



IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.16
C.A No. 116/2026
C.P. (CAA) No.41/BB/2025

IN THE MATTER OF:

Puresoftware Technologies Pvt Ltd

... Petitioner

Petition under Section 230-232 of C.A 2013

Order delivered on: 29.05.2026

CORAM:

SHRI SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For the Petitioner : Shri Uday Shankar

ORDER

C.P (CAA) No.41/BB/2025 & C.A No.116/2026 is allowed by separate order. File be consigned to record room

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)

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IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU
(HYBRID MODE)

C.P. (CAA) No.41/BB/2025

U/ss. 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 Read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

IN THE MATTER OF SCHEME OF:

M/s. Puresoftware Technologies Private Limited

R/o. at SJR Equinox, Sy.No.47/8,
Doddathogur Village, Begur Hobli,
Electronics City Phase 1, Hosur Road,
Bengaluru – 560 100

... Petitioner Company No.1/
Transferor Company

M/s. Happiest Minds Technologies Limited

R/o. at 53/1-4, Hosur Main Road,
Madivala (Next to Madivala Police Station),
Bengaluru – 560 068

... Petitioner Company No.2 /
Transferee Company

Order delivered on: 29.05.2026

Coram: 1. Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
2. Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

Counsels Present:

For the Petitioner Companies : Shri Uday Shankar with
Shri Anirudh
For the ROC & RD : Shri Vinayaka S. Pandit
For the Income-tax Department : Shri Ganesh R. Ghale, Adv.

ORDER

1. This second motion Petition was filed on 19.09.2025 by the Petitioner Companies under afore-quoted provisions for sanction of composite Scheme of Arrangement between the Petitioner Companies to be



sanctioned by the Tribunal as to be binding on the Petitioner Companies, its shareholders and Creditors and all concerned.

2. In the First Motion Application bearing **C.A. (CAA)No.19/BB/2025** filed by the Petitioner Companies, the meetings of the Equity Shareholders, Unsecured Creditors of Applicant Companies, Preference Shareholders of Applicant Company No.1; Secured Creditors of Applicant Company No.2 were dispensed with vide Order dated 08.08.2025.
3. On 29.10.2025 when the petition was posted for hearing, following directions were issued in the case:
 5. *In view of the above, issue notices in Form CAA3 to the statutory authorities specified in Section 230(5) for submitting their representation if any.*
 - (a) *Regional Director (s), Ministry of Corporate Affairs.*
 - (b) *The ROC to be sent on roc.bangalore@mca.gov.in.*
 - (c) *The Official Liquidator to be sent on ol.bangalore@mca.gov.in.*
 - (d) *The Income Tax Authorities to be sent on bangalore.pccit@incometax.gov.in*
 - (e) *The Statutory Regulators/Sectoral Regulators, if applicable.*
 6. *Notice is also directed to be published in two prominently circulating national daily newspapers namely "Business Standard" in English and "Kannada Prabha" in Kannada Edition. In terms of Rule 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.*
 7. *All the authorities on receipt of the notice, are enjoined to file their representation, if any, within 30 days from the date of receipt of the notice. In case, no representation is received, it will be presumed that they have no objection to the proposal.*
4. The Petitioner Companies have complied with the above directions and submitted evidence of service of notices vide diary No.6496 dated 21.11.2025 along with copies of newspaper.



5. The main objects, dates of Incorporation, authorized, issued and paid-up share capitals, rationale of the scheme and interest of employees have already been *prima facie* considered while passing the first motion order dated 08.08.2025.
6. The Board Resolutions of the Petitioner Companies dated 03.02.2025 and 04.02.2025, approving the Scheme are annexed as **Annexures-D & G.**
7. The Certificates of Statutory Auditor of Petitioner Companies have been filed to the effect that the proposed accounting treatment as specified in Clause 12 of the Scheme and as reproduced in **Annexure I series** to the Petition is in compliance with Accounting Standards notified under Section 133 of the Act, as amended from time to time along with the rules made thereunder and other generally accepted accounting Principles, as applicable.
8. Affidavits have been filed on behalf of the Petitioner Companies to state that there are no Sectoral Regulators, No Corporate Debt Restructuring is involved and No Investigations, Litigations or Proceedings pending against the Petitioner Companies or the Directors thereof before any Statutory Authority.
9. The audited financials as on 31.03.2025 of the Petitioner Companies and the unaudited financial statements of the Petitioner Companies as on 30.06.2025 are attached as **Annexures C & F series** to the Petition.
10. The Petitioner Companies was filed an application seeking to change the appointed date from 01.04.2025 to 01.04.2026 and this Tribunal was allowed same.



