

IN THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH-I

**COMP.APPL/ 302(MB)2025 and
COMP.APPL/334(MB)2025 in**

CP/3638(MB)2018

*Under section 60(5) of the Insolvency and
Bankruptcy Code, 2016 read with Rule 11
and 32 of the National Company Law
Tribunal Rules, 2016; and*

In the matter of

Mr. D Rajeev Joseph

....Applicant

Versus

Indo Enviro Integrated Solutions Limited.

.....Respondent no. 1

IL&FS, Through its Managing Director

.....Respondent no. 2

Ministry of Corporate Affairs, Union of India

....Respondent no. 3

And in the original matter of

**Union of India, Ministry of Corporate Affairs, through office of Regional
Director**

....Petitioner

Versus

Infrastructure Leasing and Financial Services Ltd.

....Respondent

Order Pronounced on 15.05.2026

Coram:

Sh. Prabhat Kumar

Hon'ble Member (Technical)

Sh. Sushil Mahadeorao Kochey

Hon'ble Member (Judicial)

Appearances:

For the Applicant : Adv. Pallavi Parmar

for Respondent No. 1 : Adv. Carina Arora, Adv. Anusha Nagarajan and
Adv. Aakanksha Bhola i/b Olive Law

For the IL&FS : Adv. Niket Mehta a/w Adv. Keshav Bansal

ORDER

Per: Coram

Background of the case :

1. The Company Application No. 302 of 2025 in Company Petition No. 3638 of 2018 has been filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ('Code') read with Rule 11 and 32 of the National company Law Tribunal Rules, 2016 ('Rules') by **Mr. D Rajeev Joseph** ("the Ex-Employee No. 1 / Applicant" herein) for seeking directions to **Indo Enviro Integrated Solutions Limited** ("Respondent No. 1" herein) for release of the outstanding dues to the Applicant towards full and final settlement amount and the waiver of period spent in *bona fide* litigation before this Tribunal. Ex-Employee No.1 has sought the following reliefs :

- a. *Direct the new Company M/s. Indo Enviro Integrated Solution Limited i.e. the Respondent No. 1 or the Respondent no.2 (as the Gratuity and other employee dues are not the part of liquidated assets), to release the balance outstanding dues of Rs. 6,61,313/- to the Applicant within time bound manner towards the unpaid Salary, gratuity, leave encashment and dues as per the F&F Statement issued by the IEISL at that time and also, in compliance of the Order dated 02.02.2021 passed by the Hon'ble NCLT, Mumbai Bench in CA no. 1163/2020 in CP No. 3638/MB/2018; and;*
 - b. *To grant benefit of waiver of the time period under section 14 of the Limitation Act 1963 from date of filing of the Application before the Hon'ble NCLAT i.e. 16th August 2024 till the date of passing of the Judgment dated 2nd May 2025 by the Hon'ble NCLAT for the purpose of calculating the limitation period for filing of this Application from the date of non-payment of entire dues on 9th June 2022.*
2. Another Company Application No. 334 of 2025 in Original Company Petition No. 3638 of 2018, has been filed by two Applicants, namely **Mr. Basavaiah Chikkanna** (“ex-Employee No.2”) and **Mr. Harisha M.R.** (“ex-Employee No.3”), both of whom are also former employees of IL&FS Environment and Infrastructure Services Limited (IEISL), now known as Indo Enviro Integrated Solutions Limited, arrayed as Respondent No. 1. The Applicants herein under CA No. 334 of 2025, seek directions for payment of their alleged outstanding dues arising after the cut-off date of 15th October 2018, in terms of the Resolution Framework approved by this Tribunal through its order dated 02nd February 2021.
 3. The Applicant/ ex-employee no.1, Mr. D. Rajeev Joseph, submits that he is the Ex. Employee (Employee code: IWV 401) of the erstwhile IL&FS Environment and Infrastructure Services Ltd.(Formerly IEISL), group company of the IL&FS, and was a long-serving employee of the IL&FS group companies, at the post of Senior Manager-Operations while being stationed at Trichy till along

with additional charge of South India till 22nd November 2019 when he resigned, and the IEISL i.e. the erstwhile Respondent no.1 Company promised to settle his balance payments of Rs. 7,65,263/- (now balance is Rs. 6,61,313/- after having paid a sum of Rs. 1,03,950/- on 9.6.2022) towards his gratuity and other employee dues claims after completion of the No Dues process in terms of the Company's policy. The amount claimed by the applicant includes a sum of Rs. 2,73,022/- towards gratuity. It is case of the applicant that these dues pertain to post-cut off date.

