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W.P.No.7214 of 2020

IN THE HIGH COURT OF JUDICATURE AT MADRAS
(Special Original Jurisdiction)

RESERVED ON : 28.03.2025
PRONOUNCED ON : 09.04.2025

PRESENT:

THE HON'BLE DR. JUSTICE A.D. MARIA CLETE

W.P.No.7214 of 2020
and
W.M.P No. 8637 of 2020 and 3929 & 3932 of 2023

The Management of
M/s. Futura Polyesters Limited
Rep. by its
Joint Managing Director
having office at
Paragon Condominium, 3rd Floor,
Pandurang Budhkar Marg,
Mumbai – 400 013.

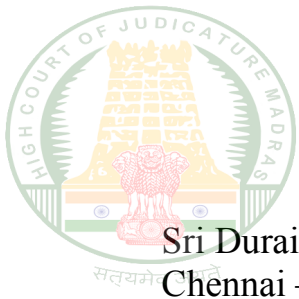
...Petitioner

Vs.

1. P.Rajamanickam CP No.165/17
S/o. A.Palaniasamy
No.130/10, Emerald Flats,
Thirumangalam, Anna Nagar West
Chennai – 600 040.

2. S.Elango CP No.166/17
S/o. C.Subramanian,
No.45A Indian Bank Colony,
3rd main road, Ambattur,
Chennai – 600 053.

3. K.L.Subramanian CP No. 167/17
S/o. S.P.Kulandaivelu,
Plot No.B, 9th Street,



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Sri Durai Avenue,
Chennai – 600 051.

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4. N.T.Eganathan CP No.168/17
S/o. N.T.Tulasiram,
No.10, Agatheeswarar Nagar,
1st Street, Kolathur,
Chennai – 600 099.

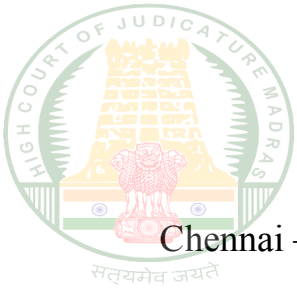
5. P.Haridoss CP No.169/10,
S/o. M.Perumal,
No.16, Elango Nagar,
Ammanampakkam,
Chengalpet – 603 002.

6. J.Simon CP No.170/17,
S/o. N.JohnDuraismy
No.16 A, Perumal Koil Street,
Nerkundram
Chennai – 600 107.

7. N.Radhakrishnan CP No.171/17
S/o. A.Narayana Pillai,
No.5, Perunadevi Amman Avenue,
Kolathur, Chennai – 600 099.

8. S.Sethu Subramaniam CP No. 172/17,
S/o. R.Sundaresan,
No.04 A, Adhvaitha Apartments,
M 35-36, P.T. Raan Salai,
K.K.Nagar,
Chennai – 600 078.

9. S.Karthikeyan CP No.173/17,
S/o. R.Shanmugavelu,
Sainath Builders Flat,
B Block, Ground
45, Sriram Nagar,
Medavakkam,



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Chennai – 600 100.

WEB 10. M.Stellus CP No. 174/17

S/o. Michael,
No.10, Kannan Street,
Sai Nagar, Chinna Sekkadu,
Manali,
Chennai – 600 100.

11. R.Durai Raj CP No. 175/17,
S/o. M.Ranganathan,
No.25-153, DLF Garden City,
Thanzhambur post,
Thiruporur Taluk,
Kanchipuram Dist.

12. S.Balakrishnan CP No. 176/17,
S/o. P.Shivan,
No.25-2c, A.K.Swamy Nagar 1st Street,
Abirami Apartments,
Kilpauk, Chennai – 600 010.

13. B.Kamala Kannan CP No. 177/17,
S/o. N.Balakrishnan,
No.22, Thandavarayan Street,
Royapettah, Chennai – 600 014.

14. N.DhuvaragaPrasadh CP No. 178/17
S/o. Nedunchezhiyan,
No.109/257 A, Kilpauk Garden Road,
Kilpauk, Chennai – 600010.

15. P.Dayalan CP No. 179/17
S/o.B.Purushotham
No.6A, Kanchi nagar Extension,
Vinayagapuram,
Kolathur, Chennai – 600099.

16. M.K.Yoganathan CP No. 180/17,



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S/o. M.Kothandaraman,
No.105A, First Main Road,
Vajravelu Nagar, Kolathur,
Chennai – 600 099.

17. D.Ravirajan CP No.181/17
S/o. S.Dekshinamoorthy,
F-3, Plot No.3 S.S.Manor,
Sembium, Perambur,
Chennai – 600 011.

18. G.Bharathy CP No. 214/18
S/o. P.Guruswamy,
No.2/6, Iswarya Apartments,
Shankarapuram, 2nd Street, Choolaimedu,
Chennai – 600 094.

19. S.Vairamuthu CP No. 215/18,
S/o. N.Sankaralingam,
ABI Station View Avenue, B.K.Homes,
B.K.Blossom, Plot No.2, Door No.F3,
Stoneware Pipe Road,
Opp to Plat Form No. 6
Tiruvallur Railway Station,
Tiruvallur – 602 001.

