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ABSTRACT

This research paper critically examines the influence of The Corporate Insolvency Resolution Process (CIRP), as established under the Insolvency and Bankruptcy Code, 2016 (IBC), has been a vital tool for resolving corporate defaults in India. However, the recent insolvency proceedings initiated against Think & Learn Pvt. Ltd., the parent company of Byju's, one of India's most prominent edtech firms, raised significant legal and procedural questions. This paper critically examines the judicial trajectory of the Byju's case, particularly focusing on the role of the National Company Law Tribunal (NCLT), the National Company Law Appellate Tribunal (NCLAT), and the Supreme Court in interpreting provisions related to settlement mechanisms and withdrawal of CIRP.

The case unfolded when the NCLT admitted an insolvency petition against Byju's, appointing an Interim Resolution Professional (IRP). However, before the constitution of the Committee of Creditors (CoC), the NCLAT exercised its inherent powers under Rule 11 of the NCLAT Rules, 2016 to allow a settlement and set aside the NCLT order. This decision was later overturned by the Supreme Court, which reinstated the CIRP and upheld the statutory requirement of Section 12A for withdrawal—emphasizing that only an IRP can move such a withdrawal, and that it must be approved by 90% of the CoC once constituted.

This research analyzes the judicial reasoning in this case and its broader implications on the sanctity of the

IBC's codified processes. It argues that the premature use of inherent powers undermines the statutory framework and creditor rights. The paper concludes that while settlements are integral to the insolvency regime, they must be pursued within the structured boundaries of the Code to prevent procedural inconsistencies and protect stakeholder interests. The Byju's case thus serves as a landmark in reaffirming procedural discipline and clarity in India's evolving insolvency landscape.

KEYWORDS

Byju's, Insolvency and Bankruptcy Code, Corporate Insolvency Resolution Process, Settlement Mechanisms

INTRODUCTION

The enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), marked a watershed moment in India's corporate and financial regulatory landscape. Designed to overhaul the country's fragmented insolvency laws, the IBC introduced a creditor-centric, time-bound mechanism for the resolution of corporate insolvency through the Corporate Insolvency Resolution Process (CIRP). Aimed at maximizing asset value and reviving viable businesses, the Code also incorporated provisions for settlement between stakeholders, most notably through Section 12A and Regulation 30A. However, as India's start-up and digital economy matures, newer and more complex insolvency cases have begun to test the resilience and consistency of the IBC framework.

Among these, the insolvency proceedings involving Think & Learn Pvt. Ltd., the parent company of Byju's India's most prominent ed-tech unicorn stand out for their legal complexity and procedural implications. Triggered by a Section 9 application filed by the Board of Control for Cricket in India (BCCI), the case rapidly evolved from a straightforward CIRP admission to a controversial attempt at post-admission settlement without adherence to the prescribed procedure. The case brought to light crucial questions about the permissibility of judicial discretion under Rule 11 of the NCLAT Rules vis-à-vis the structured process under Section 12A of the IBC, especially when the Committee of Creditors (CoC) had not yet been constituted.

This research paper seeks to examine the Byju's insolvency case in detail tracing its procedural timeline, evaluating judicial interventions, and analysing the broader implications of the case on CIRP and settlement mechanisms under the IBC. Through a critical assessment of the legal deviations involved and the eventual Supreme Court verdict, this paper aims to shed light on the importance of procedural discipline, the limits of inherent judicial powers, and the centrality of creditor participation in India's insolvency framework. By doing so, it also highlights the evolving jurisprudence surrounding early-stage settlements in CIRP and the delicate balance between commercial flexibility and statutory rigor.

CIRP AND SETTLEMENT MECHANISMS UNDER IBC

The Insolvency and Bankruptcy Code, 2016 (IBC)[1] was enacted to consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms, and individuals in a time-bound manner. The core objectives of the IBC include promoting entrepreneurship, ensuring the availability of credit, and balancing the interests of all stakeholders by maximizing the value of assets. It introduced the Corporate Insolvency Resolution Process (CIRP)[2] as a collective, creditor-driven process intended to revive companies in financial distress, rather than pushing them immediately into liquidation.

