



**IN THE NATIONAL COMPANY LAW TRIBUNAL
PRINCIPAL BENCH, NEW DELHI**

CP (IBPP) NO.01(PB)/2022

In the matter of

An application under Section 54(C) of Insolvency & Bankruptcy Code, 2016 read with Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016

In the matter of:

ENN TEE INTERNATIONAL LIMITED

Having Registered office at

E-39, Ground floor, Shastri Nagar, New Delhi-110052

.....**Corporate Debtor/ Applicant**

Order pronounced on: 10.10.2022

Coram:

Chief Justice (Retd.) Ramalingam Sudhakar : Hon'ble President
Shri Avinash K. Srivastava : Hon'ble Member (Technical)

Appearances :

For the Corporate Applicant : Ms. Prachi Johri, Advocate
Mr. Subash Gupta, CFO
RP in person : Ms. Ritu Rastogi, Advocate

ORDER

Per: Avinash Kumar Srivastava, Member (Technical)

Brief Facts

1. The present company application is filed under Section 54(C) of the Insolvency and Bankruptcy Code, 2016 [hereinafter referred to as "**the Code**" or "**IBC**", 2016] for seeking initiation of Pre Packed Insolvency Resolution Process (PPIRP) in respect of the **ENN TEE International Limited** (hereinafter referred as the Corporate Debtor).



2. The Corporate Debtor is a public limited Company incorporated on 15.02.1999. On the date of application, the Corporate Debtor was engaged in the business of manufacture of wearing apparel and exporter, manufacturer and supplier of industrial polyester yarn and cotton.
3. The total amount of debt payable by the Corporate Debtor to its Financial Creditor is stated to be Rs. 12,53,90,626/-(Rupees Twelve Crore Fifty Three Lakhs Ninety Thousand Six Hundred Twenty Six Rupees Only). The loan was initially sanctioned on 04.04.2009 but subsequently renewed from time to time and the last renewal was done on 30.03.2022.
4. The default by the Corporate Debtor is against the secured Financial creditor (unrelated) i.e State Bank of India to the tune of Rs. 31,41,123/-(Thirteen Lakhs Forty One Thousand one Hundred and Twenty Three only) which can be seen from the comparison of the sanctioned limits and the ledger , the summary of which is extracted below:

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ENN TEE INTERNATIONAL LIMITED

PLOT NO. 9, SECTOR -3, SIIDCUL,
HARIDWAR -249403
CIN NO. U18101DL1999PLC098394
PAN NO. AAACE6171D
Contact : 01334-231326

Loans (Liability)

Group Summary

1-Apr-22 to 25-Apr-22

Particulars	Loans (Liability)		Overdue as on 1.4.2022	Paid in April 2022	overdue
	ENN TEE				
	1-Apr-22 to 25-Apr-22				
	Closing Balance				
	Debit	Credit			
Bank OD A/c		34750352.00			0
SHORT TERM BORROWINGS		34750352.00	386576	386576	
STATE BANK OF INDIA		34750352.00	386576	386576	
Secured Loans		87499150.00			
TERM LOAN		87499150.00			
SBI FITL 38319642607		581485.00	162515		162515
SBI GECL 30% 40884335919		9158259.00	1140	2000	
SBI TERM LOAN 61281629463		21930888.00	765420		765420
SBI TERM LOAN (GECL) 39609731421		960721.00	392951	210000	182951
SBI TERM LOAN (GECL) 39439556083		17029514.00	1498112	750000	748112
SBI WCTL 38321121497		901681.00	34603	35000	
SBI WCTL 61281628609		38936602.00	1282125		1282125
Grand Total		122249502.00	4136866	997000	3141123

5. The RP has also confirmed that there is a default against the Operational Creditors which has been examined from the notices received from the Operational Creditor.

Reasons for losses

6. The reason stated for losses of the company is that post demonetization in 2016 and with implementation of GST on textile industry in July 2017, the company started incurring losses as textile industry was an unorganized sector and due to non availability of working capital, the company was running on very low capacity but in spite of continuous losses from 2016 to 2021, the company continued to pay its dues to bank. But due to Covid pandemic, subsequent lockdowns imposed by Central Government, insufficient working capital and low utilization of plant capacity, the company incurred losses which is reflected from the balance sheet as extracted below:

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ENN TEE International Limited

	(In Rs Lakh.)					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue From Operations	3,050.28	3,441.00	3,314.50	3,307.82	2,008.30	1,745.10
Other Income	12.53	11.22	4.52	222.93	44.48	75.46
Total Revenue	3,062.81	3,452.21	3,319.03	3,530.74	2,052.78	1,820.56
EXPENDITURE						
Cost of Material Consumed	2,187.31	2,647.70	2,549.66	2,628.24	1,464.39	951.16
Purchases	102.27	7.04	-	-	5.63	187.38
Change in inventories of finished goods, Stock in Process, Stock in Trade and Waste	-	-	-	-	-	-
Employee Benefits Expense	25.56	71.18	127.86	11.34	78.28	79.47
Finance Costs	146.32	154.61	216.92	242.69	193.35	152.07
Depreciation and Amortization Expense	196.35	180.33	121.80	238.13	111.20	102.20
Other Expenses	119.45	119.65	118.60	100.65	86.58	50.07
Total expenses	3,184.36	3,570.57	3,431.96	3,746.37	2,386.40	2,109.02
Profit before tax	(121.55)	(118.36)	(112.94)	(215.63)	(333.62)	(288.46)
Exceptional Items			37.89	46.62		
Prior Period Items			2.78	14.79		
Tax expense:						24.50
Current tax						
Deferred tax Liability	7.38	9.41	7.61	149.35	19.54	1.33
Profit for the year	(114.17)	(108.95)	(140.44)	(127.68)	(314.08)	(289.78)

