# Legal Case Summary

Case Title: Bank of Baroda vs Farooq Ali Khan & Others

Citation: 2025 INSC 253

Date of Judgment: 20 February 2025

Bench: Justice Pamidighantam Sri Narasimha, Justice Manoj Misra

Author of Judgment: Justice Pamidighantam Sri Narasimha

## Parties Involved

Appellant: Bank of Baroda

Respondents: Farooq Ali Khan & Others

## Background / Facts of the Case

Respondent No. 1, a personal guarantor to loans taken by Associate Décor Ltd (corporate debtor), faced personal insolvency proceedings initiated by Bank of Baroda under Section 95 of the IBC. The Adjudicating Authority appointed a resolution professional and directed submission of a report under Section 99. The High Court intervened under Article 226, holding the personal insolvency invalid due to waiver of guarantee liability, and quashed the process. This was challenged by Bank of Baroda in the Supreme Court.

## Legal Issues Raised

1. Whether the High Court could interfere in personal insolvency proceedings before the Adjudicating Authority’s decision under Section 100 of the IBC.

2. Whether the High Court was right in concluding waiver of liability by the guarantor.

## Judgment / Decision

The Supreme Court held that the High Court acted prematurely in interfering before the resolution professional’s report was submitted and before the Adjudicating Authority could exercise jurisdiction under Section 100 of the IBC. The Court emphasized that judicial determination only begins at that stage. The High Court erred by bypassing the statutory procedure and assuming adjudicatory authority.

## Final Order

• Supreme Court allowed the appeal and set aside the High Court’s judgment dated 28 May 2024.

• Restored insolvency proceedings before NCLT Bengaluru from the stage of the 16 February 2024 order.

• Directed expeditious disposal of the matter.

## Case Timeline

• 10 July 2014: Personal guarantee executed

• 22 Feb 2021: Section 95 application filed by Bank of Baroda

• 16 Feb 2024: Adjudicating Authority appoints resolution professional

• 28 May 2024: High Court quashes insolvency process

• 20 Feb 2025: Supreme Court restores insolvency proceedings

## Relevant Legal Principles & Precedents

• Insolvency and Bankruptcy Code – Sections 95 to 100

• Judicial review under Article 226 of the Constitution

• Precedents: Dilip B. Jiwrajka v. Union of India, Mohammed Enterprises v. Farooq Ali Khan

## Key Takeaways

- Adjudicatory functions under personal insolvency begin only after resolution professional’s report under Section 99.

- High Courts should not intervene before statutory authorities conclude due process under IBC.

- Premature interference violates separation of powers and statutory scheme.