June 04, 2025

To,
Listing Department
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
Scrip Symbol*: HONASA*

To,
Listing Department
BSE LIMITED
P. J. Towers, Dalal Street,
Mumbai – 400 001

Scrip Code*: 544014*

Sub: Sanction of the Scheme by the Hon'ble National Company Law Tribunal, New Delhi Bench ("NCLT New Delhi")

Ref: Intimation of order dated June 03, 2025 of the NCLT New Delhi in Company Petition No. 76/ND/2024 connected with Company Application No. 51/ND/2024 filed in relation to the Scheme of Amalgamation ("Scheme") between Fusion Cosmeceutics Private Limited ("Transferor Company-1") and Just4Kids Services Private Limited ("Transferor Company-2") with Honasa Consumer Limited ("Transferee Company") and their respective shareholders and creditors under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions thereof.

Dear Sir/Madam,

In reference to the above-cited subject, we had earlier vide our letter dated May 09, 2025 informed that the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT Chandigarh") vide order dated May 08, 2025 in relation to the Scheme of Amalgamation under Company Petition No. 45/CHD/HRY/2024 connected with Company Application No. 21/CHD/HRY/2024 has pronounced the order and hence allowed the second motion petition filed by Transferor Company-2.

We further mentioned that the Scheme was also subject to the approval of the NCLT New Delhi within whose jurisdiction, the registered office of both Transferor Company-1 i.e., Fusion Cosmeceutics Private Limited and Transferee Company i.e., Honasa Consumer Limited, is situated.

In regard to the above, we would like to inform that on June 03, 2025, in relation to the Scheme of Amalgamation under Company Petition No. 76/ND/2024 connected with Company Application No. 51/ND/2024, the NCLT New Delhi pronounced the order and

hence allowed the above second motion Petition filed in relation to the Transferor Company-1 and Transferee Company.

A copy of the above-mentioned order dated June 03, 2025 is enclosed herewith along with the copy of certified order dated May 08, 2025 passed by the NCLT Chandigarh.

We are currently in the process of obtaining certified copy of the order from the NCLT New Delhi and we will notify the stock exchanges and make the information available on the Company's website, on receipt of the certified order copy.

The Scheme would become effective once the certified copy of the order of both the Hon'ble NCLTs is filed with the jurisdictional Registrar of Companies.

Kindly take the above on record.

Thanking You,
Yours Sincerely,

For Honasa Consumer Limited

DHANRAJ DAGAR
Digitally signed by DHANRAJ DAGAR
Date: 2025.06.04 16:57:50 +05'30'

Dhanraj Dagar
Company Secretary & Compliance Officer

IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH
COURT-IV

COMPANY PETITION NO. (CAA) 76 (ND)/ 2024
CONNECTED WITH
COMPANY APPLICATION NO. (CAA) 51 (ND)/2024

IN THE MATTER OF:

Section 230-232 of the Companies Act, 2013 read along with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

IN THE MATTER OF:

JUST4KIDS SERVICES PRIVATE LIMITED
...NON-PETITIONER COMPANY/TRANSFEROR COMPANY
AND
FUSION COSMECEUTICS PRIVATE LIMITED
...PETITIONER COMPANY NO. 1/TRANSFEROR COMPANY

WITH

HONASA CONSUMER LIMITED
...PETITIONER COMPANY NO. 2/TRANSFEREE COMPANY

Order Delivered on: 03.06.2025

CORAM:
SHRI MANNI SANKARIAH SHANMUGA SUNDARAM,
HON'BLE MEMBER (JUDICIAL)

SHRI ATUL CHATURVEDI,
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Applicant	: Mr. Sanjeev Jain, Advocate
For the Revenue	: Mr. Siddharth Sinha, SSC, Mr. Anuja Pethia, JSC Ms. Dachitta Shahi, Mr. Srikant Singh, Advs.
For the RD	: Mr. Sumit Kansal, Mr. Aryan Gupta, Advs.

ORDER

PER: MANNI SANKARIAH SHANMUGA SUNDARAM, MEMBER (JUDICIAL)

1. This is a second motion petition filed by the petitioner companies herein namely M/s Fusion Cosmeceutics Private Limited (hereinafter referred to

Transferor Company /Petitioner Company No. 1) with M/s Honasa Consumer Limited (hereinafter referred to as Transferee Company/Petitioner Company No. 2) under sections 230-232 of Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the Scheme of Amalgamation (hereinafter referred to as the "SCHEME") proposed between the petitioners.

2. The Transferor Company/Petitioner Company No. 1 i.e., M/s Fusion Cosmeceutics Private Limited is a private limited company which was incorporated on 30.06.2003, under the provisions of the Companies Act, 1956 bearing CIN: U24230DL2003PTC423473, having its registered office at Unit 404 4th Floor City Centre Plot No 05, Sector 12 Dwarka New Delhi- 110075, Dwarka Sec-6, South West Delhi, Delhi, Delhi, India, 110075. The Transferor Company No.1 is engaged in the business of formulating and trading of skin care products. The Authorized Share Capital of the Transferor Company No. l/Applicant Company No.1 is Rs. 2,05,10,000 /- comprising of 11,65,000 Equity Shares of Rs. 10/- each and 8,86,000 Compulsorily Convertible Preference Shares of Rs. 10/ - each. The Issued, Subscribed and Paid-up Capital is Rs. 1,88,51,480/- divided into 10,00,045 Equity Shares of Rs. 10/- each and 8,85,103 Compulsorily Convertible Preference Shares of Rs. 10/- each. The Transferor Company is a wholly owned subsidiary of the Transferee Company as on the date of approval of this Scheme. The Transferor Company is presently engaged in the formulation and trading of skin care products.

3. The Transferee Company/Petitioner Company No. 2 i.e., M/s Honasa Consumer Limited was incorporated on 16.09.2016 under the provisions of Companies Act, 2013 bearing CIN: L74999DL2016PLC306016, having its registered office at Unit No. - 404, 4th Floor, City Centre, Plot No.-05, Sector-12, Dwarka, New Delhi-110075. The present Authorized Share Capital of the Transferee Company/Petitioner Company No. 2 is Rs. 3,40,00,00,000/- divided into 34,00,00,000 Equity shares of Rs. 10/- each; Rs. 58,000 divided into 580 Equity Shares of INR 100/- each; Rs. 26,100 divided into 290 equity shares of Rs. 90/- each; Rs. 58,390 divided into 5,839 0.001% Class A Compulsorily Convertible Non-Cumulative Preference shares of INR 10/-

each; Rs. 18,850 divided into 1,885 0.001% Class B Compulsorily Convertible Non-Cumulative Preference shares of INR 10/- each; Rs. 48,450 divided into 4,845 0.001% Class C Compulsorily Convertible Non-Cumulative Preference shares of INR 10/- each; Rs. 41,610 divided into 4,161 0.001% Class D Compulsorily Convertible Non-Cumulative Preference shares of INR 10/- each; Rs. 50,000 divided into 5,000 0.001% Class E Compulsorily Convertible Non-Cumulative Preference shares of INR 10/- each; Rs. 50,000 divided into 5,000 0.001% Class F Compulsorily Convertible Non-Cumulative Preference shares of INR 10/- each. The Issued, Subscribed and Paid-up Share Capital is Rs. 3,21,74,67,570/- divided into 32,17,46,757 Equity Shares of Rs. 10/- each. The Transferee Company is presently engaged in the business of trading of a variety of beauty and personal care products such as baby care, skin care and other related products which are manufactured through third-party contract manufacturers under the brand name of 'Mamaearth', 'The Derma Co.', 'BBlunt', 'Aqualogica', and 'Ayuga'. The shares of the Transferee Company are listed on the Bombay Stock Exchange and National Stock Exchange.

4. The Scheme of Amalgamation also involves M/s Just4kids Services Private Limited (Non-Petitioner Company/Transferor Company) whose registered office is situated in Haryana falling within jurisdiction of the National Company Law Tribunal, Chandigarh Bench and is Non-Petitioner Company before this Bench.

