



SL. No.1

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH**

COURT HALL NO: II

Hearing Through: VC and Physical (Hybrid) Mode

**CORAM: SHRI. RAJEEV BHARDWAJ – HON’BLE MEMBER (J)
CORAM: SHRI. SANJAY PURI - HON’BLE MEMBER (T)**

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH, HELD ON 12.09.2025 at 10:30 AM**

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	IA(IBC)/1050/2024 in CP(IB) No. 06/7/HDB/2019
NAME OF THE COMPANY	Speck Systems Ltd
NAME OF THE PETITIONER(S)	IDBI Bank
NAME OF THE RESPONDENT(S)	Speck Systems Ltd
UNDER SECTION	7 OF IBC

ORDER

IA(IBC)/1050/2024

Orders pronounced, recorded vide separate sheets. In the result, this
IA(IBC)/1050/2024 is allowed.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II
I.A (IBC) No. 1050 of 2024
IN
C.P (IB) No.06/7/HDB/2019
[Under Section 60(5) of Insolvency and Bankruptcy Code, 2016]
IN THE MATTER OF IDBI BANK LTD. vs. M/s. SPECK SYSTEMS
LIMITED**

Between:

State Bank of India,

Stressed Asset Management Branch-II,
D. No. 3-4-1013/A, 1st floor, Commuter Amenity Centre,
TSRTC Bus Station, Kachiguda,
Hyderabad - 500027.

...Applicant

AND

1. **The Regional Provident Fund Commissioner,**

Employees Provident Fund Organisation,
Regional Office (COMP-I), Barkatpura,
H. No. 3-4-763, Bhavishyanidhi Bhavan,
Barkatpura Chaman, Hyderabad-500027.

... Respondent No. 1

2. **Bondada Engineering Limited,**

Having its address at 1-1-27/37,
Ashok Manoj Nagar, Kapra,
Hyderabad, Telangana, India-500062
Rep. by Sankara Chary Mummadi.

...Respondent No. 2

Date of Order: 12.09.2025

Coram:

Hon'ble Shri Rajeev Bhardwaj, Member (Judicial)

Hon'ble Shri Sanjay Puri, Member (Technical)



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

Counsels Present

For Applicant : Mr. G.P Yash Vardhan, Advocate
For Respondent No. 1 : Mr. M.P Kashyap, Advocate
For Respondent No. 2 : Ms. Vismaya, Advocate

[PER: BENCH]

ORDER

1. This Application has been filed by Mr. K. Vatsa Kumar, the Liquidator of M/s. Speck Systems Limited (“**Corporate Debtor**” or “**CD**”), and was subsequently substituted by the State Bank of India (“**SBI**”), a member of the Stakeholders’ Consultation Committee (“**SCC**”), seeking the following relief:
 - a. To Release the attachment on the Immovable Property (viz., Flat bearing No.302/A, in Third Floor admeasuring 3207-00 Sq. Ft in SRI MANU'S AROHA CHAMBERS, on Plot No. A-16/11 (part of Plot No. A-16) along with undivided share of land admeasuring 95-00 Sq. Yds or 79.42 Sq. Mtrs, in Sy. No. 500, situated at Rukminipuri, within the limits of Kapra Municipality, R.R. District presently under the limits of GHMC Kapra Circle and Mandal, Medchal-Malkajgiri District, Telangana State, belonging to the Corporate Debtor, which was attached by the Respondent on 31-08-2021 (just 2 days before passing of CIRP orders by this Hon'ble Tribunal in respect of the Corporate Debtor), for non-payment of provident fund dues of Rs.39,50,157/- (Rupees Thirty Nine Lakhs Fifty Thousand One Hundred and Fifty Seven Only) by the Corporate Debtor, so as to enable the Applicant to take forward the Liquidation Process of the CD with regard to the property and achieve objective of value maximization as envisaged in the code.
2. **Application**
 - (i) IDBI Bank, as the Financial Creditor, initiated insolvency proceedings against M/s. Speck Systems Limited. This Authority admitted the Corporate Insolvency Resolution Process (“**CIRP**”) by order dated 02.09.2021 in C.P. (IB) No. 06/7/HDB/2019 and appointed Mr. Raghu Babu Gunturu as Interim Resolution Professional (“**IRP**”), who was subsequently confirmed as Resolution



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

Professional (“**RP**”) by the Committee of Creditors (“CoC”) in its first meeting held on 06.10.2021.

