



CNR: KAHC010080962024

NC: 2026:KHC:46351
WP No. 5912 of 2024

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 27TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MS. JUSTICE JYOTI M

WRIT PETITION NO. 5912 OF 2024 (L-SE)

BETWEEN:

SYSTEMANTICS INDIA PVT. LTD.,
A COMPANY INCORPORATED
UNDER THE COMPANIES ACT,
AND HAVING ITS REGISTERED OFFICE AT
NO.40, 36TH CROSS, 23RD MAIN,
JAYANAGAR, 4TH 'T' BLOCK,
BENGALURU-560041,
REPRESENTED HEREIN BY ITS
DULY AUTHORIZED SIGNATORY/DIRECTOR,
MR. JAGANNATH RAJU

...PETITIONER

(BY SRI. I.S.DEVAIAH, ADVOCATE FOR
SRI. DEVARAJ K.S., ADVOCATE)

AND:

1. MR. SADASHIV J. SHENOY,
S/O. MR. JAGANNATH PUTHU SHENOY,
AGED ABOUT 52 YEARS,
RESIDING AT B-703,
BRIGADE GARDENIA,
J.P. NAGAR, 8TH PHASE,
BENGALURU-560078.
2. ASSISTANT LABOUR COMMISSIONER AND
APPELLATE AUTHORITY UNDER
THE SECTION 39 OF KARNATAKA SHOPS AND
COMMERCIAL ESTABLISHMENT ACT, 1961
DIVISION-3, BENGALURU,
KANIKA BHAVAN,

Digitally signed
by
PREMCHANDRA
M R
Location: HIGH
COURT OF
KARNATAKA



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BANNERUGHATTA ROAD,
BENGALURU-560029.

...RESPONDENTS

(BY SRI. KASHYAP N.NAIK, ADVOCATE A/W
SRI. ABINAV, ADVOCATE FOR C/R1;
SRI. PRAKASH M.GANIGER, HCGP FOR R2)

THIS WRIT PETITION IS FILED UNDER ARTICLE 227 OF
THE CONSTITUTION OF INDIA, SEEKING CERTAIN RELIEFS.

THIS WRIT PETITION HAVING BEEN HEARD AND
RESERVED FOR ORDERS ON 14.08.2026, THIS DAY, AN ORDER
IS PRONOUNCED AS UNDER:

CAV ORDER

Sri.I.S.Devaiah, counsel on behalf of Sri.Devaraj.K.S., for
the petitioner; Sri.Kashyap N.Naik, counsel for
caveator/respondent No. 1; and Sri. Prakash M. Ganiger, High
Court Government Pleader for respondent No. 2, appeared in
person.

2. The short facts are these.

The first respondent was originally employed by the
petitioner - company as a project engineer in 1995. He
resigned from the petitioner- company in 2002. In March 2005,
he rejoined the petitioner-company and was appointed as
"Manager - Design and Development".



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A meeting was held on 23.06.2017 between the petitioner-company and the first respondent, during which the first respondent was informed that the petitioner-company underwent restructuring and, as part of this restructuring, the position of Head of Technology and Testing became redundant and was eliminated.

The first respondent was given an exit option instead of termination of his services and was offered the choice to leave employment with certain benefits. The 90-day notice period, as outlined in clause 12 of the employment letter, began on 23.06.2017. During this period, the first respondent was serving his notice period with the petitioner-company while negotiating the terms of his Exit Agreement and ESOP Agreement.

The petitioner-company issued a letter to the first respondent, briefly outlining the events that preceded the termination and reaffirming the notice of termination of employment. The petitioner-company also requested that the first respondent return all company property and materials in his/ their possession. The petitioner-company settled all dues



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payable to the first respondent and attached a cheque for Rs.14,67,413/- to settle all such dues. The first respondent encashed the full and final settlement cheque issued by the petitioner-company.

It is stated that the first respondent issued a legal notice through his counsel, making several false allegations and averments, and demanding the allotment of stock options, payment of monies, etc. The petitioner-company replied to the first respondent's legal notice. The first respondent filed an appeal before the Appellate Authority seeking directions to withdraw the termination letter and for reinstatement, and compensation. The first respondent also filed a civil suit in O.S.No.6091/2020 before the Trial Court, claiming various reliefs. In that suit, the first respondent admitted the severance of the employer-employee relationship, did not dispute it, and made claims in furtherance of and as a consequence of such severance. The Appellate Authority, vide Judgment dated 06.12.2022, directed the petitioner to pay compensation of Rs.27,08,337/- under Section 37(3), of the Karnataka Shops and Commercial Establishments Act, 1961 within 30 days.



