WORKMEN

v.

MANAGEMENT OF DUNLOP RUBBER COMPANY OF INDIA LIMITED

May 4, 1973

[A. N. GROVER AND C. A. VAIDIALINGAM, JJ.]

Industrial dispute—Claim for additional bonus—'Extraneous profit'—Return on share premium—Rehabilitation claim—When may not be included in profits—Reserves used as working capital—Mode of proof of.

For the years 1962 and 1963 the appellants-workmen demanded additional bonus of three months' basic wages. The tribunal, to which the industrial dispute was referred on a consideration of the materials placed before it by both the parties, accepted the case of the respondent-management, regarding certain deductions made from the profits and held that the bonus already paid to the workmen was sufficient and that they were not entitled to any additional bonus for those two years.

Dismissing the appeal to this Court.

HELD: (i) The commission and royalties received from Dunlop, U.K., for the two years were rightly not included by the respondent in its profits, because, the evidence established that the circumstances under which the respondent earned the amounts showed that appellants had not made any contribution of work or labour for earning those amounts. It accrued to the respondent as extraneous income. [233D-F]

Workmen of M/s Hindustan Motors Ltd. v. *M/s Hindustan Motors Ltd. & Anr.* [1968] 2 S.C.R. 311, followed.

Tata Oil Mills Co. Ltd. v. *Its Workmen and Others* [1960] 1 S.C.R. 1, referred to.

(ii) The contention of the appellants that no return should be allowed on the share premium of Rs. 70 lacs was rightly rejected by the tribunal. When a company makes a Rights issue, the Government, while giving consent, fixes a certain amount of premium to be charged for those shares. Those shares are issued only to the shareholders who ask for them and who pay the premium amount in addition to the nominal value of the share. Under the Companies Act, 1956, as amended, a capital introduced by the shareholders in a company had to be shown in accordance with schedule VI as a separate item. But the share premium is not undistributed *profit* and cannot be distributed as dividend. It is really the *share capital* of the respondent and therefore, the respondent was justified in claiming 6% return on this amount. [234 A-C]

(iii) Mere production of a balance-sheet by a company cannot be taken as proof of a claim as to what portion of the reserves had been actually used as working capital. The utilisation of any amount from the reserves as working capital has to be proved by an employer by adducing proper evidence by way of affidavit or otherwise after giving opportunity to the workmen to contest its correctness in cross-examination. The company will have to satisfactorily prove that the amount on which the return is claimed has been actually used as working capital. But in the present case the respondent has adduced oral and documentary evidence. It is not a case where merely profit and loss account alone has been filed without any further evidence being adduced by the respondent. Therefore there is no basis for the contention of the appellants that the respondent had not properly established its claim for return on working capital [234G-H, 235 C-D]

A *The Oriental Gas Company Ltd.* v. *Their Workmen,* [1971] II L.L.J. 657 and *Bareilly Electricity Supply Co. Ltd.* v. *The Workmen & Ors.* [1972] 1 S.C.R. 241 referred to.

(iv) (a) Even if the claim of the company for rehabilitation is rejected completely, on the basis of the findings, that is, after taking into account the claims of the respondent, allowed and rejected, and the rebate in income-tax that may be received by the company, the workmen would still have been paid
B bonus at a rate which has been accepted as correct by this Court. [237 C-D]

(b) On the basis of the education to be made according to the appellants in respect of rehabilitation claim, the respondent will be entitled to some amount at least in that regard. Even if that lesser amount is taken into account the available surplus will be reduced further, and, the result will be that even the amount paid as bonus already by the respondent will be more than what the workmen will be entitled to according to the decisions of this Court. [238 E-H]