5. **RATIONALE OF THE SCHEME OF AMALGAMATION**

   i. Pursuant to and under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the entire Business and Undertaking of each of the Transferor Companies will be merged and amalgamated into and with the Transferee Company.

   ii. The proposed scheme being undertaken with an objective to consolidate the business for effective and efficient management. Pursuant to the amalgamation, there will be no change in the control or management of the Transferor Companies. The Proposed Scheme would, inter-alia, have the following benefits:

a. Prevent cost duplication and bring in financial efficiencies. The resultant operations are expected to be substantially cost-efficient which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.
b. Eliminate structure and reduce managerial overlap;
c. Contribute to furthering and fulfilling the objectives and business strategies of all the companies thereby accelerating growth, expansion, greater access to different market segments and development of the respective businesses;
d. Bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and also help enhance efficiency and control;
e. Greater efficiency in cash management of the Transferee Company, by providing access to cash flow generated by combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, working capital requirements to maximize shareholder value;

6. From the records, it is seen that the first motion joint application seeking direction for dispensation/convening the meeting of equity shareholders, secured creditors and unsecured creditors was filed before this bench vide CA(CAA)51(ND)/2024 and based on such application moved under Section 230-232 of the Companies Act, 2013, this Tribunal vide order dated 13.08.2024, dispensed with the meeting of equity shareholders, secured creditors and unsecured creditors.

7. Thereafter, the Petitioner Companies filed Company Application bearing CA/231/ND/2024 for amendment of the Scheme including modification of the appointed date" as specified in the Scheme is 1st April, 2023 to 1st May, 2023. In view of the 100% consents provided by the Equity and Preference Shareholders and Creditors of the Petitioner Transferor Company No. 1, this Tribunal vide order dated 13.05.2025 allowed the Company Application 231/ND/2024 for change in "Appointed Date" from 01st April, 2023 to 01st

May, 2023. Consequently, the "Appointed Date" as per Clause 1.3 under Part-I (Definitions) of the Scheme is 01.05.2023.

8. In the present second motion petition, vide order dated 07.01.2025, the Tribunal directed the Petitioner Companies to publish notice of the hearing of the main Company Petition in two newspapers namely "Business Standard" (English Edition) and "Jansatta" (Hindi Edition) and in addition to the public notice, directed to issue notices to the (a) Central Government through Regional Director (Northern Region), Ministry of Corporate Affairs; (b) Registrar of Companies, NCT of Delhi & Haryana, Ministry of Corporate Affairs; (c) officer having jurisdiction over the Petitioner Company in the Income Tax Department; (d) Official Liquidator and to such other sectoral regulators or authorities.
9. In compliance with the order dated 07.01.2025 the petitioner companies have filed an affidavit of service on 04.02.2025 affirming and disclosing that the applicants have effected publication in "Business Standard" (English, Delhi Edition) and (Hindi Delhi Edition) both dated on 03.02.2025. In addition to the public notice, notices were served on the Regional Director (Northern Region), Registrar of Companies, NCT of Delhi and Haryana, Income Tax Department, and Official Liquidator.
10. Pursuant to the notice issued, the Regional Director, Income Tax Department and Official Liquidator have filed their response/reply in the matter.
11. The Regional Director (RD) in its affidavit dated 28.02.2025 as per the Report of RoC vide letter dated 13.02.2025 has made certain observations regarding the proposed scheme of Amalgamation among the Petitioner Companies. In response to the same, the Petitioner Companies had filed reply vide letter dated 25.03.2025 wherein the Petitioner Companies have given clarification to the observations made by the Regional Director, the details of which are given below:

S.No.	**Observation by the Regional Director vide affidavit dated 28.02.2025, as per the report of roc vide letter dated 13.02.2025**	**Reply by the Petitioner Companies dated 25.03.2025**

1.	On perusal of the scheme of amalgamation, it is seen that 'appointed date' of the scheme is 01.05.2023. As per the Ministry of Corporate Affairs General Circular No 09/2019 dated 21.08.2019, if the 'appointed date' is significantly ante-dated 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 not be against public interest. Hence the company may be asked to clarify the same.	In terms of Paragraph 6(c) of the MCA Circular, it is stated that: "Where the 'appointed date' is chosen as a specific calendar date, it may precede the date of filing of the application for scheme of merger/amalgamation in NCLT. However, if the 'appointed date' is significantly ante-dated 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 not be against public interest" It is submitted that in Clause 1.3 of the Scheme, the Appointed Date has been mentioned as opt May, 2023 which is a specific calendar date. The Petitioner Transferor Company filed the Company Application C.A. (CAA) 51/ND/2024 ("1st Motion Application") on 28th April 2024, which is within a period of 1 year from the Appointed Date. Therefore, the Petitioner Companies submits that the Appointed Date is not ante-dated beyond a year from the date of filing of the 1st Motion Application. To this extent, no justification for the same is required to be provided by the Petitioner Companies. In view of the above, the Petitioner Companies have already complied with the requirement as per the general circular no. 09/2019 dated 21.08.2019 issued by the Ministry of Corporate Affairs. Accordingly, the

		above observation does not have any adverse implication on the subject scheme of amalgamation.
2.	As per clause 3.1 of the scheme of amalgamation, the scheme shall become effective from the effective date. However, as per section 232(6) of the Companies Act, 2013, the scheme shall be effective from the appointed date. Hence, the company may be asked to comply with the legal provision.	It is submitted that in relation to the query raised, the definition of "appointed date" and "effective date" as mentioned in the Scheme have been reiterated as follows: "**PART-I: DEFINITION, INTERPRETATION AND SHARE CAPITAL** 1.3. "Appointed Date" means the date from which the provisions of this Scheme shall become operational i.e., opening of business hours on opt May 2023 or such other date as may be assented to and approved by the Board of Directors of the Companies and approved by the Tribunal; 1.9. "Effective date" shall mean the last of dates on which the conditions set out in clause 16 of the Scheme are satisfied or waived in accordance with this Scheme. Any reference in Scheme to the words "upon the Scheme becoming effective" or "date of coming into effect of the Scheme" or "Scheme coming into effect" shall mean the Effective Date ***3. Date of Taking Effect and Operative Date*** 3.1 The Scheme set out herein in its present form submitted to the Tribunals or this Scheme with such modification (s), if any, as may be made by the members and/or the creditors of the Companies or such modification(s) as may be imposed

		by any Government Authority and/or directed to be made by the Tribunals while sanctioning the Scheme and as accepted by the respective Board of Directors of the Companies shall be operative from the Appointed Date but shall be effective from the Effective Date. " It is submitted that, as detailed above, on occurrence of the Effective Date (i.e. the date on which the certified copy of the order of Hon'ble Tribunal is filed with the Registrar of Companies) and with effect from the Appointed Date (i.e. opt May 2023, as mentioned in the Scheme), the entire business and undertaking of the Non-Petitioner Transferor Company and Petitioner Transferor Company No. 1 shall, in terms of Section 230-232 and other applicable provisions of the Act and Rules, and other provisions of applicable law, as may be relevant, subject to the sanctioning of the Scheme by the Tribunal, without any further act, instrument, deed, matter or thing, stand transferred and vested in and/or deemed to be transferred and vested in the Petitioner Transferee Company as a going concern. Therefore, as envisaged in the Scheme, the Petitioner Companies clarifies that the implementation of the provisions of the Scheme would become operative/effective only from the Appointed Date in terms of

