

IN THE SUPREME COURT OF BANGLADESH
HIGH COURT DIVISION
(ADMIRALTY JURISDICTION)

Present:

Mr. Justice Sikder Mahmudur Razi
ADMIRALTY SUIT NO. 29 of 2017.

IN THE MATTER OF:

Basic Bank Limited

... Plaintiff.

VERSUS

M.V. CRYSTAL SAPPHIRE (IMO No: 8321096, Flag: Bangladesh), and others.

... Defendants.

Mr. Monzur Alam Khan, Adv.

...For the plaintiff.

Mr. M. Belayet Hossain, Sr. Adv. with

Mr. Md. Humayun Kabir, Adv.

Mr. M. Mahmudul Hasan, Adv.

.... For the defendants.

Heard on: **09.02.2026**

And

Judgement on: **The 26th February, 2026**

1. The instant admiralty suit has been instituted by Basic Bank Limited, Dilkusha Branch, Dhaka for recovery of dues by sale of the mortgaged ship.
2. Plaintiff's case in short is that the plaintiff is a state-owned banking company duly incorporated and carrying on banking business in Bangladesh with its Head Office at Motijheel, Dhaka, and the relevant transaction relates to its Dilkusha Branch, Dhaka.

Defendant No. 1 is the vessel MV CRYSTAL SAPPHIRE (IMO No.: 8321096, Flag: Bangladesh), Defendant No. 2 is the Master of the vessel. Defendant No. 3 is the registered owner of the vessel, and Defendant No. 4 is its manager and local agent. Defendants Nos. 5 to 8 are pro-forma defendants, being port and maritime authorities, impleaded for effective implementation of orders of the Court.

On 15.11.2011, Defendant No. 3 approached the plaintiff bank seeking long-term credit facilities for setting up a bulk cargo shipping business and for importing a second-hand ocean-going dry cargo vessel. Upon due consideration, the plaintiff sanctioned a term loan of BDT 64,98,00,000/- under Sanction Letter dated 04.01.2012 for purchase of the vessel MV CRYSTAL SAPPHIRE.

As security for the said loan, Defendant No. 3 created a registered first-ranking charge by hypothecation over all its assets, including the vessel, with the Registrar of Joint Stock Companies and Firms on 14.02.2012. A registered mortgage of the vessel was executed on 22.01.2012 in favour of the plaintiff bank with the Mercantile Marine Department, covering a sum of BDT 64,98,00,000/-, along with execution of Power of Attorney authorizing sale of the mortgaged vessel in default.

The defendant failed to maintain repayment schedules due to alleged recession in the global shipping market. Despite repeated reminders and demands, the liabilities were not adjusted, resulting in

classification of the loan. A written reminder was served on 05.01.2017 and legal notice dated 25.04.2017 was also served upon the defendants demanding liquidation of dues within fifteen days, but the defendants failed to comply with the said demand.

As on 08.05.2017, the outstanding liability stood at BDT 128,52,82,267.12, inclusive of interest and other related charges. The plaintiff asserts that the dues are admitted and acknowledged and that the defendants are unwilling to repay unless compelled by law.

Apprehending that the defendants may cause the vessel to sail away or be demolished to defeat recovery, the plaintiff instituted the present admiralty suit invoking section 3(2) of the Admiralty Court Act, 2000, seeking recovery of its dues by sale of the mortgaged vessel and consequential reliefs, including arrest of the vessel

3. Defendant nos. 1-4 entered appearance in the suit and filed written statement stating *inter alia* that the plaintiff has no *locus standi* and that the subject-matter of the dispute does not fall within the admiralty jurisdiction of this Honourable Court under the Admiralty Court Act, 2000 or the Admiralty Rules, 1912.

The defendants further assert that no cause of action has arisen for filing the present suit and that the suit is bad for mis-joinder and non-joinder of necessary parties. The defendants dispute the allegations relating to default, outstanding liabilities, and alleged acknowledgments of debt. The defendants deny the contention of the plaintiff that the

defendants intend to remove or demolish the vessel to avoid repayment. The defendants also deny that the plaintiff is entitled to arrest or sale of the vessel under admiralty jurisdiction.

It is further contended that the facts narrated in the plaint, even if admitted, do not constitute a legally enforceable cause of action under admiralty law. Consequently, the defendants pray for dismissal of the suit with costs and for such other reliefs as the Court may deem fit and proper.

