Presented on	06-07-2024		
Registered on	06-07-2024		
Decided on	30-06-2026		
Duration	Year	Month	Days
	1	11	24

IN THE COURT OF HON'BLE LABOUR JUDGE
LABOUR COURT, AMRELI
PRESIDED OVER BY SHRI G.L. PAREEK
CNR - GJAM130000692024

RECO. 33C-1. LC. 01/2024
EXHIBIT - 21

[1] Mr. Lalitbhai Arjanbhai Vadher,
Age: 38 years,
R/o. Kumbharvada, Lodhava
Ta.- Sutrapada, Dist.- Gir Somnath. **...APPLICANT**

V/S

Originally impleaded as :

[1] Director, Pipavav Technical Services Pvt. Ltd.
Uchchaiya, Ta. - Rajula, Dist. - Amreli.

Amended as :

[1] Reliance Naval and Engineering Ltd.
(Pipavav Technical Services),
through Director, Hazel Mercantile Ltd
&
Strategic Investor Swan Energy Ltd.,
Uchchaiya, Ta. - Rajula, Dist. - Amreli. **...OPPONENT**

The Ld. Advocate for the Applicant : Mr. S.G. Rajyaguru
The Ld. Advocate for the Opponent : Mr. T.S. Dhone

JUDGMENT

[1] The present recovery application is filed by the applicant under Section 33C(1) of the Industrial Disputes Act, 1947, (hereinafter to be referred as ' the I.D. Act ' for the sake of brevity) seeking enforcement and recovery of the amount awarded by this court in Reference (T) Case No. 71 of 2021 vide judgment and award dated 15-07-2023.

[2] Before adverting to the merits of the controversy, it is necessary to briefly note the procedural background of the present application. Initially, the applicant instituted the recovery proceedings by impleading the director, Pipavav Technical Services Private Limited as the Opponent. Subsequently, the applicant preferred an application at Exhibit - 7 seeking amendment of the cause title in view of the corporate restructuring and insolvency proceedings undergone by the company. Upon consideration, this Court allowed the said application, and accordingly, the Opponent 's name came to be amended as Reliance Naval and Engineering Limited (Pipavav Technical Services) through Director, Hazel Mercantile Limited and Strategic Investor Swan Energy Limited. The said amendment was carried out to correctly reflect the changed management and ownership structure post insolvency resolution.

BRIEF FACTUAL MATRIX

[3] The case of the applicant, in brief, is that he joined the establishment of the Opponent on 19-06-2017 in capacity of Junior Tradesman - III (Production B.C.S). According to the applicant, he discharged his duties sincerely and without any complaint. However, on 02-07-2020, his service came to be terminated abruptly and without following due process of law, thereby giving rise to an industrial dispute.

[4] It is submitted that being aggrieved by the said termination, the applicant raised an industrial dispute, which culminated in Reference (T) Case No. 71 of 2021 before this Court. After adjudication, this court, by judgment and award dated 15-07-2023, partly allowed the reference. The termination of the applicant was held to be illegal and unjustified. However, Instead of reinstating the applicant to the original position and awarding back wages, the court ordered the employer to pay the applicant a lump sum compensation of Rs.75,000/-. Furthermore, the court directed the employer to pay the amount within 30 days and to pay an additional Rs.2,000/- separately as application costs.

[5] It is further submitted that the Opponent has not preferred any appeal against the said judgment and award, and the same has attained finality. Despite this, the Opponent has failed and neglected to pay the awarded amount of Rs.75,000/- plus costs of Rs.2,000/-, totaling Rs.77,000/-, till date. Hence, the

applicant is constrained to file the present recovery application.

[6] It is further submitted that the applicant is legally entitled to recover the said amount of Rs.77,000/-, along with interest at the rate of 12% per annum from the date it became due, and also the costs of this recovery application. In case of non-payment, the applicant prays that a recovery certificate be issued against the Opponent as per law. In the background of the above facts, the applicant has brought the present case against the Opponent praying for the reliefs as prayed for in para No. 3 of the claim application which are as follows;

[i] *Direct the Opponent to pay the applicant an amount of Rs.77,000/- along with interest at 12% per annum till realization;*

[ii] *Award the costs of the present recovery application; and*

[iii] *Issue a Recovery Certificate against the Opponent in accordance with law.*

[7] Along with the present application, the applicant has also filed a Xerox copy of the award at Mark 3/1 passed by the Court in the Reference Case No.71/21 and Xerox copy of his Aadhar card at Mark 3/2. The applicant has also filed an affidavit in support of his application at Exhibit-17. The applicant has filed his closing pursis at Exhibit-18.