		Section 232(6) of the Act, and not from the Effective Date. Accordingly, the above observation does not have any adverse implication on the subject scheme of amalgamation.
3.	In case of Transferor Companies, auditor has stated in the audit report for the FY ended 31.03.2023, that the company has incurred cash losses in the current year of Rs. 1685.09 Lacs and Rs. 1345.14 Lacs and in the previous year of Rs. 996.67 Lacs and of Rs. 582.38 Lacs respectively.	It is important to bear in mind that the present Scheme is between the wholly owned subsidiaries and their parent company, therefore, any negative balance in the profit and loss account of the Non-Petitioner Transferor Company and Petitioner Transferor Company No. 1 have already been factored in the consolidated balance sheet of the Petitioner Transferee Company. The Petitioner Transferee Company, being a listed company, has always presented consolidated financials to its shareholders for approval. It is further submitted that while the non-petitioner Transferor Company and the Petitioner Transferor Company No. 1 have incurred losses in the specified period, the net-worth of the Petitioner Transferee Company stands highly positive after considering such losses on the Scheme becoming effective and there would be an excess of assets over the liabilities to the tune of Rs. 10,54,75,30,633/- (Rupees One Thousand Fifty-Four Crore Seventy-Five Lakh Thirty Thousand Six Hundred and Thirty-Three), based on unaudited financial statements of the Petitioner Transferee Company as on 31st December 2023. The

		original Net worth certificate issued by Lovelesh & Co., Charted Accountants, showing pre-merger and post-merger of net-worth of the Petitioner Transferee Company has been annexed to the 1st Motion Application at Annexure 29. A copy of the Net-worth certificate has been marked and annexed as Annexure-3. In addition to the above, it is pertinent to note that in the matter of M/S. Times Digital with M/S. Times Journal India Ltd. and Ors (CP (CAA) No.13/ND/2023), the concerned Regional Director raised the same observation in relation to the cash losses of the Transferor Companies. The Applicant Companies gave the following reply to the observation of the Regional Director which was accepted by this Tribunal: *"That this is the amalgamation of wholly owned subsidiaries into its holding company. Further, there is no bar under the Section 230-232 of the Companies Act, 2013 for the merger of loss-making companies. The Transferor company is getting merged with its Holding company i.e., Bennett Coleman and Co. Ltd. with turnover as on March 2022 Rs. 4,992.07 Crores"* Further it is pertinent to note that in the matter of Satya Jewellery and Design Limited (C.P. (C.A.A.) No.4/CHD/HP/2021), the National

		Company Law Tribunal, Chandigarh held that: *"A Scheme of Amalgamation involving a lossmaking company is neither barred nor impermissible and both the Transferor and Transferee Companies belong to the same group and as per the Preamble of the Scheme, the Boards of both the companies have decided to amalgamate the companies in order to achieve the objectives as stated in the scheme"* Additionally, the Scheme does not envisage any compromise or arrangement with the Creditors of the Petitioner Companies and the Non-Petitioner Transferor Company, as all the Creditors will be paid in full as and when their respective amounts fall due in the usual course. In view of the above, the Petitioner Companies and the Non-Petitioner Transferor Company undertake that the interests of the equity shareholders, preference shareholders, secured and unsecured creditors of Petitioner Companies and Non-Petitioner Transferor Company shall be protected. Accordingly, the above observation does not have any adverse implication on the subject scheme of amalgamation.

4.	In case of Transferee Company auditor has stated in the audit report for the FY ended 31.03.2023, that the company has granted loans and advances to other body corporates. Hence, the company may be asked to ensure the compliances of the provisions of sections 185 and 186 of the Companies Act, 2013.	It is submitted that the Petitioner Transferee Company extended loans to Petitioner Transferor Company No.1 and another corporate entity. In this regard, the Petitioner Transferee Company confirms that the provisions of section 185 and 186 of the Act, as applicable, were duly complied with. Such position was verified and reported by the Statutory Auditor in paragraph (iv) of Annexure 1 to the Independent Auditors Report on the standalone Financial Statements of Petitioner Transferee Company for the year ended March 31, 2023. The statement of the Statutory Auditor has been reproduced below: *"Loans, investments guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company."* It is further submitted that the Petitioner Transferor Company No.1 became wholly owned subsidiary of the Petitioner Transferee Company in the month of December 2022 and was a wholly owned subsidiary of the Petitioner Transferee Company as of 31st March 2023. Further, it is submitted that provisions of Section 185(2) and 186(2) do not apply in case of such related party transactions between wholly owned subsidiaries and parent companies. The relevant provisions are extracted as follows: Sections 185(3)

		"Nothing contained in sub-sections (1) and (2) shall apply to- … (c) any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary company. …" <u>Sections 186(3)</u> *"(3) Where the aggregate of the loans and investment so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceed the limits specified under sub-section (2), no investment or loan shall be made or guarantee shall be given or security shall be provided unless previously authorised by a special resolution passed in a general meeting:* *<u>Provided that where a loan or guarantee is given or where a security has been provided by a company to its wholly owned subsidiary company or a joint venture company, or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, the requirement of this sub-section shall not apply;</u>* …"

		In view of the above, it is submitted that the related party transactions (entered into on or after December 2022) were between the Petitioner Transferee Company and its wholly owned subsidiaries, i.e., the Petitioner Transferor Company No.1 and another corporate entity, therefore the provisions of Section 185(2) and 186(2) of the Act were not applicable. Nonetheless, for the purposes of the related party transactions undertaken between: a. The Petitioner Transferee Company and the Petitioner Transferor Company No. 1 in September 2022, the Petitioner Transferee Company has filed form MGT14 with the RoC pursuant to the Special Resolution dated 30th September 2022. Copies of Form MGT-14 along with payment receipt dated 28th October 2022 as filed with the RoC and Special Resolution dated 30th September 2022 have been annexed and marked as Annexure-4 (colly). b. The Petitioner Transferee Company and the Petitioner Transferor Company No.1 and Honasa Consumer General Trading LLC in January 2023, the Petitioner Transferee Company has

		submitted Form MGT-14 with the Registrar of Companies pursuant to the Board Resolution dated 06th January 2023. Copies of Form MGT-14 along with payment receipt dated 11th February 2023 as filed with the RoC and Board Resolution dated 06th January 2023 has been annexed and marked as Annexure-5 (colly). Therefore, it is submitted that the Petitioner Transferee Company has complied with the provisions of Section 185 and 186 of the Act. Accordingly, the above observation does not have any adverse implication on the subject scheme of amalgamation.
5.	The Transferee Company may kindly be directed to comply with the provisions of Section 232(3)(i) of the Companies Act, 2013 regarding fee payable of its revised Authorized Share Capital.	It is submitted that, as regards to the aforesaid observations made in paragraph 11 (e) of the RD Affidavit read with paragraph 29(5) of the RoC Report, that the Petitioner Transferee Company shall comply with the provisions of Section 232(3)(i) of the Act and shall pay the applicable fee, if any as per applicable provisions of the Act, post the combination of the authorized share capital of the Transferor Companies and Petitioner Transferee Company.

12. Thus, though initially, the Regional Director (RD) in its report dated 28.02.2025 had made certain observations with regard to the proposed scheme of amalgamation among the petitioner companies. However, Ld.

Counsel for the RD submitted that after perusal of the response of the Petitioner Companies, they have no further observation, as recorded in order dated 13.05.2025.

13. The Official Liquidator has filed its report dated 28.01.2025, wherein no specific objection has been raised against the approval of the Scheme. It is submitted in the report that the affairs of the Transferor Company No. 1 do not appear to have been conducted in a manner prejudicial to the interest of its members or to public interest in terms of the provisions of the Companies Act, 2013. Further, vide order dated 01.04.2025, the Official Liquidator submitted that they have no objection.

14. The Petitioner Companies filed an affidavit dated 25.03.2025 affirming that pursuant to the publishing of the notice of present petition, no objections have been received by the Petitioner Companies or the Non-Petitioner Transferor Company from any party against the implementation of the Scheme.