20. H.Sampth Rao CP No. 216/18
S/o. T.G.Hanumanth Rao,
No.47/18, Jubilee Road,
West Mambalam,
Chennai – 600 033.

21. P.S.Ravi Shankar CP No. 217/18
S/o. P.S.Selvarajan,
No.855, Ground Floor,
10th East Cross Street, M.K.B.Nagar,
Veyasarpadi,
Chennai – 600 039.

...Respondents 1 to 21



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Prayer in W.P.

To issue a writ of Certiorari or any other appropriate writ, order or direction in the nature of writ, calling for the entire records of award dated 30.08.2019 passed in CP No.165 to 181/2017 and 214 to 217/2018 on the file of IIIrdAddlLabour Court, Chennai quash the same and pass such further or other order or orders as this Hon'ble Court may deem fit and proper in the circumstances of the case.

Prayer in WMP No. 8637 of 2020

To stay the further proceedings of award dated 30.08.2019 passed in C.P.Nos. 165 to 181/2017 and 214 to 217/2018 on the file of III Additional Labour Court, Chennai pending disposal of above writ petition.

Prayer in WMP No.3929 and 3932 of 2023

To vacate the interim stay granted by this Hon'ble Court in WMP No.8637 of 2020 in W.P.No. 7214 of 2020 on 23.03.2020 till the disposal of the Writ Petition.

Appearance of Parties:

For Petitioner: Mr.Jayaprakash, Advocate
For M/s. M.Sankaranarayanan,
G.Arumugaraja&M.Vijayalakshmi, Advocates

For Respondents
R1 to R16: M/s. G.Purushothaman and I.Jeyaraj, Advocates
R20 and R21: M/s. S.Abhisek Keerthi, M.Dwarakanath, P.Meenakshi and
CH.Mohith Sai, Advocates
R17, R18 and R19: No representation



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JUDGMENT

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1. The short question that arises for consideration in this case is whether respondents 1 to 21 are entitled to claim closure compensation, notice pay, ex gratia, arrears of salary, leave encashment, leave travel concession (LTC), and bonus by way of claim petitions filed under Section 33C(2) of the Industrial Disputes Act, 1947. An incidental question was whether the respondents have proved their status as “workman” within the meaning of Section 2(s) of the Industrial Disputes Act, so as to sustain the maintainability of their respective claims.

2. The petitioner–Management closed its factory located at Manali and, in compliance with the requirement under Section 25-O of the Industrial Disputes Act, 1947, obtained prior permission from the Government of Tamil Nadu. Such permission was granted by G.O. (D) No. 517, Labour and Employment Department, dated 17.10.2013 (marked as Ex.P2). While granting permission for closure, the Government, in its order, stated the following:

“He has further stated that they were not able to finance to meet even day to day expenses in view of the working capital shortage. It was not even possible to pay the wages. The production of the factory was almost stopped in June 2012.



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Several attempts were made to revive the factory. As all the attempts made to revive the factory failed, it was decided by the Management to close the factory and to settle the claims to all the stakeholders.

The workmen of the factory raised a dispute before the Deputy Commissioner of Labour-II, Chennai for the revival of the factory. However, bilateral discussions were held as advised by the Deputy Commissioner of Labour between the Management and the workmen represented by the Futura Polyesters Employees Union. Ultimately a settlement was reached between the Management and the workmen under section 18(1) of the Industrial Disputes Act, 1947 on 16.8.2013. Subsequently, it was also converted as settlement under Section 12(3) of the Industrial Disputes Act 1947. The settlement enabled the workmen to receive ex-gratia apart from statutory dues. Although the workmen were entitled to receive Rs.13.35 crores towards statutory dues like notice pay, gratuity and compensation, the Management was decided to give Rs.19.89 crores as ex-gratia to workmen. Hence, the Chairman and Managing Director, Futura Polyesters Limited has requested to grant necessary permission to close down the factory under section 25(O) of the Industrial Disputes Act, 1947.

Notices were issued to the Management of Futura Polyesters Limited and the Futura Polyesters Employees Union and an hearing was conducted by the Principal Secretary to Government, Labour and Employment Department on 04.10.2013. Both the representatives of the Management and Employees Union of Futura Polyesters Limited participated in the hearing. Both the sides advanced their arguments. The written submissions by both the parties have also been received.

The Employees Union of Futura Polyesters Limited has stated that since the management has confirmed the tripartite settlement made on Polyesters Limited to close down the Factory without any objection. The Chairman and Managing Director, Futura Polyesters Limited has also requested to grant necessary



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permission to close down the factory under section 25(O) of the Industrial Disputes Act, 1947.

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The Government have carefully considered the application, counter statements, oral and written arguments of the both sides. Having considered the facts and circumstances of this case and having considered the interests of general public and all other relevant factors, the Government have satisfied that the reasons stated by the management as genuine and adequate. The Government, accordingly grant permission to close down the Futura Polyesters Limited subject to paying compensation to the workers, by the Management as per the provisions of the Industrial Disputes Act, 1947.”

