

IN THE NATIONAL COMPANY LAW TRIBUNAL
JAIPUR BENCH

CORAM: MS. REETA KOHLI,
HON'BLE JUDICIAL MEMBER

MS. KAVITA BHATNAGAR
HON'BLE TECHNICAL MEMBER

IA (IBC) No. 481/JPR/2025
In CP No. (IB)-64/9/JPR/2024

IN THE MATTER OF:

RAJ METAL INDUSTRIES

...Operational Creditor

VERSUS

NDA METAOXIDES PRIVATE LIMITED

... Respondent / Corporate Debtor

MEMO OF PARTIES

IA (IBC) No. 481/JPR/2025

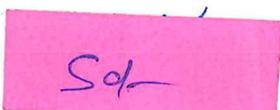
Employee Provident Fund Organisation,
(Through Regional P.F. Commissioner-II Legal),
Ministry of Labour & Employment, Govt. of India),
Nidhi Bhawan, Vidhut Marg, Jyoti Nagar,
Jaipur-302005, Rajasthan

... Applicant

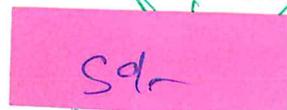
VERSUS

NDA Metaoxides Pvt. Ltd.,
(Through Resolution Professional),
Flat No. DG04, Silver Springs APT,
Navaratan Complex,
New Navaratan Main Road,
Udaipur-313001, Rajasthan

... Respondent



IA (IBC) No. 481/JPR/2025



In

CP (IB) No. 64/9/JPR/2024



For the Applicant

: R. K. Verma, Adv.

For the RP

: Nitesh Srivastava, Adv.
Mohit Sharma, Adv.

Order Pronounced On: 10.02.2026

ORDER

Per: - Kavita Bhatnagar, Technical Member

1. This Interlocutory Application has been filed by the Employee Provident Fund Organisation (*through Regional P.F. Commissioner-II*) under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 against the Resolution Professional, *Mr. Rajneesh Sharma* of *NDA Metaoxides Pvt. Ltd.*, seeking the following reliefs: -

- (i) *Set aside the impugned decision / action of respondent IRP dated 26.07.2025 rejecting the claim of applicant EPFO.*
- (ii) *Direct the Respondent IRP to pay the EPFO dues in full forthwith to the Applicant.*
- (iii) *Any other appropriate order, directions as may be deemed just and proper in the facts and circumstances of the case, be kindly passed in favour of the applicant."*

2. The Applicant has filed the present Application alleging the following set of facts: -

2.1 The Corporate Insolvency Resolution Process (CIRP) was commenced against *M/s NDA Metaoxides Pvt. Ltd.*, (Corporate Debtor) under

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Section 9 of the IBC, 2016 *vide* order dated 28.05.2025 and *Mr. Rajneesh Sharma*, was appointed as Interim Resolution Professional (IRP) to conduct the CIRP of the Corporate Debtor.

2.2 Pursuant to the commencement of CIRP, the Interim Resolution Professional made a public announcement on 06.06.2025 for inviting claims from the stakeholders of the Corporate Debtor (*M/s Metaoxides Pvt. Ltd.*) and to submit their claims with proof on or before 20.06.2025 to the Interim Resolution Professional (IRP) at the given address. Thereafter, the applicant “Employees Provident Fund Organisation” had filed their claim along with supporting documents in requisite format. In respect of statutory dues of *M/s NDA Metaoxides Pvt. Ltd.* before the IRP *vide* letter No. 458 dated 19.06.2025 through email for a total amount of Rs. 12,12,027/- (Rupees Twelve Lakh Twelve Thousand Twenty-Seven Only) with request to remit the said amount in view of the explicit provisions of Law.

2.3 It is submitted that the claim submitted by the Applicant was rejected by IRP *vide* email dated 26.07.2025, relying upon the provisions of Section 14 of IBC, 2016 on the ground that the claim is based on Assessment order dated 11.07.2025 passed during the Moratorium period.



