



W.P.No.21258 of 2021

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 07.07.2025

PRONOUNCED ON : 15.07.2025

CORAM:

THE HONOURABLE MS. JUSTICE P.T. ASHA

W.P.No.21258 of 2021

and W.M.P.Nos.22504 and 22505 of 2021 and 28513 of 2022

Natures First India Private Limited,
Represented by A.Arokiaselvi,
Authorized Representative,
Operations and Logistics Manager,
Nature's First India Private Limited,
S.No.10-14, Batavarapalli Village,
Belathur Post, Bagalur, Hosur Taluk,
Krishnagiri District,
Tamil Nadu-635 124.

.. Petitioner

Vs.

1. The Tahsildar
Hosur, Hosur Taluk,
Krishnagiri District.
2. The District Collector,
Krishnagiri District,
Krishnagiri.



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3. The Revenue Divisional Officer,
Hosur,
Krishnagiri District.

4. The Labour Commissioner No.1,
Workmen Compensation Commission,
Anna Salai, Teynampet,
(DMS Campus),
Chennai-600 006.

5. Carrit Moran Company Private Limited,
(A Company undergoing Liquidation under the Companies Act, 1956),
Represented by the Official Liquidator,
High Court, Calcutta,
9, Old Post Office Street,
4th and 5th Floor,
Kolkata-700 001.

6. C. Parvathi

.. Respondents

*(*R6 was impleaded vide order dated 24.06.2022 made in W.M.P.No.1076 of 2022 in W.P.No.21258 of 2021*)*

PRAYER: Writ Petition filed under Article 226 of the Constitution of India praying for issuance of writ of Certiorarified Mandamus, to call for the records of the respondent No.1 herein culminated in the letter Roc.No.8528/2012(A4), dated 07.09.2021 and to quash the same and to consequently relieve the petitioner Company herein from any claims that may be made against it with respect to the said incident.



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For Petitioner : Ms.Anant Merathia
For Respondents : Mrs.M.Jayanthi
Additional Government Pleader
for R1 to R4
Mr.N.Manoharan for R6
R5-Served-No appearance

ORDER

This Writ Petition has been filed challenging the impugned letter dated 07.09.2021 issued by the first respondent and for a consequential direction to the first respondent to relieve the petitioner Company from any claim that may be made against it with respect to the incident that had occurred on 0712.2003.

2. The issues that arise for consideration of this Court are

(i) Whether the sixth respondent has a right to claim compensation under the Workmen's Compensation Act, which is now renamed as the Employees' Compensation Act from the property conveyed by the fifth respondent much before the Award?



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(ii) *Whether a subsequent buyer of the immovable property can be mulcted with liability to compensate for a claim arising under the Workmen's Compensation Act?*

3. The above issues arise in the following circumstances:

(i) One Sangeetha, daughter of Chinnaraj, who was employed as labourer by M/s.Carrit Maron Company Private Limited/the fifth respondent herein, died while working in the Company Premises on 07.12.2003 in a fire accident. The Company was very much aware about the accident but had not cared to pay the compensation to the parents of the deceased Sangeetha.

(ii) Thereafter, Parvathi, mother of the deceased, Sangeetha, had filed a petition before the Labour Commissioner, Chennai, seeking compensation and after full trial, the Labour Commissioner had directed the Company to pay a sum of Rs.4,52,760/- together with 12% interest. However, the Company had not cared to comply with the orders.



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Thereafter, the said Parvathy came to learn that the property originally belonging to the fifth respondent had been purchased by the petitioner herein. Meanwhile, the said Parvathy had filed W.P.No.4554 of 2015 before this Court seeking a direction to the respondents to collect the compensation amount from the Company by initiating revenue recovery proceedings. This Writ Petition was allowed on 01.03.2016 by issuing a direction to collect the amount deposited with the Commissioner of Labour.

