



CNR: KAHC010213112019

NC: 2026:KHC:44801
WP No. 31684 of 2019

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 19TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MR. JUSTICE M.G.S. KAMAL

WRIT PETITION NO. 31684 OF 2019 (GM-RES)

BETWEEN:

JSW STEEL LIMITED
A COMPANY REGISTERED UNDER THE
COMPANIES ACT, 1956
VIJAYNAGAR WORKS
P.O.VIDYANAGAR - 583 275
BELLARI, KARNATAKA
REPRESENTED BY ITS POWER OF
ATTORNEY HOLDER
MR P ASHOK KUMAR
AT JSW CENTRE,
BADRA KURLA COMPLEX
BADRA (EAST), MUMBAI - 400 051.

...PETITIONER

(BY SRI. ANIND THOMAS AZB & PARTNERS.,ADVOCATE)

AND:

1. UNION BANK OF INDIA
MID CORPORATE BRANCH
NO.10, 4, MITHRA TOWERS
1ST FLOOR, KASTURBA ROAD
BANGALORE-560 001
REPRESENTED BY ITS GENERAL MANAGER.
2. ARADHYA STEEL PRIVATE LIMITED
7E SOLUS, NO.2,
1ST CROSS, JC ROAD
BANGALORE - 560 027

Digitally
signed by
SUMA B N
Location:
HIGH
COURT OF
KARNATAKA



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REPRESENTED BY ITS AUTHORISED
REPRESENTATIVE.

3. STATE BANK OF INDIA
JVSL PROJECT SITE BRANCH
TORANGALLU,
BELLARY -583 123
REPRESENTED BY ITS GENERAL MANAGER.

...RESPONDENTS

(BY SRI. MONESH KUMAR ADVOCATE FOR R1;
SRI. V.H. PRASANNA KUMAR, ADVOCATE FOR R2;
SRI. T.P. MUTHANNA., ADVOCATE FOR R3)

THIS WRIT PETITION IS FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE LETTER DATED MARCH 13, 2019 (WRONGLY DATED AS MARCH 13, 2018) ISSUED BY R-1 (ANNX-A) AND THE SFMS MESSAGES DATED MARCH 20, 2019, ISSUED BY R-3 (ANNX-B) BY WHICH R-1 HAS REFUSED TO MAKE PAYMENT OF AMOUNTS OWNED BY IT UNDER THE LETTERS OF CREDIT AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING IN 'B' GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE M.G.S. KAMAL

ORAL ORDER

1. Petitioner is before this Court being aggrieved by the refusal on the part of respondent No.1-Bank to honour the Letters of credit issued by it at the instance of respondent No.2 seeking following relief;



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a) Issue a Writ of Certiorari or any other writ, order or directions in the nature of Certiorari quashing the letter dated March 13, 2019 (wrongly dated as March 13, 2018) issued by Respondent No.1 (ANNEXURE A) and the SFMS messages dated March 20, 2019, issued by Respondent No.3 (ANNEXURE B), by which Respondent No.1 has refused to make payment of amounts owed by it under the Letters of Credit;

b) Issue a Writ of Mandamus or any other writ, order or directions in the nature of Mandamus directing the Respondent No.1 to honour its commitment and pay the said moneys under the Letters of Credit dated January 30, 2019 to Respondent No.3 immediately, with interest (at ANNEXURE E and ANNEXURE F);

c) Issue a Writ of Mandamus or any other writ, order or directions in the nature of Mandamus directing the Respondent No.3 to honour its commitment and pay the said moneys under the Letters of Credit dated January 30, 2019 received by it from Respondent No.1 to the Petitioner (at ANNEXURE E and ANNEXURE F); and

d) Pass such further orders against the Respondents, as may be just and necessary in the facts and circumstances of this case.

