IN THE NATIONAL COMPANY LAW TRIBUNAL AHMEDABAD DIVISION BENCH COURT - 1



ITEM No.301

C.A.(CAA)/11(AHM)2025

Order under Section 230-232 of the Companies Act, 2013

IN THE MATTER OF:

Arvind Limited
Arvind Advanced Materials Limited

.....Applicants

Order delivered on: 08/04/2025

Coram:

Mr. Shammi Khan, Hon'ble Member(J)

Mr. Sanjeev Kumar Sharma, Hon'ble Member(T)

ORDER (Hybrid Mode)

The case is fixed for pronouncement of the order. The order is pronounced in the open court, vide separate sheet.

Sd-

SANJEEV KUMAR SHARMA MEMBER (TECHNICAL) Sdl-

SHAMMI KHAN MEMBER (JUDICIAL)



IN THE NATIONAL COMPANY LAW TRIBUNAL DIVISION BENCH, COURT-1, AHMEDABAD

CA (CAA)/11(AHM) 2025

[Company Application under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016].

In the matter of Scheme of Arrangement

Arvind Ltd.

CIN:L17119GJ1931PLC000093 A company incorporated under the Indian Companies Act, 1913 and having its registered office at Naroda Road, Ahmedabad-382 345, in the State of Gujarat.

..... Applicant Company No.1/ Transferor Company

Arvind Advanced Materials Ltd.

CIN: U52100GJ2015PLC085165 A company incorporated under the Companies Act, 2013 and having its registered office at Main Building, Arvind Limited Premises, Naroda Applicant Company No.2/ Road, Ahmedabad-380 025, in the State of Gujarat.

Transferee Company

Order Pronounced on 08.04.2025

CORAM:

MR. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL) MR. SANJEEV KUMAR SHARMA, HON'BLE MEMBER (TECHNICAL)

APPEARANCE:

For the Applicant Companies : Mr. Saurabh Soparkar, Sr.

Advocate a.w. Ms. Swati Soparkar, Advocate



ORDER

- is 1. This Application a joint Company viz.. CA(CAA)/11(AHM)/2025 filed by two companies, namely, Arvind Ltd. (Transferor Company) and Arvind Advanced Materials Ltd. (Transferee Company) under Sections 230-232 and other applicable provisions of the Companies Act and read with Companies (Compromise, Arrangement and Amalgamations) Rules, 2016 (hereinafter referred to as "Companies (CAA) Rules, 2016"), in respect of a Scheme Arrangement between Arvind Limited/Transferor Materials Arvind Advance Company and Limited/Transferee Company.
- 2. It has been submitted that an Application was filed for the same proposed Scheme of Arrangement before this Tribunal, being CA (CAA) 61/(AHM)/2024. However, vide order dated 09.01.2025, the said company application was dismissed on the ground of insufficient information. An Interlocutory Application (IA) was filed with a request to recall the order of dismissal either fully or partly on various grounds. This Tribunal vide order dated 21.02.2025, has dismissed the said IA. However, liberty was granted to file a Fresh Application, if maintainable. It has been submitted that the earlier Application was dismissed



on the ground of insufficient information, pertaining to Lease liabilities of the Applicant Companies being placed on record. The additional information is now included in the present application. It has also been submitted that since the earlier Application was not dismissed on merits, the principle of res judicata is not applicable. The Applicants have clarified that in the present Application, the Applicants have prayed to include the creditors towards lease liabilities for the purpose of calling the meetings of unsecured creditors.

- application, were sworn by Mr. Krunal Bhatt, Company Secretary and the Authorized Signatory of Arvind Ltd. and Mr. Ramnik Bhimani Vashrambhai, the Authorized Signatory of Arvind Advanced Materials Ltd., duly authorized vide Board Resolutions dated 06.05.2024 of the applicant companies. The aforesaid affidavits and board resolutions are placed on record along with the company application. The Board Resolutions are annexed at Annexure-F of the company application.
- 4. The proposed Scheme of Arrangement (Scheme), inter alia, provides for transfer and vesting of the Advanced Materials





Undertaking from Arvind Limited/Transferor Company to Arvind Advanced Materials Limited/Transferee Company as a going concern on Slump Sale basis with effect from Appointed Date i.e. 01.04.2024. This application is filed on 04.03.2025. The said Scheme is appended on pages 784 to 804 as "Annexure—H" to the Company Application.

- 5. The main business segments of the Transferor Company /
 Arvind Limited include (i) Textiles business comprising of
 manufacturing and supply of woven, denim and garment
 products and (ii) Advanced Materials business comprising
 of manufacturing and supply of products relating to human
 protection, industrial and composites, etc.
- 6. Advanced Materials Undertaking means all the advanced materials business comprising of all business units/plants situated at various locations in and around Ahmedabad and Gandhinagar in the State of Gujarat, assets, properties, and liabilities of whatsoever nature and kind, and wherever situated, including reserves/retained earnings relating to the said undertaking, of the Transferor Company, in relation to and pertaining to the advanced



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materials business to be transferred to the Transferee Company.

