

**High Court Division  
(Special Original Jurisdiction)**

Sheikh Hassan Arif J  
Md Badruzzaman J

SM Akbar and another....  
one.....Petitioners

vs

Peoples Republic of  
Bangladesh, represented  
by the Secretary, Ministry  
of Finance, Bangladesh  
Dhaka and others.....  
.....Respondents\*

**Judgment**

May 22nd, 2017

**Bank Company Act (XIV of 1991)**

**Sections 5(Ga)(Ga) and 20**

Since the admitted position is that neither the petitioner No. 1 nor the petitioner No. 2 executed any guarantee securing the credit facilities obtained by the Benetex, none of them should be referred to in the CIB as guarantor. Rather, they should be referred to as director and nominee-director of Benetex, the same being an interested establishment of the petitioners in view of the definition of 'defaulter borrower' as provided by section 5(GaGa) of the Act.

Since the law, namely the definition of 'director' as provided by section 2(f) of the Companies Act, 1994 and the definition of 'defaulter borrower' as provided by section 5 (GaGa) of the Bank Companies Act, 1991, do not distinguish between director or nominee-director, we are of the view that, merely because the petitioner No. 1 was the nominee-director of UBICO and representing UBICO in Benetex, that does not give him any extra benefit in so far as referring his name to CIB under section 27 Ka Ka is concerned. However, it appears from the impugned CIB report, as annexed to this writ petition as Annexure-C series, that, only the name of the petitioner No. 1 was published therein as a 'guarantor' of the credit facilities

\*Writ Petition No. 11527 of 2015.

obtained by Benetex. We are of the view that, since the admitted position is that it was the UBICO which was in fact holding the shares in Benetex and, as such, the petitioner No. 1 was the human face of the UBICO in Benetex board, the names of petitioner Nos. 1 and 2 should have been referred to for publication in the CIB disclosing their separate characters therein in that the petitioner No. 1 should have been shown as nominee-director of petitioner No. 2 UBICO. This follows that, both the petitioner Nos. 1 and 2 will face the consequences of non-obtaining consent from GSP before withdrawal of share-holding or change of management in the Benetex in view of the provisions under section 27Ka of the Bank Companies Act, 1991. ....(9)

*AF Hassan Ariff with Md Forrukh Rahman,  
Advocate—For the Petitioner.*

*Md Anwarul Islam with Md Shafiqur Rahman,  
Advocates—For the Respondent No. 3.*

*Ruhul Ameen, Advocate—For the Respondent No. 4.*

**Judgment**

**Sheikh Hassan Arif J :** Rule Nisi was issued calling upon the respondents to show cause as to why the impugned CIB report, under impugned code No. A0000101974, publishing the name of petitioner No. 1, Mr SM Abkar, as guarantor (Annexure-C), should not be declared to be without lawful authority and is of no legal effect

**Background Facts:**

2. Short facts, relevant for the disposal of the Rule, are that, petitioner No. 1 is the Managing Director of petitioner No. 2 company, UAE Bangladesh Investment Company Ltd, a company incorporated as a joint venture between the Abu Dhabi Fund for Development and the Government of Bangladesh under the relevant Companies Act of Bangladesh on 11-6-1987. The petitioner No. 2 company is engaged in the business of financing viable socio-economic



development projects in Bangladesh and, accordingly, under the Financial Institutions Act, 1993, it obtained license from Bangladesh Bank in 1995 to engage in the business of financing and investing by way of making equity investments or giving loans etc. It is stated that, the petitioner No. 1 is the salaried Managing Director of the petitioner No. 2 company. That he does not hold any share in petitioner No. 2 company and merely functions as CEO of the company in accordance with the Articles and Association of the same.

3. That Harvest Rich Ltd, later renamed as Benetex Industries Limited (hereinafter called as "Benetex") (respondent No. 5), being engaged in the business of garments, approached the petitioner No. 2 company for getting credit facilities. Accordingly, the petitioner No. 2 company gave financial assistance to Benetex through equity investment, namely by purchasing shares of the Benetex vide Subscription Agreement dated 8-12-1997 between the Petitioner No. 2 and Benetex and, accordingly, purchased 35,000 shares of Benetex for the value of Taka 2,35,000,00. As per the said subscription agreement, petitioner No. 2 nominated petitioner No. 1 as its nominee-director in the Board of the Benetex and, accordingly, Form-12 of the Benetex has disclosed the name of the petitioner No. 1 as one of its directors. That, subsequently, the petitioner No. 2 decided to withdraw its equity investment from Benetex and, thus, transferred its entire share in the Benetex and thereby petitioner No. 1 seized to be a director of Benetex vide its board resolution dated 31-3-2011.

