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WP No. 30991 of 2



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 22-09-2025

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THE HONOURABLE MRS.JUSTICE N. MALA

WP No. 30991 of 2025

and

WMP No. 34724 of 2025

M/s. Neurotronix Systems India Private Limited,
Rep. by its Director,
M.J. Muhamed Sulaiman,
S.F. No. 657/1G1 Shed No.1, Ramson Estate,
Thillai Nagar, Eachanari, Coimbatore,
Tamil Nadu 641 021.

Petitioner(s)

Vs

1. The Recovery Officer,
Employees State Insurance Corporation
Sub-Regional Office,
Panchdeep Bhavan , 1897, Trichy Road,
Ramanathapuram, Coimbatore 641 045.

2.The Deputy Director,
Employees State Insurance Corporation
Sub-Regional Office,
Panchdeep Bhavan , 1897, Trichy Road,
Ramanathapuram, Coimbatore 641 045.

Respondent(s)



Writ petition is filed under Article 226 of the Constitution of India, to issue writ of Certiorarified Mandamus, call for records (1) C19 No. 56561065090010602/ 61320251154 dated 20.06.2025, (2) REJECTION ORDER No. 56/56/106509/ 001/ 0602/ Ins III dated 12.06.2025 and (3) PROHIBITORY order No. CBE/ RECY/ CP- 4/ 56001065090000602 dated 16.07.2025 issued by the 1st respondent for recovery of Tax for attachment of bank accounts with Karur Vysya Bank Kodambakkam, Chennai 600 024 and direct the 2nd respondent herein to redo the assessment afresh after providing an opportunity of personal hearing to the petitioner.

For Petitioner(s): Mr.K.Suresh Kumar
For Respondent(s): Mr.SP.Srinivasan,
ESIC

ORDER

Writ petition is filed challenging C-19 order dated 20.06.2025, rejection order dated 12.06.2025 of the appeal preferred under Section 45-AA of the Employees State Insurance Act, 1948, and prohibitory order dated 16.07.2025, of the 1st respondent, for recovery of sum of Rs.7,10,601/-.

2. The petitioner company was established in the year 1994, and was engaged in design, development, manufacturing and supply of electronic



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products. The respondent passed an ex-parte order under Section 45-A of the ESI Act, determining the contribution at Rs.5,03,118/- for the period from April 2020 to December 2023. Pursuant to the said order, the petitioner preferred Statutory Appeal under Section 45-AA of the ESI Act, by depositing Rs.23,700/-, representing 25% of the disputed amount as per the petitioner's own calculation. The petitioner states that the said appeal was summarily rejected, solely on the ground that the pre-deposit was less than 25% of the amount determined under Section 45-A order. According to the petitioner, no notice or opportunity to rectify the deficiency was accorded before rejecting the appeal, thereby, obstructing the petitioner's statutory remedy. The petitioner states that following rejection of the appeal, the respondents issued recovery notice and proceeded to attach the petitioner's operative bank account, thereby causing grave prejudice to the petitioner. The petitioner states that the attachment of his bank account resulted in crippling its capital operations preventing it from paying staff salaries, vendors, and utility obligations. The petitioner further states that 45-A order related to the Covid period (i.e) April-2020 to December-2022, and that during the said period, the petitioners' unit



either remained shut or unoperational for extended duration, with little or no production activity. The petitioner states that the respondent without considering the said facts, mechanically imposed the liability on the petitioner and hence, aggrieved by the impugned orders, the petitioner filed the above writ petition for the aforesaid relief.

3. The learned counsel for the petitioner submitted that before passing the impugned order dated 12.06.2025, rejecting petitioner's appeal under Section 45-AA of the Act and initiating recovery proceeding, no opportunity was given to the petitioner to rectify the defect in presentation of the appeal and therefore, the petitioner's right of appeal was thwarted. The learned counsel therefore prayed to set aside the impugned orders.

4. I heard both the learned counsels and perused the materials placed on record.

5. It is seen that the impugned order was passed on 12.06.2025, almost nearly one year from the notice dated 28.03.2024 and therefore, as rightly contended by the learned counsel for the petitioner, the petitioner ought to have



been given an opportunity to rectify the defect of short payment of the 25% pre-deposit amount.

6. As rightly contended by the petitioner's counsel, the petitioner deposited Rs.23,700/- towards 25% pre-deposit amount, on the basis of its calculation and therefore, if the petitioner had been afforded an opportunity, the petitioner would either have demonstrated that the amount deposited by it towards 25% pre-deposit was valid or would have deposited the shortage amount. The respondent in my view erred in rejecting the petitioner's appeal on the sole ground of short payment of the pre-deposit amount and too without affording any opportunity to rectify the defect. The impugned order is hence set aside. The writ petition is allowed with the following directions:

i) The respondents have admittedly recovered Rs.7,10,601/- pursuant to the impugned prohibitory order from the petitioner's bank account. Under the circumstances, the respondents are directed to forthwith adjust the balance pre-deposit amount of Rs.1,02,080/- from the amount recovered.

ii) On such adjustment, the appeal filed by the petitioner under Section 45-AA of the Act, shall be taken on file and the appeal shall be heard on merits



and in accordance with law.

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iii) The respondent shall thereafter pass appropriate orders, within a period of eight weeks, from the date of receipt of a copy of this order.

iv) The respondent is directed to retain the balance amount till the disposal of the appeal.

v) The return of the balance amount to the petitioner shall be subject to the result of the appeal.

vi) The respondents shall entertain the appeal of the petitioner on the basis of the web copy of this order, without insisting on the certified copy of the same.

The writ petition is accordingly allowed with the above directions.

However, there shall be no order as to costs. Consequently, the connected miscellaneous petition is closed.

dsn

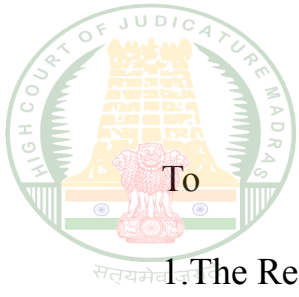
22-09-2025

Index: Yes/No

Speaking/Non-speaking order

Internet: Yes

Neutral Citation: Yes/No



To

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N.MALA J.

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