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IN THE HIGH COURT OF JUDICATURE AT MADRAS

Orders reserved on : 17.02.2026

Orders pronounced on : **25.03.2026**

CORAM :

THE HON'BLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY

W.P.Nos.5850, 5851 of 2016 and 2731 of 2023
& W.M.P.Nos.12155 of 2016, 10654, 10655, 35004, 35005, 32589 of 2017,
219 of 2021, 14318, 20262, 20531 of 2022 and 2836 of 2023

In W.P.No.5850 of 2026:-

The Management of
Manali Petrochemicals Limited
Ponneri High Road, Manali
Chennai – 68
Rep.by its Whole Time Director (Works)

.. Petitioner

Versus

1. The Presiding Officer
Industrial Tribunal, Chennai -600 104.
2. The Workmen
Rep by The General Secretary, Manali Petrochemicals Employees Union,
Ponneri High Road, Manali, Chennai 68
3. The Workmen
Rep by The General Secretary, Manali Petrochemicals Limited Technical
Employees Union, Madhavaram Milk Colony, Chennai 51
4. T. Sundar, Aged about 46 Years
Emp. No. P10267,
S/o. M. Thiruvengadam,
No.8, First Street, Paari Nagar,
Ambattur, Chennai – 600 053.



5. P.N. Ramesh, Son of P. Natesan
Aged about 45 years, Emp. No. P10275,
No.32A, Thamaraikulam, I Street,
Periyathoppu, Manali, Chennai – 600 068.
6. N. Gopalakrishnan, 58 years,
Emp. No. P20034,
S/o. C. Nagappa Mudali,
No. F1, First Floor, 1-A, Rajaji Street,
Madhavaram, Chennai – 600 060.
7. A. Nagarajan,
Aged 48 years, Emp. No. P10312,
S/o. S. Arjunan, No. 1-B, Thirukkural Street, Vaidhiyalasingam Salai,
Chitlapakkam, Chennai – 600 064.
8. N.G. Rajagopalan,
Aged 50 years, Emp. No. P10425,
S/o. R. Govindarajalu, AP.Akshaya Flats, F3, 12/2, Thulasingam Street,
Perambur, Chennai – 600 011.
9. P. Munusamy,
Aged about 32 years, P10633,
S/o. P.Parthasarathi,
No. 9, Lakshmi Lane, Kumarapuram Street,
Adambakkam, Chennai – 600 088.
10. R. M. Thaneermalai,
Aged about 48 years, P 10160,
S/o. C.T. Ramanathan, No.2B, Yes Yes Villa,
15-B, Reddy Street, Virugambakkam,
Chennai – 600 092.
11. A. Charles Fernandez,
Aged 45 years, P10276, S/o. A. Anthony Samy, Old No. 5, New No.11,
Kakkan Street,
Hindustan Lever Colony, Pammal, Chennai – 600 075.
12. R. Raman,
Aged 31 years, P10629, S/o. K. Rajagopalan,
No.3/2A, East Tank Road, Theradi,
Thiruvottiyur, Chennai – 600 019.
13. T.R. Nagappan,
Aged 50 years, P10039, S/o. S. Thirupathi,
No.16, Thiru-vi-ka Street,
Vinayagapuram, Ambattur – 600 053.
14. E. Machavel,
Aged 51 years, P10328,
S/o. V. Eryali, No. 26, 1st Street, K.V.Puram,
Beach Road, Ernavoor, Chennai – 600 057.



- 15.M. Veerappan,
Aged about 39 years, P10542,
S/o. V. Muthu, No.6/684, Marvadi Quarters, Thiru Nagar, 1st Street,
Thiruvotriyur, Chennai – 600 019.
- 16.R. Shanmuga Sundaram,
Aged 38 years, P10652,
S/o. Late S. Raja, No. 17/18, Peeliamman Koil Street, Kottur, Chennai –
600 085.
- 17.R. Srinivasan,
Aged 51 years, P10309, S/o. R. Ramani,
No.12A, Third Street, Bharathi Nagar,
Old Perungulathur, Chennai – 600 063.
- 18.P. Balasubramanian,
P. Balasubramanian, Aged 43 years, P10549,
S/o. M. Pethimuthu, No. 559, K V K Samy Street, Periyar Nagar,
Vyasarpadi, Chennai – 600 039.
- 19.K. Pothuraja,
K. Pothuraja, Aged about 42 years, P10543,
S/o. R. Krishnan, No. 4, Ganapathy Nagar, Samiyar Madam, Manali New
Town – 600 103.
- 20.R. Govindasamy,
Aged about 41 years, P10583,
S/o. R. Ramu, No. O/20, A.M. Garden, O Block, Mandaveli, Chennai –
600 028.
- 21.E. Prithivikumar,
Aged 45 years, P20590, S/o. M. Elangovan,
No.12/3, New Street, Elango Nagar,
Menambedu, Chennai – 600 053.
- 22.K. Dhanasekar,
Aged about 51 years, P10082,
S/o. J. Kuppaswamy, No.194/89, Sanjivirayon Koil Street, Old
Washermenpet, Chennai – 600 021.
- 23.R. Subbukutti,
Aged 48 years, P10327, S/o. M. Rajagopalan,
No. 14, V O C Street, KGL Prabhu Nagar,
Minjur – 601 203.
- 24.N. Jegan,
Aged 40 years, P10628,
S/o. T. Natarajan,
Kolur Village & Post, Ponneri Taluk,
Thiruvallur – 601 205.



- 25.C. Asokan,
Aged about 56 years, P10208,
S/o. Late Chitravelu, Plot No. 23, Kamber Street, KGL Prabhu Nagar,
Minjur – 601 203.
- 26.Mr. R. Murugaiah,
47 years, P20149, S/o. M. Ramiah, Murali Illam, No. 55/95, Sivapatham
First Street,
K.K. Thalai, Madhavaram, Chennai – 600 051.
- 27.D. Balaji,
Aged 44 years, P10743, S/o. P.K. Damodaran, No.2682, \"B\" Type,
MMDA,
Mathur, Chennai – 600 068.
- 28.S. Elango,
Aged 46 years, P10211,
S/o.M.Samikannu, No.42, Valluvar Nagar, Minjur – 601 203.
- 29.K. Varadhan,
Aged 57 years, P10206,
S/o. P. Kannayiram, No. 31, Srinivasa Perumal Koil Street, Periyathoppu,
Manali – 600 068.
- 30.R. Mani,
Aged 51 years, P10113,
S/o. T. Ramakrishna,
No. 28, 6th Street, Janaki Nagar,
Madhuravoyal, Chennai – 600 095.
- 31.M. Muthukumar,
aged 53 years, P20469,
S/o. T.S. Murugesan, No. 12/48, Vanniyar Street, Kaladipet, Chennai –
600 019.
- 32.S. Selvakumaran,
Aged about 45 years, P10446,
S/o. K. Shanmuga Sundaram,
GF2, Ramanujam Flats, No. 70, Fifth Street,
Voltas Colony, Chennai – 600 061.
- 33.T. Jogidra Kumar,
Aged 41 years, P10560,
S/o. T. Somasekhar, No.6, GST Road, \"B\" Block, B58, III Floor,
Sterling Little Flowers Apartments, Guduvancherry – 603 202.
- 34.D. Prakash,
Aged 43 years, P10545, S/o. A. Dharmalingam, B-Type, 9/279, 48th
Street, SIDCO Nagar, Villivakkam, Chennai – 600 049.
- 35.T. V. Manoharan,
Aged 55 years, P20044, S/o.T.R. Varadarajan, No. 4/23, Govindan Street,
Perumal Koil Main Street,Periyasekkadu, Madhavaram, Chennai – 51.



