

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH – I**

CA No. 580/MB/2022

In

C.P No. 3638/MB/2018

Under section 241-242, 242(4) of the Companies Act, 2013 r/w Rule 11 of NCLT Rules, 2016.

Filed by

**Infrastructure Leasing and Finance Services
Limited,**

...Applicant

Versus

Union of India

...Respondent

In the matter of

Union of India

...Petitioner

Versus

**Infrastructure Leasing and Finance Services
Limited and Ors.**

... Respondent

Order Pronounced on: 03.03.2023

Coram:

Hon'ble Member (Judicial)

: Mr. H.V. Subba Rao

Hon'ble Member (Technical)

: Mr. Shyam Babu Gautam

Appearances:

For the Applicant

: Mr. Ashish Kamat, Advocate

For the Respondent

: Mr. Aditya Sikka, Advocate

ORDER

Per Coram:

1. This Application is filed seeking approval of this Tribunal for the following reliefs:
 - A. The Applicant be permitted to enter into and implement the restructuring terms as set out in respect of the debt repayable by Schoolnet India Limited (formerly known as IL&FS Education and Technology Services Ltd.) to the Applicant.
 - B. Permit the Applicant to execute and implement all deeds and documents as may be necessary to be executed and/or required for the implementation of the restructuring terms in respect of the debt repayable by Schoolnet India Limited (formerly known as IL&FS Education and Technology Services Ltd.) to the Applicant.
 - C. Direction that the amounts to be received by the Applicant shall be deposited in a designated/relevant bank account/escrow account to be intimated by the Applicant.
 - D. Direction that the amounts to be received by the Applicant shall not be adjusted or set off against any dues pertaining to any bank and/or financial institution.
 - E. Pass any such other or further reliefs as this Tribunal deems

fit.

Facts leading to the present Application and Submissions advanced are as follow:

2. The present Application is filed in accordance with:
 - i. Affidavit dated 09.01.2020 filed by the Petitioner with the Hon'ble NCLAT inter alia placing on record the proposal for resolution of the Applicant Group.
 - ii. An order and judgement dated March 12, 2020 (March 12 Order) passed by the Hon'ble NCLAT in Company Appeal Nos. 346 and 347 of 2020 inter alia approving the procedure(s) for the resolution of the Applicant Group.
3. On 01.10.2018 this Tribunal suspended the erstwhile Board of the Applicant and appointed a new board comprising of six directors nominated by the Original Petitioner. Pursuant to appeals filed by the Applicant, the Hon'ble NCLAT vide Order dated 15 October 2018 inter alia stayed coercive creditor and other action against the Applicant Group in larger public interest.
4. At the outset, the Applicant has laid down the events which resulted in resolution of the Applicant group.
5. Eventually the Hon'ble NCLAT vide its Order dated 12 March 2020 permitted the resolution of the applicant to continue as per

procedure suggested by the Original Petitioner which included a Resolution Framework. Thereafter, in compliance with the Hon'ble NCLAT Orders various progress reports were filed which inter alia sets out resolution framework of the Applicant group.

6. In the present case SchoolNet India Limited (**“SchoolNet”**) formerly known as IL&FS Education and Technology Services Ltd. was established as the social infrastructure initiative of IL&FS.
7. It is submitted that in view of asset monetization initiated IL&FS entire shareholding was sold to Falafal Technology Private Limited (**“Falafal”**) in accordance with the Share Purchase Agreement dated 24.06.2020 after approvals were obtained from Justice (Retd.) D.K. Jain vide letter dated 04.06.2020 and this Tribunal vide Order dated 31.08.2020.
8. Subsequently, the Sale of Schoolnet to falafel was completed on 08.09.2020 post which the Schoolnet ceased to be member of the Applicant Group. The Applicant had provided financial assistance to Schoolnet by way of revolving line of credit facility for an amount of Rs.200 Crores under the revolving line of credit agreement dated 19.09.2018. The facility was due for repayment by 31.03.2020. It is submitted outstanding amount as on

31.03.2022 was Rs.103.36 Crore.

9. The bid received by Falafal was H1 bid and the entire outstanding obligation was taken over by Falafal. Schoolnet in terms of the Share Purchase Agreement was required to repay the entire amount as per repayment schedule agreed between the Applicant and Falafal.
10. Schoolnet vide its letter dated 17.06.2019 sought restructuring of the principle outstanding amount being Rs.73.30 Crore. IL&FS approved the restructuring proposal vide its term sheet dated 17.08.2020. However, on 19.04.2021 request letter was issued by Schoolnet wherein it expressed its inability to meet the obligations as per Initial Restructuring Terms and proposed updated restructuring terms being “Latest Restructuring Terms”. These Latest Restructuring Terms were approved by empowered committee of restructuring constituted by the New Board and the New Board on 12.06.2021. The aforesaid approvals are annexed as Annexures P and Q respectively.
11. Pursuant to the above, an application dated 13.07.2022 seeking approval of Latest Restructuring Terms and Supplementary Agreement was made before Hon’ble Justice (Retd.) D.K. Jain. Vide letter dated 14.09.2022 Justice (Retd.) D.K. Jain granted his

approval. A copy of the Justice Jain approval is placed as Annexure W.

Findings:

12. We have considered the matter in hand in the background of facts and circumstances stated above; it is observed that the transaction was approved vide Order dated 31.08.2020. Subsequently, Schoolnet expressed its inability to repay as per the initially agreed terms. Therefore, the parties have finalized Latest restructuring terms and have proposed to documented the same vide Supplementary Agreement. The Applicant has detailed the rationale behind the restructuring in Paragraph 20 Page 13 of the Petition.
13. Moreover, it is submitted that immediately upon implementation of the Latest Restructuring Terms, there would be a total cash inflow of Rs. 37,76,96,792 to the Applicant comprising of: (a) two principal instalments aggregating to Rs. 8,15,38,478 (representing 5% and 6% of total principal outstanding of Rs.74,12,58,893); and (b) accrued interest for the period ending on September 30, 2022 for an amount aggregating to Rs. 29,61,58,313 to the Applicant. It is thus submitted that the approval of the Latest Restructuring Terms in respect of the debt payable by Schoolnet to the Applicant

will not only create immediate liquidity for the Applicant but also greatly assist the resolution of the Applicant Group as a whole and will serve larger public interest.

14. The Latest Restructuring terms are approved by empowered committee of restructuring constituted by the New Board and the New Board in its meeting dated 12.06.2021. Further, Hon'ble Justice (Retd.) D.K. Jain has accorded his approval to the restructuring proposal and the latest restructuring terms.
15. Thus, in the aforesaid backdrop we **approve** the latest restructuring terms in respect of debt payable by Schoolnet to the Applicant.
16. With the aforesaid observation present **CA No. 580 of 2022 In CP No. 3638/MB/C-I/2018** stands disposed of as allowed in terms of prayer clause (A) to (D).

Sd/-

SHYAM BABU GAUTAM

Member (Technical)

03.03.2023

SAM

Sd/-

H.V. SUBBA RAO

Member (Judicial)