3. A perusal of the aforesaid Government Order reveals that the permission to close down the undertaking was granted subject to two key conditions: first, that the management had agreed to pay an ex gratia amount over and above the closure compensation; and second, that the Government made the grant of closure permission conditional upon the payment of closure compensation to the affected employees. It is relevant to note that, initially, the Industrial Disputes Act did not contain any provision for payment of compensation in cases of lay-off, retrenchment, or closure, which consequently led to a multiplicity of litigations before industrial tribunals. To address this legislative gap, Parliament introduced Chapter V-A into the Act through Amendment Act 43 of 1953, with effect from 24.10.1953. Chapter V-A included Section 25FFF, which specifically mandated the payment of closure compensation at the prescribed rate, along with notice or wages in lieu of notice.

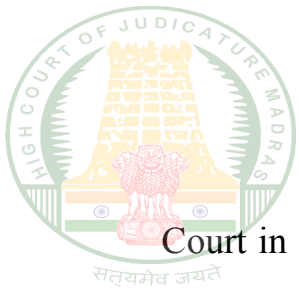


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4. Observing that employers were frequently resorting to layoffs, retrenchments, and closures without bona fide justification, Parliament sought to introduce greater safeguards for workmen by enacting Chapter V-B through Central Act 32 of 1976, which came into force on 05.03.1976. Under this new chapter, certain categories of establishments—namely, factories, mines, and plantations—employing more than 100 workers (as modified by Amendment Act 46 of 1982) were brought under a more stringent regulatory framework. The chapter mandates that such establishments must obtain prior permission from the appropriate government or the authority designated by it before effecting closure, retrenchment, or layoff. Specifically, Section 25-O of the Industrial Disputes Act requires that prior permission be obtained before proceeding with the closure of any undertaking covered under Chapter V-B.

5. Initially, Section 25-O of the Industrial Disputes Act was declared ultra vires the Constitution by the Hon'ble Supreme Court in **Excel Wear v. Union of India, reported in (1978) 4 SCC 224**. In response to this judgment, Parliament revisited the provision and introduced a revised version through Amendment Act 46 of 1982, which came into effect on 21.08.1984. The validity of the newly substituted Section 25-O was again challenged before the Supreme



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Court in **Orissa Textile and Steel Ltd. v. State of Orissa, reported in (2002)**

WEB 2 SCC 578. On this occasion, the Court upheld the constitutional validity of the amended provision. In reaching this conclusion, the Supreme Court carefully considered the rationale behind its earlier ruling in **Excel Wear**, examined the changes introduced in the revised Section 25-O, and concluded that the amended provision met constitutional standards. The Court made the following observations:

“In Excel Wear's case it has been held that under [Section 25-O](#) (as it then stood), even if the reasons are adequate and sufficient, approval could be denied in purported public interest or security of labour. It was submitted that even now permission to close could be refused even if the reasons were genuine and adequate. It was submitted that this was a substantive vice which still prevailed in the amended [Section 25-O](#). We do not read Excel Wear's case to mean that permission to close must always be granted if the reasons are genuine and adequate. The observations relied on, in Excel Wear's case, are in the context of an order under [Section 25-O](#) (as it then stood), based on subjective satisfaction and capable of being arbitrary and whimsical. Now the amended [Section 25-O](#) provides for an enquiry after affording an opportunity of being heard and provides that the order has to be a reasoned order in writing. The order cannot be passed arbitrarily and whimsically. Now the appropriate Government is exercising quasi judicial functions. Thus the principles laid down in [Meenakshi Mills'](#) case would now apply.

...We do not read the observations in Excel Wear's case, which are relied on, as laying down, that that could be the only method of laying down a reasonable restriction. We read these observations as being a suggestion as to one method of imposing a reasonable restriction. This is clear from the following observations in Excel Wear's case (page 1036) :-



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"The law may provide to deter the reckless, unfair, unjust or mala fide closures. But it is not for us to suggest in this judgment what should be a just and reasonable method to do so."

As set out hereinabove, the main consideration would be the genuineness and adequacy of the reasons stated by the employer. But that cannot be the only consideration. As stated hereinabove, there could be exceptional circumstances or overriding reasons where, in the interest of general public, there would have to be a restriction on closure for some time. The observations relied on, cannot be read out of context. It is not possible to accept the submission that if reasons are genuine and adequate the appropriate Government must always grant permission to close, even though interest of general public and/or other factors require that the business be continued for some time."

6. Section 25-O(8) of the Industrial Disputes Act provides that, upon the grant of permission for closure, the workmen concerned shall be entitled to receive closure compensation. This compensation is to be calculated at the rate of fifteen days' average wages for every completed year of continuous service. The relevant provision, Section 25-O(8), reads as follows:

"Where an undertaking is permitted to be closed down under sub-section (2) or where permission for closure is deemed to be granted under sub-section (3), every workman who is employed in that undertaking immediately before the date of application for permission under this section, shall be entitled to receive compensation which shall be equivalent of fifteen days 'average pay for every completed year of continuous service or any part thereof in excess of six months.'"



