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LEGAL WORLD

- Workmen Employed In Associated Rubber Industry Ltd. v. Associated Rubber Industry Ltd. [SC]
- Securities and Exchange Board of India v. Terrascope Ventures Limited ETC. [SC]
- New India Assurance Co. Ltd. v. Rekha Chaudhary [SC]
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Corporate Laws

Landmark Judgement

LMJ 04:04:2026

WORKMEN EMPLOYED IN ASSOCIATED RUBBER INDUSTRY LTD. v. ASSOCIATED RUBBER INDUSTRY LTD. [SC]

Civil Appeal No. 429 of 1975

O. Chinnappa Reddy & V. Khalid, JJ. [Decided on 19/08/1985]

Equivalent citations: AIR 1986 SC 1; (1986)I LLJ 142 SC; 1985(2) SCALE 321; (1985) 4 SCC 114; 1986 LAB IC 37; (1986) 59 Comp Cas 134.

Companies Act, 1956 - payment of bonus- lifting of corporate veil- investments transferred to subsidiary company by the parent company - dividends not reflecting in the profits for payment of bonus- whether a case for piercing the corporate veil-Held, Yes.

Brief facts:

The Associated Rubber Industry Ltd. had purchased, some years back, shares of INARCO Ltd. by investing a sum of Rs.4,50,000/-. They were getting annual dividends in respect of these shares and the amount so received was shown in the Profit and Loss Account of the company year after year. It was taken into account for the purpose of calculating the bonus payable to the workmen of the company. Sometime in the course of the year 1968, the company transferred the shares of INARCO Ltd. held by it to Aril Bhavnagar Ltd. (subsequently changed to the Aril Holdings Ltd.), a subsidiary company wholly owned by The Associated Rubber Industry Ltd. Aril Holdings Ltd. "had no other capital except the shares of INARCO Ltd. transferred to it by the Associated Rubber Industry Ltd. It had no other business or source of income whatsoever except receiving the dividend on the shares of INARCO Ltd. The dividend income from the shares of INARCO Ltd. was not transferred to The Associated Rubber Industry Ltd. and therefore, it did not find place in Profit and Loss Account of the company with the result that the available surplus for the purposes of payment of bonus to the workmen of the company became reduced. The net result of the exercise was that bonus at the rate of 4% only was paid to the workers for the year 1969 instead of at the rate of 16% to which they would have otherwise been entitled. We may mention here that Aril Holdings Ltd. was itself wound up in the year 1971 and amalgamated with The Associated Rubber Industry Ltd.

The workmen of the Associated Rubber Industry Ltd., Bhavnagar raised an industrial dispute claiming that they were entitled to be paid bonus at the rate of 16% for the year 1969. According to them, the transfer of the shares of INARCO Ltd. to Aril Holdings Ltd. was no more than a device to avoid payment of higher bonus to the workmen. Industrial Tribunal and thereafter the High Court of Gujarat under Article 226 of the Constitution, held that The Associated Rubber Industry Ltd. and Aril Holdings Ltd. were two independent companies with separate legal existence and therefore, the profits made by Aril Holdings Ltd. could not be treated as profits of The Associated Rubber Industry Ltd. for the purpose of computing to gross profits earned by the Associated Rubber Industry Ltd. It was further held that there was no evidence to show that the transfer of shares to Aril Holdings Ltd. was only a device to avoid payment of bonus to the workmen.

Decision: Allowed.

Reason:

If we now look at the facts of the case, what do we find? A new company is created wholly owned by the principal company, with no assets of its own except those transferred to it by the principal company, with no business or income of its own except receiving dividends from shares transferred to it by the principal company and serving no purpose whatsoever except to reduce the gross profits of the principal company. These facts speak for themselves. There cannot be direct evidence that the second company was formed as a device to reduce the gross profits of the Principal company for whatever purpose. An obvious purpose that is served and which stares one in the face is to reduce the amount to be paid by way of bonus to workmen. It is such an obvious device that no further evidence, direct or circumstantial, is necessary.

It was argued that in 1971, the Aril. Holdings Ltd. was wound up and amalgamated with The Associated Rubber Industry Ltd. and that this circumstance showed that the initial creation of Aril Holdings Ltd. was not a device of avoidance. But the learned counsel for the company was unable to explain why in the first instance Aril Holdings Ltd. was created and why later it was wound up. Probably, after Aril Holdings Ltd. was created, some unforeseen difficulties arose which have not been brought to light before us and it became necessary to wind it up and amalgamate it with The Associated Rubber Industry Ltd. We are therefore, satisfied that the amount of dividend from INARCO Ltd. received by the Aril Holdings Ltd. should be taken into account in assessing the gross profit of The Associated Rubber Industry Ltd. for the purpose of calculating the rate of bonus payable to the workmen of the Associated Rubber Industry Ltd. The appeal is allowed with costs and it is declared that workmen of The Associated Rubber Industry Ltd., Bhavnagar are entitled to be paid bonus at the rate of 16% for the year 1969.