4. The issues framed in the instant suit are as follows:

1. *Whether this suit is maintainable in its present form and nature?*
2. *Whether there is any cause of action for the plaintiff?*
3. *Whether the plaintiffs are entitled to get the relief prayed for?*
4. *Whether the plaintiffs are entitled to get any other relief(s) in this suit?*
5. *Whether the plaintiffs are entitled to a decree as prayed for?*
6. *Whether the defendants Nos. 1, 2, 3 and 4 are entitled to any relief?*
7. *Whether the Defendant No. 3 took loan from the plaintiff-Bank?*
8. *Whether the Defendant No. 3 became defaulter?*
9. *Whether the Ship namely M.V. Crystal Sapphire was mortgaged to the Plaintiff-Bank against the loan liability of the defendant no. 3?*

5. The plaintiff in support of his case examined Tamim Hossain (Turjo), Officer (Cash) of BASIC Bank Limited, Dilkusha Branch,

Dhaka as PW-1. The said PW-1 was cross-examined by the defendants. However, the defendants did not produce any witness in support of their case.

The plaintiff in support of its case exhibited letter of authority (Ext- 1), sanction for opening L/C for importing vessel namely MV Crystal Sapphire and acceptance of shipping documents (Ext-2), sanction letter dated 04.01.2012 (Ext-2A), ship registration certificate (Ext-3), mortgage registration certificate (Ext- 4), charge creation certificates with RJSC with relevant deeds (Ext-5), power of attorney (Ext-6), Legal Notice dated 25.04.2017 (Ext-7), Bank Statement of Loan Account (Ext-8). The documents were exhibited without any objection from the defendants.

6. Mr. Md. Monzur Alam Khan, learned advocate for the plaintiff drawing attention of this court to the plaint and exhibited documents submitted that the instant suit is maintainable and the plaintiff has been able to establish and prove its case and therefore, entitled to get the decree as prayed for. As to maintainability the learned advocate has relied upon in the case of *First Security Islami Bank Ltd vs MV Javed and others, reported in 69 DLR (2017) 408*.

6.1 No one appears on behalf of the defendants at the time of argument hearing.

7. Issue of Maintainability:

As to the issue of maintainability the learned advocate for the plaintiff has referred the case of *First Security Islami Bank Ltd (supra)* wherein it has been held in that-

45. There is another important aspect of the matter. The authority of the Admiralty Court is being entrusted upon a bench of the High Court Division in accordance with the provision of section 8 of the Admiralty Court Act 2000. The Jurisdiction of the High Court Division is derived from the provision of article 101 of the Constitution which provides that "the High Court Division shall have such original, appellate and other jurisdiction and powers as are conferred on it by this constitution or any other law". Therefore this particular bench of the High Court Division, despite its identification as 'court (Admiralty Court)' is a bench of the High Court Division of the Bangladesh Supreme Court, which is being constituted under the Constitution of Bangladesh, having no essence of Civil Court constituted under the provision of 'Civil Court Act 1887. The restriction imposed by section 5 of the Artha Rin Adalat Ain 2003 is directed towards the Civil Court and not to any court constituted under the provision of the constitution of Bangladesh. If any restriction upon the jurisdiction of the High Court Division is to put, that has to be done by direct wording. No implied restriction shall bar the functioning the High Court Division and, as such, cannot be taken into consideration.

46. In the referred case of ICICI Ltd. vs MFV SHILPA, reported in AIR 2002 Bombay 371, it was argued that recovery of debt due to Banks under the banks and Financial Institution Act 1993 (Act 51 of 1993) of India through the provision of its section 17 and 2(g) barred the jurisdiction of the Admiralty Court to entertain a suit the object of which was to realize the loan amount advanced to the maritime vessel. There lordship Mr. DK Deshmullah J refused to

agree to the arguments on the ground that the said Act did not categorically barred the jurisdiction of the Admiralty court and, as such, outstanding loan amount against a vessel can be realized by way of Admiralty suit against the vessel (the res) and the said provision shall have no application against the Admiralty suit.

