



## GOVERNMENT OF KERALA

### Abstract

Labour & Skills Department - Judgment of Hon'ble High Court dated 01.04.2025 in WP(C) 9012/2025 filed by Sri. K.Pradeep Kumar & Indian Coffee Board Employees Union - Complied with- Orders issued.

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### LABOUR AND SKILLS (E)DEPARTMENT

G.O.(Rt)No.52/2026/LBR Dated,Thiruvananthapuram, 16-01-2026

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- Read 1. Representation submitted by Sri. K.Pradeep Kumar & others dated 08.05.2024.
- 2 Judgment dated 01.04.2025 in Writ Petition (Civil)no.9012/2025 filed by Sri. K.Pradeep Kumar & others.
- 3 Judgment dated 26.05.2025 in Review Petition no. 530/2025 against the judgment dated 01.04.2025 in W.P.(C) No.9012/2025
- 4 Letter No. KR/KCH/1971/Ex.Estt/ENF 1(7)/E office ID 610653/2025-26 dated 15.10.2025 from the Regional Provident Fund Commissioner, Regional Office, Kochi.
- 5 Letter No. KR/KCH/1971/Estt/ENF 1(7)/E office ID 610653/2025-26 dated 19.12.2025 from the Regional Provident Fund Commissioner, Regional Office, Kochi

### ORDER

Sri.K.Pradeep Kumar, an employee of Indian Coffee Board Workers Co-Operative Society Ltd. No.4227 & Indian Coffee Board

Employees Union, an organization of the employees of the Indian Coffee Board Workers Co-operative Societies Ltd. No.4227 have filed Writ Petition (Civil) 9012/2025 before the Hon'ble High court of Kerala. The main contention raised by the petitioners is that the Government have not considered their representation vide 1<sup>st</sup> paper above seeking revocation of the exemption to the Indian Coffee Board worker's Co-operative Societies Ltd. No. 4227 under Clause (a) of Sub Section (1) 17 of the Employees Provident Fund and Miscellaneous Provision Act 1952 and pleaded the court to issue an interim direction to the first respondent to consider and pass orders on Exhibit P3 representation.

2. The Hon'ble High court disposed the petition vide 2<sup>nd</sup> paper read above, directing the additional 6<sup>th</sup> respondent, the Regional Provident Fund Commissioner, Regional Provident Fund Organisation, Regional Office, Kochi to submit their remarks on Ext.P3 representation (Petition Dated 08.05.2024 submitted by the Petitioners before government) within a period of three weeks from the date of receipt of a copy of the judgment. Further, the 1<sup>st</sup> respondent, Secretary, Labour and Skills Department is directed to pass orders on Ext.P3, in accordance with law, within a period of one month from the date of receipt of such remarks.

3. Meanwhile, the Secretary, Indian Coffee Board Workers Co-Operative Society and the Chairman, Employees Provident Fund Trust, Indian Coffee Board Workers Co-Operative Society filed Review Petition no. 530/2025 against the judgment dated 01.04.2025 in W.P.(C) No.9012 of 2025. The Review Petitioners contended that the judgment has an obvious flaw, it omits any directive to grant them a reasonable opportunity to be heard and present their documents when orders related to Ext.P3 are being considered and passed.

4. As per the 3<sup>rd</sup> paper read above the Hon'ble High Court of Kerala has disposed the Review Petition reviewing the judgment dated 01.04.2025 to the extent of permitting the review petitioners and the writ petitioners to be heard before orders are passed on Ext.P3 representation. After that the Labour and Skills Department, has filed an extension of time petition before the Hon. High Court in the event of delay in implementing the judgment dated 26.05.2025 and has subsequently filed an affidavit condoning the delay in complying with the judgment

5. Further, in accordance with the judgment in W.P.(C) No.9012/2025 dated 01.04.2025, proceedings of the Regional Provident Fund Commissioner was issued to the establishment on 14.10.2025, assessing total dues of Rs. 25,33,77,984/- with direction the establishment to transfer an amount of Rs.18,13,95,359/- to the Board of Trust and remit Rs.7,19,82,625 /- to the Employees Provident Fund Organisation . As per the Standard Operating Procedure (SOP) for cancellation of exemption, the following steps are required before initiating cancellation, issuance of Show Cause Notice (CE-1), issuance of Notice for Withdrawal of Exemption (CE-9), and conducting a third-party audit. At present, only the show cause notice dated 17.03.2025 (CE-1) has been issued to the establishment. The establishment has challenged this notice by filing W.P.(C) No.15617/2025, and the Court has granted an interim stay. Necessary action in accordance with the SOP will be taken after the stay is vacated. The proposal for cancellation of exemption is submitted only through the Head Office of Employees Provident Fund Organisation.

6. In compliance to the directions in the judgment, the Petitioner, Sri. K.Pradeep Kumar, the representative from Indian Coffee House Employees Union, the Respondent representatives from Indian Coffee

Board Workers Co-op Society Ltd. No.4227, Thrissur and the Enforcement Officer, Employees Provident Fund Organisation were heard in person by the Deputy Secretary to Government on 17.12.2025 at 11:00 AM.