LW 25:04:2026

SECURITIES AND EXCHANGE BOARD OF INDIA v. TERRASCOPE VENTURES LIMITED ETC. [SC]

Civil Appeal Nos. 5209-5211 of 2022

Pardiwala & K. V. Viswanathan, JJ. [Decided on 17/03/2026]

Securities and Exchange Board of India Act, 1992 read with SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003- preferential allotment – MOA altered to include additional objects- proceeds spent for purposes other than intended- whether post-issue alteration of MOA ratifies the use of proceeds-Held, No.

Brief facts:

The respondent No. 1-company made preferential allotment of equity shares to non-promoters. The object of the issue was to fulfil the additional fund requirements for capital expenditure including acquisition of companies/ business, funding long-term working capital requirements, marketing, setting up of offices abroad and for other approved corporate purposes. Immediately after receiving the proceeds of issue, the respondent instead of using the proceeds for approved objects, diverted to purchase shares of other companies and grant loans/advances.

Therefore, the WTM of SEBI initiated proceedings and passed an interim-order restraining the company promoters, directors including the individual respondents herein, the preferential allottees and, certain group companies of the first respondent from buying, selling or dealing in the securities markets, either directly or indirectly, in any manner, till further directions and later confirmed the interim order.

Meanwhile the Respondent Company, even before the ad interim order of WTM but after having diverted the proceeds of the preferential allotment to purchase shares and advance loans, carried out the amendments to the objects clause of the Memorandum of Association sought to include financing, investment and share trading in the objects.

On the appeal made by the respondents, the SAT set aside the order of the WTM on the ground that the objects of the company was amended and therefore the use of the funds were ratified and therefore the use of the funds for investment purposes was not illegal. Aggrieved by this order the SEBI was before the Supreme Court.

Decision: Allowed.

Reason:

In the above background, the question that arises for consideration is: Whether the SAT was justified in reversing the order of the Adjudicating Officer, and exonerating the respondents for alleged violations of PFUTP Regulations and the SCRA?

In the present case, the entire amount raised was utilized for a different object than the one set out in the EoGM notice and ratification was sought after committing the illegality. In view of the above, the reliance on Section 27 read with Section 62(1)(c) is completely misplaced.

There is another important aspect. SEBI's Regulations including the PFUTP is to protect the rights of several stakeholders and as such has public law dimensions. The Regulations are framed keeping in mind the rights and interests of multiple stakeholders involved in the securities market.

By a private resolution, a liability which is crystalized cannot be wiped off by contending that the shareholders have condoned the action. When rights of multiple stakeholders are involved and certain Regulations proscribe a particular course of action any breach of the Regulation has to face its consequences. They are not in the realm of private rights which can be waived off as ratified. What was said in the context of waiver will equally apply for ratifications since ratification of an illegality cannot be done.

In the present case, what is argued by the learned amicus is that notwithstanding the diversion of the funds raised through the preferential allotment, the purpose for which they were diverted, namely, advancement of loans and investment in shares is relatable to the Memorandum of Association as it originally stood and, in any event, was covered by the amendment to the Memorandum of Association made on 12.03.2014. We are not able to countenance the submission. What is crucial for our purpose is that the object set out in the explanatory note appended to the notice of EoGM prior to the issuance of preferential shares. The funds were not utilized for those disclosed objects. To make the matters worse for the respondents here, the diversions were made soon after the amounts were raised between 16.10.2012 and 08.11.2012. The diversion was contrary to the object set out to the explanatory note and was before any amendment was carried out to the Memorandum of Association and the purported resolution of ratification dated 29.09.2017. More importantly, the diversion was contrary to the PFUTP Regulations of SEBI, the SEBI Act and the disclosure norms under Section 173(2) of the Companies Act read with Regulation 73(1) of the SEBI ICDR Regulations, 2009. Being a plainly illegal act impacting a vast array of stakeholders other than the shareholders of the company, the question of ratification cannot arise at all.

The matter cannot be viewed from the prism of the shareholders alone. When matter involves public interest it cannot be deemed as private waivable right. What applied to waiver will also apply to ratification. No condonation or ratification on aspects opposed to public policy can be made, as it will seriously jeopardize public interest.

We also do not find the penalty imposed to be disproportionate. For the above reasons, the impugned order passed by the SAT cannot be sustained. Accordingly, we set aside the same. The Appeals are allowed.

Industrial & Labour Laws

LW 26:04:2026

NEW INDIA ASSURANCE CO. LTD. v. REKHA CHAUDHARY [SC]

Civil Appeal No. 174 of 2026

Aravind Kumar & P. B. Varale, JJ. [Decided on 23/02/2026]

Employees Compensation Act, 1923- Section 4A- penalty on employer- failure by employer to pay the penalty-whether insurer is liable to pay-Held, No.