4. However, in the meantime, Benetex obtained different credit facilities from GSP Finance Company (Bangladesh) Ltd. (hereinafter called "GSP") (respondent No. 4) under lease financing for procurement of garments machineries and instruments. It is stated that, though the petitioner No. 1 was the nominee director of petitioner No. 2 at the relevant time of obtaining such credit facilities, he never executed

any personal guarantee or any charge documents to secure the said loan. However, it is stated, GSP illegally referred the name of the petitioner No. 1 to the Bangladesh Bank under section 27Ka Ka of the Bank Companies Act, 1991 for publication of the same in its CIB report and, accordingly, the name of the petitioner No. 1 appeared in the impugned CIB report as a guarantor. As against this back-drop, both the petitioners made several representations to the GSP as well as the Bangladesh Bank to get the CIB report corrected, namely to delete the name of the petitioner No. 1 from the same, but to no avail. It is stated that, as a resulted of such publication of the name of the petitioner No. 1 in the CIB, he became disqualified to obtain any loan for his personal purpose from any bank or financial institutions. It is further stated that, since the petitioner No. 1 only represented the petitioner No. 2 company as its nominee director in the board of the Benetex, even if there is any consequence for withdrawal of equity investment from Benetex in 2011, the petitioner No. 1 should not suffer as he had only acted as an agent of petitioner No. 2. Under such circumstances, the petitioners moved this Court after serving demand justice notice on the GSP and Bangladesh Bank for correction of the impugned CIB and obtained the aforesaid Rule. At the time of issuance of the Rule, this Court, vide *ad-interim* order dated 27-11-2015, stayed operation of the impugned CIB report till 15-1-2016, which was subsequently extended on several occasions for certain periods. It is further stated by the petitioners that, though the Benetex obtained credit facilities from other bank, and financial institutions, e.g. Rupali Bank Ltd., One Bank Ltd. etc., they did not refer the name of the petitioner No. 1 in the CIB. Rather, they only referred the name of the promoter directors of the Benetex in the CIB.

5. The Rule is opposed by GSP (respondent No. 4) by fling affidavit-in-opposition contending, *inter alia*, that, the petitioner No. 1 was the



nominee-director of petitioner No. 2 in the board of the Benetex at the relevant time when the Benetex obtained credit facility from GSP and that neither the petitioner nor the Benetex took any written consent from the GSP at the time of withdrawal of share-holding from Benetex in violation of the provisions under section 27 Ka of the Bank Companies Act, 1991. It is further contended by this respondent that, since the petitioner No. 1 was a member of the board of the Benetex which obtained different credit facilities from GSP, it was incumbent upon the GSP to refer the name of all directors of Benetex to CIB in view of the provisions under section 27KaKa of the Bank Companies Act, 1991 inasmuch as that, being a director of the Benetex, the defaulter borrower company Benetex became স্বার্থ সংশ্লিষ্ট প্রতিষ্ঠান (interested establishment) of the petitioner in view of the definition of 'defaulter borrower' as provided by section 5(GaGa) of the Bank Companies Act, 1991 (as amended). It is further contended that, since the Benetex defaulted almost all credit facilities provided by GSP, the GSP has already filed several Artha Rin Suits before the Artha Rin Adalats and obtained decrees in some of them followed by continuation of execution proceedings against the Benetex and petitioner No. 1.

