

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.301
C.P.(IB)/36(AHM)2026

Proceedings under Section 7 IBC

IN THE MATTER OF:

Mangaldas Finance Sole Proprietorship of Asit Surendrabha
Shah

.....Applicant

V/s

.....Respondent

Ramos Ceramic Private Limited

Order delivered on: 15/07/2026

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)

Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet.

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

Sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

**BEFORE THE ADJUDICATING AUTHORITY
THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD (COURT - II)**

CP (IB) No. 36 of 2026

*(Filed under Section 7 of the Insolvency & Bankruptcy Code, 2016
read with Rule 4 of the Insolvency & Bankruptcy (Application to
Adjudicating Authority) Rules, 2016)*

In the matter of:-

Mangaldas Finance
Sole Proprietorship of
Asit Surendrabhai Shah
Having Office Address at:
202, Amola Chambers
Opp. Girish Cold Drink and Vimal Stores
C.G. Road, Ahmedabad-380008
Gujarat, India
Email id- mangaldasfinance@gmail.com
Applicant / Financial Creditor

Versus

Ramos Ceramic Private Limited
(CIN- U26990GJ2018PTC102147)
Having its Registered Office at:
Sartanpur Taluka,
Wankaner, Rajkot, Sartanpur,
Gujarat- 363321, India
Also at: Survey No. 149 1/2 ,
Opp. Sartanpur Village:
Sartanpur Road, Wankaner, 363622,
District : Morbi, Gujarat, India,
E-mail: harsh@milanopapers.com / info@ramos.in /
export@ramos.in

Respondent / Corporate Debtor

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Order pronounced on 15.07.2026

CORAM:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

DR. V. G. VENKATA CHALAPATHY
HON'BLE MEMBER (TECHNICAL)

Present:

For the Applicant : Mr. Jaimin.R.Dave, Adv.
For the Respondent : Mr. Tirth Nayak, Adv.

JUDGEMENT

1. This Application has been filed under Section 7 of Insolvency and Bankruptcy Code, 2016 by Mangaldas Finance, Sole Proprietorship of Asit Surendrabhai Shah (hereinafter referred to as "Financial Creditor") seeking initiation of Corporate Insolvency Resolution Process against Ramos Ceramic Private Limited (hereinafter referred to as "Corporate Debtor") for having committed a default of an amount of Rs. 9,56,94,059/- out of which Rs. 9,33,01,452/- is towards the Principle Amount and Rs. 23,92,607/- is towards interest. The date of default is stated as 16.12.2025.
2. The Applicant states that Milano Papers Private Limited (In Short "Principal Borrower") was in need of funds and thus

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approached the Financial Creditor in the month of October, 2024 for grant of financial assistance, inter-alia for taking over outstanding loan owed to Yes Bank Limited. The Principal Borrower passed a board resolution for obtaining such financial assistance. It is further stated that vide sanction letter dated 03.10.2024, the financial creditor had sanctioned four Term Loans aggregating to Rs. 16,70,00,000/- (Rupees Sixteen Crores and Seventy Lacs Only) , carrying an interest rate of 15% per annum and a tenure of 24 months on certain terms and conditions.

3. The Applicant states that as per the terms of the sanction letter, the debt of Principal Borrower was secured by way of Corporate Guarantee provided by the Corporate Debtor. It is further stated that in accordance with the terms of the above-mentioned Sanction Letter, the Applicant disbursed the following amounts to Yes Bank Limited on behalf of the Principal Borrower (i) Rs. 8,00,00,000/- on 03.10.2024 (ii) Rs. 4,00,00,000/-, Rs. 3,65,00,000/- and Rs. 1,05,00,000/- on 04.10.2024. The Corporate Debtor had executed a Deed of Guarantee dated 19.12.2024, undertaking an obligation to repay the outstanding amount in the event of failure on

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the part of the Principal Borrower to do so. The Principal Borrower had paid the instalments from 03.10.2024 till 08.10.2025. However, thereafter, from 07.11.2025, the Principal Borrower had not repaid against the credit facilities.

