

**IN THE SUPREME COURT OF BANGLADESH  
HIGH COURT DIVISION**

(ADMIRALTY JURISDICTION)

**ADMIRALTY SUIT NO. 08 of 2026.**

**IN THE MATTER OF:**

*Grandee Central East Shipping LLC*  
... Plaintiff-Petitioner.

**VERSUS**

***M.V. PRINCESS JIA JIA (IMO No. 9189926),***  
*now lying at Chattogram Port, Chattogram and*  
*others.*

... Defendants.

Mr. Mohammed Forrukh Rahman, Adv.

... For the plaintiff.

Mr. Muhammad Ohiullah, Adv. with

Mr. Abu Bakar Siddique, Adv.

.... For the defendant No. 1/applicant.

**The 10<sup>th</sup> March, 2026**

**Present:**

Justice Sikder Mahmudur Razi

1. This matter has been posted for passing order on the application filed by the Defendant No.1 vessel praying for recalling and/or vacating the order of arrest dated 18.02.2026 passed by this Court.

2. The suit has been instituted by the plaintiff for recovery of compensation and pre-award security arising out of breach of charterparty, wrongful deviation and fraudulent conveyance under section 3(2)(h) of the Admiralty Court Act, 2000.

2.1 The facts asserted by the plaintiff in brief are that on 15.07.2024 the plaintiff chartered the Defendant No. 1 vessel under a Charterparty and Fixture Recap for carriage of cargo from the China/Thailand range to Mediterranean discharge ports for an agreed lump sum freight of USD 2,900,000.00. At the material time, the vessel was owned by Bedford Castle Shipping Corp., and operated/commercially managed by Eleen Marine JSC and/or K+L Marine-Partner GMBH. The Charterparty contains an arbitration

clause providing for London arbitration under English law. Arbitration has already commenced; the owners having appointed their arbitrator on 17.03.2025 and the plaintiff having appointed its arbitrator on 16.04.2025. That the plaintiff paid advance freight totalling USD 2,243,570.00 between September and October 2024 in performance of its obligations under the Charterparty. That during cargo operations at Phuket on 05.10.2024, the defendants wrongfully overloaded ballast water, carrying 1,144.83 metric tons instead of 300 metric tons, thereby reducing cargo intake and causing short-shipment of 1,055 cubic meters of the plaintiff's cargo whereas as per stowage plan the defendants were supposed to carry 25000 cubic meters of plaintiff's cargo. That thereafter the vessel failed to maintain her warranted speed, failed to provide mandatory daily position reports, deactivated the AIS tracking system, and wrongfully issued notices of lien directly to cargo receivers demanding direct payment of freight. That during the period of tracking blackout, the beneficial owners wrongfully threatened the cargo receivers that the cargo would be discharged in West Africa unless further payment was made, and thereby extorted USD 415,580.00 from receiver Makor and approximately EUR 100,000.00 from Plastiverd. That on 12.11.2024 the vessel was physically detected off the coast of Lisbon, having unjustifiably deviated from the contracted Mediterranean route without lawful excuse, thereby fundamentally breaching the Charterparty. That in consequence of such repudiatory breaches, the plaintiff terminated the Charterparty on 14.11.2024. The plaintiff states that the freight became unearned and the defendants lost all entitlement to retain prepaid freight or enforce any lien. That the defendants also engaged in a fraudulent scheme to conceal the vessel and defeat maritime creditors by disabling tracking systems, making false representations, extorting cargo receivers, and effecting a sham transfer of ownership on 15.01.2026 to Sentor Shipping Ltd, a shell entity, while retaining beneficial control. That the vessel was also purportedly renamed as M/V HOKKIAN to conceal its identity. However, upon her arrival at Chattogram Port, the local agent, Fortune Agencies Limited, submitted the statutory inward declaration naming the vessel as M/V PRINCESS JIA JIA and the owner as Bedford Castle Shipping Corp.,

thereby confirming that the purported transfer and renaming were merely fraudulent devices to evade arrest. That by reason of the aforesaid breaches, deviation, extortion, fraudulent conduct, and total failure of consideration, the plaintiff has suffered severe financial loss and damage. That the plaintiff's claims are summarized as follows:

- Freight Recovery – USD 2,243,570.00
- Wrongful Intercept / Extorted Payment – USD 415,580.00
- Short-Shipment Indemnity – USD 31,657.00
- Loss of Freight (Makor) – USD 84,419.00

Total Principal Claim: USD 2,775,136.00, equivalent to BDT 338,566,592.00 at the rate of BDT 122 per USD, together with interest, legal costs, and general indemnity.

**3.** Defendant no. 1 entered appearance in the instant suit and filed an application for recalling and/or vacating the order of arrest of the vessel dated 18.02.2026.

**3.1** Mr. Mohammad Ohiullah, learned advocate for the defendant no.1-applicant submits that the Defendant No.1 denies all the allegations, assertions and contentions made in the plaint and in the application for arrest, and shall file detailed reply by way of written statement along with counter-claim. The present application, however, is confined to the jurisdictional and foundational defects of the suit and the arrest order.

The learned advocate contended that the plaintiff has failed to disclose any prima facie case for maintaining the present action *in rem* and for arresting the vessel. The dispute admittedly arises out of a charterparty governed by English law and subject to London arbitration, and arbitral proceedings have already commenced and the tribunal has been constituted. According to the learned advocate, the plaint itself shows that the plaintiff seeks ultimately to rely on the arbitral award and intends to pursue the same claims before the London tribunal. As such, the present suit has been filed merely as a device to obtain pre-award security in aid of foreign arbitration,

which, according to the applicant, is not a permissible invocation of Admiralty jurisdiction. In support of this submission the learned advocate relied on *The Andria* [1984] 1 All ER 1126.

The learned Advocate further submits that the plaintiff has invoked section 3(2)(h) of the Admiralty Court Act, 2000 in a mechanical manner without showing how the pleaded claims answer the statutory requirements of a maritime claim maintainable *in rem* against the vessel. He submits that none of the claims pleaded constitutes a maritime lien, nor has the plaintiff identified how such claims legally attach to the *res*. He further argues that the plaint improperly mixes up claims in contract, tort and alleged fraudulent conveyance without disclosing which of such claims is truly enforceable against the vessel *in rem*.

The learned advocate further submits that the plaintiff's pleaded case is self-contradictory and legally unsustainable inasmuch as the plaintiff alleges that the charterparty was "avoided ab initio" while simultaneously relying on the arbitration clause and other contractual rights flowing from the same charterparty. According to the learned advocate, the plaintiff cannot both avoid and affirm the same contract, and no clear election has been pleaded.

The learned Advocate next submits that the plaintiff has failed to show any legal basis upon which the prepaid freight, once contractually earned and payable, became refundable. He further submits that the plaintiff's indemnity-based claims are contingent, hypothetical and uncrystallized and therefore cannot found an order of arrest.

The learned advocate on facts, submits that the owners fully performed the voyage in terms of the charterparty; the cargo was loaded, carried and delivered in accordance with the charterers' instructions; and the freight was fully earned. The owners therefore deny the plaintiff's claim for restitution of US\$ 2,243,570.00 on account of alleged unearned freight. As to the allegation of deviation, the learned Advocate submits that the vessel never deviated to Lisbon and that such allegation is factually incorrect and physically impossible. According to him, on 12.11.2024 the vessel was off

West Africa and more than 1,400 nautical miles away from Lisbon, proceeding toward the intended discharge route through Gibraltar. He submits that the vessel's logbooks, noon reports and independent Wärtsilä FOS tracking show that the vessel maintained her direct intended course and that there was no deviation as alleged.