Brief facts:

The Respondent no. 1-3 herein are the legal heirs of the deceased employee Shri Sandeep who was employed as a commercial driver by Respondent No. 4. The employee met with accident and died. The Commissioner under the employees Compensation Act, 1923 ["the EC Act"] arrived at the compensation amount at Rs. 7,36,680/- and also granted an Interest @12% on compensation amount with effect from 13.02.2017 i.e., date of incident. Further, the commissioner had also imposed penalty of 35% upon Respondent no. 4-employer for delaying the deposit payment of compensation within reasonable time without any justification.

Upon appeal by the claimants for enhancement of compensation, the Delhi High Court refused to enhance the compensation but foisted the payment of penalty also on the insurer i.e. the Appellant. It is pertinent to mention here that appellant has admitted its liability to pay the amount of compensation and interest. However, the Appellant is aggrieved by the limited aspect of imposition of liability for payment of Penalty under Section 4A(3)(b) of the EC Act. Hence, the present appeal.

Decision: Allowed.

Reason:

We have heard the learned counsels appearing on behalf of the parties at length and after perusing the material on record, we are of the considered view that the core issue which arises for our consideration is whether the High Court has committed an error to fasten the liability of paying the penalty component under Section 4A(3)(b) of the Employees' Compensation Act, 1923 upon the Appellant-Insurance Company in addition to the compensation and interest component?

The comparison of Section 4A clearly reveals that the legislative intent of the newly inserted Section 4A by way of Amendment Act of 1959 was totally different when compared to its substituted version which was brought in by way of Amendment Act of 1995. We say so because when Section 4A was newly introduced, all the three components: Compensation, Interest and Penalty, formed common part of sub-section (3). Moreover, the said sub-section (3) explicitly used the expression "together with" before the penalty component to indicate that the legislative intent was to ensure that entire liability of paying the compensation along with Interest and Penalty were fastened upon the employer, if he committed default to pay the compensation within one month from the date it fell due. Hence, during 1959 to 1995, if the employers had a valid indemnity contract in their favour, the entire liability to satisfy the claim of compensation, interest and penalty as imposed upon them could have been fastened upon the insurer and it had to indemnify entirely and the compensation and indemnity-holder would be entitled to recover all three components from the indemnifier. Nevertheless, the same is not the case after substitution of Section 4A by way of 1995 amendment wherein the three components i.e., compensation, interest and penalty have been severed to form part of two different clauses within the same sub-section (3) i.e., Clause (a) which includes compensation and interest component and Clause (b) which solely includes the penalty component. The legislative intent behind severing the penalty component was to address larger predicament of easing the burden of indemnifiers who were adversely impacted by the obligation to pay the penalty which was not even the natural corollary of the obligation on their part under the indemnity contract to pay compensation and interest, rather such additional burden by way of penalty arose consequent to the default of obligation on the part of employer to pay compensation within the stipulated period of one month from the date it fell due. As such, the indemnifier was imposed with higher monetary burden to pay the consolidated sum and was entrusted to discharge an obligation which was not consequent to the failure on its part. The employers were reluctant to pay the compensation and interest expeditiously within the stipulated time of one month from the date it fell due which resulted to levy of penalty upon them but since the penalty formed part of compensation and interest component by virtue of expression "together with" the indemnifier was compelled to pay the said component of penalty as well, as such, there remained no deterrence for the employers to deposit the compensation amount within a span of one month making the said obligation of depositing the compensation within time frame of one month redundant and the consequent penalty a mere dead letter.

Further the submission on the part of respondent that the Insurance policy covered all the components of financial liability under the ambit of policy which included compensation, interest and penalty cannot be accepted for two reasons, firstly, the respondent has not produced the extant insurance policy that was governing the field at the time of incident to persuade us on the said submission and secondly, which in our view, is further more significant is the presence of statutory obligation fastened upon the employer

by virtue of Section 4(A)(3) which mandates the payment of compensation determined under Section 4 within the time span of one month from the date it fell due. Thus, when the statute itself has obligated the employer to make the payment within one month, such obligation cannot be countenanced as subservient to any contractual obligation or bypassing the statutory obligation, as the same would tantamount to disregard of the legislative intent envisaged under the said provision.

Hence, in the light of aforesaid discussion, we are of the considered view that the present Appeal deserves to be allowed. Accordingly, it stands allowed.

LW 27:04:2026

THE MANAGING DIRECTOR, KSRTC v. P. VISWESWAR [SC]

Civil Appeal No(s). 5490-5491 of 2025 with Civil Appeal No(s). 5492-5493 of 2025

Prasanna B. Varale & Pankaj Mithal, JJ. [Decided on 16/03/2026]

Moter Vehicles Act - MACT allowed compensation after deducting group insurance benefit - private sector employees- group insurance benefit provided by employer- met with accident and died- whether the compensation under MACT should be net of the group insurance benefit-Held, No.

Brief Facts:

In this set of appeals the MACT allowed compensation to the deceased victims, were private sector employees, after deducting the group insurance benefit received from the insurance policy taken out by their respective employers. The Respondents challenged this deduction before the High Court and the High Court set aside the deduction made by the Tribunal. Aggrieved by the decision the Appellant Corporation was before the Supreme Court.

