

Artha Rin Suit No. 1113 of 2023

Bangladesh Form No. 3701

HIGH COURT FORM NO.5 (2)

HEADING OF JUDGMENT IN ORIGINAL SUIT/CASE

DISTRICT- DHAKA

IN THE COURT OF ARTHA RIN ADALAT NO. 1, DHAKA

Present : Mr. Md. Hasan Zaman,
Judge (Joint District Judge)

Date of Judgment : 24th day of February, 2026

Artha Rin Suit No. 1113 of 2023

Fareast Finance & Investment LimitedPlaintiff

-Versus-

MTS Re-Rolling Mills Limited and 03 others.....Defendants

This case came up for final hearing on : 22.09.2025

In presence of :

Mr.Sajal Chandra DebAdvocate for Plaintiff.

Mr.Azizul HakimAdvocate for Defendants.

And having stood for consideration to this day, the court delivered the following judgment:-

The plaintiff financial institution filed this present suit under the **Artha Rin Adalat Ain, 2003** for recovery of **Tk. Tk. 26,58,90,442/- (Taka Twenty Six Crore Fifty Eight Lacs Ninety Thousand Four Hundred Forty-Two only) as on 15.03.2023.**

The suit was filed on 21.03.2021 before the **Artha Rin Adalat No. 2**, Dhaka, being registered as **Artha Rin Suit No. 391 of 2023**. Subsequently, by order dated 19.07.2023 passed by the learned District Judge, Dhaka the said suit was transferred to this Court, where it has been re-registered as **Artha Rin Suit No. 1113 of 2023**.

Plaintiff's Case in Brief

1. The plaintiff, **Fareast Finance & Investment Limited**, is a non banking financial Institution duly incorporated under the Companies Act, 1994 and governed by the provisions of the relevant laws. The defendant No.1 is a Private Limited Company namely **MTS Re-Rolling Mills Limited** as well as borrower while the defendant No.2 is the

Artha Rin Suit No. 1113 of 2023

Managing Director of the said Company and borrower & guarantor of the said credit facility, and the defendant No 3 and 4 are guarantors of the credit facilities availed of by defendant No.1 & 2 from the plaintiff financial Institution.

2. At the request of defendant No.2 on behalf of defendant No.1 company, the plaintiff financial Institution sanctioned a loan facility of **TK.20.00 Crore** only in favor of the defendant No.1-2 vide Sanction letter dated **18.04.2016**. The defendant No.1-2 accepted sanction letter along with the terms and conditions stipulated therein and executed various charge documents in favor of the plaintiff financial institution. Thereafter at the request of the defendant No.2 the plaintiff institution approved of Reschedule of the Corporate Finance Term Loan Facility for an amount of TK 17,10,25,903/- (Taka Seventeen Crore Ten Lacs Twenty Five Thousand Nine Hundred Three only) vide sanction letter dated 31.05.2020. As security for the aforesaid investment facilities, the defendants personally guaranteed the loan.

3. The plaintiff financial institution duly disbursed the sanctioned investment facilities which were availed of and enjoyed by the defendant No.1-3 in the course of its business activities. However, the defendants, with mala fide intent, failed to repay the investment amounts within the stipulated periods. Despite repeated requests, reminders, and letters from the plaintiff bank, the defendants neglected and failed to adjust the outstanding liabilities.

4. As on **15.03.2023**, the total liabilities of the defendants stood at **Tk. 26,58,90,442/-** inclusive of accrued interest. Although on several occasions the defendants acknowledged their liabilities, they deliberately failed to make payments. Consequently, the plaintiff issued a **Legal notice** dated **17.11.2022**, however, the defendants failed to comply with the said notice and did not contact the plaintiff bank in this regard.

5. The plaintiff bank could not realize its dues despite of several demand notice and legal notice. It is to be mentioned here that no amount was adjusted against the credit facility. The defendants' communications and conduct have made it evident that they will not settle the outstanding liabilities unless compelled by due process of law. As of 15.03.2023, the admitted liability of the defendants stood at **Tk. 26,58,90,442/-**. Having failed in all attempts to recover its dues amicably, the plaintiff bank has compelled to file this instant suit.

