

## SAGUS SPEAKS



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

### REGULATORY AND POLICY UPDATES

#### **CERC issues Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2026**

The Central Electricity Regulatory Commission (“CERC”), *vide* Notification dated 20.05.2026, has issued the Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2026 (“Draft GNA Regulations”)<sup>1</sup>, amending the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (“Principal GNA Regulations”).

<sup>1</sup> Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2026.

The key highlights of the Draft GNA Regulations *inter-alia* are as follows:

- i. Introduction of ‘LAND BG’ [*Introduction of Clause (w-i) under Regulation 2.1*]: A new definition of Land Bank Guarantee (“BG”) has been added to recognize BGs furnished in lieu of land documents under Regulation 5.8 of the Principal GNA Regulations.
- ii. Withdrawal of Connectivity without Encashment of BGs [*Introduction of Regulation 3.10*]: In case the time period between ‘likely start date of connectivity’ intimated in in-principle grant of connectivity and start date of connectivity intimated in final grant of connectivity (tentative or firm), is two years or more, the entity shall be eligible to seek withdrawal of full

connectivity quantum with return of all BGs (Conn-BGs and Land BG, as applicable).

- iii. Minimum Storage Requirement for ESS [*Amendment to Regulation 4.1*]: Energy Storage System (“ESS”) seeking connectivity shall be required to maintain minimum discharge capability equivalent to twice the connectivity quantum (in MWhr). This requirement has been proposed to be incorporated across multiple provisions governing grant of connectivity to ESS.
- iv. Non-Solar Hour Access for Generating Stations and ESS [*Introduction of Regulation 4.7*]: Generating stations, including Renewable Energy Generating Station (“REGS”) and ESS, can seek non-solar hour access without necessarily seeking full-day access.
- v. Additional Capacity for Technical Compliance and Connectivity for Additional Capacity and ESS [*Amendment to Regulation 5.2*]:
  - a. Capacity installed for meeting technical compliance requirements at the Point of Injection (“POI”), as identified by the Nodal Agency, shall not be counted towards the installed capacity for the purpose of seeking connectivity.
  - b. ESS seeking additional connectivity may install REGS exclusively for charging purposes without furnishing land or financial closure documents for such REGS.
  - c. Connectivity granted for additional capacity shall automatically stand relinquished or revoked if the underlying connectivity is relinquished or revoked.
- vi. Connectivity Based on Multi-Location LoAs/PPAs [*Amendment to Regulation 5.8*]:
  - a. The Draft GNA Regulations propose to permit developers holding a single Letter of Award (“LoA”) or Power Purchase Agreement (“PPA”) for projects across multiple locations to obtain connectivity at one or more locations based on such LoA/PPA, subject to the contracted quantum or installed capacity specified for the relevant location, whichever is lower. Where the connectivity sought at a particular location exceeds the LoA/PPA quantum available for that location, additional connectivity may be sought through the Land BG route.
  - b. For ESS [excluding Pumped Storage Plant (“PSPs”)] seeking connectivity under the Land

BG route, the applicable bank guarantee has been proposed to be reduced to INR 5 lakh/MW.

- vii. Land and Financial Closure Compliance [*Amendment to Regulation 11A*]:
  - a. REGS and ESS obtaining connectivity through the LoA/PPA route shall be required to furnish land documents, financial closure documents within 15 days of the effective date of General Network Access (“GNA”).
  - b. Connectivity obtained through land or land-BG routes may subsequently be converted to the PPA route upon execution of an eligible PPA.
- viii. Direct Connectivity Between ISTS and Intra-State Networks [*Introduction of Regulation 17.5*]:
  - a. Drawee entities connected to the intra-State transmission or distribution system to directly connect to inter-State transmission system (“ISTS”) for the same drawal capacity, subject to consent of the concerned State Transmission Utility (“STU”).
  - b. Existing GNA grantees connected to ISTS to additionally connect with the intra-State transmission or distribution system, subject to technical feasibility and applicable State regulations.

Stakeholders may submit their comments on the Draft GNA Regulations on or before 22.06.2026.

### SEBI modifies nomination norms for demat accounts and mutual fund folios

The Securities and Exchange Board of India (“SEBI”), by circular dated 29.05.2026<sup>2</sup>, has modified the nomination framework applicable to demat accounts and mutual fund folios. The revised framework seeks to simplify investor onboarding and nomination procedures while reducing the incidence of unclaimed assets.