7. During the hearing, the petitioner and the Union representative alleged that the respondent Society has not been regularly remitting the contribution it collects from the salary of the employees to the Provident Fund Trust. It is a clear violation of the conditions specified in Sub Section 1A of section 17 of the Act and that, the exemption granted to the 2nd respondent is liable to be cancelled . The non remittance of the contribution by the society would seriously affect the purpose of the fund and will result in huge loss in terms of loss of interest. It is also informed that non remittance of provident fund contribution exceeds Rs.10 crores. On retirement, the employees will be deprived of the right to get provident fund amount.

8. The representatives from Indian Coffee House Employees Union stated that the company has not reported losses for 3 consecutive years. The Society was reported to have been running in profit during the year 2016-2017. The Society was also in profit during the financial year 2019-2020. After 2019-2020, due to the advent of COVID-19 pandemic, the entire business of Coffee House was shut down during the lock down period. Nevertheless, of the above, the Society was making payment of salary/wages to the employees so as to avoid any difficulties for them in their life. The crisis in the Society has happened only because of the administration done by the administrator appointed by the registrar. The flood that occurred in 2018 along with the COVID-19 pandemic has maximized the financial difficulties of the society. Despite this, the society has not done anything adverse affecting the service condition or salary and other statutory benefits due to the employees.

**9.** The Enforcement officer , EPFO who attended the hearing stated that the complaint alleging non-remittance of provident fund contributions was examined on the basis of records available in their office. The Enforcement Officer conducted inspection and submitted a report dated 23.05.2025, wherein provident fund dues for the period from April 2020 to March 2025 was reported. Subsequently, an inquiry under section 7 A of the EPF Act, 1952 was initiated, and an order dated 14.10.2025 was issued assessing dues of Rs. 25,01,93,464/-.

**10.** The Regional Provident Fund Commissioner, Regional Provident Fund Organization, Kochi vide letter read as 5th paper above, has furnished remarks on Ext.P3 representation. It is reported that while conducting the compliance audit of the establishment and its exempted trust, it was found that the establishment had reported losses for more than three consecutive financial years-specifically 2017-18, 2018-19, 2020-21, 2021-22, 2022-23 and 2023-24. The establishment's contention that it has not incurred losses for three consecutive years is baseless. During the compliance audit, it was observed that the establishment maintained two distinct balance sheets. One submitted by the establishment to the Income Tax Department and the other submitted to the Cooperative Department. A comparative analysis of the said financial statements discloses material discrepancies between the two documents. As per the Form 3CD audit report submitted under section 44AB of the Income tax Act, 1961, the establishment has been in loss from 2017-18 to 2023-24, except for 2019-20. However, the balance sheet prepared for the Cooperative Department reflects profits for the financial years 2019-20 and 2022-23, and losses for the financial years 2017-18, 2018-19, 2020-21 and 2021-22.

**11.** It is also reported that in view of the repeated deviations from the prescribed investment pattern, prolonged non-remittance of provident

fund dues assessed under section 7A, continuous financial losses, and violations of conditions 17 and 25 of Appendix 'A' to para 27AA of the EPF Scheme, 1952, the establishment has failed to comply with the conditions of exemption under section 17(1) (a) of the EPF & MP Act, 1952. Accordingly, the action initiated by the office for cancellation of exemption is in accordance with law and is subject to the final outcome of the pending writ petition before the Hon'ble High Court of Kerala.

**12.** From the compliance report furnished by the Regional PF commissioner Kochi, vide letter read as 4th paper above, it may be seen that as per the Standard Operating Procedure (SOP) for cancellation of exemption, the following steps are required before initiating cancellation, issuance of Show Cause Notice (CE-1), issuance of Notice for Withdrawal of Exemption (CE-9), and conducting a third-party audit.

**13.** The role of State Government in granting exemption to a firm and its cancellation, is just to issue notification on the basis of the recommendation from the Employees Provident Fund Organisation.

**14.** The Government have examined the matter in detail. The exemption granted to the 2nd respondent the Indian Coffee Board worker's Co-operative Societies Ltd. No. 4227 from the provisions of the Employees Provident Fund Scheme 1952, shall be cancelled after completing all the procedures laid down in the act and as and when proposal for recommendation of cancellation of exemption is received from the Employees Provident Fund Organisation.

**15.** The direction of the Hon'ble High Court in the judgment read as 2nd paper above is thus complied with.

(By order of the Governor)

SHANAVAS S I A S  
SPECIAL SECRETARY

To:

1. Sri. K. Pradeep Kumar, Kizhakke Kandath House, Velappaya, Medical College P.O, Thrissur - 680596.
2. Sri. C. K. Rajesh, Secretary, Indian Coffee House Employees Union, Chembamkulam House, Ayyappancovil P.O, Marykulam, Idukki - 685602.
3. The Advocate General (with Covering letter)
4. The Principal accountant General (Audit& A&E), Kerala
5. The Regional Provident Fund Commissioner, Regional Office, Kochi
6. Secretary, Indian Coffee Board Workers Co-operative Society Ltd  
No.4227, Head Office Veliyannur, Thrissur - 680596
7. Web & New Media ,I&PRD (For publication in the official website)
8. Stock file / Office Copy

Forwarded /By order

Section Officer

Copy to- PS to Minister for Labour & Skills Department

PS to Special Secretary, Labour & Skills Department