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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Date of decision: 29.10.2025*

+ **LPA 133/2020 CM APPL. 9496/2020 CM APPL. 17994/2020 CM APPL. 22710/2020 CM APPL. 29773/2023 CM APPL. 60240/2023 CM APPL. 48907/2024 CM APPL. 48908/2024 CM APPL. 50034/2025**

VOLTAS LIMITED

.....Appellant

Through: Mr. K.K. Rai, Senior Adv. with Mr. D. S. Chauhan, Ms. Ruchi Singh, Mr. Anshul Rai, Mr. Medha Tandon, Mr. Shikhar Badial, Adv.

versus

GOVERNMENT OF NCT OF DELHI & ORS

.....Respondent

Through: Ms. Bhanita Patowary, Adv. for R-3 (legal aid counsel)
Mr. Sohan Singh (present in person)

CORAM:

HON'BLE MR. JUSTICE DINESH MEHTA

HON'BLE MR. JUSTICE VIMAL KUMAR YADAV

DINESH MEHTA, J. (ORAL)

1. The instant appeal is directed against the order dated 15.01.2020 passed by learned Single Judge, whereby the writ petition filed by the appellant against the certificate of recovery which was issued by respondent no.2-Assistant Labour Commissioner has been rejected.

2. While dismissing the writ petition, learned single judge observed that since the order dated 10.02.2010 passed by this Court, whereby the Court had set aside the order of Labour Commissioner dated 09.07.2008 has



remained unassailed, no relief can be granted to the appellant-writ petitioner.

3. Mr. K.K. Rai, learned Senior Counsel appearing for the appellant submitted that true it is, that the earlier order dated 10.02.2010 was not challenged by the appellant-company, but it is required to be considered in light of the fact that the matter was remanded to the Labour Commissioner for fresh consideration, and the order impugned therein dated 09.07.2008 had been set aside. He added that the appellant was under a bonafide impression and belief that they would contest their case before the Labour Commissioner and would contend that the respondent no.3-employee-Sohan Singh was bound by the terms of the settlement, which had taken place between the respondent no.3-employee and the company.

4. He argued that despite the fact that this Court had set aside the order dated 09.07.2008, the Assistant Labour Commissioner instead of deciding the issue as to whether the terms of settlement amounted to an 'Award' or not, has proceeded to issue a certificate of recovery. He maintained and asserted that the order of the Labour Commissioner dated 09.07.2008 which had been set aside was passed pursuant to an application which was moved by respondent no.3-employee for enforcement of his rights, apparently, flowing from the terms of the settlement.

5. While accepting that under misconception of law or otherwise, the appellant-company did not pay or deposit the amount of settlement, he argued that in any event, the respondent's case cannot travel beyond the terms of the settlement. He also argued, that the terms of the settlement are binding upon both the employer and the employee and *sans* any challenge thereto the respondent cannot claim anything beyond that. Substance of his arguments has been that the Labour Commissioner could have issued certificate of recovery only in terms of the settlement and not beyond that.



6. Learned Counsel argued that the learned Single Judge wrongly felt bound by the previous order dated 10.02.2010, and rejected the writ petitions impugning the certificate of recovery issued by the Labour Commissioner and negated rather omitted to consider the pleas which were raised by the appellant-company.

7. Regardless of whatever has happened so far, learned senior counsel submitted that the appellant-company stands advised to pay the amount in terms of the settlement along with interest, out of which a substantial amount has already been paid/deposited in the Registry. He however submitted that if the order impugned passed by the learned Single Judge and certificate of recovery, issued treating the respondent as an employee is not set aside, the respondent will be deemed to have been reinstated without any adjudication of his rights. He reiterated that employer employee relationship between the appellant and the respondent stood terminated on 01.04.2003.

8. Ms. Bhanita Patowary, learned counsel assisting the Court through legal aid on behalf of respondent no.3 (employee), with vehemence, albeit with thorough preparation, pleaded the cause of the respondent to the best of her ability. She argued that since the order dated 10.02.2010 has attained finality, the appellant-company could not and cannot plead that it is not liable to reinstate and pay the amount to the respondent, because for all purposes he is required to be treated in employment.

9. Learned counsel for the Respondent further argued that there is no error or infirmity in the order impugned and the learned Single Judge could not have taken a view contrary to what has been taken by learned Single Judge *per-viam* the order dated 10.02.2010. She contended that the Labour Commissioner had rightly issued a certificate of recovery considering the respondent as having been reinstated because the settlement dated



13.06.2007 was not binding upon the respondent, because he was not a signatory to it.

10. Learned Counsel for respondent no.3 further submitted that the appellant-company which is now showing a gesture of making payment of the amount in terms of the settlement, after the certificate of recovery has been issued now cannot fall back to the settlement, when it never cared to offer any payment to the respondent. She argued that as a matter of fact, the appellant by its own conduct has resiled from the settlement by not paying the amount to the respondent even in terms of the settlement.

