



August 14, 2024

To,
The Listing Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

To,
The Listing Department
National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code - 544014

Scrip Symbol - HONASA

Sub: Intimation of receipt of order of the Hon'ble National Company Law Tribunal, New Delhi Bench ("Tribunal") under Company Application No. 51/ND/2024 filed in relation to the Scheme of Amalgamation ("Scheme") between Just4Kids Services Private Limited ("Non-Transferor Company"), Fusion Cosmeceutics Private Limited ("Transferor Company No. 1") and 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 relation to the above-cited subject, we would like to inform that the Hon'ble Tribunal has passed the order on 13th August 2024 in relation to the Scheme of Amalgamation under Company Application No. 51/ND/2024. The Hon'ble Tribunal has inter alia dispensed with holding meetings of the Equity Shareholders and Unsecured Creditors of the Transferor Company No.1 and the Transferee Company and the Preference Shareholders of the Transferor Company No.1. Further, the Hon'ble Tribunal has directed the Transferee Company to send notices to (a) the Regional Director, Ministry of Corporate Affairs at B-2 Wing, 2nd Floor, Paryawaran Bhawan, CGO Complex, New Delhi-110003; (b) the Registrar of Companies at 4th Floor, IFCI tower, 61, Nehru Place, New Delhi-110019; (c) the Income Tax Department, Income Tax Office, Additional Commissioner of Income Tax, Special Range 4, Central Revenue Building, IP Estate, New Delhi-110002 and (iv) Official Liquidator, (v) the Securities and Exchange Board of India (vi) the National Stock Exchange of India Limited (vii) BSE Limited and/ or any other sectoral regulators, seeking their representation if any, in connection with the Scheme.

Honasa Consumer Limited

Registered Office: Unit No - 404, 4th Floor, City Centre, Plot No 05, Sector-12, Dwarka New Delhi 110075
Corporate Office: 10th And 11th Floor, Capital Cyberscape Ullahwas, Bhondsi, Gurgaon, Haryana, India, 122102
Email: info@mamaearth.in; Phone: 0124 - 4880828 | Website: www.honasa.in
| CIN: L74999DL2016PLC306016 |



A copy of the said order dated 13th August 2024 has been enclosed herewith.

We request you to take the above information on record.

Thanking you,

For **Honasa Consumer Limited**

Dhanraj Dagar
Company Secretary and Compliance Officer
(Membership No: A33308)

Honasa Consumer Limited

Registered Office: Unit No - 404, 4th Floor, City Centre, Plot No 05, Sector-12, Dwarka New Delhi 110075
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IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH
COURT – IV

COMPANY APPLICATION (CAA) NO. 51 OF 2024

An Application under Sections 230-232 of the Companies Act, 2013 and read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

IN THE MATTER OF:

M/s Just4Kids Services Private Limited

... Non-Applicant Transferor Company

And

M/s Fusion Cosmeceutics Private Limited

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

With

M/s Honasa Consumer Limited

...Transferee Company/Applicant Company No. 2

Order Delivered on: 13.08.2024

CORAM:

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

DR. SANJEEV RANJAN, HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Applicant : Mr. P. Nagesh, Sr. Adv., Mr. Sanjeev Jain, Ms. Vibhuti Tyagi, Mr. Suhas, Advs



ORDER

PER: DR. SANJEEV RANJAN

1. This is a first motion application jointly filed by the applicant companies herein, M/s Just4Kids Services Private Limited (hereinafter referred to as **Non-Applicant Transferor Company**), M/s Fusion Cosmeceutics Private Limited (hereinafter referred to as **Transferor Company No. 1/Applicant Company No. 1**), and M/s Honasa Consumer Limited (hereinafter referred to as **Transferee Company/Applicant Company No. 2**) and their respective shareholders and creditors jointly under section 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 applicants. The Scheme envisages the merger of Non-Applicant Transferor Company and Applicant Transferor Company No.1, the wholly owned subsidiaries of the Applicant Transferee Company.