- 7. It is stated that the registered offices of both the applicant companies are situated within the territorial jurisdiction of the Registrar of Companies, Ahmedabad, Gujarat, which is falling under the jurisdiction of this Tribunal.
- 8. It is stated that the applicant companies are empowered by their respective Memorandum of Association and Articles of Association to enter into a Scheme of Arrangement. Copies of Memorandum of Association and Articles of Association of both the applicant companies are placed on record as **Annexure-A and Annexure-C**, respectively of the Company Application. The copy of audited financial statements as on 31.03.2024 (Annexure-B), copy of unaudited financial results as on 30.09.2024 (Annexure: B-1) and copy of divisional columnar balance sheet (Annexure:B-2) Applicant No.1/Transferor Company as well as copy of audited financial statements as on 31.03.2024 (Annexure-**D**) and copy of unaudited financial results as on 30.09.2024 of Applicant Company No.2/Transferee



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Company (*Annexure: D-1*), are placed on record. Columnar balance sheet of Arvind Limited, as appearing on pages 603 and 604 of the petition shows that total assets of the advanced material division are Rs 759.49 crores and total liabilities of Rs 759.49 crores as on 31.03.2024 includes Rs 90.36 crores payable to head office.

9. The applicant companies in this company application have sought for the following reliefs;

	EQUITY SHAREHOLDERS MEETING	PREFERENCE SHAREHOLDER MEETING	SECURED CREDITORS MEETING	Unsecured Creditors Meeting
Arvind Ltd./ Transferor Company	Directions to convene meeting	N.A.	Directions to convene meeting	Directions to convene meeting for the creditors of De-merged Undertaking only, including the creditors for lease liabilities; Alternatively directions to convene meetings of all unsecured creditors of the Company including the creditors for lease liabilities
Arvind Advanced Materials Ltd./Transferee Company	Dispensation of meeting	N.A.	N.A.	Directions to convene of meeting including the creditors for lease liabilities.







10. Arvind Ltd./Transferor Company

- From the certificate of incorporation filed, it is evident (i) that it was originally incorporated on 01.06.1931, under the provisions of the Indian Companies Act, 1913 in the name and style of Arvind Mills Ltd., its registered office is situated at Naroda Ahmedabad, Gujarat. The name of the company was changed to Arvind Ltd. with effect from 15.04.2008. Over a period of time, the structure of company has undergone several changes under several Schemes of Arrangements. Transferor Company is a listed public limited company. It is engaged, inter alia, in the businesses of spanning the entire value chain of textiles either directly or through its subsidiaries and joint ventures with other entities. It was originally incorporated for manufacturing and marketing of textile products. It has grown diversified in several distinct business activities through different undertakings/subsidiaries.
- (ii) During the financial year ended on 31.03.2024, on Standalone basis, Arvind Limited had total income of Rs. 7153.84 crores. The net profit was to the tune of





Rs. 304.90 crores. It had total Reserves of Rs.3214.74 crores. Whereas on consolidated basis, the Total income was Rs.7778.58 crores, Net Profit was Rs.352.63 crores and Total Reserves was Rs.3281.12 crores. It is a dividend paying Company.

(iii) The share capital of the Transferor Company as on 31.03.2024, as on 30.09.2024 and as on 31.12.2024 are as follows:-

As on 31.03.2024

Particulars	Amount in Rs.	
Authorised Share Capital		
57,45,00,000 equity shares of Rs.10/- each	574,50,00,000	
1,00,00,000 preference shares of Rs.100/- each	100,00,00,000	
Total	674,50,00,000	
Issued, Subscribed and Paid-up Share Capital		
26,16,30,474 equity shares of Rs.10/- each	261,63,04,740	
Total	261,63,04,740	

As on 30.09.2024

Particulars*	Amount in Rs.	
Authorised Share Capital		
57,45,00,000 equity shares of Rs.10/- each	574,50,00,000	
1,00,00,000 preference shares of	100,00,00,000	
Rs.100/- each Total	674,50,00,000	



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Issued, Subscribed and Paid-up Share Capital	
26,17,30,474 equity shares of Rs.10/- each fully paid up	261,73,04,740
Total	261,73,04,740*

The increase in share capital between 31.03.2024 and 30.09.2024, is due to the allotment of ESOPs during this period.

As on 31.12.2024

Particulars**	Amount in Rs.
Authorised Share Capital	
57,45,00,000 equity shares of Rs.10/- each	574,50,00,000
1,00,00,000 preference shares of Rs.100/- each	100,00,00,000
Total	674,50,00,000
Issued, Subscribed and Paid-up Share Capital	
26,17,67,974 equity shares of Rs.10/- each	261,76,79,740

- The increase in share capital between 30.09.2024 and 31.12.2024, is due to the allotment of ESOPs during this period. Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company till the date of approval of the Scheme by the Board of the Transferor Company.
- (iv) As on 30.09.2024, there are 1,92,397 Equity

 Shareholders in the Transferor Company holding



26,17,67,974 shares. The summary of Shareholding Pattern as on 30.09.2024, certified by Chartered Accountants Sorab S. Engineer & Co., vide Certificate dated 23.11.2024, same is annexed to the company application (*Annexure-K*). The Transferor Company is seeking directions for convening and holding meeting of its Equity Shareholders through Video Conferencing or Other Audio Visual Modes as per the guidelines provided by the Ministry of Corporate Affairs.