11. Inviting Court's attention towards the terms of the settlement, learned counsel argued that even if for a moment, it is assumed that a settlement took place on behalf of the respondent, then also, it was imperative for the appellant-company not only to have paid/offered the amount flowing from the settlement but also to re-engage him on contractual basis, as had been agreed to by it.

12. On Court's query and after taking instructions from the respondent, who was present in the Court, learned counsel for the respondent fairly submitted that neither the settlement was assailed by the respondent no.3 nor were any proceedings for reinstatement ever undertaken by him.

13. Heard learned counsel for the parties and perused the records.

14. On conspectus of the record we find that by the order dated 10.02.2010 which was passed in W.P.(C) No. 8368/2008 Shri Sohan Singh vs. The Labour Commissioner & Anr. (2010:DHC:835), learned Single Judge had set aside the order which was passed by the Labour Commissioner on 03.06.2008.

15. We have gone through the aforesaid order of the Labour Commission dated 03.06.2008, which reads thus:



“Sub: Application under section 33(c)(1) of the I.D. Act 1947 for recovery

Please refer to your application dated 30.03.2008 on the subject mentioned above. In this connection, I am directed to inform you that order of Labour Court in O.P. case is not an award and therefore the same can not be implemented under section 33 (C)(1) of the I.D. Act, 1947.”

16. A simple look at the above order reveals that it was passed pursuant to an application filed by respondent no.3 and the said application had been turned down by observing that the terms of settlement does not amount to an award and is thus not enforceable.

17. As a result of the above referred order, the Labour Commissioner had apparently rejected respondent's claim for getting an amount in terms of the settlement. Though, copy of the application is neither on record nor the respondent no.3 could place the same for the perusal of the Court, but, according to us, his application could not have traversed beyond the terms of the settlement, otherwise, the above mentioned order with the stipulation reproduced above could not have been passed.

18. Be that as it may, said order had been set aside by this Court *vide* order dated 10.02.2010 and the matter was remitted back to the Labour Commissioner.

19. Ideally, the Labour Commissioner was supposed to firstly examine as to whether the settlement was enforceable and binding. And if yes, he could have at the maximum, issued a certificate of recovery in terms of the settlement whereas, the Labour Commissioner has treated the respondent no.3 to have been reinstated and issued a certificate of recovery in tune with the salary certificate furnished by him.

20. According to us, since the services of the respondent no.3 had been brought to end on 01.04.2003, without there being any adjudication by any authority competent to do the same, the respondent could not have been



treated as reinstated. Hence, the certificate of recovery under the provision of Section 33(C)(1) of the Industrial Disputes Act, 1947 as issued, could not have been issued in terms of the salary which the respondent would have drawn, had he continued in the service.

21. Simply because the order dated 10.02.2010 was not challenged by the appellant-company, it does not take away their right to take a plea before the Labour-Commissioner that the settlement was binding and that the respondent was not entitled for the salary and consequential certificate as an employee continuing in employment.

22. The employer-employee relationship which had come to an end on 01.04.2003 could not have been treated as revived in the manner done by the Labour Commissioner. The certificate of recovery issued by the Labour Commissioner was clearly contrary to facts and law and beyond the jurisdiction vested in the Labour Commissioner.

23. The learned Single Judge has seriously erred in rejecting the Writ Petition filed by the appellant-company.

24. We are of the view, that the appeal deserves to be allowed and the order of the learned Single Judge so also the order of certificate of recovery issued by the Labour Commissioner deserves to be quashed and set aside which we hereby do.

25. The appeal is allowed.

26. Though, the amount flowing from the settlement dated 13.06.2007 has neither been paid nor even offered by the appellant-company (upto issuance of certificate of recovery), which it ought to have paid but since, the appellant-company now stands advised to pay the amount along with applicable interest @ 12%. The appellant-company shall pay the basic amount of settlement, *i.e.*, Rs.9,91,818/- (*Nine Lakhs Ninety One Thousand*



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Eight Hundred and Eighteen) along with simple interest @ 12% per annum calculated from 13.06.2007 to 30.11.2025 within a period of two months from today. The appellant-company shall be free to subsume the amount already paid/deposited from such amount, however, without calculating any interest thereupon. The appellant-company shall also pay a sum of Rs. 1,00,000/- (*One Lakh*) as legal expenses to the respondent no.3 for the litigation which he has to undertake for getting the due amount even as per the terms of the settlement.

27. Ms. Bhanita Patowary, learned counsel appearing for the respondent no.3 who has rendered invaluable services for the respondent, shall be entitled for fee from the legal aid in terms of the applicable policy.

DINESH MEHTA, J

VIMAL KUMAR YADAV, J

OCTOBER 29, 2025

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