

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 27TH DAY OF AUGUST, 2026

PRESENT

THE HON'BLE MR. JUSTICE D K SINGH

AND

THE HON'BLE MR. JUSTICE T.M.NADAF

WRIT APPEAL NO. 1786 OF 2024 (L-RES)

BETWEEN:

WORKMEN OF BINNY LIMITED
REPRESENTED BY BINNY KARMIKA SANGHA BY ITS
GENERAL SECRETARY, NO.23/2, 1ST MAIN
ROAD, SESHADRI PURAM BANGALORE-56020
PRESENTED ADDRESS NO.11
DR T C M ROYAN
ROAD BENGALURU-560053

...APPELLANT

(BY SMT. MAITREYI KRISHNAN, ADVOCATE)

AND:

1. MANAGEMENT OF BINNY LTD
AGRAHARAM ROAD,
BANGALORE - 560 023
REPRESENTED BY ITS MANAGER.
2. MANAGEMENT OF S V GLOBAL MILL LIMITED,
NO.106, ARMENIAN STREET,
CHENNAI - 600 001
REPRESENTED BY ITS ASST GENERAL MANAGER
MR R MURALI

...RESPONDENTS

(BY SRI.J.PRADEEP KUMAR, ADVOCATE FOR R1;
SRI.DHYAN CHINNAPPA, SENIOR ADVOCATE FOR
SRI.SIRISH KRISHNA, ADVOCATE FOR R2)

THIS WRIT APPEAL IS FILED U/S 4 OF THE KARNATAKA
HIGH COURT ACT PRAYING TO CALL FOR THE RECORDS IN WP

NO.999/2010 AND GRANT THE APPELLANT THE FOLLOWING RELIEFS a) SET ASIDE THE ORDER OF THE LEARNED SINGLE JUDGE DATED 05/11/204 IN WP NO.999/2010 AND CONSEQUENTLY ALLOW THE WRIT PETITION b) ISSUE ANY OTHER ORDER OR ORDERS INCLUDING THE COSTS OF THIS WRIT PETITION AND WRIT APPEAL.

THIS WRIT APPEAL HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, COMING ON FOR PRONOUNCEMENT THIS DAY, **HON'BLE MR.JUSTICE T.M.NADAF** PRONOUNCED THE FOLLOWING:

CORAM: HON'BLE MR. JUSTICE D K SINGH
and
HON'BLE MR. JUSTICE T.M.NADAF

CAV JUDGMENT

(PER: HON'BLE MR. JUSTICE T.M NADAF)

This appeal by the Union representing 24 workmen under respondent No.1 Company, assailing the order dated 05.11.2024, passed by the Writ Court in W.P.No.999/2010.

2. The Writ Court under the impugned order, dismissed the Writ Petition, declining to interfere with the award passed by the I Addl. Labour Court, Bengaluru, rejecting Reference No.30/1997, referred by the

Government exercising power under the Industrial Disputes Act, 1947¹.

3. The petitioner Union filed the Writ Petition seeking following reliefs:

It is therefore prayed that this Hon'ble Court may be pleased to quash the Award dated 13.03.2009 vide (Annexure-N herein) by issuance of Writ of Certiorari or any other appropriate Writ or direction and hold that refusal of work to 24 workmen listed in the Reference is illegal retrenchment, having been effected without compliance with the provisions of 25-N of the Industrial Disputes Act, and also grant relief of reinstatement with full back wages, continuity of service and all other consequential benefits to the concerned workmen. This Hon'ble court may further be pleased to hold that these workmen are entitled to be confirmed as permanent Operatives/ Operative Assistants in terms of Settlement dated 19.07.1989 and paid DA in addition to basic wages with effect from the dates they were working as Operative / Operative Assistants.

4. The parties are referred to as per their ranking before the Writ Court.

¹ 'the I.D Act', for short

5. Facts germane to file the present appeal are as under:

5.1 The petitioner is representing 24 workmen, who have been employed by respondent No.1 between 1985 and 1989 as Apprentice. They have discharged work more than 30 months continuously in the said post and entitled to be regularized as Permanent Workmen. They were made to work in the division which is perennial in nature and also given independent work as that of permanent workmen. They were paid basic in terms of the permanent workmen, however denied DA, VDA and other facilities/ benefits.