C (c) The Industrial Tribunal, Calcutta, in relation to a claim for bonus for the year 1957 had elaborately discussed the matter and allowed a certain sum as rehabilitation charges. When once the tribunal had considered a similar claim and had adopted it on the basis of evidence adduced by the parties, normally, the amount so awarded towards rehabilitation should be adopted even though it will not be conclusive for subsequent years. In the present case, the rehabilitation claim was worked out only on the basis of replacement costs of the year 1958. If the appellant's case was that the tribunal, when working
D out the claim for 1957 had not properly appreciated the evidence they should have elicited from the witnesses who deposed on behalf of the respondent that the figures furnished by the respondent are not correct and could not be accepted. But the appellants had not objected to the data adduced as well as the documents produced by the company with reference to its rehabilitation claim. No suggestions had been made to the various witnesses examined on behalf of the respondent that the figures on the basis of which the rehabilitation claim was made were in any way erroneous. [237G—238D]

E Therefore, considering the matter from any point of view, there is no question of the workmen being entitled to any additional bonus over and above what has already been paid.

M/s Gannon Dunkerley and Co. Ltd. v. *Their Workmen,* A.I.R. 1971 S.C. 2567, followed.

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 1291 of 1968.

F Appeal by special leave from the Award dated October 29, 1967 of the Industrial Tribunal, Madras in Industrial Dispute No. 65 of 1966 published in the Supplement to Part II Section I of the Fort St. George Gazette dated the 15th day of November 1967.

M. K. Ramamurthi, R. C. Pathak and *J. Ramamurthi,* for the appellants.

B. Sen, C. Doraiswami and *D. N. Gupta,* for the respondent.

G The Judgment of the Court was delivered by—

VAIDIALINGAM, *J.*—This appeal, by special leave, by the workmen is against the award dated October 20, 1967, of the Industrial Tribual, Madras, in I.D. No. 65 of 1966 in so far as it declined to grant additional bonus for the years 1962 and 1963.

The respondent, Dunlop Rubber Company of India Limited, which
H is engaged in the manufacture and sale of tyres and tubes for light and heavy vehicles, has a factory in Calcutta, besides one at Ambattur in Madras, which was started or about 1959. At the time of the award, the company was employing about 1200 workmen but,

during the years 1962 and 1963, it was employing about 800 workmen. The company paid to its workmen for each of these two years, 1962 and 1963, 12 weeks' basic wages as annual bonus. The workmen were not satisfied with the said payment and demanded additional bonus of three months' basic wages for each of these years. According to the workmen, the company has made a net profit of about 3.30 crores in each of these years. The company, however, declined to meet the demand with the result that the Government of Madras by its order dated October 15, 1966, referred the dispute regarding the additional bonus to the Industrial Tribunal, Madras. There was also another dispute referred regarding the alteration of the gratuity scheme. But we are not concerned with this dispute.

The case of the workmen, as disclosed by their written statement before the Tribunal, was as follows :—

The company, according to their published profit and loss account has made a net profit of Rs. 3.30 crores and Rs. 3.27 crores for the years 1962 and 1963 respectively. The management have made various deductions from their gross profit, which were not justified according to the Full Bench Fromula. The management in their work sheet claimed Rs. 2.49 crores as rehabilitation and this huge amount has been claimed to purposely defeat the just demands of the workmen. Having due regard to the profits earned by the company, the demand of three months' basic wages as additional bonus was justified.

The company resisted the claim of the union. The case of the company was as follows :—

In each of these two years, 1962 and 1963, it has paid to its workmen in India bonus equivalent to fifteen weeks' basic wages. All the workmen, except the workmen at Ambattur, who represent only about 12 per cent of the total number of employees, have accepted the payment and they are fully satisfied with the amount paid voluntarily by the company. The company made proper deductions and additions according to the Full Bench Formula and arrived at the available surplus. Out of the said available surplus, the company has paid nearly 60 or 63 per cent as bonus to the workmen, which represents fifteen weeks' basic wages.

Before the Tribunal, the company as well as the workmen filed charts in respect of their pleas. The union objected to the deduction made by the company in respect of the commission received out of the sales made by the Dunlop United Kingdom as well as the royalties receivable out of the sales made by the London firm. There were also objections taken by the union in respect of certain deductions and claims made by the company. As those contentions have been raised before us also, we will refer to those matters later. There was also controversy regarding the rehabilitation claimed by the company. The Tribunal, on a consideration of the materials placed before it by both the parties, ultimately accepted the case of the management and held that the bonus already paid to the workmen was sufficient and that they are not entitled to any additional bonus for these two years.

