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Khaitans settle with IL&FS to retake McLeod

Promoters of McLeod Russel India and part of the Brij Mohan Khaitan group, have reached an out-of-court settlement with IL&FS Infrastructure Debt Fund, according to sources. An application for withdrawal from the corporate insolvency resolution process has been filed with the Kolkata Bench of NCLT by an interim resolution professional.

Khaitans settle with IL&FS to retake control of McLeod

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Kolkata, 9 May

Promoters of McLeod Russel India, the country's largest bulk tea producer and part of the Brij Mohan Khaitan group, have reached an out-of-court settlement with IL&FS Infrastructure Debt Fund, according to multiple sources.

An application for withdrawal from the corporate insolvency resolution process (CIRP) has been filed with the Kolkata Bench of the National Company Law Tribunal (NCLT) by Ritesh Prakash Adatiya — an interim resolution professional. Once NCLT approves the application, McLeod will be out of insolvency proceedings. Adatiya said an application for withdrawal from CIRP under Section 12A of the Insolvency and Bankruptcy Code (IBC) was filed with the Kolkata Bench of NCLT on May 6.

"The application has been filed on instruction from IL&FS Infrastructure Debt Fund, the applicant for CIRP against McLeod Russel. I filed the application after receiving Form FA from IL&FS," he said. Form FA is an application for withdrawal of CIRP.

Sources close to the Khaitans indicated that the application is under process. A spokesperson for IL&FS Group did not want to comment on a sub judge

WHAT'S BREWING

McLeod Russel India



Tea production capacity • **44mnkg**

Estates • **31 in Assam, 2 in West Bengal**

Area • **21,461 hectares**



matter. Sources said the terms of settlement involved payment of an amount and land, translating into a significant recovery for the financial creditor.

The appeal against CIRP filed by the

company's promoter Aditya Khaitan with the National Company Law Appellate Tribunal was listed for hearing on Tuesday. However, sources said the matter was adjourned to Friday.

Khaitan appealed against the NCLT Kolkata Bench order admitting an application filed by IL&FS Infrastructure Debt Fund under Section 7 of the IBC for initiating CIRP against McLeod Russel.

IL&FS had sought to initiate CIRP against McLeod Russel in connection with a default payment in 2019. The figure as on November 12, 2019, was ₹347.47 crore, of which the principal was about ₹252.66 crore.

McLeod sources said that once out of insolvency, debt restructuring with banks would be taken up. The CIRP was initiated at a time when McLeod had entered into 'exclusive' talks with Carbon Resources for a one-time settlement of its debt to lenders.

McLeod's bank debt is understood to be in the range of ₹1,600 crore.

The exclusivity agreement entered into in January was for 60 days. But sources indicated it was likely to be revived. However, even as McLeod settles with IL&FS, it would also have to deal with other lenders — KKR and Aditya Birla Finance — at the holding company level.