



W.P(MD)Nos.27578 to 27581 of 2023

WEB COPY BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 28.07.2026

CORAM:

THE HONOURABLE MR.JUSTICE M.DHANDAPANI

W.P(MD)Nos.27578 to 27581 of 2023

S.Thangaraj	... Petitioner(s)
	in WP(MD)No.27578/2023
R.Radhakrishnan	... Petitioner(s)
	in WP(MD)No.27579/2023
N.Rajendran	... Petitioner(s)
	in WP(MD)No.27580/2023
U.Kottai Navaneetha Krishnasamy	... Petitioner(s)
	in WP(MD)No.27581/2023

vs.

1. The Management,
Thirumalai Mills,
T.Karisalkulam,
M.S.University Post,
Tirunelveli 627 012,
Tirunelveli District.

2. The Management,
Natural Cotton Mills,
T.Karisalkulam,
M.S.University Post,
Tirunelveli 627 012,
Tirunelveli District.

... Respondent(s)
(in all petitions)



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COMMON PRAYER : Writ Petition, filed under Article 226 of the Constitution of India, praying this court to issue a Writ of Certiorarified Mandamus to call for the records relating to the impugned award passed in I.D.Nos.44/2007, 47/2007, 48/2007, 27/2008 dated 04.08.2023 passed by the Learned Presiding Officer (FAC) Labour Court, Tirunelveli and quash the same as illegal and consequently direct the 2nd respondent to reinstate the petitioner with all service and salary benefits along with backwages.

For Petitioner : Mr.D.Saravanan (in all petitions)
For Respondents : Mr.S.Ravichandran, Senior Counsel for R1
for Mr.T.Ravichandran
No appearance for R2 (in all petitions)

COMMON ORDER

Challenging the award dated 04.08.2023 passed by the Labour Court, Tirunelveli, the petitioners have filed the present writ petitions.

2. The learned counsel appearing for the petitioners submitted that the petitioners were appointed as Doffers in the first respondent Spinning Mill during the years 1989 to 1992. The first respondent Mill, which had been engaged in the manufacture of cotton yarn for nearly five decades, declared a lockout on



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07.06.2002 on the ground that its business had been severely affected by recession, resulting in heavy financial losses. It was stated that the management had defaulted in repayment of the loan availed from the creditor Bank and was consequently subjected to proceedings under the SARFAESI Act. According to the learned counsel, the petitioners, being workmen, lost their employment on account of the illegal lockout and the unfair labour practices adopted by the management. Aggrieved thereby, the workmen, through their Union, raised an industrial dispute in I.D.Nos.44/2007, 47/2007, 48/2007 and 27/2008 before the Industrial Tribunal. During the pendency of the said industrial dispute, a settlement under Section 18(1) of the Industrial Disputes Act, 1947, was entered into between the management and the Union representing the workmen on 07.12.2005. Recording the said settlement, the Industrial Tribunal passed an award dated 27.02.2006. The learned counsel further submitted that the present petitioners were not parties to the settlement and thereafter raised individual industrial disputes before the Labour Court. By a common award dated 04.08.2023, the Labour Court directed the first respondent to pay a compensation of Rs.55,000/- to each of the petitioners together with interest from 27.04.2006 till 19.12.2017. Assailing the said award, the learned counsel submitted that the



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Labour Court committed an error in awarding only Rs.55,000/- as compensation.

It was contended that the amount fixed under the settlement entered into in the year 2005 ranged between Rs.50,000/- and Rs.60,000/-. Even after a lapse of nearly two decades, the Labour Court awarded substantially the same amount without assigning any reasons or taking into account the escalation in cost of living and other relevant factors. According to the learned counsel, the compensation awarded is arbitrary and grossly inadequate and therefore warrants enhancement.

3. The learned counsel for the petitioners further submitted that the assets of the first respondent Mill were subsequently brought to sale under the provisions of the SARFAESI Act and were purchased by the second respondent. Therefore, both the respondents are liable to satisfy the compensation payable to the petitioners.

4. Per contra, the learned Senior Counsel appearing for the first respondent submitted that on account of severe financial crisis, the Mill was constrained to close down its operations. Thereafter, a settlement under Section



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18(1) of the Industrial Disputes Act was entered into between the management and the recognised Union. Nearly 95% of the workmen accepted the settlement and received the compensation. Subsequently, out of 11 workmen another 7 workmen also received the compensation. Only the present petitioners, declined to receive the settlement amount and instead pursued individual industrial disputes before the Labour Court. The Labour Court, after considering the entire materials on record, awarded reasonable compensation and therefore the same does not warrant interference. The learned Senior Counsel also submitted that the first respondent is no longer carrying on any business and is presently residing at Chennai without any substantial financial resources. Therefore, the first respondent is not in a position to pay any enhanced compensation.

5. Though the name of the second respondent is printed in the cause list, there is no representation on its behalf.

6. This Court has carefully considered the rival submissions and perused the materials available on record.

7. It is not in dispute that the petitioners lost their employment



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consequent to the closure of the first respondent Mill. It is also not in dispute that the settlement entered into under Section 18(1) of the Industrial Disputes Act in the year 2005 provided for payment of compensation ranging from Rs.50,000/- to Rs.60,000/- to the workmen. The Labour Court, while passing the impugned award in the year 2023, awarded only Rs.55,000/- to each of the petitioners without assigning any reasons as to why the very same amount fixed nearly two decades earlier should be adopted. The Labour Court has failed to consider the substantial lapse of time, the rise in the cost of living and the hardship suffered by the petitioners. Consequently, the compensation awarded cannot be said to be just and reasonable. During the course of arguments, the learned Senior Counsel appearing for the first respondent submitted that the amount deposited by the first respondent before the Labour Court, together with the accrued interest, has now aggregated to a sum of Rs.1,00,000/- in respect of each of the petitioners.

8. Accordingly, the compensation payable to each of the petitioners is enhanced to Rs.2,00,000/-. The amount deposited by the first respondent, together with the accrued interest, has now aggregated to approximately Rs.1,00,000/- to the credit of each of the petitioners. In addition thereto, the first



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and second respondents shall each pay a further sum of Rs.50,000/- to each of the petitioners, within a period of four weeks from the date of receipt of a copy of this order.

9. The Registry is directed to forward a copy of this order to the District Collector, Tirunelveli District, forthwith. In the event of the second respondent failing to comply with the above direction within the stipulated period, the District Collector shall take appropriate steps, in accordance with law, to ensure recovery of the amount payable by the second respondent and disburse the same to the petitioners.

10. With the above modification in the quantum of compensation, the writ petitions stand allowed. There shall be no order as to costs.

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NCC : Yes / No
Index : Yes / No
Internet : Yes
PKN



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3. The District Collector
Tirunelveli District.



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M.DHANDAPANI,J.

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**ORDER MADE IN
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