

**IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH - I**

CP (IB) NO. 530 of 2026

*Under Section 10 of the Insolvency and Bankruptcy Code, 2016 read
with Rule 7 of the Insolvency and Bankruptcy (Application to
Adjudication Authority) Rules, 2016*

In the matter of:

Mangla Capital Services Private Limited

CIN: U65990MH1994PTC078517

Having its Registered Office at -

162 C, Mittal Tower, C Wing, Nariman Point, Mumbai 40002.

... Corporate Applicant

Order Pronounced on : 10.06.2026

Coram:

Shri Prabhat Kumar

Member (Technical)

Shri Sushil Mahadeorao Kochey

Member (Judicial)

Appearances:

For the Corporate Applicant

: Adv. Mohit Shamdasani

a/w Adv. H. Nirmal

ORDER

Per: Coram

1. This Company Petition is filed under Section 10 of the Insolvency and Bankruptcy Code, 2016 (“Code”) read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudication Authority)

Rules, 2016 by the **Mangla Capital Services Private Limited** (hereinafter referred to as the “Corporate Applicant/ Corporate Debtor”), seeking initiation of the Corporate Insolvency Resolution Process (“CIRP”). The said application is being preferred by the Corporate Applicant owing to continuous loss and nil revenue from operations for the financial years ending 2021-2025.

Brief Facts

2. The Corporate Applicant was incorporated on 20.05.1994 as a private limited company under the Companies Act, 1956. Its Corporate Identity Number (‘CIN’) is U65990MH1994PTC078517. Its registered office is at 162 C, Mittal Tower, C Wing, Nariman Point, Mumbai 400021. The business of the Corporate Debtor is to act as brokers, dealers and agents in primary and secondary markets in connection with shares, bonds, debentures, commercial papers, securities and other allied business activities.
3. On 11.12.2000, the HDFC Bank offered a product called "Insta Cash Facilities," whereby it would advance money to its customer Mr. Vinod Gupta (a Director of the Corporate Debtor) against the sale of shares of Cyberspace Ltd., expecting to recover the advance from pay-outs received through the National Stock Exchange (NSE) settlement mechanism. Between 8th and 13th March 2001, the bank advanced a total of Rs. 8,40,10,330/- to Mr. Vinod Gupta based on contract notes issued by the Applicant. However, the NSE cancelled the relevant trades following an investigation into circular trading in Cyberspace shares, and consequently the Bank never received the expected pay-outs.
4. HDFC Bank contended that the Applicant had breached the Memorandum of Understanding (MOU) between them by issuing two sets of contract notes for the same transactions, dealing through

an unregistered sub-broker (Mr. Binod Agarwal), and participating in market manipulation, thereby triggering the indemnity clause in the MOU, under which they claimed over Rs. 323 crores as on 15.08.2015, including compounded interest. In response to that the Applicant stated that the cancellation by the NSE was because of other transactions and not due to the two sets of contract notes referred earlier. They also stated that they were owed brokerage charges and had suffered business losses exceeding Rs. 217 crores due to the HDFC Bank's conduct.

5. Pursuant to the dispute resolution mechanism or clause as stated under the MOU, the Arbitration proceedings were invoked on 07.02.2026 between HDFC Bank Limited and the Applicant, pursuant to which an Arbitral Award was passed in favor of HDFC Bank. By the said Award, the Applicant has been directed to pay a sum of Rs. 17,14,50,130/-, plus interest at the rate of 10% per annum from 07.02.2026 until realization, and arbitration costs amounting to Rs. 60,00,000/-. The said award has been challenged before the Hon'ble Bombay High Court under Section 34 of the Arbitration and Conciliation Act, 1996, by way of *Commercial Arbitration Petition (L) no. 16411 of 2026* on 04.05.2026.
6. On 28.06.2023, APRN Enterprises Private Limited and the Applicant entered into an Inter-Corporate Deposit Agreement, whereby APRN Enterprises Private Limited granted an inter-corporate deposit of Rs. 1,00,00,000/- to the Applicant, repayable within one year or on demand, along with interest at the rate of 12% per annum until repayment. The Applicant states that it has failed to repay the said amount along with accrued interest.
7. The total debt amounting to default as calculated on 06.05.2026 is **Rs. 1,02,59,980/-** (Rupees One Crore Two Lakhs Fifty Nine

Thousand Nine Hundred Eighty only). The distribution table is provided below:

Sr.No.	Creditors	Amount Payable
1.	APRN Enterprises Private Limited	Rs. 1,00,00,000/- (Rupees One Crore Only) plus interest.
2.	Malhar Zatakia	Rs. 2,44,980/- (Rupees Two Lakhs Forty-Four Thousand Nine Eighty Only).
3.	Jayesh Dadia & Associates LLP	Rs. 15,000/- (Rupees Fifteen Thousand Only).
Total		Rs. 1,02,59,980/- ((Rupees One Crore Two Lakhs Fifty Nine Thousand Nine Hundred Eighty only).