(iii) In pursuance of this order, the Tahsildar, Hosur, had addressed letters to the petitioner to pay the said amount, however, no amount has been paid and the mother of the victim had filed yet another writ petition in W.P.No.4654 of 2021 seeking a direction to the Tahsildar to recover the amount. The said writ petition was disposed with a direction to the Authorities, to initiate the revenue recovery proceedings for recovery of the compensation amount, they having failed in their statutory right. Pursuant to this, the impugned communication has been forwarded to the



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petitioner directing them to pay the compensation of Rs.4,52,760/- with interest through a Demand Draft to the mother of the victim within three days and the petitioner was warned about further action being initiated to collect the compensation amount. Challenging the same, the present Writ Petition has been filed.

4. This Writ Petition is filed for a Certiorarified Mandamus, however, the affidavit filed in support thereof has not submitted in the proper format and the grounds of challenge have not been separately set out. Therefore, this Court falls back on the arguments that have been advanced by the counsel, who appeared before this Court.

5. The sum and substance of the argument of the petitioner is that they are the subsequent purchasers and there is no employer-employee relationship between the petitioner and the deceased workman and the accident had occurred much prior to the purchase of the land and Factory Unit by the petitioner Company. Therefore, it is the contention of the



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petitioner that the petitioner is no way bound to comply with the award.

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The learned counsel appearing for the petitioner would rely on the following judgments:

(i) *Shantabai Ananda Jagtap and another vs. Jayram Ganpati Jagtap and another reported in (2023) 8 SCC 171*

(ii) *K.Nagammal vs. The Joint Commercial Tax Officer reported in MANU/TN/0479/1972*

(iii) *Karnati Ramesh Reddy vs. Ch.Sudhakar Reddy and another reported in (2023) 1 High Court Cases (AP) 89*

(iv) *National Insurance Company Limited, represented by its Manager vs. Hashim.K. And others reported in 2024 SCC Online Ker 6788.*

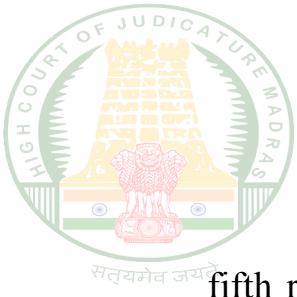
6. The sixth respondent has filed a counter affidavit along with a vacate stay petition, wherein, she had stated as follows:-



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(i) The sixth respondent's daughter, Sangeetha, who is aged about 14 years, was working in the fifth respondent Company. On 07.12.2003, at around 07.45 p.m., a fire accident took place in the hut built by the fifth respondent to accommodate the workers and the said Sangeetha, who got trapped in fire, later succumbed to her injuries. A case was also registered in this regard by Bagalur Police Station. The sixth respondent would submit that her daughter had died during the course of her employment and the death was on account of fire accident caused by short circuit. The sixth respondent had issued a legal notice dated 16.06.2004 claiming compensation of Rs.4,00,000/- from the fifth respondent and since the compensation was not paid, the sixth respondent along with her husband had filed W.C.No.29 of 2005 on the file of the fourth respondent. Though the fifth respondent was served, however, they had failed to appear in the proceedings in W.C.No.29 of 2005 and an *ex-parte* award dated 27.03.2006 came to be passed. There has been no challenge to the said award. Despite this, the fifth respondent had not paid the payments. As per the award of the fourth respondent, the



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fifth respondent was liable to pay a sum of Rs.4,52,760/- but the same was not paid.

(ii) Thereafter, the sixth respondent had given a petition dated 19.07.2013 to the third respondent, who in turn forwarded the petition to the first respondent. Since no action was taken to realize the compensation amount, the petitioner was constrained to approach this Court on two occasions by filing W.P.Nos.4554 of 2015 and 4654 of 2021 to direct the respondents to initiate proceedings to recover the amount. In W.P.No.4654 of 2021, this Court had made it clear that the contempt proceedings has to be initiated against the officials for not complying with the orders of this Court, by initiating the proceedings for revenue recovery.

