IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.302

IA(Plan)/12(AHM)2026 in C.P.(IB)/276(AHM)2024

Proceedings under Section 30(6) of the IBC,2016

IN THE MATTER OF:

CA & Bhavan Trivedi RP of M/s.Button Industries Private Limited ....**Applicant**

V/s

Income Tax Department Vejalpur,Ahmedabad & Another ....**Respondent**

Order delivered on: 11/08/2026

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.

sd/-

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

sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

SI/ AD /AP

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH (COURT-II)

IA (Plan) 12 of 2026
In
CP (IB) No. 276 of 2024

[Application under Section 30(6) read with Section 60(5) of the Insolvency & Bankruptcy Code, 2016]

IN THE MATTER OF : M/S Button Industries Private Limited

<u>MEMO OF PARTIES:</u>

CA & IP Bhavan Trivedi
RP of M/s. Button Industries Private Limited
Having address at:
55, 6th Floor, Shri Krishna Centre,
Nr. Mithakhali Six Roads, Navrangpura,
Ahmedabad, Gujarat,380009 ...Applicant

Versus

1. Income Tax Department
   Vejalpur, Ward (1)(1)
   Having Address at: Jodhpur Village,
   Global Odyssey, Vejalpur,
   Ahmedabad – 380051

2. Wellfin Corporation and Madhav Solar Private Limited
   Having address at:
   Office No. 41, City Centre.
   Swastik Cross Road, C.G. Road,
   Navrangpura, Ahmedabad-380009.

...Respondents

Order pronounced on 11.08.2026

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Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

MR. VELAMUR G. VENKATA CHALAPATHY, HON'BLE MEMBER (TECHNICAL)

Appearance:

For the Applicant	:	Mr. Ravi Pahwa, Adv. and Mr. Mayur Jugtawat, Adv.
For Income Tax Dept.	:	Mr. Aman A Mir, Adv.
For the Respondent No. 2	:	Mr. Tirth Nayak, Adv.
RP	:	Mr. Bhavan Trivedi

JUDGEMENT

1. The present application has been filed under Section 30(6) read with Section 60(5) of the Insolvency & Bankruptcy Code, 2016 ("IBC, 2016/the Code") by the Resolution Professional of the corporate debtor viz, Button Industries Private Limited seeking approval of Resolution Plan submitted by the Successful Resolution Applicant Wellfin Corporation and Madhav Solar Private Limited, which has been approved with 100% vote casted in favour by the Committee of Creditors of the Corporate Debtor.

Brief facts of the case:-

2. The Corporate Insolvency Resolution Process ("CIRP") against the Corporate Debtor was initiated pursuant to admission of the Section 9 application by order dated

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30.04.2025, whereby the Interim Resolution Professional ("IRP") was appointed. Public announcement was issued on 02.05.2025, claims were collated, and the Committee of Creditors ("CoC") was constituted comprising a sole unsecured financial creditor namely Neurich Nutrifoods Limited having admitted claim amount of Rs.5,00,00,000/- holding 100% voting share.

3. In the first CoC meeting held on 26.05.2025, the applicant was appointed as the Resolution Professional in place of the IRP and registered valuers were appointed. Thereafter, the CoC approved the process documents, including Form-G, eligibility criteria, the Evaluation Matrix, and the RFRP. Following publication and re-issuance of Form-G, two prospective resolution applicants participated of whom M/s Wellfin Corporation jointly with Madhav Solar Private Limited submitted a Resolution Plan with a Scheme of Demerger. The Applicant further submits that the valuation process, extension of the CIRP period, and negotiations with the Resolution Applicant were undertaken with the approval of the CoC.

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4. The Resolution Plan submitted by M/s Wellfin Corporation and Madhav Solar Private Limited, along with the subsequent addendum, was approved by the CoC with 100% voting share. The CoC found the Resolution Plan to be feasible and viable. The Section 29A eligibility of the Resolution Applicant was verified and confirmed by the RP. Pursuant thereto, the Letter of Intent dated 09.12.2025 was issued. The SRA has also furnished EMD at the time of EOI of Rs.1,00,000/- , Rs.5,00,000/- EMD at the time of submission of Resolution Plan and Rs. 44,00,000/- after issuance of Letter of Intent.

