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W.P.No.19303 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 01.04.2026

C O R A M

THE HONOURABLE MR.JUSTICE M.DHANDAPANI

W.P.No.19303 of 2024
and W.M.P.Nos.21164 & 21165 of 2024

M/s.SSM Auto Service,
Rep by its Partner,
P.E.Purushothaman
At No.1-681, S.F.No.91/2,
544 (Old No.NH-47),
Kumarapalayam-638 183,
Namakkal District.
And
residing at No.117, Kalaimagal Street,
Kumarapalayam -638 283,
Namakkal District.

... Petitioner

Vs

1.The Secretary,
Ministry of Petroleum and Natural Gas,
Shastri Bhavan,
New Delhi-110001.

2.Indian Oil Corporation Limited,
(Marketing Division) Salem DO-Retail Sales,
No.234, SDLOA Building, 1st Floor,
Salem-Bangalore Bypass Road,
Kondalampatti,
Salem-636010.



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3.Indian Oil Corporation Limited,
Southern Regional Office,
Indian Oil Bhavan, at No.139,
Nungambakkam High Road,
Chennai-600 034.

4.Indian Oil Corporation Limited,
Head Office, SCOPE Complex,
Core-2, 7,
Institutional Area,
Lodhi Road,
New Delhi-110 003.

... Respondents

Prayer : Petition filed under Article 226 of the Constitution of India praying for the issuance of a Writ of Certiorarified Mandamus to call for the records of the online summary report-cum-conclusion dated 18.01.2024 passed by the 2nd respondent in reference No.4104RE-/T25/-903170409312R1 and quash the same and to further direct the 2nd Respondent to pass an order to enable the petitioner to reconstitute the dealership of SSM Auto Service with Customer Identification No.0000133952 situated the outlet at NH-47, Komarapalayam Post, Namakkal District, Lock No.13008, Komarapalayam, Tamil Nadu 638 183 with the current existing partners.

For Petitioner : Mr.B.Ravi Raja

For Respondents : Mr.B.Ramprabhu,
Additional Central Government Standing
Counsel for R-1

: Mr.Mohd Fayaz Ali for RR-2 to 4



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3. The petitioner's mother being a continuing partner to the original Dealership Agreement, holding 52% of controlling interest in the above partnership, had applied for registration of re-constitution of the partnership, before the 2nd respondent which claim was rejected by the impugned summary report insisting for the 'No Objection Certificate' from the other signatories or their legal heirs/nominees to the original dealership agreement. Aggrieved by which, the present Writ Petition has been filed.

4. Learned counsel appearing for the petitioner submitted that the act of the 2nd respondent in rejecting the claim for approval of re-constitution of the petitioner's partnership firm is manifestly illegal and unsustainable as the respondent authority, while considering the petitioner's claim, had failed to take note of the fact that the erstwhile partners had already been retired from the partnership after a prolonged litigation among the family members and also the fact that the rights of the parties had been conclusively determined in O.S.No.1236 of 2012 by a compromise decree dated 13.03.2023 before the 13th Assistant Judge, City Civil Court, Chennai and that it is based on the terms of the said comprise which is binding on all the parties concerned, the retail outlet was allotted to the petitioner's family and therefore, the rejection through the impugned summary report is arbitrary and the same requires interference of



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this Court. Accordingly, he prayed for allowing the Writ Petition.

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5. Learned standing counsel appearing for the respondents submitted that, as per the relevant rules, the petitioner has to necessarily obtain the 'No Objection Certificate' from the erstwhile partners or their legal heirs who were the erstwhile signatories to the original partnership agreement however, in the absence of any concurrence from the other signatories, the transfer of license in the name of one of the partners would be impermissible. That being the case, the 2nd respondent authority had rightly rejected their claim and that said rejection cannot be found fault with. It is however, submitted by the learned counsel for the respondents that the petitioner may be directed to submit the application for transfer of license along with a compromise decree passed in the suit, the same will be considered in accordance with law and appropriate orders would be passed by the respondents.

6. Heard the learned counsel appearing on either side and perused the materials available on record.

7. The facts in the present case are not in dispute. Admittedly, the original partnership firm in the name and style of SSM Auto Service was constituted by the erstwhile family members, and was granted a Retail Outlet dealership by the Indian Oil Corporation through the 2nd respondent and in respect of which, a



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license was also granted by the 2nd respondent. Subsequently, a series of disputes arose among the family members which were ultimately resolved by way of compromise in O.S.No.1236 of 2012 dated 13.03.2023 on the file of the 13th Assistant Judge, City Civil Court, Chennai.

8. As per the terms of the said compromise decree, the retail outlet in question was allotted to the petitioner, his mother and brother, based on which, a fresh partnership deed dated 25.08.2023 was executed and an application was made for transfer of the license in favour of the re-constituted firm. The sole ground on which the request was rejected by the second respondent is the non-production of a 'No Objection Certificate' from the erstwhile partners who had exited from the partnership.

9. However, on perusal of the entire records placed, this Court is of the considered view that, once a competent civil court has passed a compromise decree, the same had attained finality and is binding on all the parties to the proceedings, the rights of the partner stands conclusively determined by the said decree, no further consent or 'No Objection Certificate' is required from the erstwhile signatories. Further, the decree clearly vests rights with the petitioner, his mother and brother in respect of the partnership firm and therefore, the reason attributed by the respondent to such rejection insisting the 'No Objection



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Certificate' from the erstwhile partners is beyond the binding effect of a judicial decree and therefore, the respondents are bound to act in terms of the said decree.

In such circumstances, the respondents are bound to transfer the license in favour of the beneficiaries of the compromise decree and that this Court finds the impugned rejection is arbitrary, unreasonable and reflects non-application of mind to the binding nature of the compromise decree.

10. Accordingly, the Writ Petition is allowed and the impugned summary report dated 18.01.2024 is hereby set aside. The 2nd respondent is directed to transfer the license in favour of the petitioner, his mother and brother, in terms of the compromise decree made in O.S.No.1236 of 2012 dated 13.03.2023, after obtaining necessary indemnity bond from the beneficiaries of the said decree. The said exercise shall be completed within a period of twelve (12) weeks from the date of receipt of a copy of this order. However, it is made clear that the petitioner shall assess the Income Tax strictly in the name of the SSM Auto Service. There shall be no order as to costs. Consequently, connected Miscellaneous Petitions are closed.

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Index : Yes / No
Speaking Order / Non-speaking order
Neutral Citation Case : Yes / No
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M.DHANDAPANI, J

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To

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Shastri Bhavan,
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