Findings of the Tribunal

8. We heard the counsel for the Corporate Debtor and perused the material on record.
9. The Corporate Debtor has placed a Intercorporate Deposit Agreement dated 28.6.2023 executed between it and M/s APRN Enterprises Private Limited for advancing a sum of Rs. 1,00,00,000/- repayable in one year. The said agreement has been executed on a stamp of Rs. 500/- which was purchased for the purpose of "Only for Affidavit" as stated at the back of such stamp. On perusal of the audited financial statements for the year ended 31.3.2024, it is noted

that this amount was utilised (a) for payment of Trade Payables amounting to Rs. 39.72 lakhs, (b) for advancing a sum of Rs. 48.30 lakhs to third persons, which is stated as “Trade Receivables” even though the corporate debtor had no operating revenue during the year, and (c) for payment of legal & professional expenses, which may have arisen on account arbitration proceedings and other legal proceedings against the corporate debtor in view of allegations of fraud committed towards HDFC Bank by its director Vinod Gupta.

10. Further, the key financials data as reflected in the Audited Balance Sheets of 6 (six) Financial years i.e. 2020-2026 placed on record by the corporate debtor is summarised as below :

Particulars	2020-21 (Rs.)	2021-22 (Rs.)	2022-23 (Rs.)	2023-24 (Rs.)	2024-25 (Rs.)	2025-26 (Rs.)
Revenue from Operations	Nil	Nil	Nil	Nil	Nil	Nil
Other Income	Nil	87,500	1,000	1,000	3,24,770	Nil
Total Revenue	Nil	87,500	1,000	1,000	3,24,770	2,130
Total Expenses	25,097.90	57,53,000	16,000	22,03,000	15,53,170	34,66,950
Net Loss (after tax)	—	—	—	—	12,31,780	33,61,360

11. Further, on perusal of these financial statements, it is noted that the corporate debtor does not own any fixed assets. Ld. Counsel for the Applicant Company also clarified to this tribunal, on a specific query, that the corporate debtor is not holding any registration with any regulator in relation to the business it was engaged into.

12. It follows from the examination of these financial statements:

- a. No Operating Revenue:** The Corporate Debtor has not generated any revenue from its business operations across all six financial years under examination. This establishes that the

Corporate Debtor has been completely inactive as a business entity for a prolonged and continuous period of last years preceding the financial year ending on 31.3.2026. It is also the contention of the Corporate Debtor that it had not earned any revenue from operations since last 10(ten) years.

- b. No Regulatory Registration:** The Corporate Debtor holds no valid registration with the National Stock Exchange of India or with the Securities and Exchange Board of India. Since such registration is a mandatory legal requirement for carrying out any trading in listed securities in India, the Corporate Debtor is legally disqualified from conducting any share trading activity on the Stock Exchanges of India, notwithstanding its claims to the contrary.
- c.** There is no fixed assets available with the corporate debtor, and it only has assets in nature of 'Trade receivables', which were advanced out of proceeds of purported financial debt as demonstrated above.

13. The Preamble of IBC reads as *“An Act to consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto”* . In the present case, there is no assets, the value maximisation of which can be contemplated, and there is no business as such, which can be sought to be revived.

14. It is pertinent to note that the investigation has been initiated by the National Stock Exchange against the Corporate Debtor into the matter and allegation of circular trading of shares of 1,08,000 shares of Cyberspace Limited. Further, there is a decree passed against the Corporate Debtor by the Ld. Arbitrator in the alleged fraud to compensate HDFC Bank, and the said arbitral award is challenged by the corporate debtor in an appeal before Hon'ble Bombay High Court.

15. Though, there is no dispute that there exists a debt exceeding the threshold prescribed u/s 4 of IBC and the corporate debtor is in default thereof, it is pertinent to note that the IBC contemplates insolvency resolution of the corporate debtor so that the corporate debtor can stand on its own feet.

16. While we consider the facts of this case in totality, it is difficult to accept that the present petition is for insolvency resolution of the corporate debtor. On the contrary, the present petition is an attempt to thwart the Arbitral Proceedings, where the factum of fraud perpetrated upon HDFC Bank has been established, against the corporate debtor so as to discharge its directors for any consequential action arising from non-enforcement of such award. The present petition, in our considered view, this Tribunal finds that the present Petition has not been filed with any genuine intention of resolving the insolvency of the Corporate Debtor, but has instead been filed deliberately to stop and interfere with the appeal proceedings. Such use of insolvency proceedings for a purpose other than resolution amounts to a clear abuse of the process of this Tribunal and cannot be permitted.

17. Further, this Tribunal, in similar types of cases, has encountered the difficulty faced by the Insolvency Professional to fund the process cost, as the current assets suddenly vanish after admission of the corporate debtor and the suspended board refuses to fund such type of processes in view of lack of statutory mandate. Even the directions issued by this tribunal in the admission order passed in such type of cases requiring the suspended board to deposit some amounts to fund the process initially has been of no avail, as the process cost generally has exceeded the such initial deposit.
18. In view of the above, we are of considered view that the present Petition filed by Mangal Capital Services Private Limited is not maintainable, as the same has been filed for a purpose other than the insolvency resolution of the corporate debtor, and accordingly deserves to be dismissed.
19. Accordingly, **CP (IB) No. 530 of 2026** is hereby **dismissed**.
20. The Corporate Debtor is at liberty to avail of such other remedies and proceedings as may be available to it under any other law.
21. Ordered accordingly.

Sd/-

Prabhat Kumar
Member (Technical)

Vaishnavi B

Sd/-

Sushil Mahadeorao Kochey
Member (Judicial)