



INSOLVENCY & BANKRUPTCY

Clock-Out Forever: How NCLT Told Ex-Workers That Missing the CIRP Deadline Means Missing the Money

AUTHOR Shrishail Kittad, Rahul Sundaram

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Introduction

The corporate insolvency landscaped a significant judicial pronouncement when the National Company Law Tribunal (NCLT) Mumbai adjudicated several interim applications concerning unpaid salary dues and financial claims by former employees of Indo Global Soft Solutions and Technologies Pvt. Ltd. This case illuminates critical aspects of the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC), particularly emphasizing the critical importance of adhering to statutory timelines and the consequences of delayed claim submissions.

Table of contents

- [Introduction](#)
- [Case Details and Parties](#)
- [The Central Issue of Timing](#)
- [Judicial and Findings](#)
- [Legal Implications and Enforcement](#)
- [Stakeholder Obligations and Due Diligence](#)
- [Conclusion](#)

Case Details and Parties

The proceedings involved applications filed under Section 60(5) of the IBC against Mr. Ravi Sethia, who was the appointed Resolution Professional (RP) for Indo Global Soft Solutions and Technologies Pvt. Ltd., designated as the Corporate Debtor. The Applicants comprised six former employees who sought judicial intervention for the acceptance and admission of their claims relating to unpaid salaries, professional taxes, Tax Deducted at Source (TDS), and final settlement amounts.

The CIRP for Indo Global commenced on April 12, 2022, followed by a public announcement on April 22, 2022, which formally invited creditor claim submissions with a deadline of May 4, 2022. The Committee of Creditors (CoC) initially approved a resolution plan on August 30, 2023, which was subsequently remitted for reconsideration before receiving re-approval in its second iteration on July 21, 2025.

The Central Issue of Timing

The crux of this legal dispute centered on the belated submission of claims by the former employees, which were filed on October 25, 2023, significantly beyond the prescribed statutory deadline. This temporal discrepancy became the focal point of judicial scrutiny and ultimately determined the outcome of the applications.

The Resolution Professional, in addressing these delayed applications, maintained that claims submitted after the CoC's approval of resolution plans could not be entertained or considered within the established legal framework. This position aligned with the structured timeline requirements inherent in the IBC's regulatory mechanism.

Judicial and Findings

The NCLT conducted a comprehensive examination of the circumstances surrounding the delayed claim submissions. The former employees asserted their ignorance of the CIRP process and associated deadlines as justification for their delay. However, the Tribunal challenged this contention, establishing that the public announcement made pursuant to Regulation 6 of the IBC constituted "deemed knowledge" of the ongoing insolvency proceedings.

The Tribunal's analysis revealed that the Applicants had previously engaged with the Indian Institute of Insolvency Professionals (IIIP) regarding grievances, which demonstrated their awareness of the insolvency process and contradicted their claims of ignorance. Furthermore, the NCLT observed that no substantial evidence was presented to substantiate the claims or provide adequate justification for the belated submissions.

The Supreme Court's precedential rulings were instrumental in shaping the Tribunal's decision, as higher judicial authority had consistently emphasized that stakeholders bear the responsibility of remaining vigilant and compliant with timelines established under the IBC framework.

Legal Implications and Enforcement

The NCLT ultimately dismissed the applications, reinforcing the fundamental principle that timeliness of claims submission is critical within the insolvency framework. The Tribunal emphasized that entertaining such delayed applications would contravene the essential spirit and structure of the IBC, potentially undermining the integrity of the entire resolution process.

The judicial reasoning highlights that allowing these applications would risk unnecessarily prolonging the resolution process, particularly considering the prior approvals of resolution plans by the Committee of Creditors. This stance reflects the law's emphasis on efficiency and finality in corporate insolvency proceedings.

Stakeholder Obligations and Due Diligence

This case establishes important precedents regarding stakeholder responsibilities within the CIRP framework. The Tribunal's decision reinforces that all parties involved in insolvency proceedings must exercise due diligence in understanding their rights, obligations, and the temporal constraints governing their participation in the process.

The judgment is a judicial reminder that claims of ignorance or lack of understanding regarding procedural requirements do not constitute valid grounds for exemption from statutory timelines. Stakeholders are expected to remain informed and proactive in protecting their interests within the designated time frames.

Conclusion

The Indo Global Soft Solutions case represents a landmark judicial affirmation of the critical importance of temporal compliance within India's corporate insolvency framework. This decision reinforces the principle that the Insolvency and Bankruptcy Code's structured timelines are not merely procedural formalities but constitute essential elements that preserve the integrity and efficiency of the resolution process.

The case is a definitive precedent emphasizing that all stakeholders whether creditors, employees, or other interested parties must approach insolvency proceedings with heightened awareness and proactive engagement to avoid forfeiting their legitimate claims and entitlements. The judicial pronouncement underscores that diligence and accountability are fundamental requirements rather than optional considerations within the insolvency resolution ecosystem, ultimately contributing to the broader objectives of corporate rescue and creditor protection under Indian insolvency law.

For further details write to contact@indialaw.in

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