.

The Department for Promotion of Industry and Internal Trade ("DPIIT"), on 04.05.2026, has issued the revised Standard Operating Procedure ("SOP") for processing Foreign Direct Investment ("FDI") proposals ("Revised SOP")[4].

Under the Revised SOP, the time limits for processing FDI proposals have been revised wherein the dissemination of proposal by DPIIT to concerned ministries and/or departments and RBI, Ministry of Home Affairs ("MHA") and Ministry of External Affairs ("MEA") shall be completed within 2 days; initial scrutiny of the proposal and documents attached to the proposal shall be completed within 12 days, submission of clarification by DPIIT on specific issues of FDI policy shall be completed within 2 weeks, the concerned ministry and/or department and RBI, MHA and MEA shall submit their comments within 6 weeks and the approval on proposals by competent authority for grant of approval shall be completed within 4 weeks, with the cumulative time period for the completion of the whole process now being 12 weeks, which was 10 weeks as per the previous SOP.

Additionally, 2 weeks' time shall be given to DPIIT for consideration of those proposals which are proposed for rejection or where additional conditions are proposed to be imposed by the competent authority.

IBBI releases the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2026.

The Insolvency and Bankruptcy Board of India ("IBBI"), through Notification dated 13.05.2026, has released the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2026 ("IBBI Amendment Regulations")[5] to further amend the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 ("IBBI Principal Regulations").

The IBBI Amendment Regulations introduce the following amendments to the IBBI Principal Regulations:

(i) Regulation 5 of IBBI Principal Regulations:

(a) Regulation 5 provides for composition of the Governing Board of the Insolvency Professional Agency ("IPA"), which shall consist of managing director, independent director and shareholder directors. The IBBI Amendment Regulations amend Regulation 5(1) to add nominee director to the Governing Board of IPA.

(b) The definition of independent director in Regulation 5(6) has been amended to insert that *inter alia*, an independent director shall be an individual who is not a member of any statutory regulator that has sponsored or promoted the IPA, or that directly or indirectly holds shareholding in, or exercises control over, such IPA and who is not an independent director of any other IPA.

(c) Regulation 5(8) read with Regulation 5(9) provides that an individual may serve as an independent director for a maximum of two terms of three years, however, the second term is subject to a satisfactory review of the first term by the Governing Board. Regulation 5(9) has been amended to the effect that the second term shall require prior approval of IBBI as well.

[4] Standard Operating Procedure (SOP) for Processing Foreign Direct Investment.

[5] IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2026.

(d) A new sub-regulation (15) has been inserted in Regulation 5 to provide that IBBI shall nominate one individual as its nominee director on the Governing Board of an IPA, and such nominee director shall have the same status, rights, duties, powers and responsibilities as other directors of the governing board.

(ii) Regulation 5A of the IBBI Principal Regulations:

(a) Regulation 5A provides for the appointment of the managing director of the IPA. Sub-regulation (6) of Regulation 5A provides that the appointment, renewal of appointment and termination of service of the managing director shall be subject to prior approval of IBBI. Vide the IBBI Amendment Regulations, sub-regulation (6A) has been inserted after sub-regulation (6) which provides that for the purpose of obtaining prior approval of IBBI under sub-regulation (6), IPA shall forward not less than two names to IBBI, at least one month prior to the expiry of the tenure of the existing managing director.

The IBBI Amendment Regulations have come into force on the date of their publication in the Official Gazette, i.e., 13.05.2026.

JUDICIAL PRONOUNCEMENTS

Supreme Court holds that the corporate veil of holding companies may be lifted during the CIRP where the associated or group companies are inextricably connected so as to form part of one concern.

Supreme Court through its judgement dated 05.05.2026 in the matter of *Alpha Corp Development Private Limited v Greater Noida Industrial Development Authority (GNIDA) and Others*[6] held that the corporate veil of holding companies may be lifted during the Corporate Insolvency Resolution Process ("CIRP") where subsidiary companies are inextricably connected so as to form part of one concern.

In the present matter Earth Infrastructure Limited ("EIL"), the corporate debtor was developing certain projects on the parcel of land allotted by Greater Noida Industrial Development Authority ("GNIDA"). However, the lease deeds for those parcels of land were leased to the subsidiary companies of EIL. Subsequently, when EIL was admitted into CIRP, GNIDA contended that the said parcel of lands which were leased to EIL's subsidiary companies on which projects were being developed by EIL, cannot be part of EIL's resolution plan.