5. The key feature of the Plan is the acquisition of the Corporate Debtor by the SRA. The SRA has proposed the Demerger of Demerged Undertakings i.e. Precious Metal Division" of Madhav Solar Private Limited (Demerged Company/Resolution Applicant) into Button Industries Private Limited ('Resulting Company' or 'Corporate Debtor') under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 read with the Insolvency and Bankruptcy Code, 2016. The Scheme is being presented pursuant to Section 30(2)(e) and CIRP Regulation 37 of

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IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The share capital structure of the demerged company is as follows:

Particulars	**Amount(in INR)**
Authorised share capital	
1,20,00,000 equity share of Rs.10 each	12,00,00,000
Paid up Share Capital	
96,00,000 equity shares of Rs.10 each	9,60,00,000

6. Upon implementation, the proposed shareholding of the Resulting Company/CD shall be as under:

Sr. No.	Shareholder	Shareholding Pattern (No. of equity shares to be allotted under proposed demerger scheme)	% of holding
1	Jaiprakash L. Bajaj	48,00,000	50
2	Zaveri Realty LLP	48,00,000	50
	TOTAL	96,00,000	100%

7. The Resolution Plan approved by the CoC was placed before this Tribunal in IA (Plan) No. 3 of 2026. By order dated 22.04.2026, the Resolution Plan was reverted back to the CoC for reconsideration on certain aspects. Pursuant to which applicant convened 10th CoC meeting on 04.05.2026 to deliberate upon the observations of this

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Tribunal and to record the responses of the CoC and the SRA. The SRA furnished its Net Worth Certificate along with supporting documents evidencing its financial capability. The CoC noted that the CIRP costs would be paid at actuals and in priority in accordance with the Code without altering the overall financial commitment under the Resolution Plan. It was also recorded that the proposed demerger is an internal matter of the SRA, supported by 100% approvals of Board of Directors, Shareholders of the SRA and secured and unsecured creditors. It is further recorded that the carried forward losses Rs. 125,97,57,947/- as per revised Information Memorandum and write-off of trade receivables of reflected in the audited Balance Sheets for FY 2021-22 and 2022-23 which were reduced to NIL by FY 2024-25 pertains to the pre-CIRP period and are the acts of the erstwhile management, while any tax benefits would be availed by the SRA in accordance with applicable law. It was also recorded that proceedings under Section 179 of the Income Tax Act fall within the jurisdiction of the Revenue Authorities, pending ROC compliances relate to the pre-CIRP period, and CIRP costs,

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including the Resolution Professional's fees, constitute priority payments. The CoC approved the submission of a clarificatory addendum to the Resolution Plan and supporting documents recording that the same do not alter the substance or financial terms of the Resolution Plan.

8. The applicant has produced Form H on record. As per the recitals, the fair value is Rs.31.49 Lakhs/- and liquidation value is Rs.23.80 Lakhs/-. There is no PUFE applications filed. It is further stated that as per Schedule 8, Clauses 2(t) and 2(u) of the Resolution Plan provides for carry forward and set-off of accumulated business losses and unabsorbed depreciation of the Corporate Debtor in accordance with Section 79(2) of the Income Tax Act, 1961.

9. As per the Resolution Plan, the monitoring committee shall comprise of three members, i.e. SRA or authorized representative of the SRA, one member of the Unsecured Financial Creditor and the Resolution Professional. The Resolution Professional shall continue as the monitoring professional.

10. The amount provided for stakeholders as per Form H under the plan is as under:

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(in Rs.)

Stakeholder Type	Amount Admitted	Realizable Amount under the Resolution Plan	Payment Schedule
CIRP Cost	-	At actual (to be adjusted from amount payable to Financial Creditor)	As per approval / priority
Unsecured Financial Creditors	5,00,00,000	60,50,000 (Less CIRP Cost)	T + 30 Bank Working Days (Upfront Cash)
Operational Creditors (including Government and Statutory Dues)	3,28,13,63,809	50,000	T + 30 Bank Working Days (Upfront Cash)
Other Debts and Dues (if any)	0	0	-
Shareholders	0	0	-
Aggregate Payment proposed under Resolution Plan		61,00,000	As per Resolution Plan

11. No amount is proposed for the existing equity shareholders, whose entire shareholding shall stand cancelled and extinguished. Upon such extinguishment, the Resolution Applicant, either directly or through its nominees/SPV/persons acting in concert, shall subscribe to 10,000 equity shares of Rs.10 each aggregating to Rs.1,00,000, resulting in 100% ownership and control of the Corporate Debtor vesting in the Resolution Applicant

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and its nominees (eligible under Section 29A of the Code) on the appointed date.