Defendant's Case :

6. The **Defendant No. 2 & 3** has contested the suit by filing a Written Statement wherein it is stated, inter alia, that the Defendant No. 1, being a business entity engaged in the manufacture of MS Plates, duly applied to the Plaintiff institution for financial accommodation and was sanctioned a term loan facility amounting to Tk. 20,00,00,000/-

Artha Rin Suit No. 1113 of 2023

(Taka Twenty Crore only) for the purpose of carrying on and expanding its industrial operations. It is further stated that after availing the said loan facility, Defendant No. 1 regularly operated the loan account and repaid a substantial portion of the outstanding liabilities, notwithstanding severe economic constraints and adverse business conditions.

7. Thereafter, in view of financial stress and in order to ensure continuity of repayment in a structured manner, Defendant No. 1 applied to the Plaintiff institution seeking reschedulement of the loan for a period of ten (10) years to facilitate smooth and manageable repayment of the remaining liability. However, the Plaintiff institution, after causing inordinate and unexplained delay in processing the said application, eventually rescheduled the outstanding loan liability of Tk. 17,10,25,903/- for a curtailed period of five (5) years only, which, according to the defendants, was inadequate and financially burdensome.

8. That it is further averred that due to the unprecedented outbreak of the global pandemic, namely COVID-19, the business establishment of the defendants remained completely or substantially closed for a considerable duration in compliance with governmental restrictions and prevailing public health circumstances. As a direct consequence thereof, the defendants were unable to operate their manufacturing activities and generate sufficient revenue, resulting in irregular payment of loan installments.

9. Subsequently, the continuing global instability triggered by the COVID-19 pandemic and the resultant worldwide economic downturn severely affected industrial production, supply chains, and market demand. The defendants suffered substantial financial losses and were unable to recover fully from such economic setbacks, which materially impaired their capacity to meet the repayment obligations in accordance with the rescheduled terms.

10. It is further contended that the outstanding amount claimed by the Plaintiff in the plaint has not been calculated in accordance with law or the agreed terms and conditions of the loan facility. Rather, the same is alleged to be patently excessive, arbitrary, and disproportionate, reflecting an instance of high-handedness and mala fide exercise of authority on the part of the Plaintiff institution, which necessitates strict enquiry.

11. The defendants assert that the Plaintiff has instituted the present suit claiming an exorbitant and unjustified amount of interest, without furnishing a transparent and lawful statement of accounts. Defendant Nos. 2 and 3 further contend that the Plaintiff institution procured various charge documents and security instruments from them under circumstances suggestive of ulterior motive and undue advantage.

12. The defendants categorically deny any mala fide intention, misappropriation, or deliberate default in repayment of the loan amount. They maintain that the financial difficulties arose solely due to unavoidable economic circumstances beyond their control.

Artha Rin Suit No. 1113 of 2023

In view of the facts and circumstances stated hereinabove, the defendants humbly pray that the instant suit be dismissed with costs.

Issues:

13. The following issues has been framed for proper adjudication of the case :
- 1) Whether the suit is maintainable in it's present form and prayer?
 - 2) Whether the plaintiffs have any cause of action for filing the suit ?
 - 3) Whether the suit is barred by Limitation ?
 - 4) Whether the plaintiff Bank is entitled to recover the claimed amount from the defendants?
 - 5) Whether the plaintiff Bank is entitled to obtain a decree as prayed for?

Discussions and Decisions:

14. To prove the plaint case, the plaintiff examined 01 witnesses namely **Md Nazmul Hasan as P.W.1** before this court. **During examination of P.W.1** the following documents were produced and proved, which have been marked as Exhibits:-

1) Letter of Authority	Exhibit-1
2) Sanction Letter	Exhibit-2
3) Application and Sanctioned Letter	Exhibit-3 and 3/1
4) Charged Documents	Exhibit-4 Series
5) Term Loan Agreement	Exhibit- 5 Series
6) Reminder Letters	Exhibit- 6 Series
7) Legal Notice & Postal receipts	Exhibit- 7 Series
8) Bank Statement	Exhibit-8

15. On the other hand, to prove the defendant's case, the defendants examined **no witness and produced no documents** before the court.

