IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

APPEAL(L) NO.10776 OF 2026

IN

INTERIM APPLICATION NO.6953 OF 2025

WITH

INTERIM APPLICATION(L) NO.10814 OF 2026

Grand View Estates Pvt Ltd A company incorporated under the provisions of Companies Act, 1956, and having it registered office at 70, Nagindas Master Road, Fort, Mumbai – 400 023.	]]]]]]	… Appellant (Orig. Applicant)

V/s.

1. The Official Liquidator of The Svadeshi Mills Company Limited (In Liqn.), having his office at Bank of India Building, 5th Floor, M.G. Road, Fort, Mumbai – 400 023.	]]]]]	… Respondent No.1
2. Forbes & Co. Ltd., a company incorporated under the provisions of the Indian Companies Act VII of 1913, having its registered office at Forbes Building, Charanjit Rai Marg, Mumbai – 400 001.	]]]]]]	… Respondent No.2
3. Rashtriya Mill Mazdoor Sangh, a representative union under the provisions of the Maharashtra Industrial Relations Act, 1946, having its address at Mazdoor Manzil, GD	]]]]]	

Ambedkar Marg, Bhoiwada, Parel,]
Mumbai – 400 012.] … Respondent No.3

4. Bipin J. Bagadia]
Shareholder of The Svadeshi Mills]
Co. Ltd. (In Liqn.), Residing at 803,]
Alaknanda, 8th Floor, Neelkanth]
Valley, Rajawadi, Ghatkopar (East),]
Mumbai – 400 077.] … Respondent No.4

5. Ashish Jagmohan Mooni alias]
Ashish Jagmohan Muni]
Shareholder of The Svadeshi Mills]
Co. Ltd. (In Liqn.), Residing at 101,]
Alaknanda, Neelkanth Valley,]
Rajawadi, Ghatkopar (East),]
Mumbai – 400 077.] … Respondent No.5

WITH
APPEAL(L) NO.10663 OF 2026
IN
INTERIM APPLICATION NO.6953 OF 2025

Rashtriya Mill Mazdoor Sangh,]
a registered representative union of the]
ex-workers of The Svadeshi Mills Co. Ltd.]
(In Liqn.), having its address at Mazdoor]
Manzil, GD Ambedkar Marg, Bhoiwada,]
Parel, Mumbai – 400 012.] … Appellant
(Orig. Respondent No.3)

V/s.

1. Grand View Estates Pvt. Ltd.,]
a company incorporated under the]
provisions of the Companies Act, 1956,]
having its address at 70, Nagindas]
Master Road, Fort, Mumbai – 400 023.] … Respondent No.1
(Orig. Applicant)

2. The Official Liquidator of Svadeshi]
Mills Co. Ltd., having his office at Bank]

of India Building, 5th Floor, M.G. Road,]
For, Mumbai – 400 001.] … Respondent No.2
(Orig. Respondent No.1)

3. Forbes & Co. Ltd., a company]
incorporated under the provisions of the]
Companies Act VII of 1913, having its]
address at Forbes Building, Charanjit Rai]
Marg, Fort, Mumbai – 400 001.] … Respondent No.3
(Orig. Respondent No.2)

4. Bipin J. Bagadia, individual Indian]
inhabitant, having his address at 803,]
Alaknanda, 8th Floor, Neelkanth Valley,]
Rajawadi, Ghatkopar (E), Mumbai – 400 077.] … Respondent No.4
(Orig. Respondent No.4)

5. Ashish Jagmohan Mooni alias Ashish]
Jagmohan Muni, individual Indian]
inhabitant, having his address at 101,]
Alaknanda, Neelkanth Valley, Rajawadi,]
Ghatkopar(E), Mumbai – 400 077.] … Respondent No.5
(Orig. Respondent No.5)

WITH

APPEAL(L) NO.10666 OF 2026

IN

INTERIM APPLICATION NO.6953 OF 2025

Forbes and Co. Ltd.,]
a company incorporated under]
the provisions of the]
Companies Act VII of 1913,]
having its address at Forbes]
Building, Charanjit Rai]
Marg, Fort, Mumbai – 400 001.] … Appellant
(Orig. Respondent No.2)

V/s.

1. Grand View Estates Pvt. Ltd.,]

a company incorporated under the	]	
provisions of the Companies Act, 1956,	]	
having its address at 70, Nagindas	]	
Master Road, Fort, Mumbai – 400 023	]	… Respondent No.1 (Orig. Applicant)
2. The Official Liquidator of The	]	
Svadeshi Mills Co. Ltd.,	]	
having his office at Bank of	]	
India Building, 5th Floor,	]	
M.G. Road, Fort,	]	
Mumbai – 400 023	]	… Respondent No.2 (Orig. Respondent No.1)
3. Rashtriya Mill Mazdoor Sangh,	]	
a registered representative union of the	]	
ex-workers of Svadeshi Mills	]	
Co. Ltd.(In Liqn.), having its	]	
address at Mazdoor Manzil, GD	]	
Ambedkar Marg, Bhoiwada, Parel,	]	
Mumbai – 400 012	]	… Respondent No.3 (Orig. Respondent No.3)
4. Bipin J. Bagadia,	]	
individual Indian inhabitant,	]	
having his address at 803,	]	
Alaknanda, 8th Floor, Neelkanth	]	
Valley, Rajawadi, Ghatkopar (East),	]	
Mumbai – 400 077	]	… Respondent No.4 (Orig. Respondent No.4)
5. Ashish Jagmohan Mooni alias	]	
Ashish Jagmohan Muni,	]	
individual Indian inhabitant,	]	
having his address at 101,	]	
Alaknanda, Neelkanth Valley,	]	
Rajawadi, Ghatkopar (East),	]	
Mumbai – 400 077	]	… Respondent No.5 (Orig. Respondent No.5)

Mr. Janak Dwarkadas, Senior Advocate a/w Mr. Shankh Sengupta, Mr. Siddharth Ranade, Ms. Nishi Bhankharia, Mr. Vedant Kumar, Mr. Gaurav Jain & Ms. Neeraja Barve i/by Trilegal for the Appellant in APP(L) No.10776/2026 & for Respondent No.1 in APP(L)No.10663/2026 & APP(L) No.10666/2026.