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Steps taken by management for survival

7. The company has installed 7 knitting machines and allied equipments for manufacturing of narrow fabric and sold the entire production and one month advance orders in hand for the same. They have also upgraded two texturing machines by which production capacity of the machines has been increased to almost double which helped in reducing operational cost. The promoters also keep inducting the funds but due to continuous losses the same has been drained out. The infusion of funds by the promoters and bankers during 2016-2021 is produced as under:

Sr No	Particulars	31-03-2016	31-03-2021	Variance
1	Promoters finance			
	Share Capital	369.74	469.74	100.00
	Other Unsecured Loan Loans , ICD & Security Deposit	303.55	425.26	121.71

	Sub Total	673.29	895.00	221.71
2	Sale Proceeds of the Land in 2019	0.00	0.00	492.00
	Sub Total	673.29	895.00	713.71
Sr No	Particulars	31-03-2016	31-03-2021	Variance
3	Bank Finance			
	Cash Credit Limits	265.47	359.74	94.27
	Term Loans	760.46	611.02	-149.44
	Covid Loans		233.41	233.41
	Grand Total	1025.94	1204.17	178.23



Statutory Compliances

- 8.** The Corporate Debtor is duly registered MSME (Micro, Small & Medium Enterprise) under The MSME Act, 2002 in the category (Small Manufacturing Unit) and the requisite certificate is annexed as Annexure 1 with the application. The Corporate Debtor is eligible to file this application as per Section 54 A (1) of the Code.
- 9.** A special resolution by the Members of the Corporate Debtor to initiate the Pre Packed Insolvency Resolution Process (“PPIRP”) under Section 54 A (2)(g) of the Code was passed on 25.04.2022 and the same is produced as Annexure A filed by an affidavit on 09.09.2022.
- 10.** The declaration given by majority of the directors of the corporate Debtor as per Section 54A (2)(f) of the Code in Form P6 is on record at Pg 40-41 marked as Annexure 8 of the application.
- 11.** The financial creditor has approved the decision of the directors to file this application in Form P4 along with Form P2 as contemplated under Section 54A (3) of the Code and the approval note is placed at Pg 35-39 marked as Annexure 6 after considering the formalities completed by the Corporate Debtor including submission of Base resolution Plan.
- 12.** The claims of 2 related Operational Creditors of the Corporate Debtor is Rs. 1,36,99,009/- (Rupees One Crore Thirty Six Lakhs Ninety Nine Thousand and Nine Only) and 61 Operational creditor of unrelated category to the tune of Rs. 2,77,53,315/-



(Rupees Two Crores Seventy Seven Lakhs Fifty Three Thousand Three Hundred and Fifteen Only).

- 13.** The financial creditor approved the appointment of Insolvency Professional, CA Ritu Rastogi having Registration No. IBBI/ IPA-001/IP-P00204/2017-18/10393, email Id-ritu_rastogi1@yahoo.co. It is produced at Page No. 31-32 as Annexure 4, thereby complying with the provisions of Section 54A(2) (e) of IBC, 2016 read with Regulation 14(5) of IBBI (Pre packed Insolvency Resolution Process) Regulations, 2021. The said Insolvency Professional proposed to be is appointed as Resolution Professional to conduct the PPIRP and to discharge duties before initiation of PPIRP.
- 14.** The Resolution Professional's report under Section 54B (1)(a) of the Code in Form-P8 is produced at Page No. 43-44 and marked as Annexure 10 of the application.
- 15. *Details of Base Resolution Plan***
- It is stated by the learned counsel for the applicant that in view of benefits of all the stakeholders of the company, the proposal of Operational and Financial Restructuring under the PPIRP is as follows:
- i.** Replacement of machines by disposing of certain machines which are not usable and to purchase new machines and to modify some of them.
 - ii.** The company is utilizing about 6,500 sq meters and the surplus area of land is about 5,500 sq. metres. The company proposes to sell the surplus land at estimated value of Rs. 3.25 Crores to Rs. 3.50 Crores . The entire amount received



from the sale of surplus land is proposed to be paid to its financial creditors.

iii. The company proposes to pay to the Operational creditors in 3 yearly instalments. The first instalment shall be repaid within 12 months from the date of approval of Resolution Plan from this Adjudicating Authority and the amount shall be repaid out of the operation of the company and promoters undertake to bring further funds to meet the shortfall.

iv. The dues of the Financial Creditor have been divided in four categories :