- 2.4 The Employee Provident Fund Organisation (EPFO) is a statutory body and the contribution, interest & damages, payment under Section 7-A, 7-Q & 14-B of the Employees Provident Funds and Misc. Provisions Act, 1952 (EPF Act) are statutory dues and not claims, having first charge on the assets of the establishment and shall be paid in priority to other debts. From a bare perusal of the provisions of said section, it is clear that under the system of Employees Provident Fund, the Employer and the Employee both are liable to contribute to the said fund which is formed under Section 5 of the EPF Act.
- 2.5 The employer deducts the employee's contribution from the payable wages of the employees and retains the same and is liable to deposit the deduction amount to the fund. Under the Employees Provident Fund Act and the Scheme, it is clear that the said money deducted from the payable salary / wages of the employee and the equal contribution, payable by the employer in equal proportion, is not the property / asset of the employer, but are statutory dues which are payable to the Employees Provident Fund and constitutes a property / asset of the Provident Fund, established under the Employees Provident Funds Act and the Employees Provident Funds Scheme, 1952.
- 2.6 As per Section 36 of the IBC, 2016 the Liquidator is not entitled to take custody and control of assets, owned by a Third Party in possession of

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the Corporate Debtor, held under Trust. Thus, considering the nature of Provident Fund Dues they are not an Asset of the Corporate Debtor but are property / assets owned by the Provident Fund. Even under Section 36(4) of the IBC, 2016 all sums dues to any workman or employee from the provident fund, has not been included in the Liquidation Estate Assets and has been prohibited to be used for recovery in the liquidation process.

2.7 As per Section 5 (21) of IBC, 2016 an “Operational Debt” means claim in respect of provisions of the goods or services, or a debt, in respect of the payment of dues, arising under any law for the time being in force and payable to the Central or any State Government or any local authority. The Applicant cannot fall under the category of an Operational Creditor, as the amount which is due towards the provident fund, is not a claim in as much as the amount is already lying deducted from the employees’ salary / wages and is being held in Trust by the employer, i.e. the Corporate Debtor including the contribution payable by the employer. The said amount is liable to be remitted to the provident fund and cannot be withheld by the RP in its possession and control.

2.8 The amount due under the Employees Provident Funds Act to the Applicant EPFO cannot be construed to be a claim or a debt, due to the

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Applicant (EPFO). The nature, ingredients for constituting a debt is totally different and distinct as compared to the EPF dues, as the same does not originate from the Corporate Debtor / Employer. In the matter of debt or a claim a *quid pro quo* is a pre-condition which must pre-exist with the Corporate Debtor for a creation of a debt or a claim. But in the case of EPFO dues, no such *quid pro quo* exists as the amount due is only held by the Corporate Debtor in Trust and must be released / remitted to the EPFO.

2.9 The Hon'ble Kerala High Court in W.P. (C) No. 7997 of 2023 titled "Platino Classic Motors India Pvt. Ltd., Vs. Deputy Commissioner of Central Tax and Central Excise & Others" has clarified that Section 14 of IBC does not bar the finalization of assessment and adjudication can proceed despite ongoing insolvency proceedings under Section 14 of the IBC.

2.10 It is stated that the judgment quoted by the IRP in rejection letter dated 26.07.2025 titled Employees Provident Fund Organisation Vs. Jay Kumar Persumal Arlani passed by Hon'ble NCLAT, *vide* its order dated 03.01.2025 has been assailed by EPFO before the Hon'ble Supreme Court by filing a Special Leave Petition. This SLP and the question of law involved in the matter agitated therein are sub-judice before the Hon'ble Supreme Court.