(iii) After the order in W.P.No.4654 of 2021 was passed, the first respondent had issued the impugned communication dated 06.09.2021 to the writ petitioner stating that the amount has to be paid. It was made



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clear that as the Transferee Company, the petitioner was bound to pay the compensation amount with interest. This communication had been sent to the petitioner marking copies to the second, third and sixth respondents. However, the petitioner has filed the above writ petition without impleading the sixth respondent as a party.

(iv) Meanwhile, the sixth respondent's husband passed away on 21.12.2011. Though over a period of 19 years has passed, the sixth respondent is yet to see the colour of coin.

(v) Mr.N.Manoharan, the learned counsel appearing for the sixth respondent would summarise his submissions of the legal issue by contending that on the date of accident, the liability to pay the compensation crystallizes and it is not on the date on which the compensation amount is due. Therefore, according to the learned counsel appearing for the sixth respondent, the right to claim compensation had opened on 07.12.2003, when the fire accident had taken place. The



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Workmen Compensation Case had been filed in the year 2005. However, the fifth respondent has conveniently and with ulterior motive sold the property to Delmonte Foods India Private Limited on 17.07.2004 and thereafter, on 18.02.2009, the petitioner had purchased the property. However, the award came to be passed on 27.03.2006. He would further submit that on 07.12.2003, when the accident had taken place, the right of the sixth respondent to claim compensation on the property of the fifth respondent has crystallized. He would rely on the following judgments:-

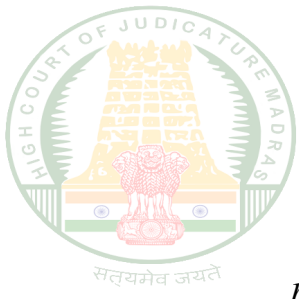
(i) Pratap Narain Singh Deo vs. Srinivas Sabata
reported in 1976 (1) SCC 289

(ii) K.Sreedharan vs. Thajudeen Koya and others
reported in (1996) 1 KLJ 246

(iii) United India Insurance Company Limited vs. Alavi
reported in 1998 (3) L.L.N.285

(iv) Kerala State Electricity Board and another vs.
Valsala.K. And another reported in (1999) 8 SCC 254

(v) National Insurance Company Limited vs. Rekha



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reported in MANU/KE/0742/2007

*(vi) Pushpalatha vs. State of Kerala reported in
MANU/KE/1670/2015*

*(vii) K.Sivaraman and others vs. P.Sathish Kumar and
another reported in (2020) 4 SCC 594*

7. Mr.N.Manoharan, the learned counsel would also refer to Section 14(A) of the Employees Compensation Act, to contend that a compensation is a first charge on the property of the employer.

8. Heard the learned counsels on either side.

9. This Court is only required to answer the issues that are framed supra since the facts are not in dispute. To answer the issues framed, the following dates would bring clarity to this discussion:

Date of accident - 07.12.2003

Date of legal notice - 16.06.2004

12/23



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Date of sale by the fifth
respondent to Delmonte Foods
Private Limited - 17.09.2004
W.C numbered - 2005

Award dated - 27.03.2006

Date of sale by Delmonte Foods
Private Limited to the petitioner -18.02.2009

10. Section 14A of the Workmen's Compensation Act would read
as follows:-

*“ Compensation to be first charge on assets
transferred by employer-Where an employer transfers his
assets before any amount due in respect of any
compensation, the liability wherefor accrued before the date
of the transfer, has been paid, such amount shall,
notwithstanding anything contained in any other law for the
time being in force, be a first charge on that part of the
assets so transferred as consists of immovable property.”*

