

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

ITEM No.303

C.P.(CAA)/27(AHM)2025 in C.A.(CAA)/11(AHM)2025

Order under Section 230-232

IN THE MATTER OF:

Arvind Limited
Arvind Advanced Materials Limited

.....Applicants

Coram:

Mr. Shammi Khan, Hon'ble Member(J)
Mr. Sanjeev Sharma, Hon'ble Member(T)

Order delivered on: 07/08/2025

ORDER
(Hybrid Mode)

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

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)

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

CP(CAA)/27(AHM)2025

in

CA(CAA)/11(AHM)2025

[Company Petition 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**

Memo of Parties

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

..... Petitioner 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 Road, Ahmedabad-380 025, in the State of Gujarat

..... Petitioner Company No.2/
Transferee Company

Order Pronounced on 07.08.2025

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)

MR. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)



APPEARANCE:

For the Petitioner Companies	: Mr. Saurabh Soparkar, Sr. Advocate a.w. Ms. Swati Soparkar, Advocate
For the Regional Director	: Mr. Shiv Pal Singh, Deputy Director
For the Income Tax Department	: Ms. Kinjal Vyas, Proxy. Advocate for Ms. Maithili D. Mehta, Advocate
For the Official Liquidator	: Mr. Sandip Tupe, Technical Assistant

ORDER **Per Bench**

1. The present joint Company Petition has been filed by the above Petitioner Companies viz., Arvind Ltd. (Transferor Company) and Arvind Advanced Materials Ltd. (Transferee Company) under Sections 230-232 of the Companies Act, 2013 and read with Companies (Compromise, Arrangement and Amalgamations) Rules, 2016, seeking approval of the proposed Scheme of Arrangement (Scheme) i.e. transfer and vesting of **Advanced Materials Undertaking** of Arvind Limited/Transferor Company into Arvind Advanced Materials Ltd./Transferee Company with effect from 01.04.2024, being the Appointed Date as


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mentioned in the Scheme. The said Scheme is annexed as **“Annexure-F”** to the Company Petition.

2. Affidavits dated 10.06.2025, in support of the company petition, 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 petition. The Board Resolutions are annexed at **Annexure-E** of the company petition.

3. The proposed scheme, inter alia, provides for transfer and vesting of the Advanced Materials Undertaking of the Transferor Company to the Transferee Company as a going concern by Slump Sale basis with effect from Appointed Date 01.04.2024. “Slump Sale” (as mentioned in the Scheme) means the sale of an undertaking on a going concern basis as defined under Section 2(42C) of the Income Tax Act and “as-is where-is” basis, for a lump sum



consideration without values being assigned to the individual assets and liabilities

4. Arvind Ltd./Transferor Company

4.1 It is a listed public limited company and incorporated on 01.06.1931 under the provisions of the Companies Act, 1913 in the name and style of Arvind Mills Ltd. The name of the company was changed to Arvind Ltd. on 15.04.2008. Its CIN is L17119GJ1931PLC000093. The equity shares of the Arvind Ltd./Transferor Company are listed in National Stock Exchange of India Ltd. and BSE Ltd. The Transferor Company was originally incorporated for manufacturing and marketing of textile products. The present main business segments of the Transferor Company includes (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.

4.2 During the financial year ended on 31.03.2025, on Standalone basis, the Transferor Company had total



income of Rs.7711.25 crores and the net profit was to the tune of Rs.240.28 crores. It had Total Reserves of Rs.3324.54 crores. Whereas on consolidated basis, the Total income was Rs.8394.00 crores, Net Profit was Rs.367.38 crores and Total Reserves was Rs.3524.28 crores. The Transferor Company is a dividend paying Company. Copy of Audited financial Results of the Transferor Company as on 31.03.2025 is annexed to the company petition as **Annexures-B**. Further, a divisional unaudited Balance sheet as at 31.03.2024 indicating assets and liabilities of the undertaking being transferred viz. Advanced Materials Undertaking, Remaining Business and Cumulative is annexed to the company petition as **Annexure-B-1**.

- 4.3** The Transferor Company was incorporated with a nominal capital of Rs.25,25,000/- divided into 25,250 equity shares of Rs.100/- each, out of which 250 equity shares were issued and Rs.100/- was paid up on each share issued.

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4.4 The authorized and paid-up capital of the Transferor Company was increased from time to time and the share capital of Arvind Ltd. as on 31.03.2024, was as under:-

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

However, considering the issue of equity shares under the ESOP Schemes, the share capital of the Transferor Company as on 31.03.2025 is as under:-

Particulars	Amount in Rs.
Authorised Share Capital	
57,45,00,000 equity shares of Rs.10 each	674,50,00,000
1,00,00,000 preference shares of Rs.100/- each	
Total	674,50,00,000
Issued, Subscribed and Paid-up Share Capital	
26,18,17,974 equity shares of Rs.10 each fully paid up	2,61,81,79,740
Total	2,61,81,79,740

Due to the issue of equity shares under the ESOP Schemes, there is increase in the share capital as on date which is as under:-

5. Arvind Advanced Materials Ltd./Transferee Company

5.1 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. Transferee Company 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.

