IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.302
IA/210(AHM)2026
in
C.P.(IB)/138(AHM)2025

Under Section 164 of IB Code, 2016

IN THE MATTER OF:

CA Rahul Nareshbhai Shah Bankruptcy Trustee of Jignesh Harjibhai Ghanva PG of M/s Yogiraj Spinning Limited ....Applicant

V/s

Jignesh Harjibhai Ghanva PG of M/s Yogiraj Spinning Limited ....Respondent

Order delivered on: 17/08/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

O R D E R
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

SD/-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)

BEFORE THE ADJUDICATING AUTHORITY
THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT–I, AHMEDABAD

IA/210(AHM) 2026
In
CP (IB) No.138/AHM/2025

[Application under Section 164 of the Insolvency and Bankruptcy Code, 2016]

<u>In the matter of:-</u>

CA Rahul Nareshbhai Shah,
Bankruptcy Trustee of
Jignesh Harjibhai Ghanva PG of
M/s Yogiraj Spinning Limited
Having office at
Shop No. 6, Samprati Residency,
Opp. AMC Garden, Naranpura,
Ahmedabad, Gujarat- 380013

...Applicant

VERSUS

1. **Shri Jignesh Harjibhai Ghanva**
Personal Guarantor to Corporate Debtor
M/s Yogiraj Spinning Limited
Village: Moviya
Taluka: Gondal
District: Rajkot-360330

2. **Shri Maheshbhai Ghanva**
Village: Moviya
Taluka: Gondal
District: Rajkot-360330

3. **Smt. Rekhaben Maheshbhai Ghanva**
Village: Moviya
Taluka: Gondal

District: Rajkot-360330

4. **Minor Bansi Mhaeshbhai Ghanva**
Represented Through Legal Guardian
Shri Maheshbhai Harjibhai Ghanva
Village: Moviya
Taluka: Gondal
District: Rajkot-360330

5. **Minor Mihir Maheshbhai Ghanva**
Represented Through Legal Guardian
Shri Maheshbhai Harjibhai Ghanva
Village: Moviya
Taluka: Gondal
District: Rajkot-360330

.... Respondents

Order Pronounced on 17.08.2026

C O R A M:

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SANJEEV KUMAR SHARMA, HON'BLE MEMBER (TECHNICAL)

A P P E A R A N C E:

For the Applicant	: Mr. Arjun Padhiyar, Adv
For the Respondents	: Ms. Somya Jain, Proxy Adv For Mr. Arjun Sheth, Adv For R-1 to R-5

O R D E R
[Per: Bench]

1. This is an application filed by the Applicant, being the Bankruptcy Trustee of the Personal Guarantor, under Section 164 of the Insolvency and Bankruptcy Code, 2016, seeking appropriate orders in respect of an alleged undervalued

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transaction entered into by the Personal Guarantor, with the following prayers: -

a) *That this Hon'ble Tribunal may be pleased to allow the present application.*

b) *That this Hon'ble Tribunal may be pleased to pass an appropriate order under Section 164(4)(a) of the Insolvency and Bankruptcy Code, 2016 declaring the transaction as entered into by the Respondents on 18.04.2024 in relation to the immovable property as reflecting in Form No.6 bearing Entry No. 21637 in relation to the land bearing Revenue Survey No. 114/1 at village: Moviya, Taluka: Gondal, District: Rajkot Gujarat as Void;*

c) *That this Hon'ble Tribunal may be pleased to pass an appropriate order under Section 164(4)(b) of the Insolvency and Bankruptcy Code, 2016 vesting the subject immovable property situated at land bearing Revenue Survey No. 114/1 at Village: Moviya, Taluka: Gondal, District: Rajkot Gujarat with the Bankruptcy Trustee as a part of the estate of the Bankrupt.*

d) *That this Hon'ble Tribunal may be pleased to pass any appropriate orders.*

2. The Applicant/Bankruptcy Trustee has placed the **facts** through this petition in the following manner: -

2.1. It is submitted that Respondent No. 1, Shri Jignesh Harjibhai Ghanva, is the Personal Guarantor of the Corporate Debtor, M/s Yogiraj Spinning Ltd., whereas Respondent Nos. 2 to 5 are the co-owners/stakeholders of the subject immovable property, being land bearing Revenue Survey No. 114/1 situated at Village Moviya, Taluka Gondal, District Rajkot, Gujarat, in whose favour Respondent

No. 1 has relinquished his share. In support thereof, a copy of Village Form No. 7 pertaining to the said property has been annexed as Annexure-A.