2. Affidavit in support of the above application sworn by Mr. Dhanraj Dagar on behalf of Applicant Company No. 1, and Applicant Company No. 2 is filed. It is also represented that the registered office of the applicant companies is under the domain of Registrar of Companies, NCT of New Delhi & Haryana and within the territorial jurisdiction of this Tribunal.

3. The Non-Applicant Transferor Company i.e., M/s Just4kids Services Private Limited is a private limited company which was incorporated on 03.06.2010, under the provisions of the Companies Act, 1956 bearing CIN: U80302HR2010PTC107239,



having its registered office at Capital Cyberscape, 10th and 11th floor, Ullahwas, Sector 59, Bhondsi, Gurgaon, Bhondsi, Haryana, India, 122102. Hence this Bench does not have jurisdiction to deal with this Company.

4. The Transferor Company No. 1/Applicant 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. 1/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.

5. The Transferee Company/Applicant Company No. 2 i.e., M/s Honasa Consumer Limited was incorporated on 16.09.2016, under the provisions of the Companies Act, 2013 bearing CIN: U74999DL2016PLC306016, having its registered office at UNIT NO - 404, 4th Floor, City Centre, Plot No 05, Sector-12, Dwarka, South West Delhi, New Delhi, India, 110075. The Transferee Company is a listed company having its shares listed on BSE Limited ('BSE') and National Stock Exchange of India Limited



(‘NSE’). The Transferee Company is principally 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 ‘Mama-Earth’, ‘The Derma Co.’, ‘BBlunt’, ‘Aqualogica’, and ‘Ayuga’. The Authorized Share Capital of the Transferee Company is Rs. 3,40,03,51,400/comprising of 34,00,00,000 equity shares of Rs. 10/each, 290 equity shares of Rs. 90 each, 580 equity shares of Rs 100/- each and 5,839 Class A Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 10/- each, 1,885 Class B Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 10/ -each, 4,845 Class C Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 10/- each, 4,161 Class D Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 10/- each, 5,000 Class E Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 10/- each. Issued, Paid Up and Subscribed Share Capital Rs. 3,21,74,67,570/- comprising of 32,17,46,757 equity shares of Rs. 10/- each.

6. The Transferor Company No. 1 as well as the Transferee Company have filed their respective Memorandum and Articles of Association inter alia delineating their object clauses, as well as their audited financial statements as on 31.03.2023 an unaudited financial result for the period ended 31.12.2023.
7. The Board of Directors of the Applicant Companies i.e., Applicant Company No. 1 and Applicant Company No. 2, have unanimously approved the proposed Scheme of Amalgamation as contemplated above. Copies of respective board resolutions



dated 19.04.2024 passed in the said board meetings have been placed on record.

8. The Applicant Companies submits that the Non- Applicant Transferor Company and the Applicant Company No. 1 are wholly owned subsidiaries of the Transferee Company/Applicant Company No. 2 as entire share capital of Non- Applicant Transferor Company and Applicant Company No. 1 are held by Applicant Company No. 2/Transferee Company.
9. The Ld. Counsel for the Applicant Companies submits that the rationale for the scheme of Amalgamation between the Applicant Companies are as follows:
 - i. 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;
 - ii. Eliminate layered structures and reduce managerial overlap;
 - iii. 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.
 - iv. Bring concentrated management focus, integration streamlining of the management structure, seamless integration of policy changes and also help enhance efficiency and control;
 - v. Greater efficiency in cash management of the Applicant 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;

10. The applicant companies No. 1 and 2 have annexed the certificate issued by the respective statutory auditors clearing the compliance of Section 133 of the Companies Act, 2013 for accounting standards by the respective company. The same is annexed with the Petition as Annexure A-34, Volume 5.

