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IN THE HIGH COURT OF JUDICATURE AT MADRAS

**DATED: 02-06-2026**

CORAM

**THE HON'BLE MR JUSTICE S. M. SUBRAMANIAM**

**AND**

**THE HON'BLE MR.JUSTICE N.SENTHILKUMAR**

**WA No. 1127 of 2026**

M/s.Erode District Co-operative  
Spinning Mills Ltd  
Kolathupalayam,  
Dharapuram Taluk,  
Tiruppur District-638661,

Represented by its Liquidator

..Appellant(s)

Vs

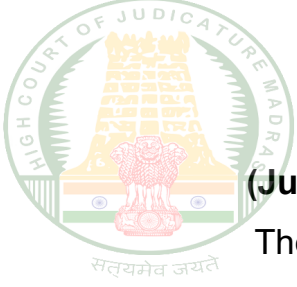
The Regional Provident Fund Commissioner  
Employee Provident Fund Organisation,  
Sub-Regional Office,  
S.J. Plaza,  
Swarnapuri,  
Salem-636004

..Respondent(s)

Writ Appeal filed under Clause 15 of the Letters Patent to allow the Writ Appeal by setting aside the order dated 29.05.2025 made in W.P.No.31252 of 2022 also the order of the Employees Provident Fund Appellate Tribunal dated 23.03.2020 in EPFA No.165 of 2017 (A.T.A. No.134(13)/2012) by granting order of total waiver of damages.

For Appellant(s): Ms.A.Srijayanthi

For Respondent(s): Ms.R.Meenakshi,  
Standing Counsel for EPF



## **JUDGMENT**

**(Judgment of the Court was delivered by S.M.Subramaniam J.)**

The present intra-court appeal has been instituted by the M/s.Erode District Co-operative Spinning Mills Limited Society registered under the provisions of the Tamil Nadu Cooperative Societies Act (For brevity, hereinafter referred to as 'Act').

With the consent of both parties, appeal is taken up for final hearing.

2. The facts in nutshell are that appellant mill is a Co-operative Spinning Mill established under the control and supervision of the Government of Tamil Nadu and was covered under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Due to severe recession in the textile industry, the Mill suffered continuous financial distress between 1995 and 2003. The Government of Tamil Nadu declared the Mill as a Relief Undertaking under the relevant enactment. During this period, the Mill faced acute financial constraints and could not disburse salaries or remit PF contributions on time. Consequently, the co-operative mill was wound up and Liquidator is appointed.

3. The Regional Provident Fund Commissioner (RPFC) issued a Show Cause-cum-Levy Order No. SDC/TN/SLM/5544/2004 dated 29.06.2004, imposing damages under Section 14B and interest under Section 7Q. The Mill challenged the order before the Employees' Provident Fund Appellate



Tribunal, Chennai, in EPFA No.165 of 2017 (ATA 134(13)/2012). The Tribunal, by order dated 23.03.2020, partly allowed the appeal holding that damages under Section 14B are discretionary, and cannot be imposed mechanically. It directed the RPFC to reconsider the matter, taking note of the Mill's closure and financial hardship. The RPFC challenged the Tribunal's order in W.P. No. 7825 of 2021, while the Mill filed W.P. No. 31252 of 2022 for total waiver of damages imposed. By a common judgment dated 29.05.2025, the learned Single Judge allowed the RPFC's writ petition and dismissed the appellants writ petition, restoring the levy of damages imposed by the original authority.

4. Learned counsel for the appellant would submit that appellant cooperative society was liquidated, and Registrar appointed the liquidator by invoking the powers under Section 138 of the Act.

5. The Registrar of the Cooperative Society appointed a Liquidator by invoking Section 138 of the Co-operative Societies Act, which is a special enactment. Once a Co-operative society is liquidated, the Liquidator appointed is empowered to exercise his powers under Section 139 of the Act. Section 141 provides **Bar of legal proceedings**. It stipulates that leave of the Registrar is to be obtained before initiating any legal proceedings against the Society under liquidation or any matters touching the affairs of the registered society. In the present case, no such leave has been obtained.



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6. Thus, it is made clear that respondent may file their claims before the liquidator, who in turn has to consider the same while considering the claims of the creditors.

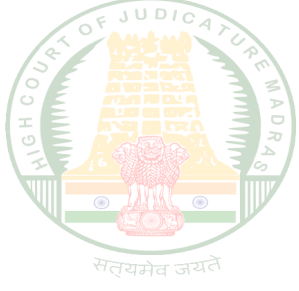
7. Accordingly, writ order impugned dated 29.05.2025 made in W.P.No.31252 of 2022 is set aside and the writ appeal is allowed. No costs. Consequently, the connected miscellaneous petitions, if any, are closed.

(S.M.S.,J.) (N.S.,J.)  
02-06-2026

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

GD

To  
The Regional Provident Fund Commissioner  
Employee Provident Fund Organisation,  
Sub-Regional Office,  
S.J. Plaza,  
Swarnapuri,  
Salem-636004



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**S.M.SUBRAMANIAM, J.  
AND  
N.SENTHILKUMAR, J.**

**GD**

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