5.2 The authorized, issued, subscribed and paid up capital as on 31.03.2024 is as follows:-

Particulars	Amount in Rs.
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Authorised Share Capital	
1,09,25,000 equity shares of Rs.10 each	92,82,50,000
8,19,00,000 preference shares of Rs.10/- each	
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 after the aforesaid date. The entire share capital is held by Arvind Ltd., the holding company and its nominees.

6. The Petitioner Companies had filed a joint Company Application before this Tribunal, being CA(CAA)/11(AHM)2025, seeking directions for convening and holding meetings of equity shareholders, secured creditors and unsecured creditors including creditors towards lease liability of petitioner company no.1. Further seeking dispensation of meeting of equity shareholders as well as seeking directions for convening and holding meeting of unsecured creditors including the creditors towards lease liabilities of the petitioner company no.2.

There were no preference shareholders in petitioner



companies and there are no secured creditors in petitioner company no.2.

7. The aforesaid company application, CA (CAA) / 11 (AHM) 2025, was allowed by this Tribunal, vide order dated 08.04.2025. By the said order, this Tribunal directed for convening and holding separate meetings of equity shareholders, secured creditors and unsecured creditors, including creditors towards lease liability, of petitioner company no.1, meeting of unsecured creditors, including creditors towards lease liability of petitioner company no.2. This Tribunal had appointed Mr. Bimal Ranjan Garg, Advocate as the Chairperson and Mr. Keshav Khaneja, IP, as the Scrutinizer, for the aforesaid meetings and gave further directions to comply with various stipulations contained in the order dated 08.04.2025 including filing of the Chairman's Report in respect of the aforesaid meetings. Further, this Tribunal had directed the applicant companies for issuance of notice to the Regional Director, the Registrar of Companies Ahmedabad, the Reserve Bank of India, BSE Limited and National Stock Exchange of India Limited (for Transferor Company), Income Tax



Department along with full details of assessing officer and PAN numbers of the Applicant Companies with copy also to the Principal Chief Commissioner of Income Tax Office, as well as **other Sectorial regulators** if applicable, who may have significant bearing on the operation of the applicant companies.

8. In compliance with the order 08.04.2025, the Chairman Mr. Bimal Ranjan Garg, filed affidavit of service and publication dated 05.05.2025 on 06.05.2025, vide inward no.D2991, confirming service of notice of meetings and paper publications, in respect of meetings, in Indian Express, in English (National edition) and in Vernacular language in Financial Express (Ahmedabad edition) on 29.04.2025, along with proof of paper publications. Additionally, the petitioner companies filed affidavit dated 12.05.2025, vide inward no.D3165, on 15.05.2025, regarding service of notice upon Statutory/Regulatory Authorities.

9. The Chairman, Mr. Bimal Ranjan Garg, filed affidavit dated 31.05.2025, vide inward no.D3547 on 06.06.2025, regarding the reports of meetings of equity shareholders,



secured creditors and unsecured creditors of Arvind Ltd./Transferor Company as well as report of meeting of unsecured creditors of Arvind Advanced Materials Ltd./Transferee Company. As per the Chairman's reports, the equity shareholders, secured creditors and unsecured creditors of the Transferor Company as well as the unsecured creditors of the Transferee Company who attended the meetings unanimously approved the proposed Scheme.

10. RATIONALE OF THE SCHEME:

The petitioner companies have provided the following rationale for the Scheme:-

The Transferor Company and the Transferee Company are part of the same group ('Arvind Group') and are owned, controlled and managed by the management of the Arvind Group. The present management would, inter alia, result in the following main benefits for 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 are 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 C of the Income Tax Act, 1961.

11. After complying with all the directions given in the order dated 08.04.2025 passed in CA(CAA)/11(AHM)2025, Second Motion Petition was filed before this Tribunal by the Petitioner Companies on 12.06.2025, vide Inward Diary No. E 1462, for sanction of the proposed Scheme by this Tribunal.

12. This Tribunal vide order dated 19.06.2025, passed in CP(CAA)/27(AHM)2025, directed the Petitioner Companies to issue notice to the Statutory/Regulatory Authorities namely (a) Central Government through the office of the Regional Director (North-Western Region), (b) Registrar of Companies, Gujarat, (c) Concerned Income Tax Authorities as well as the other Statutory/Sectorial Regulators. This Tribunal had also directed the Petitioner Companies for paper publication to be made in "Indian Express" in English and Gujarati translation thereof in "Financial Express", regarding hearing of the present company petition.