Artha Rin Suit No. 1113 of 2023

Decision with Reasons

16. Issue no. 1, 2 and 3 : Whether the suit is maintainable in its present form and prayer? + Whether the plaintiffs have any cause of action for filing the suit ? + Whether the suit is barred by limitation?

All these issues are taken up together for the sake of brevity and convenience.

Upon careful consideration of the plaint, the written statement and the evidences appearing on record, it appears that although the defendants challenged the maintainability of the suit, they have not adduced any evidence in support of such objection. On the other hand, the plaintiff is a duly incorporated non banking financial institution under the Companies Act, 1994 and, being a financial institution, is lawfully entitled to institute a suit for recovery of its dues under the provisions of the Artha Rin Adalat Ain, 2003. The plaint has been presented by way of affidavit as mandated under **Section 6(4) of the said Ain**, duly accompanied by **ad valorem court fees** and relevant charge documents. No legal infirmity is discernible in the presentation of the plaint. Therefore, the suit is clearly maintainable both in law and in fact. This issue is thus decided in favour of the plaintiff.

17. As regards the cause of action, the plaint sufficiently discloses grounds for bringing the instant suit. It appears from the plaint that, upon the application of the defendant No.2 on behalf of defendant No.1 company, the plaintiff institution sanctioned credit facilities in favour of the defendant No.1 & 2. The said facilities were secured by execution of charge documents and personal guarantees. However, the defendants defaulted in repayment of loan installments as per terms of the sanction letters. The default persisted and the outstanding liabilities accumulated to the tune of **Tk. 26,58,90,442/-**. Despite repeated reminders, the defendants failed to discharge the said liabilities. Ultimately, the plaintiff issued a legal notice on 17.11.2022 through its learned advocate, calling upon the defendants to adjust the outstanding dues. The defendants, however, did not comply. Having no other efficacious remedy, the plaintiff was compelled to institute the present suit. The cause of action thus arose on and from 17.11.2022, and the instant suit having been filed on 21.03.2023, is well within the statutory period of limitation. In view of the above, it is held that the instant suit is properly maintainable, is founded upon a sufficient cause of action, and is not barred by limitation. All the aforesaid issues are therefore answered in favour of the plaintiffs.

18. Issue No : 4 and 5 : Whether the plaintiff Bank is entitled to recover the claimed amount from the defendant? + Whether the plaintiff Bank is entitled to obtain a decree as prayed for?

Artha Rin Suit No. 1113 of 2023

All these issues are taken up together for the sake of brevity and convenience. This suit has been instituted by Fareast Finance & Investment Limited, a non-banking financial institution incorporated under the Companies Act, 1994 and governed by the relevant financial laws of the country, seeking recovery of its outstanding dues from the defendants under the provisions of the Artha Rin Adalat Ain, 2003.

19. At the outset, it is an admitted position that Defendant No.1, **MTS Re-Rolling Mills Limited**, is the principal borrower company; Defendant No.2, being its Managing Director, acted both as borrower and guarantor; and Defendant Nos.3 and 4 executed personal guarantees securing the loan facility. The relationship between the parties thus clearly establishes privity of contract as well as enforceable obligations arising out of the sanctioned credit facilities.

20. The documentary evidence on record, particularly the Sanction Letter dated 18.04.2016 (**Exhibit-2**), demonstrates that a term loan facility of Tk. 20.00 Crore was duly sanctioned in favour of Defendant No.1 at the request of Defendant No.2. The execution of charge documents (**Exhibit-4 series**) further substantiates that the defendants voluntarily created binding securities in favour of the plaintiff institution. The defendants did not dispute either the sanction or disbursement of the loan during cross-examination, thereby rendering these foundational facts incontrovertible.

