



Crl.O.P.No.18064 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

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DATED : 20.07.2026

CORAM :

THE HON'BLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY

Crl.O.P.No.18064 of 2026
and Crl.M.P.Nos.12038 and 12039 of 2026

Chirag Chamoli

.. Petitioner

Versus

1. The State of Tamil Nadu
Rep. by The Inspector of Police,
Central Crime Branch,
Tiruppur District.
(Cr.No.25 of 2017, Tiruppur City)

2. C.Loganathan

.. Respondents

Prayer : Criminal Original Petition filed under Section 528 of BNSS, 2023, to quash the C.C.No.55 of 2026 before the learned Judicial Magistrate No.IV, Tiruppur.

For Petitioner : Mr.Hasan Mohammed Jinnah,
Senior Counsel,
for Mr.K.M.D.Muhilan

For Respondents : Mr.M.Mohamed Riyaz,
Government Advocate (Criminal Side),
for R1

: Mr.D.Nagasaila, for R2



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ORDER

The prayer in this Criminal Original Petition is to quash the C.C.No.55 of 2026 pending before the learned Judicial Magistrate No.IV, Tiruppur.

2. Heard *Mr.Hasan Mohammed Jinnah*, learned Senior Counsel for the petitioner; *Mr.M.Mohamed Riyaz*, learned Government Advocate (Criminal Side) for the first respondent and *Mr.D.Nagasaila*, learned Counsel for the private respondent/de facto complainant.

3. Upon perusing the First Information Report, the materials collected during the course of investigation and the Final Report filed, the crux of the allegation is that M/s.Sourceasy Inc. is a Company incorporated in the United States of America. M/s.Sourceasy Manufacturing Services India Private Limited is the subsidiary held by the M/s.Sourceasy Inc. for its Indian operations. It is stated the M/s.Sourceasy Inc. holds 99.90% of shares in the Indian Company and the promoter/director of the Company namely, *Pranay Narayan Srinivasan*, holds the balance of 0.10% shares in the Indian Company.

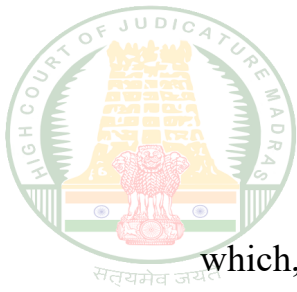


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4. The allegation of the de facto complainant is that the accused, representing both the U.S Company and Indian Company held out to him that they have ordered for supply of the baniyan and other materials (hosiery) to the U.S and upon their representation, the de facto complainant parted away with its goods on the letter of credit that is furnished by the bankers of M/s.Sourceasy Inc. namely, Bank of America. When the goods departed the shores of India and reached the port of destination, when the letter of credit was presented to the bankers of the de facto complainant namely, the Punjab National Bank, they were informed that the letter of credit will not be honoured. However, in the meanwhile, it is seen that the goods have also been dispatched and therefore, the de facto complainant submits that he is cheated towards the value of the goods. Hence the case.

5. The learned Senior Counsel for the petitioner/second accused would submit that firstly, he is not a shareholder in the Indian Company. He is only an employee of the Indian Company drawing monthly salary. As far as the offence is concerned, the same is said to have been committed only by M/s.Sourceasy Inc., which is the U.S Company, in



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which, the petitioner has no role to play except for signing certain formal documents, in view of his avocation such as checking the quality of the consignment etc. Further, the allegation of cheating as well as entrustment cannot go together and the charge with reference to both the offences cannot be framed. The case of the prosecution is inherently improbable and further would amount to non-payment of the balance due alone. Therefore, it is at best a commercial transaction dressed up as a criminal case. In any event, there is absolutely no material for the role played by the petitioner/second accused.

6. Per *contra*, the learned Government Advocate (Criminal Side) for the first respondent would submit that the letter of credit was dishonoured and therefore, all these accused, who only represented and made the complainant to part away with his goods, are charged. L.W.1 has spoken about the role of this petitioner and the other incriminating documents, concerning the petitioner, are also seized and are part of the Final Report.

7. The learned Counsel for the private respondent/de facto complainant would submit that already, raising self-same grounds, the



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F.I.R was challenged in Crl.O.P.No.28408 of 2017 etc., and the same was

dismissed by this Court on 10.11.2023. The role played by each of the accused is distinctly mentioned by the de facto complainant. It is the second accused who has signed the work orders for the consignment to go off the shores.

8. I have considered the rival submissions made on either side and perused the material records of the case.

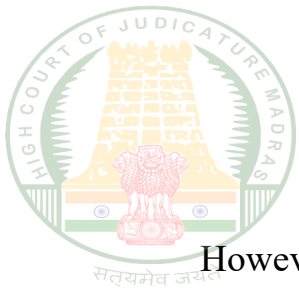
9. Whether the offences under Sections 406 and 420 of the Indian Penal code will go hand in hand, is not the matter which can be taken up at this early stage of considering the application of quashing the Final Report inasmuch as the allegation is the entrustment of the goods with a carrier in anticipation of honour of the letter of credit and at the same time, not paying the amount due, inspite of the goods being dispatched. Therefore, in the special facts and circumstances of the case, whether both the charges can go together, can be considered only after the entire gamut of evidence on record before the Trial Court. The proposition normally the charges under Sections 406 and 420 of the Indian Penal Code will not go together is not universal.



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10. As far as the next contention of the learned Senior Counsel for the petitioner that there is no material to prosecute the petitioner/second accused is concerned, L.W.1, in his statement, has stated that it is the petitioner who represented to him that they have got orders and lured him into supplying the goods. This apart, the nature of documents that are signed by the petitioner has also to be weighed only during the course of trial. Therefore, if there is some material as against the petitioner to proceed further at the stage of charge framing/considering that the case filed for quashing the Final Report, this Court will not go into the adequacy or the strength of the evidence as against the petitioner. Suffice it to say that there is material as against the petitioner to proceed. The contention that the second accused has got nothing to do with the first accused, should also be tested only after detailed cross-examination of the witnesses. Even though, in paper, the Indian subsidiary Company and the U.S Company are different, it is the U.S. Company which holds 99.90% shares in the Indian Company. Therefore, when the consignment is delivered in favour of the U.S. Company which holds the Indian Company as almost the fully held subsidiary, the line between both the entities also blurs. It is further argued that the second accused is an employee.



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However, at the same time, he is also shown as the Director. Therefore, it cannot be said that there is no material at all to proceed against the second accused.

11. In view thereof, keeping open the liberty of the petitioner to raise all the grounds during the course of trial, this Criminal Original Petition is disposed of. Considering the hardship pleaded, the presence of the petitioner/second accused before the Trial Court is dispensed with except for such hearings as may be insisted upon by the Trial Court. It is also made clear that the above findings are with reference to disposal of this Criminal Original Petition. The Trial Court shall consider the entire issue on merits during and after the trial. Consequently, Crl.M.P.No.12038 of 2026, filed for stay of all the further proceedings in C.C.No.55 of 2026 before the learned Judicial Magistrate No.IV, Tiruppur, is closed.

20.07.2026

Neutral Citation : no
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D.BHARATHA CHAKRAVARTHY, J.

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To

1. The Judicial Magistrate No.IV,
Tiruppur.
2. The Inspector of Police,
Central Crime Branch,
Tiruppur District.
3. The Public Prosecutor,
High Court of Madras.

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and Crl.M.P.Nos.12038 and 12039 of 2026

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