2.11 As per Section 36(4) of the IBC, all dues towards provident fund etc. are third party assets and excludes them from liquidation estate of the Corporate Debtor. Section 36(4) makes a further declaration that such sums cannot be utilized for recovery of debts of the Corporate Debtor. The entrustment of these monies with the employers is merely a collection mechanism and is required to be understood as an unredeemed operational debt under IBC. The dues under EPF Act are neither debt owed to EPFO nor to the employees, hence CoC cannot decide on these dues. While deciding on the statutory debt, the dues of EPF Act need to be kept outside by the CoC. This has been reaffirmed in the judgment of Hon'ble Supreme Court and NCLAT such as: -

- (i) *Kushal Limited Vs. Regional Provident Fund Commissioner-I, Civil Appeal No. 1920 of 2020.*
- (ii) *Jet Aircraft Maintenance Engineers Welfare Association Vs. Ashish Chhawchharia & Ors. (2022).*

2.12 Hon'ble NCLT Mumbai Bench in the matter of Precision Fastners Ltd., Vs. EPFO held that: -

"...The right of all other creditors over the assets of the company is a property right, whereas workmen dues, more specifically PF dues of workmen, are interwoven with Right to life because the workmen all through their life save some portion of the hard earnings for their later life after retirement, if such sums are being interlinked on par with debts of the creditors of the company, secured or unsecured as the case may be, then it is nothing but diluting most valuable and inalienable

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right of a person on par with a property right of a person on par with a property right subordinate to right to life... ”

2.13 The Hon'ble Supreme Court in the State Tax Officer Vs. Rainbow Papers Ltd. has held that if a Resolution Plan approved by the CoC disregards statutory demands payable to a secured creditor, including the state under the Gujarat Value Added Tax ('GVAT') Act or any legal authority, the NCLT is bound to reject the said resolution plan.

2.14 The Applicant also relied upon the order dated 18.02.2021 passed by the NCLT, Kochi which has held that the contribution, interest and damages payable are statutory dues and not claims which can be submitted to the Liquidator in the requisite claim form. It is also seen that the EPFO has got first charge over the assets of the defaulter and its priority of payment over other debts is as per Section 11 of the EPF Act.

3. The Respondent (through Resolution Professional) had filed its reply to the application vide Dairy No. 2567/2025 dated 19.11.2025 stating as under; -

3.1 The Respondent denies the contents of the application filed by the Applicant, being false, misleading, vexatious and unsustainable in law, save and except to the extent as may be specifically admitted hereunder.

3.2 The Respondent, Mr. Rajneesh Sharma, was appointed as Interim Resolution Professional (IRP) vide order 28.05.2025 to conduct the



CIRP. The IRP was subsequently confirmed as Resolution Professional (RP) in the first meeting of Committee of Creditors (CoC) dated 02.07.2025.

3.3 In response to the Public Announcement, the Applicant has submitted its claim for a total amount of Rs. 12,02,227/-. This claim purportedly related to provident fund contribution, interest under Section 7Q and damages under Section 14B of the EPF Act for the period from May 2022 to May 2025 in respect of the Corporate Debtor's established Code RJ/2650151/001.

3.4 After the appointment of IRP, the Respondent undertook steps to secure and take control of the assets and records of the Corporate Debtor as mandated under Section 18 and 20 of IBC. At this early stage, the Respondent (RP) had not received updated books of account or statutory financial records from the suspended Board of Directors of the Corporate Debtor. The Respondent, therefore was unable to access authentic ledgers, payroll registers, salary slips, or bank statements evidencing salary disbursements for the period relevant to the Applicant's claim.

3.5 The Applicant (EPFO) submitted its claim on 19.06.2025, presenting a total demand of Rs. 12,02,027/- which is bifurcated as Rs. 9,43,060/- as non-compliance dues under Section 7A for the financial year 2023-

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24 and for April-May 2025, and Rs. 2,68,967/- towards damages and interest under Section 14B and 7Q EPF Act. The Applicant's claim was based on an unaudited, unsigned balance sheet received from suspended management without any clarification and the liability amounts are simply presumed from unaudited statements, not from actual payroll or attendance date or employee register. At no stage did the claim include salary registers, employee list, or salary slips forming foundational proof of statutory dues that were accessed.