Against this order, the petitioner filed a revision petition before the Additional City Civil Judge, Bengaluru, under Section 39(4), of the Act, 1961. The Revision Court, vide Order dated 03.01.2024, dismissed the revision. Accordingly, the petitioner-company is before this court.

3. Counsel for the respective parties presented several contentions.

Counsel for the petitioner submits that there is a lack of jurisdiction, as the first respondent occupied a position of management and was exempted under section 3(h) of the Act, 1961. It is submitted that both the Appellate Authority and the Revisional Court failed to apply the test of the primary, basic, and dominant nature of the first respondent's duties. Hence, the impugned orders suffer from a patent jurisdictional error. It is vehemently contended that the mandatory prerequisites to invoke relief under Section 39 are not fulfilled. The Appellate Authority has jurisdiction only where the termination of the contract of employment has been made without cause and without giving salary in lieu of notice, as contemplated under the Act. The Appellate Authority has no jurisdiction to grant



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compensation under section 39(3) of the Act; compensation under Section 39 is payable only if the removal/dismissal is without cause, not for the lack of notice. Counsel further submits that the first respondent admittedly had 90 days' notice of the cessation of his employment. Urging additional contentions, counsel submits that the writ petition may be allowed.

Counsel for respondent No.1 justified the orders. Next, he submits that the first respondent never held any position of management in the company. The petitioner-company terminated the first respondent's employment without giving 90 days' notice. It has been contended that the evidence before the Labor Commissioner conclusively proved that there was no mutual agreement or consensus between the parties that the employment would be terminated in October 2017; the termination was unilateral. It is argued that the Labor Commissioner's order sets out in detail the reasoning for holding that the first respondent falls within the definition of "Employee" under section 2 (g) and that the first respondent did not hold any managerial position as contended by the



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petitioner-company. Urging additional contentions, counsel submits that the petition is devoid of merit and is liable to be dismissed.

Counsel for the petitioner placed reliance on the following decisions:

1. *ARKAL GOVIND RAJ RAO V. CIBA GEIGY OF INDIA LTD. BOMBAY, (1985) 3 SCC 371.*
2. *SOM MITTAL V. GOVERNMENT OF KARNATAKA, (2008) 3 SCC 753.*
3. *G.S JOSHI V. STATE OF MYSORE, 1971 SCC ONLINE KAR 333.*
4. *VISHAKANTAIAH T.N V. MANAGEMENT OF MYSORE PETRO CHEMICALS LIMITED AND OTHERS, ILR 2004 KAR 4890.*
5. *S.K MAINI V. CARONA SAHU COMPANY LIMITED AND OTHERS, AIR 1994 SC 1824.*
6. *BATA (INDIA) LIMITED AND OTHERS V. S.K CHAWLA, MANU/GJ/0415/2005.*
7. *BURMAH SHELL OIL STORAGE AND DISTRIBUTION OF INDIA LTD V. THE BURMA SHELL*



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*MANAGEMENT STAFF ASSOCIATION AND OTHERS,
AIR 1971 SC 922.*

*8. BHARAT BHAWAN TRUST V. BHARAT BHAWAN
ARTISTS ASSOCIATION AND OTHERS, AIR 2001 SC
3348.*

*9. MANAGEMENT OF SONEPAT COOPERATIVE
SUGAR MILLS LTD V. AJIT SINGH, AIR 2005 SC
1050.*

*10. INTEGRATED RURAL DEVELOPMENT AGENCY V.
RAM PYARE PANDEY, 1995 SUPP (2) SCC 495.*

*11. STANDARD VACUUM OIL CO. MADRAS V.
COMMISSIONER OF LABOUR MADARAS AND
OTHERS, AIR 1960 MAD 288.*

*12. PARAPPA SANGAPPA PALLED V. ASTULSAHEB
HASSANSAHIB AND OTHERS, W.P.NO.3512/1970
ALONG WITH CONNECTED MATTERS.*

*13. WALI AHMED SHAREEF V. THE ASSISTANT
LABOR COMMISSIONER AND THE APPELLATE
AUTHORITY AND OTHERS, MANU/KA/1588/2021.*

Counsel for the first respondent placed reliance on the following decisions.



