

MATTER UPDATE

HSA Advocates Secures Interim Protection Against Encashment of Bank Guarantees for a Solar Project of 280 MW, for more than Rs. 100 Crores.

HSA Advocates represented HR Sabarmati Private Limited (“HRSPL”) before the Hon’ble Gujarat High Court and the Gujarat Electricity Regulatory Commission (“GERC”) in a dispute concerning a 280 MW solar power project in Gujarat (“Project”).

The dispute arose on account of Force Majeure events impacting performance of HRSPL, qua which it sought an extension of Scheduled Commercial Operation Date (“SCOD”) from the GERC under the Power Purchase Agreement (“PPA”), including interim protection restraining Respondents from taking any coercive/precipitative actions, including blacklisting and termination of PPA.

Considering that the long stop date for encashment of BG was expiring on 04.10.2026 and the application for interim protection could not be listed before GERC, HRSPL knocked the doors of Hon’ble High Court of Gujarat seeking interim stay on the encashment of BG, including other adverse actions under the PPA invoking High Court’s extraordinary jurisdiction under Article 226 and 227 of the Constitution of India.

HSA Advocates with its sectoral expertise successfully convinced the Hon’ble High Court to grant the Interim Stay to HRSPL until the adjudication of the Interim Application by GERC. To secure this order, HSA Advocates cited the huge financial prejudice involved in this matter, including the exceptions to the principles of encashment of BG on account of financial prejudice and the principle of ‘nobody can be left remediless’.

MATTER UPDATE

The Court while granting the Interim Order dated 01.10.2026 observed that, without interim measures, the proceedings could be defeated by the passage of time, rendering the remedy before the competent forum illusory.

In furtherance of the aforesaid, the GERC also granted the Interim Stay to HRSPL on the basis of detailed arguments advanced by HSA Advocates. While pressing for the Interim Stay HSA Advocates, in addition to the exceptions to the principles of encashment of BG, also advanced detailed arguments supported by precedents on each FM event. Pertinently, HSA Advocates also focussed on the interpretation of the contract citing that there is a condition attached that the BGs cannot be encashed in case the Project is impacted on account of FM Events.

The interim protection is significant given the financial exposure involved and the fact that HRSPL's claim for extension of the SCSD on account of the pleaded Force Majeure events remains to be determined. The applications are presently reserved for orders before GERC, with the High Court's protection continuing in the meantime.

The matter was handled by a team led by **Nitish Gupta (Partner)**, supported by **Nipun Sharma (Associate Partner)** and **Arnav Khanna (Associate)**, under the guidance of **Hemant Sahai (Founding Partner)**.