

IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



“Do something today that your future self will thank you for.”

Updates on Insolvency and Bankruptcy Code

➤ McLeod Russel urges NCLT to quash ‘status quo’ order

Debt-laden McLeod Russel on Wednesday urged the Kolkata-bench of the National Company Law Tribunal (NCLT) not to continue the interim order of “status quo” against its assets as it has very “serious repercussion” and negative “ramifications” for the operations of the bulk tea producer.

Earlier, Techno Electric filed a petition for Corporate Insolvency Resolution Process (CIRP) before the tribunal under Section 7 of the IBC against the tea maker after it had defaulted on repayments of Rs 100-crore loan.

Source: Financial Express

Please find the full news at:

<https://www.financialexpress.com/industry/mcleod-russel-urges-nclt-to-quash-status-quo-order/1710584/>

➤ How companies undergoing insolvency resolution face hardships due to probable clash of GST with IBC

The introduction of GST has been described as India’s biggest tax reform, and the Insolvency and Bankruptcy Code (IBC) is a landmark contemporary law that has just begun to be assessed for efficacy. While GST subsumed various indirect tax payments into one, reducing the compliance burden on the taxpayers, IBC reduced the number of days needed to liquidate a company. IBC is also expected to resolve the prevailing non-performing asset crisis, which would positively impact availability of bank credit in the long term.

Companies undergoing insolvency resolution are facing hardships due to probable clash of GST with IBC. Under IBC, there is a mechanism for distribution of assets during insolvency resolution. Companies going for resolution have crystallised liabilities that are much higher than liquid assets. Under the resolution plan, all creditors get a fraction of their outstanding dues in accordance with the mechanism in the code itself. Under IBC, assets are distributed in the order of priority as defined in the provisions of the code, irrespective of the provisions under any other legislation.

Source: Financial Express

Please find the full news at:

<https://www.financialexpress.com/opinion/how-companies-undergoing-insolvency-resolution-face-hardships-due-to-probable-clash-of-gst-with-ibc-opinion/1710525/>

➤ **Liquidation proceedings ordered against Frontier Lifeline**

The Chennai Bench of the National Company Law Tribunal (NCLT) has ordered liquidation of Frontier Lifeline Pvt. Ltd., as no resolution plan has been submitted for revival of the company. Promoted by Dr. K.M. Cherian, the company runs the 100-bed Frontier Lifeline Hospital.

The company was dragged into bankruptcy proceedings by State Bank of India and Bank of Baroda, which was admitted by NCLT in August last year. The petition claimed that the firm defaulted payment of about Rs. 79.93 crore to SBI and Rs. 78.30 crore to Bank of Baroda as on November 17, 2017. The company had borrowed the money for development of the park. Under the process, the liquidation value was fixed at about Rs. 134.07 crore.

Source: The Hindu

Please find the full news at:

<https://www.thehindu.com/news/cities/chennai/liquidation-proceedings-ordered-against-frontier-lifeline/article29453236.ece>



Insolvency Professional Agency of Institute of Cost Accountants of India
(A Section 8 Company incorporated under Companies Act 2013)
CMA Bhawan, 3 Institutional Area, Lodi Road,
New Delhi-110003