

NCLAT ADMITS HUDCO'S PLEA AGAINST VIKRAM BAKSHI OVER UNPAID DUES: HALT MCDONALDS-BAKSHI DEAL

The National Company Law Appellate Tribunal (NCLAT) on 15.05.2019 stayed the McDonalds India Private Limited - Vikram Bakshi out-of-court settlement deal on the ground that the concerned deal cannot be allowed to go ahead until Housing and Development Corporation's (Hudco) intervention application seeking Rs 195 crore dues from Mr. Bakshi were heard.

The court ordered that Mr. Bakshi cannot sell his stake in Connaught Plaza Restaurants Limited (CPRL) to McDonalds India without clearing his dues with HUDCO. The matter came before the court after HUDCO approached NCLAT with a plea that Mr. Bakshi owed an amount of Rs. 195 crore (approx.) to HUDCO which is still subjudice at the Debt Recovery Tribunal.

This is not the first time HUDCO has approached the fora to recover its dues from Mr. Bakshi. In the year 2013, HUDCO had filed a criminal case against Mr. Bakshi under Negotiable Instruments Act for recovery of its dues amounting to Rs. 75 crore due to a cheque bounce case. HUDCO has subsequently filed several cases against Mr. Bakshi under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act.

It was humbly submitted by the counsel of HUDCO that the settlement violated an injunction passed by the DRT over unpaid principal, interest and penalties on a loan of Rs 60 crore to Mr. Bakshi owned hospitality company Ascot Hotels. The court in its order stated that "The order of Debt Recovery Tribunal remains. We have to respect the other tribunal. We cannot annul the other tribunal's order".

On 07.05.2019, McDonalds India Private Limited and Mr. Bakshi had informed the NCLAT that the two parties were working on an out-of-court- settlement to settle their prolonged dispute. The NCLAT had hence permitted both the parties to go ahead with settlement talks and keep the appellate tribunal apprised of the developments.

McDonald's on 09.05.2019 had announced that it has reached an out-of-court settlement with Mr. Bakshi. McDonald's has bought out the stake of Mr. Bakshi in CPRL which is now wholly owned by MIPL and its affiliate (McDonald's Global Markets LLC, "MGM"). As per the out of court settlement agreement, MGM has acquired the 50 per cent voting equity shares in CPRL that were held by Mr. Bakshi and his affiliated entity. McDonald's India will continue to hold its 50 per cent voting equity shares in CPRL.

Presently, the counsels for Mr. Bakshi and McDonald's have requested that they be allowed to withdraw their petitions against each other at the NCLAT. However, the NCLAT Bench did not agree to the same, directing that HUDCO and Bakshi should try to settle their case first.

- Mr. Ravi Mediratta (Senior Counsel) And Ms. Ananya Madhusudan (Legal Consultant/ Advisor)

For any queries please contact: +91-96501-97716, E-mail: ravimediratta@inmacslaw.com

For private circulation only

The contents of this document is for informational purposes only and for the reader's personal non-commercial use. The views expressed are not the professional views of Inmacs law offices and do not constitute legal advice. The contents are intended, but not guaranteed, to be correct, complete, or up to date. Inmacs law offices disclaims all liability to any person for any loss or damage caused by errors or omissions, whether arising from negligence, accident or any other cause.

Registered office (Delhi)

4696 Brij Bhawan, 21A Ansari Road Darya Ganj, New Delhi-110002. INDIA
Tel : 23288101, 23265320 | Fax : +91-11-23265320
E-mail : legal@inmacslaw.com, ravimediratta@inmacslaw.com

Corporate office (Gurugram)

GLOBAL BUSINESS SQUARE, Building No. 32, Sector 44, Institutional Area Gurugram, 122002. INDIA
Tel : +91-124-4786200
E-mail : legal@inmacslaw.com, ravimediratta@inmacslaw.com