12. Pursuant to the directions of this Tribunal dated 21.07.2026, the Resolution Professional filed an affidavit placing Information Memorandum along with last 3 years Balance Sheets prior to CIRP of CD on record

13. Income Tax Department has filed its report dated 29.06.2026 stating that as per Demand Analysis and Recoverability Status Report dated 29.06.2026, the outstanding demand against the assesse is Rs.61,77,81,641/-, comprising demand raised under section 144 and penalty levied under sections 271AAC(1) and 272A(1)(d) of the Income-tax Act, 1961. It is submitted that, as per the CPC 2.0 Demand Portal, the total claim of the Income-tax Department, including accrued statutory interest up to 29.06.2026, stands at Rs.97,04,89,192/- as reflected in the revised Form-B. It is further submitted that a preliminary audit observation regarding alleged short levy of interest under Section 234A of the Income-tax Act, 1961 is under examination and no additional demand has been raised on that account.

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14. The applicant has filed written submissions.

15. Heard both the parties. Perused the material available on record.

16. Observations & Conclusions :

a. We have gone through the Information Memorandum and the claims received by the RP. It appears that the sole unsecured creditor M/s Neurich Nutrifoods Limited whose claim is admitted by the RP and made a member of COC is an associated entity of Mishtaan Shoppee Foods Limited and Mishtaan Food Limited. This could be verified from the filings before Ministry of Corporate Affairs. Further, Mishtaan Foods Limited is a related party of the CD Button industries. We also find that the claim received from Neurich Nutrifoods is shown only in the balance sheet of the CD as on 31 March 2025 and not of 31 March 2024, whereby we observe that claim admitted by RP is a preferential transaction as it is received 1 year before the CD was admitted to CIRP. There is a long term borrowing as on 31 March 2025 of Rs.4,95,00,000 (should be of the unsecured creditor) as the other amounts shown as trade payables are shown

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as operational creditor. The CD was admitted to CIRP on 30 April 2025, the application for CIRP was filed on by one Cropberry Foods private limited on 17.08.2024 and we also observe it is a related party of button industries (CD). Given that to be examined by RP who has not admitted its claim in full or has given any consideration for the Operational Creditors in the plan, the mere fact that the application is moved on 17.08.2024 and an unsecured creditor gives a loan during the period of pendency of the CIRP proceedings, when the RP has not examined the related party angle and also whether the loan was taken by CD during the look back period as a preferential transaction.

b. The OC who filed the application and Mishtan Foods and CD appear to be related parties, the unsecured creditor M/s Neurich Nutrifoods Limited is a creditor to the OC who filed the CIRP, thereby a nexus appears to have evolved in bringing the CD in to CIRP who are all related parties, hence the constitution of COC itself appears to be wrong. Further the Claims of the Operational Creditors has not been considered, the liabilities of the

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Income tax are not shown in the Information Memorandum including the Related Parties to the CD. The carry forward losses (Business losses) mentioned in the Information Memorandum is 125,97,57,947/- while the Income tax has submitted that the income tax due is around Rs.97.04 crores. It also appears from the minutes of 9th meeting of COC that Mishtan Food (a related party) is also present in the meeting in the capacity of having more than 10% of the debt outstanding of the CD(meeting dated 10th Jan 2026)

c. The SRA, is a joint applicant in the name of Madhav Solar Private Limited J/W Wellfin Corporation. Further, Resolution Applicant has also proposed scheme of arrangement by way of demerger of one of the divisions of the Resolution Applicant viz Madhav Solar Private Limited and submitted that the same scheme of arrangement is an integral part of this Resolution Plan. It is submitted that one of the divisions (Precision Metal Division) of the Resolution Applicant is proposed to be demerged into CD under the scheme of arrangement as an integral part of this Resolution Plan. At the discretion

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of RA a detailed Scheme of Arrangement will be submitted by Resolution Applicant before this Tribunal once CoC approves the Resolution Plan. Provisions of section 95 to 102 of the Income Tax Act, 1961, more popularly known as GAAR Provisions under Income Tax Act, 1961 (GAAR) shall not be applicable to such Scheme of Arrangement.

Further, it is submitted that in the event this Tribunal approves the Resolution Plan with any modifications or variations, such modifications shall be effective to the extent expressly agreed upon by both the Committee of Creditors and the Resolution Applicant.

d. We observe that Resolution Plan submitted by the SRA, there are sweeping concessions sought including provision for a post-demerger, paying adhoc Rs 50,000 to the Operational Creditors (to all the operational creditors), a post de merger plan becomes conditional and rights of Income tax department under GAAR. The net worth of the two applicants, their business synergy in bringing a scheme together to revive the entity is not brought to the consideration. This plan if approved also

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becomes succumbing to all the conditions of the applicant who proposes a Rs 60 lakh proposal to wipe out the debt of the entire claims of the CD added with reliefs and concessions.