3.6 As part of his statutory verification responsibility under Section 18(f)(iv) IBC, read with Regulation 12 to 14 of the IBBI (CIRP) Regulations, the Respondent placed the Applicant's claim under verification and made a provisional admission only for Rs. 1. This was necessitated by: -

- (a) The absence of primary payroll documentation,
- (b) The clear deficiencies in supporting evidence as described above and
- (c) The obligation to safeguard the CIRP process from inflated or unreliable claims adversely impacting the Committee of Creditors or the eventual resolution plan. It was clarified to the Applicant and recorded that this admission preserved their participation rights in the CoC on a notional basis, while

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protecting the integrity and due process of claim determination under the Code.

3.7 The Auditor of the Corporate Debtor subsequently furnished the audited balance sheet for the year ending 31.03.2024. Although the 'wages' figures recorded therein correspond to those earlier reflected by the Applicant from unaudited books, the Respondent found that these entries were not support by any payroll, salary or employment record. It is germane to mention here that the suspended management has not been cooperating with the RP and therefore, Application under Section 19(2) of the Code has been filed by the RP bearing No. IA No. 281/2025 seeking cooperation and relevant document regarding affairs of the Corporate Debtor and therefore, in absence of relevant documents and merely on basis of the entries in balance sheet without actual employee details, the amount cannot be contributed to EPFO.

3.8 The site inspection and business review revealed that since September, 2024, the Corporate Debtor was not conducting any regular manufacturing or operational activity and had no employees at its registered premises / factory and the same was confirmed by the guard present at the factory premises when possession was taken. However, he was appointed by the landowner and not suspended management. Since its incorporation in 2022 and especially for the periods of the

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claim, the only activity detected was the occasional trading of raw material without an actual manufacturing process and movement of goods were tracked, lacking employment requirement within the company. Thus, the foundation for EPFO dues was missing in substance as well as in form and was based on estimation.

3.9 The Applicant proceeded with fresh assessment proceedings by way of notice under Section 7A of the EPF Act dated 24.06.2025 and subsequently passed an assessment order on 11.07.2025 quantifying the claim at Rs. 12,02,227/-. These proceedings, initiated and concluded after the CIRP commencement and moratorium were attended by the Respondent and filed its objections.

3.10 As per Section 14 of the Code and prevailing judicial pronouncement any assessment proceedings or determination of statutory liability undertaken after the commencement of the Corporate Insolvency Resolution Process (CIRP) is barred for the purpose of creating or enforcing fresh pecuniary liability against the Corporate Debtor. The moratorium applies to judicial, quasi-judicial and administrative proceedings that would fasten new liabilities on the Corporate Debtor only dues that were crystallised and substantiated as on the CIRP commencement date can be admitted in the insolvency process.

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3.11 This principle has been consistently applied by the Tribunals NCLAT in Employees' Provident Fund Organisation Vs. Jaykumar Persumal Arlani endorsing that EPFO assessment proceedings cannot be continued after imposition of the moratorium and in CA Pankaj Shah Vs. Employee Provident Fund Organisation & Anr. reiterated that demands founded on inspections / assessments made post-CIRP are not maintainable and the NCLT, Kochi Bench in Regional Provident Fund Commissioner-II Vs. Furnace Fabrica (India) Ltd. scrutinised and rejected post-moratorium assessment proceedings as flawed and unenforceable.