(a) Out of 24 workmen, 03 workmen viz., K.Narayan, Ravi Chandran and Sidda joined respondent No.1 as casual Workmen in 1985. Respondent No.1 classified these 03 workmen as Multi-skilled operative trainees pursuant upon the 1989 Settlement and treated them as having completed 30 months of apprenticeship

and 06 months multi-skilled training. They were paid a stipend of Rs.25/- per day with effect from 23.04.1990 and thereafter, increased at the rate of Rs.30/- per day with effect from 01.12.1990 and with effect from 01.01.1993, the same was raised to Rs.57.69/- per day as wages. However they were not given Permanent Code Number and were denied of DA, VDA and other benefits applicable to permanent workmen, as per their entitlement.

- (b) 15 workmen viz, Pathi, Subramani, Kempe Gowda, Govindan, G.Ravi, Kemporaj, Padmanabha, K.Narayana vijayakumar, Rama Reddy, Dasarathan, Kannan, K.Nagaraj, V.Nagaraj and Udaya Kumar Joined respondent No.1 as casual workmen in the year 1987. Among them, Pathi, R.Subramani, Kempe Gowda, Govinda, G.Ravi, Kemparaj, Padmanabhan and K.Narayan (Code No.41-420), joined respondent No.1 in the year 1987

on a wage of Rs.8.85/- per day as Apprentices and subsequent to 1989 Settlement, in the year 1990, they were paid stipend of Rs.16/- per day considering them as having completed 18 months of apprenticeship. Their stipend was increased periodically as per the terms of the Settlement for some period. After successful completion of apprenticeship, they were classified as Multi-skilled operative trainees in the year 1991 and paid Rs.57.69/- as daily wage with effect from 01.01.1993 to all of them. However they were not given permanent Code number and also not paid DA, VDA and other benefits applicable to permanent workmen, that they were entitled to in terms of the Settlement.

- (ii). Vijayakumar, Rama Reddy, Dasarathan, Kannan, K.Nagaraj, V.Nagaraj and Udayakumar were taken as Apprentices subsequent to the 1989 Settlement and were asked to work in

Carding Department on stipend Rs.16/- per day, considering them as having completed 18 months of Apprenticeship. While K.Nagaraj, V.Nagaraj and Udaykumar were allotted Open End Spinning Machines, others were allowed to work at Carding and Drawing Machines for training. After about two months training, they were asked to handle these machines independently whenever permanent workmen go on leave/absent themselves. By periodical increase in their stipend, by January 1993, Vijayakumar, Dasarathan, K.Nagaraj, V.Nagaraj and Udayakumar had reached Rs.35/-, but they were not given next income of Rs.41/- after 6 months as per Settlement. The other workmen such as Rama Reddy and M.Kannan were given the said increase with effect from 01.06.1993. However they were denied of their legitimate DA, VDA and other benefits as applicable to

permanent workmen, that they were entitled to in terms of the Settlement.

- (c) 05 workmen viz, K.Anand, A.Venkatesh, V.Anand, Thangavelu and Shankare Gowda and Shivaram joined respondent No.1 in the year 1990 as Apprentices subsequent to 1989 Settlement. Their stipend was fixed at Rs.12/- per day initially and periodically, their stipend was increased. While K.Anand, A.Venkatesh, V.Anand, and Thangavelu were given training in Carding, Shankare Gowda and Shivaram were given training in Pern Binding. After two months of training, they were asked to handle the machines independently in the absence of permanent workmen. With effect from 01.07.1993, all the workmen were given a daily wage of Rs.40/- and were allotted independent charge of their respective machines like permanent workman. However they were not

given DA, VDA and other benefits applicable to permanent workmen.

