MIDWAY MODIFICATIONS: LEGALITY OF ADMITTANCE OF CLAIMS POST COMMITTEE OF CREDITORS' APPROVAL

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ABSTRACT

The Indian insolvency framework has seen a more doctrinal transition from being a debtor-in-possession paradigm to a more creditor in control regime. This transformation involves certain circumstances wherein the committee of creditors (CoC) are vested with a rather commercial version of wisdom that involves skillsets such as evaluation and approval of the resolutions created on the basis of the admittance of claims within the premises of the prescribed timeframe under which the insolvency and bankruptcy code of 2016 functions.

This paper, in particular, studies the admission of new or rather belated claims that are subsequent to the Committee of Creditors approval that is reconcilable with the code and its underlying motive wherefore it emphasizes on the time bound resolution, the procedural finality along with the clean slate doctrine.

The inquiry ought to be undertaken against the backdrop of the insolvency and bankruptcy (Amendment) Act of 2026 which poses as the legislative solution to the judicially created uncertainties that concerns itself with the mandatory admission of applications, the statutory dues as provided for in the statutory waterfall provision and further introduces the creditor-initiated insolvency resolution process. This paper further delineates the admission threshold along with the demarcation along the resolution and recovery as well as the treatment of corporate guarantees and lastly the resolution-applicant eligibility parallelly with the insolvency and bankruptcy board of India's contemporary proposal for amendments to the CIRP regulations that govern the claim verification to the finality of the process. Wherefore this study aims to contend that the structured adherence to statutory timelines remains indispensable to the preserving of the creditor confidence and the value of the enterprise.

Keywords: Creditors, Committee of Creditors, Insolvency, Claims, Midway, Modifications, Resolution plan

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CHAPTER 1-THE INTRODUCTION

1.1 "CLAIMS" UNDER INSOLVENCY AND BANKRUPTCY CODE OF INDIA 2016

The Insolvency and Bankruptcy Code of India ("IBC") 2016 has revolutionised the insolvency landscape in the country by providing a comprehensive framework for resolving financial distress and facilitating in the recovery of claims and reviving distressed companies or institutions, or facilitating in their procedural liquidation. The IBC 2016 has transfigured the insolvency landscape of the country by streamlining a time-bound procedure to recover the claims and revive the distressed corporation or entity, aiming to maximise the value of assets or their orderly liquidation. The process of liquidation commences with the Corporate Insolvency Resolution process ("CIRP") after the Interim Resolution professional is appointed. The process of CIRP begins with a claim made by the creditors, namely the financial or operational creditor. Under section 3(6) of the IBC 2016, "claim" means:

A. Right to payment, whether or not the right is reduced to judgment, fixed, disputed, undisputed, legal, secured or unsecured.

B. Right to remedy for breach of contract under any law for the time being in force if the breach gives rise to a right to payment.

Corporate applicants, like "creditors", may initiate the CIRP process by submitting their claims before the Interim Resolution Professional via applications. The Resolution professional or the Interim Resolution professional vets all the claims so submitted by the creditors or corporate applicants post the public announcement as provided under section 18 and 25 of the IBC 2016. [2]The 13th Regulation of the CIRP Regulations provides that within 7 days from the last day of receipt of all the claims the "Resolution Professional" or "Interim Resolution Professional" ought to verify all of the claims and prepare the list of creditors which must also include the amount which is claimed by each of the creditors and the security interest if any they deposit, where the resolution professional is not an adjudicating authority but only administrative while verifying all the claims of the creditors.[3] After the verification of the claims is concluded by the Interim Resolution Professional("IRP), a Committee of Creditors ("CoC") is appointed by

[2] Ayush J. Rajani, Khushboo Rajani & Alka Adatia, Comprehensive Guide to Insolvency & Bankruptcy Code, 2016 (Law and Practice) (4TH ed. 2024).

[3] Swiss Ribbon Pvt.Ltd & Anr v Union of India AIR (2019) 4 SCC 17

the "IRP" as per section 21(1) of the IBC 2016. The committee consists of all the financial creditors both secured and unsecured except the related parties. How-ever if there exist no financial creditors, the operational creditors form the Committee of Creditors.