15. The Income Tax Department in its report dated 03.05.2025 with respect to Transferee Company/Petitioner Company No. 2 i.e., M/s Honasa Consumer Limited stated that which is reproduced hereunder:-

v) In this connection please below details of demands as per the demand analysis and recoverability status report as downloaded from the ITBA recovery module. The details of assessment / penalty proceedings (as per ITBA portal) in the case of **HONASA CONSUMER LIMITED (Non-Petitioner Transferee Company) (PAN- AADCH9716L)** are as under:

A) No Assessment proceedings is Pending in this charge at present:

B) No Penalty Proceedings is Pending in this charge at present:

C) Details of Outstanding Demand:

Sr.No.	AY	Demand Raised u/s	Amount (Rs)
1	2018-19	168 (Equalisation Levy)	5,816/-
2	2019-20	168 (Equalisation Levy)	72,980/-
3	2021-22	168 (Equalisation Levy)	27,070/-

D) Further, information of Survey in the case of M/s Triscent Marketing services Pvt. Ltd. (AAGCT8924M) which relates to the M/s Honasa Consumer Ltd. (AADCH9716L) is as under:

It is submitted that a survey was carried on Triscent Marketing services Pvt. Ltd 02/02/2024. During the course of survey action u/s 133A of the Income-tax Act, 1961 on M/s Triscent Marketing Services Pvt. Ltd., Shri Tarun Shukla, Director admitted that out of payment of Rs. 3.87 crores received from M/s Honasa Consumer Ltd., about Rs. 35 to 40 lakhs were used for facilitation and liasioning expenses on behalf of M/s Honasa Consumer Ltd. Hence the same

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needs verification and may be disallowed u/s 37(1) of the Act, 1961, wrt M/s Honasa Consumer Ltd in the relevant AYs.

In view of above, the Year-wise details of non-genuine payments made by M/s Honasa Consumer Ltd. for which no services have been rendered are as under:

AY	FY	Amount received from M/s Honasa (Rs.) to Triscent Marketing services Pvt. Ltd	Non-genuine amount need to be disallowed in the books of M/s Honasa Consumer Ltd.
2021-22	2020-21	42,34,000	3,22,000
2022-23	2021-22	58,24,040	6,88,500
2023-24	2022-23	2,86,72,392	22,26,000
		3,87,30,432	**32,36,500**

As stated above, the claim of non-genuine expenditure needs to be verified during the assessment proceedings u/s 147 for AY 2021-22, 2022-23 & 2023-24 which are likely to be initiated as the information is uploaded on Insight-portal for flagging via Risk management Strategy of CBDT.

16. During the course of proceedings vide order dated 13.05.2025, the Income Tax Department submitted that they have no objection with regard to Transferor Company.
17. The Petitioner Companies filed an affidavit cum undertaking dated 08.05.2025 confirming that the Petitioner Company No. 2/Transferee Company shall make all compliances under the Income Tax Act, 1961 upon the Scheme becoming effective from the appointed date.
18. The Petitioner Companies, in compliance of the section 230(2)(a) of the Companies Act, 2013 have annexed an affidavit dated 21.08.2024 affirming that no legal proceedings, or litigation pending before any court of law or tribunal is pending against the Petitioner Transferor Company No.1.
19. The Petitioner Companies in compliance of the section 230(2)(a) of the Companies Act, 2013 have annexed an affidavit dated 21.08.2024 wherein the petitioner transferee company discloses the proceedings pendency by and

against the Petitioner Transferee Company. However, on the perusal of the Scheme, this Tribunal observes that clause 6.1.5 of the Scheme provides that all legal proceedings pending by or against the Transferor Companies shall not abate and shall be continued by or against the Transferee Company. Clause 6.1.5 of the Scheme is extracted below for ready reference:

> *6.1.5 of the Scheme provides that all suits, claims, actions and proceedings of whatsoever nature by or against Transferor Company-l and Transferor Company-2 pending or instituted on or before the Effective Date shall neither abate nor shall in any way be prejudicially affected by reason of the said Businesses and Undertakings, having finally stood transferred to or vested in the Transferee Company as envisaged in this Scheme but shall be continued and be enforced by or against the Transferee Company as effectually as if the same has been pending and/or arising against and/or instituted by or against the Transferee Company.*

20. Further, in its affidavit, the Petitioner Transferee Company undertakes that it would make appropriate treatment in its books of account with respect to all the profits accruing to the non-petitioner Transferor company and petitioner transferor company no. 1 or losses arising or incurred by them shall for all purposes, be treated as the profits or losses of the Petitioner Transferee Company as the case may be as per the applicable provisions of Income Tax Act, 1961 and rules made thereunder, circulars, clarifications, notifications, amendment issued thereunder from time to time. It is further submitted that carry forward of accumulated business losses of the Non Petitioner Transferor Company and Petitioner Transferor Company No.1, if any, pursuant to amalgamation shall be subject to the applicable provisions of Income Tax including Section 72A and Section 79 of the Income Tax Act, 1961; and further undertaken that the demand of Income Tax Department, if any, arises in future in respect of assessment proceedings of the Non-Petitioner Transferor Company and Petitioner Transferor Company No. 1, the same would be borne by the Petitioner Transferee Company after complying with procedures and provisions of Income Tax Act, 1961 and rules made thereunder.

21. The Petitioner Companies submitted that as per Regulation37(6) of the Listing Regulations relaxation has been provided in relation to the requirement of obtaining prior approval or no objection/observation letter to the stock exchanges and SEBI in case of merger of wholly owned subsidiary with its holding company. The draft Scheme shall be filed with the Stock Exchanges for disclosure purposes in compliance with the above Regulation.
22. The Petitioner Companies have annexed the certificate issued by the respective statutory auditor confirming that the accounting treatment in the Scheme is in compliance with the accounting standards prescribed by the Central Government under Section 133 of the Companies Act, 2013 by the respective companies.
23. The shareholders of the petitioner companies are the best judges of their interest, being fully conversant with market trends. Therefore, their decisions are not supposed to be interfered with by the Tribunal for the reason that it is not proper on the part of the judicial function of the Tribunal to examine and evaluate entrepreneurial activities and their commercial decisions. It is well settled that the Tribunal evaluating the Scheme, of which sanction is sought under Section 230-232 of the Companies Act of 2013, will not ordinarily go into the merits of the corporate decisions of companies as approved by their respective shareholders and creditors.
24. It has also been affirmed in the petition that the Scheme is in the interest of the Petitioner Companies including their shareholders, creditors, employees and all concerned. In view of the foregoing, upon considering the approval accorded by the members and creditors of the Petitioner companies to the proposed Scheme, there appears to be no impediment in sanctioning the present Scheme.
25. Consequently, sanction is hereby granted to the Scheme under Section 230 to 232 of the Companies Act, 2013 with the following directions: -
    i. The Petitioners shall always remain bound to comply with the statutory requirements in accordance with law.
    ii. Notwithstanding the sanction, if there is any deficiency found or, violation committed, qua any enactment, statutory rule or regulation, the sanction granted by this court to the scheme will not come in the

way of action being taken in accordance with the law, against the concerned persons, directors and officials of the petitioners.

iii. While approving the Scheme as above, we further clarify that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges if any, and payment in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

26. This Tribunal further directs with respect to the Transferor Company and the Transferee Company, that: -

i. Upon the sanction becoming effective from the appointed date i.e., 01.05.2023 as prescribed under the Scheme, the Transferor Company shall stand dissolved without undergoing the process of winding up.

ii. All contracts of the Transferor Company which are subsisting or having effect immediately before the Effective Date, 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 as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obliged thereto;

iii. All the employees of the Transferor Company shall be deemed to have become the employees and the staff of the Transferee Company with effect from the Appointed Date, and shall stand transferred to the Transferee Company without any interruption of service and on the terms and conditions no less favorable than those on which they are engaged by the Transferor Company, as on the Effective Date, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and any other retirement benefits;

iv. All liabilities of the Transferor Company, shall, pursuant to the provisions of section 232(4) and other applicable provisions of the Companies Act, 2013, to the extent they are outstanding as on the Effective Date, without any further act, instrument or deed stand transferred to and be deemed to be the debts, liabilities, contingent

liabilities, duties and obligations etc. as the case may be, of the Transferee Company and shall be exercised by or against the Transferee Company, as if it had incurred such liabilities.

v. All proceedings now pending by or against the Transferor Company be continued by or against the Transferee Company.

vi. Any person interested or affected shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.

