IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.5649 OF 2026

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Sanjay Santaram Karle **...Respondent**

WRIT PETITION (ST) NO.28933 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Dattu Bali Misal **...Respondent**

WRIT PETITION (ST) NO.28936 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Mahadev Krishna Chavan **...Respondent**

WRIT PETITION (ST) NO.28938 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Suresh Bhagwan Vanave **...Respondent**

WRIT PETITION (ST) NO.28939 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Vishnu Suresh Shinde **...Respondent**

WRIT PETITION (ST) NO.28940 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Jyotiram Namdev Parlekar **...Respondent**

WRIT PETITION (ST) NO.28945 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Ramdas Dinkar Pawar **...Respondent**

WRIT PETITION (ST) NO.28966 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Maruti Nivrutti Malavadkar **...Respondent**

WRIT PETITION (ST) NO.28971 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Balasaheb Bhimrao Kadam **...Respondent**

WRIT PETITION (ST) NO.28972 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Hukum Eknath Sawant **...Respondent**

WRIT PETITION (ST) NO.29020 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Dnyandev Sopan Kadam **...Respondent**

WRIT PETITION (ST) NO.29022 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Balu Bhujaba Danane **...Respondent**

WRIT PETITION (ST) NO.29023 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Vitthal Kisan Sutar **...Respondent**

WRIT PETITION (ST) NO.29025 OF 2025

Walchandnagar Industries Ltd. **...Petitioner**

V/s.

Raghunath Mahadev Lokhande ...**Respondent**

WRIT PETITION (ST) NO.29026 OF 2025

Walchandnagar Industries Ltd. ...**Petitioner**

V/s.

Sanjay Pandhurang Sawant ...**Respondent**

Mr. Dhananjay Bhanage *for the Petitioner.*
Mr. Pankaj M. Patel *for the Respondents.*

CORAM: SANDEEP V. MARNE, J.
RESERVED ON: 22 JULY 2026
PRONOUNCED ON: 29 JULY 2026

JUDGMENT:

1) These petitions are filed by the Petitioner-Walchandnagar Industries Limited (*Employer)* challenging the judgments and orders passed by the Appellate Authority under the Payment of Gratuity Act, 1972 **(PG Act)** and the Industrial Court dismissing the Appeals preferred by it and confirming the orders passed by the Controlling Authority and Labour Court, Pune. Both Controlling and Appellate Authorities have upheld the entitlement of Respondent in each Petition to receive gratuity from the Petitioner in respect of the services rendered by them.

2) Petitioner is an incorporated entity engaged in the activities of engineering, project management, and manufacturing of machinery and equipment relating to nuclear power, aerospace, defense, oil and gas, steam generation, cement, sugar etc. Petitioner has developed a township in Indapur Taluka of Pune District known as Walchandnagar and looks after civic infrastructure, educational and healthcare needs of the said township. Petitioner apparently issues contracts to different agencies for looking after the civic infrastructural work of the township.

3) Respondent in each Petition claimed that they were employed by the Petitioner and filed applications claiming gratuity in respect of the services rendered by them with the Petitioner. They filed individual applications against the Petitioner under Section 7 of the PG Act before the Controlling Authority and Labour Court, Pune claiming gratuity from the Petitioner. Petitioner resisted the applications denying existence of employer-employee relationship. The Controlling Authority has allowed the applications preferred by the Respondents and has issued directions to the Petitioner to pay the quantified amount of gratuity to each of them with interest @ 10% p.a. from the date of retirement. Aggrieved by the orders passed by the Controlling Authority, Petitioner filed Appeals before the Appellate Authority. The Appellate Authority has dismissed the Appeals but has effected minor changes in the quantification of amounts of gratuity payable to the Respondents. Petitioner is aggrieved by the orders passed by the Controlling and Appellate Authorities and has filed the present Petitions.