13. In compliance of the order dated 19.06.2025, passed in CP(CAA)/27(AHM)2025 by this Tribunal, the petitioner companies filed affidavit of service dated 27.06.2025, vide Inward Diary No. D4266, on 30.06.2025, in respect of service




of notice upon the statutory/regulatory authorities along with proof of service as well as proof of publication of notice of hearing of the petition in Indian Express” in English, National edition on 25.06.2025 and Gujarati translation thereof in “Financial Express”, Ahmedabad edition on 25.06.2025.

14. Pursuant to the service of notice upon the statutory/regulatory authorities, following authorities have responded:-

**STATUTORY/REGULATORY AUTHORITIES
OBSERVATION & RESPONSE THEREOF**

15. **The Regional Director, North-Western Region, Gujarat and the Registrar of Companies, Gujarat.**

In response to the notice served upon the Regional Director (RD), a letter dated 16.07.2025 along with Representation dated 13.06.2025 was filed by the RD, North-Western Region, on 24.06.2025, vide Inward Diary No. R266, along with a letter dated 22.05.2025 and report of the Registrar of Companies (RoC) dated. They have made some observations in their reports. The petitioner companies have filed an additional affidavit dated 03.07.2025, vide Inward Diary No.D4473, on 04.07.2025 in response to the representation/report of the Regional Director and the Registrar of Companies.



15.1 RD's observation

- (i) Para-7(i), the Petitioner Transferor Company namely Arvind Ltd. is listed with the BSE & NSE and petitioner company has submitted with the officer of the Regional Director, the copy of the observation letters dated 22.10.2024 and 23.10.2024 issued by BSE & NSE respectively to the Transferor Company pursuant to the SEBI Circular No. CFD/DIL/3/CIR/2017/21 dated 10.03.2017 read with mater circular dated 23.11.2021 and 20.06.2023 for necessary compliance. The SEBI's circular are intended to ensure compliance by listed companies in the interest of shareholders at large. This office is of the view that the SEBI circulars which are applicable, and the Transferor Company should comply with the requirements of the circular.

In this regard, the Hon'ble NCLT may be pleased to direct the Transferor Company to place undertaking before the Hon'ble NCLT that company has complied with the observations of aforesaid letters of stock exchanges

Response of the petitioner companies: It is confirmed that the Transferor Company/Arvind Ltd., being a listed public company has complied with all the applicable requirements of the SEBI Circular No. CFD/DIL/3/CIR/2017/21 dated 10.03.2017 read with mater circular dated 23.11.2021 and June 20, 2023. It is submitted that they have already placed on record the observation letters dated 22 and 23rd October 2024 from the concerned Stock Exchanges along with the first stage application. The petitioner companies further undertake to comply with all applicable requirements while implementing the Scheme, as and when made effective.

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- (ii) Para-7(ii), this Tribunal may kindly direct the petitioner companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy or no change is made.

Response of the petitioner companies: It is confirmed that the Scheme annexed to the Company Application and Company Petition that there is no discrepancy or no change is made

- (iii) Para-7(iii), this Tribunal may kindly direct the petitioner companies to file an affidavit to the extent that no CIRP proceeding under IBC and/or winding up petition against applicant companies are pending.

Response of the petitioner companies: It is confirmed that there are no CIRP proceedings under the IBC or any other winding up proceedings against either of the petitioner companies.

- (iv) Para-7(iv), this Tribunal may, therefore, be pleased to direct the petitioner companies to submit the details of assets and liabilities (assets and amount wise) of the transfer undertaking to be transferred to the Transferee Company before Hon'ble Bench and place on record all the relevant facts of the matter to protect the interest of creditors of petitioner companies.

Response of the petitioner companies: It is submitted that the aforesaid details are already placed on record in form of Divisional Columnar Balance Sheet as Annex. B-1 to the petition. A copy of the same was also annexed to the Notice for the meetings sent to all the Equity Shareholders as well as Creditors of the

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Petitioner Transferor Company as well as the creditors of the Petitioner Transferee Company.

(v) **The RD in his representation further submitted that this Tribunal may be pleased to direct the Petitioner Companies:-**

- a) To ensure compliance and furnish clarification, if any, regarding observations made by Registrar of Companies and this Directorate (NWR).
- b) To preserve its books of accounts, papers and records and shall not be disposed of without prior permission of Central Government as per the Provision Section 239 of the Companies Act, 2013.
- c) To ensure statutory compliance of all applicable Laws and on sanctioning of the present Scheme, the Petitioner Companies shall not be absolved from any of its Statutory liabilities, in any manner.
- d) Necessary Stamp Duty on transfer of property/Assets, if any, is to be paid to the respective Authorities before implementation of the Scheme.
- e) The petitioner companies involved in the scheme to comply with the provisions of Section 232(5) of the Companies Act, 2013 with respect to file certified copy of order sanctioning the scheme with Registrar of Companies within 30 days from date of passing order.
- f) The Petitioner companies shall undertake to comply with Income Tax /GST law and any demand /taxes payable on implementation of the said scheme as per law.