11. As per the Scheme, the “**Appointed Date**” means **01.04.2025** or such other date as the Tribunal may direct.

12. **REPORT OF THE RD & ROC:**

Pursuant to the notice, the Regional Director (RD) has received a report from the Registrar of Companies (ROC) and replies from the Petitioner Companies. The RD thereafter has filed its report dated 03.12.2025, wherein following observations are made:

3. This Directorate has received letter No. ROCB/CAA-230-232/CP (CAA)No.41/BB/2025/2993 dated 06.11.2025 from the Registrar of Companies, Karnataka, Bangalore pointing out certain observations as under:-

a. As per financial statements filed as on 31/03/2025 of the Transferor Company, Happiest Minds Technologies Limited, Transferee Company holds Equity Shares of 100% in the Transferor Company.

b. As per financial statements filed as on 31/03/2025 of the Transferee Company, Mr. Ashoka Soota, holds the major Equity Shares of 32.97% in the Transferee Company.

c. As per Clause 1.4 of Part A of the Scheme, the Appointed date is 01st April, 2025.

d. As per MCA records, the Transferor Company, originally incorporated on 21.10.2021 as Private Limited Company with the name PURESFTWARE TECHNOLOGIES PRIVATE LIMITED under the jurisdiction of Registrar of Companies, Karnataka.

e. As per MCA records, the Transferee Company, originally incorporated on 30.03.2011 as a Private Limited Company with the name HAPPIESTMINDS TECHNOLOGIES PRIVATE LIMITED under the jurisdiction of Registrar of Companies, Karnataka. Subsequently changed its name to HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED with effect from 21.07.2011. Subsequently, with effect from 20.05.2020 the class of the



company changed from Private to Public Company as HAPPIEST MINDS TECHNOLOGIES LIMITED.

- f. As per MCA records, there are common Directors in the Petitioner Companies.
- g. As per MCA records, the Transferor Company and Transferee Company have open Charges. Hence, the companies have to obtain and furnish No Objection Certificate/s from the concerned charge holder/s before the scheme is allowed.
- h. As per of Hon'ble NCLT, Bengaluru Bench order dated 08.08.2025 the meetings of the Equity Shareholders and the Unsecured Trade Creditors of the Transferor and Transferee Companies have been dispensed with and the meetings of the Secured Creditors and Unsecured loan creditors of the Transferee Company have been dispensed with.
- i. The Transferor Company has issued ESOP's. The interest of the ESOP holders is to be protected at all costs and it should not be detrimental post sanction of merger. Further, it is also to be clarified as to whether any ESOP holder has any objections to the Scheme.
- j. As per Clause 10 of Part C of the Scheme the Transferor Company is a Wholly Owned Subsidiary of the Transferee Company, as the Transferee Company being the holding company of the Transferor Company, there shall not be any issue of shares as consideration to the shareholders of the Transferor Company and the shares held by the Transferee Company in the Transferor Company shall without any further application, act, instrument, or deed be deemed to have been automatically cancelled with from the date Effective. Non-Cumulative Optionally Convertible Redeemable Preference Shares in the Transferor Company shall also be cancelled and redeemed. Since there is redemption of Preference Shares, compliance of section 55 of the Act needs to be ensured and explained to the Tribunal.



- k. As per the latest Audited Financial Statements for the year ending 31/03/2024, both the Transferor and Transferee Companies are profit-making entities.
- l. As per Note no.25 of the Financial Statements for the year ending 31.03.2024, the Transferee Company has undisputed statutory due to the tune of Rs.2,648 lakhs respectively. The Petitioner Companies may be directed to furnish an undertaking to the Tribunal to the effect that it will settle the statutory dues immediately, if not settled so far.
- m. As per Note no. ii(b) of Annexure - B of the Independent Auditor's Report of the Transferor Company for the financial year 31/03/2025, the Transferor Company has total outstanding disputed dues towards Income Tax, to the tune of Rs. 468.74 lakhs respectively. The Petitioner Companies may be directed to furnish an undertaking to the Tribunal to the effect that it will settle the dues as and when the claim is crystallized.
- n. As per Note no. 18 and 24 of the Audited Financial Statements for the year ending 31.03.2024, Transferor Company and Transferee Company have total outstanding dues to Micro, Small and Medium Enterprises to the tune of Rs.165 lakhs and 54 lakhs respectively exist. The Companies may be directed to show the compliance of Micro, Small and Medium Enterprises Development Act, 2006 and also may be directed to furnish an undertaking to the Tribunal to the effect that it will settle the dues as per the said Act immediately, if not settled so far.
- o. As per Clause 11 of Part C of the Scheme provides for Clubbing of Authorized Share Capital wherein it is stated that the authorized share capital of the Transferee Company shall automatically stand increased without any payment of stamp duty and fees. This term in the Scheme is not in line with the provisions of Section 232(3)(i) of the Companies Act, 2013. In this regard, the Transferee Company may directed to comply with the provisions



of the Section and pay the difference of fee, after setting off the fee already paid by the Transferor Company on its respective capital.