4) Mr. Bhanage the learned counsel appearing for the Petitioner has submitted that the Controlling and Appellate Authorities have grossly erred in upholding the claims of Respondent for gratuity. That there is absolutely no employer-employee relationship between the Petitioner and the Respondents. That Respondents did not lead any evidence to establish such employer-employee relationship. That the Controlling and Appellate Authorities have erroneously imported the concept of 'principal employer' which is unknown to the provisions of the PG Act. That there is no liability on the principal employer under the PG Act to pay gratuity to the contract workers. That liability to pay gratuity to the workers is on the contractor. That therefore person claiming gratuity must prove existence of direct employer-employee relationship. That in the present case, there is no material on record to infer any direct employer-employee relationship between the Petitioner and the Respondents. He relies on judgment of this Court in ***Indian Institute of Technology, Bombay vs. Tanaji Babaji Lad and Ors.***[1] in support of his contention that there needs to be direct supervision and control by the company on the activities of workers of the contractor. He also relies on judgment of this Court in ***Cummins (I) Ltd. vs. Industrial Cleaning Services and Others***[2]. He also relies on judgment of Kerala High Court in ***Cominco Binani Zinc Ltd. vs. Pappachan***[3] in support of his contention of distinction between the provisions of Contract Labour (Regulation and Abolition) Act, 1970 **(CLRA)** and the PG Act.

1 2024 DGLS Bom 4267

2 2017 (3) Mh.L.J. 294

3 O.P. 10914 of 1984 decided on 28 November 1988

5) Mr. Bhanage further submits that the Controlling and Appellate Authorities have erroneously considered the factum of Provident Fund deduction for assuming existence of employer-employee relationship. He submits that mere deposit of Provident Fund does not automatically establish employer-employee relationship. He submits that in a given case, a principal employer may pay Provident Fund contribution in respect of workers of the contractor. However, the same does not *ipso facto* establish direct employer-employee relationship between the duo for the purpose of applicability of provisions of PG Act. In support, he relies on judgments of this Court in ***Milind Nandkumar Kularni Versus. Kirloskar Ebara Pumps Ltd.***[4] and judgment of Madras High Court in ***Petroleum Workers Union and Ors. vs. Hindustan Petroleum Corporation Limited and Ors.***[5]

6) Mr. Bhanage further submits that gratuity is payable only in respect of completed years of service. That therefore Respondents ought to have proved completion of 240 days of service in each year. That mere broken spells of service do not make a person entitled for payment of gratuity. In support, he relies on judgment of Division Bench of this Court in ***Bombay Union Dyeing and Bleaching Mills vs. Narayan Tukaram More and Anr.***[6] Mr. Bhanage accordingly prays for setting aside the impugned orders passed by the Controlling and Appellate Authorities.

7) The Petitions are opposed by Mr. Patel, the learned counsel appearing for the Respondents. He submits that specific admissions are

4 2024 3 Bom CR 31
5 2004 3 LLJ 100
6 1979 Supreme (Bom) 268 : 1980 2 LLJ 424

given by witness of Petitioner about Respondents being the employees of the Petitioner. That there are admissions of direct payment of salary by the Petitioner to the concerned employees. He therefore submits that Petitioner now cannot seek to question the correctness of findings of fact arrived at by Controlling and Appellate Authorities after taking into consideration the said admissions. So far as payment of Provident Fund contributions are concerned, Mr. Patel submits that contributions are paid with the same Code Number as is applicable to regular employees. Had Respondent been workers of the Contractor, Provident Fund contributions would have been made under a different Code Number. That the Controlling and Appellate Authorities have assessed the evidence on record and have thereafter recorded findings of fact. That concurrent findings of fact establishing direct employer-employee relationship cannot be questioned by the Petitioner before this Court in exercise of jurisdiction under Article 227 of the Constitution of India. That Respondents are granted statutory gratuity by the impugned orders and that there is no warrant for interference in the orders passed by the Controlling and Appellate Authorities. He prays for dismissal of the Petitions.

8) Rival contentions urged on behalf of the parties now fall for my consideration.

9) Petitioner is aggrieved by the orders passed by the Controlling and Appellate Authorities upholding the claim of the employees for gratuity. Respondents' claim for gratuity is disputed by the

Petitioner mainly disputing existence of employer-employee relationship. Petitioner took a stand before the Controlling Authority that Respondents are not its employees. In support of its defence that there is no employer-employee relationship, Petitioner examined its witness, Shri. Abhijit Nandkumar Mirge. The witness of the Petitioner has given series of admissions, which clearly destroys the case of the Petitioner. He specifically admitted that Shri. Sanjay Santaram Karle was the employee of the Petitioner. He has further admitted that salary of Shri. Karle was deposited by the Company. In cross-examination, when he was questioned about the Provident Fund Code, he could not depose as to whether two separate Codes were maintained for employees and contract workers. On the other hand, it got proved that Provident Fund code of the Petitioner for paying contributions of permanent employees and contributions of Respondents is the same. The Provident Fund Code is also the same, MH-9825. Petitioner who took a defence of Respondents being contract employees did not file copies of contracts executed with the contractors. Thus, the evidence before the Controlling Authority was such that it was left with no other alternative but to record finding of existence of employer-employee relationship. The Controlling Authority has made an in-depth analysis of the evidence on record. By no stretch of imagination can the said analysis be branded as perverse. The ultimate conclusion recorded by the Controlling Authority about Respondents being employees of the Petitioner is well supported by the evidence on record.