46. We are in humble agreement with his lordship since the similar question is involved in the instant application.

47. XXX

48. Therefore this court is in firm view that the provision of section 5 of the Artha Rin Adalat Ain 2003 is not applicable against the Jurisdiction of this bench of the High Court Division known as Admiralty Court, which has been imposed upon it through section 8 of the Admiralty Court Act 2000. A suit for the purpose of realization of investment/loan amount against a maritime or inland vessel or any navigable device is squarely maintainable under section 3(2) of the Admiralty Court Act 2000, against which the provision of section 5 of the Artha Rin Adalat Ain 2003 is not applicable. Therefore, this court finds that the instant suit, filed in the Admiralty Jurisdiction for realization of invested money on the vessels is squarely maintainable.

¹ Moreover, in the case of *Bank Asia Limited vs. M.T. Atlanta Ex. Vinashin Atlantic and Ors.* reported in 25 BLC (2020) 677 as to the issue of maintainability it was held as follows:

15. The learned Advocate Mr. Kamal-ul Alam, appearing on behalf of the plaintiff while taken this court through the provision of section 3(2)(Ga) of the Admiralty Court Act 2001, drew the attention of this court to the fact that the plaintiff being a financial institution, invested money on the defendant No. 1 vessel by way of establishing L/C and paying the L/C amount to the seller of the

vessel, upon creating primary charge upon the res, the defendant No. 1 vessel, as appears from the sanction letter, exhibit 4(a) and as such the instant suit is primarily a proceeding in rem against the defendant No. 1 vessel and also a proceeding in personam against the defendant No. 2 through its proprietor Mr. Md. Gias Uddin, being the applicant for the documentary credit for purchasing the defendant No. 1 vessel. The provision of section 3(2)(Ga) of the Admiralty Court Act 2000 categorically entitled the plaintiff to institute the suit in the Admiralty Court and accordingly the instant suit is maintainable.

16. It appears that the plaintiff, being a financial institution, has filed the instant suit praying decree for realization of the outstanding dues of the invested money it has made in purchasing and importing the defendant No. 1 vessel. The plaintiff claims that the proprietor of the defendant No. 2 one Mr. Md. Gias Uddin was allowed to establish Letter of Credit through the plaintiff Bank for an amount of US\$ 7682,902.28, equivalent to BD Tk. 59,92,70,000.00, conversion rate being US\$ 1=BD Tk 78.00. at a margin of 15%, upon which the defendant No. 2 deposited BD Tk. 89.89 million in two methods, a part by way of cash deposit and part by way of FDR deposit, Accordingly plaintiff established the L/C by engaging its own fund of BD Taka 44,48,67,247.80 for the total L/C value of US\$ 7,682,902.28.

17. By the documents, exhibit Nos. 5 and 6, the sanction letters and also by other documents as to the documentary credit, being Exhibit Nos. 7, 8, 9 and 10. It appears that the plaintiff has opened the Letter of Credit for the purchase and import of the defendant No. 1 vessel on the account of the defendant No. 2 on the primary charge upon the vessel as appears from exhibit No. 4(a). The law relating to documentary credit provides

that so long the defendant No. 2 does not retrieve the documents upon paying the L/C amount, upon adjustment of the L/C margin paid by it, along with the stipulated interest, the title of the imported goods, subject to the sanction letter, shall remain with the L/C opener bank on the account of the L/C applicant. The defendant No. 2 allegedly did not retrieve the documents for the defendant No. 1 from the Plaintiff vessel and the sanction letters, exhibits 4 and 4(a) having not shown no derogation, as such the plaintiff remained the owner of the defendant No. 1 vessel. This being an investment on the vessel, a maritime devise, and not simple loan allowed to the defendant No. 2, the plaintiff is entitled to invoke the provision of section 3(2) of the Admiralty court Act 2000 and not the provision of Artho Rin Adalat Rin 2003, and accordingly the plaintiff is entitled to recover and realize the outstanding L/C amount along with the stipulated interest, through initiating a proceeding in the Admiralty Jurisdiction. Therefore the instant suit is maintainable in the Admiralty Court. Accordingly issue No. 1 is disposed off the plaintiff.

7.1 In addition to the observations made hereinabove, this Court further observes that the term "Original Jurisdiction" signifies a court's power to hear and decide a matter as the court of first instance. Unlike subordinate courts, the High Court Division's original jurisdiction is directly recognized by the Constitution, placing it in a unique position within the judicial hierarchy. When the Admiralty Court Act, 2000 confers jurisdiction on the High Court Division, it is activating the constitutional capacity of the court under Article 101.