Mr. M. K. Ramamurthi, learned counsel for the appellant-workmen attacked the view of the Tribunal accepting the claims made by the company in respect of several items. The company had filed before the Tribunal a statement, Ext. M-3, extracted below, showing the available surplus for the years 1962 and 1963 :

"The Dunlop Rubber Co. (India) Limited Available Surplus Computations for the years 1962 and 1963.

	1962		1963	
	Rs.	Rs.	Rs.	Rs.
Net Profit per Accounts		95,59,317		1,68,86,953
Add: Bonus [account charged in accounts)	48,86,449		48,40,912	
Provision for Taxation per Accounts	2,34,78,958		1,88,82,441	
Depreciation per Accounts	60,79,969	3,41,45,376	59,82,664	2,67,06,024
		4,37,04,693		4,35,92,977
Deducts :				
Commission receivable (Note 1) . . .	3,94,964		3,94,973	
Royalties receivable (Note 2) . . .	59,191		50,580	
Profit on sale of Fixed Assets (Note 3) . .	92,596		2,974	
Provision for Retirement Gratuities written back		5,52,751	5,00,000	9,42,579
Total Gross Profit . .		4,31,51,942		4,26,50,398
Less :				
Notional Normal Depreciation		72,67,887		83,90,107
		3,58,84,055	1,76,23,953	3,42,60,291
Less :				
Notional Income Tax and Super Tax . .	1,84,68,616			
Notional Super Profits Tax/Sur Tax. . .	49,09,965	2,33,78,581	25,36,585	2,01,60,538
		1,25,05,474		1,40,99,753
Less :				
Return on paid-up Capital Ordinary share Capital (6%). . . .	27,00,000		27,00,000	
Share Premium (6%). .	4,20,000		4,20,000	
Preference share Capital (Actual). . . .	4,60,000		4,60,000	
4% Return on Reserves employed as working capital Schedule A. .	23,35,009	59,15,009	24,90,563	60,70,563
Available surplus subject to rehabilitation claim .		65,90,465		80,29,190

Note 1. Commission receivable arises out of sales made by Dunlop U. K. of their products to India either through the Indian High Commissioner's purchasing Commission in London or to direct importers.

—L373Sup,CI/74

Note 2. Royalties receivable arise out of sales made by Dunlop U.K., of their products to Afghanistan, Burma and Pakistan.

* * * * * *

According to the company, it has paid more than 60 per cent of the available surplus as bonus to the workmen and that they are not entitled to any additional bonus. The first item that was challenged by Mr. Ramamurthi was regarding the deduction made by the company in the sum of Rs. 3,94,964 and Rs. 3,94,973 for the years 1962 and 1963 respectively as commission as well as the sums of Rs. 59,191 and 50,582 as royalties for the years 1962 and 1963 respectively received from Dunlop, United Kingdom. According to the counsel, the workmen have also contributed to enable the company to earn these amounts and, therefore, they will be entitled to a share in the said profits. In this connection, Mr. Rammurthi referred us to the decision of this Court in *The Tata Oil Mills Co. Ltd.* v. *Its Workmen and others.*(1) In that decision certain items were claimed by the company as extraneous income obtained by them without any contribution by labour. While allowing the claim of the company in respect of two items regarding the rest it was held by this Court that they had been earned by the company in the normal course of its business and that there was no reason why the labour should be excluded from its share in the profit. It was no doubt observed by this Court that normally there must be contribution of the workmen in earning profits before they are entitled to profit bonus, but it is not necessary that a direct connection between the efforts of the workmen and a particular item of profit earned has to be established before the profit can be taken into account for the purpose of arriving at the available surplus.