The CIRP is a structured process that can be initiated under the following sections of the IBC:

- Section 7: Initiated by a *financial creditor* (e.g., banks, NBFCs).
- Section 9: Initiated by an *operational creditor* (e.g., vendors, suppliers).
- Section 10: Initiated by the *corporate debtor* itself.

Upon admission of the application by the Adjudicating Authority (NCLT), a moratorium under *Section 14* is imposed, which bars the institution or continuation of suits or proceedings against the corporate debtor, including enforcement of any security interest.

An Interim Resolution Professional (IRP) is appointed under *Section 16*, who takes over the management of the corporate debtor and forms a Committee of Creditors (CoC) as per *Section 21*. The CoC, comprising primarily of financial creditors, is empowered under *Section 30(4)* to evaluate and approve a *resolution plan*, which can be submitted by any eligible resolution applicant under *Section 29A*.

[1] Insolvency and Bankruptcy Code, 2016.
[2] Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

CIRP must be completed within 180 days (extendable by a maximum of 90 days). As per the amendment via the IBC (Second Amendment) Act, 2019, the total period including extensions cannot exceed 330 days (including time taken in legal proceedings)[3]. Moratorium under Section 14 provides a calm period for resolution by staying all recovery and enforcement actions against the corporate debtor. Role of CoC Acts as a decision-making body that assesses the viability of resolution plans and has the final say on acceptance. As per *Section 31*, once a resolution plan is approved by the CoC with not less than 66% voting share, it is submitted to NCLT for approval. Once approved, it becomes binding on all stakeholders.

While the IBC emphasizes revival, it also recognizes the possibility of settlement between parties even after the admission of the insolvency application. This is addressed primarily through Section 12A and Regulation 30A of the CIRP Regulations.Section 12A of the IBC, introduced by the Insolvency and Bankruptcy Code (Second Amendment) Act, 2018, allows the withdrawal of an insolvency application after its admission, provided the following conditions are met:

- The applicant must file the withdrawal application.
- The application must be supported by 90% voting share of the CoC.
- The withdrawal must be filed through the IRP or RP.
- The final decision rests with the Adjudicating Authority (NCLT).

JUDICIAL PRECEDENTS

- ***Swiss Ribbons Pvt. Ltd. v. Union of India*, (2019)**[4]

  The Supreme Court upheld the constitutional validity of Section 12A and emphasized that it provides a mechanism to amicably settle disputes even after initiation of CIRP, as long as CoC approval is obtained. The Court noted that Section 12A is a manifestation of the Code's principle of valuing resolution over liquidation.

[3] *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta, (2020) 8 SCC 531*

[4] *Swiss Ribbons Pvt. Ltd. v. Union of India,* (2019) 4 SCC 17

- ***Lokhandwala Kataria Construction Pvt. Ltd. v. Nisus Finance and Investment Managers LLP*, (2017)**[5]

  The Supreme Court, while allowing withdrawal post-admission, stressed the necessity of incorporating such withdrawals in the statutory framework, which later led to the insertion of Section 12A.

Regulation 30A of IBBI (CIRP) Regulations, 2016

Regulation 30A supplements Section 12A by laying down the procedural framework for withdrawal. It provides:

- Withdrawal before constitution of the CoC: Can be made by the applicant directly to the Adjudicating Authority through IRP.
- Withdrawal after constitution of the CoC: Requires 90% voting approval of the CoC. The RP must submit the application to the Adjudicating Authority.

This regulation ensures that settlement efforts are not only legitimate but also subjected to the scrutiny and consensus of the creditors, preventing abuse of the process.

Once CIRP is admitted, Section 9 proceedings cannot be dismissed solely on account of a subsequent settlement unless processed through Section 12A, as emphasized by the NCLAT in several rulings[6].

The IBC strikes a balance between resolution and settlement by enabling structured insolvency proceedings while simultaneously allowing withdrawal through creditor consent and court supervision. The CIRP ensures transparency, time-bound resolution, and maximization of asset value, whereas Section 12A and Regulation 30A empower stakeholders to settle the matter amicably, provided due process is followed.