The key changes introduced by the circular are:

- i. Nomination shall be mandatory for all single-holder demat accounts and mutual fund folios opened on or after 01.09.2026, unless the investor expressly opts out. Nomination shall remain optional for jointly held accounts and folios. For jointly held accounts and folios, the consent of all joint holders shall be

<sup>2</sup> Ease of doing investments – Modified Norms for Nomination in Demat Accounts and Mutual Fund Folios.

- required for providing or changing a nomination, irrespective of the mode of operation.
- ii. Investors may nominate up to 3 (three) nominees and may modify or cancel nominations any number of times.
  - iii. Where multiple nominees are appointed and the percentage share of each nominee is not specified, the holdings shall be apportioned equally among the nominees. Any odd lot arising from such division shall be transferred to the first nominee named in the nomination form.
  - iv. Nomination may be submitted through online or offline modes. Online nominations may be authenticated through DSC, e-sign or two-factor authentication, while witness signatures for physical nominations are no longer required except where a thumb impression is affixed.
  - v. The mandatory information required for nomination has been reduced to the nominee's name and relationship with the investor. Details such as contact information, KYC particulars and guardian details (in case of minor nominees) have been made optional.
- i. To support the installation of approximately 1500 MW of new SHP capacity across India over the period FY 2026-27 to FY 2030-31.
  - ii. To provide Central Financial Assistance ("CFA") to incentivize development of SHP projects in states and union territories, with special emphasis on hilly and north-eastern states.
  - iii. To reduce the tariff of SHP generated electricity, making it more competitive and affordable to distribution licensees/State Government, ultimately benefiting consumers.
  - iv. To create an estimated 9,000 permanent jobs and approximately 51 lakh person-days of employment during the construction phase.
  - v. To contribute to India's climate commitments by avoiding approximately 4.3 million tonnes of CO<sub>2</sub> emissions annually after commissioning of 1500 MW of SHP capacity.
  - vi. To support the preparation of Detailed Project Reports ("DPRs") for minimum of 200 SHP projects, creating a pipeline for future development.

The circular will come into effect from 01.09.2026 and supersedes all earlier SEBI circulars relating to nomination in demat accounts and mutual fund folios.

## GOVERNMENT NOTIFICATIONS

### **President of India sanctions implementation of Small Hydro Power Development Scheme from 1 MW to 25 MW**

The Ministry of New and Renewable Energy ("MNRE"), vide Notification dated 15.05.2026<sup>3</sup>, has conveyed administrative approval for implementation of the Small Hydro Power ("SHP") Development Scheme ("SHP Scheme") for SHP projects ranging from 1 MW to 25 MW capacity for the period FY 2026-27 to FY 2030-31, with a total financial outlay of INR 2,584.60 Crores. Further, Solar Energy Corporation of India Limited ("SECI") has been designated as the National Programme Implementing Agency ("NPIA") for the SHP Scheme. The Government of India approved the SHP Scheme of 18.03.2026 with administrative approval granted by the President of India on 15.05.2026.

The objectives of the SHP Scheme are as follows:

- vii. To foster innovation and institutional capacity through support to IITs, NITs, and technical institutions working in the SHP sector.

### **MoP notifies 01.06.2026 as the date on which certain amendments to Electricity Act, 2003 shall come into force**

The Ministry of Power ("MoP"), vide notification dated 18.05.2026 issued under the Jan Vishwas (Amendment of Provisions) Act, 2026 ("Jan Vishwas Act"), has notified 01.06.2026<sup>4</sup> as the date on which the amendments relating to the Electricity Act, 2003 ("EA 2003") under serial number 58 of the Schedule to the Jan Vishwas Act shall come into force.

The key highlights of the amendments to EA 2003 are as follows:

- i. Amendment to Section 139 (*Negligently Breaking or Damaging Works*):
  - a. Negligently breaking, injuring or throwing down or damaging any material connected with the supply of electricity, now attracts a penalty of not less than INR 5000 which may extend to INR 1 Lakh, to be imposed by an officer duly authorised by the Appropriate Government.

<sup>3</sup> Approval for implementation of small hydro power development scheme.

<sup>4</sup> MoP Notification dated 18.05.2026.