- p. The Accounting Treatment as mentioned in the Scheme needs to be as per the prescribed Accounting Treatment in the Companies Act, 2013 and the applicable Accounting Standards issued from time to time.
- q. The Petitioner Companies are required to comply with the provisions of Section 239 of the Companies Act, 2013 with respect to preservation of books and papers of Amalgamated Company. The Tribunal may be pleased to direct the Petitioner Companies to furnish an undertaking in this regard.
- r. As per Section 240 of the Companies Act, 2013, the liability in respect of offences committed under the Companies Act by the Officers in default, of the Transferor Company prior to merger, amalgamation or acquisition shall continue after such merger, amalgamation, or acquisition.
- s. There are no open Complaints, no Prosecution, Technical Scrutiny/Inquiry, Inspection, and Investigation pending in this office against the Transferor and Transferee Companies.
4. With reference to this Directorate's letter dated 17.11.2025, issued to the Principal Commissioner of Income Tax, Bengaluru, till date no reply/comments in the matter has been submitted to this Directorate. The Hon'ble Tribunal may be pleased to direct the Petitioner Companies to furnish an undertaking that, if any demand arises from the Income Tax Department with respect to Transferor Company and Transferee Company, Transferee Company is ready to pay the said statutory dues.
5. That the report of the Official Liquidator, Bangalore has been filed before the Tribunal on 26.11.2025 which may be considered and direct the Petitioner Companies to comply with the observations made in his report followed by any further report filed if any.



6. On examination of the contents of the Scheme, replies of the petitioner companies, ROC report and other documents and apart from the observations stated in para 3 pre-page, observations of the Deponent are as under:
 - i. This is a Scheme of Amalgamation wherein Puresoftware Technologies Private Limited, a Private Limited Company is being amalgamated with Happiest Minds Technologies Limited, a Listed entity.
 - ii. As per the shareholders list as on 28/02/2025 submitted by the Transferor Company, Happiest Minds Technologies Private Limited, Transferee Company holds entire 100% Equity Shares in the Transferor Company and thereby the Transferor Company is a Wholly-owned Subsidiary of the Transferee Company.
 - iii. As per the shareholders list as on 28/02/2025 submitted by the Transferee Company, Mr. Ashoka Soota holds major Equity Shares of 32.97% in the Transferee Company.
 - iv. That as per Clause 1.4 of Part A of the Scheme, the Appointed date is 01st April, 2025 and the Petitioner Company have filed Annual Return and Financial Statements for the financial year 31-03-2025.
 - v. As per MCA records, the Transferor Company and Transferee Company have huge open Charges. Hence, the Tribunal may be pleased to direct the Petitioner Companies to furnish No Objection Certificate/s from the concerned charge holder/s to the Tribunal, before the scheme is allowed.
 - vi. As per clause 6.4 of Part B of the Scheme, the Transferor Company has granted stock options to its employees. Hence, the Tribunal be pleased to direct the Petitioner Companies to ensure that the interest of the ESOP holders will not be affected in any manner, post sanction of the Scheme.
 - vii. As per Clause 10 of Part C of the Scheme, the entire equity shares held by the Transferee Company and its nominee(s) in the



- Transferor Company shall be automatically cancelled and extinguished, as the Transferor Company is a Wholly Owned Subsidiary of the Transferee Company. Further, the Non-Cumulative Optionally Convertible Redeemable Preference Shares in the Transferor Company shall also be cancelled and redeemed.
- viii. As per Note no.25 of the Financial Statements for the year ending 31.03.2024, the Transferee Company has undisputed statutory due to the tune of Rs.2,648 lakhs respectively. The Petitioner Companies may be directed to furnish an undertaking to the Tribunal to the effect that it will settle the statutory dues immediately, if not settled so far.
 - ix. That as per Clause 8.1 of Part B of the Scheme, upon the scheme becoming effective, all staff, workmen and other employees of the Transferor Company shall be absorbed into the Transferee Company. The Petitioner Companies are required to ensure that the terms of employment of the employees should not be less than the terms of employment in the Transferor Company.
 - x. As per the financial statement for the year ending 31.03.2025 of the Petitioner Companies, both the Transferor and Transferee Companies have related party transactions. In this regard, the Tribunal be pleased to direct the Petitioner Companies to ensure the compliance of the provisions of Section 188 of the Companies Act, 2013.
 - xi. The Tribunal to direct the Transferor company and Transferee company to comply with provisions under other Sectoral Regulators, if any including RBI.
 - xii. As per the Financial Statements as at 31.03.2025 both the Transferor and Transferee Companies fall within the ambit of the provisions of Section 135 of the Companies Act, 2013. The Tribunal may be pleased to direct the Petitioner Companies to ensure the compliance of section 135 of the Companies Act, 2013.



- xiii. The shares of the Transferee Company are listed on the stock exchanges of National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Tribunal be pleased to direct the Transferee Company to comply with the applicable requirements of the Stock Exchange and SEBI.

11.1. REPLY BY THE PETITIONERS:

Reply-affidavit to the common report of RD & ROC is filed by the Petitioner Companies vide Diary No.7081 dated 16.12.2025, inter alia stating as under:

- a) **Para No 3 (i, ii, iii, iv, v, vi, viii, xi, xix, 6 (i), 6(ii), 6(iii), 6(iv), 6(vii) of the Common Report:** It is submitted that observation is a fact and does not require any documents.
- b) **Para No 3 (vii) of the Common Report:** That all liabilities of the Transferor company including the Charges of the Transferor Company is being taken over by the Transferee company on the appointed date as per Clause 5.8 of the Scheme. The Transferee company has obtained No Objection certificate from the concerned charge holder which was placed before the Tribunal at the First Motion stage.
- c) **Para No 3 (ix) of the Common Report:** The interest of the ESOP holders is being protected as the scheme is not detrimental post sanction of merger. Their interests are covered under Clause 6.4 to 6.6 of the Scheme. None of the ESOP holder's have any objections to the Scheme and neither have they filed any objections with the Transferor or Transferee Company and nether have they filed any objections before this Court.
- d) **Para No 3 (x) of the Common Report:** The Transferee Company undertakes to comply with Section 55 of the Companies Act 2013 in connection with the redemption of non-cumulative optionally convertible redeemable preference



shares. Further there shall not be any issue of shares as consideration to the non-cumulative optionally convertible redeemable preference Shareholders of the Transferor Company and these non-cumulative optionally convertible redeemable preference shares shall be deemed to have been automatically cancelled with from the date effective.