The Committee of Creditors is the main decision making body accepting or rejecting the resolution plan proposed by the resolution applicants. The committee determines the viability of the resolution plan by way of voting. A "Resolution Plan" means a plan proposed by resolution applicant for insolvency resolution of the corporate debtor as a going concern. The decision of the committee of creditors is considered to be final and the adjudicating authorities can't interfere with the decisions, unless the legality of the plan is in question. [4]

1.2. THE ADMITTANCE OF CLAIMS

The insolvency and Bankruptcy code considers the admittance of any fresh claims in the midst of midway modifications or on a subsequent circumstance of the resolution procedure to bad in law and therefore prohibited upon the resolution plan approval of the committee of creditors. The framework considers the concept of "admittance of claims" to be the official legal acceptance and validation of the debt of a creditor by the resolution professional.

The principal exhibits a casual conversion of a proof of claim that is submitted by either a lender or a vendor or an employee into the approval of any particular form of financial liability that a bankrupt company is legally necessitated or persuaded to make a payment for in return either in total or partial during the resolution procedure. A claim is not admitted per se but is effectively erased wherefore resulting in the creditor getting zero monetary allocation upon the recovery procedure.

1.3. THE RESOLUTION PLAN

The Insolvency and Bankruptcy code of 2016, under Section 5(26), defines 'resolution plan' as a plan prepared by the resolution applicants to resolve the insolvency of the corporate debtor by considering it a going concern. The "Resolution Professional ", upon the approval of the "Committee of Creditors" set the eligibility criteria for the Prospective Resolution Applicants("PRA") and invites the submission of plans from such "PRA" [5]. Once the claims are verified by the "Interim Resolution Professional" or "Resolution Professional", a "Committee of Creditors" is formed, which consists of all the secured financial creditors except

[4] Essar Steel (India) Ltd vs Satish Kumar Gupta (2020) 8 SCC 531
[5] Section 25 (h) of The Insolvency and Bankruptcy Code 2016

the related parties or the operational creditors when the financial creditors are not present or are related parties. The resolution professional invites the Potential Resolution Applicants to submit their plan in lieu of the eligibility criteria. Only when a final list of the prospective resolution applicants is prepared is the request for a resolution plan initiated by the Resolution Professional. The submitted resolution plan is evaluated as per the evaluation matrix set out by the" Resolution Professional" or "Committee of creditors", and it is, by way of a minimum of 66% of the voting share, the best plan that is opted for. The "Resolution Professional" only collates and verifies the claim and does not decide the claim [6] thereby only portraying as an

"administrator" overseeing the entire process, it is the "Committee of Creditors" whose decision is supreme, provided approval by the adjudicating authority for the legal viability of the plan is undertaken.

[6] Ayush J. Rajani, Khushboo Rajani & Alka Adatia, Comprehensive Guide to Insolvency & Bankruptcy Code, 2016 (Law and Practice) (4TH ed. 2024).

CHAPTER 2- MIDWAY MODIFICATION: LEGALITY OF ADMITTANCE OF CLAIMS POST COMMITTEE OF CREDITOR'S APPROVAL

2.1. THE LEGALITY OF THE ADMITTANCE OF CLAIMS

The "Committee of Creditors" abbreviated as "CoC" relates to the decision making body during the insolvency process. The Committee consist of financial or operational creditors both secured or unsecured depending on the circumstances. The paradigm of Corporate Insolvency Process has shifted from "debtor in possession" to "creditor in control regime". [7]The creditors in the committee are treated as the decision making body, the commercial wisdom of whom has an overriding effect over the decision of the adjudicating authority concerning viability of the "Resolution Plan" . [8]The Corporate Insolvency process commences when there exists a "default" by the corporate debtor in lieu of the debts owed to the financial creditors or to the operational creditors, or likewise in consonance with the threshold limit of 10 million. [9]The claims are admitted by the "Resolution Professional" Committee of Creditors on the "evaluative matrix" designed by the Committee. The claims in the resolution plan are approved by the "committee of creditors" by a minimum of 66 per cent of the voting shares. Once accepted by the committee, there is no provision stipulating that an additional claim can be added midway, the rationale being the time-bound insolvency provision under the insolvency framework of the country.