Decision: **Dismissed.**

Reason:

We have carefully considered the submissions advanced by the learned counsels for both the appeals and examined the impugned judgments. The question that falls for our consideration is whether the compensation receivable by the claimant through the security of Group Insurance Scheme provided by the employer securing for the employee without his (employee) contribution arising from the same incident i.e. motor accident be allowed to be deducted or not.

In view of the foregoing discussion, and in light of the settled principles laid down by this Court in *Helen C. Rebello* (Supra), *United India Insurance Co. Ltd.* (Supra) and *Sebastiani Lakra* (Supra), it is clear that amounts received by the dependents of the deceased under employer-provided group insurance or other contractual or social security benefits cannot be treated as "pecuniary advantages" liable to be deducted from compensation awarded under the Motor Vehicles Act, 1988. Such benefits arise out of an independent contractual relationship and lack the requisite nexus with the statutory compensation payable for death in a motor vehicle accident. The principle of balancing loss and gain cannot therefore be invoked to diminish the statutory entitlement of the claimants to just compensation.

Accordingly, we find no grounds to interfere with the approach adopted by the High Court in both matters in setting aside the deductions made by the Tribunal towards the group insurance amounts and in reassessing the compensation payable to the claimants. The impugned judgments of the High Court are consistent with the settled jurisprudence governing motor accident compensation and warrant no interference by this Court. Consequently, the present appeals fail and are dismissed.

LW 28:04:2026

THE MANAGEMENT OF MOOLCHAND KHAIRATI RAM HOSPITAL & AYURVEDIC INSTITUTE v. THRESIAMMA GEORGE [DEL]

LPA 788/2025 & CM APPL. 81562/2025

Devender Kumar Gupa & Tejas Karia, JJ. [Decided on 19/03/2026]

Industrial Disputes Act, 1947 - dismissal of employee without domestic enquiry-whether tenable-Held, No.

Brief Facts:

The Labour Court, while passing the Award, has held that the dismissal of the services of the sole respondent without holding a domestic inquiry was illegal and unjustified. The Labour Court has further held in its Award that the respondent is entitled for reinstatement with full back wages along with other benefits as applicable with periodical revision of wages from the date her services were terminated. Appellant challenged this award, by way of a writ petition, before the Single Judge of the High Court, which dismissed the writ petition. Now the Appellant was before the division bench on letters patent appeal challenging the judgement of the Single Judge.

Decision: **Dismissed.**

Reason:

Having heard the learned counsel for the parties and perused the pleadings available on record, the core issue which emerges to be considered and decided by this Court in this intra-court appeal is as to whether the order dated 22.12.2004 passed by the Industrial Tribunal according approval to the order, dismissing the respondent from service, dated 14.09.1998 under Section 33(2)(b) of the I.D. Act would bar the proceedings instituted by the respondent under Section 10 of the I.D. Act on the principle of res judicata.

A perusal of afore-quoted Section 33 of the I.D. Act reveals that the said provision has been enacted by the legislature for protection of the rights of the workmen during the pendency of any conciliation proceedings

or any other proceeding pending before an Arbitrator or a Labour Court or a Tribunal or National Tribunal in respect of the industrial dispute. The provision clearly prohibits any employer from altering the conditions of service applicable to workmen to their prejudice during pendency of such proceedings. It also prohibits that during the pendency of such proceedings; the Management or employer shall not discharge or punish by dismissal or otherwise any workman for any misconduct not connected with the dispute except with the express permission in writing of the authority before whom the proceeding is pending.

If we peruse the order dated 22.12.2004, what we find is that though the opportunity was available to the appellant, which could have been availed of as well, for leading the evidence to justify the dismissal, in the said proceedings no such evidence was led by the appellant to justify the dismissal and therefore, it cannot be said that the order dated 22.12.2004 decided the legality or otherwise of the dismissal order; it only accorded approval to the dismissal, meaning thereby it only lifted the statutory ban imposed on the employer under Section 33 of the I.D. Act to dismiss the respondent. In the absence of any finding on the legality of the dismissal order in the order of the Tribunal dated 22.12.2004 passed on the application preferred by the appellant under Section 33(2)(b) of the I.D. Act, it cannot be said that the proceedings under Section 10 of the I.D. Act instituted by the respondent after the order dated 22.12.2004 were barred by the principle of res judicata.

The facts of the instant case are clearly distinguishable from the facts in Rajasthan State Road Transport Corporation (Supra). It is to be noticed that in the said case, the workman was subjected to departmental inquiry and a charge against him was also framed and a departmental inquiry was conducted which led to termination of his services and further that in the approval application filed under Section 33(2)(b) of the I.D. Act, the Management was permitted to lead the evidence and prove the charge/misconduct before the Tribunal. However, so far as the facts of the instant case are concerned, indisputably no chargesheet was issued against the respondent; neither any showcause notice was given to her, nor any departmental inquiry was held against the respondent. Further, no evidence was led by the Management to justify the dismissal of the respondent in the proceedings under Section 33(2)(b) of the I.D. Act. No attempt was even made by the appellant to lead the evidence to prove the charge/misconduct against the respondent in the proceedings instituted by the appellant under Section 33(2)(b) of the I.D. Act, though, as held in Motipur Sugar Factory (Supra), it was open to the Management to have led the evidence and prove the charge/misconduct even in the proceedings of approval application under Section 33(2)(b) of the I.D. Act. However, no such attempt was made by the appellant to prove the charge in the said proceedings.