- (v) As on 30.09.2024, there are 10 Secured Creditors in the Transferor Company, and the value of secured debt is Rs.1265.45 crores. Chartered Accountants Sorab S. Engineer & Co, vide Certificate dated 11.11.2024, has certified the name and value of the Secured Creditors of the Transferor Company. The certificate is annexed to the company application as Annexure-L. Transferor Company is seeking directions for convening and holding meeting of its Secured Creditors.
- (vi) It is submitted that the Advanced Materials Undertaking of the Transferor Company is a very small division of the Transferor Company, as a whole. In terms of turnover,



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the business operation of the said Undertaking amounts to only 18.34% of total turnover of the Transferor Company, during the Financial Year 2023-24. The assets of this Division form about only 11.29% of the total assets of the Transferor Company for the Financial Year 2023-24. The statement indicating the Assets and Turnover of Arvind Limited as a whole and the Assets and Turnover of the Advanced Materials Undertaking, proposed to be transferred, as certified by the Chartered Accountants Sorab S. Engineer & Co., is annexed to the company application as *Annexure-M*.

- (vii) As on 30.09.2024, there are **4,578 Unsecured**Creditors in the Transferor Company and the value of unsecured debt is Rs.16,42,97,27,297.87. Chartered Accountants Sorab S. Engineer & Co, vide Certificate (Annexure: N-1) dated 23.11.2024, has certified the name and value of the Unsecured Creditors of the Company.
- (viii) As far as the Unsecured Creditors of the Advanced

 Material Undertaking of the Transferor Company are
 concerned, as on 30.09.2024 there are 838 Unsecured

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Creditors and value of the unsecured debt is Rs.1,70,09,51,802.70. Chartered Accountants Sorab S. Engineer & Co, vide Certificate (*Annexure: N-2*) dated 11.11.2024, has certified the name and value of the Unsecured Creditors of the Advanced Material Undertaking of the Transferor Company.

- (ix) It is submitted that the unsecured creditors of the Advanced Materials Undertaking are the only unsecured creditors whose rights shall undergo a change and it would be material to obtain their approval to the Scheme. All the other unsecured creditors of the Transferor Company shall continue to be the creditor of the Transferor Company and their rights shall not be affected in any manner as a result of the Scheme.
- Liabilities of Rs.1,15,45,81,329/- in the Transferor Company/Arvind Limited. Chartered Accountants Sorab S. Engineer & Co have certified, vide certificate dated 28.02.2025, the name and value of creditors towards lease liabilities of the Transferor Company, the said







certificate is annexed to the company application as Annexure-Q-1.

- (xi) As on 30.09.2024 there are **2 creditors** towards **Lease Liabilities** of Rs.5,72,46,904/- in Advanced Materials

 Undertaking of Arvind Limited/Transferor Company.

 Chartered Accountants Sorab S. Engineer & Co. have certified, vide certificate dated 28.02.2025, the name and value of creditors towards lease liabilities in the Advanced Materials Undertaking of Arvind Limited/Transferor Company, the said certificate is annexed to the company application as **Annexure-Q-2**.
- (xii) It is submitted that the above referred details of the Unsecured Creditors have been based upon the financial statements prepared in compliance with the applicable Accounting Standard being Indian Accounting Standard 116. Although the financial statements do reflect the lease liabilities of the Applicant Company, the same are not included in the above referred List of Unsecured Creditors as they include only Operational creditors payable as on 30.09.2024 and the same are accordingly certified by the Chartered Accountant. However, without prejudice to the



contentions of the Applicants, the additional statements are now provided to give the details of the Lease liabilities of the Applicant Transferor Company as a whole and that of the outgoing Undertaking viz. Advanced Material Undertaking, as shown in the books of accounts of the Companies, separately and the same are duly certified by Chartered Accountant. The said statements are annexed herewith as Annexed as *Annexures 'Q-1' and 'Q-2'* to the Company Application. The Applicant Transferor Company shall treat them as Unsecured Creditors for the purpose of convening and holding the meeting for the purpose of obtaining their approval to the proposed Scheme.

11. Arvind Advanced Materials Ltd./Transferee Company

that it is a public company incorporated on 24.11.2015 under the provisions of the Companies Act, 2013 in the name and style of Arvind True Blue Ltd. The name of the company was changed to Arvind Polymer Textiles Ltd. with effect from 11.04.2023 and was further changed to Arvind Advanced Materials Ltd. with effect from 07.12.2023. It is a wholly-owned subsidiary of Transferor Company/Arvind Ltd.





