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W.A.Nos.578 and 1037 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 24.07.2024

CORAM

**THE HONOURABLE MRS. JUSTICE J. NISHA BANU
&
THE HONOURABLE MR.JUSTICE P.DHANABAL**

**W.A.Nos.578 and 1037 of 2024
and CMP.No.4040 of 2024**

The Management
Asian Paints(P)Ltd.,
Plot No.E-6 to F13
SIPCOT Industrial Estate
Arnari Village, Mambakkam
Sriprumbudur Taluk
Kancheepuram District - 602105

... Appellant in WA.578/2024
R1 in WA.1037/2024

Vs.

1. The Presiding Officer
II Additional Labour Court
Chennai-600 014

... R1 in WA.578/2024
... R2 in WA.1037/2024

2.T.Balaji

... R2 in W.A.578/2024
... Appellant in WA.1037/2024

Writ Appeals filed under Clause 15 of the Letters Patent as against the order
passed by this court in W.P.No.4776 of 2017 dated 30.08.2023.



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For Appellant in WA.578/2024
and R2 in WA.1037/2024

: Mr.Sanjay Mohan for
M/s.S.Ramasubramaniam & Associates

For R2 in WA.578/2024
and Appellant in WA.1037/2024 : Mr.S.Kumarasamy
R1-Labour Court

JUDGMENT

(Judgment of the Court was made by J.NISHA BANU, J.)

W.A.No.578 of 2024 is filed by the Management; W.A.No.1037 of 2024 is filed by the Workman, challenging the common order dated 30.08.2023 passed in W.P.No.4776 of 2017, whereby, the Award passed by the Labour Court was modified and directed the Management to reinstate the workman along with continuity of service and other benefits, but without backwages.

2. Today, when the matter is taken up for hearing, both sides counsel submit that the matter has been settled between the parties and a joint Memorandum of Compromise is filed to that effect.



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3. We perused the Joint Memorandum of Compromise, which is signed by

both sides parties and counsel. The memorandum is extracted as under:-

**“JOINT MEMORANDUM OF COMPROMISE BETWEEN
THE APPELLANT, M/S. ASIAN PAINTS LIMITED AND 2ND
RESPONDENT, MR. T. BALAJI”**

It is most respectfully submitted that this Joint Memorandum of Compromise is entered into between The Management of Asian Paints Ltd., Appellant and Mr. T. Balaji, the 2nd Respondent herein wherein both the parties agree as follows:

1. It is respectfully submitted that the Management has filed Writ Appeal in W.A.No.578 of 2024 to set aside the Order dated 30.08.2023 in W.P.No.4776 of 2017 passed by the Learned Judge, in respect of the Award dated 18.01.2017 in L.D. No. 231 of 2014 by the II Additional Labour Court which had directed the Management to reinstate the 2nd Respondent with back wages, continuity of service and other attendant benefits. Whereas Mr.T. Balaji has also filed W.A.No.1037 of 2024 against the same Order dated 18.01.2017.

2. It is submitted that the Management and 2nd Respondent/former employee herein have agreed and entered into this Joint Memorandum of Compromise out of their own free will and consent to settle all the disputes between them and give a quietus to the above Writ Appeals.

3. It is further submitted that employee and management have agreed that a sum of Rs. 12,50,000/-(Rupees Twelve lakh and fifty thousand only) as ex-gratia compensation shall be paid by the Management to the employee, i.e., Mr. T. Balaji, as a one-time full and final settlement. The amount referred to above and



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being paid under this Memorandum of Compromise shall be subject to deduction of income tax at source as per law prevailing at the time of signing of this Memorandum of Compromise. Accordingly, the net payment payable shall be Rs. 9,99,200 (Rupees Nine Lakh Ninety Nine Thousand Two Hundred only) after deduction of applicable tax of amount of Rs. 2,49,800/- at source.

4. The net payment referred to in clause 3, amounting to Rs. 9,99,200 (Rupees Nine Lakh Ninety Nine Thousand Two Hundred only), will be issued to the employee on or before 08.08.2024, subject to TDS deduction. The payment shall be made by demand draft drawn in favour of the employee, Mr. T. Balaji, and handed over to his Advocate, Mr. K. Bharathi, in the Writ Appeals W.A. No. 578 of 2024 and W.A. No. 1037 of 2024.