This constitutional status carries profound implications for the maintainability of suits. A court established or empowered by the Constitution, such as the High Court Division acting as a Court of Record, possesses inherent powers that cannot be easily displaced or overridden by sub-constitutional statutes unless such ouster is explicit and does not infringe upon the "basic structure" of the judiciary. In the context of admiralty matters, the High Court Division serves as a specialized forum for the protection of international trade and maritime assets, a role that transcends general civil litigation.

While Parliament has the power to establish specialized tribunals, such as the Artha Rin Adalat, for specific purposes, these tribunals remain subordinate to the High Court Division. The jurisdiction of the Artha Rin Adalat is limited to the recovery of "money/loans" provided by financial institutions. In contrast, the Admiralty Court's jurisdiction is defined by the nature of the asset which is "vessel/ship" and the specialized maritime claims arising from it, regardless of the status of the claimant as a bank or an individual.

7.2 In the present admiralty suit it is the case of the plaintiff that on prayer of defendant no. 3, they issued at first a sanction letter for opening L/C for importing the defendant vessel (Ext-) and subsequently sanctioned a term loan of BDT 64,98,00,000/- under Sanction Letter dated 04.01.2012 for purchase of the vessel (Ext- 2A).

As security for the said loan, Defendant No. 3 created a registered first-ranking charge by hypothecation over all its assets, including the vessel, with the Registrar of Joint Stock Companies and Firms on 14.02.2012 (Ext-5). A registered mortgage of the vessel was executed on 22.01.2012 in favour of the plaintiff bank with the Mercantile Marine Department (Ext- 4). But despite repeated reminders and issuance of legal notice the principal defendants failed to repay the loan liability and adjust the dues of the Bank.

Therefore, having regard to the facts, circumstances, and legal issues involved, the principles enunciated in the above-cited decisions are squarely applicable to the present case and as such, the instant suit is held to be maintainable.

8. The remaining issues, being inextricably connected with one another, are taken up together for consideration and disposal.

In the present admiralty suit it is the case of the plaintiff that on prayer of defendant no. 3, they issued at first a sanction letter for opening L/C for importing the defendant vessel (Ext-) and subsequently sanctioned a term loan of BDT 64,98,00,000/- under Sanction Letter dated 04.01.2012 for purchase of the vessel (Ext- 2A).

As security for the said loan, Defendant No. 3 created a registered first-ranking charge by hypothecation over all its assets, including the vessel, with the Registrar of Joint Stock Companies and Firms on 14.02.2012 (Ext-5). A registered mortgage of the vessel was executed on

22.01.2012 in favour of the plaintiff bank with the Mercantile Marine Department (Ext- 4).

The plaintiff further asserted that despite repeated reminders and demands, the liabilities were not adjusted, resulting in classification of the loan. A legal notice dated 25.04.2017 was served upon the defendants demanding liquidation of dues within fifteen days, but the defendants failed to comply with the said demand (Ext- 7). The plaintiff also has also produced the relevant statement Loan Account (Ext-8)

PW-1 was extensively cross-examined by the defendants. A careful reading of the cross-examination reveals that the defendants, in substance, did not controvert the liability itself but confined their objection primarily to the maintainability of the suit in this forum. And the issue of maintainability has already been decided in favour of the plaintiff in earlier paragraphs.

8.1 Therefore, on a careful appreciation of the evidence on record and the legal principles discussed hereinabove, this Court holds that the plaintiff has duly established and proved its claim and is entitled to the reliefs sought for in the plaint. It is further been informed to this court that the defendant vessel has already been sold by way of judicial auction in connection with another Admiralty Suit.

9. Accordingly, the instant suit is required to be decreed in favour of the plaintiff and against the defendants.

The court fee paid is sufficient.

Hence ordered that-

The instant suit is hereby decreed against the principal defendants for an amount of BDT 128,52,82,267.12 with interest @ 12% from the date of filing of the admiralty suit till the date of realization.

10. The plaintiff is further entitled to realize the decretal amount by executing the decree and to satisfy the decretal amount from the sale proceeds of the defendant No. 1 vessel M.V. CRYSTAL SAPPHIRE.

However, there shall be no order as to cost.

(Sikder Mahmudur Razi, J.)