Case Citation: (2026) ibclaw.in 4811 HC

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 07.07.2026

CORAM:

THE HONOURABLE MR. JUSTICE **G.K.ILANTHIRAIYAN**

W.P.Crl.Nos.1065 & 1066 of 2025
and W.P.M.P.Crl.Nos.502 to 505 of 2025

Ashraf Abdul Rahman Buhari
S/o. BS Abdul Rahman,
No.36, Mayor Sivashanmugam Street,
Nungambakkam, Chennai – 600 034.

..Petitioner in W.P.(Crl)
No.1065 of 2025

Ahmed Buhari
S/o. BS Abdul Rahman,
No.36, Mayor Sivashanmugam Street,
Nungambakkam, Chennai – 600 034.

..Petitioner in W.P.(Crl)
No.1066 of 2025

Vs

1. The Union of India,
Rep. By its Secretary,
Ministry of Corporate Affairs,
Office of Director General of Corporate Affairs,
Kota House Annexe,
1 Shahjahan Road,
New Delhi – 110 001.

2. Serious Fraud Investigation Office (SFIO)
Rep. By its Director,
Ministry of Corporate Affairs,
B-3 Wing, s[econd] Floor,
Pt Deendayal Antyodaya Bhavan,

CGO Complex, Lodhi Road,
New Delhi – 110 003.

3. Investigation Officer Serious Fraud
Investigation Office (SFIO)
Serious Fraud Investigation Office,
4th Floor, Corporate Bhawan, Survey No.121/7,
Thatti Annaram Village, Bandlaguda,
Hyath Nagar, Mandal, RR District,
Hyderabad – 500 068.

..Respondents in both
W.P.(Crls.)

Common Prayer: Writ Petitions filed under Article 226 of the Constitution of India for issuance of a Writ of Certiorari, calling for the records in impugned summon in DIN 202520240214492Nrf/546 dated 18.09.2025 & DIN 202520242145544sj/567 dated 02.10.2025 issued by respondent No.3 and quash the same.

In both W.P(Crls.)

For Petitioner(s):	Mr.Abdukumar Rajarathinam, Senior Counsel For Mr.G.Guruprasath
For Respondent(s):	Mr.ARL.Sundaresn Additional Solicitor General of India Assisted by Mr.C.V.Shyam Sunder Special Panel Counsel

COMMON ORDER

Both the Writ Petitions have been filed challenging the summons dated 18.09.2025 & 02.10.2025, issued by the third respondent thereby calling upon the petitioners to appear for an enquiry to be held on 26.09.2025 &

06.10.2025 respectively, in connection with the investigation into the affairs of the Coastal Energy Private Limited (hereinafter referred to as “Company”).

2. The petitioners were Directors of the Company, which was established in the year 1997 for carrying on the business of trading in imported coal. The Company was engaged in supplying coal to various Distribution Companies (DISCOMs), utilities and other manufacturers using coal in their operations. While so, the Central Bureau of Investigation (hereinafter referred to as “CBI”) registered an FIR against the Company and its Directors in FIR No.RC221/2018/E0003 dated 22.01.2018, alleging that all the accused had entered into a criminal conspiracy and, pursuant thereto, had imported inferior quality coal by misrepresenting it as superior-quality coal and supplied the same to various power stations. Apart from the said FIR, the Enforcement Directorate also registered a case in ECIR No.ECZO-1/01/2018 dated 31.01.2018. It is submitted that, subsequently, the proceedings initiated by both the CBI and the Enforcement Directorate were quashed. However, the second respondent has now issued summons to the petitioners to conduct an enquiry under Section 212(1)(a)(c) of the Companies Act, 2013, on behalf of the Central Government, Ministry of Corporate Affairs.

3. The learned Senior Counsel appearing for the petitioners submitted that the criminal proceeding initiated by the CBI has already been quashed by the Hon'ble High Court of Delhi and the case registered by the Enforcement Directorate had been quashed by this Court. He further submitted that the Customs, Excise and Service Tax Appellate Tribunal (hereinafter referred to as "CESTAT"), Mumbai, by its order dated 15.04.2025, had also exonerated the Company and thereby rendered the allegations levelled by the CBI unsustainable. Despite the quashing of the aforesaid proceedings and the order passed by the CESTAT, the third Respondent has now issued the impugned summons calling upon the petitioners to appear for an enquiry on 26.09.2025 and 06.10.2025, respectively.