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Response of the petitioner companies: The petitioner companies undertake to comply with all the aforesaid statutory requirements in accordance with the directions of this Hon'ble Tribunal.

15.2 RoC' observation

Some of the observations of the RoC have already been mentioned in the representation of the RD. The other observations of the RoC and response of the petitioner companies are as follows:-

- (i) Para-14(1), Equity shares of Transferor Company are listed on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE). BSE and NSE have issued observation letters dated 22.10.2024 and 23.10.2024 to the Transferor Company, respectively with the validity of six months from the date of issue of their letters. Thus, the Transferor Company shall comply with the directive/circular issued by SEBI / Stock Exchange(s) from time to time. The Transferee Company is not listed with any stock exchange.

Response of the petitioner companies: The Transferor Company confirms compliance with all applicable SEBI directives and circulars, including SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017, as evidenced by the observation letters dated 22.10.2024 and 23.10.2024 from BSE and NSE, respectively. The Transferor Company



undertakes to continue complying with on-going SEBI and stock exchange requirements.

- (ii) Para-14(2), as per the definition clause stated in the proposed Scheme, “Appointed Date” means 01.04.2024 or any other date as approved by this Tribunal. As per MCA Circular No. 19/2019 dated 21.08.2019, if the appointed ate is significantly ante-date beyond a year from the date of filing, the justification for the same would have to be specifically brought out in the scheme and it should be against the public interest. In this regard, the petitioner companies have to undertake to comply the provisions of Section 232(6) of the Companies Act, 2013 read with the General Circular No. 9/2019 dated 21.08.2019 issued by the Ministry of Corporate Affairs.

Response of the petitioner companies: It is submitted that a company application was filed before this Tribunal, being CA(CAA)/61(AHM)2024, which was in compliance with the MCA circular. However, vide order dated 09.01.2025, CA(CAA)/61(AHM)2024 was dismissed on the ground of insufficient information. Vide order dated 21.02.2025, passed in interlocutory order for recall, the same was dismissed by a speaking order, however, liberty was granted to file the fresh application, if maintainable. It is submitted that on 04.03.2025 the present proceedings were



filed which was permitted to be filed and proceeded further. In view of the Scheme, the Appointed Date having been approved by the SEBI, no modification is required.

16. Report of the Income Tax Department, Ahmedabad.

16.1 In response to the notice served upon the Income Tax Department, it filed various reports i.e. reports dated 09.05.2025, 14.05.2025, 15.05.2025, 16.05.2025, 19.05.2025, 20.05.2025 and 21.05.2025 on 29.05.2025, vide inward no. 1038. In these reports, it is submitted that the total outstanding demand of Transferor Company/Arvind Ltd. is Rs.69,15,16,667/- and in respect of the Transferee Company/Arvind Advance Materials Ltd. total outstanding demand is NIL. Following are the Demand Analysis and Recoverability status Report in respect of the Transferor Company/Arvind Ltd., as submitted by the Income Tax Department through its reports:-

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Demand Analysis and Recoverability status report

PAN: AABCA2398D	Name: ARVIND LIMITED	Date of Report: 14/05/2025
Address: Naroda Road, Naroda Road S.O, Ahmadabad City, AHMEDABAD, 382345, Gujarat		

Summary of Demand

S. No.	AY	DIN	Demand Section	Date of Order	Demand Outstanding (In Rs.)	Amount Difficult to Recover (In Rs.)	Amount Collectible (In Rs.)
1	2016-17	2021201640409683593C	271(1)(c)	29/03/2022	0		0
2	2022-23	2025202237357389726C	143(3)	25/04/2025	8,47,24,910		8,47,24,910
3	2022-23	2025202237357389726C	143(3)	25/04/2025	60,64,85,890		60,64,85,890
4	2023-24	2023202337237555623C	1431a	04/01/2024	3,05,867		3,05,867

Analysis of Demand

S. No.	AY	Demand Section	Demand Outstanding (In Rs.)	Amount Difficult to Recover (In Rs.)	Amount Collectible (In Rs.)
1	2023-24	1431a	3,05,867		3,05,867

16.2 Lastly, a report dated 03.07.2025 filed on 15.07.2025 vide inward no.1264 along with reports dated 02.07.2025 and 30.06.2025, in these reports, it is submitted as under:-

- (i) The Transferee Company is solely liable for any demand already created or become payable due to any of the proceedings related to the Income Tax Department in future in respect of outstanding demand prior to the slump sale and in respect of demand of Transferor Company, responsibilities will be on the director of the Transferee Company. However, other matters/issues, if any, may be taken care as per the Income Tax Act/Rules.
- (ii) It is submitted that in respect of the Transferee Company the total outstanding demand in NIL as per the demand analysis report.

