

*W.P.(MD)Nos.1900 and 3279 of 2026*

**BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT**

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Reserved on : 11.02.2026

Pronounced on : 13.02.2026

CORAM

**THE HONOURABLE MR.JUSTICE K.SURENDER**

W.P.(MD)Nos.1900 and 3279 of 2026

and

WMP (MD) No.2703, 1527 and 1528 of 2026

**W.P.(MD) No.1900 of 2026**

M/s. Seyadu Beedi Company  
110/E/20/7, North By-pass Road,  
Vannarpettai,  
Tirunelveli – 627003  
Through its Managing Partner

... Petitioner(s)

Vs.

The Regional Provident Fund Commissioner,  
Employees Provident Fund Organization,  
NGOB Colony,  
Tirunelveli - 627 007.

... Respondent

**PRAYER :** Petition filed under Article 226 of the Constitution of India praying for issuance of Writ of Certiorari, to call for the records from the file of the respondent in the order No. TN/TNI/7130/Enf.I (1) 2003 dated 01.07.2003 passed under Para 26B of the EPF Scheme read along with Section 7A of the EPF Act, 1952 and to quash the order passed by the respondent.

For Petitioner :M/s. C.Karthikeyan

For Respondents :Mr.I.Robert Chandra Kumar



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Standing Counsel for EPF

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**W.P.(MD) No.3279 of 2026**

M/s.Seyadu Beedi Company  
110/E/20/7, North By-pass Road,  
Vannarpettai,  
Tirunelveli – 627003  
Through its Managing Partner

... Petitioner(s)

Vs.

The Recovery Officer,  
Employees Provident Fund Organization,  
Bhavishya Nidhi Bhawan,  
N.G.O.B Colony,  
Tirunelveli-627007.

... Respondent

**PRAYER :** Petition filed under Article 226 of the Constitution of India praying for issuance of Writ of Mandamus directing the Respondent to Stop the Recovery proceeding till the Disposal of the Writ Petition WP(MD)1900 of 2026 and unfreeze this Bank Accounts.

For Petitioner :M/s. C.Karthikeyan

For Respondents :Mr.T.Aswin Raja Simman  
Standing Counsel for EPF

### **COMMON ORDER**

Challenging the order dated 01.07.2003 passed under Para 26B of the Employees' Provident Fund Scheme (hereinafter referred to as the "EPF Scheme" for brevity) read with Section 7A of the Employees'



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Provident Funds and Miscellaneous Provisions Act, 1952 (hereinafter referred to as the “EPF Act” for brevity) and the consequent order dated 17.08.2004 passed by the Authority under Section 7A of the EPF Act claiming Rs.2,09,23,293/-, these two writ petitions have been filed by “M/s.Seyadu Beedi Company” (hereinafter referred to as “Petitioner Company” for brevity).

2. W.P.(MD) No.1900 of 2026 is filed questioning the order of the EPF Authority dated 01.07.2003. Since no interim orders were passed, W.P.(MD) No.3279 of 2026 is filed seeking issuance of a Writ of Mandamus directing the respondent to keep the recovery proceedings in abeyance till the disposal of the writ petition in W.P.(MD) No.1900 of 2026 and to defreeze the petitioner’s bank accounts.

3. Heard Mr.C.Karthikeyan, learned counsel for the petitioner, Mr.I.Robert Chandra Kumar and Mr.T.Aswin Raja Simman, learned Standing Counsel appearing for the respondents.

4. Brief facts of the case are that, the petitioner company was procuring unbranded beedis from M/s. Rajan Traders and after affixing



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its own brand label, they were selling the beedies. It is not in dispute that the petitioner company is covered under the EPF Act.

5. A complaint dated 16.07.2001 was submitted by the District Beedi Employees Union alleging that provident fund benefits were not being extended to nearly 800 beedi workers engaged by the petitioner company. According to the complaint, the said 800 beedi workers were engaged through M/s. Rajan Traders. Upon receipt of the complaint, the Regional Provident Fund Commissioner conducted an enquiry and passed an order dated 01.07.2023, under Para 26B of the EPF Scheme read with Section 7A of the EPF Act. It was held in the order that all the beedi rollers who supplied beedis to M/s. Rajan Traders were, in fact, employees of the petitioner company and were liable to be enrolled as PF members.