3.1. The learned Senior Counsel further submitted that the impugned summons specifically state that the Central Government, Ministry of Corporate Affairs, in exercise of the powers conferred under Section 212(1)(a)(c) of the Companies Act, 2013, had passed an order dated 10.07.2024 directing the third Respondent to investigate into the affairs of the Company, which is under liquidation. However, the petitioners were not furnished with a copy of the said order. It is further submitted that, even according to the third Respondent, the Company is under liquidation and, therefore, the very basis for initiating an investigation into its affairs is questionable. The Central Government cannot mechanically direct an investigation without there being any material forming the basis for arriving at the requisite opinion or satisfaction, particularly when such investigation is purportedly ordered in the public interest. The Central Government is required to disclose and establish the circumstances and reasons which necessitated such an investigation into the affairs of the Company. In the present case, the petitioners have not been served with the order dated 10.07.2024 passed by the first Respondent directing the third Respondent to investigate into the affairs of the Company. Hence, the impugned summons issued pursuant to the said order, without furnishing the foundational order to the petitioners, are liable to be set aside. In support of his contentions, he relied upon the judgment of the Hon'ble High Court of Bombay reported in MANU/MH/2038/2016, in the case ofParmeshwar Das Agarwal & Others v. The Additional Director (Investigation) & Others.

4. The respondent filed a counter affidavit and the learned Additional Solicitor General of India appearing for the respondents submitted that the first respondent, in exercise of the powers conferred under Section 212(1)(a)(c) of the Companies Act, 2013, had assigned the investigation into the affairs of the Company to the third Respondent by an order dated 10.07.2024. Pursuant to

the said order, the third Respondent issued the impugned summons to the petitioners to conduct the investigation by exercising the powers vested under Section 217 of the Companies Act, 2013. He further submitted that the petitioners are bound to cooperate with the investigation undertaken by the third Respondent pursuant to the impugned summons. The mere refusal to furnish a copy of the order passed by the first Respondent would not confer any right upon the petitioners to disregard or refuse compliance with the summons issued in exercise of the statutory powers. The petitioners are not the Company itself, but only its Directors, who have been called upon to appear and extend their cooperation in the ongoing investigation. It is further submitted that the statutory scheme under the Companies Act, 2013 does not mandate either disclosure of the reasons forming the basis of the decision to order an investigation or furnishing a copy of the investigation order to the persons summoned during the course of such investigation. Hence, the petitioners cannot seek to avoid compliance with the impugned summons on the ground that a copy of the order dated 10.07.2024 has not been furnished to them.

4.1. He further submitted that, though the proceedings initiated against the petitioners by the CBI and the Enforcement Directorate had subsequently been quashed, the present investigation is entirely independent of the investigations conducted by those agencies and has no connection whatsoever with the same. It is further submitted that the order passed by the CESTAT also has no bearing on the present proceedings, as the investigation presently undertaken relates to the affairs of the Company in accordance with the provisions of the Companies Act, 2013.It is further contended that the pendency of liquidation proceedings against the Company does not, by itself, preclude or bar an investigation into its affairs under the Companies Act. Therefore, the fact that the Company is under liquidation has no bearing on the validity of the investigation being conducted by the third Respondent pursuant to the order of the Central Government. Hence, he submitted that the impugned summons have been issued in exercise of the statutory powers conferred under the Companies Act, 2013, and the petitioners are bound to cooperate with the investigation. Therefore, the present Writ Petitions are devoid of merits and are liable to be dismissed.

5. Heard the learned counsel appearing on either side and perused the materials placed before this Court.

6. Admittedly, the CBI had registered an FIR against the Company and its Directors in RC No.221/2018/E0003 dated 22.01.2018. Pursuant to the said FIR, the Enforcement Directorate also registered a case in ECIR No.ECZO-1/01/2018 dated 31.01.2018. Subsequently, by order dated 19.06.2025 in Crl.M.C.No.2639 of 2021 and Crl.M.A.Nos. 4776 of 2023 and 15461 of 2025, the Hon'ble High Court of Delhi quashed the FIR registered by the CBI. While quashing the said FIR, the Hon'ble High Court of Delhi specifically observed that it was difficult to establish, on the basis of the samples relied upon by the prosecution, that the coal supplied by the Company was of substandard quality. Thus, the very allegations which formed the basis of the criminal proceedings initiated by the CBI stood substantially negated by the order of the Hon'ble High Court of Delhi. In such circumstances, before directing a fresh investigation by the third Respondent into the affairs of the Company, the first Respondent was required to consider the earlier proceedings and the findings recorded by the Hon'ble High Court of Delhi and to arrive at the requisite satisfaction on the basis of relevant and independent material.