11. With respect to the Applicant Company No. 1/Transferor Company No. 1, it is stated:
 - a) It is having 7 (seven) Equity Shareholders. The list of equity shareholders as on 23.04.2024 is annexed at Page No. 580 and all of them have given their respective consents by way of affidavit which are annexed to the application at Page No. 582-627. It has 1 (One) Compulsorily Convertible Preference Share holder as on 23.04.2024 and the consent by way of affidavit and Board Resolution is annexed at Pg. No. 630-638.
 - b) It is further represented that the Company has no Secured Creditors. A Certificate from Chartered Accountant certifying the same as on 22.04.2024 is placed on record at Pg. No. 640.
 - c) The Company has 61 Unsecured Creditors. Certificate from Chartered Accountants certifying list of unsecured creditors as on 22.04.2024 is annexed at Page No. 641. Out of 61 unsecured creditors, 1 unsecured creditor has given consent by way of affidavit aggregating 93.71% in value which is annexed to the application as Annexure- A21 at Page Nos. 641 to 645.
 - d) In relation to the Equity Shareholders, it seeks dispensing with convening/holding the meetings as consent of all the seven



shareholders are placed on record. Since there are no secured creditor therefore the necessity of convening and holding a meeting does not arise. In relation to the Unsecured Creditors, it seeks dispensing with convening/holding the meetings as consent of 1 unsecured creditor aggregating 93.71% in value is placed on record.

12. With respect to the Applicant Company No. 2/Transferee Company, it is stated:

- a) The Company has 51,095 Equity Shareholders. The shareholding pattern of the Company is annexed at Page No. 656-670 which is placed on record. Further there are no Preference Shareholders. A Certificate from the Chartered Accountant certifying the same is annexed to the Petition as Annexure A-24 at Page No. 671.
- b) It is further represented that the Company has no Secured Creditor as on 22.04.2024. A Certificate from Chartered Accountant is placed on record and annexed at Page No. 673.
- c) The Company has 428 unsecured creditors as on 22.04.2024 amounting to Rs. 131,51,61,134/-. Certificate from Chartered Accountant certifying list of unsecured creditors is annexed at Page No. 674-686.
- d) In relation to the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Transferee Company/Applicant Company No. 2 are concerned, the Applicant Company No. 2/Transferee Company is not required to convene the meeting in view of the fact that the Applicant Company No. 1, is a wholly owned subsidiary of the Applicant Company No. 2/Transferee Company. It is averred that the net worth of the Applicant Transferee Company is positive and that



there would be an excess of assets over the liabilities to the tune of Rs. 10,54,75,30,633/- (on the basis of unaudited financial statements of the Applicant Company No. 2). A certificate of net worth dated 25.04.2024 issued by Lovelesh & Company, Chartered Accountants, showing pre-merger and post-merger net worth of the Applicant Transferee Company is annexed to the Petition and marked as 'Annexure A- 29'.

e) Further, the Ld. Counsel for the Applicant Companies had placed reliance on the following citations: -

- i. *The Hon'ble High Court of Delhi in the matter of **Dabur Foods Limited and Ors.** (CA. (M) No.14112007),*
- ii. *The Hon'ble High Court of Delhi in the matter of **Sharat Hardware Industries Private Limited**, (1978) 48 Com Cas 23.*
- iii. *The Hon'ble NCLAT in the matter of **Ambuja Cements Limited** in Company Appeal No. 19 of 2021.*
- iv. *The Hon'ble NCLAT in the matter of **Patel Hydro Power Private Limited and Others** in Company Appeal No. 137 of 2021.*
- v. *The Hon'ble NCLAT in the matter of **DLF Phase IV Commercial Developers Ltd. Ors** (Company Appeal (AT) No. 180 of 2019.*

13. The Learned Counsel for the Applicant Companies submit that the pursuant to the present Scheme of Arrangement, no new shares will be issued by the Transferee Company, and there would not be any dilution in the shareholding of the Shareholders of the Transferee Company since 100% of the share capital of the Transferor Companies are held by the Transferee



Company. Further, the Transferee Company will remain in existence even after the effectiveness of the Scheme.

