

Insolvency and bankruptcy Board of India

Subject: Status Note on Liquidation Process

The Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (Liquidation process regulations) have come into force from 15th December, 2016. Sections 33-54 of the Insolvency and Bankruptcy Code, 2016 (Code) deal with liquidation process. The Adjudicating Authority can order a liquidation under Section 33 of the Code if no resolution plan has been submitted to AA before the expiry of the Corporate Insolvency Resolution Process, or the Committee of Creditors (CoC) decides for the Liquidation of the Corporate Debtor or if AA rejects a plan because it does not comply with the provisions of the Code or Adjudicating Authority determines that the corporate debtor has contravened the provisions of the resolution plan. The Liquidation process commences on the date of passing of Liquidation order. As on 28th February, 2019, more than 300 matters are undergoing liquidation.

2. The Liquidator has the power to take such measures to protect and preserve the assets and properties. The Liquidator may sell (a) an asset on a standalone basis; (b) the assets in a slump sale; (c) a set of assets collectively; (d) the assets in parcels; (e) the corporate debtor as a going concern; or (f) the business(s) of the corporate debtor as a going concern. The liquidator then distributes the proceeds from realization within six months from the receipt of the amount to the stakeholders as per Section 53 of the Code.

3. Out of 349 cases, in 14 cases final reports have been received. The timeline for the remaining 335 proceedings as on 28th February 2019, is given in Table 1 below:

Table 1: Phasing of Liquidations

Initiated	349
Final Report submitted	14
Closed by Dissolution	6
Ongoing	
> 360 days	65
> 270 days < 360 days	51
> 180 days < 270 days	75
> 90 days < 180 days	73
< 90 days	71

4. The Adjudicating Authority shall pass an order for liquidation if no resolution plan is received during the CIRP, if it rejects the resolution plan, the CoC decides to liquidate the Corporate Debtor, or Adjudicating Authority determines that the corporate debtor has contravened the provisions of the resolution plan. The details of the reasons for liquidation is presented in the Table 2 below:

Table 2: Reasons for Liquidation #

No Resolution plan	134
CoC decided for Liquidation before expiry of CIRP	102
Resolution Plan rejected by AA	12
Corporate Debtor contravened provisions of Resolution Plan	2
Total	250

5. Further, Regulation 12 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 states that the liquidator shall make a public announcement calling upon stakeholders to submit their claims as on the liquidation commencement date within 30 days from the liquidation commencement date. The details of the claims submitted are provided in Table 3 below.

Table 3: Total Claimants (Number) #

Stakeholders	Number	Amount (In crore)
Financial Creditors	4,773	1,03,991
Operational Creditors*	2,953	4,971
Employees/Workmen	23,110	561
Others	387	2,738
Total	31,223	1,12,261

* Only those OCs who provided goods and services

Data is available for only 250 cases

6. Submitted for the information of the Governing Board.