In respect of the plaintiff's claim for US\$ 415,580.00 for alleged wrongful interception from the receivers, the learned advocate submits that the charterers had defaulted in payment of the agreed freight. Two freight invoices totalling USD 2,863,900.00 were issued, but the charterers made only partial payment of USD 2,243,570.00, leaving USD 620,180.00 outstanding. The owners therefore exercised their contractual right to intercept freight directly from the cargo receivers, and such interception was lawful and in enforcement of earned freight. The learned Advocate also denies the claim relating to short-shipment indemnity of USD 31,657.00 and loss of freight of USD 84,419.00. He submits that the vessel was fixed on a lump sum basis, and therefore the commercial risk of maximizing cargo intake lay upon the charterers. He further submits that the ballast on board was operationally necessary for safety and stability, that the nominated holds were fully laden to volumetric capacity, and that no instruction was given by the charterers for deck loading. Further that the cargo in question, being MDF on pallets, was unsuitable for deck carriage due to moisture risk. According to the applicant, there was no short shipment attributable to the owners and no cargo shortage claim was raised by the receivers. The learned Advocate further submits that the continued arrest of the vessel is causing severe and escalating commercial loss. The vessel is a sea-going commercial vessel engaged in international trade, and continued detention is causing disruption of commitments and serious prejudice to the owners. On the other hand, the plaintiff is already pursuing the appropriate remedy in London arbitration and therefore suffers no comparable prejudice. He lastly submits that the balance of convenience overwhelmingly lies in favour of the applicant, that the arrest is oppressive, disproportionate and unsupported by a maintainable maritime claim, and that unless the order of arrest dated

18.02.2026 is immediately recalled or vacated, the owners of the vessel will suffer irreparable loss and injury.

However, at the end of his submissions, the learned Advocate Mr. Ohiullah submits that if this Hon'ble Court, in the interest of justice, is not inclined to recall or vacate the order of arrest of the vessel without securing the plaintiff's claim, in that event the defendant No.1—applicant is willing, without prejudice to its rights and contentions in the suit, to furnish security to the extent of USD 200,000.00. He further submits that such amount would be reasonable and commensurate with the facts and circumstances of the present case and may be considered by this Hon'ble Court for the purpose of securing the claim while permitting the vessel to be released from arrest.

4. Per contra, Mr. Mohammed Forrukh Rahman, the learned Advocate appearing for the plaintiff, submits that the defendant vessel committed multiple breaches of the Charterparty agreement. He contends that the vessel failed to maintain her warranted speed, failed to provide the mandatory daily position reports to the charterers, and deliberately deactivated the AIS tracking system, thereby preventing the charterers from monitoring the vessel's movements.

The learned Advocate further submits that the owners of the vessel wrongfully issued notices of lien directly to the cargo receivers, demanding direct payment of freight, which was contrary to the terms of the Charterparty and the governing principles of maritime law. According to him, during the period when the AIS tracking system remained deactivated and the vessel's position could not be monitored, the beneficial owners of the vessel wrongfully threatened the cargo receivers and thereby extorted payments amounting to USD 415,580.00 from the cargo receiver Makor and approximately EUR 100,000.00 from another receiver, Plastiverd.

He further submits that on 12.11.2024 the vessel was physically detected off the coast of Lisbon, which clearly demonstrated that the vessel had unjustifiably deviated from the contracted Mediterranean trading route without any lawful excuse. Such unauthorized deviation, according to the learned Advocate, constituted a fundamental breach of the Charterparty

agreement. The learned Advocate contends that by reason of such wrongful deviation and the related acts of misconduct, the vessel owners committed a fundamental breach of the Charterparty, which rendered the agreement void *ab initio*, thereby disentitling the owners from claiming freight under the contract. Consequently, the plaintiff is entitled to recover the freight and other payments already made to the defendants under the said agreement.