[8] Thereafter, this Court issued notice to the Opponent and in compliance of the Court notice, the Opponent entered his appearance and with reference to the recovery application filed by the applicant, the Opponent, now appearing as Swan Defence and Heavy Industries Limited, has submitted written objection / reply at Exhibit - 15, denying the claims made therein, except those expressly admitted herein.

[9] With respect to Reference (LCA) Case No. 71 of 2021, filed by the applicant before the Hon'ble Labour Court, it is submitted by the Opponent that the Hon'ble Court, by its award dated 15-07-2023, partly allowed the reference. The Hon'ble Court, instead of ordering reinstatement, directed payment of a lump sum compensation of Rs.75,000/- and application costs of Rs.2,000/-. The Opponent submits that the said award does not automatically create a recoverable liability against the present Opponent in the facts and circumstances stated herein below.

[10] It is submitted that Reliance Naval and Engineering Limited, against whom the claim is sought to be enforced, was admitted into Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016. Thereafter, by order of the National Company Law Tribunal, Ahmedabad, dated 23-12-2022, the company was taken over pursuant to an approved resolution plan by

Hazel Mercantile Limited, whose strategic investor is Swan Energy Limited.

[11] It is further submitted that pursuant to the order of the National Company Law Tribunal, Ahmedabad, dated 23-12-2022, and as per records of the Ministry of Corporate Affairs, Government of India, the name of the company has been changed from Reliance Naval and Engineering Limited to Swan Defence and Heavy Industries Limited, with effect from 02-01-2025.

[12] It is submitted that the NCLT has approved the Resolution Plan submitted by Hazel Mercantile Limited, along with its investor Swan Energy Limited. As per Sub-Clause 13.1.1 of Clause 13 of the approved Resolution Plan, a sum of Rs. 0.95 Crore (Rs.95,00,000/-) was earmarked as full and final settlement of all claims of workers/employees of Reliance Naval and Engineering Limited.

[13] The said amount of Rs.95,00,000/- was deposited by Hazel Indra Limited, a Special Purpose Vehicle (SPV) of Hazel Mercantile Limited (along with its investor Swan Energy Limited), into the account of the concerned authority, and the entire amount has been disbursed to the workers/employees through RTGS/NEFT.

[14] In view of the above, it is submitted that no outstanding dues of any worker or employee remain payable by the Opponent company. The applicant of the present recovery application does not figure as an employee in the records of the Opponent company, and therefore no amount is payable to him.

[15] It is further submitted that Clauses 13.3.14, 32.42, and 33.14 of the Resolution Plan, as relied upon by the applicant, are not binding on the Opponent in the manner sought to be interpreted by the applicant, in view of the Resolution Plan approved by the National Company Law Tribunal, Ahmedabad.

[16] It is submitted that the applicant was in fact an employee of Pipavav Technical Services Limited, and not of the present Opponent company. The present Opponent was only joined as a party in the proceedings before the Hon'ble Labour Court. The applicant was never a workman or employee of the Opponent company, and the Hon'ble Labour Court, Amreli, has not passed any specific direction against the present Opponent to make payment. Therefore, the award, if any, is required to be implemented, if at all, by Pipavav Technical Services Limited, and not by the present Opponent. In view of the above facts, the Opponent submits that it has no legal liability to pay any amount to the applicant and pray that the present application be dismissed with costs.

[17] The Opponent has also filed several document at Mark 16/1 to 16/6. Mark 16/1 is the copy of authority letter for conducting the Case on behalf of the Opponent. Mark 16/2 is xerox copy of order from NCLT Ahmedabad. Mark 16/3 is xerox copy of binding Resolution Plan. Mark 16/4 is xerox copy of the approved resolution plan. Mark 16/5 is xerox copy of the list provided for payment disbursement. Mark 16/6 is xerox copy of Government Gazette regarding the change of name to Swan Defence. The Opponent has thereafter filed his closing pursis at Exhibit-19.

