IN THE SUPREME COURT OF BANGLADESH
HIGH COURT DIVISION
(STATUTORY ORIGINAL JURISDICTION)

Present:
Mr. Justice Md. Toufiq Inam.

COMPANY MATTER NO. 299 OF 2019.

IN THE MATTER OF:

MM Structural and Holding Ltd and others.
------ Petitioners.
- Versus -
International Leasing and Finance Services Limited and others.
.....Respondents.

Mrs. Kamrun Nessa, Senior Advocate
..... For the Bangladesh Bank.

Mr. Mahfuzur Rahman, Senior Advocate
.....For the Respondent No. 1

Mr. Md. Shakahwat Hossain, Senior Advocate
...... For the Respondent Nos. 33 to 72.

Mr. Shafiqur Rahman, Advocate
...For the Court-appointed Independent Director.

The 27th July, 2026.

Md. Toufiq Inam, J.

Three applications have been placed before this Court for consideration. The principal application has been filed by Bangladesh Bank, Respondent No. 15, seeking dissolution of the existing interim Board of Directors of International Leasing and Financial Services Limited (ILFSL) and leave of this Court to exercise its statutory powers under the Bank Resolution Act, 2026 by appointing an Administrator to assume control and management of the affairs of the institution.

The remaining two applications arise out of the functioning of the existing Court-appointed Board. One has been filed by five (05) out of the seven (07) Court-appointed Independent Directors seeking a direction upon the Company to convene and hold regular meetings of the Board of Directors. The other has been filed seeking the removal of Mr. Md. Mahbubul Hoque, the Court-appointed Independent Chairman of Respondent No. 1 Company, from the Board of Directors, the appointment of three (03) individual depositors as Independent Directors in his place, and a further direction upon the reconstituted Board to elect a new Chairman from amongst the Independent Directors.

The record reveals that, upon a winding up application, this Court, by its order dated 16.06.2021, reconstituted the Board of Directors of ILFSL by inducting five (05) Independent Directors with the object of restoring sound corporate governance, protecting the interests of depositors, and improving the financial condition of the institution. Notwithstanding such reconstitution under the chairmanship of Mr. Md. Nazrul Islam Khan, the financial position of ILFSL continued to deteriorate. The audited financial statements of the Company as at June 2024 disclose that the classified loan ratio had risen to 94%, the Capital Adequacy Ratio (CAR) had fallen to (-112.8%), and the provision shortfall had reached Tk. 164.34 crore. These indicators unmistakably demonstrate that the institution remained critically undercapitalised, financially distressed, and incapable of meeting the prudential standards prescribed by the regulatory authorities.

It further appears from the materials on record that the FICSD of Bangladesh Bank carried out an inspection into the affairs of ILFSL. The inspection allegedly uncovered serious irregularities in the sanctioning and disbursement of loans and revealed that substantial credit facilities had been extended in disregard of applicable regulatory requirements and prudent banking practices. On the basis of the inspection findings, Bangladesh Bank formed the opinion that the then existing Board of Directors had failed to discharge its fiduciary obligations and had been unable to protect the interests of the depositors, creditors and other stakeholders of the institution.

In view of such developments, Bangladesh Bank filed a further application before this Court. Consequently, by an order dated 16.03.2025, this Court once again reconstituted the Board of Directors by constituting an interim Board comprising seven (07) members under the chairmanship of Mr. Md. Mahbubul Hoque, with the expectation that such reconstitution would facilitate the revival, stabilisation and proper management of the institution.

During the pendency of the present proceedings, the Bank Resolution Ordinance, 2025 came into force and was subsequently replaced by the Bank Resolution Act, 2026. The new enactment establishes a comprehensive statutory framework empowering Bangladesh Bank to undertake resolution measures in respect of financially distressed banks and non-bank financial institutions. It is not disputed that the provisions of the said Act expressly apply to non-bank financial institutions, including ILFSL.

Pursuant to the provisions of the Bank Resolution Act, 2026, the Bank Resolution Department (BRD) of Bangladesh Bank prepared Financial Viability Reports in respect of nine (09) non-bank financial institutions, including ILFSL. The reports were prepared on the basis of inspection findings, information and data supplied by the respective institutions, and supervisory information available with Bangladesh Bank.

Mrs. Kamrun Nessa, learned Senior Advocate appearing on behalf of Bangladesh Bank, submits that despite repeated opportunities afforded by this Court and successive reconstitution of the Board of Directors, the financial condition of ILFSL has shown no meaningful improvement. On the contrary, the institution continues to remain financially insolvent and incapable of safeguarding the interests of its depositors and other stakeholders. She further submits that the Financial Viability Report prepared by the Bank Resolution Department unequivocally concludes that ILFSL is a "non-viable" financial institution requiring immediate resolution under the provisions of the Bank Resolution Act, 2026. According to her, once such a determination has been reached under the statutory framework, the responsibility and authority to undertake the resolution process vest exclusively in Bangladesh Bank.

