



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IBC Case Law Capsule

Number 259

(January 19, 2026)



Roseland Buildtech Pvt. Ltd. Vs Vihaan 43 Reality Pvt Ltd & Ors.

CS (COMM.) 812/2025

Date of Delhi High Court's Judgment: 05th January 2026

Facts of the Case: -

Roseland Buildtech Pvt. Ltd. ("the Plaintiff") and Defendant Nos. 1 to 5 are entities engaged in real estate and allied commercial activities. From 2006 onwards, Defendant No. 5, Anant Raj Ltd., held 50% of the equity shareholding in the Plaintiff company, while the remaining 50% was held by other entities. During the financial year 2021–22, the balance shareholding was held by Defendant No. 2, CLE Private Limited (formerly Sonata Investments Ltd.), which was subsequently transferred to Defendant No. 4 in April 2024.

On 31.10.2006, the Plaintiff availed a term loan of ₹80 crores from Defendant No. 2 under a Loan Agreement. The Plaintiff asserted that the entire loan liability stood fully discharged over time through various payments made in accordance with the agreed terms. It was the Plaintiff's case that no amount remained outstanding under the said loan arrangement. On 06.03.2020, a Business Transfer Agreement ("BTA") was executed between Defendant No. 1 (Vihaan 43 Realty Pvt. Ltd.), Defendant No. 2 (CLE Private Limited), and Defendant No. 3 (Summit Ceminfra Pvt. Ltd.), whereby Defendant No. 2 purported to assign its rights under the Loan Agreement in favour of Defendant No. 1. The Plaintiff contended that the said BTA was never disclosed to it and was fraudulent, fabricated, and unenforceable in law.

In February 2024, a Share Purchase Agreement ("SPA") was executed between Defendant No. 5 (Seller) and Defendant No. 6 (Purchaser), Hallow Securities Pvt. Ltd., with Defendant No. 2 acting as a confirming party. According to the Plaintiff, upon execution of the SPA and receipt of consideration, all liabilities, including the loan of ₹88 crores, stood fully extinguished. Despite this, Defendant No. 1 initiated proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, New Delhi, claiming to be a financial creditor on the basis of the BTA.

Aggrieved by the initiation of CIRP, the Plaintiff filed the present suit before the Delhi High Court seeking declarations that no debt was due, that the BTA was void and unenforceable, and for injunctions restraining enforcement of the alleged loan and insolvency proceedings. The Plaintiff's core grievance was that no legally enforceable debt existed and that the insolvency proceedings were initiated on the basis of a contrived and fraudulent transaction.



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High Court's Observations:

The High Court examined the maintainability of the present civil suit in light of the insolvency proceedings initiated under Section 7 of the Insolvency and Bankruptcy Code, 2016. The Court observed that the IBC is a self-contained and exhaustive code governing issues relating to insolvency, including determination of the existence of a financial debt and default. It held that once a petition under Section 7 is filed, all questions relating to the validity of the debt, the status of the creditor, and the legality of transactions relied upon must be adjudicated exclusively by the National Company Law Tribunal.

The Court rejected the Plaintiff's contention that allegations of fraud, forgery, or prior discharge of liability justified invocation of the civil court's jurisdiction. It observed that the IBC framework empowers the NCLT to examine such objections at the threshold stage, and permitting a parallel civil suit would directly interfere with and derail the insolvency resolution process. The Court emphasised that mere allegations of fraud cannot be used as a device to bypass the statutory forum prescribed under the Code.

Addressing the challenge to the Business Transfer Agreement dated 06.03.2020, the Court held that questions relating to its validity, enforceability, and effect on the status of the financial creditor are matters squarely within the domain of the NCLT while considering the Section 7 application. The Court noted that granting declaratory or injunctive reliefs in respect of such transactions would amount to pre-empting the jurisdiction of the insolvency forum.

The High Court further observed that entertaining the suit and granting interim relief would defeat the object of the IBC, which mandates a time-bound and collective resolution process. It accordingly declined to grant any interim protection and dismissed the suit, while leaving it open to the Plaintiff to raise all permissible defences before the NCLT in accordance with law.

Order/Judgement: Considering the facts and circumstances of the case as highlighted above, the High Court allowed the application under Order VII Rule 11 of the CPC thereby rejecting the plaint. However, it granted interim protection to prevent prejudice to the plaintiff, while clarifying that its observations would not affect the merit of pending insolvency proceedings.

Case Review: *Plaint rejected.*