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## Karnataka high court orders winding up of Kingfisher Airlines

Pronouncing the judgement, justice V. Kothari observed that since Kingfisher Airlines did not pay up dues to Aerotron, the court is ordering winding up of the airline company

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Apurva Vishwanath



The operating permit of Kingfisher Airlines, promoted by Vijay Mallya, was suspended in October 2012 by aviation regulator DGCA after the airline's employees struck work. Photo: Mint

**New Delhi:** The Karnataka high court on Friday ordered the winding up of Vijay Mallya's Kingfisher Airlines Ltd (KFA), in a case filed by European aviation firm Aerotron

Ltd.

Justice Vineet Kothari asked the official liquidator to take charge of the long-grounded airline's assets.

Aerotron, an unsecured creditor of the firm, had moved the court in 2014 to recover \$6.23 million that was due to it as of 4 July 2012. Aerotron was a supplier of aircraft components to KFA.



In October 2012, aviation regulator Directorate General of Civil Aviation suspended the operating permit of Kingfisher Airlines. The licence has since expired.

According to advocate S.S. Naganand, who appeared for Aerotron, at least 46 other firms have moved the high court in Bengaluru seeking winding up of Kingfisher Airlines. The airline's pilots also moved a similar petition after not being paid their dues for over two years.

Since its inception in 2005, Kingfisher Airlines never made a profit.



The court is likely to hear the other unsecured creditors on 25 November. However, experts express doubts about the impact the winding up of Kingfisher Airlines will have on such unsecured creditors.

“In case of a winding up process, an unsecured creditor would receive repayment from the assets of the debtor after payments have been made for workmen dues and secured creditors. Typically, when an unsecured creditor goes down the winding up route, it is when it does not have any choice of recovery,” said Deep Roy, associate partner at Economic Laws Practice.

UB Group, KFA’s parent company, did not respond to emails and calls.



Mallya and KFA owe a consortium of 17 banks Rs9,091 crore. The banks would have the first rights over the assets of KFA as secured creditors.

The consortium of banks led by State Bank of India had in 2013 initiated proceedings against Kingfisher before a debt recovery tribunal in Bengaluru for defaulting on loans.

Subsequently, after Mallya fled India on 2 March, the banks moved the Supreme Court against him.



In April, the apex court directed Mallya on two occasions to disclose all the assets held by him and his family.

In a bid to recover the loans, the banking consortium tried to auction the Kingfisher logo and the once-famous tagline ‘Fly the Good Times’ but did not find suitable bidders.

*Vishwanath Nair in Mumbai contributed to the story.*

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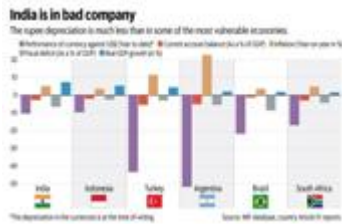
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