6. The said order was challenged before the Appellate Tribunal at New Delhi. The Appellate Tribunal, after considering the rival contentions, set aside the order of the Regional Provident Fund Commissioner. The said order of the Appellate Tribunal was challenged before this Court in W.P.(MD) No.3822 of 2009 by the Regional



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Provident Fund Authority and the Beedi Workers Union also filed W.P. (MD) No.11733 of 2010 challenging the same order. This Court dismissed both writ petitions, confirming the order of the Appellate Tribunal. The learned Division Bench of this Court held that the Appellate Tribunal did not have jurisdiction to entertain the appeal against the order passed by the Regional Provident Fund Commissioner under Para 26B read with Section 7A of the EPF Act.

7. The Assistant Provident Fund Commissioner had earlier passed an order dated 17.08.2004 under Section 7A of the EPF Act assessing a sum of Rs.2,09,23,806/- towards EPF contribution in respect of 700 beedi rollers, treating them as employees of the petitioner company. Challenging the said order dated 17.08.2004, W.P.(MD) No.1166 of 2004 was filed before this Court. Since an appeal was pending before the Appellate Tribunal at New Delhi, this Court disposed of the writ petition directing the petitioner to deposit a sum of Rs.20 lakhs to the credit of the appeal filed in ATA No.680(13) 2003.

8. Thereafter, W.A.(MD) No.1089 of 2018 and W.A.(MD) No.32 of 2019 were filed by the Regional Provident Fund Commissioner and the



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District Beedi Workers Union, respectively, challenging the order of the learned Single Judge.

9. In view of the finding of the Division Bench that the Appellate Tribunal lacked jurisdiction, the findings of the Appellate Tribunal setting aside the order dated 01.07.2003 need not be discussed.

10. Learned counsel for the petitioner submitted that liberty was granted by the Division Bench while disposing of the writ appeals, pursuant to which W.P.(MD) No.1900 of 2026 has been filed. The learned counsel submitted that both the order passed under Para 26B read with Section 7A of the EPF Act and the consequential order dated 17.08.2004 assessing the EPF dues are liable to be set aside.

11. The learned counsel contended that the EPF authority had erroneously concluded that the beedi rollers were employees of the petitioner company. According to him, there was no nexus between the beedi rollers and the petitioner company. The beedi rollers were associated only with M/s.Rajan Traders, which purchased beedis from such self-employed workers and supplied them to the petitioner



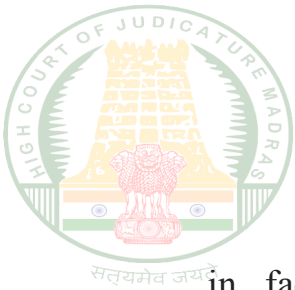
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company. The petitioner company merely purchased beedis from M/s. Rajan Traders and thereafter sold them under its brand name.

12. It was further submitted that the Central Excise Department had conducted an inspection in the premises of M/s.Rajan Traders and found that the beedi rollers had no connection with M/s.Rajan Traders. In a complaint filed before the Judicial Magistrate against M/s.Rajan Traders, it was found that there was no evidence to show that the beedi workers were on the rolls of M/s.Rajan Traders. The Magistrate further found that when the beedi rollers were not employees of M/s.Rajan Traders, the question of maintaining a muster roll register by M/s.Rajan Traders did not arise. According to the learned counsel, the exoneration in the Central Excise proceedings and in the criminal case establishes that the beedi rollers had no connection either with M/s.Rajan Traders or with the petitioner company. They were independent workers rolling beedis and selling them to M/s.Rajan Traders. In such circumstances, the provisions of the EPF Act would not be attracted.

13. On the other hand, the learned Standing Counsel for the EPF submitted that the enquiry conducted revealed that the beedi rollers were,



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in fact, employees of the petitioner company. There was ample documentary and oral evidence to establish that the beedi rollers were employed by the petitioner company and that the manner in which the business was carried out, the beedi rollers fall within the definition of “employee” under the EPF Act. It was contended that the EPF authority had rightly concluded that the petitioner company was liable to pay EPF contributions.

14. In the proceedings under Article 226 of the Constitution of India, this Court would not reappreciate evidence, unless the findings of the EPF Authority are based on no evidence, involve misapplication of law or suffer from violation of principles of natural justice.