- e) **Para No 3 (xii) of the Common Report:** The Transferee Company has already been paid the undisputed statutory dues of Rs.2,648 lakhs as on the date.
- f) **Para No 3 (xiii) of the Common Report:** The Petitioner Company undertakes to duly settle and pay the outstanding disputed dues towards Income Tax amounting to 3468.74 lakhs, as disclosed in Note ii(b) of Annexure-B of the Auditor's Report for the financial year ended 31-03-2025, after its adjudication before the appropriate appellate authorities.
- g) **Para No 3 (xiv) of the Common Report:** The Petitioner Companies have duly settled and paid the undisputed outstanding dues to Micro, Small and Medium Enterprises amounting to Rs.165 lakhs and Rs.54 lakhs respectively, in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.
- h) **Para No 3 (xv) of the Common Report:** The Transferee Company undertakes to duly comply with the provisions of Section 232 (3)(i) of the Companies Act, 2013, and to pay the difference of fee on the increased authorized share capital, after setting off the fee already paid by the Transferor Company on its respective capital.
- i) **Para No 3 (xvi) of the Common Report:** The accounting treatment in the books of the Petitioner Companies as mentioned in the Composite Scheme of Arrangement is as per the prescribed accounting treatment under Section 133 of Companies Act, 2013. The certificate by the Chartered



Accountant has been annexed at Annexure — I Series of the Petition.

- j) **Para No 3 (xvii) of the Common Report:** The Petitioner company undertakes to duly comply with the provisions of Section 239 of the Companies Act, 2013 with respect to preservation of books and papers of Amalgamated Company, in accordance with law and as directed by the Tribunal.
- k) **Para No 3 (xviii) of the Common Report:** It is submitted that the liability in respect of offences committed under the Companies Act by the Officers in default, of the Transferor Company prior to merger, amalgamation or acquisition shall continue after such merger, amalgamation, or acquisition.
- l) **Para No.4 of the Common Report:** It is submitted that the Petitioner Company undertakes that if any demand arises from the Income Tax Department with respect to the Transferor Company and the Transferee Company, Transferee Company will pay the said undisputed statutory dues. Even otherwise notice has been sent to the IT Department and their report would be before this court.
- m) **Para No.5 of the Common Report:** The Petitioner Companies confirm that they replied to the observations made in the report of the Official Liquidator dated 26-11-2025. A Compliance Affidavit has been submitted to the Tribunal on 08-12-2025 (Diary No. 6845).
- n) **Para No.6 (v) of the Common Report:** It is submitted all liabilities of the Transferor Company including the Charges of the Transferor Company is being taken over by the Transferee Company on the appointed date as per Clause 5.8 of the Scheme. The Transferee Company has obtained No Objection Certificate from the concerned charge holder which was placed before the Tribunal at the first motion stage.



- o) **Para No.6 (vi) of the Common Report:** The interest of the ESOP holders is being protected as the scheme is not detrimental post sanction of merger. Their interests are covered under Clause 6.4 to 6.6 of the Scheme. None of the ESOP holder's have any objections to the Scheme and neither have they filed any objections with the Transferor or Transferee company and neither have they filed any objections before this court.
- p) **Para No.6 (viii) of the Common Report:** The Transferee Company has already been paid the undisputed statutory dues of Rs.2,648 lakhs as on the date.
- q) **Para No.6 (ix) of the Common Report:** The Clause protecting the interests of the employees is 6.1 and not 8.1. Clause 6.1 of Part B of the Scheme clearly states that "Upon the Scheme becoming effective, all staff, workmen and Employees of the Transferor Company, if any, in service on the Effective Date shall be deemed to have become staff, workmen and Employees of the Transferee Company with effect from the Appointed Date or the date of joining whichever is later, without any break or interruption in their service and on the basis of continuity of service and the terms and conditions of their employment with the Transferee Company (including but not limited to cost-to-company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Company on the Effective Date." Therefore, the Scheme provides that the terms of employment of the employees should not be less than the terms of employment in the Transferor Company.
- r) **Para No.6 (x) of the Common Report:** That the Transferor Company has disclosed several material contracts, arrangements and transactions with the related parties (including subsidiaries, step down subsidiaries and relatives of



Key Managerial Personnel) conducted on an arm's length basis and in the ordinary course of business. For all such transactions approvals have been taken as required under the Section 188 of the Companies Act, 2013 read with Rule No.15 (1) of the Companies (meetings of Board & its powers) Rules, 2014.