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When a statutory obligation is imposed on the employer to pay closure compensation pursuant to the grant of permission under Section 25-O of the Industrial Disputes Act, the question arises as to what further pre-existing right is required to enable the workmen to recover such compensation by filing a petition under Section 33C(2) of the Act before the Labour Court. In support of the contention that such a right must be established before invoking Section 33C(2), the learned counsel for the petitioner placed reliance on the decision of the Hon'ble Supreme Court in **Municipal Corporation of Delhi v. Ganesh Razak & Others, reported in (1995) 1 SCC 235**. Particular emphasis was placed on paragraphs 11 and 12 of the judgment, wherein the Court referred to its earlier ruling in **Central Inland Water Transport Corporation Ltd.** and made the following observations:

“11....In a suit, a claim for relief made by the plaintiff against the defendant involves an investigation directed to the determination of (i) the plaintiff's right to relief; (ii) the corresponding liability of the defendant, including, whether the defendant is, at all, liable or not; and (iii) the extent of the defendant's liability, if any. The working out of such liability with a view to give relief is generally regarded as the function of an execution proceeding. Determination No.(iii) [referred to above](#), that is to say, the extent of the defendant's liability may sometimes be left over for determination in execution proceedings. But that is not the case with the determinations under heads (i) and (ii). They are normally regarded as the functions of a suit and not an execution proceeding. Since a proceeding under [Section 33-C\(2\)](#) is in the



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nature of an execution proceeding it should follow that an investigation of the nature of determinations (i) and (ii) above is, normally, outside its scope. It is true that in a proceeding under [Section 33-C\(2\)](#), as in an execution proceeding, it may be necessary to determine the identity of the person by whom or against whom the claim is made if there is a challenge on that score. But that is merely 'Incidental'. To call determinations (i) and (ii) 'Incidental' to an execution proceeding would be a perversion, because execution proceedings in which the extent of liability is worked out are just consequential upon the determinations (i) and (ii) and represent the last stage in a process leading to final relief. Therefore, when a claim is made before the Labour Court under [Section 33-C\(2\)](#) that court must clearly understand the limitations under which it is to function. It cannot arrogate to itself the functions-say of an Industrial Tribunal which alone is entitled to make adjudications in the nature of determinations (i) and (ii) [referred to above](#), or proceed to compute the benefit by dubbing the former as 'Incidental' to its main business of computation. In such cases, determinations (i) and (ii) are not 'Incidental' to the computation. The computation itself is consequential upon and subsidiary to determinations (i) and (ii) as the last stage in the process which commenced with a reference to the Industrial Tribunal. It was, therefore, held in [State Bank of Bikaner and Jaipur v. R.L. Khandelwal](#)⁵ that a workman cannot put forward a claim in an application under [Section 33-C\(2\)](#) in respect of a matter which is not based on an existing right and which can be appropriately the subject matter of an industrial dispute which requires a reference under Section IO of the Act."

12.The High Court has referred to some of these decisions but missed the true import thereof. The ratio of these decisions clearly indicates that where the very basis of the claim or the entitlement of the workmen to a certain benefit is disputed, there being, no earlier adjudication or recognition 5 (1968) 1 LLJ 589 : 38 Comp Cas 400 (SC) thereof by the employer, the dispute relating to entitlement is not incidental to the benefit claimed and is, therefore, clearly outside the scope of a proceeding under [Section 33- C\(2\)](#) of the Act. The Labour Court has no jurisdiction to first decide the workmen's entitlement and then proceed to compute the



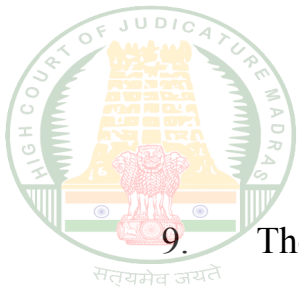
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benefit so adjudicated on that basis in exercise of its power under [Section 33-C\(2\)](#) of the Act. It is only when the entitlement has been earlier adjudicated or recognised by the employer and thereafter for the purpose of implementation or enforcement thereof some ambiguity requires interpretation that the interpretation is treated as incidental to the Labour Court's power under [Section 33-C\(2\)](#) like that of the Executing Court's power to interpret the decree for the purpose of its execution.”

8. However, it is important to note that in the **Municipal Corporation of Delhi** case, the Hon’ble Supreme Court did not examine the scope of Section 33C(2) in the context of claims arising under Chapter V-A of the Industrial Disputes Act. The mere fact that an employer disputes a claim does not, by itself, oust the jurisdiction of the Labour Court under Section 33C(2). This position was clarified by the Supreme Court in **Ramakrishna Ramnath v. The Presiding Officer, Labour Court, Nagpur, reported in (1970) 3 SCC 67**, where an identical issue—regarding the maintainability of a claim for compensation under Chapter V-A in a petition filed under Section 33C(2)—was considered. The Court observed as follows:

“The concluding portion of the above observations cannot be considered dissociated from the setting in which they were made. As was pointed out in the case of the [Central Bank](#) (supra) the examination of the claim under [Section 33-C\(2\)](#) may in some cases have to be preceded by an enquiry into the existence of the right. A mere denial of the fact of retrenchment would not be enough to take the matter out of the jurisdiction of the Labour Court.”