Mr. Gaurav Joshi, Senior Advocate a/w Mr. Amir Arsiwala & Ms. Vaishnavi Dhure for Appellant in APP(L) No.10666/2026, for Respondent No.3 in APP(L) No.10663/2026 and for Respondent No.2 in APP(L)No.10776/2026.

Mr. Mohit Khanna a/w Mr. Pranav Narasaria, Tejas Popat, Ms. Shanvi Punamiya, Mr. Bhupen Garud i/by Shanvi Punamiya for Respondent Nos.4 & 5 in all Appeals.

Mr. Cyrus Ardheshir, Senior Advocate i/by Yash Jariwala for the Appellant in APP(L) No.10663/2026, for Respondent No.3 in APP(L)No.10666/2026 and for Respondent No.3 in APP(L)No.10776/2026.

Mr. Ranjeev Carvalho a/w Ms. Apurva Thipsay & Mr. Satyajit Roul, for Official Liquidator in all Appeals.

CORAM : A. S. GADKARI AND
KAMAL KHATA, JJ.
RESERVED ON : 19th August, 2026
PRONOUNCED ON : 2nd September, 2026

Judgment (Per : Kamal Khata, J.):-

1) By these Appeals, the Appellants seek to set aside the impugned Judgment dated 23rd February, 2026, read with Order dated 27th February, 2026, passed by the learned Single Judge in the Interim Application No.6953 of 2025 ("IA 6953") moved in Company Petition 385 of 2002 ("CP 385/02"), and allow the IA 6953.

2) The Appellants ("Grand View"), Respondent No.2 ("Forbes"), hold 53.25% shareholding in Svadeshi Mills Company Limited ("the Company"), which is in liquidation. They filed an Interim Application No.6953 of 2025 under Section 466 of the Companies Act, 1956 ("Companies Act"), seeking permanent stay of the winding-up Order dated 5th September, 2005 passed

by this Court, along with other consequential reliefs. Respondent No. 3 (R.M.M.S.) the workers union, representing the erstwhile workmen, being beneficiaries under the revival proposal, are also Appellant herein.

Appellant's submissions:

3) Mr. Dwarkadas, learned Senior counsel appearing for the Grand View in Appeal(L) No.10776 of 2026, for Respondent No.1 in Appeal(L) No. 10663 of 2026 and in Appeal(L) No.10666 of 2026, submits that, the learned Single Judge, without considering the material on record, had erroneously dismissed the Grand View's Interim Application No.6953 of 2025 seeking permanent stay of the winding-up of the Company. He submitted that, the Grand View and Forbes hold 30.55% and 22.70% shareholding in the Company, respectively, aggregating to 53.25% of the share capital. Grand View is also an assignee of the Recovery Certificate dated 26th February, 2003, and is a secured creditor of the Company, with secured dues of Rs.1200 crores as on date. The Respondent No.3 is the Rashtriya Mill Mazdoor Sangh in (R.M.M.S.), a workers union representing the erstwhile workmen, who support Grand View's present revival proposal. The Respondent No.1, the Official Liquidator, also has no objection to the present revival proposal.

4) He submits that, the Company owns approximately 48 acres of land at Sion - its most valuable asset, which has remained unutilized for decades and in Grand View's view, its redevelopment will generate

substantial value for all stakeholders. He submitted that, the grounds on which previous proposals were rejected are redressed and consequently seeks permission for revival of the company and a permanent stay of winding up. He submitted that by an Extra Ordinary General Meeting (EOGM) held on 14th May 2024 i.e. during the interregnum period when the company was briefly out of winding up pursuant to order dated 9th October 2023 of Hon'ble Shri Pitale J, the general body of shareholders (present and voting) had passed a resolution, with a 99.85% majority and amended the object clause of the Company to include the business of real estate development. Further, to demonstrate its bona fides, the Grand View has deposited Rs.240 crores with the Official Liquidator. He submits that, the proposal secures payment of long-outstanding dues to the workers that have been pending since 5th September, 2005, the date of winding-up order, which the liquidation process had failed to achieve. He submits that, the revival will create value not solely for the Company but all its stakeholders. Moreover, Rs.169 crores have been already disbursed to the workmen.

5) He then referred to the decision of the Supreme Court in *Meghal Homes Pvt. Ltd. vs Shree Nivas Girni KK Samiti* reported in (2007) 7 SCC 753, to submit that the Apex Court had propounded a threefold test for consideration of any Application under Section 466 of the Companies Act, namely; (i) public interest, (ii) commercial morality, and (iii) bona fides. He submitted that Grand View's revival proposal meets and satisfies the

threefold test. By reviving the Company substantial value for all its stakeholders is generated and therefore would be in public interest. Arriving at a settlement Agreement for payment of long-outstanding dues to the workers through the High Court appointed Committee satisfies the commercial morality and deposit of the amount of Rs 240 crores demonstrate Grand View's bona fides. The benefits under the proposal, are as under:

1. 100% Payment to all creditors, including statutory creditors and unsecured creditors.
2. 100% Payment to all workmen calculated at an amount higher than that payable in winding up.
3. 100% Payment to badli workers, who would otherwise not receive any amount in winding up.
4. 100% Payment of the OL's costs and security charges.
5. Dues of the Grand View and Forbes (amounting to approx. 1322 Crores) kept in abeyance.
6. Setting up of a textile institute / educational institution.
7. Low-cost housing benefits to workmen, including redevelopment of dilapidated chawls on mill land.
8. Shareholders including Respondent No.4 and 5, will retain their shareholding in the Company, with increased value.