Mr. B. Sen, learned counsel for the company, on the other hand, referred us to Notes 1 and 2 in Ext. M-3, which has been extracted by us earlier. Notes 1 and 2 clearly explain the circumstances under which the said amounts are earned by the company and they show that the labour has made no contribution whatsoever in the company's earning either the commission or the royalties. Mr. Sen also drew our attention to the evidence of MW-1, the Deputy Chief Accountant of the company, who has explained the circumstances under which the said amounts were received.

We are of the opinion that the Tribunal was justified in accepting the contention of the company that the amounts received as commission and royalties need not be added back. MB-1, the Deputy Chief Accountant of the company, has deposed to the nature of these amounts received by the company. According to him, the commission is received from the parent company in United Kingdom for sales made by them through the High Commission in London or sales effected as against orders received directly by the company from the Indian customers. The amounts due to the company were credited by the London office. Similarly, royalties were also received out of sales of Dunlop products made to Afghanistan, Burma and Pakistan. No canvassing for orders in those countries is done by the company. Apart from the fact that Notes 1 and 2 in Ext. M-3,

(1) [1960] 1 S. C. R. 1.

A have not been challenged, we also find that there is no cross-examination by the union of MB-1 when he has referred to the nature of these receipts, which go to show that the workmen in India have not at all contributed, in any measure, in earning those amounts. In our opinion, the amounts received by the company, by way of commission and royalties, are analogous to the home B delivery commission, which was held by this Court in *Workmen of M/S Hindustan Motors Ltd.* v. *M/S Hindustan Motors Ltd. & Anr.*(1) to be extraneous income. The Hindustan Motors Limited, which was manufacturing cars in collaboration with a foreign concern, was entitled to commission on the sales made in India by the foreign concern, even though the company was not a party to those transactions. This amount was called home delivery commission. C The company claimed that the said commission should be deducted while calculating the surplus out of the profits available for distribution of bonus. The workmen challenged the said deduction. This Court, however, rejected the contention of the workmen and held that the amount received as home delivery commission has to be treated as extraneous income, which was earned by the company without any activities in which the workmen participated or contributed their D labour. The decision relied on by Mr. Rammurthi in the *Tata Oil Mills Co. Ltd.*(2) was referred and it was held that the situation therein was entirely different. But the principle laid in the *Tata Oil Mills Co. Ltd.*(2) that if any income was earned in the course of the normal business of a company in which the workmen were also engaged, that income must be included in the profits for calculation of surplus available for distribution of bonus, was approved in the E *Hindustan Motors*(1) case. Applying the said principle to the case on hand, we are of the opinion that the commission and royalties received by the company did not require any contribution or work or labour on the part of the workmen and it accrued to the company in view of the arrangements spoken to by MW-1. In the circumstances, the deduction of these amounts from the profits by the company was fully justified.

F It may be mentioned that the company had deducted from the profits the provision made for retirement gratuities written back. Mr. Sen has quite fairly accepted that the deduction is not justified. Therefore, this item need not be discussed further.

The company had claimed Rs. 4,20,000 for each of these years being return of 6% on the share premium of 70 lakhs. The com- G pany had also claimed a sum of Rs. 27 lakhs for each of these years being 6% return on ordinary share capital. The claim for return made in respect of ordinary share capital is not challenged. But the claim made for return on the share premium of 70 lakhs is attacked by Mr. Ramamurthi on the ground that the share premium does not represent paid-up capital. The Tribunal did not accept this contention advanced on behalf of the workmen.

H MW-1 has again spoken regarding the share premium amount. From his evidence it is clear that when a company makes a Rights

(1) [1968] 2 S. C. R. 311.

(2) [1960] 1 S. C. R. 1.

issue, the Government, while giving consent, fixes a certain amount of premium to be charged for those shares. Those shares are issued only to the shareholders who ask for it and who pay the premium amount in addition to the nominal value of the share. A capital introduced by the shareholders in the company is shown as part of share capital according to the Companies Act upto 1956. When the said Act was amended, it had to be shown in accordance with Schedule VI as a separate item, as it was only available for issue to shareholders and could not be distributed as dividend. The said share premium amount had no bearing as general reserves and they were really the share capital of the company and, therefore, the company was justified in claiming 6% return on this amount. The share premium is not undistributed profit and cannot be distributed as dividend. We are satisfied, in the circumstances, that the contention of the union that no return should be allowed on the share premium amount, has been rightly rejected by the Tribunal.

