

## **Supreme Court orders banks to deposit Rs.400 Crores in BCCI-Nimbus case**

The BCCI had entered into Media Rights License Agreement with M/s. Nimbus Communications Ltd. for the period from 1st April 2010 to 31st March 2014.

Under the agreement, Nimbus Communications Ltd. had submitted to the BCCI unconditional Bank Guarantees from Punjab National Bank, Indian Bank and Union Bank of India. The Bank Guarantees had been given to secure payment of dues by the Nimbus Communications Ltd. to the BCCI.

BCCI terminated the MRA with Nimbus Communications Ltd. and sought to encash the Bank Guarantees which were in the possession of BCCI. However, the banks refused to pay the monies to the tune of Rs. 1600 crores under the unconditional Bank Guarantees.

BCCI was compelled to file summary suits against the 3 Nationalised Banks i.e. Punjab National Bank, Indian Bank and Union Bank of India in the Hon'ble Bombay High Court.

The Hon'ble Bombay High Court granted the 3 Banks leave to defend the suits on a condition that the banks deposit a sum totaling Rs.400 crores with the Prothonotary and Master of the Hon'ble Bombay High Court, who would then redeposit the sums with the respective banks.

Aggrieved by this Order, the BCCI filed a SLP before the Hon'ble Supreme Court of India.

Earlier Nimbus Communications Ltd. was directed by the Hon'ble Bombay High Court to secure the dues of BCCI by the way of Bank Guarantee. The Order has not been complied by them and the Company faces contempt proceedings.

The Hon'ble Supreme Court of India took up the SLP filed by the BCCI today and heard all the parties. A final order has been passed directing the 3 banks to deposit within 15 days the sum of Rs.400 crores with the Prothonotary and Master of Hon'ble Bombay High Court, who would then remit the money to the bank account of BCCI.

The BCCI has undertaken that if the suit fails, the said sum would be returned along with interest.

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