7. In fact, the said FIR was registered on the basis of the very same set of allegations which were also the subject matter of proceedings before the

Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai. On a perusal of the order passed by the CESTAT, Mumbai, in Customs Appeal No.86108 of 2024, dated 04.03.2024 in order-in-Original No.40/DSR(40)/CC(ADJN)/MUMBAI/2023-24. The CESTAT, upon consideration of the materials placed before it, held that there was no basis to conclude that the alleged acts of omission or commission on the part of the appellants had rendered the goods liable for confiscation under Section 111(m) of the Customs Act, 1962. The Tribunal further found that the allegation that any documents or declarations, knowingly made, used or caused to be made or used for clearance by presentation before the Customs authorities, were false or incorrect had not been established. Consequently, the penalties imposed against the appellants could not be sustained, and the appeals were accordingly allowed.

8. That apart, on perusal of the impugned summons, it is evident that the first respondent, by order dated 10.07.2024, directed the third respondent to conduct an investigation into the affairs of the Company. However, a copy of the said order dated 10.07.2024 was admittedly not furnished to the petitioners. Consequently, the petitioners were not made aware of the basis, circumstances or materials on which the first respondent arrived at the requisite satisfaction for directing such an investigation. It is further evident that, upon receipt of the

impugned summons, the petitioners addressed an E-mail to the third Respondent seeking a copy of the order dated 10.07.2024. However, the said request was not acceded to and the petitioners were not furnished with a copy of the order. Thus, the petitioners were left without any clarity as to the purpose and scope of the investigation and the circumstances which necessitated their appearance before the investigating authority.

9. In such circumstances, the petitioners cannot be expected to effectively participate in the investigation without being apprised of the foundational order pursuant to which the investigation has been initiated. The right to participate in an investigation necessarily includes the right to know the nature and scope of the proceedings, particularly when the investigation is sought to be undertaken pursuant to a specific order of the Central Government. Therefore, before directing the third Respondent to conduct an investigation, the first respondent is required to form the requisite opinion or satisfaction on the basis of relevant materials and the reasons or circumstances warranting such investigation must be discernible from the record. The failure to furnish the order dated 10.07.2024 to the petitioners has deprived them of an effective opportunity to understand and respond to the basis of the investigation.

10. In this regard, the learned Senior Counsel appearing for the petitioners placed reliance upon the judgment of the Hon'ble Bombay High Court reported in ***MANU/MH/2038/2016***, in the case of ***Parmeshwar Das Agarwal & Others v. The Additional Director (Investigation) & Others***, dated ***05.10.2016***. In the said decision, the Hon'ble Division Bench considered a similar issue where the summons did not disclose any specific allegation against the petitioners or indicate the nature and scope of the proposed investigation. Though the summons referred to an order purportedly passed by the Central Government under Section 212(1)(c) of the Companies Act, 2013, a copy of the said order was neither enclosed with the summons nor furnished to the petitioners at the time of service.In the said circumstances, the Division Bench of the Hon'ble Bombay High Court held as follows:

> *"40. Thus, the principle is that there has to be an opinion formed. That opinion may be subjective, but the existence of circumstances relevant to the inference as to the sine qua non for action must be demonstrable. It is not reasonable to hold that the clause permits the Government to say that it has formed an opinion on circumstances which it thinks exist. Since existence of circumstances is a condition fundamental to the making of the opinion, when questioned the existence of these circumstances have to be proved at least prima facie.*

41. In that light if one peruses the powers conferred under the 2013 Act, they are also identical. By section 206, there is a power to conduct inspection and enquiry by section 207. Both these powers are to be exercised by the Registrar. Then, the report has to be made by the Registrar and the Registrar or the Inspector after inspection of the Books of account or inquiry under section 206 and other books and papers of the company under section 207, shall submit a report in writing to the Central Government along with such documents, if any, and such report may, if necessary, include a recommendation that further investigation into the affairs of the company is necessary. For that, reasons in support have to be set out. We are not concerned with the power of search and seizure vesting in the Registrar in terms of section 209. Then comes the crucial provision in the 2013 Act, namely, section 210. That reads as under :

"210. Investigation into affairs of company.-(1) Where the Central Government is of the opinion, that it is necessary to investigate into the affairs of a company -

(a) on the receipt of a report or the Registrar or inspector under section 208;

(b) on intimation of a special resolution passed by a company that the affairs of the company ought to be investigated; or

(c) in public interest it may order an investigation into the affairs of the company.