Transferee Company is engaged, inter alia, in the business of manufacturing and supply of advanced materials. During the Financial Year ended on 31.03.2024, Transferee Company had total income of Rs.99.27 crores and the net profit was to tune of Rs.5.27 crores.

(ii) The authorized, issued, subscribed and paid-up capital of the Transferee Company as on 31.03.2024, 30.09.2024 and 31.12.2024 are as follows: -

As on 31.03.2024 and 30.09.2024

Particulars#	Amount in Rs.	
Authorised Share Capital		
1,09,25,000 equity shares of Rs.10/-each	10,92,50,000	
8,19,00,000 preference shares of Rs.10/- each	81,90,00,000	
Total	92,82,50,000	
Issued, Subscribed and Paid-up Share Capital		
11,429 equity shares of Rs.10/- each	1,14,290	
Total	1,14,290	

#There is no change in the capital structure of the Transferee Company upto 30.09.2024. The entire share capital is held by Arvind Ltd., the holding company and its nominees.



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As on 31.12.2024

Particulars##		Amount in Rs.	
Authorised Share Capital			
9,28,25,000 equity shares of leach	Rs.10/-	92,82,50,000	
Т	otal	92,82,50,000	
Issued, Subscribed and Paid-up Capital	Share		
2,50,00,000 equity shares of leach	Rs.10/-	25,00,00,000	
T	otal	25,00,00,000	

##There is change in Authorized Share Capital as on 31.12.2024 due to reclassification of 8,19,00,000 unissued preference shares capital class into 8,19,00,000 equity shares class in the Authorised Share Capital of the Company.

The increase in paid up share capital of the Company between 30.09.2024 and 31.12.2024, is due to the further allotment of Equity Shares on Right basis to Arvind Limited (Holding Company). Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferee Company.



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- (iii) As on 31.12.2024, there are 7 Equity Shareholders in Transferee Company and all the Equity Shareholders, holding 2,50,00,000 equity shares, and all the equity shareholders have given their consent on affidavits approving the proposed Scheme. All the consent affidavits of the Equity Shareholders and the certificate dated 27.02.2025 of the Chartered Accountants Sorab S. Engineer & Co. confirming the number and value of the Equity Shareholders are placed on record as Annexure: R-1 and Annexure: R-2, respectively.
- (iv) As on 30.09.2024, there are no Secured Creditors in the Transferee Company. The Certificate dated 11.11.2024 of the Chartered Accountants Sorab S. Engineer & Co. confirmed that in the Transferee Company there are no Secured Creditors as on 30.09.2024, is placed on record as Annexure-S.
- (v) As on 30.09.2024, there are **156 Unsecured Creditors** in the Transferee Company, and the value of the unsecured debt is Rs.104,15,76,373.03. The certificate dated 21.11.2024 of Chartered Accountants Sorab S.





Engineer & Co. certified the number and value of Unsecured Creditors of the Transferee Company, which is annexed to the company application as *Annexure: T.*

- (vi) As on 30.09.2024 there are **3** creditors in the Transferee Company towards **Lease Liabilities** of Rs.21,09,30,906/- in the Transferee Company/Arvind Advanced Materials Limited. Chartered Accountants Sorab S. Engineer & Co have certified the name and value of creditors towards lease liabilities of the Transferee Company, the said certificate is annexed to the company application as **Annexure-U**.
- (vii) It is submitted that the above referred details of the Unsecured Creditors have been based upon the financial statements prepared in compliance with the applicable Accounting Standard being Indian Accounting Standard 116.

 Although the financial statements do reflect the lease liabilities of the Applicant Company, the same are not included in the above referred List of Unsecured Creditors as they include only Operational creditors payable as on 30th September 2024 and the same are accordingly certified by the Chartered Accountant. However, without prejudice to the contentions of the Applicants, the additional statements are







now provided to give details of the Lease liabilities of the Applicant Transferee Company, as shown in the books of accounts of the said Company, and the same are duly certified by Chartered Accountant. The said statement is annexed as *Annexure 'U'* to the Company Application. The Applicant Transferee Company shall treat them as Unsecured Creditors for the purpose of convening and holding the meeting for the purpose of obtaining their approval to the proposed Scheme.

It is submitted that the proposed Scheme of Arrangement is 12. between a parent company and its wholly owned subsidiary and in the nature of Slump Sale of an Undertaking for Cash Consideration. There is not going to be any change in the Shareholding Pattern of the Transferor Company viz. Arvind Limited. Under Para (4)(b) the applicable SEBI Circular the Master Circular No. being SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20.06.2023, it is not necessary to obtain the Valuation Report for the proposed transfer. It is further submitted that the Net Worth of the Advanced Materials Undertaking of the Transferor Company on the basis of the book value







reflected in Audited Financial Statements as on 31.03.2024, is Rs.565.01 crores. However, after adjusting the retained earnings of Rs.474.65 crores, attributable to the said undertaking, the Net Value of Consideration to be paid by the Transferee Company to the Transferee Company has been worked out as Rs.90.36 crores.

