



Casebook Issue 57:

Insolvency Tale of Wings

Travels Management

(India) Private Limited

**INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA**



**INSOLVENCY
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About Wings Travels Management (India) Private Limited¹

Wings Travels Management (India) Private Limited is a non-government company, incorporated on 08 October, 2008. It's a private unlisted company and is classified as company limited by shares.

Company authorized capital stands at Rs 6000000 and has a paid-up capital which is Rs 5066260.

The company offers staff transportation services to corporates in Pune, along with add-on services such as car rentals and radio cab services, corporate car bookings, car/bus pooling, air ticketing and holiday packages.. The Board of directors consists of Mr. Arun Tulshidas Kharat, and Mr. Bharati Arun Kharat.

The Company's registered with Registrar of Companies-Pune and its registered address is B-110, Gera Garden Condominium, Near St. Mira's College, Koregaon Park, Pune- 411001.

Major Creditor/Banker

BMW India Financial Services Private Limited and Axis Bank Limited were the major claimants in this case.

CIRP of Wings Travels Management (India) Private Limited

The company initiated CIRP under section 10 of the Insolvency and Bankruptcy Code, 2016

In this case, the shareholders of the Wings Travels Management (India) Private Limited (the Debtor) passed a Special Resolution in the Extra-Ordinary General Meeting dated 20.07.2018 resolving to initiate the Insolvency Resolution under section 10 of the Insolvency and Bankruptcy Code, 2016 (the Code).

The Board of Directors meeting held on 23.07.2018 and authorized the Director Mr Arun Kharat, to file necessary application before the Adjudication Authority (AA).

In the petition, the Debtor disclosed that a sum of Rs 7,23,29,804/- due towards the Financial Creditors out of which Rs. 1,77,491/- and Rs. 13,66,157/- owed from the BMW India Financial Services Pvt Ltd and Axis Bank Ltd, respectively. Also, the Debtor owes an amount of Rs. 18,14,98,154/- from the Operational Creditor. The Debtor also enclosed demand notices issued by the Financial Creditors in proof of default.

From the perusal of the petition and supporting documents the AA opined that the Debtor has committed default and the Petition contains particulars as required under section 10 of the Code.

Order of moratorium and appointment of IRP²

Vide order dated 03.12.2018 the AA declared moratorium against the Debtor under section 14 of the Code.

The AA appointed Shri Laxman Digambar Pawar as the IRP of the Debtor.

Constitution of CoC and appointment of RP³

In compliance of AA order, the IRP made the public announcement on 12.12.2018 calling for the claims against the Debtor. The last date for submitting the claims was 27.12.2018. Subsequently, the CoC also constituted.

In the first meeting of CoC held on 01.01.2019 the IRP was replaced and CoC resolved to appoint another IRP as the RP of the Debtor. The appointment of the same RP was approved by the AA on 31.01.2019.

Appointment of Valuers and preparation of Information Memorandum

The RP appointed two registered valuers under Regulation 27 of IBBI (IRP of Corporate Person) 2016. Also, the Information Memorandum was prepared under Regulation 36(1) of the said regulation.

Public Announcement and the Resolution Plan³

The RP issued Form G and advertised the same in newspapers on 03.04.2019. The last date of submission of EoI resolution plan was 30.05.2019. The RP received only one EoI from M/s Outcome Commercials Pvt. Ltd.

In the 4th CoC meeting dated 10.05.2019, it was decided to extend the time of the CIRP by another 90 days. The AA extended the CIRP and ordered the end date of the same to be 31.08.2019. Additional time was also provided to Prospective Resolution Applicant to submit the plan. Ultimately the Applicant failed to submit the plan,

Liquidation of Corporate Debtor³

In the 5th CoC meeting held on 28.06.2019, via e-vote it was unanimously decided by the CoC to liquidate the Debtor. The CoC directed the RP to file liquidation application before the AA. .

Order of Liquidation by AA and appointment of Liquidator³

The RP filed an application under section 33(1) of the Code seeking liquidation of the Debtor. The AA observed that the CoC did not dispute the valuation report and that the application complied with the procedure laid down under the Code along with the relevant guidelines.

Vide the order dated 20.09.2019 the AA ordered the Liquidation of the Debtor appointed the RP as the liquidator as per section 34 (1) of the ode. The Liquidator was directed to initiate liquidation process as envisaged under Chapter-III of the Code along with Liquidation Process Regulations, 2016.

Interlocutory Application under Section 60 of Insolvency and Bankruptcy Code, 2016⁴

The Liquidator filed an I.A under Section 60 of the Insolvency and Bankruptcy Code, 2016 r/w Regulation 47A and 44(2) of IBBI (Liquidation Process) Regulations, 2016 seeking an exclusion of exclusion of lockdown period and for

extension of time limited for completion of Liquidation process of the corporate debtor. The following reliefs were sought from the AA:

1. The time period of lockdown imposed by the Centre and the State commencing from 15.03.2020 be excluded from the Liquidation process and the time lines accordingly be extended in the interest of justice.
2. That the time period for completion of Liquidation process in the captioned matter be extended by a further period of 6 months from the date hereof.

After pursuing the application, vide order dated 11.11.2020, the AA allowed the application and the lockdown period commencing from 25th March, 2020 till 31st July, 2020 was excluded for the completion of liquidation process. Also, vide the same order the AA extended the liquidation process period for 6 months commencing from 1st August, 2020 to 31st January, 2021.

Timeline



- 08.10.2008
- Wings Travels Management (India) Private Limited



- 03.12.2018
- NCLT Mumbai declared moratorium
- IRP was appointed



- 12.12.2018
- Public announcement was made



- 10.05.2019
- CoC resolved to file for 90 days extension and same was granted till 31.08.2019



- 28.06.2019
- The CoC with 100% vote decided to liquidate Debtor



- 20.09.2019
- AA approved the liquidation
- 11.11.2020
- The AA excluded the lockdown period for the completion of liquidation and extended the process for 6 months

Bibliography

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