

NCLAT halts McLeod resolution till March 27

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Kolkata: The National Company Law Appellate Tribunal (NCLAT) has asked the interim resolution professional (IRP) of ailing tea major McLeod Russel not to take further steps in the corporate insolvency resolution process (CIRP) till the next hearing. The next hearing is scheduled on March 27 this year.

Aditya Khaitan, the erstwhile chairman of the tea major, went to NCLAT challenging the National Company Law Tribunal (NCLT) order passed earlier this month. However, NCLAT has also said that the corporate debtor (McLeod) shall be run as a going concern, including the day-to-day operations.

"IRP shall run the same with the assistance of the suspended directors/officers/employees of the corporate debtor," says the order.

The Kolkata bench of the NCLT earlier this month ad-

mitted IL&FS Infrastructure Debt Fund's insolvency petition for initiating CIRP against McLeod Russel India, the country's largest tea producer. IL&FS Infra Asset Management (IIAML) manages the IL&FS Infrastructure Debt Fund (IIDF). IIDF, a financial creditor of McLeod, filed the petition under Section 7 of

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the Insolvency and Bankruptcy Code (IBC) against the company for default in payment of Rs 347.4 crore as on November 12, 2019.

Out of this principal amount is Rs 252 crore and penal interest is over Rs 94 crore. Sources said that the total dues along with interest till February 2023 of IL&FS Infrastruc-

ture Debt Fund against the Williamson Magor Group firm may go up to Rs 700 crore.

Passing the order on February 10, the tribunal appointed Ritesh Prasad Adatiya as the IRP of the corporate debtor. There shall be a moratorium under Section 14 of the Code. "The admission of group company McLeod for a CIRP has jolted 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 firm's debt to lenders," sources said.

This is the second instance when the tea maker was admitted to insolvency proceedings. Last month, the board of McLeod approved the execution of an 'exclusivity agreement' with Carbon Resources, which had made a non-binding offer to its lenders, to evaluate a mutually agreeable mechanism for the company to offer 'one-time settlement' of its debt.