- b. Repeat offences under (a) shall attract a punishment of not less than INR 5000 which may extend to INR 1 Lakh.
- ii. Amendment to Section 140 (*Penalty for Intentionally Injuring Works*): Whoever maliciously causes electricity to be wasted or diverted or with intent to cut off the supply of electricity, cuts or injures, or attempts to cut or injure, any electric supply line or works, shall be punishable with fine extendable up to INR 10,000.
- iii. Omission of Section 141 (*Extinguishing public lamps*): The said provision has been omitted from EA 2003.
- iv. Amendment to Section 142 (*Penalty by Appropriate Commission for noncompliance of order or direction*):
  - a. The scope of Section 142 has been expanded to cover non-compliance of any order or direction issued under EA 2003.
  - b. The penalty amount has been enhanced from a maximum of INR 1 lakh to a penalty ranging from INR 10,000 to INR 5 Lakh.
  - c. Continuing default shall attract additional penalty ranging from INR 1,000 to INR 10,000 per day.
- v. Amendment to Section 146 (*Punishment for Non-Compliance of Orders or Directions*):
  - a. The provision relating to imprisonment has been omitted.
  - b. Non-compliance shall now attract penalty ranging from INR 10,000 to INR 10 Lakh.
  - c. Continuing default shall attract additional penalty ranging from INR 1,000 to INR 50,000 per day.

### **IBBI notifies the IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2026**

The Insolvency and Bankruptcy Board of India (“IBBI”), *vide* notification dated 19.05.2026, has notified the IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2026 (“CIRP Amendment Regulations”)<sup>5</sup> to amend the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“CIRP Principal Regulations”).

The CIRP Amendment Regulations amend Regulation 27 of the CIRP Principal Regulations which provides for appointment of professionals. The sub-regulation (1) of

<sup>5</sup> IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2026

Regulation 27 provides that the resolution professional shall appoint two sets of registered valuers to determine fair value and liquidation value of the corporate debtor.

A proviso has been inserted after sub-regulation (1) of Regulation 27 which provides that in respect of a corporate debtor classified as a micro, small or medium enterprise under Section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, the resolution professional shall appoint one set of registered valuers, unless the Committee of Creditors decides to appoint two sets of registered valuers, with reasons to be recorded in writing.

The CIRP Amendment Regulations have come into force on the date of their publication in the Official Gazette, i.e., 21.05.2026.

### **IBBI notifies the IBBI (Liquidation Process) (Third Amendment) Regulations, 2026**

IBBI, *vide* notification dated 19.05.2026 has notified the IBBI (Liquidation Process) (Third Amendment) Regulations, 2026 (“Liquidation Amendment Regulations”)<sup>6</sup> to amend the IBBI (Liquidation Process) Regulations, 2016 (“Liquidation Principal Regulations”).

The Liquidation Amendment Regulations amend Regulation 35 of the Liquidation Principal Regulations which provides for valuation of assets intended to be sold. Sub-Regulation (2) of Regulation 35 provides that the liquidator shall appoint two registered valuers to determine the realisable value of the assets or businesses of the corporate debtor.

A proviso has been inserted after sub-regulation (2) of Regulation 35 which provides that in respect of a corporate debtor classified as a micro, small or medium enterprise under Section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, the liquidator shall appoint one registered valuer for each asset class of the corporate debtor, unless the liquidator in consultation with the stakeholders’ consultation committee decides to appoint two registered valuers, with reasons to be recorded in writing.

The Liquidation Amendment Regulations have come into force on the date of their publication in the Official Gazette, i.e., 20.05.2026.

### **MCA notifies 26.05.2026 as the date on which certain provisions of the Insolvency and Bankruptcy Code (Amendment) Act, 2026 shall come into force**

The Ministry of Corporate Affairs (“MCA”), *vide* notification dated 22.05.2026, has notified 26.05.2026 as

<sup>6</sup> IBBI (Liquidation Process) (Third Amendment) Regulations, 2026

the date on which certain provisions of the Insolvency and Bankruptcy Code (Amendment) Act, 2026 (“IBC Amendment Act”) shall come into force.<sup>7</sup>

The following provisions of the IBC Amendment Act have come into force, with effect from 26.05.2026:

- i. Sections 2 to 6 (both inclusive);
- ii. Sections 8 to 33 (both inclusive);
- iii. sub-clause (iii) of clause (a) and clause (b) of Section 34;
- iv. Sections 35 to 39 (both inclusive);
- v. Section 41;
- vi. Sections 43 to 44 (both inclusive);
- vii. Section 46;
- viii. Sections 48 to 59 (both inclusive);
- ix. Sections 61 to 66 (both inclusive);
- x. Section 68;
- xi. clause (a) of Section 69;
- xii. clause (a) of Section 70;
- xiii. sub-clause (i) to sub-clause (xxvi) of clause (b) of Section 70 [Except sub-clause (xx) of clause (b) of Section 70];
- xiv. Section 72.