6) He submitted that owing to the amendment in the object clause and including real estate business, the land would continue to remain with the Company and will be redeveloped. Thus, unlike in *Meghal Homes* (supra) where land was proposed to be sold to a builder, in the present case the proposal does not envisage alienation of land to anyone. He submitted

that, although the learned Single Judge noted Grand View's submission that it would not sell / alienate the land, the learned Judge erroneously concluded that, the proposal was a ruse by Grand View to obtain the land. Such conclusion is unfounded because the land is belonging to the company and now will be developed by the company through finances brought in by Grand View and Forbes who have been majority shareholders and financers since the inception. He further submitted that, the learned Single Judge erroneously observed that Grand View would personally gain additional F.S.I. from the development of the land, which was a flawed conclusion, because all the F.S.I. would be utilized on the company's land itself. He submitted that, Grand View was wrongly treated as a third party, despite being not only a secured creditor but also a 30.55% shareholder in the Company. He emphasized that the two shareholders Respondent Nos.4 and 5, holding a negligible stake of 0.07% and 0.00321% respectively aggregating to only 0.07321% would also benefit if revived in the proposed manner. Whereas, a public auction conducted by the Official Liquidator, would not grant any substantial benefit to them. He submitted that, in view of the above the Appeal be allowed.

7) *Per contra,* learned counsel Mr. Khanna, appearing for Respondent Nos.4 and 5 submitted that, the dues of Grand View are highly inflated, since interest has been claimed at 16% per annum, which is impermissible, given that Grand View stands inside the winding-up, and not outside it. He

submitted that, Grand View and its predecessor had been paid the dividend of Rs.16 crores, a fact suppressed before the learned Single Judge. He submitted that Grand View has failed to disclose how the deferred dues of Grand View and Forbes would be treated once the Company is out of the winding-up. He submitted that, after the Company came out of winding-up by virtue of the Order dated 9th October, 2023, Grand View and Forbes converted the liabilities against the Company into long-term loans and that this was a device by which they would enrich themselves at the cost of other shareholders. He submitted that, the payment to *badli* workers could not be treated as the sole criterion for allowing an application under Section 466 of the Companies Act.

8) Mr. Khanna submitted that, Grand View had raised Rs.240 crores by encumbering the land of the Company and not from its own funds. He then submitted that, the test in law for revival of the company is resumption of the business earlier carried on, and not setting up of an institution, as proposed by Grand View. He submitted that, provision of housing to the occupants was nothing but a statutory obligation under the DCPR 2034. He submitted that no meeting convened as required under Section 391 of the Companies Act and that the shareholders were kept in dark regarding the entire scheme, at the EOGM whereby the object clause was purportedly amended and out of the 54% shareholders who voted in favour, Grand View and Forbes constituted 53.25%.

9) He submitted that, the learned Single Judge has rightly distinguished Grand View's arguments qua the Judgment of *Meghal Homes* (supra). He submitted that, in order to distinguish that Judgment, Grand View had, in its proposal, intentionally avoided envisaging any sale of the Company's assets and had asserted that it had no intention of divesting or alienating the assets. He submitted that, the very same argument was rejected by the learned Single Judge in the Judgment dated 14th October, 2011 and that rejection was upheld by the Division Bench by its Judgment dated 23rd August, 2013; the learned Single Judge rightly noted that those findings were binding on this Court and the same was also upheld by the Supreme Court by its Order dated 23rd February, 2016.

10) Mr. Khanna submitted that, the findings regarding the proposal were rejected in the earlier rounds of litigation, as is evident from the Judgment dated 14th October, 2011 and the Division Bench Judgment dated 23rd August, 2013. He submitted that, the contention that it was unviable to carry on the textile business was also without merit relying upon the observations made by the learned Single Judge in the Order of 2011. He submitted that the feasibility reports relied upon by Grand View were prepared by a private firm and were entirely self-serving. The reports when read, indicate the possibility of relocating the textile business from Mumbai to other areas within Maharashtra. Considering the test laid down in *Meghal Homes* (supra), as followed in the Judgment of 2011 and 2013, the

learned Single Judge concluded that Grand View does not propose to relocate and restart the textile mills business, but merely wishes to cash in on the 48-acre prime land in Mumbai.

11) Mr. Khanna, learned counsel for Respondent Nos.4 and 5 laid emphasis on the fact that, Grand View has not stated whether its security has been relinquished and what interest is being charged on its outstanding dues. This is relevant because, as a secured creditor standing outside the winding-up, Grand View had suppressed the fact that it had received a dividend, standing inside the winding-up, Grand View cannot claim inflated interest and is entitled to interest only as per Section 179 of the Companies (Court) Rules, 1959. He stressed that, this fact was relevant because Grand View had only deferred its dues and would later seek to recover the same from the Company once it is out of the winding-up which would mean recovery of its inflated dues, to the detriment of the balance 47% holders. In this manner, Grand View would unjustifiably enrich itself. Learned counsel submitted that, once the dues are inflated, the argument that Grand View and Forbes are majority shareholders does not come to their aid. Accordingly, he submitted that the Appeals be dismissed.