10) The Petitioner challenged the findings of the Controlling Authority in appeal before the Appellate Authority. The Appellate Authority has marshalled through the evidence once again and has upheld the findings of the Controlling Authority about Respondents being the employees of the Petitioner. The Appellate Authority has taken into consideration the factum of payment of wages as well as Provident Fund contributions by the Petitioner. Petitioner was unable to demonstrate an element of perversity in the findings recorded by the Controlling Authority and Appellate Authority.

11) The issue of existence of employer-employee relationship requires factual enquiry by taking into consideration the evidence on record. The factual enquiry is conducted by the Controlling Authority by assessing the evidence on record. The Appellate Authority has re-appreciated the evidence and has concurrently upheld the findings of the Controlling Authority. Even before me, Mr. Bhanage has been unable to point out any element of perversity.

12) Mr. Bhanage has strenuously contended that the Controlling Authority has erroneously borrowed the concept of 'principal employer' under CLRA for the purpose of establishing employer-employee relationship. I am unable to agree. In fact, the Petitioner has miserably failed to prove before the Controlling Authority by leading cogent evidence that any contracts were executed with particular contractors or that Respondents were contract employees. Apart from Petitioner's failure to prove existence of contract, the Respondents established payment of direct wages as well as deposit of Provident Fund contributions by the Petitioner. In such circumstances, it cannot be contended that the Controlling Authority has borrowed the concept of principal employer under CLRA. The Controlling Authority has not fastened the liability for payment of gratuity by upholding the status of Petitioner as the principal employer. On the other hand, the Controlling Authority has recorded positive findings of existence of direct employer-employee relationship between the parties.

13) Mr. Bhanage has relied upon judgment of this Court in ***Cummins India Ltd.*** (supra). In that case, this Court has held that the ultimate control over the affairs of the concerned workers was that of the contractor. They were merely designated to work inside the factory premises of the Petitioner therein. This Court therefore held that the Petitioner therein was not liable to pay gratuity to such contract workers. The judgment has no application to the facts of the present case where Petitioner has failed to establish existence of any contract and more importantly, payment of salaries and Provident Fund contributions directly by the Petitioner is established. There are also direct admissions of Petitioner's witness about existence of employer-employee relationship.

14) Mr. Bhanage has also relied upon judgment of this Court in ***Indian Institute of Technology vs. Tanaji Babaji Lad*** (supra), which judgment, far from assisting the case of the Petitioner, actually militates against it. In that case, the contract workers had continued with the establishment for a considerable period of time and through various contractors. Though contractors were changed, the workers continued in service. In the facts of that case, this Court held that the ultimate control and supervision over them for over 4 decades was with the Petitioner-IIT. In the present case as well similar situation exists where Respondents have worked with the Petitioner for a considerable time and even if the story of Petitioner about engagement through contractors is to be believed, the case involves continuance in service with change of contractors. In my view therefore, the judgment does not assist the case of the Petitioner in any manner and on the other hand, the ratio thereof applies in favour of the Respondents.

15) Mr. Bhanage has strenuously contended that mere contributions made by the Petitioner towards Provident Fund of the Respondents cannot be a factor relevant to be taken into consideration for determining their entitlement for gratuity. He has relied upon judgment of this Court in ***Milind Nandkumar Kulkarni*** (supra) in support of his contention that deposit of Provident Fund contribution is not a factor sufficient for establishment of employer-employee relationship. In that judgment, this Court has held in para-16 as under:

> **16.** Though deduction of Provident Fund contribution by Respondent-Company is highlighted for establishment of employer-employee relationship, this aspect is sufficiently explained. It appears that the contractors had engaged less than 20 workers and were not equipped with 'Code' for deposit of Provident fund contributions and therefore the contractors used to deduct Provident Fund contributions from the concerned workers and used to hand it over to Respondent-Company for being deposited with the office of Provident Fund. This aspect is again admitted by one of the Petitioners in the cross-examination. Therefore, mere deposit of Provident Fund contribution in respect

> of Petitioners by Respondent-Company did not *ipso facto* made them direct employees of the Respondent-Company.