- (d) All these workmen were given permanent and independent charge of their machines like permanent workmen thereafter. They were in fact permanent workmen but were not given the status of permanent workmen by giving Code Number and also not paid DA, VDA and other benefits applicable to permanent workmen.

5.2 When the workmen demanded through the Union for payment of DA and VDA as that of permanent workmen, as a retaliative measure of victimization and to snub their voices, they were refused work with effect from 09.01.1997, which is against the provision of Section 25-N of the I.D Act, an unfair Labor Practice and besides in direct violation of Memorandum of Statement dated 19.07.1989. In view of the same, the Union raised a dispute before the Government against the illegal actions of

respondent No.1 Management. Since the conciliation between the parties failed, the matter was referred to I Addl. Labor Court, Bengaluru under the Government Order as per Annexure-A.

5.3 Upon reference, the Union filed Claim Petition, which was opposed by the Management by filing statement of objection. On behalf of the workmen, five persons were examined as WW.1 to WW.5 and produced totally 61 documents, and marked them as Ex.W1 to W64. The management examined one witness as MW.1 and produced 10 documents and marked them as Ex.M1 to M10.

5.4 The Labor Court upon appreciation of the evidence, rejected the reference which, was the subject matter before the Writ Court. The Writ Court on the premise that 24 workmen on whose behalf the petitioner - Union raised the dispute were not coming within the purview of definition of Workmen under Section 2(s) of the I.D Act and dismissed the Writ Petition. It is

this order passed by the Writ Court is called in question in this appeal.

6. Heard, Ms.Maitreyi Krishanan, learned counsel appearing for the appellant/Union, Sri.J.Pradeep Kumar, learned counsel appearing for respondent No.1 Company and Sri.Dhyan Chinnappa, learned Senior counsel assisted by Sri.Sirish Krishna, learned counsel appearing for respondent No.2 Company.

7. Ms.Maitreyi Krishna, with all vehemence submits that both the Labor Court as well as the Writ Court have failed to consider the documents placed on record and overweighed the self-serving statement of the Management and discarded the materials on record. All the witnesses have categorically stated regarding the status of the workmen, which has not been considered. The action of the Management is against the provisions contained in I.D Act, amounting to unfair labor practice, besides in direct violation of the Settlement dated 19.07.1989.

7.1 Learned counsel referring to Clause 28 of the Settlement dated 19.07.1989 and Annexure-IV thereon as per documents at Annexures-B1 and B2 submits that, the 24 workmen after completion of the training period, ought to have been regularized. This aspect of the matter has been lost sight by both the Labor Court as well as the Writ Court. Though the documentary evidence supported by oral evidence show that, 24 workmen were drawing wages and not stipend in the last few years of their service, in utter disregard to said evidence both documentary as well as oral adduced before the Labor Court, the Labor Court has committed serious error in holding that the persons concerned in the reference were not workmen and as such, the entire finding is a perverse finding.

7.2 Learned counsel further argued on the point that, there was no issue framed on the question whether 24 workmen whom the petitioner Union representing were workmen or not and in the absence of such an

issue, the Labor Court over emphasized and exceeded the *lis* for which the reference was made, and rejected the reference giving more weightage to the definition of Workman contained in Section 2(s) of the I.D Act, which according to her has been proved by the workmen that, they were working as permanent workers in terms of the settlement, and Clause-28 and Annexure-IV appended thereto.

7.3 Learned counsel further referred to Clause 2.18, 6.1, 6.2 and 1.3 of De-merger Arrangement, to contented that, the workmen remained with the de-merged Company in terms of the de-merger agreement and sought to allow the appeal, thereby consequently allow the petition, set aside the order passed by the Writ Court as well as the award passed by the Labor Court and grant the reliefs sought.

8. In contrast, Sri.J.Pradeep Kumar, with all vehement referring to Clause 1.13.2 at Page No.54 and Clause 4.7, 4.8, 4.9, 4.10 at Page No.69 and continuing page numbers and clause 15.3 at Page No.102 of the

additional document produced, submits that, the Resulting Company i.e., M/s.S.V.Global Mill Limited, alone is responsible for settling legal claims and no claim will lie against M/s.Binny Mill Limited i.e., respondent No.1 and referring to Clauses 7, 8 and 9 at Page No.53 of the Writ Appeal submits that, the trainees were made Multi-skilled operative trainees and they were not permanent.