Supreme Court observed that while the assets of subsidiary companies cannot be made a part of the assets of holding company that was subjected to CIRP proceedings, as Section 2(87) of the Companies Act, 2013 defines subsidiary company to be a separate legal entity. However, the concept of separate legal identity is a general rule, and it cannot be used to defeat public interest or the rights of homebuyers who invested their hard-earned money in such projects which are stalled. The Supreme Court held that the subsidiary companies of EIL who had leased the land for development of project by EIL were inextricably linked to each other.

Supreme Court holds that consumers cannot be required to pay for depreciation costs for power plants which are no longer supplying electricity.

Supreme Court through its judgement dated 07.05.2026 in the matter of *Delhi Electricity Regulatory Commission v Tata Power Delhi Distribution Limited*[7] has held that consumers cannot be required to pay for depreciation costs for power plants which are no longer supplying electricity.

In the present matter, Tata Power Delhi Distribution Limited ("TPDDL") filed a petition before Delhi Electricity Regulatory Commission ("DERC") seeking true-up of expenditure for FY 2010–11 to FY 2017–18 in relation to the Rithala Combined Cycle Power Plant ("RCCPP"). DERC restricted depreciation on RCCPP at the rate of 6% per annum only up to FY 2017–18 and disallowed the running capital cost on the ground that the plant had ceased supplying electricity to consumers after March 2018. Aggrieved by the said order, TPDDL approached the Appellate Tribunal for Electricity ("APTEL"), which held that since DERC itself had determined the useful life of the plant as fifteen years and had computed the capital cost on that basis and observed that the depreciation could not be restricted to merely six years. In addition to this APTEL also observed that Regulation 6.32 of the DERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2011 ("2011 Regulations") mandated depreciation over the useful life and did not admit of any exception.

The Court observed that tariff determination is not merely a mathematical exercise but a regulatory balancing act. The object of enabling reasonable cost recovery for utilities must be weighed against and calibrated with the paramount obligation to safeguard

[6] Civil Appeal 1526 of 2023.

[7] Civil Appeal 6388 of 2025.

consumer interest. Since RCCPP had ceased supplying electricity to consumers after March 2018, consumers cannot be burdened with charges for a service that was no longer being rendered. In addition, the Court observed that it is a settled principle of statutory interpretation that no provision can be read in isolation. Accordingly, Regulation 6.32 of the 2011 Regulations must be construed harmoniously with Regulation 4.1 of the 2011 Regulations, which limits tariff entitlement to the period approved under the Power Purchase Agreement ("PPA"). Since the operational and recovery framework of RCCPP was fixed up to March 2018, hence, the 2011 Regulations have to be read in conjunction with Section 61(d) of the Electricity Act, 2003 ("EA Act") which places the consumer interest at the centre. The Court further observed that Regulation 6.32 of the 2011 Regulations cannot override the broader statutory and regulatory framework and does not confer an absolute or unconditional right upon the generating utility to recover depreciation from the consumers for a period during which the assets was not supplying electricity.

Supreme Court holds that the Indian Railways is not a Deemed Distribution Licensee and is liable to pay Cross-Subsidy Surcharge and Additional Surcharge for procurement of electricity.

Supreme Court through its judgement dated 08.05.2026 in the matter of *Indian Railways v West Bengal State Electricity Distribution Company Limited & Others*[8] held that Indian Railways ("IR") is not a Deemed Distribution Licensee ("DDL") under Section 14 of the EA Act and is liable to pay Cross-Subsidy Surcharge ("CSS") and Additional Surcharge ("AS") as stipulated in Section 42 of the EA Act.

The Court observed that IR cannot be granted open access for the power which it procures from the generating stations through the Inter-State Transmission System without paying CSS and AS as *firstly* IR is a consumer in terms of Section 2(15) of the EA Act. *Secondly*, IR uses electricity for its own operations and neither does the Railways Act, 1989 nor does the EA Act extend any authority to IR to undertake a commercial distribution/ supply of electricity beyond IR's internal domain. The Court also observed that the distribution or electric infrastructure authorized to be set up by IR to ensure power supply for railway operations cannot be considered akin to a distribution system. Based on the fact that IR qualifies as a consumer within the meaning of Section 2(15) of the EA Act and utilizes the procured electricity entirely for its own internal consumption, the Court further observed that IR is liable to pay CSS and AS as contemplated under Section 42 of the EA Act.