- s) **Para No.6 (xi) of the Common Report:** It is submitted that the Transferee Company is a Listed Company and pursuant to Regulation 37(6) of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulation 2015 read with Master Circular No. SEBI/HO/CFD/POD2/P/CIR/2023/93 dated 20th June 2023 issued by SEBI, is not required to obtain prior approval of the Stock Exchanges as the Composite Scheme of Arrangement is of a wholly owned subsidiary company with its holding company and the Petitioner No.2 is only required to file the draft Composite Scheme of Arrangement along with Board Resolution passed by its Board of Directors for the purpose of disclosure, which has been done. Copy of the same is enclosed as Annexure - 1 and also produced as Annexure V Series in the First Motion company application. Other than SEBI there are no other sectoral regulators for the Petitioner companies.
- t) **Para No.6 (xii) of the Common Report:** The Petitioner companies have complied with the provisions of section 135 of the Companies Act, 2013 by expending the CSR amount as required and have also reported the same in the financial statements and shall ensure compliance Section 135 of the Companies Act, 2013.
- u) **Para No.6 (xiii) of the Common Report:** It is submitted that the Petitioner Companies undertake to comply with the applicable requirements of the Stock Exchange and SEBI.



12. Report of OL:

Pursuant to the notice, the Official Liquidator has filed report dated 26.11.2025 making following observations:

- I. Both Transferor Company and Transferee Company are registered in the State of Karnataka.
- II. The appointed date proposed is 01.04.2025. As per MCA's Master data, the Transferor Company has filed its latest Balance sheet as at 31.03.2025.
- III. That Transferor Company informed this office vide their letter dated 15.10.2025 that there are no inquiry, inspection and investigation ordered by the MCA or ROC against Transferor Company under the provision of the Companies Act, 1956/2013.
- IV. The Transferor Company is a wholly owned subsidiary of the Transferee Company.
- V. That as per master data of MCA 21, there is a subsisting charge in favour of Secured Creditor for a total secured amount of Rs.20,00,00,000/-.
- VI. That the Audit for Transferor Company for the year ended 31.03.2025 was completed by Jaa & Associates, Chartered Accountants.
- VII. The Directors of Transferor Company are also holding directorship in Transferee Company.
- VIII. An undertaking may be obtained from the Petitioner Company that they will pay applicable stamp duty and other charges to the State Government within a reasonable time of 6 months.
- IX. Observations of the Official Liquidator.
 - a. The Board of Directors of Transferor Company & Transferee Company have approved the scheme on 03.02.2025 and 04.02.2025. The Transferor Company vide their letter dated 15.10.2025 have informed that currently there are two Equity Shareholders, no Secured Creditors and 3 Unsecured



Trade Creditors with amount due to Rs.4,04,58,716/- as on 28.02.2025, and have given their consent to the proposed Scheme.

- b. From the Financial Statement of the Transferor Company for the FY ending 31.03.2024 and 31.03.2025 it is observed that the Company is a going concern and has Revenue from operations to the extent of Rs.2,72,99,00,000/- and Rs.3,28,04,00,000/- respectively.

X. Remarks of the Official Liquidator:

- I. As per the Financial Statements as at 31.03.2025 of Transferor Company, the Auditor has reported that the Transferor Company used the accounting software to maintain the books of accounts. However, the feature of Audit Trial (Edit log) facility did not include the nature of changes at database level for logs of direct data changes for accounting software for the period from 01.07.2024 to 31.03.2025. Furthermore, the Audit trial feature was not enabled or operational at the Application and Database layers of the software related to pay roll for the period 01.04.2024 to 31.03.2025. This failure to maintain a robust Audit trial for all transactions throughout the year is a contravention of Section 143 (3) of the Companies Act, 2013 read with Rule 11 (g) of the Companies (Audit and Auditor) Rules, 2014 (as amended in 2024) before the approval of the Scheme by this Tribunal.
- II. It is also noted that as per 11th point, Page No.13 of Director Report for the Financial Year 2023-2024 as at 31.03.2024, the Transferor Company has not advanced any loans or given guarantee. Whereas, as per notes on Loans and Advances of the Balance Sheet as at 31.03.2024, the Company has provided around of Rs.890.48 Lakhs as loans and advances. This contradictory Director's report with respect to its Balance Sheet notes shows that inconsistent disclosure of Director



report which is in violation of the Section 134 (Accuracy of Director's report) of the Companies Act, 2013. Hence, the Transferor Company may be directed to get necessary compliance of adjudication/compounding etc., as applicable as per Section 134 of the Companies Act, 2013 before the approval of the Scheme by this Tribunal.