36.S.P. Veerappan,
Aged 56 years, P10426, S/o. Subban,
Old No. 48/4 (New No. 74), Ellaiamman Koil Street, Kottur, Chennai –
600 085.

37.G.A. Sivaguru,
Aged 51 years, P20496,
S/o A.G. Arunachalam,
No.8-1/1, 80th Street, 18th Avenue,
Ashok Nagar, Chennai – 600 083.

38.N. Ravichandran,
Aged 54 years, Emp. No. P10157,
S/o.S.P. Nagalingam,
No.742/22, T. H. Road, Thiruvotriyur,
Chennai – 600 019.

(R-4 to R-38 are impleaded as
per order of this Court dated 13.04.2017
in WMP. No.21943/2016 in WP. No. 5850/2016)

.. Respondents

In W.P.No.5851 of 2016:-

The Management of
Manali Petrochemicals Limited
Ponneri High Road, Manali
Chennai – 68
Rep.by its Whole Time Director (Works)

.. Petitioner

Versus

1.The Presiding Officer
Industrial Tribunal
Chennai – 600 104.

2.Manali Petrochemicals Limited Technical
Employees Union
Rep.by its General Secretary
Sathangadu Village, Manali, Chennai – 600 068.

3.Manali Petrochemicals Union
Rep.by its General Secretary
Ponneri Road, Manali
Chennai – 68.

.. Respondents



In W.P.No.2731 of 2023:-

Manali Petrochemicals Limited
SPIC House, 88, Mount Road
Guindy, Chennai – 600 032
Rep.by its Whole Time Director

.. Petitioner

Versus

1.The Commissioner of Labour
O/o. Commissioner of Labour
DMS Compound
Teynampet, Chennai – 600 006.

2.The Deputy Commissioner of Labour -2 (C)
O/o. Deputy Commissioner of Labour (Con-2)
Kuralagam, 3rd Floor, Chennai – 600 108.

3.The Additional Commissioner of Labour
O/o. Additional Commissioner of Labour
DMS Compound, Teynampet
Chennai – 600 006.

4.Manali Petrochemical Employees Union
Rep.by its President
Regd No.1064/CPT
Ponneri High Road, Manali
Chennai – 600 068.
Now at
Plot No.11, 3rd Street
Ambal Nagar, Madambakkam
Chennai – 600 126.

5.Manali Petrochemical Technical Employees Union
Rep.by its General Secretary
Sathangadu Village, Manali
Chennai – 600 068.
Now at No.2/104, Kathan Street
Big Natham, Chengalpet.

6.M.P.L.Employees Union
Rep.by its General Secretary
Regd.No.520/TVR



Ponneri High Road,
Manali Petrochemicals Limited, Manali
Chennai – 600 068.

.. Respondents

Prayer in W.P.No.5850 of 2016 : Writ Petition filed under Article 226 of the Constitution of India seeking a Writ of Certiorari, calling for the records of the 1st respondent in I.D.No.35 of 2006 and quash its award dated 23.09.2008 and pass such further or other orders.

Prayer in W.P.No.5851 of 2016 : Writ Petition filed under Article 226 of the Constitution of India seeking a Writ of Certiorari, calling for the records of the 1st respondent in I.D.No.51 of 2004 and quash its award dated 23.09.2008 and pass such further or other orders.

Prayer in W.P.No.2731 of 2023 : Writ Petition filed under Article 226 of the Constitution of India seeking a Writ of Certiorari, calling for the records of the 2nd respondent relating to the impugned order bearing No.RC No.B/664/2021 dated 18.07/2022 and quash the same and pass such further or other orders.

In W.P.No.5850 of 2016:-

For Petitioner : Mr.A.L.Somayaji, Senior Counsel
for Mr.Anand Gopalan

For Respondents : Mr.S.Senthil Murugan
Special Government Pleader for R1

: Mr.Balan Haridas for R2
: M/s D.Bharathi for R3

In W.P.No.5851 of 2016:-

For Petitioner : Mr.A.L.Somayaji, Senior Counsel
for Mr.Anand Gopalan

For Respondents : Mr.S.Senthil Murugan
Special Government Pleader for R1

: Mr.Balan Haridas for R3
: M/s D.Bharathi for R2



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In W.P.No.2731 of 2023:-

For Petitioner : Mr.A.L.Somayaji, Senior Counsel
for Mr.Anand Gopalan

For Respondents : Mr.S.Senthil Murugan
Special Government Pleader for RR1 to 3

: Mr.Balan Haridas for R4
: M/s D.Bharathi for R5
: Mr.C.K.Chandrasekar for R6

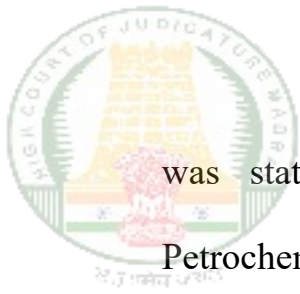
COMMON ORDER

These three Writ Petitions are connected and, as such, are taken up and disposed of by this common order.

A. The Factual Matrix:

2. The factual background in which these Writ Petitions arise is that the Government of India set up a petroleum refinery unit, currently known as ‘Chennai Petrochemicals Limited’ at Manali. As a result, several private persons also established related units in and around Manali to make use of available chemicals and by-products and to benefit from Manali's proximity to the port. The petitioner management, namely Manali Petrochemicals Limited, was one such unit started in 1990, dealing with products such as Propylene Oxide, Propylene Glycol, and Polyol.

2.1. In the same year, another company named UB Petroproducts Limited was also established, which competed with the petitioner – management. In 1997, it



was stated that UB Petroproducts Limited was taken over by Southern Petrochemical Industries Corporation Limited and was renamed SPIC Organics Limited (shortened as 'SPIC'). It is important to note that SPIC is the major shareholder of the petitioner - management, namely Manali Petrochemicals Limited, which is part of the SPIC group of companies.

2.2. In the year 2000, the second company mentioned above, namely SPIC, was also merged with the petitioner-management by an order of this Court in C.P.No.581 of 2000 dated 20.12.2000. Thereafter, the original Manali Petrochemicals Limited was referred to as Plant -1, and the merged company's unit was called Plant -2. Under these circumstances, as was the regular practice, a wage revision was effected through a settlement under Section 12(3) of the Industrial Disputes Act, 1947 (in short 'the Act'), which was entered into on 09.09.1999, covering the period of four years from 01.01.1997 to 31.12.2000.

