

Case Update

DELHI HIGH COURT INJUNCTS IDBI BANK FROM RELEASING FUNDS UNDER SEVEN UNCONDITIONAL BANK GUARANTEES ISSUED UNDER COMMERCIAL CONTRACTS

South East U.P. Power Transmission Company Limited vs IDBI Bank & Anr, CS (COMM) 836 OF 2023



The Commercial Suit was filed by South East U.P. Power Transmission Company Limited (“SEUPPTCL”) against IDBI Bank seeking enforcement and encashment of unconditional and irrevocable Retention Bank Guarantees amounting to Rs 58,50,00,000/- issued on behalf of its customer Isolux Engineering under the Contract for Civil works, supply and services awarded by SEUPPTCL for construction of a transmission project in the State of Uttar Pradesh.

During the execution of the works as awarded to Isolux Engineering, the Bank Guarantees were assigned by SEUPPTCL to Power Finance Corporation and as a result of delay in execution of the project work, the Bank Guarantees were invoked by Power Finance Corporation and subsequently Insolvency Proceedings were initiated against SEUPPTCL which culminated into a Resolution Plan by which all the rights and interest created in favour of Power Finance Corporation were extinguished and the Bank Guarantees were returned in favour of SEUPPTCL.

Subsequent to the approval of the Resolution Plan, Power Finance Corporation has attempted to benefit from the Bank Guarantees by issuing letters to IDBI Bank seeking deposit of the proceed against the Bank Guarantee.

Considering the above position and in light of the statement made by IDBI Bank in a Commercial Suit filed by them before Delhi High Court that there is a possibility of settlement of the dispute with Power Finance Corporation, Delhi High Court was pleased to grant an interim order directing IDBI Bank to not release funds towards the seven unconditional and irrevocable Bank Guarantees.

South East U.P Power Transmission Company Limited was represented by Mr. Jayant Mehta (Sr. Advocate) instructed by SKV Law Offices Team led by Shri Venkatesh (Managing Partner), Mr. Siddharth Joshi (Senior Associate), Mr. Abhishek Nangia (Senior Associate) and Mr. Mohit Gupta (Associate).

The order passed can be download from this [link](#).