4. The Applicant states that accordingly, he had issued a Demand Notice dated 28.11.2025 seeking repayment of the entire outstanding dues of Rs. 9,56,94,059/- along with further running interest within 15 days from the date of receipt of the notice from Principal Borrower. The Financial Creditor had invoked the guarantee obligation through letter dated 28.11.2025. The Corporate Debtor in its reply dated 01.12.2025 had admitted of receiving the Demand Notice dated 28.11.2025 on 01.12.2025 and admitted of facing financial crunch. The Corporate Debtor had vaguely denied its liability to repay the outstanding dues and sought time to co-ordinate with the principal borrower for arranging the funds. The Corporate Debtor did not pay any amount towards the outstanding dues.
5. The Applicant had relied upon following documents to substantiate its claim :-

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- a) License of the Financial Creditor under Gujarat Money Lenders Act, 2011.
 - b) PAN Card of Mr. Asit.S. Shah
 - c) Sanction letter dated 03.10.2024.
 - d) Bank Statement of the Financial Creditor.
 - e) Guarantee deed dated 19.12.2024 along with audited annual accounts for 2022-2023.
 - f) Ledger of Principal Borrower maintained in the books of the Financial Creditor.
 - g) Working Computation of the Outstanding Amount in tabular form.
 - h) Demand Notice and Guarantee Invocation Notice dated 28.11.2025 .
 - i) Reply dated 01.12.2025 and NeSL form -C .
6. The Applicant has proposed the name of Mr. Malhar Rashmikanth Mehta having registration no. IBBI/IPA-001/IP-P01032/2017 2018/11686 to act as the Interim Resolution Professional, who has also filed his written consent in Form 2.
7. The Respondent/ Corporate Debtor filed its reply and states that the present petition is incomplete and non-compliant of

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Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 and Regulation 2A of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and hence liable to be dismissed on this ground. The Respondent further states that the petition does not disclose the correct date of default. The Financial Creditor is not entitled to as per the its license of extend loans beyond the area in reference to which the license issued under the Gujarat Money Lender Act, 2011 has been granted.

8. The Respondent states that Principle Borrower had made various payments which are admittedly not as per the repayment terms originally envisaged. The aforesaid payments have been accepted without any objection prior to the issuance of the demand notices and hence in such circumstances the terms of repayment of loan facility stands novated by conduct with there existing no incumbency upon the Principle Borrower to abide by the original terms in light of the subsequent acts.
9. The Respondent states on account of the occurrence of novation, 'debt' as defined under the provisions of the Code

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does not exist and by extension there is no 'default' as defined under the Code. In, absence of the default the invocation of the guarantee by the Applicant is not in line with the terms of the Guarantee Deed. The Applicant had not signed the Guarantee Deed, in absence of which there exists no authority on the applicant to invoke and initiate action on the basis of the invocation of guarantee deed.

10. The Respondent states that substantial quantum of amount have been repaid against loan facility and in such circumstances the present petition is a malicious attempt by the Applicant to effect recovery, despite the repayment terms having been novated by conduct as per the provisions of the Contract Act, 1872. It is further stated that no claim can be enforced/ amount demanded from a guarantor. The Respondent further states that the Applicant had issued demand notice on 28.11.2025, however the date of default is not in consonance with the same.
11. The right to file rejoinder of the Applicant was closed vide order dated 16.06.2026. Both, the parties were allowed to file written submissions.

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12. The Applicant had filed the additional affidavit pursuant to the order dated 06.02.2026 passed by this Tribunal. The Tribunal had directed the applicant to file by way of affidavit with all the record and proof as to how the applicant can file application under Section 7 of the Code with all the relevant permission, license on maintainability of the Petition. The Applicant in its additional affidavit states that he is a money lender duly registered under the provisions of Gujarat Money-Lenders Act, 2011 and has been granted certificate of registration for a period of 5 years from 20.02.2024 to 19.02.2029. It is further stated that since the aforementioned certificate is issued by the Registrar of Money-Lenders, Government of Gujarat, by virtue of which the he can be said to hold a valid license to engage in the business of money lending. There is no bar on a registered money lender to file an Insolvency Petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 and more so when there are documents on record to demonstrate that the applicant qualifies as a secured financial creditor for the term loan advanced to Principle Borrower to which the respondent Corporate Debtor stood as a Corporate

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Guarantor. Under Section 128 of the Indian Contract Act, 1872 the liability of the guarantor is co-extensive with the Principal Borrower.