2.2. The State Bank of India filed Original Application No. 979 of 2019 before the Hon'ble Debt Recovery Tribunal-II, Ahmedabad on 31.07.2019 against Respondent No. 1. Notice of the said proceedings was served upon Respondent No. 1, as reflected in the order dated 22.10.2019 passed in OA No. 979 of 2019. A copy of the said order along with the case status has been annexed as Annexure-B.

2.3. It is submitted that the State Bank of India filed CP (IB) No. 139(AHM) of 2021 against the Corporate Debtor, M/s Yogiraj Spinning Ltd., which was admitted by this Tribunal vide order dated 13.12.2022. Thereafter, this Tribunal approved the Resolution Plan vide order dated 29.04.2024 in IA (Plan) No. 3 of 2024 in CP (IB) No. 139(AHM) of 2021. A copy of the order dated 29.04.2024 has been annexed as Annexure-C.

2.4. It is submitted that the State Bank of India filed CP (IB) No. 144(AHM) of 2022 on 03.06.2022 against Shri Jignesh Harjibhai Ghanva, Personal Guarantor to the Corporate Debtor, M/s Yogiraj Spinning Ltd., which was admitted by this Tribunal vide order dated 13.05.2024. A copy of the admission order dated 13.05.2024 in CP (IB) No. 144(AHM) of 2022 has been annexed as Annexure-D.

2.5. The Resolution Professional of the Personal Guarantor filed IA No. 1489 of 2024 seeking closure of the insolvency resolution process, whereupon this Tribunal, vide order dated 18.12.2024 passed in IA No. 1489 of 2024 in CP (IB) No. 144(AHM) of 2022, granted liberty to the Financial Creditor(s) to initiate bankruptcy proceedings. A copy of the order dated 18.12.2024 has been annexed as Annexure-E.

2.6. It is submitted that the State Bank of India initiated bankruptcy proceedings against Shri Jignesh Harjibhai Ghanva, Personal Guarantor of M/s Yogiraj Spinning Ltd. By order dated 23.09.2025 passed in CP (IB) No. 138 of 2025, this Tribunal allowed the application, declared the Personal Guarantor bankrupt and appointed the Applicant as the Bankruptcy Trustee. A copy of the order dated 23.09.2025 has been annexed as Annexure-F.

2.7. It is submitted that, based on the information provided by the State Bank of India and the Asset Tracking Agency Report dated 30.10.2025, the Applicant discovered that Respondent No. 1 had relinquished his share in the subject immovable property on 18.04.2024 during the interim moratorium under Section 96 of the Insolvency and Bankruptcy Code, 2016. The Applicant contends that the said relinquishment constitutes an undervalued transaction under Section 164 of the Code. A copy of the Asset Tracking Agency Report along with Village

Form No. 6 reflecting Mutation Entry No. 21637 dated 18.04.2024 has been annexed as Annexure-G.

2.8. It is submitted that Respondent No. 1, by relinquishing his share in the subject property, intended to defeat and/or delay the claims of the Financial Creditor(s).

2.9. The Applicant contends that, as no consideration was received for the relinquishment, the transaction falls within the ambit of an undervalued transaction under Section 164(6) of the Insolvency and Bankruptcy Code, 2016, and accordingly seeks appropriate relief under Section 164(4) of the Code.

3. In compliance with the order dated 16.02.2026, Respondent Nos. 1 to 5, in their **Affidavit-in-Reply**, dated 09.03.2026 vide Inward Diary No. D – 2112 contended that the present Application is misconceived and liable to be dismissed as the Applicant has failed to establish the essential ingredients of Section 164 of the Insolvency and Bankruptcy Code, 2016. It was submitted that the relinquishment of Respondent No. 1's share in the subject ancestral/family property vide Relinquishment Deed dated 18.04.2024 was a bona fide family arrangement amongst co-owners and not an undervalued transaction intended to defeat or prejudice the interests of creditors. The Respondents denied any fraudulent intent, collusion or actual loss to the bankruptcy estate and submitted that the proceedings before the DRT, CIRP of the Corporate Debtor, declaration of bankruptcy, appointment of the Applicant as Bankruptcy Trustee and the Asset Tracking Agency Report do not render the impugned transaction unlawful. It was therefore contended that the Applicant has failed to satisfy the requirements of Section 164 of the Code and the Application deserves to be dismissed.