4. Mr. Basavaiah Chikkanna, who is referred to as an ex-employee No.2, had been associated with the company since the year 2008, when he joined as a consultant after his retirement from government service. He is stated to have entered into a formal Service Agreement dated 29th September 2016, pursuant to which he was appointed as Business Head (Vice President Grade). On 29th September 2017, he was promoted to Senior Vice President - Southern India, with a remuneration of Rs. 3,00,000/- per month. His tenure was extended from time to time between 01st April 2018 and 30th September 2019. Thereafter, from 01st October 2019, his engagement was converted into a consultancy arrangement with compensation fixed at Rs. 11,800/- per man-day, along with applicable taxes and reimbursements.
5. It is stated by the Applicant that, in response to a public notice dated 22nd May 2019 inviting claims, ex-Employee No.2 submitted his claim on 05th June 2019 before the Claims Management Committee, and, on 08th April 2020, his pre-cut-off dues were admitted to the extent of Rs. 66,51,414/-, however, there is no prayer in relation to payment of pre-cut off dues. The Applicant asserts that out of these, a sum of Rs. 33,62,511/- period 15th October 2018 to 20th June 2020 towards the Salary and monthly compensation remains unpaid, accordingly, he is seeking directions for payment of these dues.
6. Mr. Harisha M.R who is referred to as an ex-employee no.3 hereinafter, also worked as Assistant Manager (Operations) at the Mysuru Plant, continued in

service until February 2021 and thereafter under the new management. He resigned on 15th November 2021 and was relieved on 12th December 2021. His account reflected dues of Rs. 5,51,254/- as per AOP Mysore. It is claimed by the Respondent No. 1 that a payment of Rs. 1,37,485/- was made on 06th June 2022 to him and the applicant seems to have not factored the same in the outstanding claimed against them.

7. The Applicants rely on the NCLT order dated 02nd February 2021 and NCLAT order dated 14th February 2023 to contend that Respondent No. 1 is liable to pay post cut-off dues. They also rely on the Hon'ble Supreme Court judgment dated 07th February 2023 to argue that employee dues such as PF, gratuity, and pension are protected and cannot be extinguished. They further challenge deductions made by the Respondent No. 1, including TDS of Rs. 4,57,953/- and Rs. 66,946/-, GST deductions of Rs. 3,24,000/-, and claim that excess deductions totalling Rs. 16,09,299/- have been wrongly made.
8. Meanwhile, the IEISL was sold as a going concern in terms of the approved Resolution Framework to EverEnviro Resource Management Private Limited whereby it was taken over the successful bidder on 06th April 2021 and IEISL was renamed Indo Enviro Integrated Solutions Limited.
9. It is also stated by the Ex-Employee No. 1 that, the cause of action arose on 09th June 2022 when the Respondent No. 1 made part payment of Rs.1,03,950/- (leaving a balance of Rs.6,61,313/- unpaid) and a fresh limitation period of 3 years was granted to ex-employee No.1/ the applicant herein. He also filed an Interlocutory Application (IA No. 6109/2024) dated 16th August 2024 in CA (AT) No. 346/2018 before the Hon'ble National Company Law Appellate Tribunal ('NCLAT') for the same cause of action, which was disposed of vide final order dated 02nd May 2025.
10. Ex-Employee No.1's claims that his claim involves the interpretation of the cut-off date of 15th October 2018. Hon'ble NCLAT by order dated 11th February

2019 inter alia excluded the Offshore IL&FS Entities from the purview of the 15th October 2018 Order and directed that the resolution of the Offshore IL&FS Entities may be taken up by the New Board under the Resolution Framework. The Applicants assert that his claims do not fall within pre-cut-off liabilities but are post cut-off in nature and therefore remain payable.

11. On this basis, the Applicants maintain that the claimed amounts accrued and became due only after November 2019, and thus constitute post cut-off liabilities. Consequently, such dues are not extinguished under the Resolution Framework and are payable by the successor entity, i.e., Respondent No.1.

