IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.15
IA 187/2025, 189/2025, 251/2025
317/2025, 524/2025, 574/2025
IA No. 908/2025, 951/2025
953/2025, 955/2025
IA (LIQ)(PR)12/2026
IA(IBC) 78/2026
IA (Liq) PR 74/2026
IA (IBC) 404/2026, 408/2026
410/2026, 505/2026 , 515/2026
IA (Liq) PR 120/2026
CP(IB) No.78/BB/2024

IN THE MATTER OF:

Aditya Birla Finance Ltd … Petitioner

Vs.

M/s Shapos Services Pvt Ltd … Respondent

Petition under Sec 7of I & B Code, 2016

Order delivered on: 30.07.2026

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For the Applicant in IA 505 & 515/2026	: Adv. B V Vidyulatha
For the RP	: Adv. Amrita Jain
For R3 & R4 in IA 251/2025	: Adv. Varun Bheemaiah
For the R3 in IA 317/2025	: Adv. Nandita Nair
For R1 & R2 in IA 317,951,189 & 953/2025	: Adv. Aisiri V Swamy
For the EX RP	: Adv. Santhiya

ORDER

1. Heard Ld. Counsels for the parties.
2. **IA 187/2025** is allowed vide separate order.
3. **IA 908/2025 and IA 524/2025 are partly allowed** vide separate order.
4. List the matter on 04.09.2026.

-Sd-	**-Sd-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

Jones

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

(Exercising powers of Adjudicating Authority under The Insolvency and Bankruptcy Code, 2016)
(Through Physical Hearing/ VC Mode (Hybrid))

I.A. No. 187/2025
In
C.P. (IB) No. 78/BB/2024

IN THE MATTER OF:

Ravindra Beleyur
Erstwhile Interim Resolution Professional
Shapos Services Private Limited.
"Shreevathsa" 428,19B Cross,
3rd Block, Jayanagar,
Bengaluru - 560011 ... Applicant

VERSUS

AU Small Finance Bank Limited,
Having office at, 19-A,
Dhuleshwar Garden, Ajmer Road,
Jaipur - 302001. … Respondent

Order delivered on: 30.07.2026

CORAM:

Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)

Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

O R D E R

1. The present Interlocutory Application has been filed by Mr. Ravindra Beleyur, Erstwhile Resolution Professional of M/s. Shapos Services Private Limited, under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 11 of the National Company Law Tribunal Rules, 2016, seeking:
   a. *Direct the Respondent, to transfer the proceeds of the fixed Deposit to the extent of Rs. 25 Lakhs along with interest to the designated bank account of Corporate Debtor as supplicated by the Applicant Interim Resolution Professional.*

b. *Such other reliefs and additional remedies as deemed appropriate by this Hon'ble Tribunal.*

2. Brief facts of the case are as under:

i. The Applicant submits that Corporate Insolvency Resolution Process ("CIRP") against the Corporate Debtor was initiated vide order dated 17.09.2024 and the Applicant was appointed as the Interim Resolution Professional ("IRP"). In the first meeting of the Committee of Creditors ("CoC"), the Applicant continued as IRP in terms of Regulation 17(3) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

ii. Pursuant to public announcement, the Respondent submitted its claim in Form C claiming a sum of **₹11,55,08,758/-**, which was admitted by the Applicant and the Respondent was allotted a voting share of 4.26% in the Committee of Creditors.

iii. During verification of the claims, it came to light that in proceedings pending before the Debts Recovery Tribunal, Bengaluru, (DRT) an order dated 31.05.2024 had been passed directing the Corporate Debtor to deposit a sum of ₹50,00,000/- with the Respondent Bank. Pursuant whereto, a sum of ₹25,00,000/- was deposited and retained in the form of a Fixed Deposit, over which the Respondent marked a lien. The DRT directed that the amount be kept in a Fixed Deposit for six months with auto renewal and further directed that the amount shall not be appropriated or disbursed until further orders of the Tribunal.

iv. Upon commencement of CIRP on 17.09.2024, the moratorium under Section 14 of the Code came into force and consequently the Respondent could neither appropriate nor continue to exercise any lien over the Fixed Deposit. The Applicant addressed a communication dated 12.11.2024 requesting the Respondent to release the lien and transfer the amount to the designated CIRP account. However, no action was taken by the Respondent. The issue was placed before the Committee of Creditors, which approved initiation of the present proceedings by majority vote.

v. The Fixed Deposit constitutes an asset of the Corporate Debtor and, by virtue of Sections 17, 18, 23 and 25 of the Code, 2016, the IRP is under a statutory obligation to take custody and control of all assets belonging to the Corporate

Debtor. It has therefore been prayed that the Respondent be directed to release the lien and transfer the Fixed Deposit amount to the Corporate Debtor's CIRP account.

3. The records reveal that a copy of the Application along with its annexures was dispatched to the Respondent through Speed Post on 08.01.2025, which was delivered on 13.01.2025 as evidenced by the postal tracking report. The Applicant has also placed on record an email dated 07.07.2025 addressed to the Respondent enclosing the Memo to be filed before this Authority and calling upon the Respondent to acknowledge receipt. Despite due service of notice, the Respondent has neither entered appearance nor filed any reply. Accordingly, the respondent has been proceeded *ex-parte* in the matter and being decided on the basis of the pleadings and documents available on record.