CHRONOLOGY OF BYJU'S INSOLVENCY PROCEEDINGS

The insolvency case involving Think & Learn Pvt. Ltd., popularly known as Byju's, represents one of the most prominent insolvency matters in India's ed-tech and start-up sectors. The proceedings have triggered intense scrutiny due to the scale of the company

[5] *Lokhandwala Kataria Construction Pvt. Ltd. v. Nisus Finance and Investment Managers LLP*, (2017) 13 SCC 722
[6] *Ashok Agarwal v. Amitex Polymers Pvt. Ltd., Company Appeal (AT) (Insolvency) No. 388 of 2018*

involved and the procedural deviations attempted during the settlement stage. The timeline below captures the key legal developments in this matter.

I. *July 16, 2024: NCLT Admits Insolvency Plea*

The National Company Law Tribunal (NCLT), Bengaluru Bench, admitted an application filed under Section 9 of the IBC by Board of Control for Cricket in India (BCCI) against Byju's for default in payment of contractual dues relating to sponsorship obligations.Following admission:

- A moratorium under Section 14 of the IBC was imposed.
- An Interim Resolution Professional (IRP) was appointed under Section 16 to take control of the management.
- CIRP formally commenced against Think & Learn Pvt. Ltd.

This marked a significant turning point, as Byju's became one of the first Indian unicorns to enter the insolvency process under IBC.

II. *July 31, 2024: Byju's Reaches Settlement with BCCI*

Less than two weeks after CIRP commenced, Byju's negotiated a settlement agreement with BCCI to resolve the payment dispute outside of the insolvency proceedings. This raised the issue of whether the CIRP, once initiated and admitted, could be set aside without invoking Section 12A of the IBC.

Importantly, the Committee of Creditors (CoC) had not yet been constituted, which became central to later legal arguments regarding whether CoC approval under Section 12A was needed.

III. *August 2, 2024: NCLAT Approves Settlement Using Rule 11*

In a move that sparked debate within the insolvency community, the National Company Law Appellate Tribunal (NCLAT) allowed the withdrawal of CIRP by exercising its inherent powers under Rule 11 of the NCLAT Rules, 2016, which allows it to "make such orders as may be necessary for the ends of justice or to prevent abuse of process".

The NCLAT held that since the CoC was not yet constituted, Section 12A of the IBC was not attracted, and thus it could use its inherent powers to approve the settlement and set aside the NCLT's CIRP admission order[7].

This decision received criticism from some quarters for potentially undermining the strict framework of the IBC, which aims to minimize judicial discretion and ensure creditor primacy in decision-making.

IV. *October 23, 2024: Supreme Court Reinstates CIRP*[8][9]

The **Supreme Court of India**, in an appeal filed by a third party creditor, overturned the NCLAT's decision and reinstated the CIRP against Byju's. The apex court emphasized:

- Strict adherence to the procedural framework under IBC is essential, especially concerning withdrawal of CIRP.
- Section 12A is the *only legitimate route* for post-admission withdrawal, and Rule 11 cannot be invoked in a manner that bypasses the IBC's scheme.
- Even if the CoC has not been constituted, the correct procedure is to seek withdrawal via Section 12A with proper application and judicial oversight.

This decision reinforced the primacy of IBC mechanisms over discretionary judicial intervention and sent a strong message that settlements must conform to the established procedures laid out under the Code[10].

Legal Significance of the Byju's case illustrates:

- The tension between judicial discretion (Rule 11) and codified mechanisms (Section 12A).

[7] Economic Times. (2025). *Byju's insolvency: NCLAT sets aside BCCI and Riju Raveendran's plea for settlement*. Retrieved from https://m.economictimes.com/tech/startups/byjus-insolvency-nclat-sets-aside-bcci-and-riju-raveendrans-plea-for-settlement/articleshow/120404623.cms(The Economic Times).

[8] Supreme Court Sets Guidelines for Withdrawal and Settlement of Insolvency Cases under Section 12A of IBC Read with CIRP Regulation 30A | Withdrawal Application Shall Be Moved through Resolution Professional Only and NCLT Rule 11 or NCLAT Rule 11 or Even the Power under Article 142 No Longer Arises – GLAS Trust Company LLC Vs. BYJU Raveendran and Ors. – Supreme Court – IBC Laws, https://ibclaw.in/glas-trust-company-llc-vs-byju-raveendran-and-ors-supreme-court/

[9] SC Ruling on Insolvency Settlement Process | BYJU'S, (Nov. 11, 2024), https://www.indialaw.in/blog/civil/byjus-sc-settlement-insolvency-interest/.

