20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **The minimum default threshold to trigger CIRP under the IBC is Rs 1 crore.**
The threshold was raised from the original Rs 1 lakh to keep smaller defaults out of the formal insolvency process.

2. **A financial creditor can file a CIRP application against a corporate debtor under Section 7 of the IBC.**
Financial creditors, such as banks whose debt carries the time value of money, file on proof of default.

3. **An operational creditor can initiate CIRP under Section 9 after serving a demand notice.**
Operational creditors, like suppliers, may file only after receiving no satisfactory response to a demand notice.

4. **A corporate debtor can trigger its own insolvency resolution under Section 10 of the IBC.**
This is called a corporate applicant filing, where the debtor company itself approaches the NCLT.

5. **The National Company Law Tribunal is the Adjudicating Authority for CIRP applications.**
The NCLT admits a case once satisfied a default has occurred, which marks the start of CIRP.

6 **On admission of a CIRP case, the NCLT appoints an Interim Resolution Professional.**

The IRP immediately takes over management of the corporate debtor from the existing board.

7 **Once an IRP is appointed, the powers of the corporate debtor's board of directors stand suspended.**

This displacement of incumbent management is a defining feature of the corporate insolvency resolution process.

8 **A moratorium under Section 14 of the IBC freezes legal action against the corporate debtor during CIRP.**

It bars new suits, asset transfers, and enforcement of security interest to preserve the asset base for resolution.

9 **The Committee of Creditors in a CIRP is composed of the corporate debtor's financial creditors.**

The CoC is formed by the resolution professional once financial creditors' claims are verified.

10 **Each creditor's voting share in the Committee of Creditors is proportionate to the financial debt owed to it.**

This proportional voting structure makes the CoC the key decision-making body in CIRP.

11 **Section 29A of the IBC bars defaulting promoters from bidding to regain control of their own company.**

This eligibility bar keeps ineligible or connected persons out of the resolution applicant pool.

12 **A resolution plan under CIRP needs the assent of creditors holding at least 66 percent of the CoC voting share.**

Only after clearing this threshold does the plan go to the NCLT for final sanction.

13 **An approved resolution plan becomes binding on all stakeholders only after NCLT sanction.**

NCLT approval is the final legal step that converts a CoC-approved plan into a binding outcome.

14 **CIRP must ordinarily be completed within 180 days from the date of commencement.**

This time-bound design is meant to prevent the drawn-out recovery delays seen before the IBC.

15 **The 180-day CIRP timeline can be extended once by up to 90 days, giving a base limit of 270 days.**

The extension is available for genuinely complex cases needing more resolution time.

16 **The outer limit for completing CIRP, including litigation time, is 330 days.**

This cap under the IBC prevents indefinite delay of the insolvency resolution process.

17 **If no resolution plan is approved within the CIRP timeline, the NCLT can order liquidation.**

Liquidation also follows if the Committee of Creditors itself decides to liquidate the corporate debtor.

18 **Liquidation proceeds under the IBC are distributed as per the waterfall mechanism in Section 53.**
This statutory order of priority decides who gets paid first when a company is liquidated.

19 **Insolvency resolution and liquidation process costs rank first in the Section 53 distribution waterfall.**
These costs are paid out before any class of creditor receives liquidation proceeds.

20 **Equity shareholders rank last in the Section 53 waterfall of liquidation proceeds.**
They are paid only after workmen, secured and unsecured creditors, employees, and government dues are settled.