Outstanding as on 31.10.2021 : Rs 1196.41 Lakhs

- a.** Repaid out of sale of surplus land : Rs. 325 Lakhs
- b.** Secured under Covid-19 govt. Guarantee : Rs. 242.64 Lakhs
- c.** Term Loan : Rs.478.77 Lakhs
- d.** Working Capital : Rs. 150.00 Lakhs

a. An Amount of Rs. 325 lakhs shall be repaid out of the sale consideration of the surplus land.

b. The loan was given under the Guarantee scheme of the Central Govt. and bank can claim the same.

c. Term Loan :

i) Will be repaid in 20 quarterly instalments starting after 24 months from the date of approval of Resolution Plan from the Hon'ble NCLT.

ii) Interest on the loan shall be paid @ PLR i.e. 6.5% p.a starting from the date of approval of Resolution Plan from the Hon'ble NCLT.

iii) Interest upto the date of approval of Resolution Plan from the Hon'ble NCLT shall be waived by the bank.

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- 16.** The declaration regarding non existence of avoidance transactions relating to the company and its directors as per Section 54C(3)(c) of the Code read with Regulation 16(2) of IBBI(Pre packed Insolvency Resolution Process) Regulations, 2021 in Form P7, is produced at Pg 42 and marked as Annexure 9 of the application.
- 17.** The affidavit stating that the Corporate Debtor is eligible under Section 29A of IBC, 2016 to submit Resolution Plan has also been filed which is produced as Annexure C filed by an affidavit on 09.09.2022. Thus, the provisions of Section 54A (2)(d) of the Code are complied with.
- 18.** The Debtor has also produced the audited financial statements of the company for the Year 2019-2020 and 2020-2021 and provisional financial statements as on 31.03.2022 & 25.04.2022 which are annexed as Annexure 12 of the application. Thus the corporate Debtor has complied with the provisions of Section 54C(3)(d) of the Code.
- 19.** The Corporate Debtor has furnished name of Insolvency Professional to be appointed as Resolution Professional as per the provision of Section 54C (3)(b) of the Code. Such RP has also given consent in writing which is placed at Page nos. 31-32 as Annexure-4 of the application.
- 20.** On perusal of the proceedings, we find that the Corporate Debtor has produced all the required documents and materials in order to comply the provisions of the Code. Therefore, we are inclined to admit this application liable to be admitted under Section 54C of the Code.

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- 21.** The application is complete in all respects and meets all requirements of Law. Hence, we admit this application and pass the following orders:-
- i. The application for Pre-Packaged Insolvency Resolution Process of ENN TEE International Limited. stands admitted under Section 54C of the Code.
 - ii. In view of the commencement of the PPIRP, the moratorium is declared, under Section 14 of Code, 2016 for prohibiting all of the following in terms of Section 14(1) of the Code.
 - a. the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
 - b. transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - c. any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act,2002;
 - d. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate Debtor.
 - iii. The Resolution Professional as proposed by the financial creditor namely, CA Ritu Rastogi having Registration No. IBBI/ IPA-001/IP-P00204/2017-18/10393, email Id-ritu_rastogil@yahoo.co is appointed as a Resolution Professional to conduct Pre-Packaged Insolvency Resolution Process ("PPIRP")



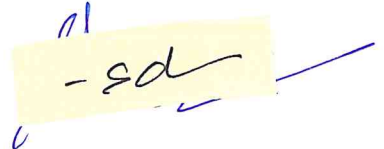
as per the Provisions of Chapter III A of the Insolvency Regulations. Further, the Resolution Professional shall also perform her duties and functions as per the provisions given under Section 54F of the Code.

- iv. This Adjudicating Authority directs the RP to make a public announcement of Pre-Packaged Insolvency Resolution Process ("PPIRP") of the Corporate Debtor as per Section 54A of the Code and invite and collate the claim of the creditors.
- v. As mentioned under Section 54F (5), the personnel of the Corporate Debtor shall extend all assistance and cooperation to RP.
- vi. In case of non-cooperation, the RP can approach this Adjudicating Authority under Section 19(2) of the Code. The management of the Corporate Debtor shall remain vested with the Board of Directors of the Corporate Debtor as per the provisions of Section 54H subject to action under Section 54J of the Code, if, any. The Board of Directors shall discharge their duties as specified under Section 54H(b) and Section 54H(c) of the Code.
- vii. We direct Resolution Professional to file an interim report within thirty days to this Authority.
- viii. Accordingly, **CP (IBPP) NO.01 (PB)/2022** stands disposed of in terms indicated above.
- ix. The Registry is directed to communicate a copy of this order to the Financial Creditor, Corporate Debtor and to the Resolution Professional and the concerned Registrar of Companies, after

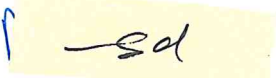


completion of necessary formalities, within seven working days and upload the same on website immediately after pronouncement of the order.

- x. The registry is further directed to send the copy of the order to the IBBI also for their record.
- xi. Certified copy of the order may be issued to all the concerned parties, if applied for, upon compliance with all requisite formalities.



RAMALINGAM SUDHAKAR
PRESIDENT



AVINASH K. SRIVASTAVA
MEMBER (TECHNICAL)