27. Further, the Petitioner Companies shall 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 Transferor Company shall be dissolved and the Registrar of Companies shall place all documents relating to the Transferor Company on the file kept by him in relation to the Transferee Company and the files relating to all the Petitioner Companies shall be consolidated accordingly.

28. In compliance with the requirement of Section 232 (7) of the Act, the Transferee Company shall until the full implementation of the Scheme of Amalgamation shall file a statement every year in the Form CAA 8 along with the required fees with the Registrar of Companies as prescribed in the Companies (Registration offices and fees) Rules 2014 within 210 days from the end of each financial year.

29. The petition i.e., **CP (CAA) NO. 76 OF 2024 stands allowed** on the above terms.

30. Let copy of the order be served to the parties.

Sd/-

ATUL CHATURVEDI
MEMBER (TECHNICAL)

Sd/-

MANNI SANKARIAH SHANMUGA SUNDARAM
MEMBER (JUDICIAL)

NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH COURT-I

COMPANY PETITION NO. (CAA) 45/CHD/HRY/2024
IN
COMPANY APPLICATION NO. (CAA) 21/CHD/HRY/2024

IN THE MATTER OF COMPOSITE SCHEME OF AMALGAMATION:

M/S JUST4KIDS SERVICES PRIVATE LIMITED

10th and 11th Floor, Capital Cyberscape,
Ullahwas, Sector 59, Gurgaon, Haryana - 122102
PAN: AACCJ4055B.
Through its authorized representative,
Mr. Dhanraj Dagar,
CIN: U80302HR2010PTC107239

...Petitioner Transferor Company

AND

M/S FUSION COSMECEUTICS PRIVATE LIMITED
Unit 404, 4th Floor, City Centre, Plot No 05,
Sector 12, Dwarka, New Delhi - 110075
PAN: AAACF8299H.
Through its authorized representative,
Mr. Dhanraj Dagar,
CIN: U24230DL2003PTC423473

... Non-Petitioner Transferor Company No. 1

AND

M/S HONASA CONSUMER LIMITED
Unit 404, 4th Floor, City Centre, Plot No 05,
Sector 12, Dwarka, New Delhi - 110075
PAN: AADCH9716L
Through its authorized representative,
Mr. Dhanraj Dagar,
CIN: L74999DL2016PLC306016

... Non-Petitioner Transferee Company

Order Delivered on: 08.05.2025

Section: 230-232 of the Companies Act, 2013.

CORAM:

SH. HARNAM SINGH THAKUR, HON'BLE MEMBER (J)

SH. SHISHIR AGARWAL, HON'BLE MEMBER (T)

PRESENT

For the Petitioner Companies: Mr. Deepak Suri, Mr. K V Singhal, Mr. Sanjeev Jain, Advocates
For the RD : Mr. Krishan Paul Dutt, Advocate
For the OL : Mr. Edward Augustine George, Advocate
For the Income Tax Dept. : Mr. Yogesh Putney, Senior Standing Counsel

ORDER

PER: SH. HARNAM SINGH THAKUR, M(J) & SH. SHISHIR AGARWAL, M(T)

The captioned petition for second motion is preferred by the Petitioner Transferor Company under Section 230 to 232 of the Companies Act, 2013 read with the Companies (Compromise, Arrangements, and Amalgamations) Rules, 2016 for approval of the Composite Scheme of Amalgamation (hereinafter referred to as **'Scheme'**), as contemplated between the Companies and its Shareholders. A copy of the Scheme has been placed on record as Annexure P-1 in the Petition.

2. Just4kids Private Limited (hereinafter, referred to as **"the Petitioner Transferor Company")**, having CIN U80302HR2010PTC107239 issued from the Registrar of Companies "RoC" of Delhi and Haryana, is a company incorporated on 3rd June 2010, under the Companies Act, 1956. The Petitioner Transferor Company's registered office is at 10th and 11th floor, Capital Cyberscape, Ullahwas, Sector 59, Gurgaon, Haryana - 122102. The Petitioner Transferor Company is presently engaged in operation and maintenance of a multilingual content platform.

3. Fusion Cosemeceutics Private Limited (hereinafter, referred to as "**the Non-Petitioner Transferor Company No. 1**"), having CIN U24230DL2003PTC423473 issued from the Registrar of Companies "RoC" of Delhi and Haryana, is a company incorporated on 30th June 2003, under the Companies Act, 1956. The Non-Petitioner Transferor Company No. 1's registered office is at Unit 404, 4th Floor, City Centre, Plot No 05, Sector 12, Dwarka, New Delhi - 110075. The Non-Petitioner Transferor Company No. 1 is presently engaged in the formulation and trading of skin care products.

4. Honasa Consumer Limited (hereinafter referred to as "**the Non-Petitioner Transferee Company**"), having CIN L74999DL2016PLC306016 issued from the Registrar of Companies "RoC" of Delhi and Haryana, is a company incorporated on 16th September 2016 under the provisions of the Companies Act, 2013. The Non-Petitioner Transferee Company has its registered office at Unit 404, 4th Floor, City Centre, Plot No 05, Sector 12, Dwarka, New Delhi - 110075. The Non-Petitioner Transferee Company is in the business of trading of a variety of beauty and personal care products such as baby care, skin care and other related products which are manufactured through third-party contract manufacturers under the brand name of 'Mamaearth', 'The Derma Co.', 'BBlunt', 'Aqualogica', and' Ayuga.

5. The Petitioner Transferor Company and the Non-Petitioner Transferor Company No. 1 shall be collectively referred to as the "**Transferor Companies**". The Non-Petitioner Transferor Company No. 1 and the Non-Petitioner Transferee Company shall be collectively referred to as the **"Non-Petitioner Companies**". The Registered office of Petitioner Transferor

Company is in Gurugram, Haryana, therefore, the jurisdiction lies with this Bench. The Registered offices of Non-Petitioner Companies are in Dwarka, New Delhi, therefore the jurisdiction lies with the National Company Law Tribunal, New Delhi.

6. From the record, it is seen that the Petitioner Transferor Company filed the First Motion Application CA(CAA) No. 21/CHD/HRY/2024 seeking directions for dispensation/convening of the meetings of the shareholders and creditors of Petitioner Transferor Company and this Tribunal vide Order dated 22nd August 2024, dispensed with the meeting of Equity Shareholders, Series A Preference Shareholders and Series A1 Preference Shareholders in view of the 100% consents provided by the respective shareholders and since there were no Debenture Holders, Secured Creditors or Unsecured Creditors of the Petitioner Transferor Company, the requirement for conveying the meeting for the same did not arise.

7. Thereafter, the Petitioner Transferor Company filed Company Application 217/CHD/HRY/2024 for amendment of the Scheme including modification of the "Appointed Date" mentioned in the Scheme from 01st April 2023 to 01st May 2023. As part of the above company application, the Petitioner Transferor Company placed on record the consents of the Equity Shareholders, Series A Preference Shareholders and Series A1 Preference Shareholders of the Petitioner Transferor Company with respect to the proposed changes in the Scheme as Annexure A, Annexure B and Annexure C of the Company Application 217/CHD/HRY/2024, respectively.

8. Therefore, in view of the 100% consents provided by the Equity and Preference Shareholders of the Petitioner Transferor Company and there being no Debenture Holders and Creditors of the Petitioner Transferor Company, this Tribunal vide order dated 04th April 2025 allowed the Company Application 217/CHD/HRY/2024 for amendment of the Scheme including change in "Appointed Date" from 01st April 2023 to 01st May 2023.

9. Consequently, the "Appointed Date" as per Clause 1.3 under Part I (Definitions) of the Scheme (page 72 of the Petition) is 01.05.2023.