13. It is submitted that the Applicant Transferor Company is a listed public limited company and the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited. The Transferor Company had submitted that proposed Scheme for obtaining necessary approval from the Securities and Exchange Board of India (SEBI) through the two Stock Exchanges with BSE Limited as the designated stock exchange. The certified true copies of the approvals in form of the Observation Letters dated 22.10.2024 of BSE Ltd. and 23.10.2024 of National Stock Exchange of India Limited, are placed on record as Annexure-G to the Company Application. The applicant companies confirmed that as directed by the concerned stock exchanges, the additional information shall be provided to the concerned stakeholders along with the Explanatory Statement to be







accompanied with the Notice for the meetings for approving the Scheme.

- 14. The Applicant Companies have submitted that the Statutory Auditors have certified that the Accounting Treatment proposed respectively in terms of Clause 8.1 and 8.2 of the Scheme are in conformity with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013. The certificates, both dated 06.05.2024, issued by the Statutory Auditors of the Applicant Companies, are annexed as *Annexure-I* to the company application.
- 15. It is further submitted that there are no proceedings / investigation pending against any of the applicant companies under Sections 210-217, 219, 220, 223, 224, 225, 226 & 227 of the Companies Act, 2013 and/or Sections 235 to 251 of the Companies Act, 1956 and the like.
- 16. It is submitted that there is no winding up petition and no proceedings under the Insolvency and Bankruptcy Code are pending against any of the applicant companies.





17. It is further submitted that the provisions of the Competition Act, 2002 are not applicable to the present Scheme and hence no notice is required to be issued to the Competition Commission.

18. Rationale of the Scheme:

The present arrangement would, inter alia, result in the following main benefits of the abovementioned companies:

- (i) Consolidation of advanced materials business undertaken by the Transferor Company and its wholly owned subsidiary into single entity.
- (ii) Focused management and leadership attention for the Advanced Materials Business.
- (iii) Emergence of the Transferee Company as a predominantly advanced materials focused company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialization for sustained growth.
- (iv) Value creation for stakeholders
- (v) Streamlining operating structure
- (vi) Greater efficiencies in operations with optimum utilization of resources, increased cost saving is expected to flow from focused operational efforts, rationalization, standardization and simplification of business process and optimum utilization of resources.





In view of the aforesaid advantages, the Board of Directors of both the Companies have considered and proposed Scheme of Arrangement under the provisions of Section 230 to Section 232 of the Companies Act, 2013.

The present Scheme of Arrangement is proposed for the transfer and vesting of the Advanced Materials Undertaking of the Transferor Company to the Transferee Company as a going concern, on Slump Sale basis in accordance with Section 2(42C) of the Income Tax Act, 1961.

The Scheme is in the interest of the Transferor Company, the Transferee Company and their respective stakeholders.

The applicant Transferor Company is seeking directions for convening and holding the meeting of its Equity Shareholders through Video Conferencing or Other Audio-Visual Modes, meeting of its Secured Creditors and Unsecured Creditors of only Advanced Materials Undertaking or alternatively, meeting of all the unsecured creditors, for the purpose of considering and, if thought fit, approving the proposed Scheme of Arrangement, with or without modification(s).





- 20. The applicant Transferee Company is seeking dispensation of meeting of its Equity Shareholders, in view of the consent affidavits of the Equity Shareholders. There are no Secured Creditors. The Transferee Company is seeking directions for convening and holding of meeting of its Unsecured Creditors.
- 21. It is submitted that Arvind Limited being a listed public limited company, it is required to provide the facility of remote e-voting for seeking approval from the shareholders. It being a listed public limited company, is governed by the Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June 2023. The said Applicant Company shall be required to undertake the procedure of remote e-voting as well as e voting at the time of meeting, for seeking approval from the shareholders. Further, necessary directions may be given to the effect that the result of voting by public shareholders shall be separately reported.

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- 22. We have heard Ld. Counsel for the Applicant Companies and perused the record as well as judgment relied upon in support of submissions.
- 23. It is noted that an earlier application, CA (CAA) 61/(AHM)/2024, was filed before this Tribunal seeking approval of the same proposed Scheme of Arrangement. Vide order dated 09.01.2025, the said application was dismissed on the ground of insufficient information, specifically the absence of details pertaining to the lease liabilities of the Applicant Companies. Subsequently, the Applicants filed I.A. No. 10 of 2025, praying for the recall of the dismissal order, either fully or partly, on various grounds. However, vide order dated 21.02.2025, this Tribunal also dismissed the interlocutory application, while granting liberty to the Applicants to file a fresh application, if maintainable under law.
- 24. In the present application, the Applicants submit that the dismissal of CA (CAA) 61/(AHM)/2024 was solely due to the procedural defect of insufficient information regarding lease liabilities, and not on the merits of the proposed

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Scheme of Arrangement. They have now rectified this deficiency by including the requisite details of lease liabilities in the present application. The Applicants further contend that, since the earlier dismissal was not on merits, the principle of res judicata under Section 11 of the Code of Civil Procedure, 1908 (CPC), does not apply. They argue that the present application is maintainable and seek directions for convening meetings of unsecured creditors, including creditors towards lease liabilities.