The key changes brought into force include:

- i. Creditor-initiated insolvency resolution process: A new creditor-initiated resolution mechanism has been introduced, permitting specified financial creditors to trigger a resolution process against eligible corporate debtors as an alternative to the conventional process under Sections 7, 9 and 10 of the Insolvency and Bankruptcy Code, 2016 (“IBC”).
- ii. Admission of applications: Section 7(5) of the IBC has been substituted to provide that, once a default and a complete application are established, no other ground may be considered for rejecting the application, reinforcing mandatory, time-bound admission.
- iii. Withdrawal and committee oversight: Section 12A (withdrawal of admitted applications) has been substituted to permit withdrawal with 90% committee of creditors approval. However, such withdrawal is barred once the resolution plan invitation has been issued.
- iv. CIRP and liquidation timelines and revival: Section 33 of the IBC now allows the committee of creditors (by 66% vote) to seek a one-time restoration of a stalled resolution process, for up to one hundred and twenty days, before a liquidation order is passed; and

separately requires the adjudicating authority to pass any liquidation order within thirty days.

- v. Avoidance and wrongful trading proceedings: It has been clarified under Section 26 of the IBC that the conclusion of the resolution or liquidation does not affect the continuation of avoidance transaction, fraudulent or wrongful trading and applications filed in respect of the above would continue irrespective of the completion of the corporate insolvency resolution process or the liquidation process.
- vi. Penalties and institutional reforms: New sections 64A and 183A under the IBC allow the adjudicating authority to impose a penalty of not less than INR 1 lakh, extending to INR 2 crore, for frivolous or vexatious proceedings under Parts II and III of the IBC.

### MNRE issued OM for ALMM List applicability post 01.06.2026

MNRE, *vide* Office Memorandum dated 25.05.2026 (“ALMM OM”)<sup>8</sup> has specified that there will be no extension of the requirement to mandatorily source solar cells and modules from Approved List of Models and Manufacturers (“ALMM”) by net metering and open access renewable power projects getting commissioned on or after 01.06.2026.

The key highlights of the ALMM OM *inter-alia* are as follows:

- i. The ALMM OM provides that extension may be granted to protect investments already made where (a) installation of solar modules is completed but not commissioned or (b) effective steps have been undertaken by the power developers towards grounding the projects. In such cases, requests will be considered for appropriate time-extension on case-to-case basis, after objective assessment of the supporting information/ documentary proofs provided by such developers.
- ii. Category I pertains to cases where 100% of the solar photovoltaic modules required for the project have been installed on the project site before 01.06.2026. For extension under the ALMM OM, developers are required to submit approval/ certification obtained from the office of the Electrical Inspectorate to the concerned government on DC side installations, including installation of solar modules etc.
- iii. Category II pertains to cases where effective steps have been undertaken for grounding the project, but

<sup>7</sup> MCA Notification dated 22.05.2026 under Section 1(2) of the Insolvency and Bankruptcy Code (Amendment) Act, 2026.

<sup>8</sup> Office Memorandum for approved list of models and manufacturers.

the project was not commissioned prior to 01.06.2026. For extension under the ALMM OM, developers have to meet all the following criteria:

- a. Establish that prior to 01.06.2026, they had clear possession of at least 75% of the land required for the project, had achieved financial closure, and received in-principle grant of connectivity with the start date of connectivity being before 01.06.2026;
  - b. Establish that prior to 01.05.2026, approval had been obtained from the office of the Electrical Inspectorate to the concerned government for the electrical drawings including single line diagram;
  - c. Establish that either 100% of the solar photovoltaic modules required for the project had arrived at the project site prior to the date of notification of the ALMM OM, or more than 50% of such modules had been installed on the project site prior to 01.06.2026.
- iv. All claims will be examined by the expert committee to be constituted by the MNRE to recommend project wise, case-to-case claims, based on information provided by the concerned developer. Field inspections will be undertaken by the said committee as per operational necessity. The process and procedures for examination of claims will be issued separately.