4. Pursuant to the Affidavit-in-Reply filed by Respondent Nos. 1 to 5, the Applicant/Bankruptcy Trustee did not file any rejoinder. Vide order dated 25.03.2026, learned counsel appearing for the Applicant submitted that no rejoinder was required to be filed. Accordingly, this Tribunal closed the Applicant's right to file a rejoinder/counter to the reply filed by Respondent Nos. 1 to 5.

5. Thereafter, the Applicant/Bankruptcy Trustee filed **written submissions** on 04.05.2026 vide Inward Diary No. D-3863, which was taken on record.

6. We have heard the learned counsel appearing for the Applicant and the learned counsel appearing for Respondent

Nos. 1 to 5. We have also carefully perused the pleadings, written submissions, documents placed on record and the provisions of the Insolvency and Bankruptcy Code, 2016. The issue for consideration is whether the impugned transaction satisfies the statutory requirements of Section 164 so as to warrant the reliefs contemplated under Section 164(4) of the Code.

7. The present Interlocutory Application has been filed by the Applicant, in his capacity as Bankruptcy Trustee of Mr. Jignesh Harjibhai Ghanva**,** under Section 164 of the Insolvency and Bankruptcy Code, 2016, seeking an order declaring the relinquishment transaction dated 18.04.2024 concerning the proprietary interest of Respondent No. 1 in Revenue Survey No. 114/1, Village Moviya, Taluka Gondal, District Rajkot, as void.

8. The principal question for consideration is whether the impugned transaction satisfies the statutory requirements of Section 164 of the Code so as to warrant the reliefs contemplated under Section 164(4). For this purpose, it is necessary to examine the relevant conditions prescribed under Section 164 with reference to the material placed on record. Before examining the rival contentions, it would be appropriate to reproduce the relevant provisions of Section 164 of the Insolvency and Bankruptcy Code, 2016:

164. Undervalued transactions. –

(1) The bankruptcy trustee may apply to the Adjudicating Authority for an order under this section in respect of an undervalued transaction between a bankrupt and any person.

(2) The undervalued transaction referred to in sub-section (1) should have –

(a) Been entered into during the period of two years ending on the filing of the application for bankruptcy; and

(b) Caused bankruptcy process to be triggered.

(3) A transaction between a bankrupt and his associate entered into during the period of two years preceding the date of making of the application for bankruptcy shall be deemed to be an undervalued transaction under this section.

(4) On the application of the bankruptcy trustee under sub-section

(1), the Adjudicating Authority may –

(a) pass an order declaring an undervalued transaction void; (b) pass an order requiring any property transferred as a part of an undervalued transaction to be vested with the bankruptcy trustee as a part of the estate of the bankrupt; and

(c) Pass any other order it thinks fit for restoring the position to what it would have been if the bankrupt had not entered into the undervalued transaction.

(5) The order under clause (a) of sub-section (4) shall not be passed if it is proved by the bankrupt that the transaction was undertaken in the ordinary course of business of the bankrupt:

Provided that the provisions of this sub-section shall not be applicable to undervalued transaction entered into between a bankrupt and his associate under sub-section (3) of this section.

(6) For the purposes of this section, a bankrupt enters into an undervalued transaction with any person if - 109

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(a) he makes a gift to that person;

(b) no consideration has been received by that person from the bankrupt;

(c) it is in consideration of marriage; or

(d) it is for a consideration, the value of which in money or money's worth is significantly less than the value in money or money's worth of the consideration provided by the bankrupt.

9. Section 164(2) requires that the impugned transaction should have been entered into during the period of two years ending on the filing of the application for bankruptcy and should have caused the bankruptcy process to be triggered. Section 164(6) further specifies the circumstances in which a transaction entered into by a bankrupt may constitute an undervalued transaction.

10. The impugned relinquishment was effected on 18.04.2024. The application for initiation of bankruptcy proceedings against Respondent No. 1 was filed on 18.03.2025 and bankruptcy proceedings initiated on 23.09.2025. Accordingly, the Tribunal finds that the impugned transaction was entered into during the period of two years ending on the filing of the application for bankruptcy, as required under Section 164(2)(a) of the Code.

11. The Applicant has relied upon Village Form No. 7, Mutation

Entry No. 21637 and the other documents placed on record to contend that Respondent No. 1 possessed an interest in the subject property immediately prior to the impugned transaction and relinquished such interest in favour of Respondent Nos. 2 to 5.