11. The Workmen's Compensation Act is now renamed as the
Employees Compensation Act and Section 14A remains unaltered.



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12. Section 3 of the Workmen's Compensation Act provides that an employer would be liable to compensate the workman for any injury sustained arising out of and in the course of employment. The liability to pay compensation arises the minute the accident had taken place and the liability is not postponed to the date on which the compensation is ultimately ordered. This position of law has been laid down as early as in the year 1975 in the judgment of the Hon'ble Supreme Court reported as ***Pratap Narain Singh Deo vs. Srinivas Sabata*** and reported in ***1976 (1) SCC 289***. This was a case where the Commissioner of Labour in addition to compensation also ordered penalty to an extent of 50% and interest at 6% p.a., exercising the right of review provided under Section 6A of the Act. The employer challenged the same by filing a petition which was dismissed, against which, he had knocked the doors of the Hon'ble Supreme Court. One of the arguments that was advanced was that the compensation had fallen due only when the Company had settled the same. This argument has been answered in paragraph No.3 of the above judgment as follows:-



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“ 7. Section 3 of the Act deals with the employer's liability for compensation. Sub-section (1) of that Section provides that the employer shall be liable to pay compensation if "personal injury is caused to a workman by accident arising out of and in the course of his employment". It was not the case of the employer that the right to compensation was taken away under sub-section (5) of Section 3 because of the institution of a suit in a civil court for damages, in respect of the injury, against the employer or any other person. The employer therefore became liable to pay the compensation as soon as the aforesaid personal injury was caused to the workman by the accident which admittedly arose out of and in the course of employment. It is therefore futile to contend that the compensation did not fall due until after the Commissioner's order dated May 6, 1969, under Section 19. What the Section provides is that if any question arises in any proceeding under the Act as to the liability of any person to pay compensation or as to the amount or duration of the compensation it shall, in default of agreement, be settled by the Commissioner. There is therefore nothing to justify the argument that the employer's liability to pay compensation under Section 3,



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in respect of the injury, was suspended until after the settlement contemplated by Section 19. The appellant was thus liable to pay compensation as soon as the aforesaid personal injury was caused to the appellant, and there is no justification for the argument to the contrary.

8. It was the duty of the appellant, under Section 4A(1) of the Act, to pay the compensation at the rate provided by Section 4 as soon as the personal injury was caused to the respondent. He failed to do so. What is worse, he did not even make a provisional payment under sub-section (2) of Section 4 for, as has been stated, he went to the extent of taking the false pleas that the respondent was a casual contractor and that the accident occurred solely because of his negligence. Then there is the further fact that he paid no heed to the respondent's personal approach for obtaining the compensation. It will be recalled that the respondent was driven to the necessity of making an application to the Commissioner for settling the claim, and even there the appellant raised a frivolous objection as to the jurisdiction of the Commissioner and prevailed on the respondent to file a memorandum of agreement settling the claim for a sum which was so grossly inadequate that it was rejected by the



Commissioner. In these facts and circumstances, we have no doubt that the Commissioner was fully justified in making an order for the payment of interest and the penalty.”

13. The dicta laid down in the said judgment has been reiterated by the Hon'ble Supreme Court in the judgment reported in the case of ***K.Sivaraman and others vs. P.Sathishkumar and another*** reported in ***2020 (4) SCC 594*** wherein, the learned Judges observed as follows in paragraph No.32:

“32. It is pertinent to note that no similar position of law for the determination of the higher amount of compensation payable was adopted under the 1923 Act by this Court in Pratap Narain Singh and Valsala. This Court, being a Bench of two Judges, is bound by the categorical position of law laid down in Pratap Narain Singh and Valsala, both being judgments rendered by larger Benches of this Court. Consequently, we hold that the relevant date for the determination of compensation payable is the date of the accident and the benefit of Act 45 of 2009 does not apply to the accidents that took place prior to its coming into force.”