The corporate insolvency proceedings are a time-bound process, and permission to add claims after the committee of creditors' approval shall not be sustained except on circumstantial grounds. Before the insolvency process of the "corporate debtor" commences, a public announcement under Section 15 of the IBC 2016, read with Regulation 6 of the CIRP, is mandated via the newspaper . [10]The mandatory publication implies "deemed knowledge" about the insolvency proceedings, thereby expecting the applicants to add their claims beforehand.

[7] Ayush J. Rajani, Khushboo Rajani & Alka Adatia, Comprehensive Guide to Insolvency & Bankruptcy Code, 2016 (Law and Practice) (4TH ed. 2024).
[8] Ishita Sharan, A legal head for numbers, INDIAN BUSINESS LAW JOURNAL (2025).
[9] NIKHIL SHARMA, Brief overview of key restructuring tools corporate insolvency resolution process under the IBC GLOBAL RESTRUCTURING REVIEW (2022)
[10] Ayush J. Rajani, Khushboo Rajani & Alka Adatia, Comprehensive Guide to Insolvency & Bankruptcy Code, 2016 (Law and Practice) (4TH ed. 2024).

The insolvency framework of the country is a time bound process, and by permitting undecided claims to be added midway to the resolution application, it would set the clock back, making the "CIRP" a prolonged process. The Hon'ble Supreme Court of India had, while adjudicating the claim, held "A Successful Resolution Applicant cannot be faced with undecided claims after the claims submitted have been accepted" .[11] The allowance of undecided claims in the midst would amount to "hydra head popping up" throwing into uncertainty the amounts payable by prospective resolution applicants who would ultimately overtake the business of corporate director. There-fore time forms the "essence" of the entire resolution process. However contrary views had been taken by the apex court stating that the "timeline is only discretionary and not mandatory and the claims can be called back until approved by the adjudicating authority. The resolution plan must be in conformity with the statutory provisions, and once approved by the adjudicating authorities it becomes binding on the creditors, stakeholders, other interested parties" . [12]The contrary view had therefore shifted the burden on the "interim Resolution Professional" or "Resolution Professionals" for compliance with admission of claim.

The apex court, however, had in RPS Infrastructure Ltd Vs Mukul Kumar[13], highlighted this question stating that—"once the claim has been approved by the 'committee of creditors", undecided claims cannot be added amid the process". The insolvency regime in the country has shifted from "debtors in possession" to a "creditor in control" regime, implying the supremacy of "commercial wisdom". The decision of the committee with respect to the business is of utmost importance and cannot be hindered. The adjudicating authorities are authorised to only review the plan to check its legal viability and not to meddle with the decision of the committee of creditors .[14] The claims once admitted by the committee are deemed to be final provided they meet the legal requirements, and no undecided claims can be added in the midst of the plan. Therefore, the mere pendency by the adjudicating authority in approval of the plan does not imply that the claims can be added midway, thereby making the "CIRP" an endless process, unleashing the" hydra-headed monster of claims" [15]which would prejudice the claims of the other applicants who complied with the legally set time framework. The judiciary has therefore upheld the significance of the insolvency laws' fundamentals of

[11] Committee of Creditors of Essar Steel vs Satish Kumar Gupta, (2020) 8 SCC 531
[12] BINDING NATURE OF AN APPROVED RESOLUTION PLAN ON STATUTORY DUES | taxtmi. (2025, March 31).
[13] 2021 SC 3523
[14] Section 31, Insolvency and Bankruptcy Code 2016
[15] PS Infrastructure Ltd v/s Mukul Kumar & Anr, 2021 SC 3523

"time-bound" mechanism as non fulfilment of the time period would jeopardise the entire insolvency process. Therefore, once claims have been admitted by the committee, modifications in the midst of undecided claims cannot be permitted.