In the absence of any such finding proving the charge/misconduct against the respondent in the proceedings under Section 33(2)(b) of the I.D. Act, it cannot be said, as has been held in the judgments relied upon by the learned counsel for the respondent as aforementioned, that the proceedings instituted by the respondent under Section 10 of the I.D. Act, challenging the order of dismissal were barred by the operation of the principle of res judicata.

We may reiterate that the appellant had not reserved its right to prove the alleged misconduct of the respondent even in the proceedings instituted under Section 10 of the I.D. Act, as is apparent from perusal of paragraph 26 of the order dated 01.06.2015, which has been extracted herein above. Thus, it is a case where dismissal from service of the respondent was resorted to by the appellant without holding any inquiry or issuing a chargesheet or a showcause notice. It is also a case where the Management, despite the fact that it had the opportunity to establish and prove the misconduct in the proceedings, both under Section 33(2(b) and 10 of the I.D. Act, did not prove the same in either of these proceedings and therefore, the order of dismissal has rightly been held to be vitiated by the Award dated 10.04.2018 passed by the Labour Court as approved by the impugned judgment dated 28.11.2025 rendered by the learned Single Judge.

As regards the issue as to whether the respondent was a workman, a clear finding has been recorded by the Labour Court, as also by the learned Single Judge, that since she was not entrusted with any supervisory duties, she is to be treated as a workman within the meaning of the said term under Section 2(s) of the I.D. Act.

We also are in agreement with the findings recorded by the Labour Court while passing the Award and by learned Single Judge that the appellant is an Industry. For the reasons aforesaid, we do not find any good ground to interfere with the judgment and order dated 28.11.2025 passed by learned Single Judge. Resultantly, the appeal is dismissed.

LW 29:04:2026

PREMSONS TRADING PVT. LTD. v. HIRAPRASAD BINDESHWAR YADAV [BOM]

Writ Petition No. 15103 of 2024

Amit Borkar, J. [Decided on 17/03/ 2026]

Industrial Disputes Act, 1947 - closely connected concerns- employee was not allowed to resume work after absence - dismissal of employee for unauthorised absence- whether tenable - Held, No.

Brief facts:

By the present Petition instituted under Article 227 of the Constitution of India, the Petitioner assailed the Award passed by the Labour Court. By the said Award, the Labour Court partly allowed the reference and directed the Petitioner to reinstate the Respondent in service with continuity and to pay 60% back wages with effect from 17 August 2015.

Decision: **Dismissed.**

Reason:

The first question is whether the industrial dispute was properly and legally referred for adjudication against the Petitioner. The second question is whether the Labour Court was justified in directing reinstatement of the Respondent with continuity of service and payment of 60 percent back wages with effect from 17 August 2015.

There can be no dispute that before referring an industrial dispute under Section 12(5) of the Industrial Disputes Act the Government is expected to apply its mind to the material placed before it. The law does not contemplate a mechanical reference. The authority must at least look into the nature of the dispute and see whether there exists a industrial dispute requiring adjudication. However, the matter cannot be examined in a technical manner. The Government at that stage does not conduct a full trial. Its task is to see whether a dispute exists and whether the matter should be examined by the adjudicating authority. In the present case the record shows that the Respondent had filed a Justification Statement before the Conciliation Officer. In that statement the Respondent explained his grievance regarding termination of service. It is true that in the said statement the Respondent admitted that since the year 2011 his wages were being paid by Premsons Bazaar. The Conciliation Officer thereafter attempted conciliation between the parties. Since the dispute could not be resolved, a Failure Report dated 30 August 2016 was submitted. On the basis of this report the appropriate Government referred the dispute to the Labour Court on 22 February 2017. This sequence of events indicates that the Government acted upon the materials which were available before the Conciliation Officer. Once conciliation proceedings fail and the material shows a dispute regarding termination of service, the Government is generally justified in making a reference so that the matter can be examined by the Labour Court in detail. The mere fact that the employer has denied termination in its reply cannot by itself conclude the matter. Such denial only raises a factual dispute which requires adjudication. Therefore, the argument that the reference itself was illegal cannot be readily accepted.

The next question concerns the identity of the employer. The Petitioner strongly contends that there was no employer and employee relationship between the Petitioner and the Respondent. According to the Petitioner, Premson Trading Pvt. Ltd. and Premsons Bazaar are two distinct legal entities. The Petitioner relies heavily upon the Form-16 document which shows Premsons Bazaar as the employer. It is also pointed out that the Respondent himself admitted that his wages were being paid by Premsons Bazaar. On the basis of these facts the Petitioner argues that the dispute ought not to have been directed against the Petitioner at all.