(2) Where an order is passed by a court or the Tribunal in any

proceedings before it then the affairs of a company ought to be investigated, the Central Government shall order the investigation into the affairs of that company.

(3) For the purposes of this section, the Central Government may appoint one or more persons as inspectors to investigate into the affairs of the company and to report thereon in such manner as the Central Government may direct."

42. Therefore, a perusal of this section would indicate that the Central Government must form an opinion, that opinion must be that it is necessary to investigate into the affairs of a company. The Central Government can act on the receipt of a report of the Registrar or Inspector under section 208 or on intimation of a special resolution passed by a company that its affairs are to be investigated or in public interest. Thus, there is a discretion to order an investigation into the affairs of the company.

…………..

45. The Registrar of Companies had already made a detailed report and forwarded it to the Ministry and the contents of which he has reproduced. He has also reported on the issue raised in the letter of the Ministry of Corporate Affairs dated 30th October, 2015. He points out in details as to how matters are subjudice and with regard to subjudice matters, it will not be possible for him to undertake any investigation. He has pointed out clearly as to how the issues relating to non filing of annual accounts/annual returns, no action is required *till the pendency of litigation and upto the final outcome. As far as serious issues regarding the above matters, namely, allotment of coal mines, extension of facilities he has opined that it is not for his office to take any action. It is on the basis of such a report that the impugned order has been passed. The impugned order reads as under :*

"WHEREAS, the Central Government has the power under section 210 and section 212(1)(c) of the Companies Act, 2013 to order investigation into the affairs of a company in Public interest.

2. AND WHEREAS ROC, West Bengal has submitted his report dated 13.01.2016 to the Central Government in the matter of Singhal Enterprises Pvt. Ltd. and has recommended that investigation be made by multi-disciplinary authorities/specialised agency to find out misutilisation of bank finance and other violations under provision of law.

3. NOW therefore, in exercise of powers conferred under section 212(1)(c) of the Companies Act, 2013, the Central Government hereby orders investigation into the affairs of Singhal Enterprises Pvt. Ltd. by the Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs.

4. The Director, SFIO, in exercise of powers u/s. 212(1), may decide such number of inspectors, as he may consider necessary and the Inspectors so appointed, shall exercise all the relevant powers under the Companies Act, 2013 for the *purpose of the investigation.*

5. SFIO shall complete the investigation and submit report to the Central Government within a period of four months from the date of issue of this order.

6. This order is issued for and on behalf of the Central Government."

11. Therefore, in the present case, there are no materials on record which can be said to be sufficient to warrant the exercise of power by the Central Government under Section 212(1)(a)(c) of the Companies Act, 2013. The impugned summons also does not disclose any specific circumstances or material, except for a mere reference to the statutory powers conferred under Section 212(1)(a) and (c) of the Companies Act, on the basis of which the Central Government purportedly directed an investigation into the affairs of the Company in public interest. The mere invocation of the statutory provision, without disclosing the circumstances or materials which formed the basis for arriving at the requisite satisfaction, cannot by itself justify the exercise of such power. Something more was required to be established by way of relevant circumstances or material warranting the exercise of power under Section 212(1)(a) and (c) of the Companies Act. In the absence of such material, the impugned summons cannot be sustained.

12. In view of the above discussions, this Court is of the considered view that the impugned summons cannot be sustained in law and are liable to be set aside. Accordingly, the impugned summons dated 18.09.2025 and 02.10.2025 issued by the third respondent are hereby quashed. Consequently, both the Writ Petitions (Crl.) are allowed. The connected Miscellaneous Petitions are closed. There shall be no order as to costs.

07.07.2026

Index : Yes/No
Neutral citation : Yes/No
Speaking/non-speaking order

rts

To

1. The Commissioner of Police,
Greater Chennai Police,
Office of the CGP,
Vepery, Chennai – 600 007.

2. The Inspector of Police,
V-6, Kolathur Police Station,
Chennai – 600 099.

3. The Public Prosecutor,
Madras High Court,
Chennai.

G.K.ILANTHIRAIYAN. J,

rts

W.P.Crl.Nos.1065 & 1066 of 2025
and W.P.M.P.Crl.Nos.502 to 505 of 2025

07.07.2026