The learned Advocate further submits that the plaintiff formally terminated the Charterparty agreement on 14.11.2024. Notwithstanding such termination, the defendants received the payment under the head of wrongful interception/extorted payment amounting to USD 415,580.00 on 21.11.2024. In such circumstances, the learned Advocate argues that the plaintiff is legally entitled to reclaim the said payment, as the same was received by the defendants subsequent to the termination of the Charterparty and without any lawful entitlement.

**5.** I have heard the learned advocates of the respective parties and perused the application, the plaint and list of documents submitted by the respective parties.

**5.1** Upon perusal of the plaint, application filed by the defendants, list of documents filed by the parties, certain important features have come to the notice of this Court which are required to be mentioned here for the proper and effective disposal of the application.

- i. Notice of lien over cargo dated 01.11.2024 was issued by the owner for unpaid freight and the right was exercised as per clause 29 of the charterparty agreement. (page 23 of the list of documents being entry no. 1231 dated 17.02.2026)
- ii. Notice of intercept of receivables under the Bills of Lading dated 02.11.2024 was issued by the owner for USD4000,000.00 which was due to the charterers from the cargo receivers. (page 26 of the list of documents being entry no. 1231 dated 17.02.2026)
- iii. From email correspondence dated 11.11.2024 it appears that the broker of the charterer made some offers to settle the dispute (page 32 of the list of documents being entry no. 1231 dated 17.02.2026).

However, immediately thereafter on 14.11.2024 the charterer terminated the charterparty (page 33 of the list of documents being entry no. 1231 dated 17.02.2026). In the said termination notice it has been mentioned that, “*Charterers now hereby elect to terminate the Cp on the grounds of the wrongful deviation and other breaches identified above. In consequences the owners forfeit, inter alia, **any claims to unpaid freight** whether under their intercept notices or otherwise along with any claims to lien or other right on their part to rely on the protective clauses of the Cp.*” (Bold supplied).

- iv. From email correspondence dated 21.11.2024 (page 43 of the list of documents being entry no. 1231 dated 17.02.2026) it appears that the cargo owners/ the consignees sent the email to the charterer and mentioned that as they did not receive any suggested solution to solve the problem therefore, under the circumstances they made the payment of USD415,580 to the owners as full and final settlement of any amount due to the charterer from them in connection with the fixture note.
- v. As to the allegation of deviation, from email correspondence dated 15.11.2024 (Page 35 of the list of documents being entry no. 1231 dated 17.02.2026) it appears that the owner denied the allegation and mentioned in paragraph no. 3 that-

*“The Vessel has not deviated and the Owners have not breached their utmost despatch obligation: Clause 3 of the Charterparty affords the Vessel the liberty to call at any ports in any order and for any purposes. The Vesel’s call at Las Palmas is necessary in order for the Vessel to procure spares and supplies for the voyage and accordingly the call falls withing the scope of Clause 3 and is absolutely lawful, and/or is requisite so as to ensure the continued safe passage of the Vessel.”*

- vi. It further appears from another e-mail correspondence dated 14.11.2024 (page 5 of the list of documents being entry no. 1903 dated 10.03.2026) issued from Pavilion Navigation Ltd. whereby they sought advice in the following terms:

*“Can you please think of how Grandee can take advantage of this developed situation and how can attack the owners (who*

*are not giving any position for the past 7 days) with the aim for Grandee to benefit financially”*

- vii. Suit has been instituted by the charterer. Charterer reclaims the entirety of the freight after a completed voyage based on a late-stage deviation.
- viii. Admittedly the voyage has been completed and that there is no allegation of any cargo loss or damage.

**5.2.** At this stage, this Court is not called upon to finally adjudicate the disputed questions of fact and law arising out of the Charterparty, including the plaintiff’s allegation of wrongful deviation, the defendants’ assertion of lawful exercise of lien/interception rights, or the exact legal consequences of the alleged breaches under the law. Those issues, particularly in view of the admitted arbitration agreement and the ongoing arbitration in London, are matters which shall ultimately be determined on evidence and upon fuller consideration in the appropriate forum. The limited question presently before this Court is whether the order of arrest should continue for the full claim amount as pleaded, or whether ends of justice would be served by release of the vessel upon furnishing moderate security.