- (ii) It was discovered that on 31.08.2021—two days prior to the admission of the CD into CIRP—the Respondent No. 1 had attached the aforesaid immovable property belonging to the CD.
- (iii) The RP requested Respondent No. 1 by letter dated 30.12.2021 to release the attached property. However, the Respondent failed to comply.
- (iv) In the due course, pursuant to the decision of the CoC, the RP filed I.A. No. 1774 of 2023 in C.P. (IB) No. 06/7/HDB/2019 seeking liquidation of the CD. This Authority, by order dated 20.12.2023, ordered liquidation and appointed Mr. K. Vatsa Kumar as **Liquidator**.
- (v) The Liquidator issued a public announcement on 23.12.2023 inviting claims from creditors. The Respondent No. 1 submitted claims amounting to Rs. 4,44,02,380/- on 18.01.2024 as follows:

Sl. No.	Claim in respect of	Dues	Period	Amount (Rs.)
1.	Speck Systems Ltd.	Arrear demand dues U/s. 7A	August 2013 to May 2016	39,52,207/-
2.		Dues of damages and interest U/s. 14B and 7Q for 7A period	August 2013 to May 2016	83,03,411/-
3.		Damages and Interest U/s. 14B & 7Q	May 2011 to August 2015	20,68,350/-
4.		Dues of Provident Fund	Short payment of PF contributions as on 2020-21	1,27,08,503/-



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

5.	Speck Spatial Tech Ltd.	7A Arrear Demand Dues	February 2012 to September 2013	7,13,443/-
6.		Damages and interest U/s. 14B and 7Q	October 2004 to August 2009	37,171/-
7.		Damages and interest U/s. 14B and 7Q	March 2009 to September 2009	74,41,309/-
8.		7A Arrear demand dues	October 2013 to April 2015	8,67,208/-
9.		Recovery Cost (up to date)		92,014/-
10.		Dues of Damages and Interest U/s. 14B and 7Q for 7A period	October 2013 to April 2015	18,31,577/-
11.		Dues of Provident Fund	Short payment of PF Contributions as on 2020- 21	61,08,554/-
12.		Damages and interest U/s. 14B and 7Q	April 2013 to April 2015	2,78,633/-
13.	Total			4,44,02,380/-

(vi) The Liquidator admitted claims amounting to Rs. 2,70,32,471/- by email dated 17.02.2024 and notified Respondent No. 1 that distributions would be made in accordance with the priority prescribed under Section 53 of the IBC. Respondent No. 1 requested full admission of claims by letter dated 04.04.2024.

(vii) The Liquidator, by reply dated 10.04.2024, clarified that claims relating to the subsidiary company, Speck Spatial Tech Ltd., are



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

beyond the scope of the Liquidator's authority and thus were not admitted.

- (viii) Further, the Liquidator clarified that provident fund dues are entitled to priority payment only if a designated fund exists. In this case, no such earmarked fund is available. Therefore, provident fund dues shall be paid in accordance with Section 53(1) of the IBC, subject to Section 36(4) of the Code.
- (ix) The Liquidator requested the release of the immovable property by letter dated 20.03.2024. Respondent No. 1, by letter dated 23.03.2024, rejected the request, asserting priority under Section 11(2) of the EPF & MP Act, 1952.
- (x) The CD did not create a separate provident fund, and claims fall under Section 53(1)(e) of the IBC. The Respondent's claim includes amounts towards damages and interest, which do not constitute provident fund dues payable to beneficiaries and thus are not payable from the liquidation estate.
- (xi) The Liquidator placed reliance on the Hon'ble Supreme Court's judgment in in ***Moser Baer Karamchari Union Thr. President Mahesh Chand Sharma vs. Union of India and others***, 2023 ibclaw.in 59 (SC).
- (xii) The attachment of the immovable property of the CD two day prior to the admission of CD into CIRP is result of collusion between the CD and Respondent No. 1.
- (xiii) The immovable property's release is essential for the Liquidator to proceed with the liquidation and maximize the realization of assets.

3. Counter by Respondent No. 1

- (i) The CD, bearing PF code AP/HYD/17116, is an establishment covered under the EPF & MP Act, 1952, and has failed to remit statutory dues amounting to Rs. 39,50,157/- for the period August 2013 to May 2016.