2. Facts of the case are that:

(a) Petitioner had supplied 600.438 metric tonnes of steel wire rods of various grades to respondent No.2 in terms of various invoices raised between 15.01.2019 and 01.02.2019, in furtherance to a purchase order dated 01.12.2018, placed by respondent No.2 to the petitioner. Respondent No.2 who had promised and assured of opening a letters of credit against the supply of the



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material by the petitioner, had instructed respondent No.1-Bank to issue various letters of credit in favour of the petitioner. Subject matter of the present petition are the following two letters of credit;

<i>Letter of credit no.</i>	<i>Opening Date of letter of credit</i>	<i>Value (INR)</i>	<i>Last date of shipment</i>	<i>Expiry date of the letter of credit</i>
73430ILC0000419	January 30, 2019	1,00,00,000 (Rupees One Crore)	February 16, 2019	March 09, 2019
73430ILC0000519	January 30, 2019	1,50,00,000 (Rupees One Crore and Fifty Lakh)	February 20, 2019	March 13, 2019

(b) On issuance of the said letters of credit, petitioner stated to have supplied the material to the respondent No.2 under the commercial invoice details at paragraph 12 of the writ petition. When the petitioner sought to invoke the letters of credit through its banker/respondent No.3, respondent No.1 refused to honour the same purportedly on baseless reasons, contrary to the express terms of the Letters of Credit. Petitioner had ensued correspondence through its Banker/respondent No.3.



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(c) In response, respondent No.1 stated to have issued a reply dated 25.02.2019 pointing out following discrepancies regarding the letters of credit;

Letter of Credit	reasons for dishonourment of the Letters of Credit stated by Respondent No.1
LC 419	(i) That the lorry receipts were dated prior to the opening date of LC 419
LC 519	(i) That the lorry receipts were dated prior to the opening date of LC 519; (ii) That the Consignment was shipped to Respondent No. 2 instead of Respondent No. 1.

(d) It is contented that the discrepancies pointed out by respondent No.1/bank were not the one as contemplated under the letters of credit, nor did it amount to breach of any express terms of the letters of credit.

(e) This followed with correspondence by the petitioner dated 08.03.2019 to respondent No.1 which was met with an evasive response dated 13.03.2019 by the respondent No.1 contending that it had already returned the documents under letters of credit and the issue was to be taken up by the negotiating bank, namely respondent No.3.



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(f) It is contented that refusal by the respondent No.1 to honour its commitment was in violation of settled banking norms.

Contending as above, petitioner is before this Court seeking reliefs as noted above.

3. Statement of objections is filed by the respondent No.1. While denying the claim averments made in the petition, at paragraph 6, following specific objections pointing out the discrepancies, are raised;

- (a) Transportation documents bearing a date of issuance prior to that of the credit is not acceptable,
- (b) Commercial invoice issued for amounts excess of the amount permitted by the credit is not permissible,.
- (c) Sought for original documents to be sent to the respondent No.1.

The rest of the statement of objections revolves around the aforesaid three principal grounds of defense taken in the statement of objections.

4. Sri. Uday Holla, learned Senior counsel appearing for the counsel of the petitioner draws attention of this Court to



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the terms of letters of credit, subject matter of the petition produced at Annexures-E and F and referring to the conditions enumerated in the said documents, emphatically submits;

(a) that there is no whisper in the said letters of credit justifying the objections raised by the respondent No.1 to deny its commitment and the purported discrepancies in complying with the terms of letters of credit.

(b) Referring to the documents namely, Annexure-N series, he submitted that the original documents including original letters of credit was submitted for encashment through the negotiating bank/ respondent No.3.

(c) He also referred to the reply notice issued on behalf of the respondent No.1/bank produced at Annexure-R and pointing out the contents of para five of the said reply notice, he submitted that the respondent No.1/bank has never whispered about non-production of/submission of original Letters of Credit, which is now sought to be



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raised as a ground to deny its contractual obligation.
Hence, seeks for allowing of the petition.

5. In response, Sri.K.B.Monesh Kumar, learned counsel appearing for the respondent No.1-bank, fairly submitted;

(a) that the first, two grounds of discrepancies in the nature of grounds urged at paragraph 6(a) and (b) of the statement of objections would not arise for consideration, inasmuch as, the said discrepancies were not relating to the letters of credit produced at Annexures- E and F, therefore he would not press the same.

(b) However, he vehemently opposes grant of relief as sought for on the premise that the original of letters of credit was never submitted to the respondent No.1/bank.