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Response of the petitioner companies:

The petitioner companies filed additional affidavit dated 09.07.2025, vide inward no. D4630, on 10.07.2025, response to the reports of the Income Tax Department. In para-3 and 4 of the said additional affidavit, it is submitted as follows:-

- “3 In case of the Transferor Company viz. Arvind Limited, vide the report dated 14th May 2025, it has pointed out details of several outstanding income tax demands against the said Transferor Company as well as the details of pending litigations in this regard. It is respectfully submitted that vide the Affidavit dated 3rd July 2025, the petitioners have also provided these details as per their own books of accounts and records. It has been already undertaken that the Petitioner Transferor Company shall undertake the liability to pay the said demands as and when they are finally crystalised.
4. It is respectfully submitted that the report dated 30th June 2025 provided by the concerned officer has assumed it to be a Scheme of Amalgamation. It has been contended vide the said report that all these outstanding tax demands as well as the pending litigations against the Transferor Company be transferred to the Transferee Company viz. Arvind

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Advance Materials Limited. In this regard, it is respectfully submitted that the said authority has misconstrued the nature of the proposed Scheme of Arrangement. It is assumed that it is in the nature of amalgamation of the Transferor Company with the Transferee Company and the Transferor Company is proposed to be dissolved. It is respectfully clarified that the Scheme is in the nature of transfer and vesting of Only Advanced Materials Undertaking of Arvind Limited to Arvind Advanced Materials Limited. This transfer of specific undertaking is proposed as a slump sale and the specific amount is proposed to be paid as consideration to the Transferor Company. As a result, the Transferor Company is not being dissolved, it shall continue its activities in the normal course of business and shall be liable for all the tax outstanding of the said company. It is further clarified that the Transferor Company shall be liable for payment of the dues for the pending litigations also as and when the same are finally adjudicated. It is further undertaken that both the petitioner companies are duty bound to comply with all applicable provisions of the Income Tax.

17. Reserve Bank of India

In response to the notice served upon the Reserve Bank of India (RBI), a letter dated 14.05.2025 received from RBI on

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15.05.2025, vide inward diary no. 942, in which at para-2, it is submitted as follows:-

“2. In this connection, we submit that it is the duty of the companies undergoing compromise/arrangement / amalgamation to comply with the requirements of various laws including the rules, regulations and guidelines prescribed by RBI, viz. the companies may have to comply with Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder. It is also submitted that as a Regulator it will not be ethical on the part of RBI to vet individual cases, as it will preclude it from taking action on contraventions, if any, committed by such companies”.

Response of the petitioner companies: It is confirmed that the same has been complied with so far and further undertake to abide by while implementing the scheme as and when made effective.

18. Accounting Treatment


The Petitioner Companies submitted that the accounting treatment specified in Clause-8.1 & 8.2 of the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013. The certificates dated 06.05.2024 issued by the Statutory



Auditors certifying the Accounting Treatment of the Petitioner Companies, are annexed to the Company Petition as **Annexure-G**.

19. It is submitted that there are no proceedings/investigation pending against the petitioner companies under Sections 210-217, 219, 220, 223 to 227 of the Companies Act, 2013 and/or Sections 235 to 251 of the Companies Act, 1956 and the like.
20. It is further submitted that there are no winding up petitions pending against any of the petitioner companies.
21. The equity shares of the Transferor Company/Arvind Ltd. are listed on BSE Ltd. and National Stock Exchange of India Ltd. The Transferor Company had made requisite disclosures to the concerned stock exchanges in compliance with the applicable SEBI circulars.
22. During the hearing on 10.07.2025, the officials of the Regional Director's office and Official Liquidator's office submitted that they have no objection for approval of the

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Scheme, in view of the response of the observation made in report in para-7(iv) specifically.

23. This matter was listed on 24.07.2025 for seeking certain clarifications from the petitioner companies. However, the petitioner companies filed Additional Affidavit-3 dated 28.07.2025, vide inward no. D5101 on 29.07.2025 wherein it is submitted as follows:-

- (i) The Transferor Company viz., Arvind Ltd. is engaged in manufacturing of Textiles. The Company manufactures a broad range of textile products, including denim, shirting, and suiting, with certain specialty products produced under its Advanced Materials Undertaking.
- (ii) The Advanced Materials Undertaking of Arvind Limited consists of manufacturing and supply of specialized materials mainly for Human Protection, Industrial and Composites. The nature of each of the above specialty is explained hereinunder.
 - (a) Human Protection: Human Protection business manufactures a range of specialized clothing and accessories that protect personnel in industries like Steel, Oil & Gas, Fire-Fighting, Rail & Road Construction, Healthcare, Defence



and Security sectors, emanating from the harsh operating environments that their jobs require.

