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

COMPANY PETITION 196 (ND) 2026

IN THE MATTER OF:

SMARTWORKS COWORKING SPACES LIMITED

Registered Office: Unit No. 305-310, Plot No 9, 10 & 11

Vardhman Trade Centre, Nehru Place, South Delhi

New Delhi - 110019, India

Email: companysecretary@sworks.co.in

...Petitioner

Versus

REGISTRAR OF COMPANIES, DELHI-1

...Respondent No. 1

REGIONAL DIRECTOR, NORTHERN REGION-I

...Respondent No. 2

SECURITIES AND EXCHANGE BOARD OF INDIA

...Respondent No. 3

Order Pronounced on: 23.11.2026

CORAM:

SHRI MAHENDRA KHANDELWAL
HON'BLE MEMBER (JUDICIAL)

SHRI ATUL CHATURVEDI
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Applicant : Ms. Vanshika Gupta, Ms. Niyati Chhabra, Advocates.

ORDER

PER: MAHENDRA KHANDELWAL, MEMBER (JUDICIAL)

1. The present Petition has been filed on behalf of the Smartworks Coworking Spaces Limited ("Petitioner Company") under Section 66 read with Section 52

of Companies Act, 2013 read along with Rule 2 of National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 seeking confirmation of reduction of share capital.

2. The Petitioner Company was incorporated as a Company limited by shares under the Companies Act, 2013 on December 17, 2025. The Petitioner Company was converted from a Private Limited Company into a Public Limited Company pursuant to a fresh Certificate of Incorporation issued by the Registrar of Companies, Delhi. The name of the Petitioner Company was also changed from Smartworks Coworking Spaces Private Limited to Smartworks Coworking Spaces Limited on July 25, 2024. The Petitioner Company undertook its Initial Public Offering by way of an offer for sale and was subsequently listed on Stock Exchange on July 17, 2025.

3. The Petitioner Company has submitted that the Authorised Share Capital of the Company is INR 1,40,00,00,000 (Indian Rupees One Hundred Forty Crores only) divided into 12,00,00,000 (Twelve Crores) Equity Shares of INR 10 (Indian Rupees Ten only) each and 2,00,00,000 (Two Crores) Preference Shares of INR 10 (Indian Rupees Ten only) each, and the Issued, Subscribed and Paid-up Share Capital is INR 1,14,38,10,760 (Indian Rupees One Hundred Fourteen Crore Thirty-Eight Lakh Ten Thousand Seven Hundred Sixty only) divided into 11,43,81,076 (Eleven Crore Forty-Three Lakh Eighty-One Thousand Seventy-Six) Equity Shares of INR 10 (Rupees Ten only) each.

4. Article 10 of the Articles of Association of the Petitioner Company empowers the Company to reduce its share capital, from time to time, by passing a special resolution, in any manner permitted under applicable law. Copy of the

Memorandum of Association along with the Articles of Association of the Petitioner Company is annexed as Annexure A-1 Colly.

5. The Petitioner Company has submitted that the Company's audited standalone financial statements of the Petitioner Company for the financial year ended 31.03.2026 (Annexed as Annexure A-2) reflect accumulated losses, the debit balance of the Statement of Profit and Loss of INR 3,85,61,76,525 (Indian Rupees Three Hundred Eighty-Five Crore Sixty-One Lakh Seventy-Six Thousand Five Hundred Twenty-Five only).

6. As at 31.03.2026, the issued, subscribed and paid-up equity share capital of the Petitioner Company stood at INR 1,14,26,20,760 (Indian Rupees One Hundred Fourteen Crore Twenty-Six Lakh Twenty Thousand Seven Hundred Sixty only) comprising 11,42,62,076 (Indian Rupees Eleven Crore Forty Two Lakh Sixty-Two Thousand Seventy-Six) equity shares of INR 10 (Indian Rupees Ten Only) each, while the Securities Premium Account had a credit balance of INR 7,98,22,14,923 (Indian Rupees Seven Hundred Ninety-Eight Crore Twenty Two Lakh Fourteen Thousand Nine Hundred Twenty-Three only).

7. In order to reflect a true and fair view of its financial position and rationalise its balance sheet, the Petitioner Company proposes to utilise the balance standing of the credit from the Securities Premium Account to set off its accumulated losses, thereby aligning its reserves with its financial position and enhancing financial flexibility. In accordance with Section 52(1) of the Companies Act, 2013, the proposed utilisation of the Securities Premium Account for setting off accumulated losses is governed by the provisions

relating to reduction of share capital under Section 66 of the Companies Act, 2013. Copy of the Scheme of Reduction of Share Capital for the Petitioner Company is Annexed as A-4

8. The Petitioner Company also proposes that the Securities Premium Account of the Petitioner Company shall stand reduced by INR 3,85,61,76,525 (Indian Rupees Three Hundred Eighty-Five Crore Sixty-One Lakh Seventy-Six Thousand Five Hundred Twenty-Five only), being the accumulated losses reflected in its audited standalone financial statements for the financial year ended March 31, 2026. The reduction shall be effected solely through an accounting adjustment, without any repayment or distribution of capital, transfer of funds, cancellation of shares, alteration of rights attached thereto, or change in the issued, subscribed or paid-up equity share capital or shareholding pattern of the Petitioner Company.