10. Later, the Second Motion petition was moved by the Petitioner Transferor Company and the Non Petitioner Companies in connection with the Scheme for issuance of notices to the (i) Central Government through the RD (Northern Region), MCA, New Delhi; (ii) ROC, Delhi and Haryana, New Delhi; (iii) Income Tax Department through the concerned Nodal Officer, and (iv) the jurisdictional Official Liquidator (attached to Punjab and Haryana High Court) (v) Drugs Controller General of India, Ministry of Health and Family Welfare (vi) Securities and Exchange Board of India (vii) BSE Limited (viii) National Stock Exchange of India Limited.

11. Directions were issued, vide Order dated 13th December 2024 of this Tribunal, requiring the Petitioner Transferor Company to serve notice upon the concerned statutory authorities and carry out necessary publication concerning the said Scheme in *"Business Standard"* (English) and *"Jansatta"* (Hindi) newspapers, both in Delhi NCR Edition. In compliance with the above-stated directions, the Petitioner Transferor Company has duly filed Affidavit of Service on 16th January 2025 vide Diary Number 03144/10, confirming

that the aforesaid Notices of Hearing of the present Company Petition were published in the "*Business Standard*" (English) on 6th January 2025 and "*Jansatta*" (Hindi) on 2nd January 2025.

12. On issuance of notice, the Income Tax Department filed its report dated 03 March 2025, diary no. 03144/12 in relation to the Petitioner Transferor Company, which containing observations as reproduced below:

13	Details of proceedings pending against amalgamating company	In the case of M/s. Just4kids Services Private Limited (PAN-AACCJ4055B) (**Applicant Transferor Company**).., Following Proceedings are pending.

S.NO.	Particulars	A.Y.
1.	143(1)(a)	2017-18
2.	143(1)(a)	2018-19

14	Details of tax demand pending for recovery	There is no demand pending in the case of M/s. Just4kids Services Private Limited (PAN- AACCJ4055B) (**Applicant Transferor Company**).
15	Remarks about objection to the scheme or any representation to NCLT to protect the interest of Revenue.	The Department/revenue reserves the right to initiate and/or continue proceedings under the Income Tax Act, 1961. Further, department/revenue reserves its right to recover demand payable by the company. It is requested, the Hon'ble National Company Law Tribunal would be pleased to kindly direct that: (i) All the compliances under Income Tax Act, 1961 shall be made by the Transferee company after the appointed date. (ii) All the tax liabilities and the pending appeals and proceedings under the Income Tax Act shall be enforced and continued against the Transferee Company.

Considering the above facts and the indemnity bond submitted by the assessee, NOC is granted

From the report (ibid), it is observed that there is no demand pending against the Petitioner Transferor Company and further no objection has been raised

by the Income Tax Department as regards to the Petitioner Transferor Company.

13. The Regional Director (RD) filed its Report dated 24th March 2025, diary no 03144/13 containing certain observations in relation to the Petitioner Transferor Company. The observations of the RD are reproduced below:

11. That as per Para 29 of the report dated 13.02.2025, the observations of the Registrar of Companies, NCT of Delhi & Haryana are as follows:

a) On perusal of the scheme of amalgamation, it is seen that 'appointed date' of the scheme is 01.05.2023. As per the Ministry of Corporate Affairs General Circular No 09/2019 dated 21.08.2019, if the 'appointed date' is significantly ante-dated 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 not be against public interest. Hence the company may be asked to clarify the same.

b) As per clause 3.1 of the scheme of amalgamation, the scheme shall become effective from the effective date. However, as per section 232(6) of the Companies Act, 2013, the scheme shall be effective from the appointed date. Hence, the company may be asked to comply with the legal provision.

c) In case of Transferor Companies, auditor has stated in the audit report for the FY ended 31.03.2023, that the company has incurred cash losses in the current year of Rs. 1685.09 Lacs and Rs. 1345.14 Lacs and in the previous year of Rs. 996.67 Lacs and of Rs. 582.38 Lacs respectively.

d) In case of Transferee Company auditor has stated in the audit report for the FY ended 31.03.2023, that the company has granted loans and advances to other body corporates. Hence, the company may be asked to ensure the compliances of the provisions of sections 185 and 186 of the Companies Act, 2013.

e) The Transferee Company may kindly be directed to comply with the provisions of Section 232(3)(i) of the Companies Act, 2013 regarding fee payable of its revised Authorized Share Capital.

The Petitioner Transferor Company filed their affidavit in reply to the RD report vide Diary No. 03144/14 dated 17th March 2025. The response on behalf of the Petitioner Transferor Company are reproduced below:

4.4. As stated in paragraph 11(a) of the RD Affidavit read with paragraph 29(1) of the RoC Report, the observations of the Ld. RoC and RD are extracted as follows:

"11(a). On perusal of the scheme of amalgamation, it is seen that 'appointed date' of the scheme is 01.05.2023. As per the Ministry of Corporate Affairs General Circular No 09/2019 dated 21.08.2019, if the 'appointed date' is significantly ante-dated 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 not be against public interest. Hence the company may be asked to clarify the same."

i. The RD Affidavit refers to the General Circular No 09/2019 (F. No. 7/12/2019/CL-I) dated 21.08.2019 ("**MCA Circular**") issued by the Ministry of Corporate Affairs (copy attached as **Annexure-1**).

ii. In terms of Paragraph 6(c) of the MCA Circular, it is stated that:

> "Where the 'appointed date' is chosen as a specific calendar date, it may precede the date of filing of the application for scheme of merger/amalgamation in NCLT. However, if the 'appointed date' is significantly ante-dated 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 not be against public interest"

iii. It is submitted that in Clause 1.3 of the Scheme, the Appointed Date has been mentioned as 01st May, 2023 which is a specific calendar date. The Petitioner Transferor Company filed the Company Application C.A. (CAA) 21/CHD/HRY/2024 ("**1st Motion Application**") on 28th April 2024, which is within a period of 1 year from the Appointed Date.

iv. Therefore, the Petitioner Transferor Company submits that the Appointed Date is not ante-dated beyond a year from the date of filing of the 1st Motion Application. To this extent, no justification for the same is required to be provided by the Petitioner Transferor Company.

v. In view of the above, the Petitioner Transferor Company has already complied with the requirement as per the general circular no. 09/2019 dated 21.08.2019 issued by the Ministry of Corporate Affairs. Accordingly, the above observation does not have any adverse implication on the subject scheme of amalgamation.

4.5. As stated in paragraph 11(b) of the RD Affidavit read with paragraph 29(2) of the RoC Report, the observations of the Ld. RoC and RD are extracted as follows:

"11(b). As per clause 3.1 of the scheme of amalgamation, the scheme shall become effective from the effective date. However, as per section 232(6) of the Companies Act, 2013, the scheme shall be effective from the appointed date. Hence, the company may be asked to comply with the legal provision."

i. It is submitted that in relation to the query raised, the definition of "appointed date" and "effective date" as mentioned in the Scheme have been reiterated as follows:

PART-I: DEFINITION, INTERPRETATION AND SHARE CAPITAL

1.3. "Appointed Date" means the date from which the provisions of this Scheme shall become operational i.e., opening of business hours on 01st May 2023 or such other date as may be assented to and approved by the Board of Directors of the Companies and approved by the Tribunal;

*1.9. "**Effective date**" shall mean the last of dates on which the conditions set out in clause 16 of this Scheme are satisfied or waived in accordance with this Scheme. Any reference in Scheme to the words **"upon the Scheme becoming effective"** or **"date of coming into effect of the Scheme"** or **"Scheme coming into effect"** shall mean the Effective Date*

3. Date of Taking Effect and Operative Date

3.1 The Scheme set out herein in its present form submitted to the Tribunals or this Scheme with such modification(s), if any, as may be made by the members and/or the creditors of the Companies or such modification(s) as may be imposed by any Government Authority and/or directed to be made by the Tribunals while sanctioning the Scheme and as accepted by the respective Board of Directors of the Companies shall be operative from the Appointed Date but shall be effective from the Effective Date.

ii. It is submitted that, as detailed above, on occurrence of the Effective Date (i.e. the date on which the certified copy of the order of Hon'ble Tribunal is filed with the Registrar of Companies) and <u>*with effect from*</u> the Appointed Date (i.e. 01st May 2023, as mentioned in the Scheme), the entire business and undertaking of the Petitioner Transferor Company and Non-Petitioner Transferor Company No. 1 shall, in terms of Section 230-232 and other applicable provisions of the Act and Rules, and other provisions of applicable law, as may be relevant, subject to the sanctioning of the Scheme by the Tribunal, without any further act, instrument, deed, matter or thing, stand transferred and vested in and/or deemed to be transferred and vested in the Non-Petitioner Transferee Company as a going concern.

iii. Therefore, as envisaged in the Scheme, the Petitioner Transferor Company clarifies that the implementation of the provisions of the Scheme would become operative/effective only from the Appointed Date in terms of Section 232(6) of the Act, and not from the Effective Date.

iv. Accordingly, the above observation does not have any adverse implication on the subject scheme of amalgamation.

