

India's largest bulk tea producer McLeod Russel faces bankruptcy

The company runs 31 tea gardens in Assam, 2 in Alipurduar and also has gardens in Africa, Vietnam

[Sambit Saha](#) | [Calcutta](#) | [Published 07.08.21, 02:03 AM](#)

India's largest bulk tea producer McLeod Russel India Ltd (MRIL) has been admitted for insolvency proceedings on Friday for defaulting on the repayment of a Rs 100 crore loan.

The company, promoted by the Khaitan family of Calcutta, operates 31 tea gardens in Assam and two gardens in Alipurduar, Bengal. It also has gardens in Africa and Vietnam. The company employs over 73,000 people across tea estates and produces about 73 million kg of tea every year.

A bench of National Company Law Tribunal, New Delhi admitted the company for corporate insolvency resolution proceeding under Insolvency & Bankruptcy Code, 2016 and appointed Kanchan Dutta as interim resolution professional.

Even though multiple banks have filed cases against MRIL for loan default, the applicant in the instant case was Techno Electric and Engineering Co Ltd, which had loaned Rs 100 crore at an annual interest of 14 per cent on September 28, 2018.

The entire amount was to be fully repaid with interest on or before March 31, 2019. However, McLeod failed to repay the amount on that date and later as well. The court observed in its order that MRIL had not disputed the quantum of default or existence of the loan amount.

In a statement, MRIL said it would function as a normal business on a 'going concern' principle and the interests of all stakeholders will be protected.

"The company's business and all obligations will continue with the guidance of the IRP. The undersigned and the company secretary, Alok Kumar Samant, will continue to remain as key managerial personnel. Azam Monem will continue to guide the operations of the company," Pradip Bhai, chief financial officer of MRIL, said in a statement. Monem is a director on the board of the company looking after tea operations.

When contacted, Aditya Khaitan, chairman of the company, declined to comment. Sources said the promoters would explore options before them over the weekend, including appealing before the appellate tribunal.

MRIL has around Rs 2,000 crore in debt as it borrowed heavily to support a group company McNally Bharat Engineering Co Ltd. After MBECL's business floundered and it failed to pay back to McLeod, debt woes rocked the group, founded by Brij Mohan Khaitan, Aditya's father.

McLeod sold multiple gardens initially in Assam, Bengal and Africa to honour the loan commitments but the enormity of the challenge soon surpassed the resource. Khaitans hold just about 10.07 per cent in the company after lenders invoked shares pledged with them for defaulting on loan repayment.

Even though the majority of the financial creditors were said to be inclined to restructure the company outside insolvency and appointed SBI Caps to prepare a roadmap, Techno was relentless in pursuing the matter in the NCLT and finally it succeeded.