For any expense to qualify as Insolvency Resolution Process Costs under Regulation 31 of the CIRP Regulations, the expense must ordinarily have been incurred by the Resolution Professional for the conduct of CIRP or for running the corporate debtor as a going concern, and it must also have been placed before and ratified or approved by the Committee of Creditors

The **Chennai Bench of the National Company Law Tribunal (NCLT)** in the case of **DBS Bank India vs Orchid Pharma [A(IBC)/784/CHE/2020] dated April 02, 2026**, has held that, although Section 60(5)(c) of the Insolvency and Bankruptcy Code, 2016 confers residuary jurisdiction upon the Adjudicating Authority to entertain or dispose of any question of law or fact arising out of or in relation to the insolvency resolution process of the corporate debtor, such jurisdiction cannot be exercised in a manner that defeats the finality attached to a resolution plan approved under Section 31 IBC; once a resolution plan is approved, it becomes binding on all stakeholders and claims not forming part of the resolution plan stand extinguished.

The Tribunal held that, for any expense to qualify as Insolvency Resolution Process Costs under Regulation 31 of the CIRP Regulations, the expense must ordinarily have been incurred by the Resolution Professional for the conduct of CIRP or for running the corporate debtor as a going concern, and it must also have been placed before and ratified or approved by the Committee of Creditors.

Where lease rental claims are based merely on continued occupation of premises during CIRP, but the material on record does not show that the Resolution Professional formally continued the lease arrangement as part of the CIRP process or that the Committee of Creditors approved or ratified such payments as CIRP costs, such claims cannot be treated as Insolvency Resolution Process Costs and cannot be recovered after approval of the resolution plan by invoking Section 60(5).

The Tribunal first observed that Section 60(5)(c) IBC confers residuary jurisdiction on the Tribunal to entertain or dispose of any question of law or fact arising out of or in relation to the insolvency resolution process of the corporate debtor. However, the Tribunal expressly held that such jurisdiction cannot be invoked in a manner that defeats the finality attached to a resolution plan approved under Section 31. It reiterated that once a resolution plan is approved by the Adjudicating Authority, it becomes binding on all stakeholders and all claims not forming part of the resolution plan stand extinguished.

On the central issue, namely whether the lease rentals claimed for the CIRP period could be treated as Insolvency Resolution Process Costs, the Tribunal referred to Regulation 31 of the CIRP Regulations and observed that IRP Costs includes expenses incurred by the Interim Resolution Professional or the Resolution Professional for running the business of the corporate debtor as a going concern and for conducting the CIRP. From a conjoint reading of the provisions of the Code and the CIRP Regulations, the Tribunal held that, for any expense to qualify as IRPC, two conditions must ordinarily be satisfied: first, the expense must have been incurred by the Resolution Professional for the conduct of the CIRP or for running the corporate debtor as a going concern; and second, such expense must have been placed before and ratified or approved by the Committee of Creditors.

Applying the test, the Tribunal held that the applicant's claim for lease rentals, premised on continued occupation of the premises during CIRP, ordinarily fell within the category of operational debt and had to be dealt with in accordance with the provisions of the Code during CIRP. The Tribunal noted that it was not in dispute that the applicant had filed its claim before the Interim Resolution Professional in Form-B as an operational creditor claiming lease rentals due from the corporate debtor. However, the material on record did not demonstrate that the Resolution Professional had formally continued the lease arrangement as part of the CIRP process, or that payment of such lease rentals was treated as an expense necessary for running the corporate debtor as a going concern.

The Tribunal additionally found that no material had been placed on record to show that the Committee of Creditors had approved or ratified payment of such lease rentals as part of the Insolvency Resolution Process Costs. In the absence of such approval or ratification by the Committee of Creditors, the Tribunal held that the claim could not be treated as IRP Costs within the meaning of Regulation 31. It further observed that permitting the applicant to recover the alleged lease rentals as IRP Costs at that stage would effectively amount to reopening claims after approval of the resolution plan, which was impermissible under the scheme of the Code.