

● MCLEOD RUSSEL INSOLVENCY

Khaitans move NCLAT

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ADITYA KHAITAN, AN erst-while promoter of tea major McLeod Russel, has moved the National Company Law Appellate Tribunal (NCLAT) against the NCLT's order admitting the company for the corporate insolvency resolution process (CIRP).

The Kolkata bench of the National Company Law Tribunal (NCLT) on February 10 admitted IL&FS Infrastructure Debt Fund's insolvency petition for initiating the CIRP against McLeod Russel India, the country's largest tea producer. IL&FS Infra Asset Management, an asset management company, manages IL&FS Infrastructure Debt Fund (IIDF). IIDF, a financial creditor to McLeod, filed the petition under Section 7 of the Insolvency and Bankruptcy Code (IBC) for default in payment of ₹347.47 crore as on November 12, 2019.

The NCLT has appointed Ritesh Prasad Adatiya as the interim resolution professional (IRP) of the corporate debtor to carry out the functions as per the IBC. Powers of the board of directors were suspended, and a statutory moratorium under Section 14 of the Code commenced. Khaitan, whose plea against the NCLT is listed for hearing before the NCLAT on

INSOLVENCY RESOLUTION PROCESS



Monday, was not available for comment. Meanwhile, the IRP has asked the creditors to submit claims by February 24. Bankers to the company are State Bank of India, Punjab National Bank, HDFC Bank, ICICI Bank, Axis Bank, Indian Bank, UCO Bank, Yes Bank, IndusInd Bank and RBL Bank, according to the latest annual report.

Notably, FE reported on February 13 that Khaitans are likely to consider both the options — approaching NCLAT and an out-of-court settlement — to pull McLeod out of the insolvency process. For the Khaitan family, regaining control of McLeod Russel seems to have become the foremost target at present.

In July last year, the Burman family, promoters of Dabur

India, reclassified itself as the promoters of dry cell battery maker Eveready Industries, replacing Khaitans, after the completion of an open offer. McNally Bharat Engineering, an engineering firm of Williamson Magor group, is currently under final stages of the CIRP. This is the second instance of the tea maker being admitted for insolvency proceedings. In August 2021, NCLT, New Delhi, had admitted an insolvency application filed by Techno Electric & Engineering under IBC for default on repayments of term loans of around ₹100 crore.

The tribunal later gave its approval for withdrawal of the CIRP against McLeod after the promoters had reached a settlement with Techno Electric. The

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admission of Williamson Magor group company McLeod for a CIRP by the Kolkata bench of the NCLT has wrecked Khaitans' efforts to execute an "exclusivity agreement" with Carbon Resources to negotiate a mutually-agreeable mechanism to offer a proposed "one-time settlement" of the company's debt to lenders.

Last month, the board of the tea maker had approved the execution of an "exclusivity agreement" with Carbon Resources, which had earlier made a non-binding offer to its lenders to acquire a controlling stake, to negotiate and evaluate a mutually-agreeable mechanism for the company to offer a proposed "one-time settlement" of its debt to the lenders.