(c) In support of his submission of non-furnishing of original documents, he relies upon the judgment of Apex Court in the case of **UNITED COMMERCIAL BANK VERSUS BANK OF INDIA AND OTHERS**¹. Referring to para 28 of the said judgment, he submits that the bank

¹ AIR 1981 SC 1426



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would be obligated to honour its commitment subject to strict compliance with the terms of the Letter of Credit and meticulous scrutiny of the conditions enumerated thereunder.

(d) that submission of original Letters of Credit being one such condition and in the absence of petitioner *prima facie* showing submission of original Letters of Credit, the respondent No.1/bank would not be called upon to pay/honor the terms of letters of credit.

(e) In addition, he referred to a correspondence issued by respondent No.2 at whose instance letters of credit was issued, produced at Annexure- R24 to point out that even respondent No.2 had waived off his right and obligation of maintaining the letters of credit by issuing the said letter expressly representing that respondent No.2 would make alternate arrangement to make direct payment to the petitioner and that respondent No. 2 was not intending to seek extension of letters of credit. Therefore, he submits that, the respondent No.1/Bank has no obligation to honour the letters of credit since the



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entity at whose instance said letters of credit was issued itself has waived off its obligation and liability.

Hence, seeks for dismissal of the petition.

6. Heard. Perused the records.
7. Since the primary objection raised in the statement of objection as mentioned in paragraph 6(a) and (b) is not pressed into service, the only two grounds of objection fall for consideration are, (i) non-submission of original letters of credit and (ii) the issuance of letter by the respondent No.2 as per Annexure- R24.
8. As regards the submission of original of letters of credit are concerned, learned Senior counsel for the petitioner referred to Annexure- A, which is a letter issued by respondent No.1/bank addressed to the petitioner, indicating the factum of return of documents to infer that such letter would not have emanated from the respondent No.1, if the original documents were not furnished.



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9. He also referred to documents at Annexures-J and K which is issued by negotiating Bank/respondent No.3 through whom the petitioner had submitted the letters of credit for encashment. Contents of the said letters read as under;

"PLEASE TREAT THIS MESSAGE UNDER IF734

WE RECEIVED THE BILL REF NO. 40558191N0000117
FOR THE LC NO 73430ILC0000419 DATED
30.01.2019
AND REFUSE TO TAKE UP THE FOLLOWING
DOCUMENTS DUE TO THE FOLLOWING
DISCREPANCIES-LORRY RECEIPT IS DATED PRIOR TO
THE LC OPENING DATE IN THE LR NO.S
BAL1810015256, BAL1810015255, BAL1810015267,
BAL1810015268, BAL1810015269, BAL1810015272,

WE HAVE ADVISED THE PARTY REGARDING THE
DISCREPANCIES AND WE ARE HOLDING THE
DOCUMENTS.

HUMAC:-BEGIN PKCS7-----"

"KINDLY TREAT THIS MESSAGE UNDER IF734

WE HAVE RECEIVED THE FOLLOWING DOCUMENTS
REF 4055819BC0000031 AND 40558191N0000118
FOR THE LC NO 7343011C0000519 DATED
30.01.2019 AND AMENDED ON 06.02.2019 TO
EXTEND SHIPMENT UPTO 20.02.2019 LR RECEIPTS
DATED 25,31 JAN 2019 PRIOR TO THE LC OPENING
DATE 30.01.2019 AND AMENDED ON 06.02.2019 IN
THE FOLLOWING LR NOS BAL, 1810015301..
BAL.1810015698, BAL1810015707, BAL1810015708,
BAL1810015716, BAL1810015717, BAL1810015719

GOODS CONSIGNED TO THE PARTY INSTEAD OF
UNION BANK OF INDIA, 10/1, MITHRA TOWERS



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KASTURBA ROAD, BENAGLURU WE HAVE ADVISED
THE PARTY REGARDING DISCREPANCY AND HOLDING
THE DOCUMENTS
-HUMAC:BEGIN PKCS7"

10. Annexure-N is a communication that ensued between respondent Nos.3 and 1, narrating the incidence of submission of letters of credit in terms of the conditions of letters of credit. Relevant also to note, contents of paragraph 5 of the reply notice issued by respondent No.1 produced at Annexure-R, are as under;

