

NATIONAL COMPANY LAW TRIBUNAL, MUMBAI
COURT-IV

C.P.104/MB-IV/2025

In the matter of
Under Section 66 read with Section 52 of
the Companies Act, 2013 and the Rules
framed thereunder;

AND

In the matter of
Utilisation of the amount from the balance
available in Securities Premium Account
against the debit balance of Profit and
Loss Account (Capital Reduction) of
Piramal Fund Management Private
Limited

Piramal Fund Management Private
Limited
[CIN: U67190MH2005PTC154781]

..... Applicant Company

Pronounced: 17.11.2025

CORAM:

SHRI ANIL RAJ CHELLAN
HON'BLE MEMBER (TECHNICAL)

SHRI K. R. SAJI KUMAR
HON'BLE MEMBER (JUDICIAL)

Appearances: Hybrid

For the Applicant Company : PCA Harsh C. Ruparelia i/b A R C H and
Associates, Chartered Accountants

For the Regional Director : Mr. Tushar Wagh, Deputy Director, for the
Regional Director, Mumbai.

ORDER

1. The captioned Company Petition is filed under Section 66 read with Section 52 of the Companies Act, 2013 read with Rule 2 of the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 (Reduction of Share Capital Rules), seeking confirmation to a Special Resolution for utilisation of the amount from the balance available in Securities Premium Account against the debit balance of Profit and Loss Account (Capital Reduction) of the Applicant Company.
2. Heard the Ld. PCA for the Applicant Company and the representative of the Regional Director (WR). Neither any objector has come before this Tribunal to oppose the Scheme nor has any party controverted any averments made in the Petitions to the said Scheme.
3. The Ld. PCA for the Applicant Company submits that the Piramal Fund Management Private Limited was incorporated under the provisions of the Companies Act, 1956, on 14.07.2005. The shares of the Applicant Company are not listed on any stock exchange.
4. The Applicant Company is currently engaged in the business of providing investment advisory services in the real estate sector. The Applicant received approval from the Securities and Exchange Board of India on 15.09.2011, to carry out the activity of Portfolio Manager and also has been appointed as an investment advisor to INDIAREIT Investment Management Co. (Mauritius), Piramal Asset Management Private Limited (Singapore) and IIFL Income Opportunities Fund – Series Special Situations.
5. The Rationale for reduction of share capital of the Applicant Company is as follows:

- a. *As on 31.03.2025, the Petitioner Company has a positive networth on account of Capital comprising of Issued, Subscribed and paid-up share capital and Securities Premium. However, the Petitioner Company has been generating operating losses which has resulted in the creation of a debit balance in the Profit and Loss Account of the Company. The Company is desirous to utilize the balance available in its Securities Premium Account, to offset the debit balance in its Profit and Loss Account.*
- b. *The past accumulated losses have wiped-off the value represented by the share capital and securities premium account of the Petitioner Company. This adjustment would result in a fairer reflection of the "Other Equity" in the balance sheet. It is expected that the Petitioner Company will start making profits and hence, the proposed reduction for the set off of the entire accumulated losses by way of utilization of the securities premium account will enable the Petitioner Company to reflect true financial position of the Company.*
- c. *The proposed Capital Reduction would enable right sizing of the Company's balance sheet which would result in presenting better financial position of the Company.*
- d. *The proposed Capital Reduction shall not adversely affect the Petitioner Company's ability to honour its commitments or meet its liabilities or to settle the dues of all the creditors in the ordinary course of business and the Petitioner Company will have a positive net worth after giving effect to the Capital Reduction. Therefore, the Capital Reduction exercise shall not prejudice any creditors of the Petitioner Company. Without prejudice to the above, the proposed adjustment by way of Capital Reduction would only lead to adjustment within the reserves and surplus and shall not lead to payout to any of its shareholders leading to no change in the overall net-worth of the Company.*

6. The issued, subscribed and paid-up share capital of the Applicant Company as on 31.03.2025 is as under:

Particulars	Amount in Rs.
AUTHORISED	
1,000,000 equity shares of Rs. 10/- each	1 ,00,00,000
115,000 (0.01 %) cumulative optionally convertible participative preference shares of Rs.100/- each	1,15,00,000
TOTAL	2,15,00,000
ISSUED & SUBSCRIBED & PAID-UP	
231,825 equity shares of Rs.10 each, fully paid up.	23,18,250
TOTAL	23,18,250

7. The Ld. PCA for the Applicant Company submits that Article 36 of the Articles of Association of the Applicant Company, as stated below, empowers the Applicant Company to undertake the exercise of utilisation of the amount of balance available in Securities Premium Account against the debit balance of Profit and Loss Account as on 01.04.2025.

“36. The Company may subject to the applicable provisions of the Act from time to time by Special Resolution, reduce its share capital and any Capital Redemption Reserve Account or Securities Premium Account in any manner for the time being authorized by law and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.”