4.6. As stated in paragraph 11(c) of the RD Affidavit read with paragraph 29(3) of the RoC Report, the observations of the Ld. RoC and RD are extracted as follows:

"11(c) In case of Transferor Companies, auditor has stated in the audit report for the FY ended 31.03.2023, that the company has incurred cash losses in the current year of Rs. 1685.09 Lacs and Rs 1345.14 Lacs and in the previous year of Rs. 996.67 Lacs and of Rs. 582.38 Lacs respectively"

i. It is important to bear in mind that the present Scheme is between the wholly owned subsidiaries and their parent company, therefore, any negative balance in the profit and loss account of the Petitioner Transferor Company and Non-Petitioner Transferor Company No. 1 has already been factored in the consolidated balance sheet of the Non-Petitioner Transferee Company. The Non-Petitioner Transferee Company, being a listed company, has always presented consolidated financials to its shareholders for approval.

ii. In addition to the above, it is pertinent to note that in the matter of *Satva Jewellery and Design Limited (CP (CAA) No.4/Chd/HP/2021)*, this Hon'ble Tribunal held that:



"A Scheme of Amalgamation involving a loss-making company is neither barred nor impermissible and both the Transferor and Transferee Companies belong to the same group and as per the Preamble of the Scheme, the Boards of both the companies have decided to amalgamate the companies in order to achieve the objectives as stated in the scheme"

iii. It is further submitted that while the Petitioner Transferor Company and the Non-Petitioner Transferor Company No. 1 have incurred losses in the specified period, the net-worth of the Non-Petitioner Transferee Company stands highly positive after considering such losses on the Scheme becoming effective and there would be an excess of assets over the liabilities to the tune of Rs. 10,54,75,30,633/- (Rupees One Thousand Fifty-Four Crore Seventy-Five Lakh Thirty Thousand Six Hundred and Thirty-Three), based on unaudited financial statements of the Non-Petitioner Transferee Company as on 31st December 2023. The original Net worth certificate issued by Lovelesh & Co., Charted Accountants, showing pre-merger and post-merger of net-worth of the Non-Petitioner Transferee Company has been annexed to the 1st Motion Application at Annexure 24. A copy of the Net-worth certificate has been marked and annexed as **Annexure-2**.

iv. Additionally, the Scheme does not envisage any compromise or arrangement with the Creditors of the Petitioner Transferor Company and the Non-Petitioner Companies, as all the Creditors will be paid in full as and when their respective amounts fall due in the usual course.

v. In view of the above, the Petitioner Transferor Company and the Non-Petitioner Transferee Company undertake that the interests of the equity shareholders, secured and unsecured creditors of Petitioner Transferor Company and Non-Petitioner Companies shall be protected.

vi. Accordingly, the above observation does not have any adverse implication on the subject scheme of amalgamation.

4.7. As stated in paragraph 29(4) of the RoC Report read with paragraph 11(d) of the RD Affidavit, the observations of the Ld. RoC and RD are extracted as follows:

"11(d) In case of Transferee Company auditor has stated in the audit report for the FY ended 31.03.2023, that the company has granted loans and advances to other body corporates. Hence, the company may be asked to ensure the compliances of the provisions of sections 185 and 186 of the Companies Act, 2013."

i. At the outset, it is submitted that compliance under Section 185 and 186 of the Act is required to be undertaken by the Non-Petitioner Transferee Company and not by the Petitioner Transferor Company. The Non-Petitioner Transferee Company, being under the jurisdiction of Hon'ble National Company Law Tribunal at Delhi ("**NCLT Delhi**") has filed a separate company petition before the Hon'ble NCLT Delhi seeking approval of the Scheme.

ii. Further, as borne out from the audited financial statements of the Petitioner Transferor Company as of 31st March 2023, it is submitted that the Petitioner Transferor Company neither extended loan to any party nor obtained loan from the Non-Petitioner Transferee Company.

iii. In addition to the above, it is submitted that the Non-Petitioner Transferee Company extended loan to Non-Petitioner Transferor Company No. 1 and another body corporate. In this regard, the Non-Petitioner Transferee Company confirms that the provisions of section 185 and 186 of the Act, as applicable, were duly complied with. Such position was verified and reported by the Statutory Auditor in paragraph (iv) of Annexure 1 to the Independent Auditors Report on the standalone Financial Statements of Non-Petitioner Transferee Company for the year ended March 31, 2023. The statement of the Statutory Auditor has been reproduced below:

"Loans, investments guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company."

iv. It is further submitted that the Non-Petitioner Transferor Company No. 1 became wholly owned subsidiary of the Non-Petitioner Transferee Company in the month of December 2022 and was a wholly owned subsidiary of the Non-Petitioner Transferee Company as of 31st March 2023.

v. Further, it is submitted that provisions of Section 185(2) and 186(2) do not apply in case of such related party transactions between wholly owned subsidiaries and parent companies. The relevant provisions are extracted as follows:

Sections 185(3)

"Nothing contained in sub-sections (1) and (2) shall apply to-

...

(c) any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary company.

..."

Sections 186(3)

"(3) Where the aggregate of the loans and investment so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceed the limits specified under sub-section (2), no investment or loan shall be made or guarantee shall be given or security shall be provided unless previously authorised by a special resolution passed in a general meeting:

Provided that where a loan or guarantee is given or where a security has been provided by a company to its wholly owned

subsidiary company or a joint venture company, or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, the requirement of this sub-section shall not apply;

..."

In view of the above, it is submitted that the related party transactions were between the Non-Petitioner Transferee Company and its wholly owned subsidiaries, i.e., the Non-Petitioner Transferor Company No. 1 (entered into on or after December 2022) and another body corporate, therefore the provisions of Section 185(2) and 186(2) of the Act were not applicable.

vi. Nonetheless, for the purposes of the related party transactions undertaken between:

(a) the Non-Petitioner Transferee Company and the Non-Petitioner Transferor Company No. 1 in September 2022 (i.e., when the Non-Petitioner Transferor Company No. 1 was not a wholly owned subsidiary of the Non-Petitioner Transferee Company), the Non-Petitioner Transferee Company has filed form MGT-14 with the RoC pursuant to the Special Resolution dated 30th September 2022. Copies of Form MGT-14 along with payment receipt dated 28th October 2022 as filed with the RoC and Special Resolution dated 30th September 2022 have been annexed and marked as **Annexure-3 (colly).**

NOTARY SANYOGITA Tis Hazari Courts DELHI Regd No.-7517

(b) the Non-Petitioner Transferee Company and the Non-Petitioner Transferor Company No. 1 and Honasa Consumer General Trading LLC in January 2023 (when both of them were wholly owned subsidiaries of the Non-Petitioner Transferee Company), the Non-Petitioner Transferee Company has submitted Form MGT-14 with the Registrar of Companies pursuant to the Board Resolution dated 06th January 2023. Copies of Form MGT-14 along with payment receipt dated 11th February 2023 as filed with the RoC and Board Resolution dated 06th January 2023 has been annexed and marked as **Annexure-4 (colly).**

vii. Therefore, it is submitted that the Non-Petitioner Transferee Company has complied with the provisions of Section 185 and 186 of the Act. Accordingly, the above observation does not have any adverse implication on the subject scheme of amalgamation.