Respondent's Contentions

12. Respondent No.1 contends that, under the approved Resolution Framework, a cut-off date of 15th October 2018 was fixed, requiring all claims pertaining to the period prior to this date to be submitted and verified, and upon completion of the sale and payment of the bid amount, all such past liabilities stood fully extinguished. It is argued that the Applicant's claim of Rs. 6,61,313/- substantially relates to dues accrued prior to the cut-off date and therefore stands extinguished in terms of the Tribunal's order dated 02nd February 2021, while the only post cut-off amount of Rs. 1,03,950/- has already been paid, leaving no further liability.
13. Respondent No.1 also raises preliminary objections, submitting that the application is not maintainable under Section 60(5) of the IBC as the proceedings arise under the Companies Act, that it is no longer a corporate debtor post resolution. It further emphasizes the finality of the resolution process, arguing that entertaining such claims would reopen settled transactions, create uncertainty, and defeat the purpose of the framework.
14. In addition, Respondent No.2 (IL&FS) denies any liability, asserting that upon completion of the resolution process and execution of the Share Purchase Agreement, it ceased to have any ownership, control, or legal obligation in

respect of IEISL, and that all post cut-off liabilities, if any, are the responsibility of Respondent No.1. It is further argued that IL&FS's liability is strictly limited to claims existing as on the cut-off date, that the Applicant himself has characterized the dues as post cut-off, that no claim was filed during the claims verification process, and that the present application is belated and legally untenable. Any direction to impose liability on IL&FS at this stage, it is submitted, would be contrary to the Resolution Framework, disrupt the concluded distribution process, and prejudice the rights of other stakeholders.

15. Another significant preliminary objection relates to misjoinder of parties and causes of action. The Respondent contends that Applicant No. 1 and Applicant No. 2 have independent and distinct claims, arising out of separate employment relationships, different contracts, and different factual circumstances. Their claims are neither joint nor arise from a common cause of action, and therefore, they could not have been combined into a single application.
16. With regards to ex-employee no. 2, the Respondent asserts that the Applicant himself had quantified his claim at Rs. 47,93,208/- in his email dated 08th February 2022, which is significantly lower than the amount claimed in the present proceedings. Upon reconciliation of accounts, it was determined that only Rs. 31,83,908/- was payable, and this amount was paid as full and final settlement. The Respondent explains that while calculating this amount, several adjustments were made, including adjustment of advance payments of Rs. 4,76,000/- paid in October and November 2018. It is further contended that invoices for April, May, and June 2020 amounting to Rs. 94,400/- each were not received by the Respondent and therefore were not considered. Further, the respondent submit that at the time of his resignation on 15th November 2021, and his relieving on 12th December 2021, a total sum of Rs. 4,21,116/- was determined as payable, out of which Rs. 1,37,485/- pertained to the post cut-off period and was duly paid. The remaining Rs. 2,83,631/- pertained to the pre-cut-off period and falls within the extinguished claims under the Resolution Framework. Importantly, the Respondent emphasizes that ex-employees no.2

had executed a No Dues Certificate at the time of his exit, confirming that no further amounts were payable to him.

17. Without prejudice to its earlier submissions, Respondent No.2 submits that the Resolution Framework, as approved by the order dated 12th March 2020, clearly fixes 15th October 2018 as the cut-off date, thereby limiting all liabilities of IL&FS and its group entities to claims existing as on that date. It is emphasized by the Respondent No.2 that all financial, operational, and statutory claims, including employment-related dues, pertaining to the period prior to the cut-off date were required to be crystallized through a structured claims verification process conducted by Grant Thornton LLP, and upon payment of the bid amount, all such liabilities stood fully discharged. Consequently, IL&FS was only obligated to settle admitted claims as of the cut-off date, and no liability can arise for dues accruing thereafter. It is further contended that any direction to impose such liability as claimed by the Applicant on IL&FS would be contrary to the approved Resolution Framework, violate the settled principles of claim finality under insolvency law, and unfairly prejudice other stakeholders whose claims were duly processed and settled. Moreover, the Applicant himself has admitted that the dues are post cut-off and payable, if at all, by Respondent No.1, thereby negating any liability of Respondent No.2.
18. It is also submitted that IL&FS has divested its entire shareholding and ceased all control over IEISL pursuant to the Share Purchase Agreement, and there exists no privity of contract between IL&FS and the Applicant. In these circumstances, no case is made out against Respondent No.2.
19. The Respondent further reiterates that the Resolution Framework approved by this Tribunal clearly extinguished all pre-cut-off liabilities, and allowing such claims at this stage would defeat the finality of the resolution process and open floodgates of litigation. It is argued that, five years after completion of the resolution, reopening such claims would undermine the sanctity of the process and adversely affect commercial certainty.