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

- (ii) Upon liquidation order, Respondent No. 1 filed a claim dated 18.01.2024 for Rs. 4,44,02,380/-.
- (iii) The EPF dues are not “operational debt” but third-party statutory dues, which must be paid prior to the application of the IBC’s waterfall mechanism. Reliance placed on ***M/s. Embassy Property Development Pvt. Ltd. v. The State of Karnataka.***
- (iv) Earmarking provident funds is not mandatory under Section 16A of the EPF & MP Act, and no authorization was granted to the CD to maintain its own PF account
- (v) The Reference made to the Hon’ble Supreme Court’s judgment in ***Sunil Kumar Jain and other vs. Sundaresh Bhatt and others***, where provident fund, gratuity, and pension funds were held outside liquidation estate, having priority.
- (vi) Section 11(2) of the EPF & MP Act accords priority to provident fund dues over other payments. Attachment of the property of the CD pre-dated the CIRP.
- (vii) Allegations of collusion between the CD and Respondent No. 1 were denied. The Authorized Officer acted pursuant to statutory duty. M/s. Speck Spatial Ltd. is a wholly owned subsidiary with common ownership and directors, therefore, lifting the corporate veil is warranted.
- (viii) Reliance was placed on the orders of the Hon’ble NCLAT in ***Sinkandar Singh Jamwal vs. Vinay Talwar*** [CA (AT) 483/2019], ***Tourism Finance Corporation of India Ltd. vs. Rainbow Papers Ltd.*** [2019 NCLAT 463] & ***SK Constructions vs. EPFO & Anr*** and judgement of the Hon’ble Supreme Court in ***State Tax Officer vs. Rainbow Papers Ltd.*** [Civil Appeal No. 1661 of 2020] supporting the priority of PF dues over other creditors.
- (ix) Damages and interest are integral parts of EPF dues, per Hon’ble NCLAT in ***Anuj Bajpai v. EPFO.***
- (x) EPF dues, including interest and damages, are outside the liquidation estate under Section 34 of the IBC and not subject to the waterfall distribution under Section 53.



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

**I.A (IBC) No. 1050 of 2024
IN
C.P (IB) No. 06/7/HDB/2019
Date of Order: 12.09.2025**

4. Counter by Respondent No. 2

- (i) Respondent No. 2 was impleaded following the Intervention Petition No. 36 of 2024 in C.P. No. 06/2019 which was allowed by this Authority and was arrayed as Respondent No. 2
- (ii) The Respondent No. 2 is a successful bidder who acquired CD as a whole along with assets as detailed in Sale Certificate. Encumbrances prior to auction must be discharged from liquidation proceeds and the purchaser should not bear such liabilities.
- (iii) The attachment by Respondent No. 1 became ineffective (“infructuous”) following liquidation commencement. Respondent No. 1 did not claim any charge under Section 52 of the IBC and the assets were sold free from encumbrances.
- (iv) Respondent No. 2 made payment to the Liquidator and is entitled to peaceful possession. Continuation of attachment contravenes the “clean slate” principle.
- (v) An amount of Rs. 2,70,32,471/- of Respondent No. 1’s claim was admitted and will be paid per the distribution scheme, extinguishing previous liabilities.
- (vi) Further, the Respondent No. 2 placed reliance on orders of Hon’ble NCLAT in ***Paschimanchal Vidyut Vitran Nigam Ltd. vs. HSA Traders and Ors.*** (2023) ibclaw.in 756, ***Yarn Sales Corporation vs. Punjab State Power Corporation Ltd. and Anr*** (2024) ibclaw.in424 NCLAT and ***R.E.C Ispat Pvt. Ltd. vs. Eastern Power Distribution Company of Andhra Pradesh Ltd.*** (2024) ibclaw.in 185.
- (vii) Respondent No. 1 may only claim against the CD, not its subsidiary. The Liquidator’s rejection of subsidiary claims was appropriate.
- (viii) The present application merits allowance to avoid irreparable loss to Respondent No. 2.