12) Mr. Khanna relies upon the following decisions in support of the aforesaid contentions :-

i. *Dalip Singh vs. State of Uttar Pradesh & Ors.* reported in (2010) 2 SCC 114.

ii. *S.P. Chengalvaraya Naidu vs. Jagannath* reported in 1994 1 SCC 1.

iii. *Ramjas Foundation & Anr. vs. Union of India* reported in 2010 14 SCC 38.

iv. *Bhaskar Laxman Jadhav vs. Karamveer Kakasaheb Wagh Education Society & Ors.* reported in (2013) 11 SCC 531.

v. *Jitendra Nath Singh vs. Official Liquidator & Ors.* reported in (2013) 1 SCC 462.

vi. *The Union Bank of Bijapur vs. Bhimrao Shrinivasarao Jorapur* reported in 1928 SCC Online Bom 192.

vii. *Export Import Bank of India vs. GOL Offshore Ltd*, BHC-IA (L) No.4988 of 2020- Order dated 2nd January, 2023.

viii. Meghal Homes (P) Ltd. (supra)

ix. *ARC Holdings Holdings Ltd. vs. Rishra Steels Ltd. & Ors.* reported in 2010 SCC OnLine Cal 1677.

x. *Sonajuli Tea and Industries Ltd. & Ors. vs. Ashkaran Chatter Singh & Ors.* reported in 1980 SCC OnLine 223.

xi. *Shyam S. Rastogi vs. Nona Sona Exports Pvt. Ltd.* reported in (1986) 59 CompCas 832.

xii. *Mekha Ram & Ors. vs. State of Rajasthan & Ors.* reported in 2022 SCC OnLine SC 372.

xiii. *Dabriwala Vanijya Udyog Ltd. vs. Alka Dalmia* reported in (2010) 154 Comp Cas 131.

xiv. *Alka Dalmia vs. Dabriwala Vanijya Udyog Ltd.,* SLP No. Special Leave Petition (Civil) No(s).3852/2010.

xv. *Pravin S. Shah vs. Rashtriya Mill Mazdoor Sangh* reported in 2008 SCC OnLine Bom 1223.

xvi. *Order dated 18th March, 2016, passed in M/s. Indian Link Chain Manufactures Ltd.*, OLR No.517 of 2015, 2016 SCC OnLine Bom 4330.

xvii. *Navinon Ltd. vs. Indian Link Chain Manufactures Ltd.* reported in 2017 SCC OnLine Bom 10033.

xviii. *Lakshmanasami Gounder vs. CIT, Selvamani & Ors.* reported in (1992) 1 SCC 91.

13) Mr. Joshi learned senior counsel appearing for Forbes in Appeal (L) No.10666 of 2026, Respondent No.2 in Appeal(L) No.10776 of 2026 and Respondent No.3 in Appeal(L) No.10663 of 2026 supported the Appeal and adopts the arguments of Mr. Dwarkadas. Additionally, he submitted that, Forbes had been the first to infuse funds when the Company went into liquidation. It infused an amount of Rs 43 crores (between 1998 – 2001) with an objective of ensuring that the company could sustain its business operations, pay workmen dues and other essential financial obligations and work towards revival.

14) Referring to the previous orders dated 14th October 2011, 23rd

August 2013, 21st December 2022, 9th October 2023, 22nd January 2025, Mr. Joshi reiterated that, all issues raised in the previous proposals have been redressed. The workmen are now supporting the revival. The objects clause of the company has been amended to include real estate business. In view thereof the Appeal deserves to be allowed.

15) Mr. Ardheshir, learned senior counsel appearing for the R.M.M.S - Appellant in Appeal (L) No.10663 of 2026, Respondent No.3 in Appeal(L) No.10776 of 2026 and Appeal (L) No.10666 of 2026, too adopted the arguments of Mr. Dwarkadas and supported the Appeal. He additionally submitted that, the workers stand to substantially benefit from Grand View's proposal. He drew our attention to the table of benefits at page No.2134 of the Appeal Memo. He submitted that, although R.M.M.S had earlier objected pursuant to the Orders of this Court, a Committee formed pursuant to this Court's Order, which negotiated with Grand View and raised the figure from approximately Rs. 70 crores to more than 240 crores and a settlement agreement was arrived at, which is substantially higher than what would be received by them through the liquidation process. Moreover, badli workers (who would otherwise not have been considered) would be paid in full and even the 800 families would receive new homes. All in all, they were indeed beneficiaries under the present proposal. He, therefore submitted that, the Appeal deserves to be allowed. He lastly submitted that the Official Liquidator had earlier attempted to sell the

property but had failed to do so and even if now done, not only that the entire process would take considerably time but also would not fetch the amount that they have arrived at under the settlement Agreement. He submitted that, Rs 169 crores were already disbursed to almost 2000 workers from the money deposited and but for the stay, the others could also withdraw their outstanding dues immediately. As opposed to this the public auction sought would consume considerable time and delay and deprive the benefits presently available to the workmen under the settlement agreement. He submits that, there were in total 2,834 workmen awaiting their dues, of whom 502 have already lost their lives during this interregnum period without receiving any benefits. Under the present proposal, it would be a significant benefit to the workers / R.M.M.S, if the Appeals are allowed. He submitted the following chart for gauging the benefits:

Sr.No.	Particulars	Beneficial Treatment
1.	Total amount which would be payable to ex-workers	The manner of calculation of dues payable to ex-workers was the subject matter of Special Leave Petition (Civil) No.26930-31 of 2016. The ex-workers as a whole would have been entitled to Rs.74 crores at best, taking into account the concession made by the Respondent No.1 at the time of disposal of the said SLP. However, through the Agreement for Settlement, the ex-workers as a whole would be entitled to around Rs.223 Crores.