2.3. Since a merger also took place in the same year, it appears that the workmen and management did not enter into any Section 12(3) settlement for the wage revision. Manali Petrochemicals Employees Union submitted a charter of demands, which included a wage revision for the period from 01.01.2001 to 31.12.2004 on 01.04.2000. On 13.12.2002, the management proposed to alter the service conditions by issuing a notice under Section 9A of the Act, concerning both Plant -1 and Plant -2, which included reducing the retirement



age from 60 to 58 years, reducing casual leave from 10 to 7 days, sick leave from 15 to 7 days, and ordinary leave from 24 to 22 days. Another Section 9A notice regarding Plant -2 was issued. It was proposed to alter the pension scheme, while in Plant -1, there was a pension scheme operated by the trust established under the scheme known as 'Defined Pension Scheme', under which the pension was calculated as follows:-

$$\text{Pension amount} = \frac{\text{Last Drawn Basic} \times \text{No.of Years of Service}}{50}$$

50

2.4. By the 9A notice, it was decided to change the above 'Defined Pension Scheme' to a 'Defined Contribution Scheme', under which 12% of basic pay will be contributed to LIC, and a pension will be paid based on the scheme. Similarly, with reference to Plant-2, which was already under a defined contribution scheme where 10% of Basic Pay plus Dearness Allowance was Contributed, it was also proposed to make this contribution 12% of basic pay alone.

2.5. On 03.01.2003, the union objected to the above-mentioned change in service conditions, and on 18.12.2003, a dispute was raised. Similarly, the trade unions submitted a charter of demands, including a pay revision, on 19.03.2003. On 07.01.2004, the conciliation regarding the dispute raised in connection with 9A notices failed, and the Conciliation Officer forwarded the failure report to the Government. On 19.07.2004, the Government, vide G.O.(D)No.361 dated



19.07.2004, referred the dispute for adjudication to the Industrial Tribunal, Chennai, which was taken on file as I.D.No.51 of 2004. Meanwhile, on 10.08.2004, the conciliation in the dispute relating to the charter of demands, including pay revision, also failed, and a failure report was again forwarded to the Government. However, the Government did not issue any orders to refer the dispute for adjudication. The workmen approached this Court, and by an order dated 06.11.2006 in W.P.No.24921 of 2006, this Court directed the Government to refer the dispute to the Industrial Tribunal. Subsequently, vide G.O.No.876 dated 12.12.2006, the Government referred the dispute for adjudication, which was taken on file as ID No. 35 of 2006.

B. Pleadings, Trial & Award in ID No. 51 of 2004:

3. Regarding ID No. 51 of 2004, both trade unions that raised the dispute filed claim statements on 09.09.2006. They contend that the existing superannuation age of 60 years, as per the service rules, should not be unilaterally modified. Lowering the retirement age would negatively affect workers, resulting in monetary losses and potentially harming their social status. Regarding the pension, the workmen would face significant losses due to the modified scheme. It was further contended that, under scheme paragraph No. 10, notice must be given to the trustees for any alterations, and that there was no resolution from the trust regarding changes to the scheme. Contentions were also made about the reduction of leave facilities.



3.1 The management filed a detailed counter-statement. The counter-statement explained in detail the amalgamation, sales turnover, and other measures taken by the company to reduce its financial burden and withstand market competition arising from liberalisation. Regarding leave, it was pleaded that the workmen in Plant-1 have been working five days a week, and, even for Plant-2, when they initially worked six days a week, the schedule was reduced to five days from May 1997 onwards. Thus, by including 49 days of leave and 52 days of weekly off, each workman was entitled to 101 days' wages without work. Considering that workmen receive wages without working for about eight and a half days each month, and that the management calculates wages based on its right to have workmen work up to 48 hours per week, the decision to rationalise leave benefits by reducing them by 20% was made, and the changes are fair and reasonable. Regarding the alteration of pension, it was pleaded that the management voluntarily introduced the pension scheme applicable to both staff and workmen. Plant -2 did not have such a scheme, but workmen there were provided superannuation benefits by making a monthly contribution of 10% of Basic Pay and Dearness Allowance. At the end of their service, the accumulated amount would be used to purchase an annuity, which would provide a monthly pension. With declining interest rates on deposits, the purchase rate for annuity-based monthly pension payments increased significantly. Consequently, many organisations in Chennai shifted from benefit-based schemes to contribution-based schemes. All



other units in the group, including the seven chemical units in the Manali industrial belt, such as Chennai Petroleum Corporation Limited (CPCL) and Madras Fertilisers Limited, adopted contribution-based schemes, as none of them had superannuation schemes. To maintain uniformity within the region, it was decided to follow this trend from 01.04.2003 onwards, with contributions increased to 12% of Basic Pay, ensuring the purchase of an annuity that would provide a monthly pension for the workmen's lifetime.

3.2. Regarding the age of superannuation, in 1990 when the unit was established, the superannuation age was 60 years. Subsequently, most public and private sector undertakings reduced the retirement age to 58 years. In all other similarly situated industries, except Chennai Petroleum Corporation Limited, the retirement age was only 58 years. By 2002, of the 283 workmen in service, none were over 55 years old. Reducing the retirement age to 58 years would not have adverse effects; thus, the decision was made.

3.3 On the said pleadings, the Industrial Tribunal took up the issue for enquiry. On behalf of the workmen, *J.Karthikeyan* was examined as W.W.1, and exhibits W.1 to W.29 were marked. On behalf of the management, *E.N.Rangaswami* was examined as M.W.1, *R.Raghunathan* as M.W.2, and exhibits M.1 to M.5 were marked.



3.4. The Industrial Tribunal considered the case of the parties and, by an award dated 23.09.2008, found that the management is entitled to alter the conditions by issuing notice under section 9A of the Industrial Disputes Act, 1947. Regarding the reduction in casual leave, sick leave, and ordinary leave, the Tribunal tabulated the existing leave and the reduction sought. After considering the overall circumstances, the Tribunal held that the management's grievance could be addressed by increasing working days without disturbing the current leave pattern. Noting that workers in the industry generally worked six days a week, the Tribunal decided the working days could be increased by two days to meet the needs of both parties. Concerning working hours, the Tribunal observed that workers currently worked 42.5 hours a week, whereas in other companies workers worked six days a week, and therefore, the management was entitled to increase the working hours to 48 hours weekly, considering the financial situation. Regarding the additional two working days, the Tribunal opined that alternating Saturdays—that is, Saturdays of the first and third weeks of every month—shall be working days from 01.12.2008, with working hours of 8 hours on those Saturdays.

3.5. The Tribunal then examined the pension scheme and, after analysis, found that the superannuation scheme is appropriate and beneficial for the workers and held that the proposed change is incorrect, providing an answer accordingly. Regarding the age of superannuation, the Tribunal noted that management had voluntarily fixed it to 60 years and provided no reasons to reduce it to 58 years. The



comparison with two other companies, namely Heavy Chemicals Division (HCD) and Tamilnadu Petroproducts Limited (TPL), was deemed invalid since the emoluments at TPL were significantly higher. The Tribunal held that the reduction is unfair and accordingly passed the award.

C. Pleadings, Trial & Award in I.D. No. 35 of 2006:

4. With reference to the other industrial dispute in I.D.No.35 of 2006, separate claim statements were made by both trade unions on 29.01.2007 and 03.02.2007, respectively. It is pleaded on behalf of the trade unions that while the strength of the employees has decreased by 50% due to the voluntary retirement scheme operated by the management, production has increased by 50% and exceeded the installed capacity. The management has been making cash profits of Rs. 10.94 crores for the year 2001 to 2002, which increased to Rs. 46.65 crores during 2005 to 2006. For the year 2006 to 2007, the company posted a profit of Rs.18 crores, even in the first three quarters. Despite this, the management has refused to concede the fair and justifiable demands. When the wage revision discussions took place, they did not offer any interim relief, even though profits were being made. Nearly 50% increases are granted in each wage settlement. Therefore, the trade unions contended that the demands were fair.