[10] *Supreme Court Order, Think & Learn Pvt. Ltd. v. BCCI & Ors., October 2024.*

- The importance of creditor participation through CoC, even when not yet constituted.
- That CIRP cannot be bypassed through private settlements post-admission unless processed through the appropriate IBC route.

This case will likely be cited in future insolvency litigation involving early settlements and may have a lasting impact on how the NCLT and NCLAT handle pre-CoC settlements[11].

LEGAL ANALYSIS OF PROCEDURAL DEVIATIONS

The Byju's insolvency case not only attracted attention for its commercial stakes but also for its implications on the procedural sanctity of the Insolvency and Bankruptcy Code, 2016 (IBC). The legal irregularities in the withdrawal of the CIRP proceedings in this matter underscore the significance of maintaining procedural discipline within India's insolvency regime. The following sub-sections analyze the deviations and the judicial response in detail.

Bypassing the IRP and NCLT: Violation of Section 12A and Regulation 30A

One of the most significant deviations in the Byju's case was the direct approach made to the NCLAT for settlement approval, without routing the withdrawal through the Interim Resolution Professional (IRP) or the Adjudicating Authority (NCLT). This contravened both:

- Section 12A of the IBC, which mandates that a post-admission withdrawal of CIRP can occur *only* with the approval of 90% of the Committee of Creditors (CoC), and
- Regulation 30A of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which clearly prescribes the manner in which such an application must be made — i.e., through the IRP or Resolution Professional (RP) to the NCLT.

The Supreme Court, while setting aside the NCLAT's order, held that bypassing this procedure dilutes the collective framework of creditor-driven resolution and undermines the institutional role

[11] Bar & Bench. (2024). *NCLT is not a post office and 3 other findings of Supreme Court in Byju's case*. Retrieved from https://www.barandbench.com/news/litigation/byjus-judgment-supreme-court-clarifies-law-withdrawal-settlement-of-claims-ibc(Bar & Bench)

of the IRP and the Adjudicating Authority. The Court observed that:

> "*Section 12A is the exclusive route for withdrawal post-admission. Any deviation from this route not only offends the statutory scheme but also sets a dangerous precedent of judicial overreach in economic legislation.*[12]"

This ruling reinstated the necessity for strict procedural compliance to uphold the creditor-centric structure of the Code.

Misuse of NCLAT's Inherent Powers under Rule 11

The NCLAT relied on Rule 11 of the NCLAT Rules, 2016, to approve the withdrawal of CIRP, stating that its inherent powers could be exercised in the interest of justice since the CoC had not been constituted yet. However, this rationale was firmly rejected by the Supreme Court, which held that:

- Rule 11 is a procedural provision and cannot override or circumvent substantive law**,** especially when the IBC expressly provides a mechanism for withdrawal.
- The legislative intent of Section 12A is to ensure that any post-admission settlement must be *consensual* from a creditor perspective, even if the CoC is not yet formed.

In ***Swiss Ribbons Pvt. Ltd. v. Union of India***, the apex court had previously upheld the constitutional validity of Section 12A, reinforcing that once a matter is admitted, creditors must have a say in withdrawal through the CoC process[13].

The Court in the Byju's case reaffirmed this position, stating:

> "*Inherent powers cannot be wielded in a manner that contravenes the express provisions of the Code. Rule 11 is not a tool to neutralize the legislative safeguards built into the IBC framework*[14]."

Hence, this sets a judicial boundary against using Rule 11 as a loophole to avoid statutory obligations under the IBC.