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1. *T. PREM SAGAR V. M/S STANDARD VACUUM OIL COMPANY, MADRAS AND OTHERS, AIR 1965 SC 111.*
2. *ALOYSIUS NUNES V. THOMAS COOK INDIA LTD, (2000) SCC ONLINE BOM 165.*
3. *NATVARLAL U. MODI V. AHMEDABAD DIST. CO-OP MILK PRODUCERS UNION LTD, 2004 SCC ONLINE GUJ 159.*
4. *T.P CHANDRA V. THE PRESIDING OFFICER, LABOR COURT AND OTHERS, (1975) 2 MLJ 371.*
4. Heard arguments and carefully perused the papers.
5. The following points arise for determination.
 1. Whether the termination of the first respondent's employment, recorded in the order dated 10.10.2017, required the issuance of a further three-month notice under Clause 12 of the employment letter.
 2. Whether the first respondent's awareness of the redundancy of his post dispensed with the necessity of such additional notice.
 3. Whether the first respondent is entitled to the compensation.



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6. The facts are clear and need not be repeated. The first respondent's employment in the petitioner's company is uncontested, as is his role as 'Head Testing and Technology'. When this position was rendered redundant, the petitioner-company notified him and gave him ninety days to seek alternative opportunities while continuing to pay him.

The first respondent has admitted that he was informed of the cessation of his employment during his appeal before the Appellate Authority. Additionally, the company discussed his departure with him on June 23, 2017. The company anticipated a respectful exit; however, the first respondent did not come forward. To avoid escalation, the petitioner-company issued a letter. The petitioner-company has paid all amounts owed to the first respondent, and the first respondent has clearly acknowledged this.

The services ended because the petitioner -company was restructuring, and the 'Head Testing and Technology' position was eliminated as redundant. Furthermore, no one has been hired for this role so far. This indicates that the termination was neither punitive nor arbitrary, but resulted from genuine



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business restructuring in June 2017, which rendered the post of 'Head Testing and Technology' unnecessary. The authorities have overlooked this.

The termination order dated 10.10.2017 is furnished along with the writ petition at Annexure-L, and it expressly records that the first respondent's employment stood terminated owing to his non-amenability to the exit agreement. The order stipulates that the notice period under Clause 12 became effective from 23.06.2017, the date on which cessation of employment was communicated. It is undisputed that the first respondent's post had become redundant, and that negotiations for an exit agreement were undertaken, though not executed. The first respondent was aware that his position was redundant.

The petitioner's counsel argues that, since the termination order and the effective date of cessation are 23.06.2017, no additional three-month notice was necessary. This argument deserves acceptance. The first respondent's post was undisputedly redundant, and negotiations for an exit agreement made the first respondent fully aware of his



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situation. Once the first respondent knew of the redundancy and the termination, issuing additional notice would be unnecessary both legally and practically.

Accordingly, this Court holds that the termination of the first respondent's employment was validly carried out by the order dated 10.10.2017, with the notice period considered to have started on 23.06.2017. No additional notice under Clause 12 of the employment letter was necessary. The first respondent has acknowledged acceptance of all dues, including the gratuity payment; therefore, the authorities could not have passed the order for payment of compensation, as it was unjustified and amounted to double payment. To conclude, I can say this much: the authorities failed to regard the relevant considerations and disregarded the relevant matters.

Much of the argument focuses on the provisions of the Act, 1961; however, it is unnecessary to elaborate or discuss those provisions further.

7. Counsel for the respective parties relied on several decisions, but I do not think the law is in doubt. Each decision



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turns on its own facts. The present case is also examined in light of the decisions referred to above.

8. For the foregoing findings and reasons, the Judgment dated 03.01.2024 passed by the XVIII Additional City Civil Judge at Bangalore City in Misc.No.64/2023 (Annexure-B) and the final order dated 06.12.2022 passed by the Assistant Labor Commissioner/Appellate Authority (Annexure-C) are quashed.

9. Resultantly, the writ petition is ***allowed***.

Because of disposal of the Writ Petition, interim order granted if any stands discharged and pending interlocutory applications if any are disposed of.

**Sd/-
(JYOTI M)
JUDGE**

MRP
List No.: 2 Sl No.: 1