- 25. In support of their contention, the Applicants rely on the judgment of the Hon'ble Supreme Court dated 29.03.2023 rendered in Prem Kishore Vs. Brahm Prakash (2023 SCC OnLine SC 356), wherein it was held: -
 - *34. The general principle of res judicata under <u>Section</u>

 11 of the CPC contain rules of conclusiveness of judgment, but for res judicata to apply, the matter directly and substantially in issue in the subsequent suit must be the same matter which was directly and substantially in issue in the former suit. Further, the suit should have been decided on merits and the decision should have attained finality. Where the former suit is dismissed by the trial court for want of jurisdiction, or for default of the plaintiff's appearance, or on the ground of non-joinder or





mis-joinder of parties or multifariousness, or on the ground that the suit was badly framed, or on the ground of a technical mistake, or for failure on the part of the plaintiff to produce probate or letter of administration or succession certificate when the same is required by law to entitle the plaintiff to a decree, or for failure to furnish security for costs, or on the ground of improper valuation, or for failure to pay additional court fee on a plaint which was undervalued, or for want of cause of action, or on the ground that it is premature and the dismissal is confirmed in appeal (if any), the decision, not being on the merits, would not be **res judicata** in a subsequent suit."

- 26. Having considered the facts and circumstances of the case, as well as the legal position elucidated by the Applicants, this Tribunal finds as follows: -
 - (a) The dismissal of the earlier application, CA (CAA) 61/(AHM)/2024, vide order dated 09.01.2025, was due to a procedural lapse, namely the failure to provide sufficient information regarding lease liabilities. The order did not adjudicate the merits of the proposed Scheme of Arrangement.
 - (b) The subsequent dismissal of I.A. No. 10 of 2025 on 21.02.2025, with liberty to file a fresh application, further reinforces that the earlier proceedings were not conclusive on merits and do not bar the present application.





- Vs. Brahm Prakash (supra) clearly establishes that res judicata applies only when a prior matter has been decided on its merits and attained finality. Dismissals on technical or procedural grounds, such as insufficient information, do not attract this principle. In the present case, the earlier dismissal falls within the exceptions outlined by the *Hon'ble Supreme Court* and does not constitute *res judicata*.
- (d) The Applicants have addressed the deficiency identified in the earlier proceedings by including details of lease liabilities in the present application, thereby complying with the requirements for a fresh consideration.
- 27. In view of the above findings, this Tribunal holds that the present Company Application is maintainable under law. The dismissal of the earlier application does not operate as a bar to these proceedings, and the Applicants are entitled to seek relief afresh, having rectified the procedural defect. Accordingly, the application shall proceed for further consideration on its merits, including the prayer to convene meetings of unsecured creditors, encompassing creditors towards lease liabilities, as sought by the Applicants.



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Further, taking into consideration, the company application filed by the applicant companies and the documents filed therewith, including the observation letters of BSE dated 22.10.2024, NSE dated 23.10.2024 as well as the position of law, this Tribunal issue the following directions to meet the ends of justice: -

In relation to Arvind Ltd./Transferor Company A.

With respect to Equity Shareholders: (i)

Since it is represented that there are 1,92,397 Equity Shareholders and prayed to convene the meeting, the meeting of the Equity Shareholders shall be convened and 30.05.2025 at 10.00 AM held through Video Conferencing (VC)/Other Video Visual Means (OVAM), for the purpose of conceding and, if though fit, approving with or without modification(s), the proposed Scheme.

(ii) With respect to Secured Creditors:

Since, it is represented that there are **10** Secured Creditors and prayed to convene the meeting, the meeting of Secured Creditors shall be convened and held on 30.05.2025 at Seminar Hall No.3, Pranlal Bhogilal Hall off Excellence,



CA(CAA)/11(AHM)2025



Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad-380 015 at 12 Noon or through video conferencing or if not convenient at any other suitable place for which prior approval shall be sought from this Tribunal within a period of 7 days from the date of this order and prior to the issue of notices, for the purpose of conceding and if though fit, approving with or without modification(s), the proposed Scheme.

(iii) With respect to Unsecured Creditors including creditors towards Lease Liabilities

It is represented that there are about **4578** Unsecured Creditors in the Transferor Company, out of the 4578 Unsecured Creditors, **838** Unsecured Creditors are in the Advanced Materials Undertaking of the Transferor Company. Further, there are **55** creditors towards lease liabilities in the Transferor Company and there are **2** creditors towards lease liabilities in Advanced Undertaking of the Transferor Company.