8.1 Learned counsel further referring to Annexure-R2 produced along with documents submits that, subsequent to the De-merger Arrangement, M/s.S.V.Global Mill Limited, settled closure of 70 applications (67 deceased cases and 3 regular cases) for the period from 26.12.1988 to 05.08.1989 in CR-2/2015-16 as agreed vide letter dated 21.08.2018. In that view of the matter, if the Court comes to the conclusion that, any amount is payable, it is M/s.S.V.Global Mill Limited alone is responsible for making such payment and not M/s.Binny Mill Limited.

9. Refuting the said submissions, Sri.Dhyan Chinnappa, learned Senior counsel appearing for

respondent No.2 - Resultant Company i.e., M/s.S.V.Global Mill Limited, referring to Clause 15.1 of De-merger Agreement submits that, all the liabilities against the workmen is the responsibility of Demerged Company and not the Resulting Company.

9.1 Learned Senior counsel further submits that, respondent No.2 Company incorporated under the Companies Act, 1956 in the year 2007 become the Resultant Company pursuant to the Scheme of Arrangement/ De-merger in respect of M/s.Binny Mill Limited (De-merged Company) which was sanctioned by the order dated 22.04.2010 passed by the High Court of Judicature at Madras. In that view of the matter, in view of the clear terms stated in the De-merger Agreement, it is respondent No.1, who is responsible to make good all the liabilities and not respondent No.2 Resulting Company. In order to support this contention, learned Senior counsel refers to Annexures-R1 and R2 i.e., the order passed by the

High Court of Judicature at Madras dated 22.04.2010 and the Scheme of Arrangement.

10. However learned counsel for the respective parties, after submitting their respective submissions, in unison submit that all the 24 persons for whose benefits the Union vindicating before the respondent No.1 Company, Labor Court, Writ Court and before this Court, have attained the age of superannuation.

11. Having considered the rival submissions, this court has perused the entire appeal papers, along with other documents including statement of objections filed by respective respondents.

12. In view of categorical stand by the respondents, it is clear that the workmen are entitled for the benefit under the Scheme. However, both the Companies are shifting the liability against one another on one or the other pretext, taking advantage under the very same Settlement arrived.

13. As contented by respondent No.2 that, the De-merger Agreement came to be entered into between the respondent No.1 Company and respondent No.2 Company in the year 2010. As borne out from the record, the 24 workmen were abruptly not allowed to work. In other words, not permitted to continue with the work since 09.01.1997. The reference which was made was pending before the Labor Court since 1997 and ultimately, resulted in rejection of the Reference in the year 2009. The Writ Petition was filed in the year 2009 and in the meanwhile, the De-merger Agreement under the Scheme came to be entered between respondent No.1 and respondent No.2. In view of the Clauses referred by the respective counsel, more particularly 6.2 of Scheme of Arrangement, which states as under:

"6.2 All legal proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter and in each case, relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of Remaining

Undertakings) in respect of the Remaining Undertaking, shall be continued and enforced by or against the Demerged Company after the effective date. Any liabilities or objections arising out of proceedings before any tax authorities, tribunals or courts in relations to income tax and wealth tax claims, if any and arising out of a list pending on the Appointed Date, which represent claims against the assessee and not against any of the assets of the Demerged Undertakings shall be liabilities or obligations of the Remaining Undertaking."

14. The liabilities prior to the De-merger Scheme shall be continued and enforced by and against the Demerged Company after the effective date.

15. The Memorandum of Settlement dated 19.07.1989 regarding Apprenticeship/ multi-skilled training/ Employment Scheme at Clause-28, reads as under:

"28. APPRENTICESHIP/ MULTISKILLED OPERATIVE TRAINING/EMPLOYMENT SCHEME: There shall be an Apprenticeship/ Multiskilled operative Training/ employment scheme. The details of this scheme will be as per Annexure-IV to this settlement.