21. Subsequently, upon request of the borrower, the loan was rescheduled by sanction letter dated 31.05.2020 (**Exhibit-3/1**) for an outstanding amount of Tk. 17,10,25,903/-. This reschedulement evidences the plaintiff's bona fide intention to accommodate the borrower's financial constraints. The defendants, however, contend that the period of reschedulement was insufficient and financially burdensome. Yet, no documentary proof has been adduced to establish that the terms were imposed unlawfully or that the defendants protested the reschedulement conditions at the relevant time.

22. The defendants have attempted to justify their default by attributing it to the global COVID-19 pandemic and the ensuing economic downturn. While the Court may take judicial notice of the general economic disruptions caused by the pandemic, such circumstances do not ipso facto extinguish contractual liabilities unless specifically provided by law or agreed between the parties. The *doctrine of frustration or force majeure* has neither been specifically pleaded with legal foundation nor substantiated by cogent evidence demonstrating impossibility of performance. Mere financial hardship, however severe, does not discharge a borrower from repayment obligations under settled principles of contract law.

23. The plaintiff issued a legal notice (**Exhibit-7**) demanding repayment, which remained uncomplished with. The statement of account (Exhibit-8) reflects that as of 15.03.2023, the total outstanding liability stood at **Tk. 26,58,90,442/-** inclusive of accrued

Artha Rin Suit No. 1113 of 2023

interest. The defendants alleged that the interest calculation was excessive and arbitrary; however, they failed to produce any independent statement of accounts, expert testimony, or documentary material to rebut the plaintiff's calculation. In financial litigation of this nature, once the lending institution produces duly maintained accounts supported by affidavit and oral evidence, the burden shifts to the borrower to demonstrate specific discrepancies. The defendants have not discharged that burden.

24. Under Section 6(4) of the Artha Rin Adalat Ain, 2003, a plaint supported by affidavit carries substantive evidentiary value. The testimony of P.W.1 corroborates the plaint and documentary exhibits, and nothing material has been elicited in cross-examination to discredit the plaintiff's claim. Furthermore, Section 6(5) of the Ain unequivocally provides that the borrower and guarantors shall be jointly and severally liable for repayment of the outstanding dues. Consequently, Defendant Nos.1 to 4 are legally accountable for the decretal amount.

25. The Court also notes that despite pendency of the suit, the defendants did not make any partial payment nor demonstrate bona fide intention to liquidate the dues. Their defence is largely premised on general economic adversity and allegations of excessive interest, both of which remain unsubstantiated. In contrast, the plaintiff has established the loan transaction, execution of security documents, default, issuance of demand notice, and quantification of dues through cogent and consistent evidence.

26. In the circumstances, upon comprehensive evaluation of the pleadings, oral testimony, documentary exhibits, and the applicable statutory provisions, this Court is satisfied that the plaintiff has successfully proved its claim. The outstanding amount of Tk. 26,58,90,442/- remains due and payable. By operation of law, the defendants are jointly and severally liable to repay the said amount. Accordingly, the issues are decided in favour of the plaintiff, and the suit merits decree as prayed for.

In result the case succeeded.

Court Fee paid is correct

Hence,

It is Ordered

That the present suit be decreed on contest against Defendant Nos. 2 & 3 and ex-party against the other defendants with costs for an amount of **Tk. 26,58,90,442/- (Taka Twenty Six Crore Fifty Eight Lacs Ninety Thousand Four Hundred Forty-Two only) up to 15/03/2023**. The Plaintiff shall be entitled to receive the said amount together with interest

Artha Rin Suit No. 1113 of 2023

or profit as applicable under the prevailing laws or rules from **21/03/2023**, i.e., the date of filing of the suit, until full realization.

The Defendants are directed to pay the decree amount, together with interest or profit, in favor of the Plaintiff within sixty (60) days of the pronouncement of this judgment. In the event of default, the Plaintiff shall be entitled to recover the decree amount through lawful proceedings before the Court.

If the Defendants have made any payments during the pendency of the suit, the Plaintiff is directed to adjust the same in accordance with the law.

Typed & Corrected by Me

Md. Hasan Zaman
Judge (Joint District Judge),
Artha Rin Adalat No-1 ,Dhaka

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Artha Rin Adalat No-1 ,Dhaka.