# Legal Case Summary: GLAS Trust Company LLC vs Byju Raveendran & Others (2024)

Case Title: GLAS Trust Company LLC vs Byju Raveendran & Others

Citation: 2024 INSC 811

Court: Supreme Court of India

Date of Judgment: 23 October 2024

Bench: Dhananjaya Y Chandrachud (CJI)

## Facts of the Case:

- Think and Learn Pvt Ltd (Byju’s) faced insolvency proceedings under the Insolvency and Bankruptcy Code (IBC), 2016, following a petition filed by the Board of Control for Cricket in India (BCCI) over unpaid dues of ₹158 crore.  
- GLAS Trust Company LLC, acting as a financial creditor, objected to a settlement made between Byju’s and BCCI which led to the withdrawal of the Corporate Insolvency Resolution Process (CIRP).  
- Parallel proceedings were ongoing in the US (Delaware Court) over alleged fraudulent transfer of $533 million from Byju’s US subsidiary.  
- The NCLAT approved the settlement relying on an affidavit from Riju Raveendran stating the funds came from his personal sources.  
- GLAS challenged this decision citing concerns over the source of funds, procedural irregularities, and stakeholder rights.

## Procedural History:

- NCLT admitted the insolvency petition in July 2024 and initiated CIRP.  
- NCLAT approved the settlement and set aside the NCLT order after Riju Raveendran’s affidavit.  
- GLAS appealed the NCLAT order before the Supreme Court.  
- The Supreme Court issued an interim stay on the NCLAT order in August 2024 and directed the ₹158 crore settlement amount be placed in escrow.

## Issues before the Court:

1. Whether GLAS had the locus standi (legal standing) to challenge the settlement.  
2. Whether NCLAT correctly invoked its inherent powers under Rule 11 instead of following the prescribed Section 12A and Regulation 30A procedure for CIRP withdrawal.  
3. Whether the objections of GLAS regarding source of settlement funds and stakeholder rights were properly addressed.

## Judgment:

- Supreme Court allowed the appeal by GLAS Trust Company LLC.  
- The NCLAT’s order approving the settlement and setting aside CIRP was quashed.  
- CIRP proceedings resumed, restoring the original NCLT order admitting insolvency proceedings against Byju’s.

## Key Legal Findings:

1. Collective Process: Once CIRP is admitted, proceedings become in rem, and all creditors, not just the original parties, become stakeholders.  
2. Procedural Lapse: NCLAT erred by bypassing the specific withdrawal procedure under Section 12A and Regulation 30A.  
3. Locus Standi: GLAS had locus as a financial creditor impacted by the withdrawal decision.  
4. Rule 11 Limitation: NCLAT’s inherent powers under Rule 11 cannot override the express legal framework of the IBC.  
5. Stakeholder Interests: Proper notice and opportunity must be given to all stakeholders before such settlements.  
6. Source of Funds: The Supreme Court stressed on due diligence over fund sources to avoid violation of foreign court orders.

## Final Decision:

✅ Appeal allowed  
✅ NCLAT order quashed  
✅ CIRP proceedings against Byju’s reinstated  
✅ ₹158 crore settlement amount held in escrow, pending further directions