IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.301

C.P.(IB)/482(AHM)2025

Proceedings under Section 7 IBC

IN THE MATTER OF:

Button Industries Pvt Ltd ....**Applicant**

V/s

Viaz Tyres Limited ....**Respondent**

Order delivered on: 24/09/2026

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)

SJ/AD/AP

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH, COURT - II

CP (IB) No. 482 of 2025

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

In the matter of:

Button Industries Private Limited
Through RP Shri Bhavan Trivedi
Having registered office at Office no. D-1201,
Titanium Business Park,
Nr Makarba Railway crossing, Jivraj Park,
Ahmedabad, Gujarat, 380051. ..Petitioner / Financial Creditor

V/s

Viaz Tyres Limited
CIN: L25199GJ2018PLC103740
a company incorporated under
the Provisions of the Companies Act, 1956,
having its registered office at Plot No.986/31-32,
GIDC, Makarpura, Vadodara, Gujarat-390010
...Respondent /Corporate Debtor

Order pronounced on 24.09.2026

Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

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

Sd/- Sd/-

Present:

For the Petitioner : Mr. Ravi Pahwa, Adv.
For the Respondent : Mr. Devashish K Trivedi, Adv.

JUDGEMENT

1. This petition has been filed under Section 7 of the Insolvency and Bankruptcy code, 2016 ("IBC") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by Button Industries Private Limited through RP Mr. Bhavan Trivedi, (hereinafter referred to as 'Financial Creditor') seeking initiation Corporate Insolvency Resolution Process against Viaz Tyres Limited (hereinafter referred to as 'Corporate Debtor').

2. As per Part IV of the petition, the petitioner advanced an amount of Rs.1,16,05,384/- to the corporate debtor for the supply of Basmati Rice under 5 Invoices all dated 22.03.2020 (bearing Nos. 19-20/2642, 19- 20/2643, 19-20/2644, 19- 20/2645, and 19-20/2646). Subsequently, pursuant to mutual agreements, the said advance was converted into a loan advance, and the parties executed a Memorandum of Understanding dated 12.04.2022 ("1st MOU"), whereby the Corporate Debtor acknowledged the

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liability and undertook to repay the amount on or before 12.04.2023. As per Clause 2 of the 1st MOU, interest at the rate of 18% per annum was payable in the event of failure to repay the amount before 12.04.2023.

3. It is submitted that the Corporate Debtor, vide letter dated 15.04.2023 sought extension of the repayment period up to 30.04.2024, stipulating that failure to repay by the said date would attract interest at 18% per annum on the principal amount until realisation. Upon failure to repay by 30.04.2024, the parties executed a revised Memorandum of Understanding dated 02.07.2024 ("2nd MOU"), whereby the Corporate Debtor again acknowledged its liability to repay the principal amount along with interest at 18% per annum on or before 02.01.2025. The Corporate Debtor failed to repay the outstanding amount before 02.01.2025.

4. It is further submitted that the Financial Creditor was admitted into the CIRP vide order dated 30.04.2025 passed by this Tribunal in CP (IB) No. 276 of 2024, wherein Mr. Gautam Desval was appointed as the Interim Resolution Professional (IRP). In the first meeting of the Committee of Creditors held on 26.05.2025, it was resolved to appoint

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Mr. Bhavan Trivedi as the Resolution Professional (RP). Accordingly, this Tribunal, vide order dated 17.06.2025 in IA No. 728 of 2025, allowed the replacement of the IRP and appointed Mr. Bhavan Trivedi as the RP, who thereafter assumed control over the affairs of the Financial Creditor.

5. In exercise of his powers under the Code, the Resolution Professional issued a Recall Notice dated 25.09.2025. The Corporate Debtor replied thereto vide letter dated 08.10.2025. The Financial Creditor submits that certain dates mentioned in the said Recall Notice were incorrect due to inadvertence. Thereafter, a Final Recall Notice dated 01.11.2025 was issued, calling upon the Corporate Debtor to repay a sum of Rs.2,94,43,614.63/- outstanding as on 29.10.2025. The Corporate Debtor did not respond to the Final Recall Notice and failed to discharge the outstanding liability.