Findings of the Tribunal

20. We heard the counsels of all the parties herein and perused the records.
21. The dispute before this bench revolves around whether the Applicants are entitled to any additional payments towards post cut-off dues, whether full and final settlement of dues pertaining to period up to cut-off date has already been effected, and whether the present application is maintainable before the Tribunal.
22. It is a fact that this Tribunal intervened and superseded the existing Board, appointing a new Board to manage the affairs of IL&FS. A Resolution Framework was formulated *vide* Order dated 12th March 2020 and subsequently approved by the Hon'ble NCLAT through a series of orders. One of the central features of this framework was the crystallisation of claims as on 15th October 2018, which was fixed as the cut-off date. All liabilities arising prior to this date were to be addressed within the resolution process, and upon completion of the process, such claims stood extinguished. The resolution culminated in the sale of IEISL to EverEnviro Resource Management Private Limited, approved by order dated 02nd February 2021, and the takeover was completed on 06th April 2021, after which the entity was renamed Indo Enviro Integrated Solutions Limited.
23. This Tribunal, in its order dated 02nd February 2021 passed in CA No. 1163 of 2020 in CP No. 3638 of 2018 approving the sale of shares held by IL&FS group in Respondent No. 1 observed that :

“By their order dated 12/03/2020 the Hon'ble Appellate Tribunal accepted 15/10/2018 as the 'cut-off date' for distribution of assets and termed it as the date of initiation of Resolution Process of the IL & FS and its group companies.”

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“Each such payment shall be made to a creditor in respect of the admitted claim of the relevant creditor existing as of the Cut-Off Date, as admitted by the Claims Management Consultant and shall be adjusted for any amounts which have been set-off or appropriated by the relevant creditor in breach of the interim order passed on 15.10.2018.

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24. Vide the aforesaid order dated 02nd February, 2021, this tribunal, inter-alia, allowed the following prayer of IL&FS while approving the sale of IEISL to the successful bidder :

Declare and direct that upon payment of the Purchase Consideration all:
i) claims (disclosed or undisclosed, and whether existing at or relating to a period prior to October 15, 2018) of all the creditors (including, the Central Government, any State Government, statutory, local, tax or regulatory authorities to whom such claim is owed under any Law (including any claim arising out of regulatory or enforcement action which pertains to a period prior to October 15, 2018);
and ii) all liabilities whether actual or contingent and whether existing at or relating to a period prior to October 15, 2018 including such claims in respect of which arbitration proceedings have been initiated or any awards, decrees or judgments have been passed, of or in respect of IL&FS Environmental & Infrastructure Services Limited, Dakshin Dilli Swachh Initiative Limited; Swayam Swachatta Initiative Limited; RDF Power Projects Limited; East Delhi Waste Processing Company Limited; and Kanak Resources Management Limited shall stand unconditionally and fully extinguished....”

25. It is also pertinent to note that the approved resolution framework, in terms of which the said sale took place, provides the following mechanism for settlement of dues of creditors of IL&FS group companies, subjected to resolution framework.

14.4. For the avoidance of doubt it is clarified that;

- a. key feature of the proposed Asset Level Resolution is that no interest, additional interest, default interest, penal charges or other similar charges accruing after the Cut -off date shall be taken into consideration while collecting and verifying the claims relating to a Sale Company (or for the purposes of distribution of the financial bid amount paid by the successful applicant); and*
- b. the crystallisation of claims as of the Cut-Off Date however, will not apply to liabilities (including statutory liabilities) relating to goods or services which are being rendered to or in respect of the relevant Sale Company, including in relation to the resolution of that Sale Company (whether has part of the Asset Level Resolution or otherwise) or financial debt availed (under approval of the New Board), in each case after the Cut-Off date for the purposes of maintaining the 'going concern' status of the relevant sale company or relation to the resolution of that Sale Company (whether has part of the Asset Level Resolution or otherwise), and these amounts will need to be taken into consideration additionally by an applicant while preparing and submitting its offer for the relevant Sale Company.*

26. On a combined reading of the order dated 02nd February 2021 and the approved Resolution Framework, it is clear that pre-cut-off dues were to be settled by the IL&FS in terms of priority set in the approved Resolution Framework, and the post cut-off dues arising from the services received post cut-off date were to be factored by the bidders for sale company while preparing and submitting its offer for the relevant Sale Company. It is not in dispute that IEISL was categorised as a Sale Company in the approved Resolution Framework, accordingly, the successful bidder was to discharge dues arising from the services rendered post cut off, unless otherwise agreed in terms of Asset Sale Process Memorandum or any other agreement executed by the parties in respect of consummation of the said sale.