### JUDICIAL PRONOUNCEMENTS

#### **Supreme Court holds that misdeclaration is distinct from gaming and does not require proof of mens rea or illegal profiteering**

The Supreme Court of India, through its judgment dated 20.05.2026 in the matter of *Punjab State Power Corporation Limited v. Talwandi Sabo Power Limited & Ors.*,<sup>9</sup> allowed the appeals filed by Punjab State Load Despatch Centre (“PSLDC”) and Punjab State Power Corporation Limited (“PSPCL”), and set aside the judgment of the Appellate Tribunal for Electricity (“APTEL”) while restoring the order of the Punjab State Electricity Regulatory Commission (“PSERC”), upholding the finding of misdeclaration of Declared Capacity (“DC”) by Talwandi Sabo Power Limited (“TSPL”) under the Punjab State Grid Code, 2013 (“SG Code”).

The principal issue before the Court was whether failure of a generating station to demonstrate its DC upon notice issued by the State Load Despatch Centre (“SLDC”)

constitutes “misdeclaration” attracting penalty under Regulation 11.3.13 of the SG Code, and whether such penalty requires proof of *mens rea* or illegal profiteering. TSPL contended that misdeclaration and gaming are synonymous and therefore penalty could be imposed only upon establishing deliberate intention to profiteer. PSLDC and PSPCL, on the other hand, contended that Regulation 11.3.13 of the SG Code creates a strict liability mechanism in respect of demonstration of DC, which is independent of gaming, and once the generating station fails to demonstrate its DC within the stipulated time blocks, penalty automatically follows irrespective of *mens rea* or profiteering.

The Court held that gaming under Regulations 11.3.4 of the SG Code is distinct from failure to demonstrate DC under Regulation 11.3.13 of the SG Code. While gaming requires proof of intentional misdeclaration coupled with intention of illegal enrichment, Regulation 11.3.13 of the SG Code imposes a strict civil liability upon failure to demonstrate DC after notice by the SLDC. The Court found that TSPL had failed to demonstrate its DC on four occasions in January 2017 despite issuance of notices by PSLDC and therefore upheld imposition of penalty. Accordingly, the Court restored the order of PSERC and directed refund of all amounts recovered by TSPL pursuant to the APTEL judgment along with applicable interest.

#### **Supreme Court holds that that unsubstantiated fraud allegations cannot shift burden onto defendants in challenge to GPA transactions**

The Supreme Court of India, through its judgment dated 22.05.2026 in *Mallika v. R. Nallathambi & Ors.*<sup>10</sup>, held that a party claiming General Powers of Attorney (“GPA”) were executed merely as security for loan transactions and not for genuine sale transactions, bears the burden of proving such claim through cogent evidence, and that mere allegations of fraud or fiduciary misuse were insufficient to invalidate registered sale transactions in the absence of proof of fraud, misuse of authority or repayment of the alleged loans.

The Court held that unless foundational facts constituting fraud or fiduciary misuse were first established, the burden could not shift to the Respondents to prove the *bona fides*. It was also observed that the Appellant failed to produce documentary evidence of the alleged loans and their repayment, and had challenged the transactions after an unexplained delay of nearly ten years, during which the GPAs remained uncanceled and subsequent transactions continued without objection. Finding no perversity, patent illegality or substantial question of law, the Court dismissed the appeal.

<sup>9</sup> Civil Appeal Nos. 7432 of 2025 and 7436 of 2025.

<sup>10</sup> Civil Appeal No. 9837 of 2017.

### **Supreme Court holds that a party cannot challenge an arbitral award on the ground that the arbitral mandate has expired when the party itself has accepted extension of arbitral mandate**

The Supreme Court of India, through its judgement dated 26.05.2026 in the matter of *Gujrat Water Supply and Sewerage Board v Saryu Plastics Private Limited*,<sup>11</sup> held that a party cannot challenge an arbitral award on the ground that the arbitral mandate has expired, when the party itself has accepted extension of arbitral mandate.