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

5. Rejoinder

- (i) The Respondent No. 1 had filed a claim with the RP during the CIRP for Rs. 1,70,90,675/- which was admitted. However, during the liquidation the claim was filed for both the CD and its subsidiary which was not claimed during the CIRP. The creditor is only allowed update the claim earlier submitted in CIRP and cannot submit an additional claim in liquidation.
- (ii) The Hon'ble Supreme Court in **Sunil Kumar Jain vs. Sundaresh Bhatt** (CA 5910 of 2019 dated 19.04.2022) held that provident fund dues have priority only if funds are available, per Section 36(4) of the IBC.
- (iii) In view of the above judgement, the dues of Provident fund, gratuity fund and pension fund have priority only if fund is available. In the present case no earmarked provident fund exists in the present case. Thus, PF dues fall within Section 53(1) of the IBC.
- (iv) The Liquidation placed reliance on the order of Hon'ble NCLT, Kolkata in **Ram Ratan Modi (RP of Duncans Industries Ltd.) vs. ICICI Bank** and Hon'ble NCALT in **Primpri Chinchwada Municipal Corporation vs. Jayanti Lal Jain IRP for Windals Auto Pvt. Ltd.**, directing statutory authorities to release attached property upon CIRP commencement.
- (v) Further, the Respondent No. 1 admitted that EPF dues pertain to August 2013 to May 2016. However, the attachment was ordered suspiciously just two days before CIRP admission.
- (vi) Claims against the subsidiary are beyond the Liquidator's jurisdiction under Section 36(4)(d). Also, Respondent No. 1 did not participate in any of the eight SCC meetings, missing opportunity to raise concerns.
- (vii) Except for the Cherlapally unit, all other assets, including the attached immovable property, were sold in the 3rd e-auction dated 05.07.2024 on an "as is where is" basis, with full disclosure of attachment, for Rs. 19,81,00,000/- to Respondent No. 2, who has paid the consideration. Distribution of proceeds has been made per



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

Section 53 of the IBC. The admitted claim amount of Rs. 2,70,32,471/- has been kept as an interest-bearing deposit pending resolution of the present litigation.

6. SBI, as a member of the SCC, was authorized to represent the CD in pending litigations, and filed I.A (IBC) No. 482 of 2025 in C.P (IB) No. 06/7/HDB/2019 for substitution as Applicant.
7. This Authority, by order dated 06.03.2025, substituted SBI in place of the Liquidator as Applicant in this Application.
8. Heard the Counsels of all the parties.

9. **Findings**

- (i) IDBI Bank initiated Corporate Insolvency Resolution Process (**CIRP**) proceedings against the Corporate Debtor (**CD**) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC), which were admitted by this Authority on 02.09.2021 in C.P. (IB) No. 06/7/HDB/2019. Mr. Raghu Babu Gunturu was appointed as the IRP and was subsequently confirmed as the RP by CoC.
- (ii) Prior to the admission of the CD into CIRP, Respondent No. 1 (Employees' Provident Fund Organisation - **EPFO**) attached an immovable property of the CD for alleged non-payment of provident fund dues amounting to Rs. 39,50,157/-. Despite requests from the RP and later the Liquidator for release of the property, the attachment was not lifted.
- (iii) The liquidation of the CD was ordered by this Authority on 20.12.2023, and Mr. K. Vatsa Kumar was appointed as the Liquidator. The Liquidator admitted claims amounting to Rs. 2,70,32,471/- out of the total claim of Rs. 4,44,02,380/- filed by Respondent No. 1, rejecting the remaining claims pertaining to interest, damages, and dues of the CD's subsidiary, Speck Spatial Tech Ltd.
- (iv) The Liquidator, and subsequently the Applicant, took the position that in the absence of an earmarked provident fund, such dues must be distributed in accordance with the waterfall mechanism



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

under Section 53 of the IBC. It was also submitted that the claims against the subsidiary are beyond the jurisdiction of the Liquidator.

(v) The immovable property, along with other assets of the CD (excluding the Cherlapally unit), was sold in 3rd e-auction on 05.07.2024 for a total consideration of Rs. 19.81 crore to Bondada Engineering Limited (**Respondent No. 2**), the successful bidder. However, Respondent No. 1's attachment continues to impede the peaceful possession of the property.

(vi) The primary question that arises for determination is:

“Whether Respondent No. 1 is entitled to continue the attachment of the immovable property of the Corporate Debtor despite the initiation of CIRP, subsequent liquidation, and partial admission of its claim by the Liquidator?”

(vii) Upon admission of the CD into CIRP, Section 14 of the IBC, 2016 comes into play and imposes moratorium on all the pending suits or proceedings against the CD initiated in any court of law, tribunal, arbitration panel or other authority.