8. The Ld. PCA for the Applicant Company submits that the captioned Company Petition seeks approval for reduction and utilisation of Securities Premium and adjusting the debit balance of the Profit and Loss account as on 01.04.2025 of the Applicant Company in terms of the Special Resolution passed by the members of the Applicant Company at the Extra Ordinary General Meeting of the Members of the Applicant Company held on

15.04.2025, approving to utilise an amount to the extent of Rs.200,00,00,000/- (Two Hundred Crore Rupees) from the balance as appearing in the Securities Premium Account of the Company to be adjusted against the negative debit balance of Profit and Loss Account as on 01.04.2025, as per the management certified provisional financial statements of the Company presented under "Reserves and Surplus – Retained Earnings" forming part of "Other Equity" (Capital Reduction). The Special Resolution passed by the members on 15.04.2025 is set out below:

***"RESOLVED THAT** pursuant to provisions of Section 52 and 66 of the Companies Act, 2013 read with relevant Rules made thereunder Memorandum of Association and Articles of Association of the Company and such other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to approval by the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT"), and such other statutory approvals as may be required and subject to the terms and conditions, if any, as may be prescribed by the NCLT and other statutory authorities as the case may be, and which may be agreed by the Board of Directors of the Company, consent of the Members be and is hereby accorded to utilize an amount to the extent of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) from the balance as appearing in Securities Premium Account, to be adjusted against the negative debit balance of Profit and Loss Account as on 1st April 2025 ("Capital Reduction").*

***"RESOLVED FURTHER THAT** the Effective Date shall mean the date on which the order of confirmation of the Capital Reduction received from the NCLT is filed with the Registrar of Companies."*

***"RESOLVED FURTHER THAT** all the Directors or such other officers of the Company as may be authorized by the Board be and are hereby severally authorized to do and perform or cause to be*

done or performed all such acts, deeds, matters and things, as may be required or deemed necessary or incidental thereto and to settle and finalize all issues that may arise in this regard including without limitation, finalizing the terms and conditions, negotiating, finalizing and executing necessary agreements, memorandum, deeds of novation/ assignment and such other documents as may be deemed necessary, expedient or desirable in its own discretion and in the best interest of the Company without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

9. The Special Resolution for reduction of share capital of the Company was passed unanimously by the equity shareholders of the Applicant Company at the Extraordinary General Meeting of the equity shareholders of the Applicant Company held on 15.04.2025.
10. The Statutory Auditor's Certificate certifying that there are no arrears in the repayment of the deposits or interest thereon, the same is annexed to the Company Petition.
11. A declaration by Mr. Ajay Piramal, Director of the Applicant Company, stating that the Applicant Company is not in arrears in the repayment of the deposits, or the interest thereon, is annexed to the Company Petition.
12. The Statutory Auditor of the Applicant Company has confirmed that the accounting treatment for proposed utilisation of the balance available in Securities Premium Account against the debit balance of Profit and Loss Account as on 01.04.2025, is in conformity with the generally accepted accounting principles in India. The Accounting Treatment Certificate issued by the statutory auditors of the Applicant Company is annexed to the Company Petition.

13. The Petitioner Company shall debit the Securities Premium Account to the maximum extent of Rs. 200,00,00,000/- (Two Hundred Crore Rupees) and shall simultaneously credit the Profit and Loss Account to the extent of the accumulated losses as on 01.04.2025. The indicative figures for the proposed adjustment based on Management certified provisional financial statements as on 31st March 2025 is as follows:

Pre-capital reduction	Post capital reduction
<u>Authorised Share Capital</u> 1,000,000 equity shares of Rs. 10/- each – Rs.1,00,00,00,000/- 115,000 0.015% cumulative optionally convertible participative preference shares of Rs.100/- each - Rs 1,15,00,00,000/-	<u>Authorised Share Capital</u> 1,000,000 equity shares of Rs. 10/- each – Rs.1,00,00,00,000/- 115,000 0.015% cumulative optionally convertible participative preference shares of Rs.100/- each - Rs 1,15,00,00,000/-
<u>Issued, Subscribed and Paid-up Share Capital</u> 231,825 equity shares of Rs. 10/- each, fully paid up	<u>Issued, Subscribed and Paid-up Share Capital</u> 231,825 equity shares of Rs. 10/- each, fully paid up
	Cancellation of Share Capital (Not Applicable)
Profit and Loss Account - Debit Balance (Rs. 12,776 lakh)	Profit and Loss Account – Rs. Nil
Securities Premium Account Rs. 23,578 lakh Less: Rs. 12,776 lakh*	Securities Premium Account Rs. 10,802 lakh

** The above adjustment has been depicted based on indicative balance sheet and may undergo a change on account of audited figures, if any, upon conclusion of audited financial statements as on 1st April, 2025.*