#### Submissions:

6. Mr AF Hassan Ariff, learned senior counsel appearing for the petitioners, has argued at length regarding the law relating to different incidents of agency agreement or agency relationship between principal and its agent. Mr Ariff submits that, since the petitioner No. 1 was the salaried Managing Director of UBICO (petitioner No. 2), which is a government to government joint venture between UAE and Bangladesh, he only represented UBICO as its Managing Director and nominee Director of UBICO in the board of the Benetex. Therefore, according to him, it was in fact UBICO which was the Director of Benetex and that petitioner No. 1

was merely an agent of UBICO. Thus, he submits, even if any wrong has been done by the petitioner No. 1 in withdrawing from the board of the Benetex without consent of GSP, petitioner No. 1 cannot face any consequences of such withdrawal of share holding inasmuch as that it was the UBICO which in fact withdrew the share holding without the consent of GSP. Therefore, learned advocate argues that, the petitioner No.1 will not come under the mischief of 'defaulter borrower' as defined by section 5GaGa of the Bank Companies Act, 1991 in view of the fact that it was the petitioner No. 2 which was in fact the director of Benetex. Further referring to the Form XII of Benetex, as submitted before the Registrar of Joint Stock Companies and Firms (as annexed to the writ petition), learned advocate submits that, though the Form XII does not show anything about UBICO or that it does not show the petitioner No. 1 as nominee director of UBICO, the admitted fact remains that the petitioner No. 1 was the nominee director of UBICO. This being so, he submits, non mentioning the name of UBICO in the Form XII Benetex (Annexure-B series) dated 26-7-2011 is a mere mistake on the part of the Benetex in submitting Form XII before the Registrar, Joint Stock Companies. Learned advocate further submits that, unless the name of the petitioner No. 1 is deleted from the CIB thereby exonerating him for the default of his principal, the entire purpose of the Bank Companies Act as well as the principles of agency will be frustrated. Accordingly, he submits, this Court should direct the concerned authority to delete the name of the petitioner No. 1 from the impugned CIB report of Bangladesh Bank.

7. As against above submissions, Mr Ruhul Amin, learned advocate appearing for GSP (respondent No. 4), upon referring to the definition of the term 'director' as defined by section 2(f) of the Companies Act, 1994, submits that, a director of a company is a director by whatever name he or it is called. According to



him, even if the petitioner No. 1 was a nominee-director of UBICO, all the incidents of director will fall upon him and, accordingly, he will also come under the definition of the term 'defaulter borrower' as provided by section 5(GaGa) of the Bank Companies Act, 1991. Mr Ameen further argues that, the admitted position being that neither the Benetex nor the petitioners took any prior consent from GSP before withdrawal of UBICO share-holding from the Benetex or before change of management of Benetex by transfer of shares of UBICO, such transfer of shares or change of directorship in Benetex by such transfer will not be regarded as valid transfer and change of management in the eye of law inasmuch as that, according to section 27Ka of the Bank Companies Act, 1991, such resignation of a director or transfer of shares will not take effect under the law. This being so, according to him, the GSP did not commit any illegality in referring the name of the petitioner No. 1, who was admittedly in the board of the Benetex at the relevant time, to Bangladesh Bank for publication of the same in the CIB. Further referring to various certified copies of decrees in Artha Rin Suit as well as execution case filed against Benetex and its directors including the petitioner No. 1, learned advocate submits that, the issues involved in this writ petition have already been decided by the Artha Rin Adalat and, as such, the petitioners do not have any case before this Court except filing appropriate appeal in accordance with law against the said judgment and decrees passed by the Artha Rin Adalat.

#### Deliberations of the Court:

8. It appears from materials on record, in particular the Form XII of Benetex, as submitted before the Joint Stock Companies and Firms on 26-7-2011 (Annexure-B series), that, the petitioner No. 1 was in fact shown as a director of Benetex. He was also shown to have seized to be such director with effect from 31-3-2011. This is admitted position that Benetex obtained credit