3.12 The RP has appointed the Forensic Auditor and the Forensic Report has been furnished dated 15.10.2025. On the basis of the report, it is clear that purported wage and salaries amounts are largely made up of journal entries and payments to individual names associated with the promoters i.e. Charan Singh who is the shareholder or the Corporate Debtor rather than actual salary disbursement to a genuine employee. The forensic analysis concludes that these wage / salaries entries were mere book adjustments and that substantial funds were diverted under the guise of statutory salary expense. The observation of Forensic Auditor is reproduced: -

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Wages Ledger			
Date of Payment	Parties	Voucher Type	Amount in Lakhs
25.03.2024	Charan / Scan	Journal	8.30
31.03.2024	Charan / Anirudh	Journal	0.38
31.03.2024	Charan / Gaurav	Journal	1.00
31.03.2024	Charan / Mohit	Journal	2.00
31.03.2024	Antra Devi	Journal	5.00
Total			16.68

3.13 In cumulative context given the reliance by the Applicant on presumptive and unaudited wage entries, the subsequent confirmation from audited accounts only restate prior figures without genuine support, the forensic findings as to the artificial nature of wage accounting, the non-existence of employees or manufacturing operations from 2023 onward and the post-moratorium assessment proceedings by the Applicant, the Respondent most respectfully submits that the Applicant's claim is devoid of primary legal and factual merit and cannot be admitted for any sum other than the provisional amount already noted. Admission of such a claim would not only breach statutory requirements under the IBC and the EPF Act but would also set an adverse precedent for the integrity of the insolvency framework.

Analysis and Findings

4. We have considered the pleadings on record, the written submissions filed by the Resolution Professional and the material placed before us. The

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present Application arises out of rejection of the claim submitted by the Employee Provident Fund Organisation (EPFO) in the Corporate Insolvency Resolution Process (CIRP) of the Corporate Debtor.

5. At the outset, it is necessary to note that the Applicant had lodged a claim aggregating to Rs. 12,12,027/- (Rupees Twelve Lakhs Twelve Thousand and Twenty-Seven) purportedly towards provident fund dues allegedly payable by the Corporate Debtor. The said claim was rejected by the Resolution Professional on the grounds that it was founded upon assessment proceedings initiated and continued after commencement of CIRP and that it was unsupported by identification of employees or foundational employment records.
6. Since the core issue relates to the effect of moratorium, it would be apposite to reproduce the relevant statutory provisions. Section 14(1)(a) of the Insolvency and Bankruptcy Code, 2016 reads as under: -

“14. Moratorium (1) Subject to provisions of sub-sections (2) and (3), on the insolvency commencement date, the Adjudicating Authority shall by order declare moratorium for prohibiting all of the following, namely: -

(a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;”

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The scope of moratorium is thus wide and extends to all proceedings before any authority, statutory or otherwise, which have the effect of fastening or crystallizing liability against the Corporate Debtor.

7. The duties of the Resolution Professional are delineated under Section 18 of the Code. The relevant portion of Section 18(1)(b) and (f) reads as under: -

“18. Duties of Interim Resolution Professional-(1) The Interim Resolution Professional shall perform the following duties, namely: -

(b) receive and collate all the claims submitted by creditors to him, pursuant to the public announcement made under sections 13 and 15;

(f) take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the balance sheet of the corporate debtor, or with information utility or the depository of securities or any other registry that records the ownership of assets including: -

- (i) assets over which the corporate debtor has ownership rights which may be located in a foreign country;*
- (ii) assets that may or may not be in possession of the corporate debtor;*
- (iii) tangible assets, whether movable or immovable;*
- (iv) intangible assets including intellectual property;*
- (v) securities including shares held in any subsidiary of the corporate debtor, financial instruments, insurance policies;*
- (vi) assets subject to the determination of ownership by a court or authority;”*

A conjoint reading of the above makes it clear that the Resolution Professional is under a statutory obligation to receive, verify and collate

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claims, and not to mechanically admit claims which are legally untenable or founded upon proceedings prohibited by law.

8. The Applicant's claim is founded upon proceedings under Section 7A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, which reads as under: -

"7A. Determination of moneys due from employers-(1) The Central Provident Fund Commissioner, any Additional Central Provident Fund Commissioner, any Deputy Provident Fund Commissioner or any Regional Provident Fund Commissioner may, by order: -

- (a) in a case where a dispute arises regarding the applicability of this Act to an establishment, decide such dispute; and*
(b) determine the amount due from any employer under any provision of this Act, the Scheme or the Pension Scheme or the Insurance Scheme, as the case may be."

