

To
The Editor
Deccan Herald

4th June, 2021

Dear Sir,

Sub: News item: ‘Lenders push 725 companies to liquidation despite having resolution plan’ in the Deccan Herald dated 03rd June 2021.

The above news item seems to be based on Figure 16 in the IBBI Newsletter for January - March 2021. This figure provides that the Committee of Creditors (CoC) decided to liquidate 725 companies. It does not provide that the CoC decided to liquidate these companies despite having resolution plans.

2. The commercial wisdom of the CoC is supreme under the Code. The CoC may decide to liquidate a company at any time during resolution process in exercise of its powers under section 33(2) of the Insolvency and Bankruptcy Code, 2016. It decides to do so broadly in two circumstances: (a) there are resolution plan(s) but such plans are not acceptable as per its commercial wisdom. This circumstance covers 167 companies; and (b) the health of the company is such where liquidation is preferred as per its commercial wisdom. This circumstance covers 558 companies. Therefore, the title of the news item is misleading.

3. We request you to kindly publish this letter prominently in “Deccan Herald” to enable the stakeholders have a correct perspective.

Yours sincerely,

Sd/-
(Rajesh Kumar Gupta)
Chief General Manager