2.2. **THE DYNAMIC ARENA OF MIDWAY MODIFICATIONS- A PRESENT CIRCUMSTANCE OF THE CONCERN**

Giving context to the concept of midway modification, one ought to consider the consequences of the Committee of Creditors' approval of a plan. Once the resolution plan is approved, the tribunals have consistently highlighted that the CIRP must not be reopened for subsequent fresh claims upon the approval of the plan by the Committee of Creditors, as it could result in the procedure being an unstoppable and endless concluding to be inefficient. In the case of Essar Steel v. Satish Kumar Gupta[16], it was held that a committee of creditors-approved resolution plan remains binding upon the stakeholders wherefore providing the resolution applicant a sense of certainty through the extinguishment of claims that were never adjudicated upon, while continuing to permit a rather limited exception to the three hundred and thirty-day outer CIRP timeline in light of the deserving near-finalised circumstances. while building on the Essar steel case, the court in the case of Sirpur Paper Mills Limited v. I.K Merchants Pvt Ltd, [17]held that the preexisting along with the undecided claims, which were never considered to be bundled with the Resolution plan listing of claims stands extinguished once a resolution plan is approved as provided for under section 31 of the insolvency and bankruptcy code. The court, channelling through this judgment, framed it to be an award holder having "missed boarding the claims bus" but by not taking any initiative towards the submission of claims over awaiting the outcome of the separate section 34 challenge.

[16] [2019] 16 SCR 275
[17] .Civil Appeal No. 5590 of 2021]

CHAPTER III: TIME AND REGULATION UNDER CIRP AND THE INSOLVENCY AND BANKRUPTCY CODE: THE ADMITTANCE OF CLAIMS PERSPECTIVE

3.1. THE CONCEPT OF 'TIME' IN ADMITTANCE OF CLAIMS

A claim ought to feature in the information memorandum as prepared for the execution of the resolution plan in order to be brought within the purview of a CIRP. The code establishes sufficient loopholes for the benefit of creditors facading through public notifications, notices and the invitation of claims; therefore, the onus is ultimately upon the creditor who failed to come forward and process their claims. In today's world, the 'clean slate' theory is often recited across insolvency and bankruptcy jurisprudence wherefore the applicant is unable to saddle with claims left undecided subsequent to a plan being approved, and adherence to filing of timelines is often considered to be an essential component to the security of distressed assets.[18]

3.2. REGULATION 12 OF CIRP: A CROSSROAD TOWARDS THE SAME GOAL

Regulation 12 of the CIRP dictates the strict regime for submission and provision of proof of a claim.

The creditors given a timeline wherefore, a submission of their claims ought to be made within the fourteen-day window as specified in the public announcement. A flip side opportunity would be to utilise the extended buffer period that could cap the claim submission date to 90 days from the insolvency commencement date. [19]

The regulation 13 on the other hand proved to be a hard ceiling limit wherefore the subsequent procedural updates led to the regulation wherefore late claims could only be permissible up to a limit of seven days prior to the Committee of creditors meeting wherefore the resolution plan is to be voted upon. This plays a barricade beyond which the resolution professional possesses

[18] Raja. (n.d.). Time limit on admissibility of claims during CIRP: Where to draw the line?

[19] Mukesh Chand Your Author LinkedIn Connections et al., Important judgments under SC & HC Under IBC - volume I Trials & Appeals & Compensation - India (2024).

[20]absolutely no administrative or adjudicatory authority in order to verify or collate the belated claims in question.

Regulation 12 therefore poses as a procedural timeline for the filing of claims during CIP but does impose a rather rational cutoff in terms of admitting claims which go beyond the established barrier. The NCLT and NCLAT decisions have persistently emphasised on the permission of claims wherefore the additional fresh claims subsequent to a CoC approval often leads to the insolvency procedure becoming " Insufficient and endless"

Regulation 12 poses as a rather procedural barrier, often giving the creditors opportunities to enter the process of CIRP along with having their claims verified and admitted. It therefore gives flexibility to delayed claims, wherefore it ends upon the CoC approval of plans. [21]

3.3. THE ADMISSION POST THE CoC: A LEGAL DILEMMA

The admission of claims post the CoC approval has often been said to have had dire consequences for the application of the Insolvency and Bankruptcy Code, leading to alteration of the liability structure of the corporate debtor, creating an impact on the recovery of the existing creditors along with disturbing the distributions as proposed for under the resolution plan approved and aligned with by the CoC[22]. These therefore create a sense of uncertainty among successful resolution applicants, creating an incompatibility in the finality of such leeway.