1. No. 73430ILC0000 119	2 documents received on 20.02.2019 (Bill Ref. 4055819IN0000076 for Rs.7717187.00-BOE 3100007611 and 4055819IN0000059 for Rs.7356942.00-BOE-3100007544) Discrepancies observed: Goods consigned to the party instead of Union Bank of India, 10/1, Mithra Towers, Kasturba Road, Benagluru in Lorry Receipts.
2. No. 73430ILC0000 419	1 Document received on 20.02.2019 under bill ref.No. 4055819IN0000117 for Rs.9955787.00, BOE 3100007866 Discrepancies observed: Lorry Receipts vide Nos. BAL1810015256, BAL1810015255, BAL1810015267 BAL1810015268, BAL1810015269, were dated 25.01.2019 which was prior to the LC Opening Date 30.01.2019.



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3. No. 73430ILC00005	2 documents received on 21.02.2019 (4055819BC0000031 for Rs.3966221.00- BOE T0000012633 and 4055819IN0000118 for Rs.6051547.00 - BOE 3100007867 Discrepancies observed: LR receipts vide Nos BAL1810015301, BAL1810015698, BAL1810015707, BAL1810015716, BAL1810015717, are dated 25.01.2019 & 31.01.2019 which is prior to the LC opening date 30.01.2019 and subsequent amendment on 06.02.2019. Goods consigned to the party instead of Union Bank of India, 10/1, Mithra Towers, Kasturba Road, Benagluru in Lorry Receipts.
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11. None of these documents even remotely suggest non-submission of original records by the petitioner as now sought to be contended by the counsel for respondent No.1. If non- submission of original record was the ground for refusal, the same ought to have been mentioned at least in the reply notice by which time parties had resorted legal counseling.
12. Contents of paragraph 5 extracted above, do not even whisper about non-submission of original documents. Instead, the discrepancy pointed out in the reply notice is, "Goods consigned to party instead of Union Bank of India". This requirement of goods to be consigned to Union Bank of India cannot be a term of Letters or



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credit, as no such condition is mention in the letters of credit. Therefore, there is a considerable force in submission being made on behalf of the petitioner regarding petitioner submitting the original documents and respondent No.1 raising untenable objection in this regard.

13. However, necessary to note the contents of Annexure-A which indicate that the documents submitted by the petitioner had been returned which would suggest perhaps the originals submitted had been returned to the petitioner, which factor is not clarified.
14. As regards the second ground raised by the respondent No.1/ bank referring to the letter produced at Annexure-R24, it is seen that said letter is dated 11.04.2019. The contents of the letter indicate that the subject letters of credit found at Sl.Nos.2 and 3 were due to expire on 01.05.2019. The petitioner has submitted the document seeking encashment of letters of credit as early as February, 2019, which means the petitioner has exercised its right to seek encashment of letters of credit while it



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was valid and before the date of expiry. Merely because respondent No.2 has issued a correspondence of it making efforts to pay the amount directly to the petitioner, and the petitioner not being party to such a correspondence or agreement between the respondent Nos.2 and 1, in the considered view of this Court, as rightly pointed out by learned Senior counsel for the petitioner, the same would not absolve the contractual liability of respondent No.1/ bank to honour the letters of credit. Therefore, the second ground urged on behalf of respondent No.1/ bank relying upon the said correspondence is of no avail.

15. For the aforesaid reasons and analysis following;

ORDER

(i) Writ petition is ***allowed***.

(ii) Correspondence dated 13.03.2019 issued by the respondent No.1/Bank as per Annexure- A and Correspondence dated 20.03.2019 issued by the respondent No.3 as per Annexure-B are quashed.



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(iii) Respondent No.1/bank is directed to ensure that the letters of credit both dated 30.01.2019 produced at Annexures- E and F and the terms of the said letters of credit are honoured.

(iv) The petitioner shall re-submit all the original documents including original letters of credit produced at Annexures-E and F to respondent No.1/Bank within 15 days from the date of receipt of certified copy of this order, which is stated to have been returned to the petitioner as seen at Annexure-A.

(v) On such submission, respondent No.1/bank shall proceed to honour the commitment made in terms of said document within an outer limit of 30 days from the date of such submission made by the petitioner.

**SD/-
(M.G.S. KAMAL)
JUDGE**