4.1. A detailed counter affidavit was filed in April 2007 resisting the workmen's claim. The fluctuations in the company's business, including the Gulf



War in 1990, which resulted in raw material prices increasing by up to 25%, were explained in detail. The pay parity between Plant 1 and Plant 2 was also addressed.

It is submitted that the Company has been incurring continuous losses, except for a few years. From 1990 to 2005, the company did not pay any dividends. The losses accumulated to Rs. 60.78 crore during 2002-2003. There was also an erosion of the network. Only in 2004 did the Company record a modest profit of Rs. 2.05 crores, which only partially reduced the accumulated losses. As a result, the Company was unable to service its substantial paid-up capital of Rs. 114.70 crores. The company has been undertaking various remedial measures to improve its performance. After the amalgamation, it is evident that shareholders suffered net losses on their shares. High competition and low margins necessitated austerity measures. These workmen are paid fair and reasonable wages and enjoy good working conditions. In March 2007, the monthly wages for the lowest-paid workmen were Rs. 9,338, while the top cadre earned Rs. 12,654. The company incurred transport costs of Rs. 1,520 per employee per month and provided a substantial canteen subsidy of Rs. 1,540 per employee per month. Details about other benefits, such as shoes and uniforms, were also mentioned. Therefore, it was claimed that the unions' demands were unjustified.

4.2 With the above pleadings, the Tribunal took up I.D. No. 35 of 2006 for enquiry. On behalf of the workmen, J. Karthikeyan was examined as W.W.1 and S. Thomas as W.W.2. Exhibits W.1 to W.29 were marked. On behalf of the



management, *E. N. Rangaswami* was examined as M.W.1 and *R. Raghunathan* as M.W.2. Exhibits M.1 to M.53 were marked.

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4.3. The Tribunal framed 26 points for consideration, with reference to each claim. The Tribunal found that the company was incurring losses and no dividends were announced to shareholders until 2005, when some profits and dividends were declared. The Tribunal also noted that the management had made earnest efforts to stop income leakage and unnecessary expenditure, and that employees in Plant – 2 received lower salaries than those in Plant – 1. The Tribunal then examined the monthly provident fund account, marked as Ex.M.13. The management's claim regarding price escalation for raw materials and fuel was supported by Exs.M.16 to M.20. The Tribunal reviewed the comparative profit and loss statements for the years 2000–2007. Subsequently, the Tribunal considered the region-cum-industry principle, observing that, of the six companies, the current management ranked fourth in wage levels, with two other companies paying lower wages.

4.4. The Tribunal selected TPL and HCD, Manali, as comparable industries due to their similar business scope and workforce size, considering Ex.M.49 as a reasonable benchmark. It recognised that TPL, a comparable company, also reported losses, whereas its management reported profits in 2008. The Tribunal compared wages at the current management's Plant - 1 and Plant – 2 with those at TPL and HCD, establishing a progressive structure for gross salaries for staff in



Plant – 1 and analyzing monetary effects in detail.

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4.5. It also considered Ex.W.29, a draft settlement proposed during conciliation talks. While finding much of Ex.W.29 justified, it did not accept it entirely. The Tribunal noted that, from 2005 onward, when the current management was making a profit, TPL was incurring losses. It then examined Ex.W.29, which addressed existing pay scales for five tiers of workmen—A, B, C, D, and E—and the proposed revisions, including further increases in basic pay and fitment. After reviewing the structure, the Tribunal decided that, like other companies with only three categories, the five-tier structure in this case could be simplified to three categories: A, B, and C. It ordered pay revisions as follows: Rs. 1650-100/- for category A; Rs. 1430-80/- for category B; and Rs. 1270-75/- for category C, with increases of Rs. 700/-, Rs. 640/-, and Rs. 630/-, respectively. An interim payment of Rs. 500/- per month was authorised from 01.12.2008. Similar revisions were made for the technical cadre. The Tribunal found the major salary claims justified and fixed them accordingly. For other demands, the Tribunal approved claims where justified, with or without modifications, and passed an award on 23.09.2008.

D. The Subsequent Proceedings & Developments:

5. Aggrieved by both the awards, the management filed Special Leave Petitions in S.L.P.Nos.28235 of 2008 and 29458 of 2008 before the Hon'ble Supreme Court of India. While the Supreme Court initially entertained the Special



Leave Petitions and granted interim orders, on 08.01.2016, when the matters were heard, the Court permitted the management to withdraw the SLPS and directed them to approach the High Court to challenge the same awards. Regarding the award concerning the revision of the pay scale in I.D.No.35 of 2006, it was recorded that the management agreed to pay a sum of Rs.1 lakh to each workman within six weeks from that date, vacating the interim relief earlier granted, and also observed that this Court will decide the writ petitions at an early date.

5.1. Thereafter, the management filed W.P. No. 5850 of 2016 challenging the award in I.D. No. 35 of 2006 and W.P. No. 5851 of 2016 against the award in I.D. No. 51 of 2004. During the pendency of the Writ Petitions, the management claimed that about 160 workmen were promoted. In 2016, when the matter was referred for mediation, two separate settlements were reached: 34 workmen agreed and settled the issue with the management. For the period from 01.01.2001 to 31.12.2015, it was agreed that a lump sum would be paid for all claims related to wage differences. Additionally, for the years 2016 to 2019, the increased wage structure was agreed upon. The said workmen also consented to reduce the age of superannuation from 60 to 58 years and to changes in the pension scheme. Subsequently, 11 workmen left the management's service. A new wage settlement under Section 12(3) was signed on 23.09.2021 for the period 2020 to 2023, which also accepted the superannuation age of 58 years.



5.2. When the 18 (1) settlement was entered into on 01.09.2021 between the management and a trade union, namely MPL Employees Union (Registration No. 520/TVR), the management and the said union approached the Deputy Commissioner of Labour – II (C), Chennai. The settlement was then converted into one under 12 (3) of the Industrial Disputes Act, 1947, and recorded on 23.09.2021. Subsequently, the Manali Petrochemicals Employees Union approached the Deputy Commissioner of Labour – II (C), Chennai, and raised a dispute claiming that, since the dispute regarding wage revision had been settled by the Industrial Tribunal and the matter was pending before this Court in W.P. Nos. 5850 and 5851 of 2016, such a 12(3) settlement, in contravention of the award passed by the Industrial Tribunal, should not have been recorded. A notice for bilateral talks was issued on 21.04.2022. The management also submitted its detailed reply on 31.05.2022. Thereafter, on 18.07.2022, the 2nd respondent considered that the settlement was made with the suppression of facts, particularly concerning the award in I.D. No. 51 of 2004 regarding the retirement age. Moreover, the retrospective validation of the 9 (A) notice without prior approval from the Hon'ble High Court cannot be approved. As a result, an order was passed to reflect these considerations.