		On an average, each ex-worker would be entitled to almost Rs.5,25,000/- more through the Agreement for Settlement than through liquidation.
2.	Entitlement of Badli workers	Approximately 500 badli workers would not be entitled to receive any payment through liquidation. However, under this Agreement for Settlement, Badli workers are treated at par with permanent workers.
3.	Entitlement of technical workers	Approximately 125 technical workers would not be entitled for Retrenchment Allowance in liquidation.
4.	Entitlement of workers who retired or died between 2002 & 2005.	Approximately 300 ex-workers who either retired or died between 2002 & 2005 would also be entitled to the benefits (like retrenchment) under the Agreement for Settlement which are not available under the liquidation process.
5.	Timeline of payment.	As per the Agreement for Settlement, the ex-workers would get payment expeditiously. In liquidation, however, there is no certainty as to receiving payment as the Official Liquidator has not even been able to adjudicate all the claims yet. Furthermore, for various reasons, such as encroachments, title related issues, it is not possible to sell the property of SMCL at the present moment, and the same may take many years.
6.	Housing benefits.	Upon SMCL being brought out of liquidation pursuant to the Agreement for Settlement, approximately 800 ex-workers residing in chawls upon the property would get free housing as per law. 120 of these ex-workers have been sent eviction notices as their chawls are dilapidated.

		Remaining ex-workers would be entitled to subsidized housing as on today approximately Rs.8,00,000/- per tenement constructed by Maharashtra Housing and Area Development Authority (MHADA), as per law.
7.	Other benefits.	As per the Respondent No.1, it proposes the establishment of an institution for imparting learning about the textiles industry. This would undoubtedly be beneficial to the dependents and legal heirs of the ex-workers, who should be able to take the benefit of such an institution.

16) Mr. Ardheshir submitted that, the matter carries a significant humanitarian dimension which requires due consideration while exercising the equitable jurisdiction. He submitted that even public interest would be served as redevelopment of mill land would result in low-cost housing being constructed for allotment to ex-workers.

17) Mr. Carvalho learned counsel for the Official Liquidator submitted that, it is a matter of fact that the past attempts to sell the property had failed. He, however, left it entirely to Court to decide whether or not to allow the present Appeal.

18) We have heard the learned counsel and perused the record.

19) The present case concerns a company which was ordered to be wound up by an Order dated 5th September, 2005, and is now sought to be revived after over two decades and two failed attempts.

20) What emerges is a contest between two camps. On one side stand Grand View and Forbes, together holding 53.25% of the shareholding, along with R.M.M.S. (the workers' union), which has been suffering since 2005 and after negotiations spanning two years facilitated by the High Court-appointed committee, has successfully concluded a settlement, together they seek revival of the Company. On the other side stand two shareholders, holding a mere 0.07321% out of the Company's approximately 12,000 shareholders, who seek a public auction of the Company's assets, purportedly for the benefit of all stakeholders.

21) The question that arises in our mind is, what interest do these two shareholders have in opposing revival in favour of liquidation of the Company? We asked learned counsel what value they would place on their shares. The answer was met with stoic silence. Counsel then diffidently stated that he would take instructions and that they had not considered the matter from that perspective. Their stated objection was that they were entitled in law to object, so as to keep a check on the winding up and to uphold the principles laid down in various judgments.

22) We also queried learned counsel for Respondent Nos.4 and 5, whether the two shareholders had the backing of some investor who desired to use the lands to run a textile industry, or whether it was someone who wished to acquire the lands through a public auction for commercial exploitation or redevelopment. The response was that it was neither.

23) From our viewpoint, the two shareholders have no way to secure the workmen’s dues that have been outstanding since over two decades. They are contesting about the interest chargeable by Grand View and Forbes. What would they do with the long-term loans? and how would the two benefit after reviving the company. They have nothing to say about the outstanding dues of the 2834 workmen. All they say is that the Supreme Court has held and the learned Single Judge has rightly followed that, workmen’s consent cannot be the singular driving force for accepting the proposed scheme of revival.

24) This litigation has been conducted to oppose the revival and ensure that the Company is liquidated and its assets sold by public auction. In our view, this litigation by the two shareholders is nothing else but an elitist form of extortion. It appears that their interest lies only in the sale of the company's assets through public auction.

25) We have, in several cases found that, such public auctions are a farce: the auctions are cleverly rigged, the values of assets are deflated, and despite the watchful eye of various authorities and the courts, valuable assets are sold at a pittance. A recent reference in the case of Primezone *Developers Private Limited vs State of Maharashtra* reported in 2026 SCC OnLine Bom 3057, would be instructive in this regard. But let us disregard that for the sake of an argument. What would be result of a public auction? Firstly, the buyer would have to be one with very deep pockets to undertake

redevelopment of 48 acres of land in the heart of Mumbai. Only a handful who possess such deep pockets and would be interested. The next question that arises then, is whether these two shareholders are a front for one of these developers. Let us disregard that as well, for now.

26) One perspective is that the majority shareholders, who are also creditors and investors, are being asked to sell their interests to some other developer through a public auction, without regard to the fact that they themselves are developers who intend to develop. It is thus perfectly acceptable to the two shareholders if some other developers were to purchase the Company's lands at auction and redevelop them, but they have objections to the majority shareholders doing the very same thing. On this logic, considerations of commercial morality, public interest and *bona fides* cease to matter – they apply only to the major shareholders who seek to revive the Company and not the new purchaser, who buys with a clean slate. The Appellants stand faulted for having invested and remained invested in the company for over two decades, even while offering a fair share and compensation to all concerned. What is held against them is the purported suppression receipt of dividend. How does that matter to the present scheme? Why must the Court view every action of the majority shareholders with a microscope? Is the Court to act as a regulator, examining what profits would accrue to the Company after it emerges from winding up? Can the Court ignore that, none of this would matter if

another developer purchased the same lands and redeveloped them, free from scrutiny from either the Court or the two shareholders? Pertinently, the Supreme Court in *Meghal Homes* rejected the proposal of alienating the lands to another developer for revival of the Company. In our view therefore, this issue does not arise herein.