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9. The Hon'ble Supreme Court once again in **Sahu Minerals & Properties**

Ltd. v. Presiding Officer, Labour Court & Others, reported in (1976) 3

SCC 93, held as follows:

“We hold that in this case it was competent to the Labour Court to decide whether the case before it was a case of retrenchment compensation or the proviso to sub-s. (1) of s. 25FFF was attracted on closure of the establishment.”

10. In fact, the Hon'ble Supreme Court, in a subsequent decision, further clarified the scope of recovery mechanisms under the Industrial Disputes Act in relation to benefits arising under Chapter V-B. In **Fabril Gasosa v. Labour Commissioner, reported in (1997) 3 SCC 150**, the Court held that where there is no dispute regarding the quantum of the amount payable, the Labour Commissioner—being the competent authority in the State of Goa—may issue a revenue recovery certificate under Section 33C(1) of the Act without the need for further adjudication. The relevant portion of the judgment reads as follows:

“A Constitution Bench of this Court in **Kays Construction Co. (P) Ltd. vs. State of Uttar Pradesh and Others** [(1965) 2 SCR, 276] while considering the scope of Section 6-H (1) and (2) of the **U.P. Industrial Disputes Act, 1947**, which provisions are in parimateria to **Section 33C (1)** and (2) opined :

" The contrast in the two sub- sections between "money-due" under the first sub-section and the necessity of reckoning the benefit in terms of money before the benefit becomes "money due" under the second sub-section shows that mere arithmetical



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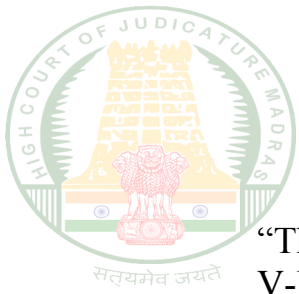
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calculations of the amount due are not required to be with under the elaborate procedure of the second sub-section. The appellant no doubt conjured up a number of obstructions in the way of this simple calculation. These objections dealt with the "amount due" and they are being investigated because State Government must first satisfy itself that the amount claimed is in fact due. But the antithesis between "money due" and a "benefit which must be computed in terms of money" still remains, for the inquiry being made is not of the kind contemplated by the second sub-section but is one for the satisfaction of the State Government under the first sub- section. It is verification of the claim to money within the first sub-section and not determination in terms of money of the value of a benefit."

The law **laid down** by the Constitution Bench applies with full force to facts of the instant case and in view of the stablished facts and circumstances of this case, recourse to the proceedings under **Section 33C (1)** of the Act by the union was just and proper.

The Division Bench of the Bombay High Court was therefore, right in holding that the recovery certificates issued by the Labour Commissioner for recovery of the mounts claimed by the workmen in the proceedings under **section 33C (1)** of the Act were perfectly valid, legally sound and suffered from no infirmity whatsoever. We do not find any merit in these appeals and consequently dismiss the same with costs. One of fee only in two appeals."

11. Furthermore, this Court in **The Management of Chemech Engineers (P) Ltd. v. The Presiding Officer, Labour Court, reported in 2012 (2) LLJ 181**, after referring to the decision of the Hon'ble Supreme Court in **Fabril Gasosa**, held that the issue of maintainability of claims under Section 33C(2) of the Industrial Disputes Act was no longer *res integra*. The Court made the following observation:



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“The second contention is that whether the claim under Chapter V-B can be made in a proceedings under Section 33-C (2) of the I.D.Act. It does not require any authority because the Supreme Court by an amendment made to the **Industrial Disputes Act** by amending Act 32 of 196 had made an amendment to **Section 33-C (1)**, wherein it was stated that in respect of any claim made under Chapter V-A or Chapter V-B, the appropriate Government can give a revenue recovery certificate with reference to the claim made under the said Chapter. It does not require even competency by a Labour Court, if there is no dispute regarding the amount quantified. The question is no longer res integra.”

12. In light of the foregoing discussion, the objection regarding the maintainability of petitions under Section 33C(2) of the Industrial Disputes Act for claims arising under Chapter V-A stands overruled.

13. The next issue to be considered is whether the workmen have substantiated their claims and how the Labour Court has addressed the other objections raised by the management. Admittedly, respondents 1 to 21 filed claim petitions under Section 33C(2), seeking various monetary benefits, including closure compensation, notice pay, ex gratia, arrears of salary, leave encashment, leave travel concession (LTC), and bonus, along with interest at the rate of 12%. These petitions were registered as C.P. Nos. 165 to 181 of 2017 and 214 to 217 of 2018.



