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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 16-11-2026

CORAM

THE HON'BLE MR JUSTICE G.K. ILANTHIRAIYAN

CRL OP No. 20160 of 2026
Crl.M.P.Nos.13447 & 13446 of 2026
CNR:{HCMA011691092026}

Case QR

M.Kumaraguru
S/o. M.Mani,
Residing at,
No.9/6, VOC Street, Balakrishna Nagar,
Thiruvottriyur,
Chennai-600 019.

..Petitioner(s)

Vs

1. The State Rep. by,
   The Inspector of Police,
   District Crime Branch,
   Cuddalore.

2. Azhaganandam
   S/o. Krishnamoorthy,
   No.1, Azhagappa Nagar, Manjakuppam,
   Cuddalore-607 001.

..Respondent(s)

PRAYER: Criminal Original Petition is filed under Section 528 of BNSS, praying to call for the records in CC.No.322 of 2025 on the file of the Learned Judicial Magistrate No.I,Cuddalore and Quash the Final Report in FR-42/2024-Original dt.13.11.2024 in so far as the Petitioner is concerned.

For Petitioner(s): Mr.C.Manishankar, Senior Counsel for
Mr.D.Kanagasundaram

For Respondent(s): Mr.A.Amarnath,
Additional Public Prosecutor For R1

Mr.T.R.Ravi For R2

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Order

This Criminal Original Petition has been filed seeking to quash the proceedings in C.C.No.322 of 2025 on the file of the learned Judicial Magistrate No.I, Cuddalore, arising out of Final Report No.FR 42/2024-Original, dated 13.11.2024.

2.The case of the prosecution is that the first accused is the father-in-law of the second accused. Both the accused, acting with a common intention, dishonestly induced the de facto complainant to believe that the first accused was a lawful licence holder and was authorised to lease and manage the petrol bunk run under the name and style of Dhanush Agencies. Believing their representations, the de facto complainant entered into a lease agreement with the first accused to run the petrol bunk for a period of three years and paid a sum of Rs.30,00,000/- towards refundable lease advance, besides a sum of Rs.11,27,557/- towards the value of the petroleum stock. Accordingly, a lease deed dated 27.05.2016 was executed between the first accused and the de facto complainant. Within two weeks from the date of execution of the lease agreement, the officials of the Indian Oil Corporation visited the petrol bunk and sealed the premises on the ground that the dealership licence stood in the name of one Tamilselvi. Subsequently, the de facto complainant came to know that the property did not belong to the first accused and that he had no authority to operate the petrol bunk as a dealer or financial partner. After taking

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possession of the petrol bunk, the Indian Oil Corporation restored the dealership to another dealer. Therefore, the de facto complainant demanded the refund of the lease amount paid to the first accused. However, the first accused failed to honour his assurance. The second accused also acknowledged the receipt of the money and repeatedly assured the de facto complainant that the amount would be repaid. However, both the accused failed to honour their assurances and refused to repay the amount. Thus, according to the prosecution, both the accused, with a common intention and from the inception, had dishonestly induced the de facto complainant to part with a sum of Rs.30,00,000/- and misappropriated the same, thereby committing the offences alleged against them. Based on the complaint lodged by the second respondent, the first respondent registered the FIR in Crime No.6 of 2020, for the offence under Sections 406 and 420 IPC. Upon completion of investigation, the same has been taken cognizance of in C.C.No.322 of 2025 by the learned Judicial Magistrate No.I, Cuddalore.

3.The learned Senior Counsel appearing for the petitioner would submit that the petitioner is arrayed as the second accused and is none other than the son-in-law of the first accused, who is no more. The petitioner was neither a party to, nor a signatory or witness to, the lease agreement dated 27.05.2016. Similarly, he was neither a party to nor a signatory to the repayment agreement dated 19.09.2018 executed between the first accused and the defacto

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complainant. The petitioner never received any money from the defacto complainant and was not involved in the business transaction at any point of time. The learned Senior Counsel would further submit that, after execution of the lease agreement, possession of the petrol bunk was handed over to the de facto complainant, who continued to run the same for more than three years. Only in the year 2019 did the officials of the Indian Oil Corporation take steps to repossess the petrol bunk from the de facto complainant. In fact, the retail outlet dealership licence of Dhanush Agencies, which stood in the name of Tamilselvi, was terminated only on 02.03.2020. Having enjoyed the benefits of the petrol bunk until the termination of the dealership, the de facto complainant lodged the complaint only in the year 2020. This itself would demonstrate that the de facto complainant had continued to enjoy the petrol bunk even beyond the lease period and thereafter sought repayment of the lease amount from the accused. It is further submitted that, on the alleged date of negotiation, namely, 27.05.2016, the petitioner was not in India and was residing in Singapore. Therefore, he had never participated in any negotiation between the first accused and the de facto complainant. In support of the said contention, the petitioner has produced his travel particulars obtained from the Office of the Foreigners Regional Registration Officer (FRRO), Bureau of Immigration, Government of India. Therefore, no prima facie case is made out against the petitioner for the offences punishable under Sections 406 and 420 read with Section 34 of IPC.