27) It cannot be disputed that the Grand Views and Forbes together hold 53.25% shareholding stake in the Company. The question is whether two shareholders can have any real role to play in the working of a Company, when the only benefit that these two Respondents stand to derive after sale of the land is the monetary value of their shareholding following discharge of all the Companines liabilities, nothing more. Can the two shareholders insist that, the revival of the Company should be permitted only if the majority shareholders continue to run it as a textile mill, as it once was and do not change its object to real estate, when the sole asset remaining is 48 Acres of land? What interest would be served if the land were sold by public auction? How would the company be revived, or the textile mill restarted? Counsel appearing for Respondent Nos. 4 and 5 has no answer to these questions. No precondition attaches to a public auction requiring the land to be used only for a textile mill – nor could there be. Had it been viable, some investor would certainly have come forward to purchase the Company over the past two decades. No one has. It remains for the investor to decide whether to run a textile mill on the land or to

redevelop it.

28) In this background, let us consider each of the contentions of the Respondent Nos. 4 and 5:

1) **The dues are highly inflated which cannot be done.**

Who is to decide this? In the ordinary course, the Official Liquidator would have considered this at the time of adjudicating claims upon sale of the Company's assets, after considering all objections. What confronts us here, however, is a different question: whether the Company should be permitted to be revived, with the lands developed by the majority shareholders, or not. Would the Court be justified in disallowing revival by the majority shareholders and creditors solely on the ground that their claims are highly inflated?

2) **The revival should be disallowed because the Appellants suppressed that they and their predecessors had received dividend.**

Is that a consideration relevant to revival of the Company? The answer is in the negative. This is not the stage when it matters. Besides no prejudice whatsoever caused to anyone. It would be fruitful to extract the passage from *Swaraj Infrastructure (P) Ltd. v. Kotak Mahindra Bank Ltd.*, (2019) 3 SCC 620 : (2019) 2 SCC (Civ) 136 : (2019) 213 Comp Cas 99.

28. We may only end by saying that cases like the present one have to be decided by balancing the interest of creditors to whom money is owing, with a debtor company which will now go in the red since a winding-up petition is admitted against it. It is not open for persons like the appellant to resist a winding-up petition which is otherwise maintainable without there being any bona fide defence to the same. **We may also hasten to add that the respondent cannot be said to be blowing hot and cold in pursuing a remedy under the Recovery of Debts Act and a winding-up proceeding under the Companies Act, 1956 simultaneously.** Here, it is important to refer to the judgment of Lord Atkin in *Lissenden* v. *C.A.V. Bosch Ltd.* [*Lissenden* v. *C.A.V. Bosch Ltd.*, 1940 AC 412 : (1940) 1 All ER 425 (HL)] , at All ER pp. 436-437, which says: (AC p. 429)

“**The doctrine of election could have no place in the present case. The applicant is not faced with alternative rights. It is the same right which he claims, but in larger degree.** In *Mills* v. *Duckworth* [*Mills* v. *Duckworth*, (1938) 1 All ER 318 (CA)] , a plaintiff who had been awarded damages for negligence had taken the judgment sum out of a larger sum paid into court and had then appealed against the quantum of damages, and was met by a similar objection to his appeal. Greer, L.J., in overruling the objection, pointedly said, at All ER p. 321:

‘He [the plaintiff] said: “I am not going to blow hot and cold. I am going to blow hotter.’

Here the applicant is not faced with a choice between alternative rights. He had exercised an undisputed right to compensation, and claims to have a right to more. One has not lost one's right to a second helping because one has taken the first.”

(Emphasis supplied)

It is for the Appellants to decide, being not only secured creditors but also majority shareholders of the Company. Most importantly they are looking at the Company’s revival and not winding up which would entail investing further funds in the Company. In our view, therefore, the Single Judge erred in holding that the Appellants are deemed to have relinquished its security by accepting dividend.

3) **Whether the Appellants stand outside the winding up or inside it and whether they would unjustifiably enrich themselves by having converted the Company's liabilities into their own long-term loans.**

These questions would arise at the stage when the Appellants lodge their claim in the winding up and not at the stage of seeking revival. They ought not to detain the Court from deciding whether Company has satisfied all the parameters for revival.

4) **That the Appellants had raised 240 crores by encumbering the land of the company and not from their pocket.**

Assuming, for the sake of argument, that it is correct: were the property to be sold by public auction, the OL while adjudicating the claims would call upon the Appellants to bring in that sum, or reduce their claim to that extent, and nothing more. It is not as though they, as creditors, have no claim against the Company at all. The Court cannot overlook that

Forbes had invested an aggregate amount of Rs.43 crores between 1998 to 2001, and throughout the BIFR proceedings (as recorded in paragraph 5 of Order dated 14th October 2011), which enabled the Company to continue its operations and that as on 31st March, 2011, the Company owed Grand View and Forbes a staggering amount of Rs.280.90 crores and now over Rs 1200 crores. In our view, if the Court rejected the proposal for revival then the said amount would be reduced from their claim by the OL.