“A copy of this communication is being sent to all the signatories of the settlement. Any attempt of the parties to the settlement dated 23.09.21 to enforce the clauses of the same, specifically clauses 13 and 17, in the absence of any suitable modification by the orders of the Hon'ble High Court in pending writ petitions viz. WP No.5851/2016 and W.P.No.5850/2016 or any appeal thereof, would be construed as breach of the Awards of the Hon'ble Industrial Tribunal dated 23.09.2008 thus attracting penal provisions as provided under Industrial Dispute Act.”



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5.3. Aggrieved by the same, the management filed W.P.No.2731 of 2023.

E. The Arguments for the Management:

6. Heard *Mr.A.L.Somayaji*, the learned Senior Counsel appearing on behalf of the management. The primary submission on behalf of management is that it must be recognised that the majority of the workmen have already entered into a settlement with management. The exercise of power by the Industrial Tribunal is intended to promote industrial peace and harmony. By relying on the comparative statement of the actual wages that would have accrued to the employees and the current wage structure following the grant of a lump sum and the revisions of 2016 and 2019, the learned Senior Counsel argued that, in similar circumstances- where only a small number of workmen —11 in this case—continue to persist with a long-standing demand and seek to disrupt industrial peace, the settlement reached with the majority of employees should also be extended to such minority workmen. This would ensure parity in the wage structure and facilitate the industry's smooth functioning.

6.1. The learned Senior Counsel would submit that this is not even a suitable case to consider the merits of the award. The respondent – trade unions are persistently pursuing the case and conducting litigation without even being certain about which employees still wish to receive the benefits of the award.



When most employees have already been promoted, many have also been superannuated, and even among the remaining workmen, the majority have entered into settlement agreements, the Writ Petitions should be dismissed.

6.2. In fact, the argument is made by pointing out that certain employees will benefit financially if they opt for the lumps and the subsequent wage revision. To support these submissions, the learned Senior Counsel referred to the following Judgments:-

1. *Amalgamated Coffee Estates Ltd. and others vs. Their Workmen and others*,¹

2. *Herbertsons Limited vs. The Workmen of Herbertsons Limited and Others*,²

3. *New Standard Engineering Company Ltd vs. N.L.Abhyankar and Ors*,³

4. *Tata Engineering & Locomotive Co. Ltd vs. Their Workmen*,⁴

5. *TATA Chemicals Ltd. vs Workmen Represented by Chemicals Kamdar Sangh*,⁵

6. *Management of Binny Ltd. v. Presiding Officer and Ors.*, (W.P. Nos. 1471 and 7771 of 1999 and W.P. Nos. 2086, 11091 and 15934 of 1999)

¹ 1965 (2)LLJ 110

² 1976 (4) SCC 736

³ 1978 (2) SCC 133

⁴ 1981 AIR 2163

⁵ 1978 (3) SCC42



6.3. Alternatively, on the merits of the award regarding wage revision, the learned Senior Counsel argues that the Tribunal upheld claims other than wage revision without any discussion or adducing reasons; therefore, the award should be interfered with. Concerning wage revision, since the Tribunal found that the management is a loss-making unit, the workers' demand should have been rejected. Financial difficulty and capacity are the primary criteria that the Industrial Tribunal should consider when evaluating wage revision claims. Given that the petitioner – management was unable to declare dividends and was incurring cumulative losses, there was no justification for granting any wage revision.

6.4. Secondly, even assuming that the Tribunal should exercise its power, the legal basis for doing so is on the region-cum-industry basis. In this case, although the Tribunal attempted to compare on that basis, it must be noted that some industries paid wages lower than those of this management, while others paid more. Without even considering the averages and other perks, which are much higher than the wages in TPL and HCP, an award was still passed. This award results in a significant increase, creating an unbearable financial burden on management. Ultimately, the award is based only on the draft settlement. When considering the draft settlement, it must be recognised that it was merely a draft proposal subject to further negotiations. Even if it is taken into account, it should be taken as such. The clauses are proposed based on a comprehensive



scenario. The Tribunal cannot isolate specific clauses, alter the amount, or modify the terms of the draft settlement to issue an award. Such an exercise by the Tribunal is entirely illegal. In any event, the Tribunal cannot make the award applicable retrospectively.

6.5. Upon a perusal of the award, it is evident that the Tribunal has adopted an inconsistent line of reasoning; while, on the one hand, it has acknowledged the financial incapacity of the Company and the favourable conditions of service enjoyed by the workmen involved, yet at the same time, it has issued an award that results in a significant increase in wages.

6.6. Regarding the second award in I. D. No. 51 of 2004, the learned Senior Counsel argued that the management is primarily aggrieved by the award concerning the age of superannuation and interference with the pension scheme. Concerning the age of superannuation, the Tribunal should have considered that if the region-cum-industry principle is followed, the standard is only 58 years in comparable industries. Even in relation to the current management, there is a difference between Plant-1 and Plant-2, as Plant-2 was only 58 years old. The Tribunal should have taken this into account. In any case, most employees agree that the age of superannuation should be 58 years.



6.7. Regarding the pension scheme, it is clear from the original plan that it was for a specific period, and the management reserved the right to modify it.

To do so, a notice under Section 9A of the Act must be issued, and then the scheme can be changed. When the subsequent 12 (3) settlement was entered into, with the majority of workers agreeing to the pension scheme, it can no longer be contested by the few workers who continue to dispute it. In any case, the Tribunal should have recognised that the management provided enough justification for creating parity between Plant I and Plant II and, furthermore, that, in line with the region-cum-industry principle, the alignment with current practices in comparable industries. Also, for the new employees appointed later, the age of superannuation was set at 58 years at the time of their appointment.

6.8. To support his arguments regarding financial capacity and the region-cum-industry principle, the learned Senior Counsel relied on the following Judgments.

1. ***French Motor Car Co. Ltd. Vs. Workmen***⁶,
2. ***The Silk and Art Silk Mills Association Ltd. Vs. Mill Mazdoor Sabha***,⁷
3. ***Shivraj Fine Arts Litho Works v. State Industrial Court, Nagpur***,⁸
4. ***Mukand Ltd. Vs. Mukand Staff & Officers Association***,⁹
5. ***VVF Employees Union Vs. VVF/India Limited and Another***,¹⁰

⁶ (1962) 2 LLJ 744

⁷ (1972) 2 SCC 253

⁸ (1978) 2 SCC 601

⁹ (2004) 10 SCC 460

¹⁰ 2024 SCC OnLine SC 534



F. The Arguments for the Workmen:

7. *Per contra*, Mr.Balan Haridas, the learned counsel appearing on behalf of the workmen, would submit that when the wage revision was only up to the year 2000, the management, ever after raising a dispute and passing the award, kept the workmen at bay by wrongfully filing SLPS directly before the Hon'ble Supreme Court of India. It was only when the time lapse became unreasonable, especially in 2019, when the matter was referred for mediation by a Hon'ble Retired Judge of this Court, that the management, even while mediation was ongoing, suddenly promised some immediate benefit to certain workmen. Only a few workmen entered into settlements. Out of 328 employees involved in the dispute, the individual settlements now concern only 32 employees. Thus, this is neither a majority nor a fair procedure, and the settlement for lump-sum payment for the period between 2000 and 2016 cannot be generalised and imposed on the workmen. There is no dispute from 2016 onwards, as subsequent wage settlements have been reached. The dispute concerns only the period 2000 to 2016, during which the management insists on accepting lump-sum payments. Therefore, he would argue that the first submission made by the learned Senior Counsel should be rejected.