[18] Heard the learned Advocates appearing for both the parties at length. I have also gone through the entire case record with the help of learned Advocates appearing for both the parties.

[19] Now, adverting to the appreciation of facts of the present case, the applicant has filed the present application under Section 33C(1) of the Industrial Disputes Act, 1947, seeking to recover a total sum of Rs.77,000/- (inclusive of costs) plus 12% interest. This claim arises from the Award passed by this Court in Reference Case No. 71 of 2021 dated 15-07-2023, wherein the termination of the applicant was held illegal, and a lump-sum compensation was awarded in lieu of reinstatement. The applicant asserts that despite the Award attaining finality (as no appeal was filed), the Opponent has failed to deposit or pay the awarded amount.

[20] The Opponent, in their written objection, has submitted that the original company, Reliance Naval and Engineering Ltd., underwent a Corporate Insolvency Resolution Process (CIRP). By way of an order dated 23-12-2022, the Hon'ble NCLT, Ahmedabad, approved a Resolution Plan. Under this plan, the management shifted to Hazel Mercantile Limited (Swan Energy Limited), and the company was renamed Swan Defence and Heavy Industries Limited on 02-01-2025. The Opponent contends that they have already disbursed Rs.95,00,000/- toward worker dues as per the approved plan and are no longer liable for any "undisclosed" claims.

POINTS FOR DETERMINATION

(1) *Whether the applicant is entitled to recover the amount awarded in Reference Case No.71 of 2021 through the present proceedings?*

(2) *Whether such recovery is barred in view of the approved Resolution Plan under the Insolvency and Bankruptcy Code, 2016?*

[21] Having framed the points for determination as crystallized above, this Court shall now proceed to evaluate the competing contentions of the parties, the statutory framework governing corporate insolvency resolution, and the documentary evidence available on record to record its findings on each point.

DISCUSION AND FINDING

[22] The present proceedings under Section 33C(1) of the I.D. Act, 1947 are in the nature of execution. The applicant seeks enforcement of an Award passed after the approval of the Resolution Plan.

[23] The timeline in this case is critical for the application of the Clean Slate doctrine:

(1) *On 23-12-2022, the NCLT Ahmedabad approved the Resolution Plan.*

(2) *On 15-07-2023, the Labour Court Amreli passed the Award in Reference Case No. 71 of 2021.*

[24] The chronology is crucial. The chronology reveals that the Labour Court Award came into existence nearly seven months after the NCLT had already approved the Resolution Plan. Consequently, though the liability was not quantified at that stage, the underlying claim was contingent in nature and was required to be submitted during the CIRP.

[25] Though the Award in Reference Case No.71 of 2021 came to be passed on 15-07-2023, the industrial dispute itself admittedly arose much prior thereto and was pending when the Corporate Insolvency Resolution Process was in progress. Thus, the foundation of the claim existed prior to approval of the Resolution Plan and was capable of being

brought to the notice of the Resolution Professional as a contingent or disputed claim.

[26] Since the NCLT order preceded the Labour Court Award, the current management had no legal way to account for this specific Rs.75,000/- liability within the plan. The Opponent proved that the Rs.95 Lakhs earmarked for workers has been distributed. As an execution-style proceeding under Section 33C(1), this Court cannot compel the new management to pay funds beyond what the NCLT-approved plan mandated. A Successful Resolution Applicant (SRA) starts on a "clean slate." They cannot be surprised by "undisclosed" or "contingent" liabilities that were not submitted before the Resolution Professional during the CIRP, including contingent or unliquidated claims.

[27] It is further evident from the order dated 23-12-2022 passed by the Hon'ble National Company Law Tribunal, Ahmedabad, approving the Resolution Plan, that after admission of the Corporate Debtor into the Corporate Insolvency Resolution Process (CIRP), the Interim Resolution Professional had, in compliance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the applicable Regulations, issued a public announcement in Form-A inviting claims from all creditors and stakeholders and thereafter collated the claims received.