27. The Request for Proposal dated 14th February 2020, issued by IL&FS for the sale of IEISL defines "Crystalized Outstanding Liabilities" to mean *Outstanding Liabilities pertaining to the period prior to and existing as of October 15, 2018, filed and admitted and updated as part of the claims management exercise being undertaken on behalf of IEISL and the Subsidiaries*. Further "Outstanding Liabilities" is defined to mean *the amount of the Net Debt and amounts owed to all the creditors of IEISL and its Subsidiaries as of September 30, 2018 and as listed out in the Final Form SPA*. Further, "Specified Adjustment Event" is defined to mean *a crystalized claim(s) against or liability(ies) of IEISL or any of the Subsidiaries, not being operational liabilities/ claims in Ordinary Course, arising after the Cut-off Date, which, individually or collectively, exceeds a value of INR 25,00,000/- (Indian Rupees Twenty Five Lakh only), which have not been disclosed in the Data Room to the Bidder*.
28. These definitions have been incorporated *verbatim* in the Share Purchase Agreement dated 08th October 2020 ('SPA'), executed between the successful bidder and IL&FS. Further the clause 3.6. of the said SPA provides that *"In the event of any occurrence of Specified Adjustment Event(s) on and from the Bid Due Date until the Closing Date, the Consideration i.e. the Lump Sum Consideration and / or the Allocated Lump Sum Consideration(as the Bid has been submitted under Scenario 2) shall be revised downwards as on the Closing Date, by subtracting an amount equivalent to amount of the claims or liabilities identified as the Specified Adjustment Event(s). It is clarified that since the Bid is submitted under Scenario 2, the amounts in respect of the Specified Adjustment Event shall be deducted from the Allocated Lump Sum Consideration for the relevant Subsidiary or the Company with reference to which such Specified Adjustment Event relates to."*
29. These definitions clearly indicate that all liabilities arising or accruing after cut-off date were to be borne by the successful bidder and such successful bidder

had a right to notify IL&FS if such liability is not indicated in the data room and qualifies as "Specified Adjustment Event" for adjustment in the final consideration. Accordingly, insofar as liabilities arising or accruing after cut-off date are concerned, such liabilities are to be discharged by the sale company, under its new management, qua the persons to whom such liabilities are owed. Accordingly, in our considered view, it is Respondent No.1 who is liable to make payment in relation to post cut-off dues to the persons to whom such dues are owed.

30. Having said so, it is pertinent to note that this Tribunal's jurisdiction under the approved Resolution Framework is restricted to the settlement of dues of creditors of IL&FS and group entities, who were subjected to such resolution framework i.e. the outstanding liabilities up to the cut-off date. Accordingly, this Tribunal does not have jurisdiction to deal with the claims of creditors, if any, arising post cut-off dates, which are required to be dealt with between the contracting parties in accordance with the applicable law, as this tribunal cannot exercise any jurisdiction in relation to matters vested in civil or labour courts.
31. As regards settlement of claims of the applicant for the period up to cut-off dates is concerned, it is noted that the claims of the Applicants are stated to be settled by IL&FS in accordance with the claims of the creditors admitted by the claim management advisor manning the verification and admission of creditor's claims. Hence, the claims prior to cut-off date have been settled. However, it is clarified that the amount of gratuity and provident fund dues, forming part of the applicants claims prior to cut-off date shall be payable in full, and the remaining claim shall be settled in accordance with the priority of claims provided in the approved resolution professional. Accordingly, Respondent No. 2 is directed to verify this fact from the claims settlement records and inform the applicants accordingly. In case, any amount is found due and payable to the applicants on this basis in relation to period up to cut-off date, the Respondent No. 2 shall do the needful within 30 days.

32. In relation to claims arising after the cut-off date, the applicants shall be, at liberty, to approach court of competent jurisdiction to recover the amounts claimed as outstanding from Respondent No. 1.
33. Accordingly, for the aforesaid reasons, **COMP.APPL NO. 302 OF 2025 and COMP.APPL NO. 334 of 2025** in **CP NO. 3638 OF 2018** are hereby disposed of with aforesaid directions.

SD/-

Prabhat Kumar
Member (Technical)
Vaishnavi B

SD/-

Sushil Mahadeorao Kochey
Member (Judicial)