5) **The test in law for revival of a company is the resumption of the business carried on, and not setting up of an institution as proposed by the Appellants.**

There is no rule of law that prohibits a change of the object for revival of the company, nor is any such change being affected clandestinely here. It is matter of common knowledge that the textile mills in the city have all closed down and a matter of record that for two decades no industrialist has come forward to revive the Company as a textile mill. Neither has anyone else started one this being in liquidation. It is simply commercially unviable – a position acknowledged even by the Government, which has itself promoted and facilitated development of mill lands in Mumbai, as recorded in paragraph 7 of the Order dated 14th October 2011, reproduced below for ready reference:

"7. The winding up order is then referred to and then in para 7 of the affidavit in support, this is what is stated:

"In recent years, the Government of Maharashtra has initiated various activities for the promotion and facilitation of development of mill lands in Mumbai. Increasing the availability of housing has also been a thrust area. The said initiatives, alongwith the available immovable properties of the Company together, offer a favourable platform for the company to undertake real estate development operation. Though the company was in textiles business prior to winding up, due to disposal of all the stock in trade and entire plant and machinery, it is no longer viable to run the business as a manufacturer of textiles. In the present circumstances, in Mumbai even otherwise a textile mill is not viable. The applicants are part of the Shapoorji Pallonji Group, Shapoorji Pallonji Group has expertise in the real estate business and, therefore, intends to enable the company to undertake real estate development applicant No.2 has shown its willingness to bring in funds to meet all the legitimate liabilities of the company subject to the order of winding up being permanently stayed by this Court as sought by the applicants herein."

The learned Single Judge too acknowledged, in paragraph 44, while referring to the judgement in *Meghal Homes* (supra), that the State Bank of India Capital Markets, which was assigned the task of preparing the viability report, had reported the revival of weaving and processing sections to be unviable and had opined that it was not possible to restart the mill in its entirety and that in 1998, the new industrial location policy of Government of Maharashtra came into operation and applied to all Industries in Mumbai Metropolitan Region.

6) **Providing housing to the occupants is nothing but a statutory obligation under the DCPR 2034.**

That may be true. The question, then is whether the Appellants are claiming any credit for it. The Appellants have merely contended that this obligation too, must be met and that it is an expense - not something free to the investor. These factors would, also be considered by the investors buying in public auction.

7) **No meeting was convened under Section 391 of the Companies Act, and the shareholders were kept in dark regarding the entire scheme.**

Apart from the two shareholders, we see no one raising this issue. The contention is only to be stated to be rejected. In any event, the decision of the majority would prevail.

8) **At the EOGM at which the object clause was amended, out of the 54% of shareholders who voted in favour, the Appellants constituted 53.25%.**

This contention is entirely without merit. If the Appellants hold a majority, they do – that fact cannot be disregarded. Their majority stake cannot simply be set aside and used against them by minority shareholders whose only entitlement is to dividends on their shares and nothing more.

9) **The Appellants have intentionally not envisaged sale of assets in its proposal.**

This contention is to say the least, perverse. Why should the holder of the asset submit a proposal envisaging its sale? Such a contention cannot be used as double-edged sword – damned, if they do, and damned if they don't. This Court, in its Order dated 14th October, 2011, held that the Court must ensure the scheme is not a ruse to dispose of the Company's assets while it remains in liquidation. The proposal could not, therefore, envisage a sale, as that would risk being read as precisely such as a ruse. The scheme rightly contemplates redevelopment of the property, not sale of the land. A company redeveloping its property benefits its investors, and no contention to the contrary can be sustained - it would amount to nothing more than a baseless conjecture.

10) **The argument that the company had no intention to divest or alienate the assets was rejected by the Single Judge in its order dated 14th October, 2011, and upheld by the Division Bench in its orders dated 23rd August 2013, and by the**

Supreme Court in its order dated 23rd February 2016.

The circumstances have since changed. All claims of the secured and unsecured creditors are being settled. All workmen, including those whose claim would ordinarily not have been allowed, are also being settled, pursuant to the deal negotiated with the Appellants by the Court-appointed committee. As Mr. Dwarkadas has submitted, all the criteria enunciated by the Supreme Court have now been satisfied. Therefore, in view of the liberty reserved by the Apex Court to file a fresh Application, such an application was filed and the learned Single Judge erred in failing to take cognizance of it. The learned Single could not have held that, the earlier observations of the Division Bench remained binding, given the liberty so reserved. What the Supreme Court's Order dated 31st January 2025, directed the learned Single Judge to consider was: (i) whether the creditors, etc., had been paid or had agreed to be paid and (ii) whether the workers were eligible, and their dues agreed to be paid. We are satisfied that both the above requirements now stand fulfilled and the Single Judge was accordingly not bound by the findings and rejections recorded in the earlier orders.

29) In our view, therefore, this entire objection and the litigation

arising therefrom amount to nothing but an elitist form of extortion. The Respondents have nothing to lose but the costs of litigation. Grand View and Forbes, on the other hand, having invested money, are losing crores of rupees every month that the proposal remains unimplemented; the resulting delay causes them huge commercial loss. This is the bargaining point. Can this be permitted? The answer is an emphatic no. The Court's cannot be used as a tool in the hands of these unscrupulous litigants who are nothing more than opportunists.

30) The only reasoning the learned Single Judge has offered in regard to the plight and miseries of workmen is as follows:

> "The worker's consent cannot form the singular driving force to accept the proposed scheme of revival."

31) In our view, the learned Single Judge could not have disregarded the benefits the workmen stand to derive after more than two decades of the winding-up and after two years of negotiations before the Court appointed High Power Committee to strike a bargain with the Appellants. The learned Single Judge failed to appreciate that the money has been lying in the bank account, awaiting disbursement to the workers awaiting its receipt for over 21 years. Nearly, 2000 workmen have been paid and others await their disbursement. The workmen would certainly harbour a legitimate expectation of realising the fruits of their efforts after marathon negotiations over the quantum due to them. Would they receive these

figures if the lands were sold by public auction? The answer is plainly in the negative. No one but Grand View and Forbes are bound by this understanding. Why, then, should the two shareholders expect these 2834 workmen to forgo their negotiated figures and settle for less? Do they offer any assurance to the workmen in that regard? At present, there is no answer at all.