In support of her submissions, she has drawn the attention of this Court to the letter dated 15.07.2026 issued by Mr. Abul Kalam Azad, Director (FCRPD), Bangladesh Bank, whereby Bangladesh Bank has sought the leave/approval of this Court to withdraw the existing Court-appointed interim Board of Directors, appoint an Administrator under the provisions of the Bank Resolution Act, 2026, and bring ILFSL within the statutory resolution framework contemplated by the said Act. The letter read as follows:

বাংলাদেশ ব্যাংক
ফাইন্যান্স কোম্পানি প্রবিধি ও নীতি বিভাগ

ইন্টারন্যাশনাল লিজিং এন্ড ফাইন্যান্সিয়াল সার্ভিসেস লিমিটেড-কে রেজল্যুশন প্রক্রিয়ার আওতায় আনয়নের লক্ষ্যে কোম্পানি ম্যাটার নং ২৯৯/২০১৯ এর প্রেক্ষিতে মহামান্য আদালতের অনুমোদন গ্রহণ প্রসঙ্গে।

ফাইন্যান্স কোম্পানিসমূহের প্রকৃত আর্থিকঅবস্থা নিরূপণে বাংলাদেশ ব্যাংকের পরিদর্শনের প্রাপ্ত তথ্য–উপাত্ত, ফাইন্যান্স কোম্পানিসমূহ হতে প্রাপ্ত তথ্য উপাত্ত এবং বাংলাদেশ ব্যাংকের ফাইন্যান্স কোম্পানি সংশ্লিষ্ট বিভাগসমূহ হতে প্রাপ্ত তথ্যের ভিত্তিতে ব্যাংক রেজল্যুশন ডিপার্টমেন্ট (বিআরডি) কর্তৃক ইন্টারন্যাশনাল লিজিং এন্ড ফাইন্যান্সিয়াল সার্ভিসেস লিমিটেডসহ কয়েকটি ফাইন্যান্স কোম্পানির উপর আর্থিক সক্ষমতা প্রতিবেদন (Financial Viability Report) প্রস্তুত করা হয়েছে। উক্ত প্রতিবেদনসমূহের আলোকে ফাইন্যান্স কোম্পানিসমূহের নাজুক আর্থিক অবস্থা সম্পর্কে প্রতিষ্ঠানকে অবহিত করা হয় এবং এ বিষয়ে নির্দিষ্ট সময়ের মধ্যে জবাব প্রেরণ পূর্বক বাংলাদেশ ব্যাংকে তাদের অবস্থান তুলে ধরার পরামর্শ প্রদান করা হয়। ফাইন্যান্স কোম্পানিসমূহ বিভিন্ন তারিখে বাংলাদেশ ব্যাংকের গভর্নর মহোদয়ের সভাপতিত্বে সকল ডেপুটি-গভর্নর, সংশ্লিষ্ট নির্বাহী পরিচালক এবং পরিচালকের সমন্বয়ে গঠিত পর্যালোচনা কমিটির নিকট তাদের জবাব ও পরিকল্পনা উপস্থাপন করে। বাংলাদেশ ব্যাংক সকল তথ্য উপাত্ত এবং তাদের জবাব পর্যালোচনা করে ইন্টারন্যাশনাল লিজিংসহ ৯টি প্রতিষ্ঠানকে Non viable ঘোষণাকরে।

০২। এরই প্রেক্ষিতে বাংলাদেশ ব্যাংকের পরিচালনা পর্ষদে ইন্টারন্যাশনাল লিজিং এন্ড ফাইন্যান্সিয়াল সার্ভিসেস লিমিটেড (ILFSL)-কে রেজল্যুশন প্রক্রিয়ার আওতায় আনার নীতিগত সিদ্ধান্ত গৃহীত হয়েছে। বাংলাদেশ ব্যাংকের পরিচালনা পর্ষদের সিদ্ধান্ত অনুযায়ী, প্রতিষ্ঠানটিকে ব্যাংক রেজল্যুশন আইন, ২০২৬ এর অধীনে রেজল্যুশনের আওতায় এনে নির্ধারিত পরিকল্পনা অনুযায়ী সুনির্দিষ্ট কয়েকটি শ্রেণীর আমানতকারীদের স্থিরকৃত নির্দিষ্ট পরিমাণ আমানত পরিশোধপূর্বক ব্যাংক রেজল্যুশন আইন, ২০২৬ এর বিধান অনুযায়ী অবসায়ন কার্যক্রম সম্পন্ন করার পরিকল্পনা গ্রহণকরা হয়েছে।