[12] *Think & Learn Pvt. Ltd. v. BCCI & Ors.,2024, SC Order dated 23 October 2024.*
[13] Swiss Ribbons Private Limited and another v. Union of India and others; (2019) 4 Supreme Court Cases 17: 2019 SCC OnLine SC 73.
[14] *Think & Learn Pvt. Ltd. v. BCCI & Ors., SC Order, 2024.*

Impact on Collective Creditor Interests

Perhaps the most concerning implication of the attempted withdrawal in the Byju's case was the undermining of collective creditor rights, a cornerstone of the insolvency framework. The bilateral settlement between Byju's and BCCI ignored the claims of other creditors — most notably GLAS Trust Company LLC, a US-based financial institution acting as trustee for Byju's overseas lenders with an exposure of over USD 1.2 billion[15]**.** The Supreme Court strongly criticized this approach, stating that insolvency is not an adversarial or private dispute resolution mechanism**,** but a collective process for maximizing value and ensuring equitable treatment of all stakeholders. Ignoring this collective dimension would transform CIRP into a forum-shopping exercise, contrary to the Code's objectives[16].

"IBC envisages the resolution of insolvency in a transparent, collective, and time-bound manner. Allowing parties to withdraw proceedings without accounting for all creditors, especially those with substantial exposure, would destroy the Code's integrity."[17][18]

This observation echoes the principle established in ***Innoventive Industries Ltd. v. ICICI Bank***, where the Supreme Court noted that the IBC seeks to shift control of the resolution process from the corporate debtor to the creditors as a collective group[19]. In essence, the settlement in Byju's case was seen as an attempt to resolve default in silos**,** thus breaching the collective architecture of the CIRP[20].

Jurisprudential Clarification on Pre-CoC Withdrawals

Another critical legal question was whether Section 12A applies before the CoC is constituted. The NCLAT had reasoned that since no CoC existed, Section 12A was inapplicable. However, the Supreme Court held that the requirement of CoC approval under Section 12A does not become irrelevant merely because CoC is not

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[15] Supreme Court of India. (2024). *Glas Trust Company LLC v. Byju Raveendran & Ors.* Judgment dated October 23, 2024.(IBC Laws Blog)

[16] National Company Law Appellate Tribunal Rules, 2016.(India Law)

[17] "No Settlement without Backing of Byju's Creditors," The Times of India, Apr. 19, 2025, https://timesofindia.indiatimes.com/business/india-business/no-settlement-without-backing-of-byjus-creditors/articleshow/120421942.cms?utm_

[18] Supreme Court on Glas Trust vs Byju: Clarifying Inherent Powers in Insolvency Law, https://www.aarnalaw.com/insights/inherent-powers-of-the-nclt-nclat-lessons-from-the-supreme-court-ruling-in-the-byju-case

[19] Innoventive Industries Ltd. v. ICICI Bank, (2018) 1 SCC 407.

[20] IndiaLaw LLP. (2024). *SC Ruling on Insolvency Settlement Process | BYJU'S*. Retrieved from https://www.indialaw.in/blog/civil/byjus-sc-settlement-insolvency-interest/(India Law)

yet formed instead, such approval must be obtained once the CoC is constituted or else leave of the Adjudicating Authority must be sought to keep the matter in abeyance.

This interpretation prevents abuse during the "*twilight period*" the phase between admission and constitution of CoC ensuring that corporate debtors do not exploit the delay to negotiate private deals.

SUPREME COURT'S RULING AND ITS IMPLICATIONS

The Supreme Court's ruling in the Byju's insolvency matter marked a critical reaffirmation of the Insolvency and Bankruptcy Code, 2016 (IBC) as a creditor-centric, rule-bound mechanism for corporate insolvency resolution. By setting aside the National Company Law Appellate Tribunal (NCLAT)'s approval of a private settlement and reinstating the Corporate Insolvency Resolution Process (CIRP), the Court reinforced the non-derogable nature of IBC procedures and addressed the growing trend of bypassing institutional safeguards.

Reaffirmation of CIRP Protocols

The Court held that post-admission withdrawal of insolvency proceedings must strictly adhere to Section 12A of the IBC, which mandates:

- An application for withdrawal through the Interim Resolution Professional (IRP) or Resolution Professional (RP), and
- Approval of 90% of the Committee of Creditors (CoC) by voting share.