It is agreed between the parties that in the case of absenteeism and leave, Badlis will be given preference for work in those places. Thereafter the Management will be free to engage any other category of persons for

meeting its manpower requirement. These badlies will be considered for absorption in permanent posts on completion of studies by the expert bodies. If, however, modernisation is started before completion of studies by expert bodies, they will be absorbed on the determination of permanent posts only on completion of modernisation. In case modernisation is delayed and studies on scientific workload by expert bodies are completed, their absorption will take place against the manpower determined by the studies."

16. Annexure-IV to the Settlement dated 19.07.1989 reads as under:

"TO THE MEMORANDUM OF SETTLEMENT DATED 19TH JULY 1989 ENTERED INTO BETWEEN THE WORKMEN AND MANAGEMENT OF BINNY LIMITED, BANGALORE UNDER SECTION 12(3) AND 18(3) OF THE INDUSTRIAL DISPUTES ACT BEFORE THE COMMISSIONER OF LABOUR & CONCILIATION OFFICER

APPRENTICESHIP/MULTI-SKILLED TRAINING/EMPLOYMENT SCHEME

1. Newly recruited persons shall be Apprentices for a period of 30 calendar months. If a person is recruited on any date other than 1st of the month, 30 calendar months service will be calculated excluding the month in which he is recruited.
2. Apprentices will be paid the following stipend during their apprenticeship period.

Apprenticeship period in months Stipend per day in Rs.

1-12	12
13 -18	14
19 -24	16
25 - 30	18

3. apprentices are not entitled to any Dearness Allowance or any other allowance or subsidy except the above mentioned

stipend as in 2 of this scheme. Apprentices are eligible for the graded increase in stipend only if the Management is satisfied with their performance and the increase in stipend is not automatic. A six month period in which the actual working days is less than 144 days, including privilege leave, shall not be considered for increase in stipend and will not be considered for qualifying period of 30 months.

4. Apprentices should show the progress in learning work and efficiency. The efficiency, attendance, conduct, aptitude, discipline will be assessed by the superiors, and the apprenticeship may be terminated for unsatisfactory performance including for unauthorized absence or on medical grounds after duly notifying him of the shortcomings in his performance and giving him adequate opportunity to improve his performance during the given period.

5. All apprentices will undergo initial and periodical medical, intelligence, aptitude and other tests as required by the Management in order to determine their suitability to continue their Apprenticeship.

6. (i) After completing the Apprenticeship period satisfactorily, subject to the apprentice being medically fit and depending upon the need, the Apprentice may be taken as multi skilled operative trainee based on his suitability for further intensive training.

6. (ii) if at any time the period of Apprenticeship is reduced to a period less than 30 calendar months by any statutory amendment or any decision of the Court etc., the new recruit Apprentice will be taken as multiskilled operative trainee after such reduced period as Apprentice and they would be entitled to stipend equivalent to the stipend which they would have got had they continued as Apprentice till the completion of the 30th month.

6. (iii) All Apprentices/ multiskilled operative trainees will be eligible for leave with wages as per the provisions of the Factories Act 1948.

6. (iv) The Apprentices/ multiskilled operative trainees will also be considered for annual ex-gratia amount which may be equivalent to one month stipend.

6. (v) All Apprentices/ multiskilled operative trainees will be covered under the provisions of Workmen's compensation Act.

6. (vi) Existing Apprentices will be absorbed and fixed at appropriate stage and paid appropriate stipend giving due weightage for their past training.

6. (vii) In case of necessity experienced persons will be recruited and taken at the appropriate levels under this scheme based on their service, skills, efficiency, aptitude etc.

7. Multiskilled operative Trainees:

On completion of 30 months either under (6.i) or (6.ii), the multiskilled operative trainee will be paid stipend as detailed below for the next 30 months.

