IN THE NATIONAL COMPANY LAW TRIBUNAL

NEW DELHI COURT-III

(SPECIAL BENCH)

IB – 154(ND)/2025

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

IN THE MATTER OF:

GENIUS TOWNSHIP PVT. LTD.

Having Its Corporate Office At:

Plot No. 28, Block A,
Sector 136, Gautam Buddha Nagar,
U.P-201304 **... APPLICANT/ FINANCIAL CREDITOR**

VERSUS

M/s. DYS ROYALS PVT. LTD.

Having Its Office At:

2nd Floor, MP Mall, MP Block,
Pitampura, North-West Delhi,
New Delhi- 110034 **... RESPONDENT/ CORPORATE DEBTOR**

Order Pronounced On: 09.07.2026

CORAM:

SHRI BACHU VENKAT BALARAM DAS,
HON'BLE MEMBER (JUDICIAL)

SMT. REENA SINHA PURI,
HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the Applicant	:	Mr. Vipul Ganda, Sr. Adv., Mr. Akash Mada Ms. Nitu Barik, Advs.
For the Respondent	:	Mr. Shikhar Gupta

ORDER

PER: BACHU VENKAT BALARAM DAS, MEMBER (JUDICIAL)

1. This application has been filed by M/s. Genius Township Pvt. Ltd., Financial Creditor, under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code"), seeking initiation of CIRP against M/s. DYS Royals Pvt. Ltd., the Corporate Debtor herein.

SUBMISSIONS OF THE APPLICANT:

2. The Financial Creditor is a private limited company incorporated under the Companies Act, 1956. The Financial Creditor is engaged in the real estate industry and has built a reputable name for itself over a period of twelve years. M/s DYS Royals Private Limited is also a company incorporated in India and is engaged in the real estate business and provides consultancy services to its clients.

3. It is submitted that in March 2023, Mr. Pawan Baweja and Ms. Nishi Baweja, representing themselves as the directors/representatives of the Corporate Debtor, approached the Financial Creditor with an investment proposal. They claimed that the Corporate Debtor owns 51,69,734 shares (the "Shareholding") of a publicly listed company, namely, M/s Standard Capital Markets Limited. ("the targeted Company"). The said directors of the Corporate Debtor assured that the targeted Company is a profitable organization, and is expected to give substantial returns to its shareholders. Accordingly, they proposed that the Financial Creditor can buy the Shareholding of the Corporate Debtor in the targeted Company at the purchase price of Rs. 60/- (Rupees Sixty Only) for each. They further assured that the shareholding will be transferred to the Financial Creditor seamlessly.

4. The Applicant submitted that upon believing the representations and assurances made by the persons representing themselves as the directors of the Corporate Debtor, the Financial Creditor agreed to purchase the Shareholding of the Corporate Debtor in the targeted Company. Consequently, the authorized signatories of the Financial Creditor and the

Corporate Debtor executed a Share Purchase Agreement dated 31.03.2023 (“Agreement”).

5. The Applicant further submitted that under the Agreement, it was agreed that the entire Shareholding will be purchased by the Financial Creditor for an amount of Rs. 31,01,84,040/- (Rupees Thirty-One Crores One Lakh Eighty-Four Thousand and Forty Only) (the “Purchase Consideration”). It was further agreed that the Shareholding shall be transferred in terms of the agreement.

6. It is further submitted that on the day of the execution of the Agreement, the representatives of the Corporate Debtor cited a technical difficulty in transferring the Shareholding, which resulted in the delay of the transfer of Shareholding and remittance of the Purchase Consideration. Thereafter, the Persons representing themselves as the directors of the Corporate Debtor assured the Financial Creditor that the transfer of Shareholding will be done on an urgent basis and, in the meantime, the Agreement can be executed. Accordingly, the Agreement was executed with the understanding that shareholding will be transferred to the Financial Creditor in a time-bound manner.

7. It is contended that, based on the assurance given by the persons representing themselves as the directors of the Corporate Debtor, the Financial Creditor remitted an amount of Rs. 7,60,00,000/- (Rupees Seven Crores and Sixty Lakhs Only) from June 2023 to July 2023 (the “Disbursed Amount”) to the Corporate Debtor and called upon the Corporate Debtor to transfer the Shareholding. However, the persons representing themselves as the directors of the Corporate Debtor acted with mala fide intention and failed to transfer the Shareholding despite receiving the Disbursed Amount.