The evidence on record shows that there was some level of interconnection between the two establishments. The witness of the Petitioner himself admitted that Premsons Bazaar is a sister concern of the Petitioner company. He also admitted that in certain circumstances the cashier of Premsons Bazaar used to pay salaries of employees working in the Petitioner's establishment. This admission assumes importance because it shows that the financial and employment arrangements between the two concerns were not completely separate in practice. The Respondent has also relied upon the Provident Fund receipt produced at Exhibit U-12. Provident Fund records are generally maintained with reference to the establishment where the employee actually works. Such records therefore carry evidentiary value regarding the existence of employment. When this document is read together with the oral admissions made during cross examination and the Form-16 produced on record, a picture emerges that the Respondent was performing work connected with the common enterprise of the sister concerns.

In such situations the Court cannot look only at the formal label of the employer mentioned in one document. It must see the real substance of the relationship. If the work performed by the employee, the payment of salary and the control exercised over the employee indicate a common management structure, the Court may examine the matter beyond the strict corporate form. The question always remains who was exercising real control over the employment of the workman. The Labour Court has examined these aspects in detail. It considered the documentary evidence and also the testimony of witnesses. On appreciation of this material the Labour Court reached the conclusion that the Respondent was working in connection with the establishment and that he had not been permitted to resume duty after his absence.

The Petitioner emphasises that the Respondent remained absent from 14 April 2015 to 29 May 2015. According to the Petitioner, this prolonged absence justified the management in treating him as having abandoned service. Absence from work is undoubtedly a relevant circumstance. However, absence by itself does not automatically result in termination of employment. In the present case, the Labour Court examined the Form-16, the Provident Fund document, the correspondence exchanged between the parties and the admissions made during cross examination. It also noticed that no disciplinary proceedings were initiated against the Respondent for alleged unauthorized absence. After considering these circumstances the Labour Court concluded that the Respondent had been unjustly kept out of employment and therefore deserved reinstatement with continuity of service.

Finally, the question of back wages requires consideration. The Labour Court has granted only 60 percent back wages from 17 August 2015. This shows that the Labour Court attempted to strike a balance between the rights of the workman and the circumstances of the case. The Court appears to have taken into account that the Respondent had remained absent for a certain period and that the entire situation was not free from controversy. At the same time it recognised that the Respondent had been deprived of employment for a long period. The adjudicating authority

has discretion to mould the relief depending upon the facts of each case. By awarding only 60 percent back wages the Labour Court appears to have exercised such discretion in a reasonable manner. This Court does not find the amount to be excessive or arbitrary. Moreover, Respondent has not filed separate petition challenging refusal to grant balance 40% back wages.

For all these reasons, the findings recorded by the Labour Court cannot be said to be unreasonable or unsupported by evidence. The conclusions reached by the Labour Court are based on appreciation of the material available on record. Therefore, no ground is made out for interference with the Award in exercise of supervisory jurisdiction.

Competition Laws

LW 30:04:2026

KANNADIPUTHUR SUNDARARAMAN SURESH v. INTERGLOBE AVIATION LTD. & ANR [CCI]

Case No. 42 of 2025

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 11/03/2026]

Competition Act, 2002 - Sections 3 & 4- cancellation charges for air ticket - whether service provider abused its dominance-Held, No.

Brief facts:

The Information has been filed against Interglobe Aviation Limited ('Opposite Party No. 1'/'OP-1') and Air India Limited ('Opposite Party No. 2'/'OP-2') alleging contravention of Sections 3 and 4 of the Competition Act, 2002 ('the Act').

The Informant has submitted that OP-1, with over 65% market share in the domestic sector, is by far the largest and dominant player. OP-2, accounts for 27% market share. Together, both these players control over 90% market share and dominate the domestic aviation market. It is alleged that by acting individually and in concert, they have been maintaining unconscionable and illegal rates of cancellation charges. They are guilty of imposing unfair discriminatory and arbitrary conditions and prices for sale of services. The Informant states that although OP-2 may not have as large a market share as OP-1, by virtue of it being a duopolistic player along with OP-1 and adopting and maintaining the same practice of OP-1, they are in a position to act independently of competitive forces in the matter of cancellation charges.

The Informant also states that OP-1 and OP-2 are guilty of engaging in anti-competitive practice by acting in concert that has the effect of determining the cancellation charges of air tickets. The Informant has submitted that the airlines' practice of levying penal charges for ticket cancellation by a passenger is not only irrational and indiscriminate, but is also unfair, abuse of dominant position and violative of the law of contract.

Decision: Dismissed.