- III. It is pertinent to mention that 3 subsidiary companies namely: PureConference Solutions Pvt. Ltd., Pursoftware Pvt. Ltd. – Nepal, PureSoftware Pte Ltd. – Singapore, and 8 Step down subsidiaries of Transferor Company have not filed Balance Sheets for the Financial Year 2023-2024 as at 31.03.2024. However, Section 129 subsection (3) of the Companies Act, 2013 requires the Holding Company (the present Transferor Company) to attach Standalone Balance Sheet of all its subsidiary Companies. This is required to u/s.129 of the Companies Act, 2013 so as to prepare consolidated financial statements using subsidiary financials. Furthermore, these missing filings affect the true and fair value of consolidated financial statement of Transferor Company. Hence the Transferor Company may be directed to file all subsidiary financials based on applicable provisions of Companies Act, 2013 and submit consolidated financial statements for the year 2023-2024 as per Section 129 of the Companies Act, 2013 before the approval of the scheme by this Tribunal.
- IV. That the Transferor Company has disclosed several material contracts, arrangements and transactions with the related parties (including subsidiaries, step down subsidiaries and relatives of Key Managerial Personnel) that were stated to be conducted on an arm's length basis. For all listed materials related party transactions during the reporting period (01.04.2023 to 31.03.2024), the disclosure in Page No.2 of Director's Report explicitly state that Board approval was not



taken. This is in violation of Section 188 of the Companies Act, 2013 read with Rule No.15 (1) of the Companies (meetings of Board and its powers) Rules, 2014. Hence, the Transferor Company may be directed to get necessary compliance of adjudication/compounding etc., as applicable as per Section 188 of the Companies Act, 2013 before the approval of the Scheme by this Tribunal.

12.1. Reply by Petitioner:

The Petitioner Companies have filed following reply to OL report on 05.12.2025:

- i. **Para Nos.1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 13 (a), (b), (c), (d), (e) of the report of the Official Liquidator:** It is submitted that the said observations are correct and are not required to be traversed.
- ii. **Para No.7 of the report of the Official Liquidator:** It is submitted that the secured charge of Rs.20,00,00,000 shall be taken over by the Transferee Company on the appointed date. Refer Clause 5.8 of the Scheme.
- iii. **Para No.12 of the report of the Official Liquidator:** It is submitted that the Petitioner Company hereby undertakes to duly pay the applicable stamp duty and other charges to the State Government within a reasonable time of 6 months.
- iv. **Para No.14 (I) of the report of the Official Liquidator:** With respect to the Audit Trail requirement of Accounting Software, it appears the incorrect version of the audit report may have been referred to earlier. Request you to please review the correct version attached. Furthermore, in relation to the Audit Trail requirement for the Payroll Software, since the Company has outsourced payroll processing to a third party, testing of controls on their systems is not required in this case. However, the third party/service provider has obtained a SOC 2 Type 2 (SOX)



assurance report, is enclosed as Annexure-1. Hence there is no non-compliance, and adjudication/compounding etc., as applicable as per Section 143 (3) of the Companies Act, 2013 read with Rule 11 (g) of the Companies (Audit & Auditor) Rules, 2014 (as amended in 2024) is not required in this case.

v. **Para No.14 (II) of the report of the Official Liquidator:**

It is submitted that no such amount of Rs.890.48 lakhs is reflected under "Loans and Advances" in the Company's Balance Sheet as at 31.03.2024. We have verified the audited financial statements, including notes to accounts, and confirm that there is no item or amount of Rs.890.48 lakhs disclosed under the head "Loans and Advances" or any similar classification. Since no such amount exists in the Balance Sheet, the Directors' Report is accurate, consistent, and fully compliant with Section 134 of the Companies Act, 2013. Hence, the Transferor Company does not require any compliance of adjudication/compounding etc., as applicable as per Section 134 of the Companies Act, 2013. The Financial statements for the financial year 2023-24 and Director's report is enclosed as Annexure-2 series.

- vi. **Para No.14 (III) of the report of the Official Liquidator:** The statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures under the first proviso to subsection (3) of section 129 shall be in Form AOC-1. It is submitted that the Company has duly filed its Consolidated Financial Statements in Form AOC-4 XBRL for the financial year ended March 31, 2024. Further, the details of the Company's subsidiaries were also submitted in Form AOC-1, which forms part of the Standalone XBRL and was duly attached with the AOC-4 XBRL filing. Copy of e-form AOC4 XBRL for standalone and Consolidated Financial Statement and AOC-1 for statement of salient features of the financial statements of a company's



subsidiaries, associate companies, and joint ventures is Series enclosed as Annexure-3 series. Hence, the Transferor Company does not require any further compliance under the Companies Act, 2013.

- vii. **Para No.14 (IV) of the report of the Official Liquidator:** It is submitted that on page 2 of the Director's Report, the Company has not stated anywhere that Board approval was not taken for related party transactions. The observations appears to have arisen from an interpretation, but such wording is not present in the Report. The Director's report is enclosed as Annexure-2. Hence, the Transferor Company does not require any compliance of adjudication/compounding etc., under Section 188 of the Companies Act, 2013.

13. Report of the Income Tax Department:

Transferor Company:

On being notified, the Income Tax Department has filed report on 26.02.2026, stating that

- a. The demand of Rs.5,04,47,500/- for A.Y.2024-25 is pending against Transferor Company as per ITBA record.
- b. As per the department database, no assessment proceedings are pending against the assessee. However, the Department reserves its right to initiate and/or continues any proceedings under the I.T. Act, 1961 against Transferor Company.
- c. It is further submitted that, as per the Department database, latest ITR for A.Y.2025-2026 has been filed by the Transferor Company.