8. It is submitted that the Financial Creditor on multiple occasions requested the Corporate Debtor and its representative to transfer the shareholding of the company; however, the Corporate Debtor and its representative kept on delaying the transfer of shares on one pretext or another. Consequently, the Financial Creditor suffered losses on a daily basis due to the cost of capital associated with the Disbursed Amount.

9. It is submitted that the Representative of the Corporate Debtor assured the Financial Creditor that the shareholding would be transferred by August 2024. The Financial Creditor came to know in October 2024 that the Corporate Debtor alienated the entire Shareholding to a third party. It is contended that the sum of Rs. 7,60,00,000/- (Rupees Seven Crores and Sixty Lakhs Only) was paid only for the time value of money inasmuch as the share value was expected to increase over time with the investments of the Financial Creditor.

10. The Financial Creditor sent a Notice of Default dated 03.01.2025 for repayment of the loan, which was assigned to the Financial Creditor by the agreement dated 31.03.2023. However, the Corporate Debtor did not respond to the said notice. It is, therefore, submitted that the total amount due to the Financial Creditor as principal is Rs. 7,60,00,000/- (Rupees Seven Crores and Sixty Lakhs Only). The interest due on the same is also calculable as per the settled law from 01.06.2023 till date (i.e., 15.01.2025) and which continues to accrue.

    Hence, the present application under Section 7 of the Insolvency and Bankruptcy Code, 2016.

11. The Applicant filed IA-4224/2025 seeking to take on record the additional affidavit whereby the Applicant sought to record the date of default as the same was not expressly mentioned earlier. The said application was allowed vide order dated 09.10.2025, the additional documents were taken on record, and the date of default was recorded as 15.01.2025. The Applicant was directed to file an amended Section 7 application in view of the recording of the date of default. Accordingly, the Applicant filed an amended Section 7 application, and the Respondent/Corporate Debtor was given the opportunity to file objections to the amended Section 7 application. The Applicant also filed a rejoinder affidavit to the said reply.

SUBMISSIONS OF THE RESPONDENT/CORPORATE DEBTOR:

12. The Respondent/Corporate Debtor, in its reply affidavit, denied the allegations and contentions raised by the Applicant.

13. The Respondent/Corporate Debtor submitted that a commercial contract was entered into by M/s. DYS Royals Private Limited, the Corporate Debtor, with M/s. Genius Township Private Limited, Financial Creditor, on 31.03.2023. The Respondent/Corporate Debtor did not dispute the execution of the agreement and contents thereof.

14. The Respondent/Corporate Debtor further submitted that the Applicant has concealed the fact that it had received back Rs. 3,88,55,000/- out of the total amount of 7.60 Crores. The Respondent/Corporate Debtor filed a police complaint against the Applicant for concealment of facts before the Deputy Commissioner of Police, Economic Offences Wing, Mandir Marg, New Delhi, which resulted in the issuance of a closure report.

15. The Respondent/Corporate Debtor submitted that the Applicant and the Respondent had entered into a Share Purchase Agreement dated 31.03.2023. As per this agreement, the following were the key contractual obligations:

"A. Obligation on the part of the Applicant, that is M/s Genius Township Private Limited:

i. Purchase of 51,69,734 shares of M/S STANDARD CAPITAL MARKET LIMITED from M/S DYS Royals Private Limited @ of Rs.60/- per share with total purchase price of Rs. 31,01,84,040/-.

ii. To tender an amount of Rs. 15,00,00,000/- to M/S DYS Royals Private Limited on the date of execution of the agreement that is 31/03/2023.

iii. To tender the balance amount of Rs. 16,01,84,040/- upon delivery of shares by M/s. DYS Royals Private Limited to M/s Genius Township Private Limited.

B. Obligation on the part of M/s. DYS Royals Private Limited

i. To transfer 51,69,734 shares of M/S STANDARD CAPITAL MARKET LIMITED after receipt of Rs.15 crore from M/s. Genius, Township Private Limited., and await the tendering of the remaining sales consideration from the Applicant.