4. It is not in dispute that the amount deposited in the Fixed Deposit belongs to the Corporate Debtor. It is equally evident from the order dated 31.05.2024 passed by Hon'ble DRT that the amount is to be retained in the form of a Fixed Deposit with auto renewal and specifically restrained its appropriation or disbursal until further orders. The said order did not permit the Respondent Bank to appropriate the amount towards its outstanding dues nor did it transfer ownership of the deposit in favour of the Respondent.

5. Upon admission of the Corporate Debtor into CIRP on 17.09.2024, the moratorium under Section 14 of the Code has come into operation. Simultaneously, the management of the affairs of the Corporate Debtor has been vested in the IRP under Section 17, who became entitled to take custody and control of all assets of the Corporate Debtor under Section 18 of the Code.

6. The Respondent has already submitted its claim before the IRP and the same has been admitted. Having elected to participate in the CIRP as a Financial Creditor, the Respondent cannot independently retain or seek to realise any amount belonging to the Corporate Debtor dehors the insolvency process.

7. The Hon'ble Supreme Court in ***Central Transmission Utility of India Ltd. v. Sumit Binani & Ors.***, Civil Appeal Nos. 2216-2217 of 2025, decided on 23.03.2026, has held that a security deposit continues to remain the property of the Corporate

Debtor until a lawful adjustment is effected and that appropriation of such deposit after commencement of CIRP towards pre-CIRP dues is impermissible and contrary to the moratorium under Section 14 of the Code. The Hon'ble Supreme Court further held that recovery of pre-CIRP dues must be pursued in accordance with the procedure prescribed under the Code and that the creditor is required to submit its claim before the Resolution Professional.

8. This position is further fortified by the settled precedent of the Hon'ble NCLAT dealing specifically with a bank's lien over a corporate debtor's fixed deposits. In ***Indian Overseas Bank v. Mr. Dinkar T. Venkatsubramaniam, Resolution Professional for Amtek Auto Ltd.***, Company Appeal (AT) (Ins) No. 267 of 2017, decided on 15.11.2017, the Hon'ble NCLAT held that "once moratorium has been declared it is not open to any person" including a Financial Creditor bank to recover any amount from the account of the Corporate Debtor or to appropriate any such amount towards its own dues, and that the creditor's remedy lies only in filing its claim before the Resolution Professional. This principle was subsequently applied by the Hon'ble NCLAT in ***Kotak Mahindra Bank Ltd. v. Ravindra Loonkar, RP of ACIL Ltd.*** Company Appeal (AT) (Insolvency) No. 132 of 2021, where a bank asserting a general lien over the corporate debtor's fixed deposits, and seeking to set off the same against its claim, was directed to close the fixed deposits and transfer the proceeds to the corporate debtor's account. It has also been held by the Hon'ble Kerala High Court in ***Union Bank of India v. K.V. Venugopalan 1990 SCC OnLine Ker 12*** that a right of lien cannot, in any event, be exercised over a fixed deposit, since the amount placed in fixed deposit is in the nature of a debt owed by the bank to the depositor, and a debt is not capable of being subjected to a lien.

9. The principles laid down in ***Central Transmission Utility***, ***Indian Overseas Bank***, ***Kotak Mahindra Bank*** **and** ***Union Bank of India*** are squarely applicable to the present case. A security deposit continues to remain the property of the Corporate Debtor until lawfully appropriated, and unilateral appropriation of, or continued lien over, such deposit after commencement of CIRP towards pre-CIRP dues is impermissible in the absence of a pre-existing contractual set-off arrangement. Although the deposit in the present case was made pursuant to the order of the

DRT, the net effect was to preserve the amount pending adjudication and did not authorize its appropriation by the Respondent. Consequently, continuation of the lien after commencement of CIRP would be inconsistent with the statutory scheme contained in Sections 14, 17 and 18 of the Code.

10. Section 238 of the Code gives overriding effect to the provisions of the Insolvency and Bankruptcy Code, 2016 notwithstanding anything inconsistent contained in any other law. Therefore, once the Corporate Debtor entered CIRP, custody and control over the assets of the Corporate Debtor necessarily vested in the IRP.

11. We therefore, are of the considered opinion that the Applicant has established sufficient grounds for grant of the relief sought. Accordingly, **I.A. No. 187/2025 is allowed** with the following directions:

   i. The Respondent, AU Small Finance Bank Limited, shall forthwith lift its lien, if any, marked over the Fixed Deposit of ₹25,00,000/- standing in the name of Corporate Debtor.

   ii. The Respondent shall transfer the proceeds of the Fixed Deposit, together with accrued interest, if any, to the designated CIRP bank account of the Corporate Debtor to be operated by the IRP, within **one month** from the date of receipt of a copy of this order.

12. It is clarified that transfer of the aforesaid amount to the Resolution Professional shall be for the purposes of the CIRP and shall be without prejudice to the Respondent's right to pursue its admitted claim in accordance with the provisions of the Code, 2016.

-Sd-	**-Sd-**
(RADHAKRISHNA SREEPADA) **MEMBER (TECHNICAL)**	**(SUNIL KUMAR AGGARWAL)** **MEMBER (JUDICIAL)**