Supreme Court holds that a final decree under Order XII Rule 6 of the CPC can be passed, based on admission made in course of criminal proceedings.

Supreme Court through its judgement dated 08.05.2026 in the matter of *Sheikh Abedin v Iqbal Ahmed & Another*[9] held that final decree under Order XII Rule 6 of the Code of Civil Procedure, 1908 ("CPC") can be passed, based on admission made in course of criminal proceedings.

The Court observed that the purpose of Order XII Rule 6 of CPC is to enable a party to obtain speedy justice to the extent of the relevant admission which, according to the admission of the other party, he is entitled to. Admission on which judgement can be claimed must be clear and unequivocal one and such admission must be either of the entire claim made in the suit or even for a part of the claim for which decree can be passed separately. In addition to this, the Court also observed that a decree can be passed under Order XII Rule 6 of CPC on the basis of admission, whether it is in the pleadings or elsewhere highlighting that no particular form of admission is necessary.

High Court of Delhi holds that the place of employment and the termination are the determinative factors for deciding the territorial jurisdiction under the Industrial Disputes Act, 1947.

The High Court of Delhi through its Judgment dated 11.05.2026 in *Rajeshwar Dayal Aggarwal v. M/s. Enicar Machine (India)*[10] upheld the Award passed by the Labour Court ("Award") holding that the Government of NCT of Delhi was not the "Appropriate Government" competent to make the reference for adjudication of the industrial dispute, since Mr. Rajeshwar was employed and allegedly terminated at Faridabad, Haryana.

In the present case, Mr. Rajeshwar alleged that his termination by Enicar Machine (India) ("Enicar") was illegal. The issue of territorial jurisdiction went to the very root of the adjudicatory competence of the learned Labour Court. Although conciliation proceedings were initiated in Delhi and the dispute was referred to the Labour Court in Delhi, Enicar raised a preliminary objection contending that the dispute substantially arose in Haryana, as both the employment and the alleged termination were not in Delhi.

[8] 2026 INSC 464.
[9] SLP No. 19868 of 2022.
[10] W.P. (C) 9849 of 2016.

The Court observed that although the Industrial Disputes Act, 1947 does not contain any express provision prescribing territorial jurisdiction of Labour Courts, but Courts have consistently held that the jurisdiction of a Labour Court must have a direct and substantial nexus with the territory of the Government making the reference. The Court reiterated that the determinative factor for territorial jurisdiction is the situs of employment and the place where termination takes effect. The Court *inter alia* held that old documents showing Delhi addresses of the management could not confer jurisdiction upon Delhi when Mr. Rajeshwar himself admitted that he was employed and terminated at Faridabad. Accordingly, the High Court upheld the Award and dismissed the writ petition.

APTEL refuses to condone delay of 421 days in filing restoration of appeal post CIRP.

The Appellate Tribunal for Electricity ("APTEL"), *vide* Order dated 05.05.2026[11] in the matter of *Global Energy Private Limited v. Maharashtra Electricity Regulatory Commission*, dismissed the applications filed by Global Energy Private Limited ("GEPL") seeking condonation of delay and restoration of the appeal, which had earlier been dismissed for non-prosecution. It was held that the Successful Resolution Applicant ("SRA") and monitoring committee of GEPL has failed to demonstrate "sufficient cause" for condonation of delay of 421 days in filing the restoration application.

The issue before APTEL was whether the delay caused in filing the restoration application after completion of Corporate Insolvency Resolution Process ("CIRP") could be condoned under Section 5 of the Limitation Act, 1963. GEPL contended that repeated changes in Interim Resolution Professionals ("IRPs") and delay in handover of documents by the Resolution Professional ("RP"), subsisting moratorium under the Insolvency and Bankruptcy Code, 2016 ("IBC"), and ill health of the SRA constituted sufficient cause for the delay.