12. We have also carefully perused the Investigation Report dated 30.10.2025 submitted by Safal Professional & Recovery Services Pvt. Ltd., annexed as Annexure-G to the present Application, along with the Village Form No. 6 and the revenue records referred to therein. The Investigation Report, upon verification of the relevant revenue records, refers to Revenue Survey No. 114/1, situated at Village Moviya, Taluka Gondal, District Rajkot, and records the said property as belonging to Mahesh Harji Ghanva & Family, with the 7/12 extract of Survey No. 114/1 being referred to as the supporting evidence. The Report further records the details of the properties standing in the names of the concerned members of the Ghanva family and, in respect of Survey No. 114/1, reflects the property in the name of Mahesh Harji Ghanva & Family.

13. Upon correlating the aforesaid Investigation Report with the Village Form No. 6, Mutation Entry No. 21637 dated

18.04.2024, and the pleadings and documents placed on record, it is observed that Respondent No. 1, Mr. Jignesh Harjibhai Ghanva, relinquished his share/proprietary interest in the subject property bearing Revenue Survey No. 114/1 in favour of Respondent Nos. 2 to 5, namely Mr. Maheshbhai Ghanva, Smt. Rekhaben Maheshbhai Ghanva, minor Bansi Maheshbhai Ghanva and minor Mihir Maheshbhai Ghanva, as reflected in the aforesaid Mutation Entry.

14. Thus, the documentary and revenue record establishes that the impugned transaction concerned the relinquishment of the proprietary interest of Respondent No. 1 in the subject property in favour of the aforesaid Respondent Nos. 2 to 5.

15. It is also material to examine the relationship between Respondent No. 1 and Respondent Nos. 2 to 5. The record reflects that Respondent Nos. 2 to 5 are members of the Ghanva family, with Respondent Nos. 4 and 5 being the minor children of Respondent No. 2, represented through him as their legal guardian. The Investigation Report also records the subject property as belonging to "Mahesh Harji Ghanva & Family." Thus, the relinquishment was made in favour of members of the same family, which assumes significance while examining whether the transferees fall within the category of "associate" under Section 164(3) of the Code.

16. The Respondents contend that the relinquishment formed part of a bona fide family arrangement concerning ancestral and jointly held property. A family arrangement may not necessarily require a formal written instrument or a pending dispute. However, the party relying upon such arrangement must place sufficient material on record to demonstrate the nature of the rights settled and the reciprocal adjustment or settlement of such rights.

17. In the present case, apart from the assertion that the relinquishment formed part of a family arrangement, no material has been placed on record demonstrating the terms of such arrangement, the antecedent or possible rights adjusted thereunder, or any reciprocal benefit received by Respondent No. 1 in consideration of relinquishing his interest.

18. The mere description of a transaction as a family arrangement cannot, in the absence of supporting material, exclude examination of the transaction under Section 164 of the Code. The defence is therefore required to be tested with reference to the documentary material and surrounding circumstances placed on record.

19. The next question is whether the impugned transaction falls within the circumstances contemplated under Section 164(6). The Applicant's case is that Respondent No. 1 relinquished his interest without receiving any consideration or any corresponding adjustment of rights having ascertainable value.

20. The Tribunal is required to examine the Relinquishment Deed dated 18.04.2024 and the other material on record to determine whether any monetary consideration, reciprocal transfer of rights or other legally cognisable consideration was received by Respondent No. 1 for relinquishing his interest. Mere absence of a monetary payment would not, by itself, conclude the enquiry if the Respondents establish a genuine adjustment of enforceable or asserted family rights forming part of a bona fide arrangement.

21. Upon consideration of the material presently referred to, no independent material has been placed on record by the Respondents demonstrating any monetary consideration or ascertainable reciprocal adjustment of rights corresponding to the proprietary interest relinquished by Respondent No. 1. The alleged family arrangement, therefore, remains unsupported by material demonstrating the nature and value of any corresponding benefit or adjustment.

22. The contention that the subject property is ancestral or jointly held does not, by itself, answer the question whether Respondent No. 1 possessed an interest capable of being dealt with immediately prior to the impugned transaction. The present determination is confined to the interest, if any, of Respondent No. 1 as reflected in the material placed on record immediately before the transaction.

23. The Tribunal is not required in the present proceedings to adjudicate upon the independent title or proprietary rights of the remaining co-owners. Any order passed in the present Application shall accordingly be confined to restoration of the interest of Respondent No. 1 which is established, for the purpose of these proceedings, to have existed immediately prior to the impugned transaction.