<u>Period in months</u>	<u>Stipend per day (Rs.)</u>
1 - 6	20
7 - 12	25
13 - 18	30
19 - 24	35
25 - 30	41

8. The increase in the daily stipend mentioned above is not automatic but it is based on performance and 144 actual working days in each 6 month period. Those who had not worked for 144 actual working days (including privilege leave) will not get the increase in the stipend and the period will not also be considered for eligibility to be confirmed. Apart from benefits at Clause 6 supra these persons will also be covered under Provident Fund and E.S.I. Scheme.

9. After the multiskilled operative trainee has completed 2½ years of training, he would be taken as a permanent

workmen, depending upon the exigencies of the situation and vacancies. Till his being placed as a permanent workman he has to work as multiskilled operative trainee at the last drawn stipend. On being placed as a permanent workmen he will be entitled for basic wages and D.A.

10. In the Textile Industry there are various categories of workmen but it is agreed to have only two categories viz.. operatives and operative assistants only.

On being placed as a permanent workmen these persons will be but either as Operatives or Operative Assistants based on the work he was doing and his experience, in any one of the Units of the Company.

a) Operative : All those who are directly and continuously working on the machine will be under the category e.g., workmen who are commonly called as siders, cone winders, weavers, etc.

b) Operative Assts. : All those who are involved in material handling and whose nature of work is to move from machine to machine will be under this category e.g., workmen who are commonly called as Doffing Boys, mixing workers, cleaning gang, Battery Fillers etc.

c) Whether a workman attending a particular job has to be brought under Operative category or Operative Asst. category will be decided by the Management and Management's decision in this matter is accepted as final and binding. An Operative Assistant will be considered for promotion to the category of Operative in the case proven efficiency and subject to availability or vacancy.

11. On confirmation the Operative Assistant will get the minimum daily basic wages of the Operative Assistant and the Operatives will got the minimum Basic Wages of the Operative and Dearness Allowance applicable at that time."

17. In terms of Clause-28 R/w Annexure-IV, the workmen who were appointed as Casual Workers and given multi-task work after completion of 30 months from the date of their appointment are to be considered as permanent employee for regularization. However, it appears for the reason that they raised their voice for payment of DA, VDA and other benefits given to the permanent employees, in order to snub their voice, respondent No.1 denied them to continue the work. There is no document produced by respondent No.1 in order to substantiate its contention raised before the Labor Court that, they have not discontinued the workmen. Considering the fact that the labors were out of work since 1997 and now reached the age of superannuation, there is no possibility of direction of reinstatement. The abrupt discontinuation from work employed by respondent No.1 or non-providing of continuation of work amounts to illegal retrenchment, as nothing is placed on record to show that the workers were paid retrenchment compensation by

issuing appropriate notice as contemplated under the provisions of I.D Act.

18. It is further noticed that respondent No. 1 Company is under liquidation in terms of Order passed by the BIFR. Considering the peculiar facts and circumstances of the case, this Court is of the opinion that, if a direction is issued to respondent No.1 Company to pay a sum of Rs.2,00,000/- each to 24 workmen as retrenchment compensation, the same would meet the ends of justice. Both the Labor Court as well as the Writ Court have failed to consider these aspects of the matter.

19. In view of our opinion stated supra, the Writ Appeal stand disposed of by modifying the award as well as order passed by the Writ Court.

20. Respondent No.1 Company is directed to pay Rs.2,00,000/- each to 24 workmen, as retrenchment compensation in terms of the provisions of Industrial Dispute Act, 1947, within a period of three months from the date of receipt of certified copy of this order. The

employees are also entitled for other benefits, if they are entitled to under other beneficial legislations for which respondent No.1 Company facilitate, such as Gratuity under the Payment of Gratuity Act and other benefits available under the beneficial legislation.

21. With these observations, the Writ Appeal stand ***disposed of.***

22. In view of disposal of the appeal, pending interlocutory applications, if any, stand disposed of.

**Sd/-
(D K SINGH)
JUDGE**

**Sd/-
(T.M.NADAF)
JUDGE**

TKN