
CASE NOTE

Case Title: YERRAM VIJAY KUMAR VS. STATE OF TELANGANA & ANR.

Citation: 2026 SCC OnLine SC 44

Case Number: SLP (Crl.) No. 11530 of 2024

Date of decision: 09.01.2026

Court: Hon'ble Supreme Court of India

Coram: Hon'ble Mr. J.K. Maheshwari

INTRODUCTION:

The present case revolves around the question of the jurisdiction of Special Courts in criminal offences pertaining to the Companies Act, 2013, and the position of a private complaint in the eyes of the law wrt instituting a criminal procedure under the Companies Act, 2013.

FACTS:

M/s Shreemukh Namitha Homes Private Limited ("Company") was incorporated on 19.08.2015 under the Companies Act by the Complainant and his wife, Namitha, who were its promoters, first Directors, and majority shareholders. Disputes arose regarding management and control of the Company.

The original Articles of Association ("AoA") did not prescribe any fixed tenure or retirement by rotation for Directors. On 17.08.2016, Accused No. 1 entered into a Memorandum of Understanding (MoU) with the Complainant and others, agreeing to invest approximately ₹30 crores in a Company project, with profits to be shared as agreed.

An Extra-Ordinary General Meeting (EOGM) allegedly held on 22.08.2016, preceded by a Board Meeting on 21.07.2016, approved amendments to the AoA, which were uploaded on the MCA website on 12.09.2016. Accused No. 1 claims no notice of these meetings was served on him despite being a Director.

Accused No. 1 challenged his removal before the NCLT, Hyderabad. Subsequently, on 19.05.2022, the Complainant filed a private complaint alleging that Accused No. 1 unlawfully convened an EOGM on 01.12.2021, appointed third parties as Directors, fabricated resolutions, and uploaded forged documents on the MCA portal.

Parallely, the Appellants filed civil suits seeking (i) injunction against violation of the MoU dated 17.08.2016, and (ii) declaration that certain agreements to sell executed by the Complainant were void.

The Special Court, after recording the Complainant's sworn statement, took cognizance on 10.10.2022 and issued summons (C.C. No. 58 of 2022). The Appellants filed a quashing petition under Section 482 CrPC, contending that the dispute was civil in nature, the complaint was retaliatory, offences under Section 447 required SFIO complaint under Section 212(6), and mandatory procedures under the Companies Act were not followed.

It is contended that the Appellants committed fraud by falsifying Company records, appointing Directors through fabricated resolutions, and attempting to usurp control of the Company. These allegations constitute serious offences under the Companies Act and IPC, requiring trial, and are not liable to be quashed. The impugned judgment is legally sound and the appeals deserve dismissal.

ISSUES: –

- (i) Whether cognizance of the alleged offences under [Sections 448](#) and [451](#) of the Companies Act could have been taken on a private complaint in view of the statutory scheme of the [Companies Act](#) and if not, whether the criminal proceedings must be quashed in respect of those sections?
- (ii) If the proceedings for the offences under [Sections 448](#) and [451](#) of the Companies Act ought to be quashed, would the criminal proceedings also have to be quashed in respect of the offences under the [IPC](#) in light of the provisions as contained in [Section 436\(2\)](#) of the Companies Act?
- (iii) Whether continuation of the criminal proceedings would amount to abuse of process of law, warranting interference under [Section 482](#) of CrPC?

ARGUMENTS –

APPELLANT:

Mr. Shailesh Madhiyal, learned Sr. Advocate appearing on behalf of the Appellants, argued that the Hon'ble High Court failed to appreciate that the learned Special Court had taken cognizance of various offences including S.448 of the Companies Act. S.448 of the Companies Act clearly specifies that whoever fails to act as per mandate of the said provision shall be liable to be punished u/s 447 of the Companies Act. Hence the Special Court should not have taken cognizance under the said provisions against the appellants. S.212(6) of the Companies Act clearly prohibits the taking of cognizance of offences covered under S.447, except upon a complaint made by the Director of SFIO or any officer of the Central Government authorised by and order in writing in that behalf.

The legal bar imposed by the second proviso to S.212(6) of the Companies Act, as applicable to S.447, is squarely applicable to offences alleged under S.448 of the Act, hence, the Special Court is precluded from taking cognizance of such offences on filing of a private complaint by the complainant. Cognizance of the Special Court was without jurisdiction, as the procedure mandated under S.206 of the Companies Act was not followed.

RESPONDENT –

Learned Senior Advocate Mr. Jayant Muth Raj, and learned advocate Mr. Kumar Vaibhaw argued that there is no bar on the Special Court in taking cognizance of the offence u/s.448 of the Companies Act, based on material placed on record and had issued summons to the appellants. That there are several disputed questions of fact which need to be looked into for the purpose of adjudication, and such an adjudicatory process cannot be undertaken by the Court in proceedings under s.482 of the CrPC.

That the Companies (Amendment) Act, 2015 came into effect on 20.05.2015, and from such date, S.212(6) was amended to delete Section 448 and other provisions from its ambit. The bar on taking cognizance is applicable only for the offence under S.447 of the Act.

JUDGEMENT

If the contention of the Complainant that any shareholder can file a complaint for fraud is accepted, it would open flood gates for any person commencing criminal proceedings merely by filing a complaint. There were several companies with millions of shareholders. The condition prescribed under S.212(6) of the Act is a safeguard against frivolous criminal complaints.

Under the Companies Act, S.436(2) governs the jurisdiction of the Special Court. The requirement of 'same transaction' is not present in S.436(2) which only lays down the prerequisite that the Special Court should be trying offences under the Companies Act, for it to also try offences under the IPC.

As such, once the offences under the Companies Act are quashed, it is the Court of the appropriate territorial jurisdiction which would have jurisdiction to try the private complaint.

ANALYSIS

The Hon'ble Supreme Court clarified that where the Special Court under the Companies Act is taking cognizance of an offence under a section in the Act which, if proved, would make the persons liable under S.447, it must also invoke S.447 with the corresponding section and in such a case, it must comply with the bar against taking cognizance as specified in the 2nd proviso to S.212(6) of the Companies Act.

The Supreme court also directed the learned Judge of the Special Court where the Criminal Complaint is pending, to take steps, in consultation with the Principle District Judge to transfer the complaint case to the appropriate court having territorial jurisdiction.

The court clarified that the question in the present case is not on the merits of the complaint, but the jurisdiction of the adjudicating authority (here the Special Court), to try the case.
