

# GRC BULLETIN

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## Case Law

Restoring Order: Supreme Court Upholds Insolvency  
Code Over High Court Intervention

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# JUDICIAL INSIGHT

## Case Title

*Mohammed Enterprises (Tanzania) Ltd. Vs. Farooq Ali Khan & Ors. (Civil Appeal Nos. 48-50 of 2025) [Ia] Ltd. Vs. Farooq Ali Khan & Ors. (Civil Appeal Nos. 48-50 of 2025)*

## RESTORING ORDER: SUPREME COURT UPHOLDS INSOLVENCY CODE OVER HIGH COURT INTERVENTION

### Facts of the Case:

- The Corporate Insolvency Resolution Process (CIRP) was initiated against Associate Decor Ltd (the corporate debtor) at the request of Oriental Bank of Commerce in 2018.
- Mohammed Enterprises (Tanzania) Ltd. (METL), the successful resolution applicant, submitted a resolution plan after due deliberation and voting by the Committee of Creditors (CoC).
- During the process, multiple meetings were conducted, culminating in the approval of METL's resolution plan in February 2020 through unanimous CoC voting.
- Respondent No. 1, a suspended director of the corporate debtor, challenged the approval process, alleging violations of natural justice and insufficient notice for the CoC meetings.
- Proceedings in parallel were initiated by another company, Swamitva Consortium, and respondent No. 1 before the NCLAT, but their appeals were dismissed.
- Subsequently, respondent No. 1 filed a writ petition in the Karnataka High Court in January 2023, challenging the CoC's decision and alleging procedural lapses.

### Issue:

Whether the Karnataka High Court was justified in exercising its jurisdiction under Article 226 of the Constitution to intervene in the CIRP process despite the statutory remedies provided under the Insolvency and Bankruptcy Code (IBC), 2016.

### Supreme Court Verdict:

- The Supreme Court set aside the Karnataka High Court's decision to quash the resolution plan, making the following key observations:
- The High Court erred in entertaining a writ petition filed almost three years after the alleged procedural lapse in February 2020.
- The respondent had already availed statutory remedies under the IBC, and there was no justification for invoking the High Court's jurisdiction belatedly.
- The alleged lack of notice to respondent No. 1 did not constitute a valid ground for High Court interference, particularly as the respondent had been involved in prior proceedings before the Adjudicating Authority and the NCLAT.



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- The IBC provides comprehensive mechanisms for addressing grievances, and unwarranted interference by High Courts disrupts the discipline and efficiency of insolvency proceedings.
- Reliance was placed on prior judgments, including Essar Steel and Gujarat Urja Vikas Nigam, affirming that High Courts should refrain from exercising jurisdiction when alternate remedies exist.
- The Court emphasized the need to adhere to strict timelines in CIRP proceedings to ensure expeditious resolution and maintain the sanctity of the IBC framework.
- The Supreme Court allowed the appeal, restored METL's resolution plan, and directed the Adjudicating Authority to resume proceedings from the stage of High Court intervention and conclude them promptly. The Supreme Court reinforced the principle that High Courts should exercise restraint in intervening in IBC matters, especially when statutory remedies are available.
- It highlighted the importance of adhering to timelines and ensuring finality in CIRP proceedings to maintain economic discipline and resolve distressed assets efficiently.

Procedural objections, including claims of natural justice violations, must be addressed within the framework provided under the IBC, not through independent writ jurisdiction.

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***Mohammed Enterprises (Tanzania) Ltd. Vs. Farooq Ali Khan & Ors.(Civil Appeal Nos. 48-50 of 2025)]***



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