The Transferor Company is directed to convene and held a meeting of all the Unsecured Creditors of the company including Creditors towards Lease Liabilities on 30.05.2025



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at Seminar Hall No.3, Pranlal Bhogilal Hall off Excellence, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad-380 015 at 2.00 PM or through video conferencing or if not convenient at any other suitable place for which prior approval shall be sought from this Tribunal within a period of 7 days from the date of this order and prior to the issue of notices, for the purpose of conceding and if though fit, approving with or without modification(s), the proposed Scheme.

B. In relation to Arvind Advanced Materials Ltd./Transferee Company

(i) With respect to the Equity Shareholders

Since it is represented that there are 7 Equity shareholders in the Company whose consents by way of Affidavits have been obtained from all the equity shareholders and are placed on record, the necessity of convening, holding and conducting the meeting is **dispensed with**.

(ii) With respect to Secured Creditors:

Since it is represented that there are no Secured Creditors in the company, the necessity of convening and holding a meeting of Secured Creditors does not arise.



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(iii) With respect to Unsecured Creditors including creditors towards Lease Liabilities:

It is represented that there are about **156** Unsecured Creditors in the Transferor Company as well as there are **3** creditors towards lease liabilities in the Transferee Company.

The Transferee Company is directed to convene and held a meeting of all the Unsecured Creditors including Creditors towards Lease Liabilities on 30.05.2025 at Seminar Hall No.3, Pranlal Bhogilal Hall off Excellence, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad-380 015 at 4.00 PM or through video conferencing or if not convenient at any other suitable place for which prior approval shall be sought from this Tribunal within a period of 7 days from the date of this order and prior to the issue of notices, for the purpose of conceding and if though fit, approving with or without modification(s), the proposed Scheme.

29. The Chairperson appointed for the above-mentioned meetings shall be Mr. Bimal Ranjan Garg. Advocate, (Mobile No. 9412050782, 8171442009, E-mail ID:



bimalrgargadvocate@yahoo.com). The Fee of the Chairperson aforesaid for the meetings shall be Rs.5,00,000/- (Rupees Five Lakh Only) in addition to meetings his incidental expenses. The Chairperson(s) will file the report(s) of the aforesaid meetings within a week from the date of holding of the above-said meetings.

- 30. Mr. Keshav Khaneja, IP, having Registration No. IBBI/IPA-002/IP-N01131/2021-2022/13759, (Mobile No. 72487-77752, E-mail ID: khanejakes@gmail.com) is appointed as a Scrutinizer and would be entitled to a fee of Rs.2,50,000/-(Rupees Two Lakh Fifty Thousand Only) for services in addition to meetings his incidental expenses.
- 31. The Quorum of the aforesaid meetings of the Equity Share Holders, Secured Creditors and Unsecured Creditors including all the creditors for lease liabilities of the Applicant Company No.1/Transferor Company as well as Quorum of the aforesaid meeting of Unsecured Creditors including all the creditors for lease liabilities of the Applicant Company No.2/Transferee Company shall be as per the Companies (CAA) Rules, 2016 and in compliance of Section 103 as well as Section 230(6) of the







Companies Act, 2013. The meetings shall be conducted as per applicable provisions of law and rules thereunder.

- 32. In case the quorum as noted above, for the above meetings, is not present at the meetings, then the meetings shall be adjourned by half an hour, and thereafter the person(s) present and voting shall be deemed to constitute the quorum. For the purpose of computing the quorum, the valid proxies shall also be considered, if the proxy in the prescribed form, duly signed by the person entitled to attend and vote at the meetings, is filed with the registered office of the applicant companies at least 48 hours before the meetings. The Chairperson appointed herein along with the Scrutinizer shall ensure that the proxy registers are properly maintained. However, every endeavour should be made by the applicant companies to attain at least the quorum fixed, if not more in relation to approval of the Scheme.
- 33. The meeting of Equity Shareholders of the Transferor Company shall be conducted as per the applicable procedure prescribed under the MCA Circular MCA General Circular Nos. (i) 20/2020 dated 5th May, 2020 (AGM)



Circular), (ii) 14/2020, dated 08.04.2020 (EGM Circular-I) and (iii) 17/2020 dated 13.04.2020 (EGM Circular-II);

At least 1 (one) month before the aforesaid meetings, an 34. advertisement about convening of the said meetings, indicating the day, the date and time, shall be published in "Indian Express" (All editions) in English language and Gujarati translation thereof in "Financial Express" the area where the Equity Shareholders, Secured Creditors and Unsecured Creditors including all the creditors for lease liabilities of the Transferor Company as well as the Unsecured Creditors including all the creditors for lease liabilities of the Transferee Company are residing. The publication shall indicate time within which the copies of the Scheme shall be made available to the concerned persons free of charge from the registered office of the Applicant Companies. The publication shall also indicate that the statement required to be furnished pursuant to Section 102 of the Act read with Sections 230-232 of the Act can be obtained free of charge at the registered office of the Applicant Companies.