13. The Applicant had relied on following Judgments –

- a) *Innoventive Industries Ltd. Vs ICICI Bank Ltd.* [2017] 140 CLA 39 (SC).
- b) *ES Krishnamurthy Vs Bharath Hi Tech Builders (P.) Ltd.* [2021] 133 taxmann.com 159 (SC).
- c) *Catalyst Trusteeship Ltd. Vs Ecstasy Realty Pvt. Ltd.* 2026 SCC OnLine SC 300.
- d) *Rohan Vijay Nahar and Others Vs. State of Maharashtra and Others.* (2026) 2 Supreme Court Cases 182.

14. The Applicant had filed a declaration and state that earlier a Section 9 petition involving the Corporate Debtor being C.P.(I.B.) No. 40 of 2023 was admitted by this Tribunal vide an order dated 14.02.2024 and later withdrawn vide an order dated 24.09.2024 passed in I.A. No. 1419 of 2024 in C.P.(IB) No. 40 of 2023.

15. We have heard the learned Counsels for both the parties and perused the documents on record along with written submissions of the Applicant.

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16. Observations:-

- a) The petitioner is a Money Lender registered under the Gujarat Money Lenders Act, 2011 which is an Act within itself regulated by the State Authority. The Licence/Registration in Form 3 submitted is for the period from 20.02.2024 to 19.02.2029. The party has not submitted any Income Tax Filing, but has submitted the PAN No. of an individual named Asit Surendrabhai Shah. The stated loan is sanctioned to repay the loan of the CD in to their Yes Bank loan account. A repayment arranged in order to enable the CD repay the loan cannot be the activity of a money lender and the loan so granted by the Applicant does not qualify as financial creditor or financial debt under Sec 5 (7) & (8) of IBC 2026.
- b) The applicant cannot be assigned the loan which will be done by a creditor in terms of provisions of IBC 2016, even if he has arranged the facility. The copy of guarantee deed is open ended and the intention of the loan/or its indemnity is not given and cannot be deemed as Corporate Guarantee given to money lender.

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- c) Section 39 of the said Money Lenders Act regulates the money lender's activity and there are certain prohibitions set in Section 39 of the Act as regards mode of recovery and in the Government of Gujarat Notification in this regard. The applicant is ineligible to file an application under Sec 7 of IBC 2016.
- d) The applicant has submitted a stamped guarantee agreement in which the name of Guarantor is mentioned as Ramos Ceramic Private Limited and the name of Borrower is mentioned Milano Papers Private Limited and Kaveri ceramics a partnership firm in which Mr Harsh Bachubhai Agola and 2 others are partners. The stated guarantee deed mention the applicant as money lender. The guarantee agreement is not a valid document for the applicant to file this petition that the guarantee is invoked and no proceedings can be initiated under Sec 7 of IBC 2016 against the CD as the applicant is ineligible to file this application under Sec 5 (7) & (8) of IBC 2016. The applicant also cannot qualify to be a financial service provider under the provisions of IBC 2016 as the provisions under Money Lenders Act are different and its

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mechanism are regulated by the state authorities. The rate of interest charged at 18% per annum and the facility granted have to be examined before the respective regulatory authority and any action on the advance if any has to be proceeded before the applicable civil law in terms of the Act provisions and are not covered by provisions of IBC 2016.

e) This petition is neither eligible to be filed, status, the credit to the loan account of Yes Bank cannot be the date of sanction of loan, the date of default is not arrived as per any terms, the applicant cannot lend under the Money Lenders Act provisions and claim status of financial creditor, it seems apparently collusive petition. The provision of IBC is for CIRP which is defined under Ch II Section 6 and Section 7 of IBC,2016. The Applicant does not comply to recovery of amount

f) In view of the above this application is liable to be dismissed with cost.

17. Hence, we pass the following order :-

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ORDER

- I. C.P. (IB) No. 36 of 2026 is rejected and disposed of.
- II. The Applicant is directed to pay a sum of Rs. 1,00,000/- towards cost in Prime Minister's National Relief Fund.

Sd/-

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

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Sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)