5. It is further agreed that for the period of non-employment, Mr. T. Balaji shall not be entitled to wages/remuneration or any other attendant or any benefit monetary or otherwise.

6. Both parties agrees that the amount paid in terms of this settlement is for the period between 2013-14 to 2023-24, the same is not wages but merely a compensation and shall be spread over in the following manner:

2013-2014 Rs.1,00,000/-

2014-2015 Rs.1,00,000/-

2015-2016 Rs.1,00,000/-

2016-2017 Rs1,00,000/-

2017-2018 Rs1,00,000/-

2018-2019 Rs1,00,000/-



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2019-2020 Rs1,00,000/-

2020-2021 Rs1,00,000/-

2021-2022 Rs1,50,000/-

2022-2023 Rs1,50,000/-

2023-March 2024 Rs1,50,000/-

7. The Tax Deduction at source under the Income Tax Act would be as per any direction, the Hon'ble High Court may issue in the pending writ petitions. It is agreed that if the Hon'ble High Court on the request of the employee were to order for spread over of the above amount, the employee Mr.T. Balaji would be at liberty to seek relief accordingly under the Income Tax Act.

8. Both parties agree that a prayer shall be made to the Hon'ble High Court for spread over of the amount provided in this settlement for the purpose of the former employee getting benefits of Income Tax, as has been held by the Apex Court in the case of Sundaram Motors Pvt. Ltd. vs. Ameerjan reported in 1985 (II) LLJ 22.

9. The Hon'ble High Court may be pleased on the request of the Management and as agreed to between the parties to the Joint Memorandum of Compromise, to pass an order to refund the amount of Rs.1,00,000/-(Rupees One Lakh only) with such available accrued interest on this deposit to the Management lying in the deposit of the Labour Court, Chennai, which is deposited on 05.04.2017 under the direction of the Hon'ble High Court of Madras in W.P.M.P. No. 4992 of 2017 in W.P. 4776/2017 to the credit of I.D No.231/2014. Mr. T. Balaji records hereby that he has no objection for the Management to withdraw the said amount.



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10. As a result of this Joint Memorandum of Compromise, the employee Mr. T. Balaji, shall have no claim of any kind, monetary or otherwise, including any claim for reinstatement or compensation against the Management, and this payment under this Joint Memorandum of Compromise shall be in full and final settlement of all his claims in relation to W.P. No. 4776 of 2017 and I.D No. 231 of 2014 filed before the Presiding Officer, II Additional Labour Court Chennai and in respect of his employment in the Management of Asian Paints Ltd. and agrees hereby not to raise any other claims or demands in the future against the Management of Asian Paints Ltd.

11. Upon signing of this Joint Memorandum of Compromise, the Parties shall have no obligations against each other in respect of the employment of the employee Mr. T. Balaji.

12. In view of the above understanding, all the differences and disputes between the Management to 2nd Respondent employee, i.e., Mr. T. Balaji have now been amicably settled and thus no dispute or differences exists now.

13. The parties shall jointly request and pray this Hon'ble High Court to receive and accept this Joint Memo of Compromise, and dispose off the above Writ Appeals recording the terms of this memo.”

4. As per the terms of compromise memo, refund of Rs.1,00,000/- with accrued interest to the Management, is ordered as prayed for.



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5. Likewise, following the dictum laid down in the case of ***Sundaram Motors Pvt. Ltd., Vs. Ameerjan reported in 1985 (II) LLJ 22***, to enable the employee for getting benefits of Income Tax under the Income Tax Act, spread over of the compensation amount as agreed between the parties in paragraph 6 of the Memorandum of Compromise, is ordered.

6. The parties shall adhere and scrupulously follow the terms of the compromise memo in letter and spirit. The compromise memo shall form part of the record.

7. The Writ Appeals are ordered in terms of the Joint Memorandum of Compromise. No costs. Consequently, connected miscellaneous petition is closed.

[J.N.B.,J.] [P.D.B.,J.]
24.07.2024

Index: yes/no
Internet:yes/no
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**J. NISHA BANU, J.
and
P.DHANABAL, J.**

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