০৩। প্রতিষ্ঠানটির বিরুদ্ধে মহামান্য আদালতে চলমান মামলা সমূহে মহামান্য আদালত প্রতিষ্ঠান দুটির সংশ্লিষ্ট ব্যক্তি, পরিচালক ও সম্পদের উপর বিভিন্ন বিধি নিষেধ, নিষেধাজ্ঞা এবং সুরক্ষামূলক আদেশজারি করেছেন। জনস্বার্থ, সম্পদ সংরক্ষণ এবং দায় পরিশোধ কার্যক্রমের স্বচ্ছতা নিশ্চিতকরণের স্বার্থে উক্ত বিধি নিষেধ ও নিষেধাজ্ঞাসমূহ বহাল রাখা অত্যন্ত প্রয়োজনীয় মর্মে ও বাংলাদেশ ব্যাংকের নিকট প্রতীয়মান হয়। এছাড়াও, মহামান্য আদালত প্রতিষ্ঠানটির ব্যবস্থাপনা ও তত্ত্বাবধানের জন্য পরিচালক পর্ষদ নিয়োগ করেছেন। অপরদিকে, ব্যাংক রেজল্যুশন আইন, ২০২৬এর বিধান অনুযায়ী রেজল্যুশন কার্যক্রম পরিচালনার জন্য বাংলাদেশ ব্যাংক কর্তৃক প্রশাসক নিয়োগ আবশ্যক। ফলে রেজল্যুশন কার্যক্রম শুরু করার

লক্ষ্যে আদালত কর্তৃক নিয়োজিত বর্তমান পরিচালকপর্ষদ প্রত্যাহার করে ব্যাংক রেজল্যুশন আইন, ২০২৬ অনুসারে প্রশাসক নিয়োগের বিষয়ে মহামান্য আদালতের অনুমোদন প্রয়োজন।

০৪। এমতাবস্থায়, ইন্টারন্যাশনাল লিজিং এন্ড ফাইন্যান্সিয়াল সার্ভিসেস লিমিটেড (ILFSL)-এর বিরুদ্ধে চলমান মামলায় মহামান্য আদালতকর্তৃক আরোপিত সকল বিধি নিষেধ, নিষেধাজ্ঞা ও সুরক্ষামূলক আদেশ বহাল রেখে, আদালতকর্তৃক নিয়োজিত বর্তমান পরিচালকপর্ষদ প্রত্যাহারপূর্বক ব্যাংক রেজল্যুশন আইন, ২০২৬এর আওতায় প্রশাসক নিয়োগ এবং রেজল্যুশন কার্যক্রম গ্রহণের জন্য। মহামান্য আদালতের আদেশ/অনুমোদন প্রাপ্তির লক্ষ্যে, বাংলাদেশ ব্যাংক কর্তৃক মহামান্য আদালতে আবেদন দাখিলের সিদ্ধান্ত গ্রহণকরা হয়েছে।

(স্বাক্ষরঅস্পষ্ট)
১৫/৭/২৬
আবুল কালাম আজাদ
পরিচালক (এফসিআরপিডি)
ফাইন্যান্স কোম্পানি প্রবিধি ও নীতিবিভাগ।

Relying upon the aforesaid developments and the Financial Viability Report, she submits that continuation of the Court-appointed interim Board has become unnecessary and incompatible with the statutory resolution mechanism introduced by the Bank Resolution Act, 2026. She therefore prays that the interim Board constituted by this Court be dissolved and Bangladesh Bank be granted leave to appoint an Administrator and proceed with the resolution process in accordance with the provisions of the said Act.

On the other hand, Mr. Shafiqur Rahman, learned Advocate appearing on behalf of five (05) out of the seven (07) Court-appointed Independent Directors, presses the application seeking a direction upon the Company to convene and hold regular meetings of the Board of Directors. He submits that, owing to the persistent non-cooperation of the Chairman, Mr. Md. Mahbubul Hoque, the Board has virtually ceased to function. According to the learned

Advocate, despite repeated requests made by the majority of the Independent Directors, no effective Board meeting has been convened after 17.02.2026, with the result that the Board has been rendered incapable of discharging its statutory and fiduciary responsibilities. He contends that numerous policy matters, regulatory compliances, financial decisions and administrative affairs requiring deliberation and approval by the Board have consequently remained unattended, thereby seriously impairing the day-to-day management of the institution.

