

W.P(MD)No.21160 of 2025

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

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DATED : 18.09.2025

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THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P(MD)No.21160 of 2025

and

W.M.P(MD)Nos.16351 & 16584 of 2025

M/s.Mugavai Indane Gas Agency,
Represented by its Proprietor,
K.Gurumoorthi Kamaraj,
No.30/1, Moolakothalam Bungala Street,
Ramanathapuram,
Ramanathapuram District.

... Petitioner

Vs.

1.The Executive Director and
State Head,
Tamil Nadu State Office,
Indian Oil Corporation Limited,
No.139, Uthamar Gandhi Salai,
Nungambakkam High Road,
Chennai – 600 034.

2.The General Manager (LPG-s),
Indian Oil Corporation Limited,
Indane Area Office,
No.2, Race Course Road,
Chokkikulam, Madurai,
Madurai District.

... Respondents



W.P(MD)No.21160 of 2025

Prayer : Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Certiorari, to call for the records relating to the impugned order passed by the first respondent vide proceedings in Ref.TNSO/LPG/MDU AO/MUGAVAI dated 29.07.2025 and quash the same as illegal.

For Petitioner : Mr.Ajmal Khan
Senior Counsel
for M/s.Ajmal Associates

For Respondents : Mr.K.Muraleedharan

ORDER

Heard both sides.

2.The writ petitioner was selected for LPG distributorship by the respondent Corporation. The allotment was made under “Scheduled Caste” category. Distributorship agreement dated 15.03.2019 was entered into. Vide order dated 29.07.2025, the dealership was terminated. Challenging the same, this writ petition came to be filed.

3.The learned Senior Counsel appearing for the writ petitioner reiterated all the contentions set out in the affidavit filed in support of the

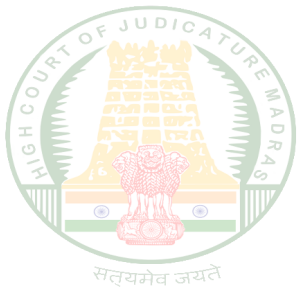
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W.P(MD)No.21160 of 2025

writ petition and called upon this Court to set aside the impugned order and grant relief as prayed for.

4.An interim order was granted by this Court on 31.07.2025 and to vacate the same, the Corporation has filed W.M.P(MD)No.16584 of 2025. The learned Standing Counsel for the Indian Oil Corporation took me through the affidavit filed by them and also the materials enclosed in the typed set of papers. His core contention is that clause 37(a) of the agreement between the parties provides for an arbitral remedy and that therefore, the writ petition itself is not maintainable. He relied on the decision of this Court reported in **2000 (IV) CTC 711 (Union of India Vs Sri Gayathri Agencies)**. He contended that the writ petitioner had acted against Clauses 21, 23(c), 27(m) and 27(n) of the distribution agreement by entering into a partnership agreement with third parties. He justified the order of termination on the ground that such an act committed by the writ petitioner was squarely contrary to the terms of allotment. He called upon this Court to dismiss the writ petition and relegate the petitioner to avail the arbitral remedy.



W.P(MD)No.21160 of 2025

5.I carefully considered the rival contentions and went through the materials on record.

6.It is true that the existence of an arbitral remedy in normal circumstances would come in the way of maintaining a writ petition. When the maintainability of the writ petition was assailed on the ground of availability of arbitral remedy, the Hon'ble Supreme Court in the decision reported in *(2003) 2 SCC 107 (Harbanslal Sahnia v. Indian Oil Corpn. Ltd.)* held as follows:

“7. So far as the view taken by the High Court that the remedy by way of recourse to arbitration clause was available to the appellants and therefore the writ petition filed by the appellants was liable to be dismissed is concerned, suffice it to observe **that the rule of exclusion of writ jurisdiction by availability of an alternative remedy is a rule of discretion and not one of compulsion.** In an appropriate case, in spite of availability of the alternative remedy, the High Court may still exercise its writ jurisdiction in at least three contingencies: (i) where the writ petition seeks enforcement of any of the fundamental rights; (ii) **where there is failure of principles of natural justice;** or (iii) where the orders or proceedings are wholly without jurisdiction or the vires of an Act is challenged.”



W.P(MD)No.21160 of 2025

Thus, where there is a clear violation of the principles of natural justice, the writ Court can certainly entertain the writ petition notwithstanding the availability of the arbitral remedy.