The Court observed that Section 29A of the Arbitration and Conciliation Act, 1996 (“A&C Act”) does not apply in cases wherein the parties to the arbitration agreement have participated in the arbitral proceedings even after the mandate was extended. Further, the Court held that as the Board had not objected to the continuation of the arbitral proceeding, it had tacitly agreed to the extension of the mandate through its conduct and that the principles of estoppel applied against the Board. In addition to this, the Court also observed that party autonomy, coupled with minimal intervention of judicial authorities, has been the guiding principle for the A&C Act and due to this reason, there is no statutory timeline for delivering the Arbitral Awards and prescribing consequences of not delivering them on time.

### **High Court of Delhi holds that a developer cannot forfeit buyer’s payments and cancel the allotment in the absence of proof of default or actual loss**

The High Court of Delhi, through its judgment dated 18.05.2026 in the matter of *M/s R.C. Sood & Co. Developers Pvt. Ltd. v. Sharad Maheshwari & Anr.*,<sup>12</sup> dismissed an appeal challenging the decree of District Judge directing refund of INR 18,00,000/- to the purchasers in a real estate dispute arising out of cancellation of a villa allotment and alleged forfeiture of earnest money. The Court upheld the judgment of the District Judge holding that the developer had illegally cancelled the allotment and has failed to justify the forfeiture of the earnest money.

The issue before the Court was whether the cancellation of the allotment by the developer on the ground of non-payment of instalments was legally sustainable, whether the payment obligations under the Agreement to Sell (“ATS”) were time linked or construction linked, whether the alleged demand notices for instalments had been validly served in terms of the contract and whether the subsequent settlement pursuant to which the purchasers

accepted a lesser refund amount constituted a binding full and final settlement.

The Court held that the payment obligations under the ATS were construction linked and contingent upon the issuance of valid demand notices, which the developer failed to prove that they have been duly served in accordance with the contractual stipulations. The Court observed that in the absence of proof of service of demand notices and evidence regarding actual construction progress, the purchasers could not be treated as defaulters, rendering the cancellation of the allotment illegal and arbitrary. The Court further held that the full and final settlement was not voluntary, and the Court observed that the developer has occupied a dominant bargaining position by withholding substantial sums already paid by the purchasers, thereby compelling the acceptance of a reduced refund under coercive circumstances. The Court reiterated that retention of monies under Section 74 of the Indian Contract Act, 1872 requires actual proof of actual loss, which the developer had failed to establish. Accordingly, finding no infirmity in the District Judge’s decree directing refund of INR 18,00,000/- along with interest, the Court dismissed the appeal.

### **High Court of Delhi held that an employer cannot continue to pay stagnant wages under Section 17-B of the Industrial Disputes Act, 1947 despite periodic revision of minimum wages by the Government**

The High Court of Delhi, through its Judgment dated 18.05.2026 in the matter of *Moolchand Khairati Ram Hospital v. Vijender Singh & Ors.*,<sup>13</sup> *inter alia*, held that the obligation under Section 17-B of the Industrial Disputes Act, 1947 (“ID Act”) is a continuing statutory obligation and takes into account the minimum wages revised from time to time by the Appropriate Government.

The issue before the Court was whether alleged non-compliance of an order passed under Section 17-B of the ID Act, directing payment of “last drawn wages or minimum wages, whichever is higher”, warranted vacation of the interim stay operating against an award of reinstatement.

The Court held that the statutory protection under Section 17-B of the ID Act cannot be rendered illusory by payment of a static amount for years together despite upward revision of minimum wages. Further, the Court observed that the obligation cast by Section 17-B of the

<sup>11</sup> Civil Appeal Nos. 769-770 of 2026.

<sup>12</sup> RFA 37/2020, CM APPL. 67118/2025 & CM APPL. 9723/2026.

<sup>13</sup> CM Appl. 45901 of 2025 in W.P.(C) 11851 of 2005.

ID Act is not merely procedural or directory in nature, but constitutes a statutory mandate intended to preserve the minimum subsistence and dignity of the workman during the pendency of litigation initiated by the employer. Accordingly, while declining to vacate the interim stay, the Court directed the employer to clear arrears of differential wages and continue paying revised minimum wages during pendency of the writ petition.