16) Thus, in ***Milind Nandkumar Kulkarni***, the contractor concerned had engaged less than 20 workers and did not have a code for deposit of Provident Fund contributions. The Contractor used to deduct Provident Fund contributions from the concerned workers and used to handover the same to the Respondent therein for being deposited with the Provident Fund Authorities. In the present case, such kind of situation is not involved and there is nothing on record to indicate that the Petitioner deposited the Provident Fund dues of workers of contractors only on account of absence of code with the concerned contractor. Mr. Bhanage has also relied on the judgment of Madras High Court in ***Petroleum Workers Union and Ors. Vs. Hindustan Petroleum Corporation Ltd.*** (supra) in which it has been held in para-14 as under:

> **14.** The further contention that the respondent/Corporation was paying contribution to the employees provident fund and that the employees were entitled to the provident fund, cannot also help the workers in any manner. The liability to pay the employees provident fund is mandatory irrespective of the nature of the employment. Under S. 2(*f*) of the Employees' Provident Funds Act, 1952, which defines the expression "employee" includes any employee by or through a contractor in connection with the work of the establishment. Therefore the liability to pay the provident fund would arise even in respect of an employee under a contractor. Under S. 3-A*(sic)*, the amount of contribution paid or payable by the employer may be recovered by the employer from the contractor either by deduction of any amount payable under the contract or as a debt payable by the contractor. From the above provisions, it is clear that the liability to pay the provident fund is mainly on the principal-employer and thereafter it is open to the employer to recover from the contractor. Therefore the fact that the petitioners are covered by the provident fund scheme, is not relevant for deciding the status of the petitioners.

17) The issue before the Madras High Court was whether the concerned workers were employees of the contractor or they were direct employees of Hindustan Petroleum Corporation Ltd. The Madras High Court has not conclusively held that the concerned workers are direct employees of Hindustan Petroleum Corporation Ltd. but has issued direction for making of Reference for deciding disputed questions of facts. Therefore, the judgment cannot be read in support of an abstract proposition that deposit of Provident Fund contributions by an entity is an altogether irrelevant factor for deciding existence of employer-employee relationship.

18) In pursuance of order passed by this Court on 15 September 2025, the Petitioner has filed an Affidavit dated 27 October 2025 giving the the status of 15 Respondents. It would be relevant to reproduce Chart set forth in the said Affidavit as under:

Writ Petition No.	**Name of Employee**	**Working as**	**Name of Contractor**	**Date of joining**	**Date of termination**	**Remark**
WP (St) 28940/2025	Jyotiram Namdev Parlekar	Helper (IMD Division)	M/s. Lakshmi Spray Painting	1989	09/06/2017	This contractor is continued
WP (St) 29025/2025	Raghunath Mahadev Lokhande	Helper (IMD Division)	M/s. Matoshree Spray Painting	1988	12/07/2007	Earlier he was working with Bansode contractor
WP (st) 29026/2025	Sanjay Pandhurang Sawant	Helper (IMD Division)	M/s. Matoshree Spray Painting	16/11/1995	31/10/2016	Contract discontinued
WP (st) 28933/2025	Dattu Bali Misal	Helper (IMD Division)	M/s. S. S. Jadhav	1998	31/05/2012	Contract discontinued
WP (st) 29022/2025	Balu Bhujaba Danane	Helper (IMD Division)	M/s. Shankar Engineering	1995	31/05/2015	Contract discontinued
WP (st) 29020/2025	Dynandev Sopan Kadam	Helper (IMD Division)	M/s. Lakshmi Sray Painting	1989	31/05/2016	This contractor Is continued
WP (st) 28938/2025	Suresh Bhagwan Vanave	Helper (IMD Division)	M/s. Matoshree Spray Painting	1989	25/04/2014	Last he was working with Bansode Contractor

