WEB COPY

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 29-10-2026

CORAM

THE HON'BLE MR JUSTICE C. SARAVANAN

WP No. 7820 of 2025
and W.M.P.No.8787 of 2025
CNR: {HCMA010410482025}

M/s. Stahl India Pvt Ltd
No 1/a Sargunar Salai, Nagelkeni, Chromepet,
Chennai 600 044
Represented By Its Authorized Signatory

..Petitioner(s)

Vs

1. The Director (FAC)
   Industrial Safety And Health T.S. No 47/1,
   Thiru Vi.Ka Industrial Estate, Guindy
   Chennai 32

2. The Deputy Director -V
   Industrial Safety And Health T.S. No 47/1,
   Thiru Vi.Ka Industrial Estate, Guindy
   Chennai 32

..Respondent(s)

PRAYER: Writ Petition filed under Article 226 of The Constitution of India praying for the issuance of a Writ of Certiorari, Calling for the records of the 1st Respondent and quash the order dated 03.06.2024 in Na.Ka. No C3 / 23754 / 2023.

For Petitioner(s): M/s.S.B.Keerthana
for M/s.AGAM LEGAL

https://www.mhc.tn.gov.in/judis

WEB COPY

For Respondent(s): Mr.K.K.Ram Siddhartha,
AGP for R1 and R2

****

ORDER

This writ petition has been filed to call for the records of the 1st Respondent and quash the order dated 03.06.2024 in Na.Ka. No C3 / 23754 / 2023.

2. The first respondent, acting as the Appellate Authority, and the second respondent, as the Original Authority, have concluded that the petitioner employed more than ten workers during the preceding 12 months and that the conversion of wet blue leather to finished leather amounts to a "manufacturing process" within the meaning of Section 2(k)(i) of The Factories Act, 1948 to warrant action under the Factories Act, 1948, the conversion of wet blue leather to finished leather.

3. This is the second round of litigation before this Court challenging the findings of the first respondent in their capacity as the Appellate Authority.

4. The operative portion of the impugned order dated 03.06.2024 in Na.Ka. No C3 / 23754 / 2023 passed by the 1st respondent reads as under:

https://www.mhc.tn.gov.in/judis

WEB COPY

"The First point of consideration requiring attention is that the number of workers involved in the premises carrying out the said manufacturing activity. The Respondent has stated that the processing of Leather products-wet blue leather to finished leather was carried on using various chemicals by employing more than 10 workers. The document collected during the inspection of the respondent namely list of workers present during the day of inspection, duly signed by the workers shows that more than 10 number of workers were present at the time inspection.

The Appellant has made an agreement with "Elite Security Services" for security, housekeeping, maintenance and other related services. In the said agreement it has been mentioned that the Contractor shall comply with The Factories Act, 1948 in point 9 of the said agreement.

Furthermore, the Appellant has registered the said premises under Employees State Insurance Corporation as a "factory establishment" under Section 2(12)/1(5) of the ESI Act, 1948 and the registration certificate ESIC code number 51000598140000301, dated 05.06.2000 has been issued to the management. It has been mentioned in the said registration certificate that the employee strength is 29.
Moreover, the Appellant in the application seeking the consent order under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, submitted to the Tamil Nadu Pollution Control Board has declared that 60 number of workers are working in the said premises.

The Appellant has also registered this premise with Employees Provident Fund Organization, with code no EPFO TBTAM0040976000.

Based on the records furnished by the Respondent, it is evident that more than 10 number of workers are working in the said premises, which attracts the applicability of The Factories Act, 1948.

https://www.mhc.tn.gov.in/judis

WEB COPY

The second point of consideration, is whether is the said process being carried out in the premises is a manufacturing activity.

As per section 2(k)(i) of The Factories Act, 1948, "manufacturing process", means any process for-

(i) making, altering, repairing, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing, or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal;..... .

During the inspection of Respondent, it was observed that the Processing of Leather Products-wet blue leather to finished leather using various chemicals was carried on with the aid of 72.5 hp machineries such as Training drum, Roller Coating machine, Tumble Drier, Heating chamber, Spray Booth etc. and employing more than 10 workers. Hence it is clear that the aforementioned processes fall under the definition of manufacturing process according to Act and Rules.

In addition, the licenses issued by various Government authorities, as mentioned below, also prove that manufacturing process is carried out in the said premises.

In the application submitted to the Tamil Nadu Pollution Control Board for seeking the consent order under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, the appellant has declared that principal use of raw material is for "Tanning" and had also declared 12KLD as the Trade effluent quantity and 2.40 KLD as the Total Sewage Generation quantity.

The consent has been obtained from the Tamil Nadu Pollution Control Board for operating the facility for manufacturing of produces/by products under the Water (Prevention and Control of Pollution) Act 1974,

https://www.mhc.tn.gov.in/judis

WEB COPY

with Consent number 2308151690856 dated 17.06.2023, under the Category: "RED" and under the Air (Prevention and Control of Pollution) Act 1981, with Consent number 2208245200158 dated 19.06.2022, under the Category: "RED".