14. Further, the net worth of the Transferee Company prior to and post the amalgamation will remain highly positive. Accordingly, the Transferee Company will be in a position to discharge all its liabilities towards its Secured Creditors and Unsecured Creditors and the creditors of the respective Transferor Companies.

15. The appointed date as specified in the Scheme is 1st April 2023 or such other date as may be approved by the Tribunal.

16. The Applicant Companies have filed an affidavit dated 27.04.2024 confirming that there is no material investigation or proceeding pending against the Applicant Companies under any law for the time being in force. If there exists/arises any legal or other proceeding by/against the Applicant Companies on/from the date of execution of this affidavit, the same shall be continued, prosecuted and enforced against the Transferee Company/ Applicant Company No. 2 pursuant to the abovementioned Scheme.

17. Heard. Record perused thoroughly. On a meticulous perusal of the proposed Scheme of Arrangement for Amalgamation between the Applicant Companies, in relation to the Transferor Company No. 1/Applicant Company No. 1 and Transferee Company with respect to the proposed Scheme of Arrangement which provides for Amalgamation of the Transferor Company No. 1 with the Transferee Company.

i. **The Hon'ble NCLAT in 'Mohit Agro Commodities Processing Pvt Ltd. & Ors.' in Company Appeal (AT) No.**



59 of 2021 Judgement dated 28.06.2021 held that “*in the present matter the amalgamation sought for is between a **Wholly Owned Subsidiary and the Holding Company**; Further, observes that the rights and liabilities of secured and unsecured creditors were not getting affected in any manner by way of the proposed scheme as no new shares were being issued by the Transferor company, and no compromise was offered to any creditor of the Transferee Company. Thus, reiterates that when the Transferor and Transferee Company involve a parent Company/Holding Company and a Wholly Owned Subsidiary, the meeting of Equity Shareholders, Secured Creditors and Unsecured Creditors can be dispensed with, as the facts of this case substantiate that the rights of the Equity Shareholders of the Transferee Company are not being affected’.*”

- ii. The same view is taken by the Hon’ble NCLAT in ‘**Ericsson India Private Limited’ in Company Appeal (AT) No. 148 of 2021 wherein the Hon’ble NCLAT observed that ‘as the merger is of a Wholly Owned Subsidiary Company into its holding Company, no shares would be allotted as consideration pursuant to the merger; the proposed Scheme will not result in any dilution in the Shareholding of the Shareholders of the ‘Transferee Company’, the net worth of the ‘Transferee Company’ is positive, and ‘Unsecured Creditors’ are paid off in the ordinary course of business and their liability is not affected as it is neither reduced nor extinguished, the meeting of the shareholders and creditors of the Transferee Company may be dispensed with.’**”



- iii. The Hon'ble NCLAT in the matter of **DLF Phase IV, Commercial Developers Limited and Ors. in Company Appeal (AT) No. 180 of 2019** in its judgement dated 19.08.2019 has set aside the order dated 07.06.2019 passed in CA.(CAA)No.39/Chd/Hry/2018 to the extent it relates to directions for convening of the meetings of Unsecured Creditors of Appellant No. 4 (Demerged Company) and the meetings of the Equity Shareholders, Secured and Unsecured Creditors of Appellant No.5 (Transferee Company) and observed as follows:-

“After hearing learned counsel for Appellants we find that the Appellants DLF Phase IV Commercial Developers Ltd. (Transferor Company No. 1), DLF Real Estate Builders Ltd. (Transferor Company No. 2), DLF Residential Builders Ltd. (Transferor Company No.3) and DLF Utilities Ltd. (Demerged Company) are wholly owned subsidiaries of the Holding Company ‘DLF Ltd.’ (Transferee Company). The Appellant Companies proposed a scheme of arrangement inter se them, under Section 230-232 of the Act and to achieve the said object filed first motion being CA NO. 39 before the Tribunal seeking directions for dispensation of the meetings of Shareholders, separate debenture holders, warrant holders, compulsorily convertible debenture (CCD) holders and Secured and Unsecured Creditors of the Appellant Companies. According to the case setup by Appellants, the proposed scheme would not result in any dilution in the shareholding of shareholders of Transferee Company, which has highly positive net worth. It appears that in regard to meetings of Unsecured Creditors of Appellant No. 4