7.1. With reference to wage revision, the Tribunal considered the financial difficulties of the company, its profits, all comparative statements, and



the region-cum-industry principle. Furthermore, having regard to the draft settlement proposed by the management, the Tribunal made only minimal modifications to make it just and reasonable, and, in the interest of justice, the wages were accordingly fixed. The Industrial Tribunal has the authority to establish and fix liability between management and workers, taking into account fairness and industrial peace. No exception can be taken to the exercise of this authority by the Industrial Tribunal. Regarding the financial difficulties, the learned counsel argued that only net profit should be considered when management reports profits based on production by the workers in the relevant years. Profits are shown after deducting depreciation of fixed assets, among other factors, and the profit and loss account reflects this by highlighting gross profits. Courts have consistently held that workers are entitled to participate in the company's profits; therefore, their claims should be based on gross, not net, profits. When gross profit is considered, the company has invariably been making a profit in all these years.

7.2. As a matter of fact, with the proliferation of the petroleum industry and allied chemical industry, the profit has increased manifold, and the management is a huge profit-making industry. If the wages of the relevant years are compared with those of similar industries, it is evident that they were very low. In all wage revisions before 2000, the approximate increase ranged between 50 and 55 per cent. Considering this, it cannot be said that the wage



revision ordered by the Tribunal is excessive.

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7.3 Regarding pensions, the learned counsel argues that switching to the new scheme will result in workmen receiving less than 25 per cent of their original pension from the superannuation scheme. While the petitioner–management has greatly increased output, it has reduced expenditure on pensions and salaries paid to workers, while increasing benefits to the executive. This policy of the management constitutes an unfair labour practice. After considering this and finding no justification for a drastic reduction in pensions, the Tribunal passed the award.

7.4 Without explicitly mentioning it, a 12 (3) settlement was secretly recorded with the help of puppet unions, favouring management. Noticing that the matter is pending before this Court, the Deputy Labour Commissioner issued the order challenged in W.P.No.2731 of 2023. The workmen still wish to implement the award.

7.5 Concerning the age of superannuation, even in CPCL, the age is only 60 years. Since the workmen were recruited with the clear understanding that superannuation would occur at 60 years, there is no justification for reducing this to 58 years. Such a change would cause serious financial hardship to the workers. Despite the award, the management has violated it by illegally



superannuating some workers at age 58. Similarly, they proceeded to alter the pension scheme. Pensions should be based on gross profit, not net profit.

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7.6. For the proposition that only gross profits without deducting taxation and depreciation should be considered for fixing wages, the learned counsel relies on the Judgment in *Unichem Laboratories Ltd Vs. The Workmen*¹¹. The counsel also references the Judgment in *the Silk and Art Silk Mills' Association Ltd. Vs. Mill Mazdoor Sabha*¹² to contest the issue of financial capability. The Judgment in *Hydro Engineers (P) Ltd. Vs. Workmen*¹³ is also cited. Additionally, the counsel cites the Judgment in *Unichem Laboratories Ltd* (cited *supra*) and in *Kamani Metals and Alloys Ltd. Vs. The Workmen*¹⁴ to support the argument that the region-cum-industry principle is applicable. To justify the retrospective application of the award from the date of demand, the Judgment in *Hydro Engineers (P) Ltd.* (cited *supra*) is relied upon to support the Tribunal's reasoning in classifying the structure into three categories. The Judgment in *Hindustan Times Ltd. Vs. Workmen*¹⁵ as the Judgment in *Kamani Metals and Alloys Ltd.* (cited *supra*) are also referenced. The Judgment in *Hindustan Times Ltd.* (cited *supra*) is additionally invoked to support the proposition that the Tribunal is empowered to grant additional wages and increments. The judgment of the Hon'ble Delhi High Court in *Moolchand*

¹¹ (1972) 3 SCC 552

¹² (1972) 2 SCC 253

¹³ (1969) 1 SCR 156

¹⁴ (1967) 2 LLJ 55

¹⁵ (1964) 1 SCR 234



Kharaiti Ram Hospital & Ayurvedic Research Institute Vs. Moolchand Kharaiti Ram Hospital Karamchari Union and Others (W.P.(Civil) No.7553

of 2003 is relied upon to argue that the settlement cannot be enforced on workers who have not opted to sign it. The learned counsel further relies on the Constitution Bench Judgment in *The Bharat Bank Ltd, Delhi Vs. The Employees of the Bharat Bank Ltd, Delhi and the Bharat Bank Employees Union, Delhi*¹⁶ (1950 AIR SC 188) to demonstrate the nature of the jurisdiction exercised by the Tribunal.

G. The Discussion & Findings :

8. I have considered the rival submissions from both sides and reviewed the case's material records.

H. On Applying Individual Settlements binding on everyone:

9. The first question to be decided in this case is whether the W.M.P.Nos.10654 and 10655 of 2017, filed respectively in W.P.Nos.5850 and 5851 of 2016, should be allowed, thereby substituting/extrapolating the settlement/terms dated 06.07.2016 arrived at by the individual workmen as the award governing all the employees.

9.1. The management's contention is that, out of the total number of

¹⁶ (1950) AIR SC 188



employees involved in the dispute as of the date the settlement was signed in 2016, there were only 67 employees, of whom 35 had entered into individual settlements. It is now brought to notice that even more employees have entered into separate settlements with the management. Therefore, since the majority of the workmen have settled, the same should be applied to all employees who have not signed the settlements as well.

9.2. The judgments relied upon by the learned Senior Counsel regarding the proposition are listed *above*. When read together, the following principles emerge:

- (i) If the vast majority of employees have entered into a settlement, merely because a meagre number of employees refused to accept it, the Tribunal need not decide the emoluments (see paragraph No.10 of ***Tata Engineering and Locomotive Company Limited Vs. Their Workmen***¹⁷).
- (ii) The factors to be considered are the lasting industrial peace caused by the settlement rather than by adjudication, and the cordiality established between the employer and the labour should not be jeopardised through industrial adjudication (see paragraph No.25 of ***Herbertsons Limited Herbertsons Limited*** (cited *supra*) and paragraph No.6 in ***The Silk and Art Silk Mills Association Ltd.*** (cited *supra*))

¹⁷ (1981) 4 SCC 627



(iii) Uniformity is a factor to be borne in mind (see paragraph No.5 in *Amaalgamated Coffee Estates Limited and Others Vs. Their Workmen and Others*¹⁸).

(iv) Collective bargaining is a preferred method of settlement of labour disputes (see paragraph No.7 of *New Standard Engineering Company Vs. N.L.Abhyankar and Others*¹⁹).

9.3. Keeping the above principles in mind, if the fact situation in the present case is considered, firstly, it can be seen that when more than 300 employees are said to have been governed by the Tribunal's award, merely because the litigation was pending for a long time and some of the employees have been promoted, superannuated, etc., the factor regarding the majority of the employees should not be decided based on the remaining employees on the date of writ miscellaneous application or as on today. Merely because some employees have been promoted or superannuated in the meantime, it cannot be deemed that they have waived their rights arising from the award. Therefore, I am not able to conclude that settlements have been reached with the majority of the workmen.