e. The resolution plan was reverted back to the CoC with certain observations including the implementation of Scheme of Arrangement, written of trade receivables, carry forward losses and Income Tax dues vide order dated 22.04.2026 in IA No. 3 of 2026. The clarifications recorded in the 10th CoC meeting submitted by the applicant in the present application are unsatisfactory.

f. We observe that the RP has not assessed properly the claimants including the stated unsecured creditor to be the sole COC member. It appears many of the claimants are related parties to the CD. It requires a reassessment of the status of the claimants, there is clear dereliction by the RP before deciding constitution of COC and putting this proposal. There is gap between claims of Income tax which is not included as operational creditor and there is difference in the carry forward losses arrived at. There is a surprising element of an

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unsecured debt raised by the CD before the balance sheet as of 31 3 2025 when the claim was in admission stage (filed in 2024) for an amount of Rs.4,90,00,000 which should have been observed and decided by the RP. It is also observed that one of the Operational Creditor who is a related party has participated in the meeting of approval of resolution plan. Further, when there are so many claimants and related party transactions there is mere mention that the RP is yet to form an opinion, not before consideration of the plan of its eligibility.

g. We, therefore observes and concludes that the plan is to be rejected under Sec 30(2) and 31 (2) of IBC 2016 as the approval of the scheme will tantamount to a concealment of underlying facts of the exposure of liabilities of CD, its assets written off by a board resolution. As the resolution plan does not meet requirements of Section 30 of the Code.

ORDER

I. IA (Plan) 12 of 2026, Resolution Plan is rejected.

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II. The Corporate Debtor is ordered to be liquidated under Section 33(1)(b) in the manner laid down in Chapter III of IBC.

III. We hereby appoint Mr. Nandish Sunilbhai Vin having IBBI Reg. no. IBBI/IPA-001/IP-P-02117/2020-2021/13270 and email id- ip.nandish.vin@gmail.com as per the panel suggested by IBBI as the Liquidator of the Corporate Debtor to carry the liquidation process. The Liquidator so appointed shall complete the Liquidation process as per the provisions of the Insolvency and Bankruptcy Code, 2016 r.w. Insolvency and Bankruptcy Board of India (Liquidation process) Regulation, 2016.

IV. All the powers of the Board of Directors, key managerial persons, and the partner of the Corporate Debtor, as the case may be, hereafter cease to exist. All these powers henceforth vest with the Liquidator.

V. The personnel of the Corporate Debtor are directed to extend all cooperation to the Liquidator as required by him in managing the liquidation process of the Corporate Debtor.

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VI. The Liquidator will charge fees for the conduct of the liquidation proceedings in proportion to the value of the liquidation estate assets as specified by IBBI and same shall be paid to the Liquidator from the proceed of the liquidation estate under section 53 of the Code.

VII. Once the liquidation process is initiated, subject to section 52 of the Code, no suit or other legal proceeding shall be instituted by or against the Corporate Debtor. The Liquidator has the liberty to institute a suit and other legal proceedings on behalf of the Corporate Debtor with the prior approval of this Adjudicating Authority, as provided in sub-section (5) of section 33 of the Code.

VIII. This liquidation order shall be deemed to be notice of discharge to the officers, employees, and workmen of the Corporate Debtor except to the extent of the business of the Corporate Debtor continued during the liquidation process by the Liquidator.

IX. The CoC is directed to contribute to the liquidation cost if any short fall occurs from the liquidation value of the Corporate Debtor.

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X. This Adjudicating Authority directs the Liquidator to issue a public announcement stating that the Corporate Debtor is in liquidation. The Liquidator will also serve a copy of this order to the various Government Departments such as Income Tax, GST, VAT, etc., who are likely to have any claim upon the Corporate Debtor so that the authorities concerned are informed of the liquidation order timely. The Liquidator will also provide a copy of this order to the trade unions/employee associations of the Corporate Debtor so that the workmen/employees could also be informed of this liquidation order through their association.

XI. The Liquidator is directed to investigate the financial affairs of the Corporate Debtor in terms of the provisions of Section - 35(1) of IBC, 2016 read with relevant rules and regulations and also filed its response for disposal of any pending Company Applications during the process of liquidation.

XII. The present Resolution Professional is directed to hand over the relevant documents and control of the

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Corporate Debtor to the newly appointed liquidator forthwith.

XIII. The Registry is directed to communicate this order to the concerned Registrar of the Companies, the registered office of the Corporate Debtor, IBBI, the resolution professional, and the Liquidator by speed post as well as e-mail within one week from the date of this order, after completion of all the formalities.

XIV. Accordingly, the present IA (Plan) 12 of 2026 in CP (IB) 276 of 2024 stands disposed of.

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

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CHITRA HANKARE
MEMBER (JUDICIAL)

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