16. It is contended that in terms of para 3.1 of the Agreement, the shares could be transferred only after 15.12.2023, and the Applicant was well aware of the said fact. In terms of the said agreement, an amount of Rs. 15 Crores was to be transferred by the Applicant to the Respondent on 31.03.2023. However, the Applicant never remitted the total amount of 15 Crores to the Respondent. Instead, the Applicant remitted an amount of Rs. 7,60,00,000/- between the period from 20.06.2023 to 26.07.2023.

17. The Respondent/Corporate Debtor, therefore, submitted that there was a breach of the agreement by the Applicant, inasmuch as the Applicant did not discharge its obligation by paying the full amount of Rs. 15 Crores. It is further submitted that the Respondent repaid an amount of Rs. 3,88,55,000/- between 05.01.2024 and 11.10.2024, and a balance of Rs. 3,71,45,000/- out of the total deposit of Rs. 7.6 crores, remained unpaid. The Respondent/Corporate Debtor submitted that due to the aforesaid reasons, the Respondent was compelled to sell the shares of M/s. Standard Capital Market Limited at a much lower price than the Rs. 60/- per share agreed to by the Applicant.

18. It is submitted that apart from a significantly small quantity of 5130 shares, the shares were sold by the Respondent to other private buyers with a price per share ranging from Rs.2.71 to Rs. 3.14 per share. It is to be noted, that these shares were sold during the period 27.12.2023 to 08.01.2024 and the Respondent incurred a loss of Rs. 10 Crores on the complete transaction.

19. It is submitted that the Applicant has not performed its obligation under the Agreement dated 31.03.2023. It is further contended that the Applicant has failed to prove that any time value of money is involved in the Agreement.

20. It was further submitted that the alleged 'Date of Default' of 15.01.2025 has been artificially inserted on the basis of a unilateral legal notice. A demand notice cannot convert a commercial/share purchase transaction into a financial debt under Section 5(8) of the Code.

The Respondent, therefore, prayed for dismissal of the present application filed under Section 7 of the Code.

REJOINDER BY THE FINANCIAL CREDITOR:

21. The Applicant filed a rejoinder affidavit wherein it contended that the Applicant suffered loss because of the inaction of the Corporate Debtor. The Applicant reiterated its stand, stating that the Applicant entered into an agreement dated 31.03.2023 with the Corporate Debtor for purchase of the shareholding for a total purchase consideration of 31,01,84,040/- (Rupees Thirty One Crores One Lakh Eighty-Four Thousand and Forty only) out of which the Applicant transferred a sum of Rs. 7,60,00,000/- (Rupees Seven Crores and Sixty Lakhs only) to the Corporate Debtor. However, the Corporate Debtor failed to transfer the shareholdings to the Applicant with malicious intent.

22. It is contended that the failure on the part of the Corporate Debtor to transfer the shareholdings to the Applicant amounts to breach of contract. The Applicant/ Financial Creditor was expecting high returns out of the purchase of the said share, but has suffered huge monetary loss on account of the failure on the part of the Corporate Debtor to transfer the shareholdings to the Applicant, which in effect constitutes the time value of money.

FINDING AND ANALYSIS:

23. We have heard the submissions of learned counsel appearing on behalf of both parties and further perused the material on record.

24. It is a matter of record that Applicant and Corporate Debtor entered into the agreement 31.03.2023 for purchase of shareholding for an amount of 31,01,84,040/- (Rupees Thirty-One Crores One Lakh Eighty-Four Thousand and Forty Only). Admittedly the Applicant paid Rs. 7,60,00,000/- (Rupees Seven Crores and Sixty Lakhs Only) from June 2023 to July 2023 to the Corporate Debtor. However, the Corporate Debtor failed to transfer the shareholding within the time stipulated under the agreement.

25. It is the contention of the parties that there is a breach of trust and breach of terms of the agreement entered into between the Applicant and the Corporate Debtor, which, according to our consideration, is a breach of contractual obligations, and therefore, provisions of the Code cannot be attracted in such a case.

26. Therefore, the present section 7 application cannot be entertained, and accordingly, ***IB-154(ND)/2025 is dismissed*** without costs.

27. The parties are at a liberty to take recourse to the legal remedies.

SD/-	**SD/-**
REENA SINHA PURI	**BACHU VENKAT BALARAM DAS**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**