15. However, I have perused the impugned order dated 01.07.2003. The Regional Provident Fund Commissioner-II, Tirunelveli, recorded the following findings:

(i) M/s. Rajan Traders was not a registered partnership firm and did not possess any CGST or GST registration for carrying on trading or commercial transactions;





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(ii) M/s.Rajan Traders purchased beedis from the beedi rollers after supplying tobacco to them and the tobacco was supplied from a shop adjacent to the premises of M/s.Rajan Traders;

(iii) The beedi rolls were unbranded when purchased by M/s. Rajan Traders, and thereafter supplied to the petitioner company;

(iv) M/s.Rajan Traders carried on business exclusively with the petitioner company and the entire products procured from the beedi rollers were supplied to the petitioner;

(v) The documents examined revealed that M/s.Rajan Traders was merely a benami unit of the petitioner company and that the arrangement was devised to procure beedis from workers so as to circumvent the provisions of the EPF Act;

(vi) In view of the above arrangement, the beedi rollers fell within the definition of “employee” under Section 2(f) of the EPF Act.



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16. It is not the case of the petitioner that no opportunity was afforded during the enquiry, before passing the order impugned dated 01.07.2003. The petitioner company was heard and thereafter the order was passed. The impugned order reflects that the entire supply chain, the manner in which the beedis were rolled and their ultimate sale under the petitioner's brand name were taken into consideration.

17. Under Section 2(f) of the EPF Act, an “employee” includes a person employed directly or indirectly. The present case involves indirect engagement of labour through M/s.Rajan Traders. The enquiry revealed that the petitioner exercised control over M/s.Rajan Traders and over the manner in which the beedis were to be rolled. Specifications were given by the petitioner company regarding the rolling of beedis. The beedis so rolled were purchased through M/s. Rajan Traders, branded as the petitioner's product and sold in the market.

18. It is evident that the beedi rollers were producing beedis and rendering services to the petitioner company through M/s.Rajan Traders. The presence of M/s.Rajan Traders as an intermediary does not alter the relationship between the beedi workers and the petitioner company. The



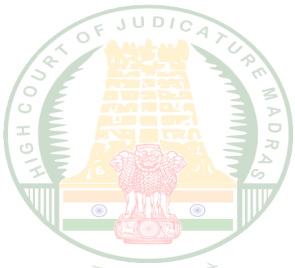
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sustenance of the beedi rollers was wholly dependent on the petitioner company. The arrangement adopted by the petitioner company was to project absence of nexus between the beedi rollers and the petitioner company.

19. The Regional Provident Fund Commissioner has given adequate and convincing reasons to establish that the beedi rollers were, in fact, employees of the petitioner company. The EPF Act is a beneficial piece of legislation intended to safeguard employees' welfare. Though dubious method was adopted by the petitioner company in engaging the services of the beedi rollers, on a close scrutiny and the reasoning given in the order dated 01.07.2003, it cannot be held that the beedi rollers are not employees of the petitioner company or that they are not entitled to provident fund benefits.

20. It was argued by the learned counsel for the petitioner that a different conclusion can be drawn on the basis of the facts of the case, that the beedi rollers were not employees of the petitioner company. Though two views are possible, this Court cannot take a different view, when the view of the authority in the impugned proceedings is probable,



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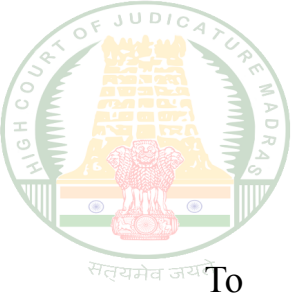
reasonable, plausible and convincing.

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21. Accordingly, the order dated 01.07.2003 passed under Para 26B of the EPF Scheme read with Section 7A of the EPF Act and the consequential order dated 17.08.2004 are liable to be sustained. In the result, both the writ petitions are devoid of merits and are accordingly, dismissed. There shall be no order as to costs. Consequently, the connected miscellaneous petitions are closed.

**(K.SURENDER, J)**  
**13.02.2026**

NCC :Yes/No  
Internet :Yes/No  
Index :Yes/No  
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To

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1.The Regional Provident Fund,  
Commissioner, Employees Provident Fund  
Organization,  
NGOB Colony,  
Tirunelveli - 627 007.

2.The Recovery Officer,  
Employees Provident Fund Organization,  
Bhavishya Nidhi Bhawan,  
N.G.O.B Colony,  
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