He further submits that Bangladesh Bank itself, on several occasions, instructed and advised the Chairman to convene meetings of the Board in compliance with the order of this Court by which the interim Board had been constituted. Notwithstanding such directions and requests from both the regulatory authority and the other Independent Directors, the Chairman allegedly failed or neglected to convene Board meetings without any reasonable justification. It is, therefore, argued that the continued inaction of the Chairman has frustrated the very purpose for which this Court constituted the interim Board and has rendered the functioning of the Board virtually ineffective. He accordingly prays for an appropriate direction upon the Company and its Chairman to convene regular Board meetings so that the affairs of ILFSL may be conducted in accordance with law and the orders of this Court.

Similarly, Mr. Md. Shakahwat Hossain, learned Senior Advocate appearing on behalf of Respondent Nos. 33 to 72, who are depositors and creditors of ILFSL, supports the contention that the present Board has become dysfunctional. He submits that serious and irreconcilable disagreements have developed amongst the members of the Court-appointed Board, resulting in complete administrative paralysis. According to him, the internal discord has brought the operation of the Board to a standstill, thereby jeopardising the interests of thousands of depositors and creditors whose confidence in the institution depends upon the existence of an effective and accountable management. He argues that the continuation of the present Chairman has become detrimental to the effective administration of the institution and that the circumstances warrant immediate intervention by this Court. He, therefore, prays for the removal of Mr. Md. Mahbubul Hoque from the office of Chairman and as an Independent Director of Respondent No. 1 Company, for the inclusion of three (03) individual depositors as Independent Directors on the Board, and for a consequential direction upon the reconstituted Board to elect and appoint a new Chairman from amongst the Independent Directors so as to restore the effective functioning of the Board.

Mr. Mahfuzur Rahman, learned Senior Advocate appearing on behalf of Respondent No. 1 Company, fairly concedes that serious differences have arisen amongst the members of the Court-appointed Board and that, as a consequence, the functioning of the Board has virtually come to a standstill. He submits that the inability of the Board to hold regular meetings and take collective decisions has materially affected the administration of the Company. While leaving the ultimate course of action to the wisdom of this Court, he acknowledges that the present situation is neither conducive to the efficient management of the institution nor consistent with the objective for which the interim Board was constituted.

It is evident from the record that this Court has, on previous occasions, exercised its equitable jurisdiction by reconstituting the Board of Directors of ILFSL with the sole objective of restoring sound corporate governance, ensuring prudent management of the institution, and protecting the interests of its depositors, creditors and other stakeholders. The first reconstitution was undertaken on 16.06.2021 and, when that measure failed to produce the intended result, the Board was again reconstituted by order dated 16.03.2025 through the appointment of seven (07) Independent Directors headed by Mr. Md. Mahbubul Hoque. Those directions were issued as interim protective measures in the absence of any comprehensive statutory mechanism governing the resolution of financially distressed non-bank financial institutions.

Unfortunately, despite the repeated intervention of this Court, the objective underlying the constitution of the interim Boards has not been achieved. The financial materials placed before this court reveal that ILFSL continues to remain in an extremely fragile financial condition. The classified loan ratio remains alarmingly high, the Capital Adequacy Ratio continues to be deeply negative, and the institution suffers from a substantial provision deficit. Equally significant is the admitted position before this Court that the Court-appointed Board itself has become dysfunctional. The materials on record, coupled with the submissions made on behalf of the majority of the Independent Directors, the depositors and even the Company, demonstrate that serious disagreements amongst the members of the Board have resulted in the virtual cessation of its functioning. No meaningful Board meeting has reportedly been held after 17.02.2026, thereby frustrating the very purpose for which this Court had intervened.

More importantly, the legal landscape has undergone a fundamental transformation during the pendency of these proceedings. Parliament has now enacted the Bank Resolution Act, 2026, replacing the earlier Bank Resolution Ordinance, 2025. The new enactment provides a comprehensive and self-contained statutory framework governing the resolution of distressed banks and non-bank financial institutions. It confers extensive statutory powers upon Bangladesh Bank to determine the financial viability of such institutions and, where the statutory conditions are fulfilled, to adopt appropriate resolution measures, including the appointment of an Administrator, restructuring, transfer of assets and liabilities, or such other measures as are contemplated by the Act.

The materials placed before this Court further disclose that the Bank Resolution Department of Bangladesh Bank has already completed a Financial Viability Report in respect of ILFSL and has classified the institution as "non-viable", thereby recommending that it be brought under the statutory resolution process envisaged by the Bank Resolution Act, 2026. Bangladesh Bank has accordingly sought the leave of this Court to invoke its statutory powers.