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4.Per contra, the learned counsel appearing for the de facto complainant would submit that the second accused had already challenged the very same FIR before this Court and the said petition was dismissed. After filing of the final report, the second accused also filed a discharge petition, which was dismissed. Once again, the second accused has approached this Court seeking to quash the entire proceedings. The learned counsel would further submit that, though the dealership licence did not stand in the name of the second accused, the property in which the petrol bunk was situated belonged to him. The first accused, being the father-in-law of the second accused, had represented that he was authorised to lease and manage the petrol bunk. Believing their representations, the de facto complainant entered into the lease agreement with the first accused. At the time of negotiation, the second accused was very much present and had received the entire lease amount. It is further submitted that, after execution of the lease deed, the officials of the Indian Oil Corporation took possession of the petrol bunk and subsequently allotted the dealership to another dealer, namely, Kumaran Fuels, Chidambaram. Thereafter, the dealership was allotted to various other persons. The accused had cheated the de facto complainant not only to the tune of Rs.30,00,000/-, but also failed to settle the amount payable under the lease agreement even as on date. Though the de facto complainant had repeatedly approached the police for redressal, his complaint was not taken on file, resulting in the delay in initiating the proceedings. Therefore, the delay in

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lodging the complaint cannot, by itself, be a ground to conclude that the entire prosecution is false.

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

6.On a perusal of the records and the submissions made by the learned Additional Public Prosecutor, it is seen that there are two accused in this case. The petitioner is arrayed as the second accused. The first accused has since died and, consequently, the proceedings against him have abated. The second accused is none other than the son-in-law of the first accused. Though the property in which the petrol bunk was situated belonged to the second accused, the petrol bunk was managed by the first accused. It was the first accused who entered into the lease agreement with the de facto complainant for a period of three years, upon receipt of a sum of Rs.30,00,000/- towards lease advance. Even according to the de facto complainant, the first accused alone had negotiated with him before execution of the lease deed. The alleged date of negotiation between the first accused and the de facto complainant was 27.04.2016. However, the travel particulars furnished by the petitioner, obtained from the FRRO, Bureau of Immigration, Government of India, reveal that the petitioner was not in India on the said date and was abroad. This material circumstance lends support to the contention of the petitioner that he had not

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participated in the alleged negotiations. Further, the lease agreement was executed exclusively between the first accused and the de facto complainant. The original dealership licence stood in the name of one Tamilselvi, and the business was being carried on under the said dealership. The de facto complainant was aware that the dealership licence stood in the name of Tamilselvi. The second accused had purchased the land on which the petrol bunk was situated. However, there is no material to show that the second accused had ever represented himself as the holder of the dealership licence or induced the de facto complainant to believe that the dealership stood in his name.

7.In order to attract the offences punishable under Sections 406 and 420 of IPC, the prosecution must establish the essential ingredients of criminal breach of trust and cheating, respectively. However, in the present case, the prosecution has not produced any material to establish that the second accused had received the lease amount from the de facto complainant, participated in the execution of the lease agreement, or was involved in the business transaction relating to the petrol bunk.

8.In fact, the repayment agreement was also executed only between the first accused and the de facto complainant. The second accused was neither a party to the said agreement nor a signatory thereto. There is also no material to

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establish that the second accused had derived any benefit from the alleged transaction or had dishonestly misappropriated any amount belonging to the de facto complainant. Merely because the second accused is the son-in-law of the first accused and owns the property in which the petrol bunk was situated, he cannot be prosecuted in the absence of specific allegations and supporting materials establishing his participation in the alleged offences. The mere relationship between the accused persons cannot be a ground to fasten criminal liability upon the second accused. Further, the dismissal of the discharge petition, by itself, does not operate as a bar to the maintainability of the present petition seeking to quash the proceedings. This Court is entitled to examine whether the allegations in the final report and the materials collected during investigation disclose the commission of any offence against the petitioner.

