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CIRP Cannot Be Reopened Post CoC Approval, Rules NCLT

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Introduction

The National Company Law Tribunal (NCLT), Mumbai Bench, has delivered a reasoned and unequivocal order dismissing six belated claim applications filed by former employees of Indo Global Soft Solutions and Technologies Pvt. Ltd.[1] during the Corporate Insolvency Resolution Process (CIRP). The Tribunal's analysis reinforces the principle that the IBC's timelines are not procedural formalities but binding mandates integral to the resolution framework. By examining the extensive delay, the applicants' conduct, and the statutory scheme governing claim submission, the decision highlights that claims raised long after the CoC's approval of a resolution plan cannot be entertained especially when doing so would derail a nearly concluded CIRP. The order thus reaffirms judicial commitment to finality, procedural compliance, and prevention of tactical disruptions within the insolvency process.

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Background of the Case

The Corporate Insolvency Resolution Process (CIRP) of Indo Global Soft Solutions and Technologies Pvt. Ltd. commenced on 12 April 2022, followed by a public announcement on 22 April 2022 inviting claims from all stakeholders. Under Regulation 12(1) of the CIRP Regulations, the last date for filing claims was fixed as 4 May 2022.

During the process, the Committee of Creditors (CoC) approved a first resolution plan on 30 August 2023, and an application for its approval was filed before the NCLT. Subsequently, the plan was remanded for reconsideration, leading to the CoC approving a second resolution plan on 21 July 2025, which was heard and reserved for orders by the Tribunal on 25 August 2025.

Amidst this procedural progression, six former employees of the Corporate Debtor submitted their claims only in October-November 2023 nearly eighteen months after the statutory deadline and later filed individual interlocutory applications in August-September 2025, seeking admission of dues such as unpaid salaries, PF, professional tax, TDS, and full-and-final settlement amounts. The Resolution Professional rejected the claims citing extreme delay and ongoing plan approval proceedings, prompting the applicants to approach the Tribunal through these petitions.

- Their Interlocutory Applications (IAs) were filed only in August–September 2025, after the second resolution plan was already heard and reserved for orders on 25.08.2025.

The employees sought admission of claims including salary arrears, PF, TDS dues, and F&F settlements. The RP rejected them citing extreme delay and pendency of final plan approval.

Core Issues Before the Tribunal

1. Whether claims submitted 18 months after the statutory deadline can be entertained.
2. Whether employees claiming ignorance of CIRP can be excused from compliance with IBC timelines.
3. Whether such late claims can be considered after the CoC has approved a Resolution Plan (twice).

NCLT's Reasoning – Focused Analysis

The Tribunal's decision rests squarely on three pillars: strict adherence to statutory timelines under the IBC, lack of bona fides in the applicants' conduct, and the necessity of maintaining procedural discipline within the CIRP framework.

1. Claims Filed After 18 Months – Timelines Under IBC Are Mandatory

The Tribunal undertook a detailed examination of the chronology:

- CIRP commencement: 12.04.2022
- Last date for claims: 04.05.2022
- First resolution plan approved by CoC: 30.08.2023
- Employee claims first submitted: 25.10.2023
- Interlocutory applications filed: Aug–Sep 2025

This substantial delay formed the core basis for rejection.

The Bench reiterated that Regulation 12(1) mandates claim submission on or before the date specified in the public announcement, while Regulation 13(1B) permits late claims only up to seven days prior to the CoC meeting where the resolution plan is voted on. Beyond this stage, the RP has no authority to verify or admit belated claims.

As both the first and second resolution plans had already been approved by the CoC, the Tribunal held that the applicants' claims were hopelessly delayed and legally unsustainable.

2. Plea of Ignorance Rejected – HR's Active Involvement Demonstrated Clear Knowledge

The employees argued they were unaware of the CIRP and its timelines. The Tribunal found this explanation untenable.

Key observations included:

- The CD's HR representative was in continuous correspondence with the RP regarding these very claims.
- HR had escalated grievances to the Indian Institute of Insolvency Professionals of ICAI (IIIPI).
- The applicants were evidently aware of the CIRP and its implications.

The Tribunal concluded that individuals capable of challenging the rejection of their claims at professional forums cannot profess ignorance of the CIRP process or statutory deadlines. Their plea was therefore found to be neither credible nor bona fide.

3. Entertaining Late Claims Would Disrupt Finality – Supreme Court Precedents Applied

Drawing on the Supreme Court's judgment in RPS Infrastructure v. Mukul Kumar[2] (2023), the Tribunal emphasised:

- Public announcements constitute deemed knowledge of CIRP.
- The process cannot become open-ended.
- Permitting late claims after CoC approval invites similar attempts from others and undermines finality.

This reasoning aligns with the principles laid down in Essar Steel, where the Supreme Court cautioned against reopening CIRP issues once a resolution plan has been approved.

Accordingly, the Tribunal held that allowing such belated claims would "put a spoke in the wheels of the CIRP" and erode the time-bound nature of the insolvency resolution mechanism.

4. Personal Hardship Cannot Override Statutory Compliance

The applicants cited personal hardships including financial stress, illness, and loss of livelihood to justify the delay. While acknowledging the unfortunate circumstances, the Tribunal held that equitable considerations cannot override the statutory scheme of the IBC. The Code imposes uniform procedural obligations on all stakeholders, and personal difficulties do not confer exemptions from compliance with mandatory timelines.

5. Suspicious Timing Suggestive of Delay Tactics

The RP submitted that the applications were motivated by ex-promoters seeking to delay the proceedings. Although the Tribunal refrained from conclusively determining motive, it noted the conspicuous timing the applications were filed only after the second resolution plan had been fully argued and reserved for orders.

This pattern reinforced the Tribunal's view that the applications lacked bona fides and were likely intended to obstruct the near-conclusion of the CIRP.

Conclusion

The NCLT's decision in the Indo Global Soft Solutions matter reinforces the uncompromising discipline embedded in the Insolvency and Bankruptcy Code. By refusing to entertain employee claims filed nearly eighteen months after the statutory deadline and only after the resolution plan was reserved for orders the Tribunal reaffirmed that timeliness is not a procedural formality but a substantive cornerstone of the CIRP.

The judgment highlights that stakeholders who actively engage with the process through internal channels cannot later plead ignorance, nor can personal hardships justify departures from clear statutory mandates. Importantly, the Tribunal's reliance on Supreme Court precedent reasserts that the CIRP cannot be allowed to regress into an endless loop of reconsiderations, especially after the CoC has twice approved a resolution plan.

The ruling strengthens commercial certainty and protects the integrity of the resolution process, sending a clear message that late interventions whether inadvertent or strategic cannot be permitted to derail the finality of insolvency proceedings under the IBC.

Author's View

This judgment is a clear and necessary reinforcement of CIRP discipline. While employee dues are a priority under IBC, **rights must be exercised within statutory boundaries**. Permitting claims filed more than a year after CoC approval would set a dangerous precedent, compromising certainty and eroding investor confidence.

However, the case also highlights a structural issue: employees often depend on HR for communication during CIRP. Legislative reforms could explore **employee representation mechanisms** to prevent such scenarios. Nevertheless, given the facts, the Tribunal's reasoning is consistent, coherent, and aligned with higher judicial guidance.Top of Form

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