The third item relates to the deductions made by the respondent out of the profits of two items of donations made in 1962. No donations were claimed as deduction in 1963. As a substantial part of the donations was for the National Defence Fund, the Tribunal held that the expenditure was properly incurred and the company was justified in deducting the donations from the profits. Mr. Sen accepted that the deduction made by the management under this head is not justified. Even otherwise, the company is not entitled to deduct those amounts, as is clear from the decision of this Court in *Voltas Ltd.* v. *Its Workmen*(1).

The fourth item, which is contested by the appellant, is the return of 4% on reserves employed as working capital. The company claimed Rs. 23,35,009 and Rs. 24,90,563 as 4% return on reserves employed as working capital in 1962 and 1963 respectively. According to Mr. Ramamurthi, this claim has not been established in accordance with the decisions of this Court. He referred us to the decision in *The Oriental Gas Company Ltd.* v. *The Workmen*(2) and *Bareillly Electricity Supply Co. Ltd.* v. *The Workmen & Ors.*(3). In both these decisions, the nature of the evidence to sustain a claim for return on working capital has been discussed and laid down. In particular, in the second decision cited above, the various decisions bearing on the point have been exhaustively reviewed. The position emerging from the decisions of this Court is that mere production of a balance-sheet by a company cannot be taken as proof of a claim, as to what portion of the reserves has been actually used as working capital. The utilisation of any amount from the reserves as working capital has to be proved by an employer by adducing proper evidence by way of affidavit or otherwise, after giving an opportunity to the workmen to contest the correctness of the same in cross-examination. The company will have to satisfactorily prove that the amount on which return is claimed, has been actually used as working capital.

(1) [1961] 3 S. C. R. 167.

(2) [1971] (II) LLJ 657.

(3) [1972]1 S. C. R. 241.

A

The question is whether the criticism of Mr. Ramamurthi that the company has not properly established its claim for return on working capital in accordance with the decisions of this Court, is justified? The company has filed Ext. M-8 containing particulars regarding the amount used as working capital for the years 1962 and 1963. It B has also filed Ext. M-9, the certificate of the Chartered Accountant, that reserves of Rs. 5,83,75,236 and Rs. 6,22,54,083 have been used as working capital in the years 1962 and 1963 respectively. MW-1 has spoken to the contents of Exts. M-8 and M-9. The Chartered Accountant of the auditors, who issued the certificate, Ext. M-9, has also given evidence as MW-2. When they have spoken about the C amounts used as working capital, there is absolutely no cross-examination by the union regarding these matters. This is not a case where merely the profit and loss account alone has been filed without any further evidence adduced by the management. Mr. Ramamurthi no doubt attempted to satisfy us by a reference to the profit and loss account for the two years that the entire amount claimed by the com- D pany could not have been used as working capital. We have gone through the balance-sheet and profit and loss account. We are satisfied that the Tribunal has rightly accepted the claim of the management for 4% return on the working capital.

E

The fifth and the last item that is in controversy between the parties is the claim for rehabilitation made by the company. Before we consider that question, we must refer to a contention raised by Mr. Ramamurthi that the management had no claim for rehabilitation and, therefore, no claim for rehabilitation should be allowed. In particular, Mr. Ramamurthi referred us to the statement in Ext. M-3, F which we have adverted to earlier, to the effect "available surplus subject to rehabilitation claim" and stressed that the company itself has made a calculation without claiming any rehabilitation. We are not inclined to accept this plea of Mr. Ramamurthi. On the other hand, Ext. M-3 shows that the company was prepared to take a stand that even without any claim for rehabilitation being allowed in its G favour, the available surplus shown in Ext. M-3 will establish that the workmen have been paid more than 60 to 62% of the available surplus as bonus for each of the two years. Ext. M-3 does not and cannot be put against the company if it can properly establish a claim for rehabilitation. Before we discuss further the claim for rehabilitation, it is now necessary to work out the figures on the basis of the H findings recorded by us earlier. We have accepted the claim for deduction of commission and royalties in favour of the company. We have also accepted its claim for return on the share premium amount

of Rs. 70 lakhs. We have disallowed the claim of the company regarding the amount paid by them as donation in 1962. We have allowed the company's claim for return on the working capital. On the above basis, two charts have been prepared of the available surplus for the years 1962 and 1963. They are as follows :—

Available Surplus Computations for the year 1962.

