IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

TUESDAY, THE TWENTY FIRST DAY OF JANUARY TWO THOUSAND AND TWENTY FIVE

:PRESENT:
THE HONOURABLE SMT JUSTICE JUVVADI SRIDEVI

IA No. 2 OF 2025
IN
CRLP NO: 80 OF 2025

Between:

Karthik Iyer Parasuraman @ P.K.Iyer, S/o Parasuraman, Occ. Business, R/o No.2, LIC Colony, Doctor Radhakishan Nagar, Thiruvanmiyur, Chennai-600041.

...Petitioner/Accused No.4
(Petitioner in CRLP 80 OF 2025
on the file of High Court)

AND

1. Kotak Mahindra Bank Limited, Regd. Office at 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai-400021, Having its Branch office at. 6-3-1109/1/P202, Raj Bhavan Road, Somajiguda, Hyderabad-500082 Rep. by its Authorised Signatory
2. The State of Telangana, Rep by its Public Prosecutor, High Court at Hyderabad.

...Respondents/Respondents
(Respondents in-do-)

Counsel for the Petitioner : Sri S. Ram Reddy
Counsel for the Respondent No.2 : PUBLIC PROSECUTOR

Petition under Section 528 of BNSS praying that in the circumstances stated in the grounds filed in support of the petition, the High Court may be pleased to stay all further proceedings in C.C.No.1095/2021 on the file of XI Metropolitan Magistrate, at Manoranjan Complex, Hyderabad including the appearance of the petitioner/A4, pending disposal of CRLP No. 80 of 2025, on the file of the High Court.

The Court made the following

ORDER:

This application is filed by the petitioner/accused No.4 seeking to stay all further proceedings in C.C.No.1095 of 2021 on the file of XI Metropolitan Magistrate, at Manoranjan Complex, Hyderabad.

Learned counsel for the petitioner submits that the accused No.1 is a company and the petitioner/accused No.4 is its Director. On the request of accused No.1 Company, the Complainant-Bank has sanctioned a loan of Rs.50 Crores. In respect of said outstanding amount, the accused issued a cheque bearing No.064286 dated 20.08.2012 for a partial amount of Rs.10 Crores

drawn on ICICI Bank Ltd., Cenotaph Road branch, Chennai. When the said cheque was presented for realization with the Bank, the same was returned with an endorsement "Insufficient Funds". Since the cheque was returned unpaid, the complainant Bank issued notices. Inspite of receiving the said notices, the accused failed to pay the outstanding amount.

Learned counsel for petitioner further submitted that the petitioner was not involved in the day to day financial affairs of the business, except on the expansion of the business and the subject cheque was not signed by the petitioner. He further submitted that there is no documentary evidence to show that the petitioner was involved in the day to day affairs of the business and prima facie, the offence against the petitioner is not made out. He further submitted that merely being a Director to the company is not sufficient to make the petitioner liable under Section 141 of the Act, unless his specific involvement is clear on the face of the record to hold him vicariously liable.

In support of his contention, learned counsel for petitioner relied on the judgment of the Hon'ble Supreme Court in *S.M.S. Pharmaceuticals v. Neeta Bhalla and another*[1], and drawn attention of this Court to paragraph No.16, wherein, it is held as follows:

> ***16. Section 141 of the Act does not say that a Director of a Company shall automatically be vicariously liable for commission of an offence on behalf of the Company. What is necessary is that sufficient averments should be made to show that the person who is sought to be proceeded against on the premise of his being vicariously liable for commission of an offence by the Company must be in charge and shall also be responsible to the company for the conduct of its business.***

On perusal of the complaint, it appears that the petitioner is the Director of the Company. However, there is no averment as to how and in what manner he was responsible for day to day affairs of the company and he is not the signatory to the cheque. In the said circumstances and in view of the aforesaid judgment, this Court is inclined to grant stay of all further proceedings in C.C.No.1095 of 2021 on the file of XI Metropolitan Magistrate, at Manoranjan Complex, Hyderabad including appearance of the petitioner/accused No.4 till 05.03.2025.

Sd/- S. MALLIKARJUNA RAO
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The XI Metropolitan Magistrate, at Manoranjan Complex, Hyderabad
2. The XIV Addl. Chief Metropolitan Magistrate at Hyderabad.

---

[1] (2007) 4 SCC 70

3. The Authorised Signatory, Kotak Mahindra Bank Limited, Regd. Office at 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai-400021, Having its Branch office at. 6-3-1109/1/P202, Raj Bhavan Road, Somajiguda, Hyderabad-500082. (by RPAD)
4. One CC to SRI S. Ram Reddy, Advocate [OPUC]
5. Two CCs to PUBLIC PROSECUTOR, High Court at Hyderabad. (OUT)
6. One spare copy

HIGH COURT

JS,J

DATED:21/01/2025

ORDER

I.A.NO.2 OF 2025
IN
CRLP.No.80 of 2025

STAY