9.As per the complaint lodged by the second respondent no offence is made out as against the petitioner since it is only civil dispute between the petitioners and the second respondent and there is no averments to attract the offences under Sections 406 & 420 of IPC. The second respondent has alleged in the complaint that the petitioners had committed offences under Sections 406 & 420 of IPC. It would thus be necessary to examine the ingredients of the above offences and whether the allegations made in the complaint, read on their face, attract those offences under the Penal Code. Section 405 of Penal Code reads thus:-

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"405. Criminal breach of trust — Whoever, being in any manner entrusted with property, or with any dominion over property, dishonestly misappropriates or converts to his own use that property, or dishonestly uses or disposes of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied, which he has made touching the discharge of such trust, or wilfully suffers any other person so to do, commits "criminal breach of trust".

10.A careful reading of Section 405 of IPC shows that the ingredients of a criminal breach of trust are as follows:-

(i) A person should have been entrusted with property, or entrusted with dominion over property;

(ii) That person should dishonestly misappropriate or convert to their own use that property, or dishonestly use or dispose of that property or willfully suffer any other person to do so; and

(iii) That such misappropriation, conversion, use or disposal should be in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract which the person has made, touching the discharge of such trust.

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Thus, it is clear that entrustment is an essential ingredient to attract the offence of criminal breach of trust. A person who dishonestly misappropriates property entrusted to them contrary to the terms of an obligation imposed is liable for a criminal breach of trust punishable under Section 406 of the IPC.

11.It is also relevant to extract the provisions under Section 420 of the Penal Code as follows :-

> *"420. Cheating and dishonestly inducing delivery of property — Whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine."*

12.The ingredients to constitute an offence under Section 420 of IPC are as follows :-

(i) A person must commit the offence of cheating under Section 415 and

(ii) The person cheated must be dishonestly induced to (a)

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deliver property to any person or (b) make, alter or destroy valuable security or anything signed or sealed and capable of being converted into valuable security.

Thus, is it clear that dishonest inducement to deliver a property or to make, alter or destroy any valuable security is an essential ingredient to attract the offence under Section 420 of IPC.

13.It is relevant to rely upon the judgment made by the Hon'ble Supreme Court of India in the case of ***M/s. Indian Oil Corporation Vs. NEPC India Limited and others*** reported in (***2006) 6 SCC 736***, held that the civil liability cannot be converted into criminal liability and it is necessary to take notice of a growing tendency in business circle to convert purely civil dispute in criminal case. This is obviously on account of prevalent impression that civil law remedies are time consuming and do not adequately protect the interest of lender/creditors. Such a tendency is seen in several family disputes also, leading to irretrievable breakdown of marriages/families. There is also an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. Any effort to settle civil disputes and claim which do not involve any criminal offence by applying pressure through criminal prosecution should be deprecated and dishonoured.

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14.In the case of ***G.Sagar Suri Vs. State of Uttar Pradesh*** reported in ***2000 (2) SCC 636***, the Hon'ble Supreme Court of India held as follows:-

> *"It is to be seen if a matter, which is essentially of civil nature, has been given a cloak of criminal offence, criminal proceedings are not a short cut of other remedies available in law. Before issuing process a criminal Court has to exercise a great deal of caution. For the accused it is a serious matter. This Court has laid certain principles on the basis of which High Court is to exercise its jurisdiction under Section 482 of the Code. Jurisdiction under this Section has to be exercised to prevent abuse of the process of any Court or otherwise to secure the ends of justice."*

The above judgments are squarely applicable to the case on hands.

15.In the absence of any material connecting the second accused with the alleged transaction, this Court is of the view that he has been unnecessarily implicated in the case merely on account of his relationship with the first accused. Therefore, permitting the criminal proceedings to continue against the petitioner would amount to an abuse of the process of law.

16.In view of the foregoing reasons, the entire proceedings in C.C. No.322 of 2025 on the file of the learned Judicial Magistrate No.I, Cuddalore, insofar as the petitioner/second accused is concerned, is liable to be quashed.

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17.Accordingly, this Criminal Original Petition is allowed and the proceedings in C.C.No.322 of 2025 on the file of the learned Judicial Magistrate No.I, Cuddalore, is hereby quashed insofar as the petitioner/second accused is concerned. However, the defacto complainant is at liberty to initiate appropriate proceedings against the legal heirs of the deceased first accused for recovery of the lease amount, in accordance with law. Consequently, the connected Miscellaneous Petitions are closed.

16-11-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
AH

To

1.The Judicial Magistrate No.I,
Cuddalore.

2.The Inspector of Police,
District Crime Branch,
Cuddalore.

3.The Public Prosecutor,
High Court,
Madras.

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G.K.ILANTHIRAIYAN J.

AH

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