24. The relinquishment of rights in an immovable property, without any consideration, amounts the transaction to be of the nature of a gift and qualifies to be an undervalued transaction as per section 164(6) of the Code.

25. Before proceeding to grant relief under Section 164(4), it is also necessary to determine whether Respondent Nos. 2 to 5 fall within the category of associates of Respondent No. 1 under the applicable provisions of the Code. If the transferees are established to be associates, the consequence of Section 164(3), including the statutory deeming provision contained therein and the proviso to Section 164(5), shall require consideration.

26. The record shall therefore be examined with reference to the relationship between Respondent No. 1 and Respondent Nos. 2 to 5 and the applicable statutory definition of "associate". We have considered the reply of the Bankrupt that rights were relinquished in a family arrangement to conclude that the rights are transferred to associate as referred in section 164(3) of the Code. Therefore, the transaction between the bankrupt and the Respondent Nos. 2 to 5 shall be deemed to be an undervalued transaction.

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27. The CIRP in the case of the Corporate Debtor was initiated on 13.12.2022 and the insolvency resolution process in the case of the Personal Guarantor/ Bankrupt got initiated on 13.05.2024. The Relinquishment of Rights Deed is of 18.04.2024. Therefore, the action of relinquishment of rights is just after the initiation of insolvency proceedings and the Personal Guarantor instead of receiving the consideration for transfer of rights that could have helped him submitting a proper repayment plan decided to transfer his rights in the property without consideration and motive could be to prevent the property to form part of the bankruptcy estate.

28. We find that requisite nexus between the depletion or transfer of the proprietary interest of Respondent No. 1 and the initiation of bankruptcy proceedings against him exists and we find that the statutory requirement under Section 164(2)(b), that the impugned transaction should have caused the bankruptcy process to be triggered, is met.

29. We find that the requirements of Section 164(2)(a) and Section 164(2)(b), along with the applicable requirements of Section 164(3) and/or Section 164(6), stand satisfied. The transaction between the Bankrupt and Respondent Nos. 2 to 5 is not proved by the Bankrupt to be a transaction undertaken in the ordinary course of business of the bankrupt and therefore the benefit of Section 164 (5) is not available in this case. Further, otherwise also, the proviso to section 164(5) of the Code negates its applicability to transaction covered under section 164(3) of the Code which is applicable in the present case.

30. Upon consideration of the material on record, and after recording findings that the statutory requirements of Section 164 of the Code stand satisfied, the relinquishment transaction dated 18.04.2024, whereby Respondent No. 1 transferred or relinquished his proprietary interest in the subject property in favour of Respondent Nos. 2 to 5, is liable to be declared as void under Section 164(4)(a) of the Code.

31. Consequently, the proprietary interest of Respondent No. 1, to the extent legally held by him immediately prior to the impugned transaction and as established from the material placed on record, shall stand restored to and vested in the Bankruptcy Trustee as part of the estate of the Bankrupt under Section 164(4)(b) of the Code. This direction shall operate subject to the applicable provisions of the Code, including the protections, if any, available under Section 166.

32. Hence, present Interlocutory Application is allowed in the following terms: -

(a) The relinquishment transaction dated 18.04.2024, reflected in Mutation Entry No. 21637, is declared void under Section 164(4)(a) of the Insolvency and Bankruptcy Code, 2016, to the extent of the proprietary interest legally held by Respondent No. 1 immediately prior to the said transaction.

(b) The aforesaid proprietary interest of Respondent No. 1 shall stand vested in the Bankruptcy Trustee, in his statutory capacity, as part of the estate of the Bankrupt under Section 164(4)(b) of the Code.

(c) The Bankruptcy Trustee shall communicate a copy of this order to the concerned revenue authorities for taking consequential action in accordance with applicable law and statutory procedure.

(d) The Bankruptcy Trustee shall administer the interest restored to the bankruptcy estate in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the rules and regulations framed thereunder.

(e) It is clarified that the present order is confined exclusively to the proprietary interest of Respondent No. 1 existing immediately prior to the impugned transaction. Nothing contained in this order shall be construed as adjudication upon the independent rights, title or interests, if any, of the remaining co-owners.

33. Accordingly, **IA/210(AHM)/2026** in CP (IB) No. 138/AHM/2025 stands **allowed** and **disposed of**. No order as to costs.

34. A copy of this order be issued to the parties and uploaded on the website of this Adjudicating Authority in accordance with law.

SD/-

SANJEEV SHARMA
MEMBER (TECHNICAL)
Aditi Jain/LRA

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)