6. As on 29.10.2025, a sum of Rs.2,94,43,614.63/- was stated to be due and payable by the Corporate Debtor, comprising principal outstanding of Rs.1,16,05,384/- and interest outstanding of Rs.1,78,38,230.63/-. The Financial Creditor has also filed the Record of Default with NeSL. It is

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submitted that the amount advanced constitutes a Financial Debt under Section 5(8) of the Code having the commercial effect of borrowing and involving consideration for the time value of money and that the Corporate Debtor is liable to pay interest at the agreed rate from 22.03.2020 until actual realisation. The default is stated to have occurred on 02.01.2025, being the repayment date stipulated under the 2nd MOU, and continued thereafter. The Financial Creditor submits that the present application has been filed within the period of limitation in view of Section 14 of the Limitation Act, 1963.

7. The financial creditor has proposed the name of Insolvency Professional, Mr. Amrish Gandhi having IBBI Registration No.: IBBI/IPA-002/IPN00670/2018-2019/12036 to act as a Resolution Professional and also produced the written consent of the RP.

8. The Corporate Debtor, in its reply, submitted that the petition is based upon five invoices dated 22.03.2020, the Memorandum of Understanding (MOU) dated 12.04.2022, the letter dated 15.04.2023, and the revised Memorandum of Understanding dated 02.07.2024, all of which are stated

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to be forged. It is submitted that the invoices are unsigned and that the advance payment towards the invoices are inconsistent with the Financial Creditor's claim that the goods were supplied under the said invoices and on the other hand made advance payment towards the said invoices. The Corporate Debtor further submitted that the signatures of its Directors appearing on the aforesaid MOU and the letter dated 15.04.2023 are not genuine and have been extracted from other documents and affixed using PDF-editing tools. It is also alleged that the company's round seal on the 1st MOU was fraudulently affixed. With respect to the revised MOU dated 02.07.2024, it is submitted that the document bears the old Corporate Identity Number (CIN), despite the Corporate Debtor having already been listed and its CIN had changed prior to the said date. It is further submitted that none of the aforesaid documents were exchanged through email, WhatsApp or any other electronic means.

9. It is submitted that, in reply to the Recall Notice dated 25.09.2025, the Corporate Debtor issued a reply-cum-notice dated 08.10.2025, wherein it called upon the

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Financial Creditor to furnish copies of the aforesaid documents and specifically disputed their genuineness. Despite the said demand, the documents were not furnished to the Corporate Debtor before filing of the present petition. Accordingly, the Corporate Debtor alleges that the petition has been filed on the basis of forged documents and with mala fide intent, and that the Financial Creditor has failed to establish the existence of any financial debt or default.

10. Heard both the parties and perused the material placed on record.

11. Observations & findings:

  a. We have gone through the submissions. The underlying contract is pending invoices raised against another company namely, Viaz Tubes Private Limited, which were not paid when the debt is due is converted to a repayment schedule through MOU and the underlying contract thereby retains its operational debt character. This underlying transaction is a different nature of debt and not lent to qualify as a financial debt under Sec 5(8) of the IBC where there is a disbursal of funds with time

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value of money. Explicitly the MOU is to postpone the dues allowing the receivables to be paid subsequently, in agreed upon instalments.

b. This debt was also on the MOU not designed as time value of money as the default triggered an interest clause. Unless a debt has emanated out of a disbursement with time value of money to the account of a debtor, the applicant cannot avail the status of financial creditor, which also is subject to other conditions and compliances.

c. In view of the above, we pass the following orders:

ORDER

CP (IB) 482 of 2025 is rejected and disposed of.

sd/-

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

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CHITRA HANKARE
MEMBER (JUDICIAL)

PH-LRA