Reason:

The Commission noted that the Informant has made an allegation of violation of Section 3(1) and Section 3(3(a) of the Act. The presumption under Section 3(3) of the Act would require existence of an agreement, and establishing conduct which is presumed to be anti- competitive. Under Section 2(b) of the Act; an agreement need not be "formal or in writing" and it may be any arrangement, understanding or action in concert. However, the Informant, in support of his allegation that the OPs are acting in concert, has not submitted any evidence/ conduct to adduce that OP-1 and OP-2 have entered into an agreement, whether formal or informal, to influence cancellation charges.

The Commission also noted that the Informant has also alleged violation of Section 4(1), 4(2)(a)(i) and 4(2)(a)(ii) of the Act. The Commission notes that, as per the Informant, OP-1 and OP-2 are dominant enterprises having 65% and 27% market share, respectively. The Commission notes the averment of the Informant that OP-1 and OP-2 are acting individually and in concert, and that they have been maintaining unconscionable and illegal rates of cancellation charges.

The Commission is of the view that the concept of collective dominance is beyond the purview of the Act. The Commission has reiterated the said position in the recent case of Airen Metals Private Limited Vs. Hindalco Industries Limited; Case No. 31 of 2024 decided on 30.05.2025.

The Commission notes that even otherwise, in the facts of the present case, Informant's allegation of abuse of dominance, does not warrant further examination as OPs have in place a system for refund of tickets and it is possible to have a substantial refundable ticket by passengers if they opt for that category of ticket. A passenger has options to select a fare that will give him the maximum or full refund depending on the airline and type of air fare selected, time of cancellation of the ticket, amongst other factors. The refund and cancellation terms are disclosed to passengers in advance. These are applied equally to all consumers and not in a discriminatory, unfair or exclusionary manner.

The Commission notes that the Informant, is seen to have received less refund for the flight from Chennai to Kolkata for which he had less than 7 days remaining and received a higher refund for the flight from Kolkata to Chennai for which he had over 7 days' time to cancel the ticket.

The Commission also notes that the remedy of the Informant for alleged breach of the Indian Contract Act, 1872 in the present matter does not lie before the Commission. Further, dissatisfaction with a contractual term or desire for more favourable terms and conditions does not constitute violation of the Act.

The Commission also notes that the Informant has also made a passing reference in the above IA to the cancellation of several thousands of flights by OP-1 in the month of December, 2025. However, the Commission notes that the gravamen of the present matter is on a totally different subject and cannot be considered to have a bearing on the subject of cancellation of flights by OP-1. In any case, the Commission has ordered investigation under Section 26(1) of the Act against OP-1 in relation to its mass cancellation of flights in December, 2025 in Case No. 44 of 2025.

In view of the Information provided and analysis carried out in preceding paragraphs, the Commission is of the opinion that no prima facie case of contravention of Sections 3 and 4 of the Act is made out against OP-1 and OP-2. Accordingly, the Information is directed to be closed forthwith under Section 26(2) of the Act.

LW 31:04:2026

VEDANSH PANDEY v. ROPPEN TRANSPORTATION SERVICES PVT. LTD. [CCI]

Case No. 31 of 2025

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag. [Decided on 17/03/2026]

Competition Act, 2002 - Section 4- abuse of dominance-two wheeler passenger aggregation-charges less than the competitors- whether service provider abused its dominance-Held, No.

Brief facts:

The Informant has alleged that the OP [Rapido] without verifying permit fees, commercial-tax premiums, annual fitness testing and third-party passenger risk insurance, etc., allows the usage of private/unlicensed bike-taxi while offering the service of two-wheeler passenger aggregation, which in turn enables the OP to offer rides at cheaper prices. The Informant has alleged that the OP has violated the provisions of Section 4 of the Act, *inter alia,* by providing services at a lower price, as compared to its competitors, in violation of Section 4(2)(a)(ii) of the Act. It is also alleged that the OP has indulged in the practice of denial of market access by steering customers in its favour which is in violation of Section 4(2)(c) of the Act. The Informant has also cursorily stated that the OP operates a hub and spoke style platform arrangement.

Decision: **Dismissed.**

Reason:

The Commission notes that the crux of the allegation raised by the Informant is that private vehicles without necessary permits, are being used by the OP and is of the view that the same falls beyond the purview of the Act. A special legislation, i.e. Motor Vehicles Act, 1988, is in place to deal with the allegations raised in that regard. The Commission also notes that the Information is devoid of any evidence to indicate any competition concern as envisaged under the provisions of Section 3 and/or Section 4 of the Act. Therefore, having regard to the nature of allegations raised in the Information, the Commission is of the view that the delineation of the relevant market and subsequent assessment of dominance and abuse may be dispensed with.

Thus, having read the Information and the annexures, the Commission is of the view that no prima facie case of contravention under Section 3 and/or Section 4 of the Act has been made out by the Informant and that the present Information be closed forthwith under Section 26(2) of the Act. Consequently, no case for grant of relief(s) as sought under Section 33 of the Act arises, and the same is also rejected. Accordingly, the I.A. No. 411 of 2025 is disposed of as dismissed. The Commission while holding the above has expressed nothing on the merits of the legal rights and remedies available to the Informant.