		Rs.	Rs.
Net Profit per Accounts			95,59,317
Add :	Bonus (amount charged in Accounts)	45,86,449	
	Provision for taxation per Accounts.	2,34,73,958	
	Donation to N. D. F.	5,25,000	
	Depreciation per Accounts.	60,79,969	3,46,70,376
			4,42,29,693
Deduct :	Commission receivable (Note 1)	3,94,964	
	Royalties receivable (Note 2).	59,191	
	Profit on sale of fixed Assets (Note 3).	98,596	5,52,751
Total Gross Profits :			4,36,76,942
Less :	Notional Normal Depreciation		72,67,887
			3,64,09,065
Less :	Notional Incometax and Supertax	1,87,31,118	
	Notional Super Profits-Tax/Surtax	50,53,434	2,37,34,542
			1,25,24,513
Less :	Return on paid-up capital :		
	Ordinary Share Capital (6%)	27,00,000	
	Share Premium (6%)	4,20,000	
	Preference Share Capital (Actual)	4,60,000	
	4% Return on Reserves employed as working capital (Schedule A).	23,35,009	59,15,006
Available Surplus			67,09,504

Available Surplus Computations for the year 1963

		Rs.	Rs.
Net Profit per Accounts			1,68,86,952
Add :	Bonus (amount charged in Accounts.)	48,40,912	
	Prevision for Taxation per Accounts.	1,58,82,448	
	Depreciation per Accounts.	59,82,664	2,67,06,024
			4,35,92,977
Deduct :	Commission receivable (Note 1).	3,94,973	
	Royalties receivalbe (Note 2).	50,580	
	Profit on Sales of Fixed Assets (Note 3).	(2,974)	4,42,579
Total Gross Profit :			4,31,50,298
Less :	Notional Normal Depreciation		83,90,197
			2,47,60,291
Less :	Notional Incometax and Supertax.	1,78,73,953	
	Notional Super Profits-Tax/Sur Tax.	21,90,528	2,00,64,481
			1,46,95,810

Less :	Return on paid-up capital :		
	Ordinary Share Capital (6%)	27,00,000	
	Share Premium (6%)	4,20,000	
	Preference Share Capital (Actual).	4,60,000	
	4% Return on Reserves employed as working capital (Schedule A).	24,90,563	60,70,563
	Available Surplus		26,25,247"

In both the charts no claim for rehabilitation has been taken into account. Out of the available surplus in 1962, the company paid nearly 60% as bonus for that year. Similarly out of the available surplus in 1963, the company has paid nearly 60 to 62% as bonus. *Prima-facie,* we are of the view that even if the claim of the company for rehabilitation is rejected completely, still on the basis of the figures worked out in the above charts, after taking into account the rebate in Income-tax that will be received by the company, the workmen have been paid bonus at a rate which has been accepted as correct by this Court and as such they cannot have any grievance.