Reply of the Transferor Company:

The reply-affidavit to the Income Tax Dept., Report has been filed by the Transferor Company on 03.03.2025, stating that



- a. The demand of Rs.5,04,47,500/- for the Assessment Year 2024-25, as reflected against Transferor Company in the ITBA records is disputed.
- b. The Petitioner does not accept the said demand and states that the same is subject to challenge. The Petitioner has filed an appeal against the impugned demand, and the appeal is presently under process. After the necessary Adjudication is done on the said disputed demand, any amount, if payable under such appeal will be paid as required under the Income Tax Act, 1961.

Transferee Company:

On being notified, the Income Tax Department has filed report on 05.02.2026, stating that

Sl. No.	Components of the proposal	Observation of the AO								
1.	Details of any Proceedings pending against applicant company under the Income Tax Act	The following proceedings in respect of Transferee Company are pending: <table border="1"><thead><tr><th>AY</th><th>Section</th></tr></thead><tbody><tr><td>2023-24</td><td>270A</td></tr><tr><td>2021-22</td><td>270A</td></tr><tr><td>2019-20</td><td>154</td></tr></tbody></table>	AY	Section	2023-24	270A	2021-22	270A	2019-20	154
AY	Section									
2023-24	270A									
2021-22	270A									
2019-20	154									
2.	Details of tax demand pending for recovery (Year wise amount outstanding)	<table border="1"><thead><tr><th>AY</th><th>Outstanding demand in Rs.</th></tr></thead><tbody><tr><td>2023-24</td><td>49,62,904/-</td></tr><tr><td>2021-22</td><td>7,35,350/-</td></tr></tbody></table>	AY	Outstanding demand in Rs.	2023-24	49,62,904/-	2021-22	7,35,350/-		
AY	Outstanding demand in Rs.									
2023-24	49,62,904/-									
2021-22	7,35,350/-									
3.	Details of pendency of investigation/enquiry proceedings, if any	NIL								



4.	Whether proposed scheme will impact allowability of carry forward Losses or unabsorbed depreciation or any benefits under the IT Act. If yes, quantify the amount of tax effect compliance of section 72A.	NIL			
5.	Whether the proposed scheme will have any impact of exemption of capital gain tax/dividend distribution tax.	NIL			
6.	Whether in view of the assessing officer prime facie GAAR provisions appear to be attracted in the scheme of arrangement.	NIL			
7.	Details of ITRs filed by the Company				
	AY	Date of filing	Return filed u/s.	Income Returned/Loss (in Rs.)	Total taxes paid (in Rs.)
	2024-25	28.11.2024	139(1)	3,20,20,11,240	80,58,82,189
	2023-24	27.12.2023	139(5)	3,07,65,92,040	76,97,21,477
	2022-23	27.11.2022	139(1)	2,42,38,43,770	60,99,17,694
	2021-22	05.03.2022	139(1)	1,51,38,58,160	38,56,97,279
	2020-21	14.02.2021	139(1)	6,85,99,800	1,72,65,198
8.	Whether scheme is opposite to public policy (need to examine whether promoters are only getting benefit). And also examine – if possible, quantum of tax evaded which is proposed to be avoided through the scheme is arrangement.	Prima facie, the scheme is not found to be opposite to the public policy. The Transferee Company shall be held responsible for outstanding demands as per Sl.No.4 and any demand or liability which may arise in the name of the Transferor Company in the future including the proposed Scheme.			

As per the scheme of arrangement, all business activities of Transferor Company are proposed to be transferred to Transferee Company. All the pending proceedings under the provisions of the Income Tax Act, 1961 as well as all the outstanding demands or liabilities and future demands or liabilities pertaining to in the case of



'Transferor Company' shall be raised in the name of Transferee Company. In view of the above, I.T. Dept. has No objections for the proposed scheme.

Reply by the Transferee Company:

The Transferee Company has filed their reply to the aforesaid I.T. report on 03.04.2026 (vide dairy no 1658) stating as under: -

- i. **Regarding observation in Para Nos.1, 2, 3, 5, 6, 7, 8, 10, 11 of the report:** It is submitted that this observation is a fact and does not require any comment.
- ii. **Regarding observation in Para No.4 of the report:** It is submitted that for A.Y.2023-24: the Assessing Officer has initiated the penalty u/s.270A relating to under reporting and proceedings are closed with an order favouring revenue. Company has filed an appeal with Commissioner of Income Tax (Appeals). Appeal proceedings are under progress. The copies of the appeal in Form 35 along with acknowledgement are enclosed as Annexure-A.
- iii. **Regarding observation in Para No.9 of the report:** It is submitted that there are no shares being issued to the shareholders of the Transferor Company and there is no swap of shares, since the Transferor Company is a wholly owned subsidiary Company of the Transferee Company. Hence, there is no requirement of a valuation report.
- iv. **Regarding observation in Para No.12 of the report:** The Transferee Company undertakes to pay the outstanding demands as per Sl.No.4 of the I.T. Report and any demand or liability which may arise in the name of the Transferor Company in the future including the proposed scheme.