A proceeding under Section 7A is thus a quasi-judicial adjudication which results in determination and crystallization of liability.

9. In the present case, it is an admitted position that the inspection and assessment proceedings under Section 7A of the EPF Act were initiated and/or continued after commencement of CIRP and during subsistence of moratorium under Section 14 of the Code.
10. The Resolution Professional has relied upon the decision of the Hon'ble NCLAT in Employees Provident Fund Organisation vs. Jaykumar Pesumal Arlani, wherein the Appellate Tribunal, held: -

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“Initiation or continuation of proceedings under Section 7A of the EPF Act after commencement of moratorium under Section 14 of the IBC cannot be permitted, as such proceedings seek to determine and fasten liability upon the Corporate Debtor during the subsistence of moratorium.”

It was further held: -

“Any determination of dues under Section 7A of the EPF Act made during the moratorium period is hit by Section 14 of the IBC and cannot be relied upon for the purpose of admission of claims in the CIRP.”

Applying the aforesaid ratio, the assessment relied upon by the Applicant, having been undertaken during moratorium, is rendered legally unsustainable.

11. The same principle has been reiterated by the Hon’ble NCLAT in CA Pankaj Shah vs. Employees Provident Fund Organisation, wherein it was observed:

“Once moratorium under Section 14 of the Code comes into effect, no statutory authority is permitted to proceed with inspection or assessment so as to create or quantify dues against the Corporate Debtor.”

It was further observed: -

“Any demand raised on the basis of such post-moratorium proceedings cannot be enforced in the CIRP and the Resolution Professional is justified in rejecting such claim.”

12. The Resolution Professional has further relied upon the decision of the Hon’ble NCLAT in Harry Dhaul vs. Regional Provident Fund Commissioner-II. The Appellate Tribunal held: -

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“Provident fund dues can be enforced in CIRP only when such dues are referable to identifiable employees and are capable of determination on the basis of existing records as on the insolvency commencement date.”

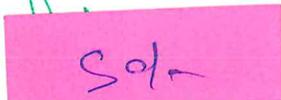
It was further held:

“Where no employee-wise details are available and the alleged wages are merely book entries without proof of employer-employee relationship, the very foundation of provident fund liability is absent and such claims cannot be admitted.”

13. The Applicant has placed reliance upon certain judicial pronouncements to contend that proceedings under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 are not hit by the moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016, and that statutory dues, particularly provident fund dues, are required to be honoured notwithstanding the insolvency process. In this context, reliance has been placed on the judgment of the Kerala High Court in Platino Classic Motors Limited, the decision of the Hon’ble NCLAT in Employees’ Provident Fund Organisation vs. Jaykumar Pesumal Arlani (order dated 03.01.2025), as also on the judgments of the Hon’ble Supreme Court in Kaushal Ltd. vs. Regional Provident Fund Commissioner and Jet Aircraft Maintenance Engineers Welfare Association vs. Ashish Chhawchharia, besides reliance on an order of the NCLT, Mumbai Bench in Precision Fasteners Limited v. EPFO and the judgment of the Hon’ble Supreme Court in State Tax Officer vs. Rainbow Papers Ltd.



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13.1 This Adjudicating Authority has carefully considered the aforesaid decisions and finds that none of them advance the Applicant's case in the factual and legal context of the present proceedings. The judgment of the Kerala High Court in Platino Classic Motors Limited merely recognises that the moratorium under Section 14 of the Code does not per se bar adjudicatory or assessment proceedings under fiscal statutes. However, the said judgment does not deal with, nor dilute, the settled position under the Code that no new or fresh liability can be created, determined, or fastened upon the Corporate Debtor during the currency of the moratorium, particularly where such determination is foundational to the very existence and quantum of the claim. The present case does not concern a pre-existing, crystallised provident fund liability, but rather an assessment sought to be undertaken under Section 7A of the EPF Act after commencement of CIRP, which directly impacts the estate of the Corporate Debtor and the equitable treatment of creditors under the Code.