7.In the case on hand, a bare look at the impugned order would show that a committee was constituted to investigate the complaint lodged against the writ petitioner and based on the findings of the committee, the impugned termination order has been passed. A copy of the report of the committee was not furnished to the writ petitioner. This constitutes a clear violation of the principles of natural justice. Though the learned Standing Counsel would strongly urge that the respondents were not obliged to send a copy of the same and that no request was made by the writ petitioner, I am not swayed by the said submission. It is a well-established principle of administrative law that an adjudicatory body cannot base its decision on any material unless the person against whom it is sought to be utilised has been apprised of it and given an opportunity to respond to it.(vide **(2023) 11 SCC 130 (Deepak Ananda Patil v. State of Maharashtra)**). If without disclosing the evidence to the party, the authority takes it into its consideration, and decides the matter



W.P(MD)No.21160 of 2025

against the party, then the decision is vitiated for it amounts to denial of a real and effective opportunity to the party to meet the case against him.

(M.P. Jain & S.N. Jain, Principles of Administrative Law (LexisNexis, 8th Edn.) at pp. 490-91. The fact remains that a vital material ie., the report of the Committee, that forms the basis of the impugned order, was not furnished to the writ petitioner thereby depriving the petitioner of the opportunity to defend itself.

8.The impugned action was triggered by a complaint received from the petitioner's relatives on 05.10.2020. The stand of the respondent is that the petitioner entered into a partnership agreement with his close relatives who happened to be the complainants. In support of this finding, the respondents relied on an unregistered partnership deed dated 22.05.2019, which has been enclosed at Page No.27 of the typed set of papers.

9.The learned Senior Counsel would point out that the partnership deed is typed on a stamp paper dated 24.05.2019. But the agreement is dated 22.05.2019. In response to the show cause notice issued by the

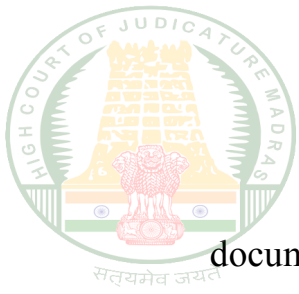


W.P(MD)No.21160 of 2025

respondents, the petitioner has given the following explanation in his reply. Paragraph 1 of the petitioner's reply dated 14.12.2020 reads as follows:

*“1. In so far as the allegation No.1 that on 22.05.2019, you have executed an Unauthorized Notarized Partnership Deed with two others viz., G.Praveenkumar and C.Vanithamani is totally denied as false. On the other hand, the said persons are none other than my close relatives. The said G.Praveenkumar is my maternal uncle's son and the said C.Vanithamani is my aunty. For the purpose of development of my business, I availed financial assistance from the aforesaid persons since the aforesaid persons are my close relatives. In the course of the loan transactions between me and the aforesaid persons, **they obtained my signature in some unfilled stamp papers and blank papers as a collateral purpose in the year 2019.** I have been paying the interest regularly through their account.”*

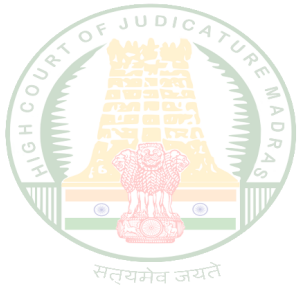
10.The petitioner has also filed O.S.No.81 of 2020 on the file of Principal District Munsif, Ramanathapuram seeking declaration that the unregistered partnership deed is a fabricated document. The civil Court is seized of the issue. Whether the partnership deed is a fabricated



W.P(MD)No.21160 of 2025

document or not is not a question that can be determined by the respondent. The respondent could have called upon the petitioner to expedite the suit and obtain a finding from the jurisdictional civil court. That would have been the appropriate course of action. There are certain matters which cannot be decided by the authorities. The case on hand is one such. Whether the document in question is fabricated as alleged by the writ petitioner or a genuine one as claimed by the complainants cannot be decided by the respondents. Evidence has to be adduced. Forensic opinion may have to be taken. It is the jurisdictional court, whether civil or criminal which alone can take a call and render a finding.

11.The impugned order rests completely on this very aspect which is the subject matter of adjudication in O.S.No.81 of 2020 on the file of Principal District Munsif, Ramanathapuram. The respondent has proceeded on the basis that the partnership deed dated 22.05.2019 is genuine and valid. The explanation given by the writ petitioner has been casually brushed aside. I therefore hold that the order impugned in the writ petition cannot be sustained. It is quashed.



W.P(MD)No.21160 of 2025

WEB COPY 12.This Writ Petition is allowed accordingly. No costs.

Consequently, connected miscellaneous petitions are closed.

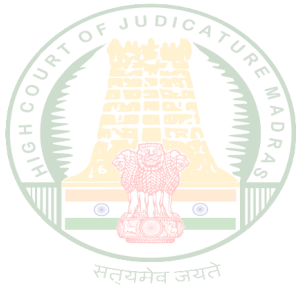
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NCC : Yes / No
Index : Yes / No
Internet : Yes / No
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To

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G.R.SWAMINATHAN, J.

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