9.4. Secondly, it must be recognised that when the Court referred the matter for mediation, and when the workmen's side was collectively present

¹⁸ (1965) 4 SCC 736

¹⁹ (1978) 3 SCC 42



before the Hon'ble Mediator, individual employees separately entered into the settlement. Therefore, it cannot be said that the settlement resulted from collective bargaining by the majority of employees, which, under normal circumstances, could be imposed on the minority who are unwilling.

9.5. Thirdly, the fairness of the settlement has to be seen. A settlement can occur through collective bargaining and by offer and acceptance. In this case, it can be seen that the primary factor behind some of the workmen settling is that right from the year 2000, they did not see the colour of the coin. The management strangely in this case even after the award of the Industrial Tribunal in the year 2008, chose to directly approach the Hon'ble Supreme Court of India by way of Special Leave Petitions and the matter was pending upto 2016. Once again the management had approached this Court and upon payment of certain ad-hoc amounts, interim orders were granted. When protracted litigation happens and in the fear of completely losing out some of the workmen take a decision to go by whatever being offered by the management, the fairness of it always remains to be in question. If only the settlement is out of free will and not indirectly forced down the throat of persons dying of thirst, it can be deemed to be fair so as to be extrapolated and made binding on others.



9.6. Furthermore, upon examining the terms, the workmen have not only relinquished the pay scale fixed by the Industrial Tribunal but also their right to remain employed until the age of 60 and their pension scheme, which will result in losing about 75% of the pension they would have originally received. I observe that, driven by the desire for immediate financial gain, some workmen, due to their personal circumstances and inability to withstand delays, have entered into these settlements. Therefore, although the settlements are binding on individual workmen, their fairness for universal application cannot be affirmed. For all these reasons, W.M.P. Nos. 10654 and 10655 of 2017 fail, and the submissions made by the learned Senior Counsel for the management to apply those settlements uniformly to everyone are rejected.

I. On the Vanity of Award in I.D. No. 35 of 2006:

10. The next issue concerns the Tribunal's award in I.D. No. 35 of 2006. The award largely relates to the wage settlement. Extensive arguments are presented on both sides regarding this matter. The minor part pertains to other entitlements. Although the learned Senior Counsel argued that there was no detailed discussion on the other claims, it is generally accepted that many of these demands have already been satisfied and are minor. Therefore, the fact that the Tribunal did not provide detailed arguments and reasons again cannot be accepted, and the validity of the award ultimately depends on the resolution of the major issue—wage revision.



10.1. Concerning wage revision, it is well established that the Tribunal's jurisdiction is no longer *res integra*. Under industrial adjudication, the Tribunal has a unique authority to amend or add to the terms and conditions of the service contract—an extraordinary power not held by other courts. This jurisdiction is accurately described by the Constitution Bench Judgment of the Hon'ble Supreme Court in ***The Bharat Bank Ltd, Delhi*** (cited *supra*) and it is essential to extract paragraph Nos.109 and 110 of the said Judgment, which read as follows:-

“109. We would now examine the process by which an Industrial Tribunal comes to its decisions and I have no hesitation in holding that the process employed is not judicial process at all. In settling the disputes between the employers and the workmen, the function of the Tribunal is not confined to administration of justice in accordance with law. It can confer rights and privileges on either party which it considers reasonable and proper, though they may not be within the terms of any existing agreement. It has not merely to interpret or give effect to the contractual rights and obligations of the parties. It can create new rights and obligations between them which it considers essential for keeping industrial peace. An industrial dispute as has been said on many occasions is nothing but a trial of strength between the employers on the one hand and the workmen's organisation on the other and the Industrial Tribunal has got to arrive at some equitable arrangement for averting strikes and lock-outs which impede production of goods and the industrial development of the country. The Tribunal is not bound by the rigid rules of law. The process it employs is rather an extended form of the process of collective bargaining and is more akin to administrative than to judicial function.

110. In describing the true position of an Industrial Tribunal in dealing with labour disputes, this Court [Federal Court of India] in *Western India Automobile Assn. v. Industrial Tribunal* [*Western India Automobile Assn. v. Industrial Tribunal*, (1949-50) 11 FCR 321 at p. 345 : 1949 SCC OnLine FC 12] quoted with approval a passage from Ludwig Teller's well-known work on the subject, where the learned author observes that : (AIR p. 120, para 27)



“27. ... industrial arbitration may involve the extension of an existing agreement or the making of a new one, or in general the creation of new obligation or modification of old ones, while commercial arbitration generally concerns itself with interpretation of existing obligations and disputes relating to existing agreements.”

The views expressed in these observations were adopted in its entirety by this Court [Federal Court of India] . Our conclusion, therefore, is that an Industrial Tribunal formed under the Industrial Disputes Act is not a judicial Tribunal and its determination is not a judicial determination in the proper sense of these expressions.”

(Emphasis supplied)

10.2. With reference to the revision of wages and other facilities, the law in that regard has been summed up in the recent decision of ***VVF Employees Union Vs. VVF/India Limited and Another***²⁰ and paragraph No.13 is extracted hereunder for ready reference,

“13. For revision of wages and other facilities, the standard criteria which is followed by the industrial adjudicator is to apply industry-cum-region test, which in substance implies that the prevailing pay and other allowances should be compared with equally placed or similarly situated industrial units in the same region. To determine comparability of units applying the industry-cum-region test, inter alia, the financial capacity of the employer would be a strong factor. Reliance on this point has been placed on the cases of French Motor Car Co. Ltd. v. Workmen, [(1962) 2 LLJ 744], The Silk and Art Silk Mills Association Ltd. v. Mill Mazdoor Sabha, [(1972) 2 SCC 253] and Shivraj Fine Arts Litho Works v. State Industrial Court, Nagpur, [(1978) 2 SCC 601].”

(Emphasis supplied)

10.3 In the process, even while applying the region cum industry test, the financial capability of the employer must also be considered, and useful reference can be made to paragraphs No. 83 to 87 of ***Mukand Ltd*** (cited *supra*)

²⁰ 2024 SCC OnLine SC 534



10.4. It is further observed that when determining capacity, only the gross profit should be considered, not the net profit, (see paragraph No.98 of *Unichem Laboratories Ltd* (cited *supra*))

10.5. In the present case, the Tribunal has thoroughly examined the financial incapacity alleged on behalf of the management on one side. It considered the wage rates prevailing among the petitioner–management and other similarly situated industries. The Tribunal also identified comparable industries by assessing the similarity of activities and organisational structure, and accordingly recognised the M/S. TPL and HCD, as comparable industries. In this context, the Tribunal further observed that an attempt at collective bargaining had been made, including the submission of a draft settlement during the conciliation process, which did not result in an agreement due to ongoing differences between the Management and the workmen. Using the clauses in Ex.W.29 – draft settlement as the basis, and applying the region-cum-industry test and fairness of the revision, the Tribunal carefully and meticulously arrived at the revised pay scales and fixed them accordingly. A complete reading of the award and of paragraph Nos.109 and 110 of the Hon’ble Constitution Bench Judgment in *The Bharat Bank Ltd, Delhi* (cited *supra*), leads to the inescapable conclusion that the Industrial Tribunal exercised its jurisdiction in accordance with law.



