

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.219- C.P.(IB)/66(AHM)2026
ITEM No.220- IA/358(AHM)2026

Proceedings under Section 121(1) of IBC,2016

IN THE MATTER OF:

State Bank of India Stress Asset Management Branch
V/s

.....Applicant

Shri Babulal Sagarmal Sanghvi PG to CD M/s.Sanghvi
Forging & Engineering Limited

.....Respondent

Order delivered on: 29/06/2026

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)
Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

PRESENT:

For the Applicant : Mr. Mokshay Vyas, Adv.

For the respondent : Mr. Nipun Singhvi,Adv.

ORDER

1. Heard the Learned Counsel for Applicant and Respondent.
2. The Petitioner/Financial Creditor has filed this Petition under Section 121 of the Insolvency and Bankruptcy Code, 2016 (for short "Code") read with Rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtors) Rules, 2019 seeking initiation of Bankruptcy Process against Mr. Babulal Sagarmal Sanghvi Personal Guarantor of Corporate Debtor – M/s. Sanghvi Forging & Engineering Limited. The respondent has given a deed of guarantee dated 29.03.2014 for securing the credit facilities availed by the Corporate Debtor.
3. Part-III of the application reveals that the total debt (including any interest or penalties) as on 27.01.2026 is Rs. 1,28,42,84,633.53 /- The amount in default was Rs. 1,28,42,84,633.53/- and the debt was due on 15.01.2019. It is submitted that

the date on which default occurred is 23.01.2019. Perusal of Part-IV reveals that Mr. Rahul N Shah insolvency professional has been proposed as the Bankruptcy Trustee by the applicant.

4. The facts, in brief, of the case are that the Corporate Debtor - M/s. Sanghvi Forging & Engineering Limited, being the principal borrower availed various credit facilities from the bank. The Respondent (Personal Guarantor) in his personal capacity executed Deed of Guarantee dated 29.03.2014 in favour of Applicant Bank (Financial Creditor) towards payment of financial assistance extended by the Financial Creditor to the Corporate Debtor. However, the Corporate Debtor failed to maintain the terms and conditions of the loan agreement due to which loan account became irregular. The Financial Creditor invoked the personal guarantee through recall notice dated 15.01.2019 and issued a Demand notice dated 13.04.2021 {Under rule 7 {2} 01 the Insolvency and Bankruptcy (Application to Adjudicating Authority Insolvency Resolution Process of Personal Guarantors to Corporate Debtors} Rules, 2019} to the Personal Guarantor, due to non-payment of the amount by the Corporate Debtor. The Guarantor Mr. Babulal Sagarmal Sanghvi, replied to the aforesaid Demand Notice.
5. Thereafter, an application being CP(IB)/93(AHM)2021 was filed by the Financial Creditor for initiating personal insolvency resolution process against Personal Guarantor under Section 95 of the Insolvency and Bankruptcy Code, 2016. Vide an order dated 16.04.2024 Ms. Sunil Kumar Agarwal was appointed as the resolution professional and called for his report U/s 99 of the IBC, 2016. Subsequently, the resolution professional recommended for admission of personal insolvency resolution process in the report against the Respondent in view of the submission of the documents by the PG.
6. It is observed that joint repayment plan was submitted by the Personal Guarantor which was rejected with 100% voting of creditors on 27.07.2024. Accordingly, vide order dated 09.07.2025 in IA/1268(AHM)2024 in CP(IB) No.93 of 2021, this Tribunal the taken on record the report of the RP under Section 112 of the IBC

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2016 r.w. Rule 11 of NCLT Rules 2016, with liberty to the Financial Creditors to initiate bankruptcy proceedings

7. Therefore, considering the facts involved in this case, we find it appropriate to admit this petition and declare the Personal Guarantor herein, as Bankrupt with the following directions:-

- (I) CP(IB) No. 66 of 2026 is allowed. we here by condone the delay of 130 days in filing present application and accordingly, IA 358 of 2026 is disposed of.
- (II) Mr. Babulal Sagarmal Sanghvi, is hereby declared bankrupt;
- (III) We appoint Mr. Rahul Shah, Insolvency Professional, having Reg. No. IBBI/IPA-001/IP-P-02170/2020-2021/13367, Address: Shop No. 6, Samprati residency, opp. Paliyadnagar, AMC Garden, Naranpura, Ahmedabad, Gujarat 380014 (E-mail ID: carahulnshah@gmail.com, as Bankruptcy Trustee;
- (IV) The Registry is directed to provide a copy of this Bankruptcy order and a copy of the Bankruptcy petition to the creditors and bankruptcy trustee within a week as provided under Section 126 (2) of IBC, 2016;
- (V) This order of Bankruptcy shall continue to have the effect till the debtor is discharged under section 138 of IBC, 2016;
- (VI) The bankrupt shall submit his statement of financial position to the bankruptcy trustee in the prescribed Form within seven days from the date of the order;
- (VII) The estate of the bankrupt excluding the assets mentioned in Section 155(2) of Code RW Rule 5 of Insolvency and Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal

Sd/-

Sd/-

Guarantors to Corporate Debtor) Rules, 2019 vest with the bankruptcy trustee in pursuance of this order, the Bankruptcy trustee is directed to forthwith take into his custody all the assets, Properties, and actionable claims of the Bankrupt and take necessary steps to ensure preservation, protection security and maintenance of those properties as provided under section 128 and 154 of IBC, 2016;

- (VIII) The Bankruptcy Trustee is also directed forthwith to hire Reputed Assets Tracking Company/Private Detective Agency to trace the other assets of the Personal Guarantor which are not forming part of the assets disclosed by the Financial Creditor or Personal Guarantor and take control of other assets, if found/traced by the said Assets Tracking Company/Detective Agency;
- (IX) The Bankruptcy trustee is directed to adhere to Section 128, 129 (4), 132, 133, 134, 136 and 137 of IBC, 2016 and discharge his powers and duties as specified and meticulously adhere to the Rules and Regulations issued by IBBI in this regard from time to time;
- (X) The Bankruptcy trustee for the Adjudicating Authority shall send notices as provided under section 130(a) of IBC, 2016 within ten days from the date of this order to the creditors mentioned in statement of affairs submitted by the Bankrupt under section 129 of IBC, 2016;
- (XI) The Public Notice inviting claims from the creditors as contemplated under section 130 (2) of the Code shall be issued in one morning, English daily and in one morning vernacular regional language newspapers having wide circulation where the bankrupt resides;
- (XII) On passing of the Bankruptcy order but subject to sub-section (2) of 128 of the Code, shall not initiate any action against the property of the bankrupt in respect of debt and no suit or other legal proceeding shall be initiated against the bankrupt, save and except with the leave of the Adjudicating Authority as provided in section 128 (ii) of the Code;

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- (XIII) The Bankrupt Trustee shall conduct the administration of the distribution of the estate of the bankrupt under Chapter V as provided in section 136 of the code;
- (XIV) The Bankrupt shall from the date of the order be subject to such disqualifications and restrictions as prescribed under section 140 and 141 of the code;
- (XV) The restrictions on a bankrupt include that the bankrupt is not permitted to travel overseas without the permission of the Adjudicating Authority;
- (XVI) The Bankruptcy Trustee may seek such further information or explanation in connection with bankruptcy process as may be required from the debtor or the creditor or any other person who in the opinion of the Bankruptcy Trustee, may provide such information. The persons from whom information or explanation is sought shall furnish such information or explanation within seven days of receipt of the request;
- (XVII) The Bankruptcy Trustee shall exercise all the powers as enumerated under the Code read with Rules and Regulations made thereunder;
- (XVIII) The Bankruptcy Trustee shall submit to this Adjudicating Authority and committee a preliminary report within in ninety days from the date of the Bankruptcy order after serving copy of the report on the bankrupt as provided in Regulation 8 of Insolvency and Bankruptcy Board of India (Bankruptcy Process for personal Guarantors to corporate debtors) Regulation, 2019;
- (XIX) The Bankruptcy Trustee shall submit to this Authority periodical progress report within fifteen days after the end of every quarter after serving copy of the report on the bankrupt provided under Regulation 10 of Insolvency and Bankruptcy Board of India (Bankruptcy Process for personal Guarantors to corporate debtors) Regulation, 2019;

Sd/-

Sd/-

- (XX) The fee of Bankruptcy trustee to be determined as provided under Regulation 4 of Insolvency and Bankruptcy Board of India (Bankruptcy Process for personal Guarantors to corporate debtors) Regulation, 2019;
- (XXI) The Bankruptcy Trustee is expected to take full charge of the Personal Guarantor's assets and documents without any delay whatsoever. He is also free to take police assistance in this regard, and this Court thereby directs the Police Authorities to render all assistance as may be required by the Bankruptcy Trustee in this regard;
- (XXII) Mr. Babulal Sagarmal Sanghvi, is not permitted to travel abroad, effective from the date of this order, without the permission of this Tribunal;
- (XXIII) The Registry is directed to send e-mail copies of the order forthwith to all the parties, including Bankruptcy Trustee and their Ld. Counsels for information and for taking necessary steps;
- (XXIV) The interim moratorium commenced under section 124(1)(a) of the IBC, 2016, shall cease to have effect from the date of this order.



DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)



CHITRA HANKARE
MEMBER (JUDICIAL)