13.2 As regards the decision of the Hon'ble NCLAT in Employees' Provident Fund Organisation vs. Jaykumar Pesumal Arlani, it is noted that the said judgment, far from supporting the Applicant, has categorically held that assessment proceedings under Section 7A of the EPF Act initiated or continued after commencement of moratorium are



impermissible, as they amount to determination of fresh liability during CIRP. The mere fact that the said judgment has been assailed before the Hon'ble Supreme Court by way of an SLP does not dilute its binding force, particularly when no stay of its operation has been brought on record.

13.3 The reliance placed on Kaushal Ltd. and Jet Aircraft Maintenance Engineers Welfare Association is also misplaced. These judgments reiterate the statutory protection accorded to employees' provident fund dues and the exclusion of such dues from the liquidation estate under Section 36(4)(a)(iii) of the Code. However, these authorities proceed on the premise that provident fund dues are already identified, quantified, and referable to determinable beneficiaries. They do not lay down that in the absence of identified employees, wage records, or pre-CIRP crystallisation, the EPFO can initiate or continue assessment proceedings during CIRP so as to create a liability for the first time.

13.4 The order of the NCLT, Mumbai Bench in Precision Fasteners Limited vs. EPFO is clearly distinguishable on facts, as the said case pertained to treatment of an already determined statutory liability and does not deal with the legality of post-moratorium assessments under Section 7A of the EPF Act



13.5 Similarly, the reliance placed on State Tax Officer vs. Rainbow Papers Ltd. is misconceived. The said judgment addresses the duty of the Adjudicating Authority to ensure that an approved resolution plan does not extinguish statutory dues of secured creditors contrary to law. It does not hold that statutory authorities are entitled to bypass the moratorium or undertake post-CIRP adjudication to create or quantify liabilities. The ratio of Rainbow Papers cannot be extended to legitimise assessment proceedings undertaken in violation of Section 14 of the Code or to admit claims which were neither crystallised nor legally enforceable as on the insolvency commencement date.

13.6 In view of the aforesaid discussion, this Adjudicating Authority finds that the judgments relied upon by the Applicant do not support the initiation or continuation of assessment proceedings under the EPF Act during CIRP, nor do they justify admission of a claim founded upon post-moratorium determination and presumptive figures. The objections raised by the Resolution Professional, therefore, merit acceptance.

14. In the present case, the Resolution Professional has placed on record that no employee-wise particulars, wage registers, attendance records or salary slips were available and that a forensic audit revealed that the alleged wage entries were merely journal entries routed to promoters and related parties. The

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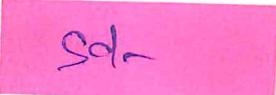
Applicant has failed to rebut these findings by placing any cogent material on record.

15. The Applicant has relied upon Section 36(4)(a)(iii) of the Code, which excludes provident fund dues from the liquidation estate. While the statutory protection accorded to legitimate provident fund dues is not in dispute, the said provision does not sanction creation or quantification of liabilities during moratorium, nor does it mandate admission of claims unsupported by proof of employment and identifiable beneficiaries.

Conclusion

16. In view of the statutory scheme, the binding precedents of the Hon'ble NCLAT cited by the Resolution Professional, and the factual finding that the claim of EPFO is founded upon post-moratorium assessment proceedings and lacks foundational employment records, we find no infirmity in the decision of the Resolution Professional.
17. *Accordingly, IA (IBC) No. 481/JPR/2025 is dismissed.*


REETA KOHLI
JUDICIAL MEMBER


KAVITA BHATNAGAR
TECHNICAL MEMBER

M.S.