4.8. As stated in paragraph 11(e) of the RD Affidavit read with paragraph 29(5) of the RoC Report, the observations of the Ld. RoC and RD are extracted as follows:

"11(e). The Transferee company may kindly be directed to comply with the provisions of Section 232 (3) (i) of the Companies Act, 2013 regarding fee payable of its revised Authorized Share Capital"

i. It is submitted that, as regards to the aforesaid observations made in paragraph 29(5) of the RoC Report read with paragraph 11(e) of the RD Affidavit, it is submitted that the Non Petitioner Transferee Company shall comply with the provisions of Section 232(3)(i) of the Act and shall pay the applicable fee, if any as per applicable provisions of the Act, post the combination of the authorized share capital of the Transferor Companies and Non-Petitioner Transferee Company.

14. Thus, we find that the Petitioner Transferor Company has clarified that:

(i) The Appointed Date of the Scheme is not ante-dated beyond a year rather it is within a year.

(ii) As regards to the Scheme being effective from the Appointed Date, the same has been clarified and undertaken by the Petitioner Transferor Company that the Scheme shall be effective from the Appointed Date not from any other subsequent date.

(iii) So far as the cash losses incurred by the Transferor Companies, the Petitioner Transferor Company has clarified that the net-worth of the Non-Petitioner Transferee Company stands highly positive after considering such losses and upon the Scheme becoming effective and the Scheme does not envisage any compromise or arrangement with the Creditors of the Petitioner Transferor Company and the Non-Petitioner Companies, as all the Creditors will be paid in full as and when their respective amounts fall due in the usual course.

(iv) With regards to the loans and advances granted by the Non-Petitioner Transferee Company, it has been clarified by the Petitioner Transferor Company that the Non-Petitioner Transferee Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 as evidenced by the noting of the Statutory Auditor in paragraph (iv) of Annexure 1 (Vol. 3 of petition) to the Independent Auditors Report on the standalone financial statements of the Non-Petitioner Transferee Company for the year ended March 31, 2023 (attached as Annexure P-12 to the petition).

(v) In relation to the fee(s) payable on its revised Authorized Share Capital, the Petitioner Transferee Company has undertaken that the Non-Petitioner Transferee Company shall pay the applicable fee, if any, as per applicable provisions of the Companies Act, 2013.

Hence, we do not find any material objection raised by the RD in its report.

15. The Official Liquidator also filed its report vide diary no 03144/11 dated 17th February 2025, to the Scheme stating that it has no objection towards the Scheme proposed between the Petitioner Companies. The Report of the Official Liquidator reads thus:

10. **Observations of Official Liquidator:-**

On the basis of the facts in the joint petition, additional information/documents provided by the company, along with the rationale of the Scheme, it is hereby submitted that the office of the Official Liquidator does not have any specific observations/objection.

PRAYER:

In view of the submissions made in preceding paras of this report, the Office of the Official Liquidator most respectfully prays that the matter may kindly be decided on merits by this Hon'ble Tribunal.

16. The Petitioner Transferor Company filed an Affidavit vide diary no 03144/16 dated 17th March 2025 stating that the Petitioner Transferor Company and Non-Petitioner Companies have not received any objections/representations from any party regarding the proposed scheme of amalgamation.

17. Given the preceding facts and discussion and upon considering the approval accorded by the shareholders and creditors of the Petitioner Transferor Company to the Scheme and no sustainable objections having been raised by the Office of the Regional Director (North), Income Tax Department, Official Liquidator, or any other interested party, there does not appear to be any impediment in granting sanction to the Scheme. **Accordingly, the sanction is hereby granted to the Scheme of Amalgamation proposed by the Petitioner Transferor Company under Section 230 to 232 of the Companies Act, 2013**. The Scheme shall be binding on the Petitioner Transferor Company and its shareholders and creditors. The Petitioner Transferor Company shall remain bound to comply with the statutory requirements in accordance with law.

18. Notwithstanding the above, if there is any deficiency found or violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Authority to the Scheme will not come in the way of action to be taken, albeit, in accordance with law, against the concerned persons, directors and officials of the Petitioner Transferor Company.

19. While approving the Scheme as above, it is clarified that this Order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes, or other statutory dues, if any, and payment in accordance with law or in respect to any permission/compliance with any other requirement, which may be specifically required under any law. Further the approval of the Scheme would in no manner affect the tax treatment of the transactions under the Income Tax Act, 1961 or serve as any exemption



or defence for the Petitioner Transferor Company against tax treatment in accordance with the provisions of the Income Tax Act, 1961 and the rules and regulations made thereunder.

20. **THIS TRIBUNAL FURTHER DIRECTS** with respect to Petitioner Transferor Company, that:

(i) Upon the sanction of the Scheme becoming effective from the appointed date of Amalgamation i.e., 01.05.2023, the Petitioner Transferor Company shall stand dissolved without undergoing the process of winding up.

(ii) All benefits, entitlements, incentives, and concessions under incentive schemes and policies that the Petitioner Transferor Company is entitled to including Customs, Excise, Service Tax, VAT, Sales Tax, GST and Entry Tax and Income Tax laws, subsidy receivables from Government, grant from any governmental authorities, direct tax benefit/exemptions/ deductions, shall, to the extent statutorily available and along with associated obligations, stand transferred to and be available to the Non Petitioner Transferee Company as if the Non Petitioner Transferee Company was originally entitled to all such benefits, entitlements, incentives, and concessions;

(iii) All contracts of the Petitioner Transferor Company, which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in the Non Petitioner Transferee Company and be in full force and effect in favour of the Non Petitioner Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Petitioner Transferor Company, the Non Petitioner Transferee Company had been a party or beneficiary or obliged thereto;

(iv) All the employees of the Petitioner Transferor Company shall be deemed to have become the employees and the staff of the Non Petitioner Transferee Company with effect from the Appointed Date, and shall stand transferred to the Non Petitioner Transferee Company without any interruption of service and on the terms and conditions no less favourable than those on which they are engaged by the Petitioner Transferor Company, as on the Effective Date, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and any other retirement benefits;

(v) All liabilities of the Petitioner Transferor Company, shall, pursuant to the provisions of section 232(4) and other applicable provisions of the Company Act, 2013, to the extent they are outstanding as of the Effective Date, without any further act, instrument, or deed stand transferred to and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations etc. as the case may be, of the Non Petitioner Transferee Company and shall be exercised by or against the Non Petitioner Transferee Company as if it had incurred such liabilities.

(vi) All proceedings now pending by or against the Petitioner Transferor Company be continued by or against the Non Petitioner Transferee Company.

(vii) The Income Tax department is permitted to pursue recovery in respect of any existing and future tax liabilities of both Petitioner Transferor Company and the Non Petitioner Transferee Company from Non Petitioner Transferee Company as per the provisions of law.

(viii) Any person interested shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.

(ix) Further, the approval of the Scheme would not come in the way of the statutory authorities like Income Tax Department, etc. to recover their dues, if any, against the Petitioner Transferor Company. The contentions of the parties would be open before the relevant fora where disputes are pending.

21. The Petitioner Transferor Company shall within thirty days of the date of the receipt of this Order or on sanction of the Scheme, whichever is later, 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 Petitioner Transferor Company shall be dissolved and the Registrar of Companies shall place all documents relating to the Petitioner Transferor Company on the file kept by him about the Non Petitioner Transferee Company and the files relating to both the Petitioner Transferor Company and the Non Petitioner Transferee Company shall be consolidated accordingly.

22. The present Petition CP(CAA) 45/CHD/HRY/2024 is allowed and disposed of accordingly.

Sd/-

(SHISHIR AGARWAL)
MEMBER (T)

Sd/-

(HARNAM SINGH THAKUR)
MEMBER (J)

May 08, 2025

Japneet