The applicant has neither disputed the issuance of such public announcement nor produced any documentary evidence to establish that he had submitted his claim before the Resolution Professional or sought inclusion of his contingent claim arising from the pending industrial dispute. Mere pendency of the Reference before the Labour Court could not dispense with the statutory obligation of lodging the claim during the CIRP. Consequently, the applicant's claim did not form part of the approved Resolution Plan and, by virtue of Sections 31 and 238 of the Insolvency and Bankruptcy Code, 2016, the same cannot be enforced against the Successful Resolution Applicant after approval of the Resolution Plan.

[28] The Opponent has produced on record the order passed by the Hon'ble NCLT, Ahmedabad and the approved Resolution Plan. The applicant has not produced any documentary evidence to show that he had submitted any claim before the Resolution Professional during the Corporate Insolvency Resolution Process. The applicant has also not demonstrated that the claim arising from the pending industrial dispute was considered or admitted as part of the approved Resolution Plan. Therefore, this Court proceeds on the basis of the material available on record.

[29] Section 31 of the Insolvency and Bankruptcy Code, 2016 (IBC) deals with approval of resolution plan. Under Section

31(1) of the IBC, once a Resolution Plan is approved by the NCLT, it is binding on the company, its employees, and all creditors.

[30] In the Case of **CoC of Essar Steel India Ltd. V/s Satish Kumar Gupta and Ors, (2020) 8 SCC 531,** it was held that Section 31(1) ensures that the successful resolution applicant starts running the business of the corporate debtor on a fresh slate as it were.

[31] In the landmark Case of **Ghanashyam Mishra and Sons Pvt.Ltd. V/s Edelweiss Asset Reconstruction Company Ltd. & Ors., (2021) 9 SCC 657,** the Hon'ble Supreme Court settled the law that once a resolution plan is duly approved by the Adjudicating Authority under Section 31(1), the claims as provided in the resolution plan shall stand frozen and will be binding on the Corporate Debtor and its employees, members, creditors, including Central Government, any State Government or any local authority, guarantors and other stakeholders. On the date of approval of resolution plan by the Adjudicating Authority, all such claims, which are not a part of resolution plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim, which is not part of the resolution plan.

[32] The Hon'ble Supreme Court in **Ghanashyam Mishra Case (Supra)** has categorically held that upon approval of a Resolution Plan under Section 31 of the IBC, all claims not forming part of the Resolution Plan stand extinguished and cannot subsequently be enforced against the Successful Resolution Applicant. The said principle squarely governs the present controversy.

[33] However, such extinguishment is to be understood in the context of enforceability of claims against the Successful Resolution Applicant.

[34] In the Case of **Vaibhav Goel and Anr. V/s DCIT and Anr, (2025) INSC 375,** it was held that once the Resolution Plan is approved by the NCLT, no belated claim can be included therein that was not made earlier.

[35] Thus, Section 238 of the IBC gives over riding effect to the Code over all other laws. Once a Resolution Plan is approved, it binds all stakeholders. The primary legal hurdle in this recovery is Section 238 of the IBC, which states that the provisions of the Code shall have effect notwithstanding anything inconsistent contained in any other law. This includes the Industrial Disputes Act. The Resolution Plan for the Opponent company was approved by the NCLT on 23-12-2022 and the award was passed by

Labour Court Amreli in favour of the applicant on 15-07-2023 in the reference case No. 71/2021.

[36] The legislature has provided an overriding effect to the IBC over all other statutes, including the Industrial Disputes Act, via Section 238. This Court must harmonize the rights of a workman with the statutory finality provided to a Resolution Plan approved by the NCLT.

[37] Although the Opponent has not explicitly named the doctrine, the facts pleaded squarely attract the "Clean Slate" principle. This principle ensures that a person acquiring a stressed business (the Successful Resolution Applicant) starts with a clean balance sheet, without being haunted by "multiple unforseen claims" belonging to the period prior to the takeover.

[38] The Award was passed after the Resolution Plan was already approved and the "Clean Slate" had been established. The principles laid down by the Hon'ble Supreme Court in **Essar Steel** and **Ghanashyam Mishra** make it abundantly clear that claims not forming part of the approved Resolution Plan cannot subsequently be enforced against the Successful Resolution Applicant.