This Court is of the considered opinion that once Parliament has created a specialised statutory regime and entrusted the responsibility of resolving distressed financial institutions to the expert regulator, the Court ought not to continue parallel supervisory arrangements unless compelling or exceptional circumstances justify judicial intervention. The jurisdiction exercised by this Court in constituting an interim Board was essentially an equitable and interim measure intended to fill the regulatory vacuum then prevailing. That vacuum no longer exists. The continuation of a Court-appointed Board alongside the statutory resolution process would not only result in overlapping authority but may also impede the effective implementation of the legislative scheme.

This Court is, therefore, satisfied that the interests of the depositors, creditors, shareholders and the financial system as a whole would now be better served by permitting Bangladesh Bank to exercise the statutory powers conferred upon it under the Bank Resolution Act, 2026, subject to the safeguards and accountability mechanisms provided therein. This Court, however, considers it appropriate to retain supervisory oversight over the progress of the resolution process by requiring Bangladesh Bank to submit periodic reports before this Court.

Accordingly, it is hereby ordered as follows:

(1) The application filed by Bangladesh Bank is allowed.

(2) In order to safeguard the interests of the depositors, creditors, shareholders, employees and all other stakeholders of International Leasing and Financial Services Limited (ILFSL), to preserve the assets of the institution, and to facilitate an orderly and effective resolution process under the Bank Resolution Act, 2026, Bangladesh Bank is granted leave to exercise all powers conferred upon it by the said Act in respect of ILFSL, including, but not limited to, the appointment of a competent Administrator and the adoption of such resolution measures as are permissible under law.

(3) The interim Board of Directors of ILFSL, constituted pursuant to the order of this Court dated 16.03.2025, together with all previous orders relating to the constitution or reconstitution of the Board of Directors, stands dissolved with immediate effect.

(4) Upon assumption of office, the Administrator shall forthwith take over the management, control, books, records, assets, liabilities and affairs of ILFSL and shall discharge his or her functions strictly in accordance with the provisions of the Bank Resolution Act, 2026 and all other applicable laws, ensuring, to the fullest extent possible, the protection of the interests of the depositors, creditors, shareholders, employees and other stakeholders.

(5) The Registrar of Joint Stock Companies and Firms (RJSC), the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, all scheduled banks, financial institutions, the members of the Court-appointed Board (now dissolved), and every other authority or agency concerned shall extend full cooperation to Bangladesh Bank and the Administrator and shall give effect to all lawful directions and consequential measures taken pursuant to the Bank Resolution Act, 2026.

(6) Save and except the orders relating to the constitution or reconstitution of the Board of Directors, all interim orders, directions, injunctions, restraints, embargoes and protective measures previously passed by this Court in this proceeding

shall continue to remain in full force and effect until varied, modified or recalled by this Court.

(7) Bangladesh Bank shall submit, by way of an affidavit-in-compliance, a comprehensive progress report before this Court once every two (02) months from the date of appointment of the Administrator. Such report shall, inter alia, disclose:

(i) the progress of the resolution process undertaken under the Bank Resolution Act, 2026;

(ii) the financial position and operational status of ILFSL;

(iii) the measures taken to protect the interests of depositors, creditors, shareholders, employees and other stakeholders, including any scheme for repayment, restructuring, business continuity and preservation of employment;

(iv) the status of payments made or proposed to be made to depositors and creditors, together with the principles or mechanism adopted for prioritisation of such payments;

(v) the recovery of defaulted loans and realisation of assets; and

(vi) any significant development requiring the consideration of, or further directions from, this Court.

(8) The Administrator or Bangladesh Bank shall not terminate the services of any regular employee except in accordance

with law and only after making appropriate arrangements consistent with the objectives of the resolution process and the protection of employees' legitimate interests.

(9) It shall be open to Bangladesh Bank or the Administrator to approach this Court at any stage for such further directions, clarification or consequential orders as may become necessary for the effective implementation of the resolution process or for the protection of the interests of the depositors, creditors, shareholders, employees and other stakeholders.

In view of the dissolution of the Court-appointed Board and the transfer of management to the Administrator under the Bank Resolution Act, 2026, the applications filed by the five (05) Court-appointed Independent Directors seeking directions for convening Board meetings and by Respondent Nos. 33 to 72 seeking reconstitution of the Board by removal of the Chairman and appointment of additional Independent Directors have become infructuous and are accordingly disposed of.

There shall, however, be no order as to costs.

(Justice Md. Toufiq Inam)

Ashraf/ABO.