In addition, at least 1 (one) month before date of the 35. aforesaid meetings, notice of convening the said meetings, indicating the day, the date and the time aforesaid, instructions with regard to remote e-voting and e-voting at the time of VC/OAVM/Physical meetings, together with a copy of the Scheme, a copy of the Explanatory Statement required to be furnished pursuant to Section 102 of the Act read with the provisions of Sections 230-232 of the Act and the provisions of the Rules thereunder, shall be sent to the equity shareholders, secured creditors and all unsecured creditors including all the creditors for lease liabilities of the Transferor Company as well as all unsecured creditors including all the creditors for lease liabilities of the Transferee Company at their registered post or last known addresses ether by Registered Post/Speed Post/ Airmail / or E-mail or by Courier or by Hand Delivery. It is further directed that the Transferor Company shall ensure that the equity shareholders whose email IDs are not available with the Transferor Company or who have not received notice of convening the said meetings, can access/download the said notices from the website of the Transferor Company viz. www.arvind.com .



and the websites of the Stock Exchanges, i.e., BSE and NSE at www.bseindia.com and www.nseindia.com, respectively. The notice shall be sent to those equity shareholders, secured creditors and all the unsecured creditors including all the creditors for lease liabilities of the Transferor Company as well as all unsecured creditors including all the creditors for lease liabilities of the Transferee Company with reference to the list of persons appearing on the record of Transferor Company as well as Transferee Company as on 30.09.2024.

36. The number and value of the equity shares of the equity shareholders, the number and value of the debt of all the secured creditors including the creditors towards lease liabilities and number and value of the debt of all the unsecured creditors including the creditors towards lease liabilities of the Transferor Company as well as the number and value of debt of all the unsecured creditors including the creditors towards lease liabilities of the Transferee Company, as the case may be, shall be in accordance with the records or registers of the Transferor Company and the Transferee Company and where the entries in the records







or registers are disputed, the Chairman of the meetings shall determine the number or value, as the case may be, for purposes of the meetings and his decision in that behalf shall be final;

- 37. Chairman to file an affidavit not less than seven (7) days before the date fixed for the holding of the meetings and do report to this Tribunal that the directions regarding the issue of notices and the advertisement of the meetings, have been duly complied with as per Rule 12 of the Rules.
- 38. It is further ordered that the Chairman shall report to this Tribunal on the result of the said meetings in Form No. CAA.4, verified by his affidavit as per Rule 14 of the Rules in Form No. CAA.4 within 7 (seven) days after the conclusion of the meetings. The report of the Chairman shall be filed before this Tribunal by the Chairman himself.
- and Rule 8 of the Companies (CAA) Rules, 2016, the applicant companies shall send notice to (i) Central Government through the Regional Director, North-Western Region, Ministry of Corporate Affairs, e-mail id: rd.northwest@mca.gov.in (ii) the Registrar of Companies,



Gujarat, E-mail id : roc.ahmedabad@mca.gov.in; (iii) Income Tax Authorities, e-mail id: ahmedabad.pccit@incometax.gov.in along with full details of assessing officer and PAN numbers with copy also to the Principal Chief Commissioner of Income Tax Office for both the applicant companies and to the concerned Stock Exchanges, viz., (iv) BSE Limited and (v) National Stock Exchange of India and (vi) Reserve Bank of India for the Transferor Company. Further, notice to other Sectorial regulators, if applicable, who may have significant bearing on the operation of the applicant companies or the Scheme per se along with copy of required documents and disclosures required under the provisions of Companies Act, 2013 read with Companies (Compromises, Arrangements, Amalgamations) Rules, 2016. The aforesaid authorities, who desire to make any representation under sub-section (5) of Section 230 of the Act, shall send the same to this Tribunal with a copy of the same to be supplied to the Applicant Companies.

40. The applicant companies are required to serve notice pursuant to Section 230(5) of the Companies Act, 2013 to







the regulatory authorities, including mentioned above, which are likely to be affected.

- 41. The Applicant Companies shall further furnish a copy of the Scheme free of charge within 1 day of any requisition for the Scheme made by every creditor or member entitled to attend the meetings as aforesaid.
- 42. The Authorized Representative of the applicant companies shall furnish an affidavit of service of notice of meetings and publication of advertisement and compliance of all directions contained herein at least a week before the proposed meetings.
- 43. All the aforesaid directions are to be complied with strictly in accordance with the applicable law including forms and formats contained in the Companies (Compromises, Arrangements, Amalgamations) Rules, 2016 as well as the provisions of the Companies Act, 2013 by the Applicant Companies.
- **44.** The Registry and the Applicant Companies are directed to communicate a copy of this order to the Chairperson and







Scrutinizer, within three working days after the pronouncement of the order.

45. The Company Application being CA(CAA)/11(AHM)2025 stands allowed on the aforesaid terms.

Sd-

SANJEEV KUMAR SHARMA MEMBER (TECHNICAL) GS/HG 5d1-

SHAMMI KHAN MEMBER (JUDICIAL)