APTEL held that although the period till approval of the resolution plan by the National Company Law Tribunal ("NCLT") should normally be condoned, the delay thereafter remained wholly unexplained. APTEL observed that the SRA failed to exercise due diligence by not approaching the NCLT against the alleged non-cooperation of the RP and by not undertaking timely efforts to ascertain pending litigations involving the corporate debtor, i.e., GEPL. Further, APTEL rejected the plea of ill health of the SRA in absence of supporting medical records and held that liberal principles governing condonation of delay cannot be applied mechanically in cases lacking bona fides and diligence. Accordingly, APTEL dismissed the application for condonation of delay and consequently refused restoration of the appeal.

CERC issues Draft Order for Mechanism for treatment of connectivity granted under the GNA Regulations based on the LoA where the PPA has not been signed within the prescribed timeline.

The Hon'ble Central Electricity Regulatory Commission ("CERC" / "Commission"), vide Draft Order dated 06.05.2026[12] in Petition No. 11/SM/2026, has proposed a one-time regulatory framework for Renewable Energy ("RE") generating stations which had obtained connectivity under the CERC (Connectivity and General Network Access to inter-State Transmission System) Regulations, 2022 ("GNA Regulations") on the basis of Letters of Award ("LoAs") issued by Renewable Energy Implementing Agencies ("REIAs"), only where the LoAs have not been culminated into Power Purchase Agreements ("PPAs") within the prescribed period.

Accordingly, CERC invoking its powers under Regulations 41 and 42 of the GNA Regulations relating to "Power to Relax" and "Power to Remove Difficulty" and has proposed a one-time mechanism to address such stranded LoA-based connectivity. Under the proposed framework, entities having connectivity granted on the basis of LoAs, where PPAs have not been signed within 12 months from issuance of the LoA, have been provided the following options:

(i) Option-I: Entity may opt to exit from the LoA route and set up the project by submitting a Performance Bank Guarantee ("PBG") of INR 10 lacs/MW and submit the land document, the financial closure document and the Commercial Operation Date ("COD") within a stipulated timeline.

(ii) Option-II:

(a) Entity may opt to substitute the original LoA-1 with a PPA signed under LoA-2 issued by the same REIA or a different REIA. Such substitution shall be allowed on the PPA signed either by the connectivity applicant itself, or by its subsidiary, or by its parent company, or by another subsidiary of the same Parent Company.

(b) After the substitution of the PPA, the entity shall achieve the financial closure and the COD within the stipulated timeline of the PPA. COD of the project as per the PPA (as extended, if any) shall be considered as COD

[11] IA Nos. 1759 & 1760 of 2025 in Appeal No. 88 of 2017.

[12] Petition No. 11/SM/2026.

for the purpose of converted connectivity, subject to the condition that such COD shall not exceed 30 months from the date of conversion of Connectivity to the PPA route.

(c) The original LoA-1, which was substituted with PPA of LoA-2, shall become an ineligible document for applying for fresh connectivity or for conversion of connectivity from land/ land BG route to LOA route.

(iii) Option-III:

(a) Entity may opt to surrender such Connectivity with return of ConnBG1, Conn-BG2 and Conn-BG3.

(b) Surrendered capacity shall be put up for reallocation with payment of charges or auction, as applicable. Further, CTUIL may auction such connectivity capacity at a base price of INR 3 lakh/MW. The successful bidder would thereafter be required to comply with project development milestones, including land acquisition, financial closure and COD requirements.

(c) The proceeds from such auctions are proposed to be utilised partly towards reduction of transmission charges payable by drawee DICs under the Sharing Regulations, with the remaining amount being transferred to the Deviation and Ancillary Services Pool Account.

The detailed procedure for the treatment of the connectivity granted on the LoA basis and where the PPA is yet to be signed and that PPA has not been signed within a period of 12 months from the date of issuance of the LoA, has been attached as Annexure-I to the Draft Order dated 06.05.2026.

Stakeholder can submit their comments on the above proposed mechanism on or before 21.05.2026.

ABOUT SAGUS LEGAL

Sagus Legal is a full-service law firm that provides comprehensive legal advisory and advocacy services across multiple practice areas. We are skilled in assisting businesses spanning from start-ups to large business conglomerates including Navratna PSUs, in successfully navigating the complex legal and regulatory landscape of India. Our corporate and M&A, dispute resolution, energy, infrastructure, banking & finance, and insolvency & restructuring practices are ranked by several domestic and international publications. We also have an emerging privacy and technology law practice.

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