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14. The details of the claim petitions, including claim numbers, names of the

claimants, their designations, and the amounts claimed, are as follows:

<i>Sl. No.</i>	<i>CP No.</i>	<i>Name</i>	<i>Designation</i>	<i>Amount offered in the settlement (Rs.)</i>	<i>Amount claimed in the claim petition (Rs.)</i>
1	165/2017	P.Rajamanickam	Senior Manager	12,32,868/-	6,36,678/-
2	166/2017	S.Elango	Deputy Manager	20,47,581/-	13,94,937/-
3	167/2017	K.L.Subramanian	Junior Officer	12,69,697/-	10,43,540/-
4	168/2017	N.T.Eganathan	Junior Officer	12,44,757/-	10,03,546/-
5	169/2017	P.Haridoss	Senior Engineer	5,57,432/-	4,99,610/-
6	170/2017	J.Simon	Junior Officer	12,25,112/-	9,91,737/-
7	171/2017	N.Radhakrishnan	Junior Officer	11,18,877/-	7,67,720/-
8	172/2017	S.Sethusubramanian	Manger	9,19,195/-	3,27,415/-
9	173/2017	S.Karthikeyan	Deputy Manager	17,90,793/-	12,66,399/-
10	174/2017	M.Stellus	Engineer	9,93,923/-	5,25,923/-
11	175/2017	R.Durairaj	Deputy Manager	10,50,229/-	4,73,639/-
12	176/2017	S.Balakrishnan	Sr.Prod.Manager	9,98,719/-	4,63,849/-
13	177/2017	B.Kamalakannan	Junior Officer	13,41,700/-	10,71,312/-
14	178/2017	N.Dhuvaragaprasadh	Junior Officer	7,24,589/-	6,64,533/-
15	179/2017	P.Dayalan	Junior Officer	12,73,978/-	10,47,231/-
16	180/2017	M.K.Yoganathan	Junior Officer	11,60,430/-	9,68,147/-
17	181/2017	D.Ravirajan	Senior Manager	6,02,466/-	5,48,117/-
18	214/2018	G.Bharathy	Deputy Manager	9,61,981/-	4,75,387/-
19	215/2018	S.Vairamuthu	Senior Engineer	2,96,095/-	2,45,460/-
20	216/2018	H.Sampath Rao	Lab Chemist	12,74,617/-	10,04,448/-
21	217/2018	P.S.Ravishankar	Lab Chemist	12,99,341/-	10,45,111/-

15. Along with their claim statements, the workmen also submitted copies of



the full and final settlement statements issued by the petitioner–Management.

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As per the settlement dated 22.06.2014, the total amount due is Rs.12,32,868/-, out of which a sum of Rs.5,96,190/- pertains to gratuity, which has been claimed separately before the appropriate authority. Accordingly, the claim in this petition is confined to the balance amount.

Rs. 12,32,868/- (-)

5,96,190/-

6,36,678/-

16. Similarly, the witness S. Sethusubramanian, petitioner in Claim Petition No. 172 of 2017, made the following endorsement in the court docket:

As per the settlement dated 23.02.2015, the total amount due is Rs. 1,66,125 + Rs. 7,53,070 = Rs. 9,19,195/-. Out of this, a sum of Rs. 5,91,780/- pertains to gratuity, which has been claimed separately before the appropriate authority. Accordingly, the claim in this petition is confined to the



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balance amount.

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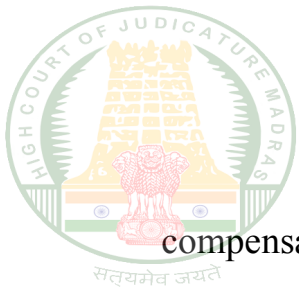
Rs. 9,19,195/- (-)

5,91,780/-

3,27,415/-

17. Several such endorsements were made by the workmen across different claim petitions. This explains the variation between the amounts reflected in the settlements entered into with the management and the actual sums claimed before the Labour Court. The difference in figures is evident from the tabular statement referred to earlier. Consequently, the additional contention that the workmen had included gratuity in their claims under Section 33C(2), and therefore ought to have approached the designated forum under the Payment of Gratuity Act, does not hold merit. In support of their claims, the respondent workmen not only enclosed individual final settlement statements along with each claim petition but also marked several sample settlement statements as exhibits—namely, Ex.P19, Ex.P20, Ex.P21, Ex.P22, and Ex.P23.

18. The petitioner—Management filed a counter statement, wherein they narrated the sequence of events that culminated in the closure of the undertaking. In paragraph 10 of the counter, it was specifically stated that the management had agreed to pay amounts exceeding the statutorily mandated



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compensation. However, they attributed the delay in disbursing the amounts to

the need to liquidate both movable and immovable assets, contending that such delay was unavoidable and not open to challenge. Further, in paragraphs 15 and 16, the management contended that the claimants were not “workmen” within the meaning of Section 2(s) of the Industrial Disputes Act, 1947, asserting that they were engaged in supervisory roles. However, no evidence was adduced by the management to substantiate this claim.

