

## **The central government cannot initiate prosecution and cannot issue a Look Out Circular under the Companies Act on the basis of an interim report submitted by the Serious Fraud Investigation Office**

The **Calcutta High Court** in the case of **Sunil Kumar Agarwal vs Serious Fraud Investigation Office [WPA No. 12186 of 2025]** dated 15 January, 2026, has held that the central government cannot initiate prosecution under the Companies Act on the basis of an interim report submitted by the Serious Fraud Investigation Office and must wait for the final investigation report after completion of the probe. The Court, therefore, quashed a Look Out Circular issued against him during the pendency of an SFIO investigation, noting that neither an interim report nor a final investigation report had been submitted to the central government.

The Court observed that the Companies Act contemplates two distinct kinds of reports. The first kind of report is under Section 212(11) of the Companies Act, 2013, which report is an “interim report” and can be issued at any point of time during the course of investigation by SFIO. The second kind of report is an “Investigation Report” which can be issued only after completion of the investigation by SFIO”. The Court said that only the “Investigation Report” can be considered by the Central Government under Section 212(14) for the purposes of commencement of prosecution.

The Court held that under Section 212(14), the central government is required to examine only the final investigation report and apply its mind before deciding whether prosecution should be initiated. It also clarified that proceedings before the NCLT under Section 212(14-A), including applications for disgorgement of assets or fixing personal liability, stand on a different footing and may be initiated on the basis of either an interim report or the final report. On the facts, the Court recorded that neither an interim report nor a final investigation report had been submitted to the government. Thus, the Court quashed the Look Out Circular, holding that it lacked statutory backing.