HC-KAR

NC: 2026:KHC:64063-DB
WA No. 2270 of 2026

CNR: KAHC010672502026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 18TH DAY OF NOVEMBER, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

WRIT APPEAL NO. 2270 OF 2026 (GM-RES)

BETWEEN:

1. UNION BANK OF INDIA
MID CORPORATE BRANCH
NO.10, MITHRA TOWERS
1ST FLOOR, KASTURBA ROAD
BANGALORE - 560 001
REPRESENTED BY ITS
CHIEF MANAGER
SHRI SUBHASH KUMAR

…APPELLANT

(BY SRI DHYAN CHINNAPPA, SENIOR ADVOCATE A/W
SRI V.B. RAVISHANKAR, ADVOCATE)

Digitally signed by VEERENDRA KUMAR K M
Location: High Court of Karnataka

AND:

1. JSW STEEL LIMITED
A COMPANY REGISTERED UNDER
THE COMPANIES ACT, 1956
AT VIJAYNAGAR WORKS
P.O. VIDYANAGAR - 583 275
BELLARI, KARNATAKA
REPRESENTED BY ITS
POWER OF ATTORNEY HOLDER
SRI P. ASHOK KUMAR
AT JSW CENTRE

BADRA KURLA COMPLEX
BADRA (EAST)
MUMBAI - 400 051

2. ARADHYA STEEL PRIVATE LIMITED
7E SOLUS, NO.2
1ST CROSS, J.C. ROAD
BANGALORE - 560 027
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 MRINAL SHANKAR, ADVOCATE FOR C/R-1)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO ALLOW THE APPEAL BY SETTING ASIDE THE ORDER DATED 19.08.2026 PASSED BY THE LEARNED SINGLE JUDGE IN WRIT PETITION No.31684/2019 AND CONSEQUENTLY DISMISS THE WRIT PETITION & ETC.

THIS APPEAL, COMING ON FOR PRELIMINARY HEARING, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. The appellant-Union Bank of India [**UBI**] has filed this Intra Court appeal impugning an order dated 19.08.2026 [**impugned order**] passed by the learned Single Judge of this Court in W.P.No.31684/2019 (GM-RES).

2. The respondent No.1-JSW Steel Limited [**JSWSL**] had filed the said petition, *inter alia*, impugning the UBI's communication dated 13.03.2019 declining to make payments against the following two Letters of Credit [**the subject LCs**] issued on 30.01.2019. The relevant details of the subject LCs are set out below:

Letter of Credit No.	Opening date of letter of credit	Value (INR)	Last date of shipment	Expiry date of the letter of credit
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 Lakhs)	February 20, 2019	March 13, 2019

3. ICC Uniform Customs and Practice for Documentary Credits [**UCC**] is applicable to the subject LC's. However, UBI had declined

to honour the subject LCs, and this led JSWSL to file the aforementioned writ petition.

4. The learned Single Judge had allowed the said writ petition, *inter alia*, directing the UBI to ensure that the subject LCs are honoured, and JSWSL is directed to resubmit the original documents including the originals of the subject LCs within fifteen (15) days from the date of receipt of the certified copies of the said order. UBI was further directed to honour the same within thirty (30) days from the receipt of such documents.

5. The material facts necessary to address this controversy are briefly noted hereunder.

6. JSWSL is a manufacturer of steel products, including TMT bars, galvanised corrugated sheets and cold-rolled wire rods. JSWSL claims to be India's largest exporter of steel.

7. UBI is a nationalized bank and has branches overseas as well as across the country.

8. JSWSL had supplied 600.438 Metric Tonnes [**MT**] of steel wire rods of various grades to M/s. Aradhya Steel Private Limited

(respondent No.2). Respondent No.2 had placed a purchase order dated 01.12.2018. Pursuant to the said purchase order, JSWSL had raised invoices for such supplies during the period from 15.01.2019 to 01.02.2019. After issuance of the purchase order, respondent No.2 had sent an email dated 12.01.2019, confirming that it would open LCs for immediate supply of wire rods. Thereafter, on instructions of respondent No.2, UBI had issued the subject LCs which were governed by the ICC Uniform Customs and Practice for Documentary Credits [**UCP 600**].

9. Thereafter, JSWSL had submitted the following Bills of Exchange [**BoE**] to its negotiating Bank-State Bank of India [**SBI**] (respondent No.3).