By ruling that the NCLAT could not approve a withdrawal using its inherent powers, the Supreme Court emphasized that the CIRP, once triggered and admitted, cannot be terminated arbitrarily**.** The judgment reaffirmed that: "The statutory procedure under Section 12A reflects the collective interest of creditors and cannot be substituted by private settlements or tribunal discretion."[21] This strengthens the structured, time-bound, and transparent framework of the CIRP and prevents misuse of judicial leniency, especially during the period prior to CoC formation.

Protection of Creditor Rights

[21] *Think & Learn Pvt. Ltd. v. BCCI & Ors.,2024, SC Order dated Oct. 23, 2024.*

The ruling had direct implications for creditor protection. The Court directed the settlement amount to be deposited with the CoC, rather than being disbursed directly to the petitioner (BCCI). This action:

- Prevented preferential treatment of a single operational creditor;
- Ensured that all claims, including those of large financial creditors such as GLAS Trust Company LLC, would be considered within a unified resolution process.

The Court reinforced the principle that individual settlements cannot override the collective rights of all stakeholders, which is a foundational element of the IBC. "The resolution process is designed not for individual recovery but for equitable distribution, value maximization, and revival, if feasible." Such directions reflect judicial commitment to the maximization of asset value and equitable creditor treatment, as enshrined in Section 53 of the IBC (priority waterfall mechanism).

Limitation on Tribunal's Discretion

In a significant jurisprudential clarification, the Supreme Court curtailed the scope of appellate tribunals' discretionary powers under Rule 11 of the NCLAT Rules, 2016. The Court categorically held that:

- Inherent powers under Rule 11 are procedural in nature, and
- Cannot be exercised in derogation of substantive statutory provisions such as Section 12A of the IBC.

This sets a precedent restricting tribunals from:

- Entertaining withdrawal petitions without statutory compliance, and
- Using inherent powers as a substitute for CoC approval or NCLT involvement. The judgment aligns with the precedent laid down in *Action Ispat and Power Pvt. Ltd. v. Shyam Metalics & Energy Ltd.*, wherein the Supreme Court held that Rule 11 cannot override mandatory provisions of the IBC[22].

[22] *Action Ispat and Power Pvt. Ltd. v. Shyam Metalics & Energy Ltd.*, Civil Appeal No. 4042 of 2020 (Sup. Ct. of India).

> "*The appellate tribunal is not a forum for bypassing the Code's discipline through equitable improvisation.*"[23]

The Supreme Court's ruling in the Byju's case has restored the procedural rigor expected under the IBC and safeguarded the systemic integrity of CIRP. It serves as a crucial precedent for future cases where parties may attempt to resolve defaults privately post-admission. The ruling emphasizes that creditor interests, not private bargains, must guide insolvency outcomes, reinforcing India's position as a rules-based insolvency jurisdiction.

BROADER IMPLICATIONS FOR INSOLVENCY LAW IN INDIA

The Supreme Court's decision in the Byju's insolvency case is more than a verdict on procedural irregularities it is a watershed moment for Indian insolvency jurisprudence. It establishes new contours on how settlements, creditor interests, and procedural discipline must be approached under the Insolvency and Bankruptcy Code, 2016 (IBC), especially in complex corporate default scenarios involving large financial stakes and international creditors.

Strengthening Procedural Integrity

The ruling reinforces the notion that adherence to statutory procedures is not optional in insolvency matters. The IBC, by design, is a creditor-in-control model that leaves little room for deviation from its mandated processes. The Supreme Court's insistence on routing all withdrawal applications post-admission through Section 12A, backed by 90% CoC consent, affirms that due process is indispensable even in cases involving out-of-court settlements.

> "*The IBC is a complete code in itself… allowing circumvention of its provisions would compromise the objectives of the Code.*"[24]

The Byju's decision sends a message that even high-profile companies and tribunals cannot overlook the rule-bound nature of insolvency resolution mechanisms.

Clarification of Settlement Mechanisms

One of the most significant contributions of the Byju's case is the clarity it provides regarding settlement pathways post-initiation of

[23] *Think & Learn Pvt. Ltd. v. BCCI & Ors.*, SC Order, 2024.
[24] *Swiss Ribbons Pvt. Ltd. v. Union of India*, (2019) 4 SCC 17.