[20] Extinguishment of claims on approval of resolution plan of award-debtor Solventia

[21] IBC Laws, Time bound resolution process: Whether claims can be allowed after the approval of resolution plan by COC? – by Mr. V V S N raju IBC Laws (2023).

[22] Amit Meharia & Vidushi Tripathi, The fate of undecided claims after approval of the ...

CHAPTER IV: CONCLUSION

The study concludes on the note that the CoC approval of a resolution plan is not merely an adjudicating body decision as sanctioned under article 31.A clear shift from the debtor-friendly model to a creditor-centric framework—aptly characterised as a move from "debtor in possession" to "creditor in control"—has occurred in India's corporate insolvency regime, especially under the Insolvency and Bankruptcy Code, 2016 (IBC). The Committee of Creditors (CoC) is at the centre of this change; it not only assesses the resolution plans' commercial viability but also gives commercial judgment precedence over judicial discretion when it comes to approving them. In order to maintain the resolution process's efficacy and investor appeal, this framework places a strong emphasis on finality, certainty, and rigorous adherence to time-bound phases. The controversial question of allowing the addition of new or indecisive claims after the Committee of Creditors has approved the resolution plan was critically examined in this study. The analysis revealed that although there is jurisprudential discord on this issue, the Supreme Court has continually aimed to uphold the sanctity and finality of the resolution plans that have been approved by the CoC. As evidenced by landmark decisions, the judiciary clearly prefers to preserve the timeliness of the resolution process, protect successful resolution applicants from unanticipated liabilities, and prevent the process from turning into an unpredictable or open-ended litigation exercise.

Allowing new claims at a late stage would, from a procedural standpoint, compromise the core of the resolution process, leading to delays, higher expenses, and a lower chance of successful resolutions. In terms of business, it adds a degree of uncertainty that might put off potential investors and resolution applicants, decreasing the overall effectiveness of the insolvency ecosystem. Admittedly, in certain exceptional situations, courts approved late claims while taking into account procedural errors or equitable grounds. To keep them from becoming the norm rather than the exception, these occurrences should be kept to a minimum. To keep the CIRP from being abused by careless or opportunistic claimants, judicial discretion must be applied carefully and judiciously.

Post sanction finality is considered as absolute wherefore once the adjudicating body approves of the plan as provided for under section 31, the clean slate concept of the Ghanshyam Mishra extinguishers case wherefore all claims not part of the plan and this bar further extends to even a parallel forum.

Rainbow papers and certain NCLT decisions often following landmark judgements as mentioned treat claims filed within the timeline directionary.

The residual duty on the Resolution professional is notwithstanding the finality principle but where the resolution professional is no thereby absolved of the statutory duty to collate claims diligently which would also include consideration of feasibility, cross checking the corporate debtor through their own books or records and the invocation of section 19 of the insolvency and bankruptcy code which is to ensure security. The claims exclusion could therefore be challenged upon the validity of the default of the resolution professional and could further be distinguished from a challenge to the finality of a valid Committee of creditors upon an approved plan.

Our study seconds the idea that in the absent of exceptional circumstances, the CoC's approval of the resolution plan must or should be the last step in the admission of claims. By concluding at this point, one must uphold the purpose and principles of the Insolvency and Bankruptcy code of 2016 on prompt resolution and asset value maximisation in addition to acknowledging the sanctity of the resolution plan. Additionally, it guarantees equity for creditors who took part in the process. The time-bound nature of CIRP stands to be the lone and sole element of its success going beyond just the simple procedure. The procedure could become unstable, investor confidence could be damaged, and the goal of insolvency resolution may, under certain circumstances, be undermined if flexibility is introduced through undecided claims upon the CoC approval. Hence, maintaining the integrity, effectiveness, and credibility of India's insolvency regime depends on judicial discipline in upholding the supremacy of the CoC's commercial wisdom and strictly adhering to procedural deadlines.