9. The Board of Directors at their meeting held on August 24, 2026 considered and approved the proposed Capital Reduction of the Petitioner Company. Copy of the extract of the Board Resolution passed by the Board of Directors at their meeting held on August 24, 2026 is annexed with the petition as Annexure-A5.

10. The Members of the Petitioner Company, at the Annual General Meeting held on September 22, 2026, duly passed a special resolution in accordance with Section 52 & 66 of the Companies Act, 2013, approving the proposed reduction of the Securities Premium Account for setting off the accumulated losses of the Petitioner Company, on the terms and conditions set out in the said resolution. A true copy of the Notice of Annual General Meeting along

with Explanatory Statement and Extract of the Special Resolution duly passed on September 22, 2026 are annexed with the petition as Annexure-A6 (Colly)

11. The Petitioner Company has submitted that the statement containing the list of creditors as on September 30, 2026, setting out their names, addresses and amounts owed to them, duly certified by Mr. Neetish Sarda, Managing Director of the Petitioner Company, is annexed herewith this petition as Annexure-A8 for the kind perusal of this Hon'ble Tribunal. A copy of the certificate issued by the Auditor of the Petitioner Company certifying the said statement is annexed herewith this petition as Annexure-A9

12. The certificate issued by the Auditor of the Petitioner Company confirming that as on the date of filing of the present Petition, it is not in arrears in the repayment of deposits or interest thereon and declaration by Mr. Neetish Sarda, Managing Director of the Petitioner Company, is annexed with the Petition as Annexure- 10(Colly).

13. The Petitioner Company confirms that the proposed reduction shall be accounted for in its books of account in accordance with Section 133 of the Companies Act, 2013, the applicable Accounting Standards and other generally accepted accounting principles in India. The certificate issued by the Auditor of the Petitioner Company confirming the conformity of the proposed accounting treatment with the applicable Accounting Standards is annexed herewith the Petition as Annexure -11.

14. The Petitioner Company in compliance with Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 has already

intimated Stock Exchanges that it is filing/has filed a petition under section 66 of the Companies Act, 2013 for reduction of share capital.

15. We have heard the Counsel on behalf of the Petitioner Company and have perused the records.

16. Having considered the submissions made, the Petitioner Company is directed to serve notices in Form No. RSC-2 of the hearing of the Petition within 7 (Seven) days from the date of this order along with the copy of Petition upon:

i. The Central Government through the office of the Regional Director, Northern Region-I, Delhi, pursuant to Section 66 (2) of the Companies Act, 2013.

ii. The Registrar of Companies (ROC), NCT of Delhi I.

iii. The Securities and Exchange Board of India.

17. The aforesaid statutory authorities may submit their representations or objections to the Tribunal, if any, within a period of three months (90 days) from the date of receipt of such notice and a copy of such representations or objections shall simultaneously be served upon the Petitioner Company, failing which, it shall be presumed that the authorities have no representations or objections to make on the proposed Capital Reduction.

18. The Petitioner Company is also directed to serve notices in Form No. RSC-3 upon all its Secured and Unsecured Creditors, by R.P.A.D./Speed Post and Email (to the creditors whose email addresses are duly registered with the Petitioner Company for the purposes of receiving such notices) pursuant to Section 66(2) of the Companies Act, 2013 with the statement that they may

submit their representations and objections, if any, to this Tribunal, within a period of three months from the date of receipt of such notice and a copy of such representations/ objections shall simultaneously be served upon the Petitioner Company, failing which it shall be presumed that such Creditors of the Petitioner Company have no objections to the proposed reduction of equity share capital.

19. The Petitioner Company is directed to publish notice of the date of hearing of Petition in Form No. RSC-4 in two local newspapers viz. "Business Standard" (English, Delhi Edition) and "Jansatta" (Hindi, Delhi Edition), both having circulation in Delhi and also on the website of the Petitioner Company, not later than 7 days from the date of this order.

20. The Petitioner Company shall, as soon as may be, but not later than seven (7) days from the date of issuance of such notices, file an affidavit in Form No. RSC-5 confirming the dispatch and publication of the notice in compliance of Rule 3(5) of the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016.

21. The Petition is fixed for hearing on **23.02.2027**.

-SD/-

ATUL CHATURVEDI
MEMBER (TECHNICAL)

-SD/-

MAHENDRA KHANDELWAL
MEMBER (JUDICIAL)