- (b) Industrial: Industrials segment makes and supplies woven and non-woven filters for different applications in process and waste incineration industries, belting reinforcement fabrics, coated fabrics for tents/ awnings/print-media, as well as specialty yarns.
- (c) Composites: Composite segment includes Glass and Carbon fabrics, pultruded profiles for cooling towers and structures, hand molded and pre preg molded parts for industrial applications, rail parts and wind-mills, carbon fibre sports goods.
- (ii) The manufacturing facility of Advanced Materials Undertaking are situated at Chatral/Moti Bhoyan (Gandhinagar District), Naroda/Dholka/Matoda/Kharanti (Ahmedabad District) and Bangalore.
- (iii) It is further submitted that the Advanced Materials Undertaking of the Applicant Transferor Company is a very small division of the said Applicant Transferor Company, as a whole. In terms of turnover, the business operations of the said Undertaking amounted to 18.34% of the total turnover of Arvind Ltd., the Applicant Transferor Company during the financial year 2023-24. The Assets of this Division



formed about 11.29% of the total Assets of the said Company for the financial year 2023-24. The said submission was made in the application at the first stage. As on 31.03.2025, in terms of turnover, the business operations of the said Undertaking amounts to 18.45% of the total turnover of Arvind Ltd., and Assets of this Division form about 12.92% of the total Assets of Arvind Ltd.

- (iv) It is submitted that the amount of consideration proposed to be paid by the Transferee Company to the Transferor Company has been worked out on the basis of net worth of the said undertaking as explained in Para-13 of the aforesaid Application, which is reproduced as under:

"It has been respectfully submitted that the proposed Scheme of Arrangement is 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 Applicant Transferor Company viz. Arvind Limited. Under Para 4(b) the applicable SEBI Circular being the Master Circular No. 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.



The Net worth of the Advanced Materials Undertaking of Arvind Limited, the Applicant Transferor Company on the basis of the book value reflected in Audited Financial Statements as on March 31, 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 Transferor Company has been worked out as Rs.90.36 crores. The same is reflected in the Divisional Balance Sheet of Arvind Limited annexed herewith as Annexure-B-2."

24. We have heard Learned Sr. Counsel for the petitioner companies, Ld. Deputy Director for the office of the Regional Director, Ld. Tech. Assistant on behalf of the office of the Official Liquidator and Ld. Proxy Advocate for the Income Tax Department.

25. OBSERVATION OF THIS TRIBUNAL

25.1 We have gone through the Company Petition, the Representation/Report of the Regional Director, the Registrar of Companies, and the Income Tax Department, the observation letters dated 22.10.2024 and 23.10.2024



issued by BSE & NSE, Letter dated 14.05.2025 of the Reserve Bank of India (RBI) as well as the response of the Petitioner Companies in respect of the Representation/Report of the RD, RoC, the RBI and Income Tax Department including the Additional Affidavit-3 dated 28.07.2025 filed on 29.07.2025. There are no adverse observations in respect of the petitioner companies as well as in respect of the scheme by the Regional Director and by the Registrar of Companies.

25.2 After analyzing the Scheme in detail, this Tribunal is of the considered view that the Scheme is beneficial to the Companies and will not be detrimental to the interests of their shareholders and creditors. Considering the record placed before this Tribunal and since all the requisite statutory compliances have been fulfilled by the Petitioner Companies, this Tribunal sanctions the proposed Scheme of Arrangement appended at **"Annexure-F"** to the typed set filed along with the Company Petition as well as the prayer made therein. In short, the proposed Scheme provides for the transfer and vesting of the **Advanced Materials Undertaking** of Arvind Limited/Transferor



Company into Arvind Advanced Materials Ltd./Transferee Company as a going concern by Slump Sale basis with effect from Appointed Date 01.04.2024.

25.3 The Sr. Counsel for the Petitioner Companies submitted that no investigation proceedings are pending against the Petitioner Companies under the provisions of the Companies Act, 1956 or the Companies Act, 2013, and no proceedings against the Petitioner Companies for Oppression or Mismanagement have been filed before this Tribunal or the erstwhile Company Law Board.

25.4 Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioner company.

25.5 While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way granting approval of the said loan assignments and exemption from payment of stamp duty, taxes or any



other charges, if any, payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

25.6 Further, it becomes relevant to discuss that in Company Petition CAA-284/ND/2018 vide Order dated 12.11.2018, the NCLT New Delhi has made the following observations with regard to the right of the IT Department in the Scheme of Amalgamation:

*“taking into consideration the clauses contained in the Scheme in relation to liability to tax and also as insisted upon by the Income Tax and in terms of the decision in re **Vodafone Essar Gujarat Limited v. Department of Income Tax (2013) 353 ITR 222 (Guj)** and the same being also affirmed by the Hon'ble Supreme Court and as reported in (2016) 66 taxmann.com374 (SC) from which it is seen that at the time of declining the SLPs filed by the revenue, however stating to the following effect vide its order dated April 15, 2015 that the Department is entitled to take out appropriate proceedings for recovery of any statutory dues from the Petitioner or transferee or any other person who is liable for payment of such tax dues, the said protection be afforded is granted. With the above observations, the petition stands allowed and the scheme of amalgamation is sanctioned.”*