10.6. Regarding the contention about financial difficulty, it must be noted that for all the years in question- namely, 2001 to 2002, Rs.10.94 Crores; 2002 to 2003, Rs.6.90 Crores; 2003 to 2004, Rs.17.28 Crores; 2004 to 2005, Rs.37.76 Crores; 2005 to 2006, Rs. 46.65 Crores; and 2006 to 2007, Rs.31.61 Crores- the gross profit earned by the management is evident. The workmen's argument is that the financial burden, considering the implications of the award and the gross profit being 4.3%, cannot be deemed excessive or beyond the capacity. Even according to management, when this Court directed detailed calculations, the senior counsel representing management pointed out that, for some workmen, it might be even more beneficial to adopt the lump-sum approach and then implement wage increases. Therefore, it appears that the financial burden is used as a justification for opposing wage settlements. Throughout the period, 12 (3) settlements have been consistently entered into, yet in 2000, management could not reach any settlement. It must be recognised that the management cites its financial situation primarily to avoid collective bargaining. Consequently, I cannot accept management's claim that the Tribunal imposed a huge liability without considering the company's financial capacity.

10.7. The next question that was argued is, with reference to Ex.W.29, by contending that the Tribunal cannot tinker with the terms of settlement. It is true that whenever there is a settlement, the same has to be taken as a whole, and there cannot be partial acceptance or denial. However, it should be noted that



the Tribunal was exercising its jurisdiction to determine the pay scale, and therefore, when it considered the draft agreement as a basis and made adjustments and improvements where necessary, this principle cannot be invoked. In fact, the Tribunal took into account the principle of region-cum-industry, collective bargaining, possible management solutions, and financial difficulties, piecing together various factors during the exercise. In such an exercise, the Tribunal's determination could be challenged even if it merely adopted the pay scale from TPL or HCD and applied it to the situation. The key issue is whether the revision granted is fair and proper and does not impose an undue financial burden on the management, or is based on the whims of the workmen. If these factors are considered, I find no grounds to interfere with the well-reasoned award of the Industrial Tribunal.

10.8. Another argument is also presented regarding the application of pay scales from the date of demand. In certain situations, considering the period of delay, if the Industrial Tribunal applies the wage structure fixed by it from the date of the award, it cannot be deemed illegal. A helpful reference in this context can be made to the Judgment in ***Hydro Engineers (P) Ltd***, (cited *supra*)

10.9. It is also noted that the learned counsel for the workmen agrees that from 2016 onwards, all employees will be covered by subsequent wage settlements between the parties. The dispute pertains only to the period from



2000 to 2016. For those willing workmen who have already received lump sums and moved on, the award need not be applied. However, for other workmen who are still entitled to the award and have not waived their rights, the award must be enforced. Accordingly, after deducting interim payments made, the arrears, if any, should be calculated and paid to them. With these observations, the award in I.D.No.35 of 2006 is affirmed.

J. On the Validity of Award in I.D. No. 51 of 2004:

11. With reference to the award in I.D.No.51 of 2004, firstly, there is no dispute regarding the working days or the increase in working hours, as no arguments were made by the management or the workmen on these points. The two contested issues are, first, the age of superannuation, particularly in Plant – 1, at the time of recruitment of these workers, when the age of superannuation is specified as 60 years; apart from uniformity, no other reason was given. Second, it must be noted that even when considering the region and industry, such as CPCL, one of the major industries, the age of retirement is 60 years.

11.1. Furthermore, in every sector, there is a consistent call to raise the retirement age, and this is being done because improvements in average life expectancy, worker productivity, and health standards have improved. There is no justification for moving in the opposite direction and lowering the retirement age from 60 years to 58 years.



11.2. It must also be noted that regarding the pension scheme, there is no dispute that the existing scheme is a superannuation pension scheme. It was originally introduced through a 12 (3) settlement. Regarding Plant – 1, it must be recognised that to alter the scheme, notice must be given in advance to both the members and the trustees, as per paragraph No.24 of the scheme. Similarly, for Plant – 2, amendments and modifications can only be made to meet legal requirements or to provide more benefits or advantages. In this case, this results in a significant reduction of pension. It is also noted that, in earlier instances, before the Provident Fund authorities, the management argued that the superannuation pension scheme was more favourable to the workmen. The cross-examination of the management witness – M.W.1, *E.N. Rangaswami* - reveals that the workmen will now receive only 30% of the original pension they would otherwise receive.

11.3. For all the above reasons, when the Tribunal has considered the issue in detail and reviewed the evidence on record, and concluded that the changes proposed in the conditions via the disputed 9A notices are unjustifiable, no exception can be taken in this regard.



K. On the validity of the Order of the Deputy Commissioner of Labour:

12. It is stated that subsequently, there was also a settlement under Section 12 (3) of the Industrial Disputes Act, 1947. However, the same is also the subject matter in W.P.No.2731 of 2023. In matters of 12 (3) settlement, fairness should be paramount, especially when it is to bind even the non-signatories. Since the question regarding the very scheme is sub-judice before this Court, and unless the settlement was made with this Court's due approval and the workmen having expressly relinquished their rights, it cannot be argued that the subsequent 12 (3) settlement will override the award of the Industrial Tribunal.

12.1 In light of the above, I also find no error in the order of the Deputy Commissioner of Labour, Chennai, keeping the settlement in abeyance, subject to further orders from this Court. When the award of the Industrial Tribunal is upheld, it will undoubtedly prevail.

L. The Result:

13. For all the aforementioned reasons, the Writ Petitions are disposed of on the following terms:

(i) The award of the Presiding Officer, Industrial Tribunal, Chennai, made in I.D.No.35 of 2006 dated 23.09.2008, is upheld. It is the management's duty to grant the pay scales and calculate the emoluments for the period from



01.01.2000 to 31.12.2015, while adjusting the interim payments made based on the directions of the Hon'ble Supreme Court of India and this Court during interim orders. The balance should be paid to the workmen who were on rolls at the time of the award and have not waived their rights through individual settlements. From 2016 onwards, due to subsequent wage settlements, those will govern the rights of the parties.

(ii) The award of the Presiding Officer, Industrial Tribunal, Chennai, made in I.D.No.51 of 2004 dated 23.09.2008, remains upheld;

(iii) The order of the Deputy Labour Commissioner dated 18.07.2022 also remains upheld, and it is declared that for employees who have not explicitly agreed, the award of the Industrial Tribunal will override the 12(3) settlements.

(iv) No costs. The W.M.P.Nos.10654 and 10655 of 2017 stand dismissed, and the remaining connected miscellaneous petitions are closed.

25.03.2026

Neutral Citation : Yes/No
Jer



To

1. The Presiding Officer
Industrial Tribunal, Chennai -600 104.

2. The Commissioner of Labour
O/o. Commissioner of Labour
DMS Compound
Teynampet, Chennai – 600 006.

3. The Deputy Commissioner of Labour -2 (C)
O/o. Deputy Commissioner of Labour (Con-2)
Kuralagam, 3rd Floor, Chennai – 600 108.

4. The Additional Commissioner of Labour
O/o. Additional Commissioner of Labour
DMS Compound, Teynampet
Chennai – 600 006.



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D.BHARATHA CHAKRAVARTHY, J.,

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W.P.Nos.5850, 5851 of 2016 and 2731 of 2023

25.03.2026