Additional affidavit by the Petitioner Companies:

The Petitioner Companies has filed an additional affidavit to the reply-affidavit filed by the Petitioner Companies:



- a. It is submitted that the demand of Rs.5,04,47,500/- for the Assessment Year 2024-25, as reflected against Transferor Company in the ITBA records is disputed. The Petitioner had filed an appeal against the impugned demand. The copies of the Form No.35, being the Appeal to the Commissioner of Income-Tax (Appeals), NFAC, New Delhi and the Acknowledgement of the appeal filed, Application for Condonation of Delay in filing the Appeal under Section 249 (3) of the Income Tax Act, 1961 and the Intimation Order under Section 143 (1) of the Income Tax Act, 1961 are enclosed as Annexure-A Series.
- b. The demand of Rs.5,04,47,500/- for the Assessment Year 2024-25 which was reflected in the ITBA record has been rectified by the Assistant Commissioner of Income Tax, NFAC, New Delhi. TDS amount of Rs.4,03,58,423/- was earlier denied by the assessing officer as it was shown under demerged entity having a different PAN No. Now while passing this rectification order, the assessing officer has allowed earlier disallowed TDS amount of Rs.4,03,58,423/- and also made other adjustments. Due to this the total TDS amount allowed is Rs.5,30,80,585/-. These adjustments resulted in refund of Rs.22,75,350/-. The Order U/s.154/143 (1) of the Income Tax Act, 1961 dated 30.03.2026 given by Assistant Commissioner of Income Tax Circle – 19(1), New Delhi is enclosed as Annexure-B.
- c. As per Clause 9.1 of the Scheme of Arrangement, is extracted. Therefore, the liability of the Transferor Company will be taken over by the Transferee Company in the event of liability arising after the adjudication by the Tribunal on the Transferor Company.

On 10.04.2026, the following Order was passed:



2. *The Petitioner has filed the copy of the appeal filed before the GCIT and the same is pending, vide Dy.No.1858 dated 06.04.2026.*

3. *The copy of the appeal and order passed thereon in respect of the demand raised against the Transferee Company vide Dy.No.1859 dated 06.4.2026. Vide order passed by the concerned Assistant Commissioner of Income Tax on 30.03.2026 appearing on Page 77 and 78 of the additional affidavit, credit for TDS deposit of Rs.30,80,585/- has been granted to the Transferor of the assessee, pursuant thereon net demand has reduced to nil which is appearing at Page No.79 of the additional affidavit.*

14. We have heard Ld. Counsels for parties and carefully perused the pleadings and entire material on record.

15. The reports of Statutory Authorities and their replies by the petitioner companies have been reproduced above in detail pursuant whereof the departments have not raised further concerns or queries. The requisite undertakings have been furnished and certification completed. Perceptibly the concerned Govt. departments are satisfied by the responses on behalf of the Petitioners that take care of their concerns including regarding future treatment. There thus remains no impediment to the approval of Scheme.

16. Change of Appointed Date :

The Applicant Companies filed a Company Application in CA no 116/2026 under Rule 11 & 34 of the NCLT Rules, 2016 seeking to take on record that the Appointed Date is changed from 01st April 2025 to 01st April 2026. The same is allowed by a separate Order.

17. In view of the above, **the Composite Scheme of Arrangement** as annexed at **Annexure-C in C.A.No.116/2026 in respect of the Petitioner Companies is hereby approved with the Appointed**



date as 01.04.2026 and it is directed that the Scheme is binding on all the directors, shareholders, and creditors of the Petitioner Companies. While approving the Scheme, it is clarified that this order should not be construed as an order in anyway granting exemption from payment of any stamp duty, taxes, or any other civil/criminal liability, charges and payment in accordance with law or in respect of any permission/compliance or anything to be done in legal compliance.

AND THIS TRIBUNAL DOES FURTHER ORDER:

- (i) That the Petitioner Companies do, within 30 days of receipt of this Order, cause a certified copy to be delivered to the Registrar of Companies, Karnataka for registration.
- (ii) The Petitioner Company is directed to comply with the provisions of Section 170A of the Income Tax Act, 1961 within the stipulated period. The records of Transferor and Transferee Companies shall be preserved as per the undertakings furnished by them in the manner and for the duration as prescribed under section 239 of the Companies Act, 2013.
- (iii) That any person interested shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.
- (iv) The approval/sanctioning of the Scheme shall not be construed as an exemption from any of the provisions under the Income Tax Act, 1961, the Companies Act, 2013 or any other applicable statute and that the authorities concerned therein shall be at liberty to take appropriate action, in accordance with law.
- (v) The GSTIN and PAN of transferor company shall be surrendered to the respective Government Departments within one month.
- (vi) The Petitioner Companies have given various undertakings in response to observations made by the Statutory Authorities, which are all accepted. They shall remain bound by the terms



thereof and committed to ensure meticulous compliance in letter & spirit.

18. Registry is directed to issue formal Orders in Form No. CAA-7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, on the Transferee Company on filing Schedule of the Properties i.e.

- (i) freehold properties and
- (ii) leasehold properties of the Transferor Company, by way of an affidavit.

19. In the result, C.P. (CAA) No.41/BB/2025 is allowed and disposed of.

20. Copy of this Order be communicated to the Petitioner Companies through their representing Counsel.

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)