[39] Merely because the Labour Court Award was passed subsequent to approval of the Resolution Plan would not alter the nature of the underlying claim. What is relevant is the origin of the claim and not the date of quantification thereof. Since the industrial dispute had arisen prior to approval of the Resolution Plan and the claim was not shown to have been lodged before the Resolution Professional or incorporated in the approved Resolution Plan, the same cannot now be enforced against the Successful Resolution Applicant.

[40] The present proceedings under Section 33C(1) of the Industrial Disputes Act are in the nature of execution, and this Court cannot go behind the approved Resolution Plan, which carries the force of a decree. The limited question before this Court is not the validity of the Award dated 15-07-2023, which has admittedly attained finality, but whether it can be enforced against the present Opponent. It is a well-settled canon of law that an executing court cannot go behind a statutory decree or an NCLT-approved resolution plan; consequently, this Court, exercising limited jurisdiction under Section 33C(1) of the I.D. Act, holds no legal authority to enforce an unsubmitted, pre-resolution liability against a Successful Resolution Applicant who has taken over the corporate debtor on a clean slate. The Opponent has demonstrated that the specific corpus of Rs. 95 Lakhs allocated for workers under the Plan has been fully exhausted.

Since the applicant's claim, though contingent, was not submitted before the Resolution Professional during the CIRP, the new management carries no statutory obligation to satisfy debts beyond the approved Plan. Therefore, by operation of Section 31 and Section 238 of the Insolvency and Bankruptcy Code (IBC), and in line with the settled law laid down by the Hon'ble Supreme Court, the approved Resolution Plan operates as a clean slate. Consequently, while the award remains valid in law, its enforcement against the present Opponent is legally barred, rendering this recovery application unsustainable.

[41] The Opponent contends the applicant worked for Pipavav Technical Services Ltd. While the applicant views the Opponent as the successor, the IBC creates a "legal firewall." When a company is rescued via IBC, the "successor" (the SRA) is only liable for what is written in the Plan. To hold the new management liable for pre-CIRP debts not in the plan would discourage investment in distressed companies and defeat the purpose of the IBC.

[42] This Court recognizes the hardship of the workman. He fought a long legal battle and secured a valid award. However, the law regarding corporate insolvency is clear and supreme. The current management, Swan Defence and Heavy Industries Limited, is a post-resolution entity of the previous company, protected by the NCLT's approval of the Resolution

Plan. The notice of CIRP was public. The workman did not lodge a claim during CIRP. Because the applicant's claim, though arising from a pending dispute, was not submitted during CIRP and did not form part of the Resolution Plan and the allocated funds have been exhausted, this Court cannot issue a Recovery Certificate against the current Opponent. Therefore, while the applicant's legal right under the original award remains technically valid in the abstract, its enforcement through this execution-style recovery proceeding is legally barred specifically against the present Opponent, M/s. Swan Defence and Heavy Industries Limited, rendering the current application untenable against the restructured management.

[43] In view of the aforesaid discussion, this Court is of the considered opinion that the applicant has failed to establish any enforceable right to recover the awarded amount from the present Opponent. The claim was not shown to have formed part of the approved Resolution Plan and, therefore, cannot be enforced against the Successful Resolution Applicant after approval of the Resolution Plan. Accordingly, the present recovery application deserves to be rejected. Hence, the following order is passed:

O R D E R

[1] The Recovery Application No. 01 of 2024 is hereby rejected in view of the approved Resolution Plan dated 23-12-2022

and the legal consequences flowing from Sections 31 and 238 of the Insolvency and Bankruptcy Code, 2016.

[2] It is clarified that the rejection of the present Recovery Application is solely on the ground of non-enforceability of the award against the present Opponent/Successful Resolution Applicant and shall not be construed as a determination going to the merits or validity of the award dated 15-07-2023 passed in Reference Case No. 71 of 2021, which award has attained finality and remains valid as a legal instrument. The applicant shall be at liberty to pursue such other legal remedies as may be available to him in accordance with law.

[3] No order as to costs.

Signed and pronounced in the open Court on this 30th day of June 2026.

Place : Amreli.

Date : 30-06-2026

Sd/-
(G.L. Pareek)
Labour Judge, Amreli.
[Judge Code No.GJ01404]