CIRP. The misuse of Rule 11 of the NCLAT Rules, 2016, by allowing withdrawal outside of the CoC's purview, led to judicial concern over the erosion of the creditor collective principle.

The Court categorically affirmed that:

- Rule 11 is procedural and cannot override Section 12A, which is substantive.
- All settlements post-admission must be routed through the IRP or RP, then approved by the CoC and submitted to the NCLT.

This guidance clarifies a previously grey area and brings consistency and predictability to how tribunals and parties should approach settlement during insolvency.

Precedent for Future Cases

The judgment in Byju's now stands as a binding precedent for similar matters. It will:

- Deter parties from circumventing the CoC, even if a bilateral settlement appears commercially sensible.
- Guide tribunals to restrain from liberal interpretation of their procedural powers when substantive law offers a specific framework.
- Be cited in future disputes involving compromise, settlement, or withdrawal during insolvency to affirm the supremacy of creditor collectivity.

The case could particularly influence proceedings involving:

- Startup defaults where rapid settlements are attempted to preserve brand equity;
- Large cross-border debt cases, where foreign creditors may be sidelined in domestic settlements.

This case marks a course correction in balancing speed of resolution with procedural safeguards, which is essential for maintaining investor confidence and legal consistency in India's evolving insolvency landscape.

Reinforcing the CoC's Central Role

The case reiterates the primacy of the Committee of Creditors (CoC) in insolvency matters. By rejecting a private settlement between Byju's and BCCI that excluded other stakeholders, the Court emphasized that:

- The CoC is not a formality but the fulcrum of CIRP;
- Any plan affecting creditor rights must receive collective consent, not be imposed through direct settlements.

"*The collective wisdom of the CoC must be respected unless found perverse.*"[25]

This reinforces the need for robust creditor participation in resolving insolvency, especially when international lenders or bondholders are involved.

Implications for Startups and Fintechs

The case is especially relevant for India's burgeoning startup and fintech ecosystem, which increasingly relies on structured debt and overseas borrowing. Byju's, being one of India's most prominent edtech startups, draws attention to the need for corporate governance, legal compliance, and insolvency readiness in high-growth companies.

Key implications for startups:

- Settlements must be planned within legal frameworks and not based on brand clout.
- Global investors, like GLAS Trust, must be considered during CIRP, signaling that international financial discipline is integral.
- Startups must strengthen internal debt management and resolution protocols to avoid high-profile legal setbacks.

The Byju's case has lasting jurisprudential significance. It solidifies the IBC's role as a structured and creditor-driven framework, restrains judicial activism in insolvency settlements, and serves as a compliance benchmark for startups and corporate borrowers. It ensures that transparency, procedural integrity, and collective resolution remain non-negotiable features of India's insolvency regime.

CONCLUSION

The Byju's insolvency case stands as a critical inflection point in the evolution of India's insolvency jurisprudence under the IBC,

[25] *K. Sashidhar v. Indian Overseas Bank*, (2019) 12 SCC 150.

2016. While the Code was designed to ensure a structured, creditor-driven, and time-bound resolution process, this case revealed the ongoing tensions between judicial discretion and procedural discipline. The premature invocation of Rule 11 by the NCLAT, bypassing the statutory withdrawal mechanism under Section 12A, risked diluting the integrity of the CIRP framework and undermined the role of stakeholders, particularly the Committee of Creditors.

The Supreme Court's decision to reinstate the CIRP against Byju’s reaffirmed the centrality of the IBC’s codified procedures, emphasizing that even in the absence of a constituted CoC, the withdrawal of proceedings must follow the letter and spirit of the law. This not only restored the primacy of the IRP and NCLT in insolvency matters but also sent a clear message that judicial discretion cannot be exercised to circumvent the legislative framework.

Ultimately, the case highlights the need for greater awareness and compliance with the procedural safeguards embedded in the IBC. It also reinforces the principle that while early settlements are desirable, they must not come at the cost of transparency, due process, and the collective rights of creditors. Going forward, the Byju’s case will likely serve as a precedent guiding future disputes involving pre-CoC settlements and the interpretation of procedural provisions under the Code.