(viii) The Hon'ble Supreme Court in ***Swiss Ribbons Pvt. Ltd. & Anr. vs. Union of India & Ors.***¹ held that once CIRP is admitted, the moratorium imposed under Section 14 prohibits all legal proceedings and attachments against the assets of the Corporate Debtor.

(ix) In the present case, the attachment by Respondent No. 1 was effected two days prior to the admission of CIRP. However, with the commencement of CIRP, such attachment stood suspended by the operation of law and could not have continued during the moratorium period.

(x) Respondent No. 1 has admitted in paragraph 4 of its counter that it lodged a claim of Rs. 1,70,90,675/- before the RP, and subsequently, a total claim of Rs. 4,44,02,380/- before the Liquidator, out of which Rs. 2,70,32,471/- has been admitted. The

¹ (2019) 4 SCC 17



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

admitted amount pertains exclusively to the Corporate Debtor, and not to its subsidiary. Thus, the entirety of Respondent No. 1's claim against the CD has been duly considered and admitted.

- (xi) In paragraph 14 of the Rejoinder, the Liquidator has affirmed that an amount of Rs. 2,70,32,471/-, representing the admitted EPF dues of the CD (Speck Systems Ltd.), has been kept in an interest-bearing deposit, to be disbursed subject to the outcome of the present litigation.
- (xii) In the ***Panchanama titled "Attachment of Immovable Property"*** (annexed to the main Application at pg.36) the EPFO records that CD defaulted in payment of Rs. 39,50,157/- towards provident fund dues. Furthermore, in the claim filed by Respondent No. 1, an amount of Rs. 39,50,157/-, along with recovery charges of Rs. 2,050/- was claimed. Upon verification, the Liquidator admitted the claim for Rs. 39,50,157/-, the very amount for which the attachment was done by R1 in addition to claim for damages, interest and arrears.
- (xiii) Accordingly, the Liquidator has expressed readiness in his rejoinder to release the said amount upon the removal of the attachment to enable transfer of possession to the successful auction purchaser.
- (xiv) Reliance is placed on the decision of the Hon'ble NCLAT in ***B. Parameshwara Udpa vs. Assistant PF Commissioner & Anr***²

"(g) Thus, it can be presumed that 'Attachment of Bank Account' of the 'Corporate Debtor' by 'EPFO' cannot be continued when 'Moratorium' is declared under I & B Code, 2016 and proceedings are required to be kept in abeyance till lifting of moratorium. Liberty can, however, be given to the respondent to continue/ initiate proceedings against the 'Corporate Debtor' after disposal of the proceedings and lifting of the 'Moratorium' and completion of the 'Corporate Insolvency Resolution Process'."

² (2022) ibclaw.in 794 NCLAT



**NATIONAL COMPANY LAW TRIBUNAL,
HYDERBAD BENCH, COURT-II**

I.A (IBC) No. 1050 of 2024

IN

C.P (IB) No. 06/7/HDB/2019

Date of Order: 12.09.2025

- (xv) The Hon'ble NCLAT also emphasized the overriding effect of Section 238 of the IBC, which provides that the provisions of the Code shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.
- (xvi) Thus, continuation of the attachment after the initiation of CIRP and during liquidation, despite the claim being duly admitted, directly obstructs the Liquidator's statutory mandate under the IBC. It impedes the realization, distribution, and transfer of assets in accordance with the Code, and undermines the principle of equitable treatment of creditors.
- (xvii) We are of the considered view that the continued attachment by Respondent No. 1 is legally untenable and liable to be vacated.
10. As a result of our discussion, Respondent No. 1 (Employees Provident Fund Organisation) is directed to forthwith lift and release the attachment dated 31.08.2021, effected through the **Panchanama titled "Attachment of Immovable Property"** (annexed to the main Application at pg.36), in respect of the following asset of the Corporate Debtor:

"Flat No. 302/A, Third Floor, admeasuring 3207 sq. ft., in "Sri Manu's Aroha Chambers", situated on Plot No. A-16/11 (part of Plot No. A-16), along with undivided share of land admeasuring 95.00 sq. yds. (79.42 sq. mtrs), in Sy. No. 500, located at Rukminipuri, within the limits of Kapra Municipality, presently under GHMC Kapra Circle and Mandal, Medchal-Malkajgiri District, Telangana State."

Accordingly, this Application is **allowed**.

Sd/-

**SANJAY PURI
MEMBER (TECHNICAL)**

Sd/-

**RAJEEV BHARDWAJ
MEMBER (JUDICIAL)**