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14. While reiterating the position elucidated in the Pratap Narain Singh Reo's case, the Bench had also held that they were also bound by the judgment in the case of ***Kerala State Electricity Board vs. Valsala.K***, reported in ***1999 8 SCC 254***. In this case, the Court was called upon to decide as to whether the amendment to Sections 4 and 4A of the Workmen's Compensation Act which came into effect on 15.09.1995 would be applicable to the accidents prior to 15.09.1995. The three Judge Bench relied on the judgment of ***Pratap Narain Singh Deo***'s case and held that the liability of the employer to pay compensation arises on the date of the accident. They also referred with approval the Full Bench judgment of the Kerala High Court in the case of ***United India Insurance Company Limited vs. Alavi*** reported in ***1988 (3) LLN 285 (FB)*** and observed as follows:

“ 5. *The Workmen's Compensation (Amendment) Act (Act 30 of 1995) has brought in drastic changes to different provisions of the Parent Act. By amendment to Section 4(1)(a) compensation amount equal to 40 per cent of the monthly wages of the deceased workman was enhanced to 50 per cent and Rs.20,000/- was enhanced to Rs.50,000/-,*



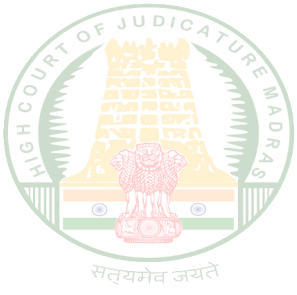
where death results from the injury. With regard to permanent total disablement resulting from the injury under Section 4(1)(b) of compensation amount equal to 50 per cent as enhanced to 60 per cent and the amount of Rs.24,000 was enhanced to Rs.60,000. In Explanation II, amount of Rs.1000 as originally provided was enhanced at Rs.2,000. The amendment Act also inserted after Sub-sec (1) of S.4, Sub-sec (1A). It also added Sub-sec (4) after Sub-sec (3) which is extracted below:-

“If the injury of the workman results in his death, the employer shall, in addition to the compensation under Sub-sec (1) deposit with the Commissioner a sum of one thousand rupees for payment of the same to the eldest surviving dependent of the workman towards the expenditure of the funeral of such workman or where the workman did not have a dependent or was not living with his dependent at the time of his death to the person who actually incurred such expenditure”.

In this connection, it is also profitable to refer to Sub-sec. 4A(3) as amended which reads as follows:

“where any employer is in default in paying the compensation due under this Act within one month from the date it fell due, the Commissioner shall-

(a) direct the employer shall, in addition to the amount of the arrears, pay simple interest thereon at the rate of 12 per cent per annum or at such higher rate not exceeding the maximum of the lending rates of any scheduled bank, as may be specified by the Central Government, by notification in the official



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Gazette, on the amount due; and

(b) if, in his opinion, there is no justification for the delay, direct that the employer shall, in addition to the amount of the arrears and interest thereon, pay a further sum not exceeding 50 per cent of such amount by way of penalty;

Provided that an order of the payment of penalty shall not be passed under Cl.(b) without giving a reasonable opportunity to the employer to show cause why it should not be passed”.

15. Therefore, it is clear from the aforesaid judgments that the liability of the fifth respondent to pay compensation arose on 07.12.2003 (date of accident). The first transfer to Delmonte Foods India Private Limited took place on 17.09.2004 (after the legal notice had been issued to the fifth respondent on 16.06.2004) and the subsequent transfer to the petitioner herein took place on 18.02.2009.

16. Section 14A extracted supra makes it clear that the compensation would be a first charge on the assets of the employer and by reason of the judgment discussed supra, the charge gets created over the assets on the date of accident itself. Therefore, the argument of the



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petitioner that the ownership of the property had been transferred before the award and therefore, the property cannot be proceeded against, would fail in the light of the above discussions. The judgments relied upon by the petitioners do not advance their case.

17. Accordingly, this writ petition stands dismissed. No costs.

Connected miscellaneous petitions are closed.

15.07.2025

Index:Yes / No

Speaking Order :Yes / No

Neutral Citation:Yes / No

ssb



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