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REFUSING ACCEPTANCE OF RESIGNATION AMOUNTS TO BONDED LABOUR

The Kerala High Court (HC), in *Greevas Job Panakkal* case,¹ held on February 13, 2026, that an employer cannot reject an employee's resignation on grounds of financial crisis and lack of resources to replace the employee and such denial amounts to "bonded labour."

Brief Facts

- Greevas Job Panakkal (**Panakkal**) was appointed as the Company Secretary (**CS**) of Traco Cable Company Limited (**TCCL**), a state public sector undertaking in 2012. TCCL defaulted in salary payments from October 2022. Following this, Panakkal submitted his resignation in March 2024.
- However, the Board of Directors rejected his resignation citing that he held a pivotal role and his resignation during a critical position was disadvantageous to TCCL.
- When Panakkal did not report to work, TCCL issued several memos requiring him to report to duty and show cause notices initiating disciplinary action and unauthorized retention of TCCL's laptop.
- On receiving a memo directing him to report to duty, Panakkal filed a writ petition before the HC.

Panakkal's Contentions

- TCCL had defaulted on paying his salaries for a prolonged period making it difficult for him to continue his service. Further, personal circumstances, including the need to care for an ailing mother following his father's death, necessitated a career change requiring him to resign.
- Panakkal being a CS and key managerial personnel, a statutory position under the Companies Act, 2013,² would have to remain associated until TCCL files Form DIR-12, preventing him from seeking any further employment opportunities until Form DIR-12 is filed.
- Coercing an employee to continue working despite resigning amounts to "bonded labour."

TCCL's Contentions

- It was undergoing a significant financial difficulty resulting in delay of salary disbursement and would require the services of a CS which was crucial for the revival of TCCL.
- TCCL could not find any other qualified CS to replace Panakkal.

¹ *Greevas Job Panakkal v. Traco Cable Company Limited and Others*, W.P. (C) NO. 5132 OF 2025.

² Section 203(3) of the Companies Act, 2013, prohibits key managerial personnel such as CS from holding office in more than one company.

- When TCCL had rejected Panakkal 's resignation and requested him to resume his duty, he had an obligation to comply with the same.
- Alleged that Panakkal was required to surrender his TCCL issued resources laptop and SIM Card. Panakkal had allegedly emptied the data in laptop, rendering its contents inaccessible to TCCL and had therefore misconducted himself.
- Panakkal 's writ petition be dismissed.

HC's Judgement & Reasoning

The HC:

- Held that when an employee tenders their resignation, the employer is obligated to accept the same and relieve the employee from his duties.³
- Observed that a resignation can be rejected if resignation is not in compliance with the provisions of the employment contract.⁴
- Held that an employer may refuse to accept resignation only when disciplinary proceedings on grounds of misconduct are initiated against the employee and the employee resigns during such proceeding.⁵
- Reiterated that refusal to accept resignation in any other instances would be violative of Article 23 of the Constitution of India, which prohibits bonded labour. ⁶
- Allowed the petition and directed TCCL to pay Panakkal arrears of salary, leave surrender benefits and entitled terminal benefits.⁷

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³ Paragraph 17 of the Judgement.

⁴ *Ibid*.

⁵ Paragraph 18 of the Judgement.

⁶ Paragraph 19 of the Judgement.

⁷ Paragraph 20 of the Judgement.