26. THIS TRIBUNAL DO FURTHER ORDER;

- ← i) The Scheme of Arrangement as annexed as **Annexure**



'F' to the Company Petition is hereby sanctioned and it is declared that same shall be binding on the Petitioner Companies and its Shareholders and Creditors and all concerned under the Scheme;

- ii) The Advanced Materials Undertaking of the Petitioner Transferor Company shall be transferred to the Transferee Company as a going concern on a slump sale basis, and the Transferor Company shall continue its operations with its remaining businesses.
- iii) The petitioner companies are directed to comply with the guidelines of the Reserve Bank of India.
- iv) The petitioner companies are directed to comply with the observations of the Regional Director and the Registrar of Companies in their representation. The petitioner companies shall:
 - a) Preserve their books of accounts, papers, and records and not dispose of them without prior permission of the Central Government, as per Section 239 of the Companies Act, 2013.
 - b) Ensure compliance with all applicable laws, and the sanction of the Scheme shall not absolve the petitioner companies from any statutory liabilities.
 - c) File a certified copy of this order with the Registrar of Companies within 30 days of receipt, as per Section 232(5) of the Companies Act, 2013.

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- v) The Transferor Company, being a listed entity, shall comply with all applicable regulations, circulars, and directions issued by the Securities and Exchange Board of India (SEBI), BSE Limited, and National Stock Exchange of India Limited (NSE), including ongoing disclosure and compliance obligations under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Transferor Company shall submit a compliance report to BSE Limited and National Stock Exchange of India Limited within 30 days from the Effective Date, confirming adherence to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable circulars.
- vi) The approval of the Scheme will not be foreclosing the right of the Income Tax Department to take any decision as per the provisions of the Income Tax Act, 1961, against the Petitioner Companies.
- vii) All the properties rights and powers of the Advanced Materials Undertaking of the Transferor Company and all the other property, rights and powers of the Advanced Materials Undertaking of the Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 232 of the Act, be transferred to and vested in the Transferee Company for all the estates and interest of the Transferor Company therein.



- viii) All licenses, permissions, permits, approvals, certificates, clearances, authorities, leases, tenancy, assignments, rights, claims, liberties, special status, other benefits or privileges and any power of attorney relating to the Advanced Materials Undertaking of the Transferor Company shall stand transferred to and vested in the Transferee Company, without any further act or deed. The Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.
- ix) All the liabilities and duties of the Advanced Materials Undertaking of the Transferor Company shall be transferred, without further act or deed, to the Transferee Company, and accordingly, the same shall pursuant to Sections 230 & 232 of the Companies Act, 2013, be transferred to and become the liabilities and duties of the Transferee Company.
- x) All contracts, agreements, insurance policies, bonds and all other instruments of whatsoever nature or description, of the Advanced Materials Undertaking of the Transferor Company, shall stand transferred to and vested in the Transferee Company and be in full force and effect in favour of the Transferee Company and may be enforced by or against it as fully and effectually against the Transferee Company.
- xi) All taxes paid or payable specifically attributable and



determined for the Advanced Materials Undertaking of the Transferor Company, including existing and future incentives, unavailed credits, exemptions, , and other statutory benefits, shall vest in the Transferee Company. The Transferor Company shall remain liable for all other tax liabilities, including the outstanding demand of Rs.69.15 crores as reported by the Income Tax Department, as clarified in Paragraph 16.1(4). The Tax liability of the Advanced Materials Undertaking of the Transferor Company shall become a liability of the Transferee Company, and any proceedings against the Advanced Materials Undertaking of the Transferor Company shall continue against the Transferee Company. It is stated that any credit/exemption/relief, etc., as discussed, will be subject to the provisions of the Income Tax Act, 1961. The sanction of this scheme shall not prejudice any recovery proceedings by the Income Tax Department for dues arising from the scheme's implementation.

xii) All proceedings, if any, now pending against the Advanced Materials Undertaking of the Transferor Company are continued by or against the Transferee Company.

xiii) The Appointed Date for the Scheme shall be **01.04.2024**.

xiv) **Consideration:**

(i) In consideration for the proposed transfer and



vesting of the Advanced Materials Undertaking, the Transferee Company shall pay to the Transferor Company a lump sum cash consideration of Rs. 90.36 crores, to be mutually agreed between the Transferor and Transferee Company detailed as under:

- (ii) The consideration for the transfer of the Advanced Materials Undertaking, as mentioned in Clause 7.1 above, shall be payable by the Transferee Company to the Transferor Company, in one or more tranches, with or without interest within a period of six months from the Effective Date.
- (iii) For the purposes of this clause, the 'Effective Date' shall mean the date on which the certified copy of this order is filed with the Registrar of Companies, or such other date as specified in the Scheme. Any agreement on interest rates or terms for debt securities or loans shall be documented in writing and disclosed to the Registrar of Companies within 30 days of such agreement, in compliance with Section 232(5) of the Companies Act, 2013.
- (iv) Further, the Transferor and Transferee Companies may agree that for the whole or part of the consideration,
 - (i) the Transferee Company may issue to the Transferor Company one or more debt



securities carrying such interest / return and on such terms and conditions to be mutually agreed between the Transferor and Transferee Company; and

(ii) the Transferee Company may convert it into an interest-bearing loan on terms and conditions to be mutually agreed between the Transferor and Transferee Company.