Regarding the claim for rehabilitation, the company had filed three statements. Exts. M-15, M-16 and M-17 are charts relating to the buildings, plant and machinery and moulds. The company has also adduced evidence in respect of the claims made in these statements. Mr. Ramamurthi has attacked the claim for rehabilitation made by the company. When the charts prepared by the management regarding rehabilitation were before the Tribunal, we find that several matters spoken to by the witnesses regarding the charts do not appear to have been seriously challenged by the workmen. Regarding the multipliers and divisor for plant and machinery, including moulds, these have been spoken to by the factory Engineer, MW-3. Regarding the buildings, the Architect, MW-4, has also given evidence. Regarding all these matters, the Chartered Accountant attached to the auditors of the respondent company, has given evidence as MW-2. The appellant has not objected to the data adduced as well as the documents produced by the company. No suggestions have been made to these witnesses that the figures on the basis of which the rehabilitation claim was made, were in any way erroneous. It is before us for the first time that Mr. Ramamurthi has urged that the evidence of these witnesses is not sufficient to justify the claim for rehabilitation made by the company. Mr. Ramamurthi has referred us to the various decisions regarding the nature of the evidence that is required to be produced by a company, when it makes a claim for rehabilitation. Mr. B. Sen invited our attention to the award dated February 5, 1960 of the Industrial Tribunal, Calcutta, Ext. M-26, which related to the claim of the workmen of the respondent company in Calcutta for bonus for the year 1957. In that award, the Tribunal has very elaborately gone into the evidence adduced by the company and has allowed a sum of Rs. 2,18,36,983, as calculated by the company, as rehabilitation charges. When once a Tribunal has considered a similar claim and has adopted on the basis of the evidence adduced by the parties, normally the amount awarded towards rehabilitation claim should be adopted. We do not say that it is conclusive. But that award is certainly entitled to due consideration at our hands. In

that award the Tribunal had worked out the rehabilitation claim for the year 1957. The charts filed by the company regarding rehabilitation, though for the years 1962 and 1963, were worked out only on the basis of the replacement cost of the year 1958. We are mentioning this aspect because if the appellant's case was that the Tribunal, when working out the claim for 1957 in Ext. M-26, has not properly appreciated evidence, it should have elicited from the witnesses, who deposed on behalf of the company, that the figures furnished by them are not correct and cannot be accepted. No such attempt has been made by the appellant. Mr. Sen, learned counsel, relied on the decision of this Court in M/s Hindustan Motors Ltd.(1) case and pointed out that according to that decision, the only permissible deduction from the total amount claimed as required for rehabilitation by the appellant can be the depreciation amounting to Rs. 5.17 crores and Rs. 5.75 crores in 1962 and 1963 respectively. He further pointed out that if the amount representing depreciation reserve is taken out of the total reserves, which is established by the evidence, then the balance amount has been utilised in raw material and hence there were no available liquid assets towards rehabilitation.

We do not propose to go into the details of the claim for rehabilitation made by the respondent-company, as well as the objections now made on behalf of the workmen to the said claim. The reason is that when evidence, oral and documentary, was adduced by the company before the Tribunal, the appellant has not objected to the data adduced and the documents produced by the management and they have not put any questions to the witnesses to establish that the calculation made by the company is erroneous. There is also the additional fact that from the two charts of available surplus for the years 1962 and 1963, reproduced earlier, even without allowing any claim for rehabilitation, the workmen have been paid bonus for the two years in question at rates higher than 60%. Allowing for the benefit that the management will get by way of tax rebate on the amount of bonus paid, the payment of bonus already made is in accordance with the proportion accepted by this Court *vide M/s Gannon Dunkerley and Co. Ltd.* v. *Their Workmen*(2). Even on the basis of the calculation to be made, according to the appellant, in respect of the rehabilitation claim, the company will be entitled to some amount at least in that regard. Even if the amount, as contended by Mr. Ramamurthi, is taken into account, the available surplus, as shown in the charts, will be reduced further. The result will be that even the amount paid as bonus already by the company, will be more than what the work-

1) [1968] 2 S.C.R. 311.

(2) AIR 1971, S. C. 2567.

men will be entitled to according to the decisions of this Court. As pointed out earlier, even without making any provision for rehabilitation, the percentage of bonus paid is amply sufficient. Considering the matter from any point of view, there is no question of the workmen being entitled to any additional bonus over and above what has already been paid.

To conclude, we are satisfied that the award of the Tribunal holding that the workmen are not entitled to any additional bonus for the years in question, is correct. The appeal fails and is dismissed. There will be no order as to costs.

V. P. S. *Appeal dismissed.*