**5.3.** In considering that question, it is well-settled that although arrest order may issue upon a prima facie maritime claim, the quantum of security required for release is not to be fixed mechanically at the full amount claimed in the plaint. In the case of *S. M. Monirul Islam vs. MV You Bang*, reported in 51 DLR (AD) 90 it was held that Rules 23 and 31 of the Admiralty Rules, 1912 are enabling provisions and do not circumscribe the discretionary jurisdiction of the Admiralty Court to reduce or enhance the amount of security in an appropriate case. The Court is therefore entitled, and indeed duty-bound, to examine whether the security sought represents the plaintiff’s best reasonably arguable case, or whether the amount claimed is, at least at this interlocutory stage, excessive, inflated or oppressive.

**5.4.** As noted earlier, from the materials placed before the Court, several features emerge. First, it is not in dispute that the voyage was completed and that the cargo was delivered to the receivers/consignees. Secondly, there is, at least at this stage, no specific allegation of physical loss of or damage to the cargo itself. Thirdly, the documents relied upon by the plaintiff themselves show that prior to the termination notice dated 14.11.2024, the owners had already asserted lien and intercept rights for unpaid freight, and thereafter the consignee appears to have made payment of USD 415,580.00 to the owners as settlement of amounts said to be due in connection with the fixture. Fourthly, the allegation of late stage deviation is itself disputed by the owners, who have contemporaneously taken the position that any call was contractually permitted and/or required for the safe/proper continuation of the voyage. These features do not conclusively defeat the plaintiff's claim, but they materially affect the strength and scope of that claim for the purpose of fixation of security.

**5.5.** A substantial component of the plaintiff's claim is the refund of prepaid freight amounting to USD 2,243,570.00 on the footing that by reason of deviation and other alleged repudiatory conduct the freight became wholly unearned. It is true that, in maritime law, an unjustified deviation may have serious legal consequences and may disentitle an owner from insisting upon contractual protections. However, admittedly the carriage was in fact performed and the cargo reached destination. Moreover, in its termination letter the plaintiff referred only to the unpaid portion of the freight and made no claim regarding the freight already paid or the freight for the entire voyage. In such a situation, a claim for 100% restitution of freight in the suit, without taking into consideration the fact that the service of carriage was actually rendered as well as without any justification as to why the plaintiff is entitled to the benefit of the carriage without any payment for the service provided, appears at this stage to be legally ambitious and not free from substantial doubt. Furthermore, from different authoritative commentary on maritime law (like *Shipping Law* by Simon Baughen, 8th Edition; *Maritime Law*, edited by Professor Yvonne Baatz, 5<sup>th</sup> Edition) it appears that where the

contracted voyage has in fact been completed and the cargo interests have received the benefit of the carriage, a claim seeking recovery of the entirety of the freight is not always sustainable in full.

In such circumstances the court must examine the substance of the services actually rendered. Maritime law has long recognised that freight is ordinarily the reward for carriage of goods. Where carriage has been substantially performed and the cargo has been delivered, the law does not ordinarily permit recovery that would disregard the value of the services already rendered. Accordingly, any claim for recovery of any portion of the freight may be liable to reduction or adjustment through set-off or restitutionary principles, including assessment on a *quantum meruit* basis reflecting the reasonable value of the service performed. This approach is consistent with established maritime jurisprudence recognizing that the law of freight is grounded upon the principle that payment follows performance of the voyage and that restitutionary claims must not operate so as to produce unjust enrichment. Accordingly, the plaintiff's demand for security founded substantially on a total freight refund cannot, at this stage, be accepted at its face value as representing the plaintiff's best reasonably arguable recoverable amount.