(v) The aforesaid amount payable by way of cash consideration is after accounting adjustments or intercompany transactions including reserves/retained earnings of the Transferor Company relating to Advanced Materials Undertaking.

xv) All workers/employees of the Advanced Materials Undertaking of the Transferor Company shall be deemed to have become the workers/employees of the Transferee Company with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company as on the Appointed Date, ensuring continuity from 01.04.2024 without prejudice to any accrued rights.

xvi) The Petitioner Companies are further directed to file a copy of this order along with a copy of the Scheme with



the concerned Registrar of Companies, electronically, along with e-form INC-28 in addition to a physical copy within 30 days from the date of issuance of the certified copy of the Order by the Registry as per relevant provisions of the Act.

- xvii) The Petitioner Companies within thirty days of the date of the receipt of this order, cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Advanced Materials Undertaking of the Transferor Company shall stand transferred to the Transferee Company and the Registrar of Companies shall place all documents relating to the Petitioner Companies to the file kept by him in relation to the Transferee Company and the files relating to the said two companies shall be treated accordingly;
- xviii) All concerned Authorities shall act on the copy of this order along with the Scheme annexed at **"Annexure-F"** of the Company Petition. The Registrar of this Tribunal shall issue the certified copy of this order within 7 days of its pronouncement.
- xix) The Petitioner Companies are directed to lodge a copy of this Order and the approved Scheme as annexed at **"Annexure-F"**, duly Certified by the Registrar of this Tribunal, with the concerned Superintendent of Stamps, Gujarat, for adjudication of stamp duty under the Gujarat Stamp Act, 1958, and pay the requisite

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stamp duty as adjudicated within 60 days from the date of this Order. The Petitioner Companies shall file a compliance report with the Registrar of Companies confirming the adjudication and payment of stamp duty within 15 days of such payment. Failure to pay adjudicated stamp duty may render the scheme ineffective as per Section 232(3).

- xx) The approval of the Scheme does not affect the authorities' right to proceed with pending cases, if any, against the Petitioner Companies.
- xxi) The legal fees and expenses of the office of the Regional Director are quantified at Rs.50,000/- in respect of the Petitioner Companies. The said fees to the Regional Director shall be paid by the Transferee Company.
- xxii) The Statutory Auditors of the Petitioner Companies are hereby directed to ensure that the Accounting Treatment as a result of this order is carried out in accordance with the provisions of Section 133 of the Companies Act, 2013, and as per the draft treatment as proposed in the Scheme. They are further directed to disclose their observations in this regard in the next Annual Audit Report/Audit Report of the Petitioner Companies.
- xxiii) The Income Tax Department will be free to examine the aspect of any tax payable as a result of the sanction of the Scheme and if it is found that the Scheme of Arrangement ultimately results in tax avoidance or is

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not in accordance with the applicable provisions of Income Tax Act, then the Income Tax Department shall be at liberty to initiate appropriate course of action as per law. Any sanction of the Scheme of Amalgamation under Sections 230-232 of the Companies Act, 2013 shall not adversely affect the rights of Income Tax Department or any past, present or future proceedings and the sanction of the scheme shall not come in its way for the appropriate course of action as per law for the tax liabilities, if any.

- xxiv) Any person aggrieved shall be at liberty to apply to this Tribunal for any directions that may be necessary, within 30 days of receipt of this order.
- xxv) Within 30 days of receiving the certified copy of this order, the Petitioner Transferor and Transferee Companies shall comply with the Foreign Exchange Management Act, 1999, and the Foreign Exchange Management (Overseas Investment) Regulations, 2022. If the scheme involves divestment or financial commitment in overseas subsidiaries, they shall submit Form FC through the Authorised Dealer Bank to the Reserve Bank of India, pursuant to Regulation 10 of the Foreign Exchange Management (Overseas Investment) Regulations, 2022, within 30 days from the Effective Date, or confirm to the Registrar of Companies that no such overseas investments are involved.

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xxvi) The Petitioner Companies undertake to comply with all applicable laws, rules, and regulations, including those under the Ministry of Textiles and any sectoral or regulatory requirements not explicitly mentioned herein, during the implementation of the Scheme.

27. Accordingly, Company Petition i.e. **CP(CAA)/27(AHM)2025** in **CA(CAA)/11AHM)2024**, stands allowed and disposed of in terms of the aforementioned terms.

28. The Registry is directed to send a copy of this order to the Regional Director, the Registrar of Companies, the Reserve Bank of India, the Income Tax Department, BSE Ltd. and National Stock Exchange of India Limited, within seven days from the date of this order, through e-mail and place proof on the file.

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)
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Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)