LW 32:04:2026

THE CHAMBER OF TAX CONSULTANTS & ORS v. THE COMMISSIONER OF INCOME TAX & ORS [BOM]

Writ Petition (L) No. 7587 of 2026

B. P. Colabawalla & Firdosh P. Pooniwalla, JJ. [Decided on 09/03/2026]

Income Tax Act, 1961- Section 12AB- registration of public charitable trusts- trust deed did not contain the clause that it is a irrevocable trust- Registration refused- whether correct-Held, No.

Brief facts:

This Writ Petition basically challenged the action of Respondent No. 1, the Commissioner of Income Tax (Exemptions), in rejecting applications for renewal of registration under Section 12AB of the Act. The core issue arose for determination revolved around a view taken

by Respondent No. 1 (which the Petitioners allege was untenable) while processing renewal applications filed in Form 10AB under the registration regime effective from 1st April 2021 in terms of Section 12AB of the Act. Respondent No. 1 has rejected the applications for renewal of registration of Petitioner Nos. 3 to 8, primarily, on two grounds viz. (i) the trust deed or instrument constituting the concerned entities does not contain an explicit clause stating that the trust is "irrevocable" and/or providing for the manner of dissolution and (ii) the applicants, in their online Form 10AB, were compelled to answer "Yes" to the question in Row 6, viz., "Whether the trust deed contains clause that the trust is irrevocable?"

Since, the trust deeds were silent on this aspect, Respondent No. 1 has treated this reply as furnishing "false or incorrect information," which constitutes a "specified violation" in terms of clause (g) of the Explanation below Section 12AB(4) of the Act.

Being aggrieved by the rejection orders and the systemic issue affecting a large number of charitable trusts, the Petitioners have approached the High Court invoking its jurisdiction under Article 226 of the Constitution of India.

Decision: Allowed.

Reason:

We have heard the learned counsel for the parties and have perused the papers and proceedings. The entire controversy in the present Petition hinges on whether the absence of an explicit "irrevocability clause" in a trust deed renders a public charitable trust "revocable" in law, thereby justifying the rejection of its registration.

In summary, we hold that a public charitable trust is deemed irrevocable by operation of law unless the instrument of trust expressly provides a power of revocation. The absence of an explicit irrevocability clause is not a ground for rejecting an application for registration or renewal under Section 12AB of the Act. Even if the Deed provides for any revocability clause, due to operation of Sections 22(3A) and 22(3B) of the MPT Act, such trusts which are registered under the MPT Act, would be irrevocable insofar as the Income-tax Act is concerned but we leave this issue open to be decided in an appropriate case. The action of Respondent No. 1, is therefore, contrary to the plain language of the statute, binding judicial precedents of this Court, and is manifestly arbitrary. Such action, as rightly pointed out by the Petitioners, have shaken the entire ecosystem of functioning of the charitable trusts. It cannot be forgotten that the trusts are contributing to nation building by doing charitable activities and that too voluntarily and, thus, must be treated with a fair and reasonable approach by the revenue.

In the result, the Writ Petition is allowed. Due to the peculiar facts, as presented by the Petitioners, we pass the following order:

(i) The Respondents shall refrain from rejecting applications for registration/renewal under Section 12AB solely on the ground of the absence of an explicit irrevocability and/or dissolution clause in the Trust Deed/instrument.

(ii) The Respondents shall not treat the answer "Yes" to Row 6 of Form 10AB, in the absence of any explicit clause of irrevocability, as furnishing "false or incorrect information" constituting a "specified violation". Further, this shall not be a ground to reject an application for registration under Section 12AB of the Act.

(iii) The Respondents shall also amend the utility of Form 10A/10AB to allow applicants to correctly state their position regarding the irrevocability clause without being forced to make an incorrect declaration. This should be done as soon as possible.

(iv) Question number 6 in Form 10AB should be modified to read thus, "Is the trust/institution revocable?"

(v) The impugned orders passed in the case of Petitioner Nos. 3 to 8 rejecting registration under Section 12AB of the Income-tax Act, are hereby quashed and set aside.

(vi) All such orders where renewal of registration under Section 12AB has been rejected on the grounds discussed above, are also hereby quashed and set aside.

(vii) Further, it is also directed that all consequential orders passed denying registration under Section 80G of the Act, where such rejection is on the ground that once registration under Section 12AB is denied, registration under Section 80G also cannot be granted, are also hereby quashed and set aside. This would, of course, apply only to a case where registration under Section 12AB has been rejected on the grounds discussed above. The above order that we pass is to avoid any multiplicity of litigation so as to not require the trusts to challenge the orders passed by Respondent No. 1 denying registration under Section 12AB and 80G of the Act on the grounds as discussed in this order.

(viii) Respondent No.1 shall decide the applications of the Petitioners and all other similarly situated trusts, whose orders are hereby quashed, afresh and in accordance with the law and the ratio laid down in this judgment, within a period of six weeks from today. Any order so passed shall be deemed to come into effect from 1st April, 2026.