Bill of Exchange No.	Reference	Date of BoE	Amount (INR)	Due Date
3100007866	LC 419	January 31, 2019	99,55,787.34	May 1, 2019
3100007867	LC 519	January 31, 2019	60,51,546.96	May 1, 2019
T000012633	LC 519	February 1, 2019	39,66,221	May 2, 2019

10. The said BoEs were accompanied by commercial invoices, lorry receipts, insurance policies and GST invoices. JSWSL

thereafter approached the negotiating Bank for encashing the subject LCs. SBI had informed JSWSL that it had generated a request for encashment of the subject LCs i.e., LC 419 on 14.02.2019 and for LC 519 on 19.02.2019. SBI responded to the said letter on 25.02.2019, mentioning the following discrepancies:

Letter of Credit	Unfounded 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

11. The said communication was issued in the form of SFMS[1] messages on 25.02.2019. Thereafter, JSWSL issued a letter dated 08.03.2019 calling upon UBI to make payments against the subject LCs. However, UBI responded on 13.03.2019, stating that it had already returned the documents furnished under the subject LCs and that the issue may be taken up with SBI, the Negotiating Bank.

12. It is also material to note that respondent No.2 had also issued a letter dated 25.02.2019 to UBI calling upon it to accept the documents and to send a confirmation to the beneficiary bank

[1] Structured Financial Messaging System

through SFMS immediately. SBI issued an SFMS message dated 20.03.2019 stating that UBI had declined to make payments under the subject LCs.

13. Thereafter, JSWSL issued a legal notice dated 09.04.2019 calling upon the UBI to honour its commitment under the subject LCs. On 24.04.2019, UBI responded to the said legal notice, *inter alia*, reiterating that UBI had declined to accept the documents due to the discrepancies set out below.

1. No. 73430ILC0000119	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, Bengaluru in Lorry Receipts.
2. No. 73430ILC0000419	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.
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, Bengaluru in Lorry Receipts

14. Aggrieved by the same, JSWSL filed the writ petition (W.P.No.31684/2019). UBI filed its statement of objections, *inter alia*, stating as under:

> "6. The answering Respondent has upon receipt of the same indicated the following discrepancies to the Respondent No.3 as extracted:
>
> 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.
>
> Copy of the as communication is produced as ANNEXURE-R12, the second message wherein the Respondent No.1 has clarified that they refuse to take up the bills due to the discrepancy since the goods were consigned to the party instead of the Respondent No.1 in lorry receipts. It is also indicated that the discrepancy having regard to the goods consigned to the party (II Respondent) instead of the Respondent No.1 as per the lorry receipts. It was hence informed to the Respondent No.3 that the documents submitted for payment are being withheld. Copy of the message of the Respondent No.1 to the Respondent No.3 is produced as

> ANNEXURE-R13. Since after lapse of time, the Respondent No.3 did not at all respond to the discrepancies raised by the Respondent No.1, the Respondent No.1 has accordingly returned the documents received from Respondent No.3. The copy of the message is produced as ANNEXURE-R14."

15. JSWSL contended that the deficiencies as pointed out were not in conformity with the conditions of the subject LCs. There was no requirement that the transportation documents bear a date after the subject LCs. Further, there was no requirement that it should be accompanied by original bills.

16. Before the learned Single Judge, the learned counsel appearing for UBI fairly stated that the discrepancies as mentioned under Para 6(a) and 6(b) of the statement of objections would not arise for consideration as they did not relate to the subject LCs. Thus, the only ground on which UBI contended that it was absolved of its liability to honour the subject LCs was that the originals of the LCs were not submitted to UBI. However, the learned Single Judge found that this was not the one of the deficiencies as mentioned for declining the payments by UBI. Thus, UBI could not be absolved of its liability under the subject LCs.

17. Mr. Dhyan Chinnappa, the learned Senior Counsel appearing for UBI initially submitted that the learned counsel had conceded that the deficiencies as communicated were not tenable without any instructions. He submitted that counsel had made a mistaken concession and that it did not preclude the public sector institution from relying on documentary deficiencies to safeguard their interest. However, he fairly stated that there were no condition under the subject LCs which required that the lorry receipts and the transportation documents be generated after the issuance of the LCs. It is also pointed out that the said conditions were included in other LCs issued by UBI but were not applicable to the subject LCs. He also fairly stated that there was no condition that required the submission of original documents for invoking subject LCs. Admittedly, UBI did not raise any such deficiency at the material time.

18. In view of the above, we find no infirmity with the decision of the learned Single Judge.

19. The appeal is, accordingly, dismissed.

20. The pending applications also stand disposed of.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

KMV
List No.: 2 Sl No.: 6