WP (st) 29023/2025	Vitthal Kisan Sutar	Helper (IMD Division)	M/s. B. N. Kadam	01/02/1989	31/05/2018	This contractor is continued
WP (st) 28972/2025	Hukum Eknath Sawant	Helper (IMD Division)	M/s. Bhagyashree Fabricators	1988	30/09/2015	This contractor is continued
WP (st) 28939/2025	Vishnu Suresh Shinde	Helper (IMD Division)	M/s. Lakshmi Spray Painting	01/06/1988	30/11/2016	This contractor is continued
WP (st) 28966/2025	Maruti Nivrutti Malavadkar	Helper (IMD Division)	M/s. S. S. Jadhav	06/10/1995	31/05/2018	Contract Discontinued
WP (st) 28971/2025	Balasaheb Bhimrao Kadam	Helper (IMD Division)	M/s. Matoshree Spray Painting	1993	05/05/2016	Contract Discontinued
WP (st) 28945/2025	Ramesh / Ramdas Dinkar Pawar	Helper (IMD Division)	M/s. Vikas Fabricators	1995	31/05/2014	Contract Discontinued
WP (st) 28944/2025	Sanjay Santaram Karle	Helper (IMD Division)	M/s. Shankar Engineering	02/02/1996	15/12/2015	He himself was contractor
WP 9st) 28936/2025	Mahadev Krishna Chavan	Helper (IMD Division)	M/s. Lakshmi Spray Painting	1989	28/02/2017	This contractor is continued

19) However, before the Controlling Authority, the Petitioner apparently did not produce evidence of engagement of the Respondents through contractor. It is therefore difficult to accept the bald statement made in the additional Affidavit that the Respondents were engaged through various contractors.

20) It must also be noted that the amount of gratuity directed to be paid by the Petitioner is not exponentially high. The modified amount of gratuity ultimately directed to be paid by the Appellate Authority in case of each of the Respondent is as under:

Writ Petition No.	Name of Employee	Gratuity directed to be paid (in INR)
WP (St) 28940/2025	Jyotiram Namdev Parlekar	135692

WP (St) 29025/2025	Raghunath Mahadev Lokhande	33718
WP (st) 29026/2025	Sanjay Pandhurang Sawant	68469
WP (st) 28933/2025	Dattu Bali Misal	50225
WP (st) 29022/2025	Balu Bhujaba Danane	86068
WP (st) 29020/2025	Dynandev Sopan Kadam	130685
WP (st) 28938/2025	Suresh Bhagwan Vanave	70143
WP (st) 29023/2025	Vitthal Kisan Sutar	127505
WP (st) 28972/2025	Hukum Eknath Sawant	99332
WP (st) 28939/2025	Vishnu Suresh Shinde	136145
WP (st) 28966/2025	Maruti Nivrutti Malavadkar	105942
WP (st) 28971/2025	Balasaheb Bhimrao Kadam	88662
WP (st) 28945/2025	Ramesh / Ramdas Dinkar Pawar	65267
WP (st) 28944/2025	Sanjay Santaram Karle	84284
WP (st) 28936/2025	Mahadev Krishna Chavan	120685

21) Respondents have been working for the Petitioner for a considerable period of time. Some of them have worked since the year 1988. It is not possible to believe that somebody can work as a worker of the contractor with the same principal employer for as many as 29 long years. The Respondent in Writ Petition (St.) No. 29023 of 2025 *(Vitthal Kisan Sutar)* has worked for the Petitioner from 1 February 1989 till 31 May 2018. He has rendered services for 29 long years for the Petitioner. The information provided by the Petitioner would indicate that alleged contractors have also changed. Thus, the situation prevailing in the present case is almost identical to the one in ***Indian Institute of Technology vs. Tanaji Babaji Lad*** (supra). Respondents cannot be compelled to run behind multiple contractors for securing gratuity from each of them. They have ultimately worked for a considerable period of time. They are not expecting any benefit other than gratuity from the Petitioner. The amount of gratuity is also not exponentially high. In that view of the matter, it cannot be concluded that any palpable error is committed by the Controlling or the Appellate Authority in directing payment of gratuity.

22) Considering the overall conspectus of the case, I am not inclined to interfere in the impugned orders passed by the Controlling and Appellate Authorities. The Writ Petitions are devoid of merits. They are accordingly **dismissed** without any order as to costs.

[SANDEEP V. MARNE, J.]

23) After the judgment is pronounced, the learned counsel appearing for the Petitioner requests for continuation of the ad-interim order granted during pendency of the Petitions. The request is opposed by the learned counsel appearing for the Respondent. Considering the nature of findings recorded in the judgment, I am not inclined to continue the stay. The request is accordingly rejected.

NEETA SHAILESH SAWANT Digitally signed by NEETA SHAILESH SAWANT Date: 2026.07.29 20:30:04 +0530

[SANDEEP V. MARNE, J.]