facilities from GSP before such seizure of directorship of petitioner No. 1 and that petitioner No. 1 was in the board of the Benetex at the relevant time of obtaining such credit facilities. It is also admitted position that the petitioner No. 1 in fact was in the board of Benetex as a nominee director of UBICO (petitioner No. 2). Therefore, it cannot be denied by the petitioners that the petitioner No. 1 was the part of management of Benetex at the relevant time when Benetex obtained the said credit facilities and, as such, it was incumbent upon the petitioner No. 1 and/or petitioner No. 2 to withdraw UBICO share-holdings from the Benetex and to resign as director of Benetex with prior consent of GSP in view of the provisions under section 27Ka of the Bank Companies Act, 1991. Admittedly, neither the Benetex nor the petitioners took such prior consent of GSP. Therefore, whatever share-transfer took place in 2011 or whatever change of management took place at that time, such transfer or change of management did not in fact come into force in view of the provisions under section 27Ka of the Bank Companies Act, 1991, which provides that, no resignation of any director of borrower company shall take effect and no director of borrower company shall be entitled to transfer or sell his shares without approval of the authority of the lender bank or financial institution. This being so, we have no doubt to declare that the said purported transfer of shares and change of management which took place in 2011 did not become effective in the eye of law. The consequence of which is that, in so far as the obligation of GSP to refer the name and status of defaulter-borrowers to CIB under section 27Ka of the Bank Companies Act is concerned, they were required to send the names of Benetex and its directors in the CIB including the name of the petitioner No. 1, as, admittedly, petitioner No. 1 was the director of the Benetex at the relevant time.

9. Since the law, namely the definition of



'director' as provided by section 2(f) of the Companies Act, 1994 and the definition of 'defaulter borrower' as provided by section 5 (Ga Ga) of the Bank Companies Act, 1991, do not distinguish between director or nominee-director, we are of the view that, merely because the petitioner No. 1 was the nominee-director of UBICO and representing UBICO in Benetex, that does not give him any extra benefit in so far as referring his name to CIB under section 27 Ka Ka is concerned. However, it appears from the impugned CIB report, as annexed to this writ petition as Annexure-C series, that, only the name of the petitioner No. 1 was published therein as a 'guarantor' of the credit facilities obtained by Benetex. We are of the view that, since the admitted position is that it was the UBICO which was in fact holding the shares in Benetex and, as such, the petitioner No. 1 was the human face of the UBICO in Benetex board, the names of petitioner Nos. 1 and 2 should have been referred to for publication in the CIB disclosing their separate characters therein in that the petitioner No. 1 should have been shown as nominee-director of petitioner No. 2 UBICO. This follows that, both the petitioner Nos. 1 and 2 will face the consequences of non-obtaining consent from GSP before withdrawal of share-holding or change of management in the Benetex in view of the provisions under section 27Ka of the Bank Companies Act, 1991. Further, since the admitted position is that neither the petitioner No. 1 nor the petitioner No. 2 executed any guarantee securing the credit facilities obtained by the Benetex, none of them should be referred to in the CIB as guarantor. Rather, they should be referred to as director and nominee-director of Benetex, the same being an interested establishment of the petitioners in view of the definition of 'defaulter borrower' as provided by section 5 (GaGa) of the Bank Companies Act, 1991.

10. In view of above, though we do not find any substantial merit in the Rule, we are of the

view that, concerned authorities like GSP as well as the Bangladesh Bank should take necessary steps for correction of the concerned CIB report in line with our above observation.

11. Regard being had to the above facts and circumstances of the case, we do not find any merit in the Rule and, as such, the same should be discharged.

In the result, the Rule is discharged without any order as to costs, The *ad-interim* order, if any, thus stands recalled and vacated.

Communicate this.

Ed.

### High Court Division (Criminal Revisional Jurisdiction)

Md Nizamul Huq J

Ruhul Amin Howlader  
(Md).....Petitioner

vs

Mahmuda Akter Mita  
and another.....  
.....Opposite- Parties\*

### Judgment

December 14th, 2015

**Penal Code** (XLV of 1860)

**Sections 415(f) and 420**

**Whenever a loan is taken by one from another on a representation to repay the same dishonestly induces the person to lend the money having no intention to repay the same, it will be an offence of cheating as defined under section 415 and to be punished under section 420 of the Penal Code.**

.....(14)

Md Shafiuddin Khan vs State, 13 BLD 362 = 45 DLR 102; Prithiraj Bacha alias Prithiraj Bucha vs State, 10 DLR 325; Meser Ali vs State, 26 DLR 146; Shahjahan vs Atiqur Rahman, 1987 BLD 164 ref.

*Golam Mohammad Chowdhury with Aktaruzzaman Talukder, Advocates—For the Petitioner.*

\*Criminal Revision No. 1495 of 2010.