IN THE HIGH COURT OF SINDH AT KARACHI

Suit No. B-05 of 2018

[Meezan Bank Limited vs. Quetta Textile Mills Limited]

Plaintiff	:	Through Mr. Ali T. Ebrahim, Advocate
Defendant	:	Through Mr. Khadim Ali Metlo Advocate
Date of Hearing	:	17.08.2026
Date of Announcement	:	30.10.2026

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J U D G M E N T

SAMAN RAFAT IMTIAZ, J.- This is a suit under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 read with Section 151 C.P.C., for recovery of Rs. 448,596,886.22 from the Defendant on account of Murabahah, Istisna, and Bai Muajjal transactions along with cost of funds and attachment and sale of hypothecated assets.

2. The brief facts of the case as alleged in the plaint are that vide the Offer Letter dated 04.02.2015 duly signed and accepted by the Defendant, the Plaintiff-Bank lastly renewed the Islamic finance facilities of Murabaha/Istisna/Tijarah, Sukuk, and Bai Mauijal facilities to the Defendant. However, suit has not been filed in respect of the Sukuk facility and is only in respect of the remaining facilities.

3. Pursuant to the said offer letter a Master Murabaha Facility Agreement dated 04.02.2015 was executed whereby the limit of PKR 250,000,000/- was made available to the Defendant to enter into Murabaha transactions. The parties signed a Master Murabaha Facility Agreement dated 04.02.2015, with a Demand Promissory Note for PKR 312,500,000 and an Agency Agreement of the same date, and eight Murabaha Transactions were made from 07.04.2015 to 12.05.2015 with total disbursement of **PKR 53,900,000/-**.

4. The parties also signed a Master Istisna Agreement dated 10.02.2015, with a Demand Promissory Note for PKR 300,000,000 and an Agency Agreement of the same date, and six Istisna Transactions were made from 02.09.2015 to 14.09.2015 with total disbursement of **PKR 194,724,000**/-.

5. Bai Muajjal, was granted by offer letter and Islamic Facility Agreement dated 18.12.2013 for PKR 72,000,000, under which five Credit Sale Contracts were made from 10.01.2014 to 05.09.2014 with total disbursement of **PKR**

67,123,591, and it was renewed by a fresh Islamic Facility Agreement dated 04.02.2015 for PKR 68,000,000.

6. As continuing security, the Defendant created hypothecation charges of PKR 500,000,000 over movables and receivables (Letter dated 24.01.2008, registered 25.01.2008) and PKR 96,000,000 over plant and machinery (Letter dated 19.12.2013, registered 20.12.2013). The defendant also executed Demand Promissory Notes dated 04.02.2015 and 10.02.2015. The Defendant did not repay on time, and at its request the Plaintiff extended the facilities from 01.09.2015 till 30.10.2015 by letter dated 31.08.2015, which the Defendant countersigned. Despite extension of the finance facilities, the defendant failed to abide by the terms and conditions and failed to repay the finance facilities availed by it and defaulted on its repayment obligations owed to the Plaintiff, hence the suit

7. The Defendant, in opposition to the suit, raised a preliminary objection regarding its maintainability on the ground that the plaint was not instituted pursuant to any resolution of the present Board of Directors and that the attorney appointed vide the Sub-Special Power of Attorney dated 20.11.2007 issued pursuant to such resolution could not authorize institution of the suit in 2018. The Defendant has further disputed the legal character and computation of the Murabahah, Istisna, and Bai Muajjal transactions, including the determination of cost, profit and late-payment compensation. It has also questioned the permissibility of the amount claimed towards charity. The learned counsel for the Defendant submitted that the Plaintiff has filed the instant suit for three Islamic finance facilities i.e. Murabaha, Istisna, and Bai Maujjal. He argued that the relationship of the parties has existed since 2008 and huge amounts have been paid by the Defendant since then, which have not been adjusted by the Plaintiff and previous agreements have also not been produced while only the agreement of 2015 has been filed. He further submitted that there is no mark-up charged in respect of the finance facility of Istisna yet the Plaintiff has charged mark-up. He submitted that it is denied that any facility such as Bai Maujjal was availed by the Defendant or disbursed by the Plaintiff. He also submitted that the Plaintiff has charged charity at 200% which is completely unlawful and illegal. He relied upon *Textile Management (Pvt.) Limited v. N.I.T.*, 2002 CLD 276; *C.M. Textile Mills (Pvt.) Limited v. Investment Corporation of Pakistan*, 2004 CLD 587; *Shaz Packages v. Bank Alfalah Limited*, 2011 CLD 790; *Decent Builders and Developers v. Standard Chartered Bank (Pakistan) Limited*, 2021 CLD 130; *Jamal Tube (Pvt.) Ltd. v. First Punjab Modarba*, 2021 CLD 1372; *Elbow Room v. MCB Bank Limited*, 2014 CLD 985; *Bank of Punjab v. Fazal Abbas*, 2020 CLD 977; *National Bank of Pakistan v. Pakistan Textile City Limited*, 2021 CLD 194; *Apollo Textile Mills*

Ltd. v. Soneri Bank Ltd., 2012 CLD 337; *Obaid Associates v. United Bank Limited*, 2021 CLD 1019; *Bank of Punjab v. International Ceramics Ltd.*, 2013 CLD 1472; *Dr. Faiz Rasool v. The Askari Bank Limited*, 2015 CLD 1710; *Muhammad Nafees v. Allied Bank of Pakistan Limited*, 2004 CLD 937; *National Bank of Pakistan v. Tuwairqi Steel Mills Limited*, 2019 CLD 1140 and *Mushtaq Ahmed Vohra v. Crescent Investment Bank Limited*, 2005 CLD 444.