19. Before the Labour Court, the workmen filed a memo seeking a joint trial of the claim petitions. The counsel for the management raised no objection to this request, as recorded by the endorsement dated 07.06.2018. In the memo, it was stated that the claim petitions had been prepared based on a common settlement, and that except for the variation in quantum, the issues involved were identical across all petitions, and the documents relied upon were the same. The Labour Court accepted the request and, as recorded in paragraph 4 of its order, noted that both the respondents and the issues raised were common to all petitions. Accordingly, the petitioner in C.P. No. 172 of 2017, S. Sethusubramanian, was permitted to adduce evidence on behalf of himself as well as the other petitioners. Pursuant to this direction, the evidence of S. Sethusubramanian was recorded as PW1, and he was subjected to cross-

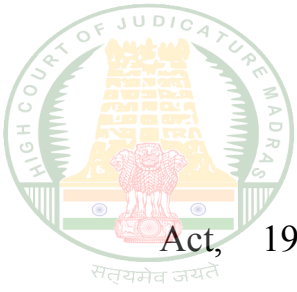


examination. On the side of the workmen, 23 documents were filed and marked as Exhibits P1 to P23.

20. On the side of the management, the Managing Director was examined as RW1. He produced his authorization letter, which was marked as Ex.R1. Prior to cross-examination, RW1 filed a proof affidavit dated 30.04.2019. In his affidavit, while responding to various contentions raised by the workmen, the only specific averment made in paragraph 16 regarding the status of the petitioner P. Rajamanickam (claimant in C.P. No. 165 of 2017) was as follows:

”I submit that the Petitioner himself admitted that he is a Senior Manager. The Petitioner is in the supervisory position and he is supervising the workmen deployed by him. The Petitioner is supervising their work and allotting work to them and he was getting a salary of more than Rs.10,000/- p.m. Therefore, the Petitioner cannot be termed as a workman as defined under section 2(s) of the Industrial Disputes Act, 1947. The very fact that he is not a workman and he cannot seek any remedy or file a claim petition under section 33(c)(2) of the Industrial Disputes Act.”

21. Apart from the statement made in the proof affidavit and the vague assertions in the counter statement, the petitioner–Management did not produce any substantive evidence to establish that any of the respondents were employed in a supervisory capacity or were drawing wages exceeding Rs. 10,000/-, so as to exclude them from the definition of “workman” under the Industrial Disputes



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Act, 1947. On the contrary, the respondents' witness, PW1 – S.

WEB SETHUSUBRAMANIAN, in his proof affidavit dated 22.06.2018, specifically

addressed this issue. In paragraph 2 of his affidavit, he stated as follows:

“I submit that even though all were designated as officers, but at no point of time we exercised any of the managerial functions. I submit that we had never exercised any of the functions like cheque operating, work allotting, leave sanctioning or any of the like functions of the managerial cadre. I submit that the nomenclature itself would not confer the status, but the nature of work would only establish the status. It is pertinent to submit that all the petitioner can be termed as glorified employees (skilled employees) of the respondent company as all are well within the meaning of workmen as defined under section 2(s) of the Industrial Disputes Act.”

22. The only cross-examination conducted by the counsel for the management on this aspect was a suggestion put to PW1 on 16.10.2018, asserting that he was employed in a supervisory capacity. This suggestion was categorically denied by PW1. The relevant portion of the cross-examination reads as follows:

"நாங்கள் தொழிலாளர் என்ற வரையறைக்குள் வரமாட்டோம் என்பதால் எங்களுக்கு இந்த நீதிமன்றத்தில் எந்த பரிகாரமும் கிடைக்கவில்லை என்று சொன்னால் அதை மறுக்கிறேன்."

23. The evidence of RW1, the management witness and Managing Director of the company, as elicited during cross-examination, has been extensively referred to by the Labour Court in the impugned order. It is relevant to extract



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the pertinent questions and answers from his testimony, which are as follows:

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Question No.12:

Ex.P4 and P.19 were shown to you. Are you disputing these documents that they were not signed by your CMD?

Ans: Absolutely no. The person signed in these documents is our CMD only.

Question No.13:

In these 2 documents the quantum of amount entitled to these petitioners were mentioned. Is it right?

Ans : Yes

Question No.14:

At the time of preparing these 2 documents, there were 2 vice presidents namely Mr.Mohan Kumar and Jayanthilal in your company. Is it right?

Ans: Yes.

Question No.15:

In these 2 documents, there is a computation sheet attached and are you disputing that these computations were not made by the above named vice presidents?

Ans: No.

Question No.16:

The vice presidents have computed these amount based on the cadre of the employees and in accordance to the documents available in the company. Is it right?

Ans: Since they have signed, I presume as such.

Question: Have you gone through all the 19 documents filed by the Petitioner?

Ans: Yes.

Question : Are you disputing the bonafide and authenticity of the above 19 documents?

Ans: No, I am not disputing

Question : Before closure of the company, have you obtained any permission from the Government Authorities?

Ans: Yes, Permission was obtained. But I don't know whether it was prior to the closure or subsequent to the closure.

Question: The Ex.P1 now shown to you is the letter sent by your company for closure of the factory. Is it right?



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Ans: Yes.

Question: Subject to the condition for paying compensation to the workers, the closure order has been issued by Government. Is it right?

Ans: Yes. It is there in the order itself.

Question: In Accordance with the order of closure, have you complied the condition imposed by the Government?

Ans: Yes. Certain payments were made it in accordance with the order. But I don't know to what extent, we have paid.

Question: As far as these petitioners are concerned, I put it to you that they have not been paid with any amount of compensation as on date?

Ans: Yes.