(Demerged Company) and Shareholders, Secured and Unsecured Creditors of the Appellant No. 5 (Transferee Company) the Appellants submitted before the Tribunal that in view of settled legal position and various judicial precedents such meetings were not required to be held. It was further submitted that creditors are also not affected since the Scheme does not envisage any reduction in their claims and the Transferee Company.”

18. Taking into consideration aforesaid discussions and the judgments, we issue the following directions:

A. In relation to the Transferor Company No. 1/Applicant Company No. 1:

a) With respect to Equity Shareholders: In view of consent affidavits, from 7 (seven) Equity Shareholders, convening/holding the meeting of shareholders is dispensed with.

b) With respect to Secured Creditors: Since there are no Secured Creditors, therefore the necessity of convening/holding a meeting does not arise.

c) With respect to Unsecured Creditors: In view of consent affidavits, out of 61 unsecured creditors, 1 unsecured creditors holding 93.71% in value, convening/holding a meeting of unsecured creditors is dispensed with.

B. In relation to the Transferee Company/Applicant Company No. 2:

a) With respect to Equity Shareholders: It is observed that the Transferee Company has 51,095 equity shareholders. Further, the Applicant Company No. 1 is wholly owned subsidiary of the Applicant Company No. 2 and net worth of all the Applicant



Companies are positive. Further, there will be no will be no dilution in the shareholding of shareholders of Applicant Company No.2 as no shares are issued in consideration to the composite Scheme of Arrangement for the Amalgamation. Accordingly, the meeting of the Equity Shareholders of the Applicant Company No. 2, for the purpose of considering and, approving the proposed Scheme is hereby dispensed with.

b) With respect to Secured Creditors: Since there are no Secured Creditors, therefore the necessity of convening/holding a meeting does not arise.

c) With respect to Unsecured Creditors: -In view of the facts that Applicant Company No. 2 has 428 Unsecured Creditors aggregating to the value of Rs. Rs. 131,51,61,134/- as on 22.04.2024 and in the light of the aforementioned discussions specifically in Para 17 of the present order and in view of the ratio laid down in the judgements cited therein, meeting of the Unsecured Creditors of the Applicant Company No. 2, for the purpose of considering and, approving the proposed Scheme is hereby dispensed with.

19. Notice of this application shall also be served on the following:

- i. Regional Director, Ministry of Corporate Affairs, B-2 Wing, 2 Floor, Paryawaran Bhavan, CGO Complex, New Delhi-110003;
- ii. Registrar of Companies at 4th floor, IFCI Tower, 61, Nehru Place, New Delhi-110019;
- iii. Official liquidator, Lok Nayak Bhavan, 8th Floor, Khan Market, New Delhi-110001;
- iv. Income Tax Department, Income Tax Office, Additional Commissioner of Income Tax, Special Range 4, Central



Revenue Building, IP Estate, New Delhi-110002. The notices to Income Tax Authorities shall disclose sufficient details like PAN, ward numbers and assessing officers so that timely and proper reply may be filed.

- v. Securities and Exchange Board of India
- vi. BSE Limited
- vii. National Stock Exchange of India Limited
- viii. Any other sectoral regulators required to be served.

20. The application stands allowed on the aforesaid term and accordingly disposed of.

-sd-

**DR. SANJEEV RANJAN
MEMBER (TECHNICAL)**

-sd-

**MANNI SANKARIAH SHANMUGA SUNDARAM
MEMBER (JUDICIAL)**