Further, the Appellant has also been registered as Member tanner of the Common Effluent Treatment Plant (Pallavaram Tanners Industrial Effluent Treatment Company Ltd) and obtained permission to discharge 12KLD of Trade effluent.

The above permission proves that manufacturing process is being carried on in the said premises. From the consent orders issued by Tamil Nadu Pollution Control Board and Common Effluent Treatment Plant registration certificates, it is observed that a sizeable quantity of trade effluent is declared and thus it is inferred that a sizeable quantity of leather is being used. The leather products manufactured in the said premises are used by them for the purpose of getting orders from the customers. Moreover, as contended by the appellant, even if the product is manufactured for only for demonstration, by any means it has to be disposed. Hence it is considered that the products manufactured in the said facility are either used by them, sold or disposed appropriately.

Furthermore, the respondent has also submitted the Trade licence issued to the said premises under section 249 of the Tamil Nadu District Municipality Act, 1920, specifically mentioning the trade name as "Leather garments" which makes it clear that license has been obtained for the said premises for the purpose of trading of Leather garments.

Thus, on consideration of the above grounds, it is clearly evident that the Appellant has been using the premises to convert wet blue leather to finished leather by using various chemicals with a view to its use, sale, disposal. Thus, the afore-said processes amounts to definition of "manufacturing process", as per section 2(k) of The Factories Act, 1948.

https://www.mhc.tn.gov.in/judis

WEB COPY

Hence, based on the documentary evidences submitted by the Respondent, it is evident that the said premises "STAHL INDIA PRIVATE LIMITED" situated at No.1/A, SargunarSalai, Nagalkeni, Chrompet, Chennai - 600044, where the manufacturing activity of "Processing of Leather Products - Wet Blue Leather to finished Leather" is carried out by employing more than 10 workers, is statutorily required to be registered under The Factories Act, 1948 and that the reply of the Respondent dated 14.09.2023 is legally valid.

Therefore, the Appellate authority / Director of Industrial Safety and Health, hereby order that the appeal submitted by the Appellant under section 107 of The Factories Act, 1948 is devoid of merits and hence it is rejected."

5. Earlier, an inspection was conducted on 07.07.2023. It was followed by a re-inspection on 05.09.2023. The copy of the inspection report was furnished to the petitioner on 14.09.2023. The petitioner independently filed an appeal against the report on 21.09.2023. In this background, the second respondent passed an order on 29.09.2023.

6. Aggrieved by this decision, the petitioner preferred an Appeal before the First Respondent under the provisions of the Factories Act, 1948. The First Respondent subsequently disposed of the Appeal on 01.12.2023, whereby the aforesaid order of the second respondent was confirmed.

https://www.mhc.tn.gov.in/judis

WEB COPY

7. The order dated 01.12.2023 of the First Respondent was challenged before this Court in W.P. No. 3326 of 2024. By an order dated 21.02.2024, the Writ Court remitted the matter back to the First Respondent to pass a fresh order with the following observations:

> *"8. A reading of the order dated 14.09.2023 impugned in the appeal clearly shows that the 2nd respondent concluded that the petitioner establishment is covered by the Factories Act. The Division Bench in the aforementioned Judgment in the case of* ***Krishna Srivastava Vs. The Joint Director, Industrial Safety and Health, Chennai reported in 2007 (4) LLN 828*** *held that appeal under Section 107 lies against the Order of the Inspector. The 1st respondent rejected the appeal stating that it was preferred against a show cause notice and Criminal Prosecution was pending. In my view the 1st respondent has misconstrued the order dated 14.09.2023. In the order a categorical finding was given that the petitioner establishment is a factory. Hence the appeal cannot be said to have been filed against a mere show cause notice. It is further seen that none of the grounds of appeal have been considered by the 1st respondent in the appeal. Even the reason that criminal prosecution is pending is also untenable and the same cannot be a ground for rejecting the appeal. As the 1st respondent has rejected the appeal even without considering the grounds of appeal and for untenable reasons, the impugned order is set aside and remanded for fresh consideration. On remand the 1st respondent is directed to consider the appeal on merits and in accordance with law within a period of four weeks from the date of receipt of a copy of this order."*

8. It is against this background that the impugned order has now been passed by the first respondent in the de novo proceedings. The point for consideration is whether the Appellate Authority was correct in concluding that the petitioner's premises at Chrompet is a factory or not within the meaning of

https://www.mhc.tn.gov.in/judis

WEB COPY

Section 2(m) of the Factories Act, 1948. The definition of "factory" under Section 2(m) reads as follows:-