### High Court of Delhi held that Delhi Courts would have territorial jurisdiction in a recovery suit where part of the cause of action arose in Delhi

The High Court of Delhi, through its judgment dated 20.05.2026 in the matter of *GAC Logistics Pvt. Ltd. v. Acer Logistics Pvt. Ltd.*,<sup>14</sup> *inter alia*, held that under Section 20(c) of the Code of Civil Procedure, 1908 (“CPC”), even if part of the cause of action arises within the territorial jurisdiction of a court, such court would have jurisdiction to entertain the suit.

The issue before the Court was whether the Trial Court had erred in returning the plaint under Order VII Rule 10 of CPC on the ground of lack of territorial jurisdiction despite the plaintiff pleading that parts of the cause of action had arisen in Delhi.

The Court held that the pleadings, documents and un rebutted evidence on record clearly established that part of the cause of action had arisen within Delhi, as consignments were handed over in Delhi, payments and dishonoured cheques were received and presented in Delhi, and the defendant’s registered office was situated in Delhi. The Court further reiterated that while considering an application under Order VII Rule 10 of CPC, the Court must proceed on the basis of the averments in the plaint and documents relied upon by the plaintiff, assuming them to be correct. Accordingly, the appeal was allowed and the suit was restored to its original position before the Trial Court.

### APTEL refuses to review Order dated 20.04.2026 passed in OP No. 1 of 2025

The APTEL, through its order dated 27.05.2026 in the matter of *DERC v. Forum of Regulators & Ors.*,<sup>15</sup> dismissed the review petitions filed by the Delhi Electricity Regulatory Commission (“DERC”) seeking review of APTEL’s earlier order dated 20.04.2026 concerning conduct of strict and intensive audit of Delhi distribution licensees (“DISCOMs”); and (ii) commencement of liquidation of regulatory assets.

In RP No. 7 of 2026, DERC sought review of APTEL’s direction quashing the approval granted by the Lt. Governor for conduct of special audit of Delhi DISCOMs through the Comptroller and Auditor General of India (“CAG”) and directing appointment of a chartered accountant for conducting such audit. DERC contended that APTEL’s earlier interim orders dated 11.02.2026 and 26.09.2025 had permitted DERC to proceed with CAG audit and therefore the order dated 20.04.2026 suffered from manifest error. APTEL rejected the contention holding that the earlier orders merely recorded submissions of DERC and did not approve entrustment of audit to CAG. APTEL further held that its powers under Section 121 of the Electricity Act, 2003 permitted it to ensure compliance by Regulatory Commissions with statutory provisions while implementing directions of the Supreme Court *vide* judgment dated 06.08.2025 in *BSES Rajdhani Power Ltd. vs. Union of India*<sup>16</sup>. However, considering the procedure prescribed under the Electricity Regulatory Commission (Appointment of Consultants) Regulations, 2001, APTEL granted DERC 45 days to complete the process of appointment of a chartered accountant for conduct of the audit. Accordingly, APTEL dismissed RP No. 7 of 2026.

In RP No. 8 of 2026, DERC sought recall/modification of APTEL’s directions requiring commencement of liquidation of regulatory assets of Delhi DISCOMs. APTEL held that the grounds raised by DERC had already been considered and rejected in the order dated 20.04.2026 passed in OP No. 1 of 2025 and therefore no case for review was made out. APTEL observed that there was no impediment in commencement of the liquidation process and noted that the tentative regulatory assets quantified by DERC itself amounted to approximately INR 38,552 crores, which would require several years for liquidation. Emphasising on consumer interest and compliance with the Supreme Court’s directions, APTEL directed DERC to commence the process of liquidation of regulatory assets positively from 16.06.2026.

<sup>14</sup> FAO 371 of 2024.

<sup>15</sup> Review Petition No. 7 of 2026 & Review Petition No. 8 of 2026 & IA No. 1047 of 2026 in Original Petition No. 1 of 2025.

<sup>16</sup> 2025 SCC OnLine SC 1637.

## ABOUT SAGUS LEGAL

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### Delhi Office:

Ground Floor, B-7/8  
Safdarjung Enclave, Delhi-110029

### Gurugram Office:

I-46, Emaar Emerald Hills,  
Sector 65, Gurugram – 122001

**Email:** [info@saguslegal.com](mailto:info@saguslegal.com)

**Phone No.:** +91 1146552925

**Website:** <https://www.saguslegal.com/>

### Satellite Office:

Bhubaneswar, Odisha

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