Question: I put it to you that, several representations through Ex.P-5,6,8,9 and 10 were sent to you by the Employees Association and you have accepted to pay the compensation as per Ex.P7, but till date you have not paid the same. Is it right?

Ans: Yes.

Question: In this regard, these petitioners along with others approached the Labour Commissioner for Disbursement of Gratuity and some discussions were going on at that time. Is it right?

Ans: Yes.

Question: I put it to you that only after all their efforts ended in futile, the petitioner have approached this court under Section 33 C (2) of the I.D.Act.

Ans: Yes.

Question: Hence I put it to you that, the Petitioner are legally entitled for their claim for compensation payable by you.

Ans: I am not able to express anything in the regard and it is so for the Court to decide.

Question: Out of the 215 acres of land in Manali, what extent of land has been sold?

Ans: Only 10 percent of the land got sold and the sale of the remaining portion is under progress.

Question: So I put it to you that, the petitioners are entitled for the reliefs claimed by them.

Ans: I leave it to the decision of the Court."



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24. In light of the extensive admissions made by RW1 before the Labour

WEB COURT, it is unclear why the petitioner–Management chose to file the present writ petition and on whose advice such a course was adopted. It is significant to note that the management had obtained prior approval from the Government for the closure, subject to the condition that closure compensation and the agreed ex gratia amounts would be paid. Furthermore, individual settlements had been executed with the employees, culminating in a settlement under Section 12(3) of the Industrial Disputes Act. Despite this, and in the absence of any substantial legal objection raised before the Labour Court, the petitioner has now chosen to invoke the writ jurisdiction of this Court—seemingly with the sole intent of delaying the settlement of the respondents’ legitimate claims, which hardly works out approximately to only Rs.1.5 crores.

25. In this context, it is pertinent to recall a notable observation from page 93 of the *Report of the Expert Committee on Legal Aid*, titled *Processual Justice to the People* (May 1973), authored by Justice V. R. Krishna Iyer. The passage insightfully addresses the underlying reasons why employers often resort to litigation. It reads as follows:

“An analysis conducted by the Labour Ministry in 1960 shows that about 550 appeals were filed by employers and workers in the Supreme Court during 1955-59. Of these, 421 (or 77%) were filed

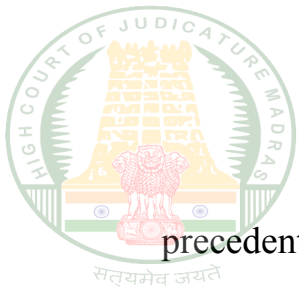


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by employers and 128 (or 23%) by workers or their unions. The court takes a long time to decide many of these cases and 63% of the 286 employer's appeals decided by the Supreme Court were unsuccessful....In 60% of the cases in which employers were unsuccessful, and for which information is available, the implementation of awards was delayed by 2 to 6 years. ...Thus, not only have employers used the legal machinery for filing appeals more often and without merit, they have dragged workers to the highest court even where the subject matter is petty, thus denying workers their dues over long periods.”

26. In view of the foregoing, this Court finds no merit in the present writ petition. The Labour Court has acted well within the bounds of its jurisdiction and has rightly considered the claims of the workmen, directing payment along with interest at the rate of 9%. It is significant to note that the workmen themselves voluntarily gave up their claims relating to gratuity, even though the said component was included in the final settlement statements issued by the management. The contention that some of the respondents do not qualify as “workmen” under the Industrial Disputes Act is without substance and deserves to be rejected even though there may be an error of 5%. In the absence of any evidence adduced by the management to refute the workmen's status, and in light of the uncontroverted testimony presented by the respondents, the Labour Court was justified in accepting their claims. There is no dispute as to the quantum of the amounts due, as the management itself had acknowledged the figures in the settlement documents. As elaborated through the various legal



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precedents discussed earlier, claims of this nature are squarely maintainable

under Section 33C(2) of the Industrial Disputes Act, 1947.

27. In light of the above discussion and findings, the writ petition in W.P. No. 7214 of 2020 is dismissed. Consequently, the miscellaneous petitions in W.M.P. Nos. 8637 of 2020, 3929 of 2023, and 3932 of 2023 are also dismissed. With regard to costs, the petitioner–Management is directed to pay a sum of Rs.25,000/- (Rupees Twenty-Five Thousand only) to the learned counsel for respondents 1 to 16, and Rs.10,000/- (Rupees Ten Thousand only) to the learned counsel for respondents 20 and 21.

09.04.2025

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NCC : Yes / No

Index : Yes / No

Internet : Yes / No

Copy to:

The Presiding Officer,
III Additional Labour Court,
Chennai 600 104.
(with records)

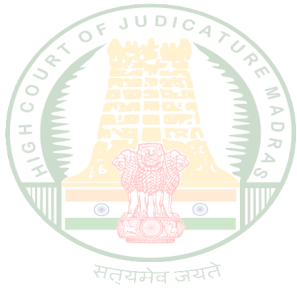
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DR. A.D. MARIA CLETE, J

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W.P.No.7214 of 2020
and
W.M.P No. 8637 of 2020 and 3929 & 3932 of 2023

09.04.2025