32) We find that the learned Single Judge erred in observing that the proposal is a ruse to enable Grand View and Forbes to exploit the Company's lands without public auction. Assuming for the sake of argument it is true what is wrong? Profit making is neither a vice or something from which investor ought to be discouraged from pursuing. Redevelopment of lands by the Company does not amount to their transfer or divestment. Further, the learned Single Judge, despite noting that the proposal does not contemplate alienation of the Company's land, has drawn the opposite and erroneous conclusion.

33) It cannot be concluded that the revival proposal fails the test of commercial morality merely because repayment of the dues owed to Grand View and Forbes has not been expressly crystallized. Deferral of repayment is a commercial decision and cannot, *ipso facto*, give rise to an inference that the proposal lacks commercial morality.

34) From a positive standpoint, Grand View which belongs to the Shapoorji Pallonji Group is also among the well-known developers in the

country, a factor that would benefit the quality of construction ultimately delivered. In our view, the learned Single Judge overlooked the fact that Grand Views was a shareholder of the Company, in addition to being a secured creditor. As against this, the interest of the Respondent Nos.4 and 5 in insisting on a sale by a public auction has not been examined at all. In our view, permitting such objections by shareholders would only encourage this form of elitist extortion. In a commercial world, investments and money command a higher rate of return, a fact well known to the Respondent Nos.4 and 5, who are Chartered Accountants. Such objections, in our view, cannot be countenanced. Two shareholders cannot dictate how the Company should be run and what it should do, at best, they are entitled to dividends proportionate to their shareholding.

35) The Supreme Court in *Mrs. Bacha F. Guzdar, Bombay, v Commissioner of Income Tax, Bombay* reported in 1954 (2) SCC 563 has held that, a shareholder becomes entitled to participate in the profits of the company in which he holds shares if and when the company declares, subject to the Articles of Association, that the profits or any part thereof should be distributed by way of dividend among shareholders. A shareholder has a further right to participate in the assets of the company which would be left over after winding up. The winding up of a company brings about a distinct change in the position of a member of the company. Prior to an order of winding up, a member has only a right to payment of

dividend against his capital. Once an order of winding up is passed each member is entitled to the distribution of the company's assets in accordance with his right and interest in the company after liabilities have been discharged. This is a right of a proprietary nature and the member is entitled to a protection of that right in any order that may be passed in the course of winding up by the Court.

36) The learned Single Judge has given undue credit to the two shareholders and their claimed entitlement to maximize the value of their 0.07321% shareholding. Assuming for the sake of argument, that the two shareholders are correct that a public auction would fetch 3,000 crores, even without accounting for the Company's liabilities, their 0.07321% share would amount to no more than Rs 2,19,63,000/-. At best, they would be entitled to that. This was precisely the question posed to the counsel representing them to which there was no response rather a stoic silence was maintained. This vindicates our belief that there is more to their objection than what meets the eye. They are in all probability, a front to someone with an eye on the Company's land.

37) The real question, however, is whether the R.M.M.S. - comprising of 2834 employees and the badli workers (who are otherwise ineligible and would have to prove their eligibility before the Liquidator) - who are the beneficiaries under the settlement agreement, would receive what they had negotiated with the majority shareholders. The answer is in the negative,

resulting in a profound imbalance between the bargain struck between by the two shareholders and that struck on behalf of 2834 employees.

38) In *Meghal Homes* (supra), the creditors, who were not themselves developers, chose to sell the lands under guise of reviving the company. That is not the position here, it is precisely the converse. Redevelopment would be undertaken here, to the benefit of all concerned, including the two shareholders.

39) In view of the aforesaid, particularly in the facts and circumstances of the above case, in our view, the Judgments relied upon by the Shareholder's counsel will be of no avail to him. We find that the revival of the Company would be conducive and not detrimental to commercial morality and to the interests of the public at large. We see no reason to disregard the proposal of Grand View and Forbes. At present, apart from the workmen, no other class of persons, has endured tremendous loss and suffering for over two decades. It would be insensitive to disregard the entire settlement agreement arrived between the workers union, RMMS and the Appellants. If not the sole driving force, this is certainly one of the major considerations in securing a revival of the Company. Their interests weigh most heavily with us at present, as numerous families are dependent on the outcome. There are no other claims before us that require any consideration. No actions that require investigation. Interests of all concerned are safeguarded. The shareholders, on the other hand, have no

interest beyond dividends or money. We therefore find that, if not the sole driving force, this is certainly one of the most important principal considerations underlying our acceptance of the scheme of revival.

40) We accordingly set aside the impugned Judgment dated 23rd February, 2026 r/w. Order dated 27th February, 2026 in Interim Application No.6953 of 2025 and the Appeal No.10776 of 2026 is allowed in terms of prayer clause (a).

41) In view of the Appeal No.10776 of 2026 being allowed, the other two Appeals bearing Appeal No.10663 of 2026 and Appeal No.10666 of 2026 are also stand disposed off in terms of the above Judgment.

42) In view of the disposal of Appeals, the Interim Applications filed therein do not survive and are accordingly disposed off.

(KAMAL KHATA, J.) **(A.S. GADKARI, J.)**

43) At this stage, learned Advocate appearing for Respondent Nos.4 and 5 submitted that, the effect and implementation of the present Judgment may be stayed for a period of three weeks to enable the said Respondents to test the correctness of the present Judgment before the Apex Court.

44) For the reasoning given in the present Judgment, we reject the said prayer.

(KAMAL KHATA, J.) **(A.S. GADKARI, J.)**