**5.6.** The same consideration applies, though in a different degree, to the heads described as "short-shipment indemnity" and "loss of freight (Makor)." On the present materials, these heads appear to involve disputed and partly consequential or indemnity-based losses, the legal and factual basis of which remains to be established. The defendants have also raised a specific case that the vessel was fixed on a lump-sum basis and the commercial risk of maximizing cargo intake belonged entirely to the charterers and freight cannot be deducted based on the actual quantity loaded. Without pronouncing finally on that defence, this Court is of the view that such heads of claim cannot, at this interlocutory stage, be treated as liquidated and indisputable so as to justify security for the full pleaded amount.

**5.7.** So far as the sum of USD 415,580.00 is concerned, the plaintiff characterizes the same as a wrongful interception or extorted payment received after termination of the Charterparty, whereas the defendants assert that the amount was collected lawfully toward outstanding earned freight. That issue also remains seriously contested. The contemporaneous correspondence placed before the Court shows that the consignee made the payment after not receiving any satisfactory solution, but that by itself does not finally establish, for present purposes, whether the payment was wholly unlawful or whether it was, in substance, a disputed recovery against unpaid freight. Therefore, while this head of claim cannot be ignored altogether, it likewise cannot be treated as conclusively established in the full manner asserted by the plaintiff.

**5.8.** This Court is also mindful that arrest of a trading vessel is a drastic remedy. In the admiralty jurisdiction, arrest serves the important purpose of providing security for a maritime claim, but it should not be permitted to become an instrument of undue commercial pressure. In such circumstances, the Court must ensure that the security amount is not excessive, since an unduly large demand may unfairly compel the owners to furnish security beyond the supportable value of the plaintiff's claim. The jurisdiction of the court to moderate the security exists precisely to prevent such abuse and to ensure that the arrest process remains protective rather than punitive.

**5.9.** Having regard to the materials on record presently available, this Court is unable to hold, at this interlocutory stage, that the plaintiff's best reasonably arguable case justifies security for the entire principal claim of USD 2,775,136.00 together with interest and costs. Equally, having regard to the nature of the allegations made by the plaintiff, including the allegations relating to unauthorized interception, withholding of position information,

and disputed deviation, this Court is also not persuaded that the vessel should be released without any security whatsoever. The just balance lies in moderation.

**5.10.** In arriving at the quantum, this Court has therefore taken into account:

- (i) that the voyage has admittedly been completed;
- (ii) that there is no present allegation of physical cargo loss or damage;
- (iii) that the largest component of the plaintiff's claim, namely total freight recovery, is seriously contestable in law and on facts;
- (iv) that other components of the claim are also disputed and not presently crystallized to their full pleaded extent;
- (v) that continued detention of a sea-going commercial vessel causes serious and escalating prejudice to maritime operations; and
- (vi) that some security must nevertheless be preserved so that the plaintiff's claim is not rendered illusory pending adjudication.

Upon a cumulative consideration of these factors, this Court is of the view that security in the sum of USD 250,000.00 would be fair, reasonable and proportionate at this stage. Such amount adequately preserves the plaintiff's position without allowing the arrest process to operate oppressively against the defendants.

**5.11.** Accordingly, the defendant No.1 vessel shall be released from arrest upon furnishing security by way of a Bank Guarantee, in USD or its equivalent in BDT, in the sum of USD 250,000.00, in favour of the Marshal of this Court. Such security shall abide by the result of the suit and/or such

further order as may be passed by the competent forum in accordance with law.

**5.12.** Since arbitration proceedings are already pending in London between the plaintiff and the owners, all rights and contentions of the parties on merits shall remain open, and nothing stated in this order shall be construed as a final finding on liability, entitlement to freight, legality of deviation, validity of interception, or quantum of damages.

**5.13.** Accordingly, the application for vacating the order of arrest is disposed of.

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(Sikder Mahmudur Razi, J.)