> *"2(m). "factory" means any premises including the precincts thereof—*
>
> *(i) whereon ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a **manufacturing process** is being carried on **with the aid of power**, or is ordinarily so carried on, or*
>
> *(ii) whereon twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a **manufacturing process** is being carried on **without the aid of power**, or is ordinarily so carried on,*
>
> *—but does not include a mine subject to the operation of the Mines Act, 1952 (35 of 1952), or a mobile unit belonging to the armed forces of the Union, a railway running shed or a hotel, restaurant or eating place.*
>
> ***Explanation I.**—For computing the number of workers for the purposes of this clause all the workers in [different groups and relays in a day shall be taken into account;]*
>
> ***Explanation II.**—For the purposes of this clause, the mere fact that an Electronic Data Processing Unit or a Computer Unit is installed in any premises or part thereof, shall not be construed to make it a factory if no manufacturing process is being carried on in such premises or part thereof;"*

9. The petitioner contends that the Chrompet premises housed only its headquarters and a Customer Experience Center on the ground floor. It was submitted that the conversion of "wet blue leather" to finished leather was

https://www.mhc.tn.gov.in/judis

WEB COPY

conducted solely for demonstration purposes for customers visiting the ground floor and mezzanine floor.

10. Furthermore, it submitted that access to the ground floor and mezzanine floor is restricted, and only five employees were engaged at the customer experience center and the petitioner that all other personnel present on the premises were outsourced only the for security, housekeeping, and maintenance services, and the employees of independent outsourced entity were present and are not constitute workmen of the petitioner.

11. The petitioner has now filed an additional affidavit dated 28.10.2026 wherein it has been stated that the property at No.1/A, Sargunar Salai, Nagalkeni, Chrompet, Chennai - 44 which consisted of three floors and the 1st and 2nd floors which were being used for office purposes and the ground and the mezzanine floors were being used as the Customer Experience Center and that during the pendency of the present writ petition the property itself has been transferred by the petitioner to M/s.Muno India Private Limited with effect from 01.01.2026 and that the said property is neither owned nor controlled by the petitioner and hence the question of this petitioner registering under the premises as a factory does not arise. The content of the additional affidavit is extracted below:

https://www.mhc.tn.gov.in/judis

WEB COPY

"I state that the Petitioner owned a property at No.1/A, Sargunar Salai, Nagalkeni, Chrompet, Chennai - 44. I state that the property consisted of three floors. I state that out of this, the 1st and the 2nd floors were being used for office purposes, and the Ground and the Mezzanine floor were being used as the Customer experience center.

2. I state that the Respondent claimed that the said premises should be registered under the Factories ACt, 1948 and issued a show cause notice. The Petitioner filed an appeal, which was dismissed by a non-speaking order, and the same is the subject matter of this writ petition.

3. I state that during the pendency of the writ petition, the said property has been transferred by the Petitioner to M/s.Muno India Private Limited with effect from 01/01/2026. I state that, considering this development, the said premises is neither owned nor controlled by this Petitioner and hence the question of this Petitioner registering the premises as a factory does not arise.

4. It is, therefore, humbly prayed that this Hon'ble Court may also take into consideration the above aspect while deciding the writ petition."

12. Having considered the submissions made by the learned counsel for the petitioner and the learned counsel for the respondent, I am of the view that the finding of fact rendered by the second respondent, which was subsequently affirmed by the Appellate Authority, cannot be disturbed. Consequently, during the period of dispute, the petitioner was indeed required to register itself as a factory under the Factories Act, 1948.

https://www.mhc.tn.gov.in/judis

WEB COPY

13. That apart it is well settled position of law that a finding of fact recorded by statutory authorities cannot be interfered with unless it suffers from perversity. The fact that the petitioner had obtained permission from the authorities under the Water (Prevention and Control of Pollution) Act, 1974, and the Air (Prevention and Control of Pollution) Act, 1981, wherein it declared that 60 workers were employed at the premises, clearly demonstrates that manufacturing activity was indeed being carried on at the said premises. Therefore, the respondents cannot be faulted for holding that the petitioner was indeed liable to register under the provisions of the Factories Act, 1948.

14. Consequently, the challenge to the impugned order in this writ petition fails. However, taking note of the additional affidavit filed stating that the said premises has been sold to M/s. Muno India Private Limited with effect from 01.01.2026, liberty is granted to the second respondent to conduct a fresh inspection to ascertain whether any manufacturing activities are currently being carried out by M/s. Muno India Private Limited and whether the said company is required to register under the provisions of the Factories Act, 1948 and on applicable pollution control laws.

https://www.mhc.tn.gov.in/judis

WEB COPY

15. Therefore, this writ petition is disposed of on the above terms. No costs. Consequently, the connected writ miscellaneous petition is closed.

29-10-2026

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

To

1. The Director (fac)
   Industrial Safety And Health T.S. No 47/1,
   Thiru Vi.Ka Industrial Estate, Guindy Chennai
   32

2. The Deputy Director -v
   Industrial Safety And Health T.S. No 47/1,
   Thiru Vi.Ka Industrial Estate, Guindy Chennai
   32

https://www.mhc.tn.gov.in/judis

WEB COPY

C.SARAVANAN, J.

RNA

WP No. 7820 of 2025
and W.M.P.No.8787 of 2025

29-10-2026

https://www.mhc.tn.gov.in/judis