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C.M.A.No.119 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 27.02.2026

CORAM

THE HONOURABLE MRS.JUSTICE K.GOVINDARAJAN THILAKAVADI,J.

C.M.A.No. 119 of 2026

M/s.I-Net Secure Labs Private Limited

Rep., by its Authorized Signatory Mr.Prabhakar Natrajan,

Old No.569, New No.914,Poonamallee High Road,

Arumbakkam, Chennai, Tamil Nadu-600 106.

...Appellant

Vs.

1.The Deputy Director,

Employees State Insurance Corporation,

143, Sterling Road, Nungambakkam

Chennai-600 034.

2.The Recovery Officer,

Employees State Insurance Corporation,

143, Sterling Road, Nungambakkam

Chennai-600 034.

...Respondents

Prayer: This Civil Miscellaneous Appeal is filed under Section 82(2) of the Employees State Insurance Act, 1948, against the order passed by the learned Employees Insurance Court (Principal Labour Court) Chennai, dated 12.08.2025 passed in I.A.No.1 of 2025 in O.P.Sr.No.282 of 2025.



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For Appellant : Ms.R.S.Pornima
For Respondents : Mr.J.Dharmaraj for R1 & R2

JUDGMENT

This appeal is preferred against the order passed in I.A.No.1 of 2025 in O.P.SR.No.282/2025 dated 12.08.2025 passed by the Employees Insurance Court (Principal Labour Court) Chennai.

2.The appellant has preferred an application under Section 75 (2-B) of the Employees State Insurance Corporation Act, 1948 (herein after referred as ESI Act) before the ESI Court, seeking for exemption from depositing 50 % of the amount due as claimed by the respondents under Section 45 AA of the ESI Act, 1948 vide No.TN/51-00-125518-000-0999/Ins I and to declare that the amount of Rs.29,36,595/- which is the balance amount of Rs.39,15,460/- after adjusting 25% pre-deposit amount of Rs.9,78,865/- which was demanded under Section 45 A determination order for the Section 45AA appeal, being determined is not 'contribution' payable for the financial year 2019-2020 under the provisions of the said Act.



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3.By the impugned order, the learned Judge disposed the application under Section 75 (2B) of the ESI Act, by directing the appellant to deposit 50% of the demanded amount of Rs.29,36,595/- for numbering the petition. Aggrieved by this, the present appeal is filed.

4.Ms.R.S.Pornima, learned counsel for the appellant would submit that, the appellant is a private limited company having 80 employees on payroll, engaged predominantly in the business of supply of manpower service for the installation of CCTV and provide security, as well as execution of AADHAR related services. While so, on 10.07.2024, the 1st respondent issued an order dated 08.07.2024 under Section 45 (A) of the ESI Act, directing the principal employer of the appellant to pay a sum of Rs.39,15,460/- towards contribution based on alleged omitted wages, namely "DC and Project Advances" and "Service" for the Financial Year 2019-2020, where as, no contribution is required to be paid under the ESI Act on payouts identified as advances and services. Aggrieved by the order of the 1st respondent, the appellant preferred an appeal under Section 45 AA of the ESI Act before the Appellate Authority, after depositing a sum of Rs.9,78,865/- being the 25% of the contribution so ordered, in terms of Section 45-AA of the ESI Act. The said appeal was



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dismissed on 16.04.2025, against which the appellant preferred an appeal under Section 75 of the ESI Act, before the ESI Court along with an application under Section 75 (2B) of the ESI Act, seeking for a waiver of the precondition of depositing 50% of the contribution determined by the Corporation, considering that 25% of the alleged contribution had already been remitted. The ESI Court without appreciating the above facts, vide order dated 12.08.2025 dismissed the said application and directed the appellant to deposit 50% of the demanded amount for numbering the appeal. Hence, this appeal.

5.On the other hand, Mr.J.Dharmaraj, learned counsel for the respondents 1 & 2 /Department has opposed the prayer. It is submitted that the impugned order has rightly been passed as condition of pre-deposit of 50% of the demanded amount as mandatory has per Section 75 (2B) of the ESI Act, and therefore, no case for interference is made out in the matter.

6.Heard on both sides and records perused.

7.Section 75 (2-B) of the Act reads as under:



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"No matter which is in dispute between a principal employer and the Corporation in respect of any contribution or any other dues shall be raised by the principal employer in the Employees' Insurance Court unless he has deposited with the Court fifty percent of the amount due from him as claimed by the Corporation.

Provided that the Court may, for reasons to be recorded in writing, waive or reduce the amount to be deposited under this subsection."

8.The deposit of 50% of the demanded sum is a condition precedent in filing a case under Section 75(1)(g) of the ESI Act. Proviso to Section 75 (2B) envisages that the Court may waive or reduce the amount of deposit. The points raised in the main application are to be decided after evidences are adduced by the parties. But considering the facts and circumstances of the case, and the materials on record, it is seen that, the appellant has already deposited 25% of the demanded amount under Section 45 AA of the ESI Act, before the Appellate Authority. If an employer has already deposited 25% of the contribution ordered under Section 45 AA of the ESI Act to prefer an appeal, the said amount is considered part of the liability. To challenge the final decision in the ESI Court under Section 75, a further deposit may be required, and the previous 25% deposit has to be taken into account to



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determine the total amount required to proceed. In essence, the amount paid under Section 45 AA is not forfeited but serves as a credit against future liability or necessary pre-deposits in subsequent legal proceedings under the ESI Act.

9. Therefore, the 25% amount deposited by the appellant/employer in the present case under Section 45 AA of the ESI Act for an appeal before the Appellate Authority ought to have been adjusted by the ESI Court against the mandatory pre-deposit required for filing a case under Section 75 of the ESI Act. The ESI Court ought to have permitted the appellant/employer to move the ESI Court by directing the appellant/employer to deposit an additional sum, taking into account the initial 25% already deposited.

10. In view of the above, the impugned order dated 12.08.2025 passed in I.A.No.1 of 2025 in O.P.SR.No.282/2025 by the learned Judge of the Employees Insurance Court (Principal Labour Court) Chennai is hereby set aside on a condition that the appellant/employer shall deposit 25% of the quantified amount, and thereafter, the concerned Court shall proceed ahead, in accordance with law. If the appellant/employer succeeds in the appeal, entitled for refund of the deposited amount.



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11.With the aforesaid direction and observation, this civil miscellaneous appeal stands disposed of. No costs.

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vsn

Internet:Yes/No

Index:Yes/No

Speaking/Non-speaking order

To

1. The Presiding Officer,

Employees Insurance Court (Principal Labour Court) Chennai

2.The Deputy Director,

Employees State Insurance Corporation,

143, Sterling Road, Nungambakkam

Chennai-600 034.

3.The Recovery Officer,

Employees State Insurance Corporation,

143, Sterling Road, Nungambakkam

Chennai-600 034.

4. The Section Officer,

VR Section, High Court, Madras.

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