14. The Ld. PCA for the Applicant Company submits that the pre-reduction and post-reduction equity shareholders shall remain same and there shall be no change in shareholding pattern, as result of present Capital Reduction.
15. The Ld. PCA for the Applicant Company further submits that as on 20.04.2025, there were 0 (Zero) Secured Creditors and 1 (one) Unsecured Creditor of the Applicant Company having an outstanding amount of Rs. *Nil* and Rs. 1,35,000/- (One Lakh Thirty-Five Thousand Rupees), respectively. A copy of the list of Unsecured creditors, as on 20.04.2025, which is duly certified by 2 directors of the Applicant Company, is annexed to the Company Petition. It is submitted that the Applicant Company has served notices upon all its Unsecured Creditors in compliance with the directions of this Tribunal *vide* Order dated 08.07.2025.
16. The Applicant Company respectfully submits that the proposed reduction is not likely to cause any prejudice to the creditors of the Applicant Company. The creditors of the Applicant Company are not adversely affected by the proposed reduction of equity share capital as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Applicant Company or the ability of the Applicant Company to honour its commitments or to pay its debts in the ordinary course of business.
17. The Regional Director, Western Region, Ministry of Corporate Affairs has filed his Report dated 14.10.2025, *inter alia*, praying that this Tribunal consider the observations made in Paragraphs 6 and 7 of the Report to which the Applicant has filed its responses by way of an Affidavit in rejoinder dated 15.10.2025 and served upon the Regional Director. The observations of the Regional Director and the reply of the Applicant Company is set out in tabular format below:

Para No	Observations of the report of the Regional Director	Response / Undertaking / Submission of the Applicant Company
6 (1)	As reported at Sr. No.7, no proof of services of notices sent to the Creditors as per the provisions of Rule 3(2) of the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 are provided. The Directorate may call for proof of notices and may also put up the Company to strict proof thereof.	The Applicant Company has issued the copy of notice to creditors pursuant to the order of the Hon'ble NCLT and the proof of sending notice to creditor through speed post is attached as Exhibit B to Form No RSC 5.
6 (2)	Hon'ble NCLT, Mumbai Bench may decide the matter on its merits.	The observation of ROC is factual and is not required to be traversed.
7 (A)	Applicant to submit an Affidavit to the effect that the interest of the creditors and all stakeholders and Government Revenue are protected as well as statutory dues are paid off.	<p>The Applicant Company by way of this Affidavit undertakes that the interest of the creditors and all stakeholders, government revenue are protected and to pay all the statutory dues in ordinary course in accordance with provisions of the law, subject to appropriate remedies available to the Applicant Company.</p> <p>Accordingly, the Applicant Company submits that the stipulation as contained in sub-para (A) above stands fulfilled.</p>

7 (B)	The tax implication if any arising out of the proposal for reduction is subject to final decision of Income Tax Authorities. The approval of the Company Petition by this Hon'ble Court may not deter the Income Tax Authority from scrutinizing the tax return filed by the Company after giving effect to the proposed reduction. The decision of the Income Tax Authority is binding on the petitioner Company, if applicable.	The Applicant Company submits that the tax implications, if any, arising out of the proposal for capital reduction is subject to final decision of the Income Tax Authorities. The approval of the company petition by this Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the Applicant Company after giving effect to the proposed reduction, subject to rights and remedies available to the Applicant Company under the applicable law.
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18. During the course of hearing, the Deputy Regional Director submitted that their observations/objections have been satisfactorily explained by the Applicant Company. Hence, the Regional Director does not have any objection to the proposed scheme of reduction.

19. The Ld. PCA also submits that the Applicant Company has complied with all statutory requirements and they have filed the necessary affidavits. Moreover, the Applicant Company also undertakes to comply with statutory requirements, if any, under the Companies Act, 2013, and the Rules made thereunder, as may be applicable.

20. While approving the reduction of share capital, 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 any other charges, if any, or payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law. Further, all compliances as are required to be done by the Applicant Company upon this order confirming reduction of share capital and security premium reserve shall be duly complied with in relation to the applicable laws. The

Statutory Authorities, including Income Tax Authorities, RoC, etc., shall be at liberty to initiate any action under the law for non-compliance.

21. If any deficiency is found or violation of any legal provision, the sanction granted by the Tribunal shall not deter the statutory authorities from taking any action against any director, officers, officials or persons connected with the Applicant Company.
22. All concerned Regulatory Authorities to act on certified copy of this Order and the form of minutes forming part of the captioned Company Petition, duly certified by the Designated Registrar of this Tribunal. The Applicant Company undertakes to file the same with the Registrar within 30 days from the date of the receipt of the certified copy of the Order.
23. The Applicant Company to publish notices about registration of order and minutes of reduction by the RoC, in two newspapers, namely, *Business Standard* in English language and its translation thereof in *Navshakti* in Marathi language, both having circulation in the state of Maharashtra, within 30 days of registration.
24. The minutes set forth hereto be and is approved.

FORM OF MINUTES

To set-off the negative debit balance of Profit and Loss Account as on 1st April 2025 to the extent of Rs. 200,00,00,000 against the Securities Premium Account appearing in the books of account of the Company.

25. Accordingly, the captioned Company Petition i.e., **C.P. No. 104 of 2025** is **allowed** and **disposed of**.

26. Order accordingly. Files be consigned to the records.

Sd/-

ANIL RAJ CHELLAN
MEMBER (TECHNICAL)

Sanika, LRA

Sd/-

K. R. SAJI KUMAR
MEMBER (JUDICIAL)