APHC010140762026

IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

Bench Sr.No:-11 [3552]

WRIT APPEAL NO: 400 of 2026

M/s. Hindustan Petroleum Corporation Limited and others ...Appellants

Vs.

M/s. Theja Filling Station and another ...Respondents

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Advocate for Appellants	:	Mr. O. Manohar Reddy, Sr. Counsel, appearing vice Mr. Sreekanth Reddy Ambati
Advocate for Respondents	:	Mr. N. Subba Rao, Sr. Counsel, appearing vice Mr. V. N. V. Surya Dattu

CORAM : THE CHIEF JUSTICE DHIRAJ SINGH THAKUR
SRI JUSTICE CHALLA GUNARANJAN

DATE : 7th April 2026

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The present Writ Appeal has been preferred against the judgment and order, dated 12.02.2026, passed in W.P.No.4134 of 2026.

2. It would be necessary to give a brief background in the context in which the present controversy has arisen:

W.P.(PIL) No.126 of 2024 came to be filed, highlighting the inaction on the part of the HPCL in taking action against M/s. Teja Filling Centre and M/s. Teja Service Station, in light of the irregularities established against them, which had led to the imposition of a fine by the Legal Metrology Department. It was sought to be highlighted in those proceedings, in that petition, that as many as three cases had been registered in the year 2020 for illegal activities, and a fine of Rs.70,000/- had been imposed.

3. It was in that backdrop that an order first came to be passed in the aforementioned PIL on 22.01.2025, and subsequently, orders, dated 19.03.2025 and 03.12.2025, were passed, whereby a clarification was sought from the appellant, HPCL, as to whether the imposition of a fine by the Legal Metrology Department would prevent the appellant company from taking any action against the retail dealers.

4. It appears that the HPCL, which now claims that it had no intimation with regard to the cases registered by the Legal Metrology Department against the private respondent herein and the subsequent imposition of a fine as a part of the compounding fee, took action and issued a show cause notice, dated 08.07.2025, and served the same upon the petitioner/private respondent herein. An explanation is then stated to have been filed on 30.07.2025, and a personal hearing granted on 18.12.2025, pursuant to which a final order of termination, dated 06.02.2026, came to be issued, which came to be challenged by the petitioner before the learned Single Judge.

5. The show cause notice, dated 08.07.2025, made a reference to the inspection report which indicated that there were some track marks observed on the motherboard of the dispensing unit bearing

S.No.201604000501, and that similar track marks and soldering were observed on the motherboard of the dispensing unit bearing S.No.201604000502 and, thirdly, seals pertaining to pulsar and metering unit were not available in the dispensing unit bearing S.No.2016017CH2450V. Be that as it may, the explanation having not convinced the authorities, the order of termination came to be passed finally, which became the subject matter of W.P.No.4134 of 2026.

6. By virtue of order, dated 12.02.2026, in W.P.No.4134 of 2026, the learned single Judge suspended the operation of the order impugned, dated 06.02.2026, by virtue of which the dealership of the petitioner had been terminated. It held that the Legal Metrology Department, having accepted the compounding of the alleged irregularities upon receipt of the prescribed compounding fee from the petitioner unit, could not have issued the impugned proceedings, dated 06.02.2026. This finding came to be recorded even though the contention of the learned counsel for the respondents therein that the aforementioned offence could not have been compounded at all was noticed by the learned single Judge.

7. We do not intend to go into the merits of the case but it would be sufficient for us to notice that by virtue of the judgment and order impugned, in fact, the entire relief has been granted to the petitioner at an interim stage and a termination order which finally terminated the dealership of the petitioner has now a consequence of putting the dealership back into the operation despite

the fact that the illegality was noticed by the Legal Metrology Department, which led to finally compounding of the offences, notwithstanding the fact that the petitioner had been found guilty of the offences by the Legal Metrology Department.

8. Learned Senior Counsel for the appellants, Mr. O. Manohar Reddy, also vehemently urged that, the offences having been committed, the same were not compoundable inasmuch as the offences which were otherwise compoundable in terms of Sections 25, 26 to 39 and 45 to 47 of the Legal Metrology Act, 2009, Section 26 was conspicuously omitted from the compounding provisions of Section 48 of the Act. It is also urged that, in the instant case, thus the offence under Section 26, which was otherwise compounded in hot haste, could not have been compounded at all and, therefore, the very basis of the judgment and order passed by the learned single Judge would be unsustainable in law.

9. At this stage, our attention was also drawn to the fact that whereas the Legal Metrology Department conducted an inspection on 24.11.2020 and offences were registered under Section 25, 26 & 27 of the Act thereof, the same came to be compounded as early as two days later, on 26.11.2020, when Rs.80,000/- was recovered as a compounding fee.

10. It is also vehemently urged that invoking the penal provisions under the Act of 2009 and compounding thereof was indeed a separate matter altogether as against the relationship of licensor and licensee between the

appellant and the dealer. It is stated that the relationship of a licensor and a licensee is dealt with by the Marketing Discipline Guidelines, which, under Clause 8.2, deals with and defines what are critical irregularities and the action which can be taken to deal with them. Clause 8.2(ii) envisages that, if seals of the metering unit are found tampered in dispensing pumps, then the action which can be taken by the Company is by way of termination.

11. The fact that the seals of the tampering units were found tampered, for which the petitioner had deposited the compounding fee upon a case having been registered against it, is not denied. If that be so, then nothing could prevent the HPCL from proceeding to deal with its dealer in accordance with the Marketing Discipline Guidelines, 2024, and the fact the offence had been compounded, in our opinion, would have little relevance.

12. We may notice that malpractices adopted by petroleum retail outlet dealers are quite rampant, and we have come across a number of cases in the recent past with the same issue, where tampering is either admitted or done with a view to cheat the gullible public.

13. Although Mr. N. Subba Rao, learned Senior Counsel for the private respondent, would urge that the Panchnama recorded by the Legal Metrology Department did not record any short delivery upon operation of the dispensing units, yet, in our opinion, the said issue would be considered by the learned single Judge at a later stage when affidavits are filed in response to the writ petition.

14. In our opinion, the objection that no writ appeal is maintainable against the judgment and order impugned is also not sustainable inasmuch as by virtue of the said impugned judgment and order, in fact, final relief has been granted to the petitioner, which does warrant our interference at this stage.

15. Be that as it may, we stay the operation of the judgment and order impugned, dated 06.02.2026, passed in W.P.No.4134 of 2026. Registry is directed to post W.P.No.4134 of 2026 before the learned single Judge having roster on 27.04.2026. By which time, Mr. O. Manohar Reddy, learned Senior Counsel appearing for the appellants – HPCL, undertakes to file a counter affidavit with an advance copy to the other side.

16. The Writ Appeal is, accordingly, disposed of. No costs.

Consequently, connected miscellaneous applications, if any, shall stand closed.

DHIRAJ SINGH THAKUR, CJ

CHALLA GUNARANJAN, J

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HON'BLE MR. JUSTICE DHIRAJ SINGH THAKUR, CHIEF JUSTICE
&
HON'BLE MR. JUSTICE CHALLA GUNARANJAN

W.A.No.400 of 2026

Dt: 07.04.2026

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