8. On the other hand, the Plaintiff relies upon the subsisting authority conferred through the Power of Attorney and the contractual terms admittedly executed by the Defendant while maintaining that the late-payment compensation is recognised under the applicable Islamic banking framework. The learned counsel for the Plaintiff submitted that the Plaintiff has relied upon letter dated 04.02.2015, which was issued by the Plaintiff and duly accepted by the Defendant in respect of Murabaha/Istisna in the amount of Rs. 250 Million and Bai Maujjal in the amount of Rs. 68 Million. He submitted that the last agreement was entered into between the parties for Murabaha and Istisna finance facilities dated 04.02.2015. He referred to the order forms, declaration for each sale transaction, Murabaha contract for each Murabaha transaction, schedule of assets and payments schedule for each of the eight disbursements towards Murabaha finance aggregating to Rs. 53,900,000/-. Similarly, he referred to written offer of goods, sale contract, Istisna agreement and schedule for repayment of each of the six Istisna transactions aggregating to Rs. 194,724,000/-. In respect of the Bai Maujjal facility, he relied upon offer letter dated 04.02.2015 and Istisna finance agreement for Rs. 68 Million. He relied upon credit sale contract, sale contract and other documents pertaining to Bai Maujjal transaction, the facilities are secured by letter of hypothecation of movables and receivables dated 24.01.2008 and letter of hypothecation of plant and machinery dated 19.12.2013 along with Certificate of Registration of Mortgage, ETC. He submitted that the certified statement of accounts is also appended with the plaint, which duly supports the claim of the Plaintiff.

9. Heard. Bare perusal of the application for leave to defend shows that compliance of Section 10(4) of the Financial Institutions (Recovery of Finances) Ordinance, 2001 has not been made as particulars required thereunder have not been submitted and only the principal amount and profit claimed by the Plaintiff for Murabaha facility as well as for Istisna facility are given, whereas an amount of Rs. 124,776,610/- has been shown to have been allegedly paid in excess as mark up and charity from the period from 2010 till date. Contrary thereto, the Summary of such amounts appended with the application for leave to defend only reflects payment from 2008 till May 2015, whereas suit has been filed to claim amounts as per facilities granted in 2015 through agreements of which execution has not been denied. Similarly, Bai

Maujjal facility has been denied as having been availed despite the fact that the agreement has not been denied. Although an allegation was made regarding computation of charity, no specific entry could be identified in the statement of accounts which was not calculated as per agreed terms. In view of the foregoing, no question has been raised requiring recording of evidence and the Defendants are not entitled to leave to defend the suit. The application for leave to defend is accordingly dismissed.

10. As the application for leave to defend has been dismissed, the averments made in the plaint stand unrebutted. The plaint has been signed by one named Atique Ahmed Siddiqui pursuant to sub-special Power of Attorney dated 20th November 2007 executed by Arif-ul-Islam who was appointed as attorney through General Power of Attorney dated 27th February 2003 which was to remain in full force and effect until written revocation thereof or until the attorney ceased to be in the employment of the bank, whichever is earlier, executed by Mr. Irfan Siddiqui and Muhammad Ali Qureshi who were directors on the Board of Directors of the Plaintiff bank and pursuant to the authority given by the Board Resolution passed in the meeting held on March 21, 2002 that any two directors be authorized to sign the Power of Attorney on behalf of the Board. The Plaintiff has supported the suit with the Offer Letter dated 04.02.2015, the finance agreements dated 04.02.2015, 10.02.2015 and 18.12.2013, the demand promissory notes, the letters of hypothecation and the certified statements of account, and the particulars required under Section 9(3) of the Ordinance have been furnished in Paragraph 21 of the plaint.

11. In view of the foregoing, and in terms of Section 10(12) of the Ordinance, the suit of the Plaintiff is decreed as prayed for, that is, for recovery of Rs. 448,596,886.22 along with cost of funds from the date of filing of the suit till realization recoverable by sale of the hypothecated assets mentioned in Paragraphs 17 and 18 of the plaint. Office is directed to prepare the decree accordingly.

12. The suit is converted into execution by force of Section 19 of the Ordinance. Office shall put the file of the execution before this Court after expiry of 30 days.

Announced in open Court on 30th October, 2026.

[SAMAN RAFAT IMTIAZ]
JUDGE

Imran