INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS

Open Access, Refereed Journal Multi Disciplinary
Peer Reviewed

www.ijlra.com

ISSN: 2582-6433

DISCLAIMER

ISSN: 2582-6433

ABOUT US

The *International Journal for Legal Research & Analysis (IJLRA)* (ISSN: 2582-6433) is a peer-reviewed, academic, online journal published on a monthly basis. The journal aims to provide a comprehensive and interactive platform for the publication of original and high-quality legal research.

IJLRA publishes Short Articles, Long Articles, Research Papers, Case Comments, Book Reviews, Essays, and interdisciplinary studies in the field of law and allied disciplines. The journal seeks to promote critical analysis and informed discourse on contemporary legal, social, and policy issues.

The primary objective of IJLRA is to enhance academic engagement and scholarly dialogue among law students, researchers, academicians, legal professionals, and members of the Bar and Bench. The journal endeavours to establish itself as a credible and widely cited academic publication through the publication of original, well-researched, and analytically sound contributions.

IJLRA welcomes submissions from all branches of law, provided the work is original, unpublished, and submitted in accordance with the prescribed submission guidelines. All manuscripts are subject to a rigorous peer-review process to ensure academic quality, originality, and relevance.

Through its publications, the *International Journal for Legal Research & Analysis* aspires to contribute meaningfully to legal scholarship and the development of law as an instrument of justice and social progress.

ISSN: 2582-6433

PUBLICATION ETHICS, COPYRIGHT & AUTHOR RESPONSIBILITY STATEMENT

The *International Journal for Legal Research and Analysis (IJLRA)* is committed to upholding the highest standards of publication ethics and academic integrity. All manuscripts submitted to the journal must be original, unpublished, and free from plagiarism, data fabrication, falsification, or any form of unethical research or publication practice. Authors are solely responsible for the accuracy, originality, legality, and ethical compliance of their work and must ensure that all sources are properly cited and that necessary permissions for any third-party copyrighted material have been duly obtained prior to submission. Copyright in all published articles vests with IJLRA, unless otherwise expressly stated, and authors grant the journal the irrevocable right to publish, reproduce, distribute, and archive their work in print and electronic formats. The views and opinions expressed in the articles are those of the authors alone and do not reflect the views of the Editors, Editorial Board, Reviewers, or Publisher. IJLRA shall not be liable for any loss, damage, claim, or legal consequence arising from the use, reliance upon, or interpretation of the content published. By submitting a manuscript, the author(s) agree to fully indemnify and hold harmless the journal, its Editor-in-Chief, Editors, Editorial Board, Reviewers, Advisors, Publisher, and Management against any claims, liabilities, or legal proceedings arising out of plagiarism, copyright infringement, defamation, breach of confidentiality, or violation of third-party rights. The journal reserves the absolute right to reject, withdraw, retract, or remove any manuscript or published article in case of ethical or legal violations, without incurring any liability.

ISSN: 2582-6433

THE BYJU'S INSOLVENCY AND THE SYSTEMIC FRACTURES IN INDIA'S INSOLVENCY FRAMEWORK: AN ANALYSIS OF THE IBC AMENDMENT BILL, 2025

AUTHORED BY - BIKRAM VEER SINGH MANHAS,
ANANT SHARMA, RAHUL CHIB
National Law Institute University, Bhopal

ABSTRACT

This paper critically examines the systemic vulnerabilities within India's insolvency framework exposed by the financial collapse of Byju's, a multinational educational technology conglomerate. It addresses two primary legal problems: the statutory silence regarding the withdrawal of insolvency applications prior to the constitution of the Committee of Creditors (CoC), and the total absence of a formalized cross-border insolvency framework, which inadvertently facilitates destructive jurisdictional arbitrage. This paper argues that while the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 addresses the withdrawal gap, it fails to provide a coherent framework for cross-border insolvency coordination, leaving multinational debtors free to manipulate parallel proceedings. To resolve this systemic risk, the paper recommends the immediate statutory adoption of the UNCITRAL Model Law on Cross-Border Insolvency with India-specific modifications, the formal insertion of pre-CoC withdrawal provisions, the establishment of a Cross-Border Insolvency Rules Committee, and the creation of fast-track judicial benches for transnational disputes.

I. Introduction

The insolvency of Byju's, once India's most valued startup did not merely expose the fragility of edtech unicorns. It exposed the fragility of the Insolvency and Bankruptcy Code, 2016 itself. Enacted as a watershed economic reform to replace a fragmented and highly inefficient legacy regime, the IBC was designed to resolve corporate distress efficiently in a time-bound manner. The underlying philosophy of the legislation was to arrest the rapid erosion of enterprise value by stripping errant promoters of their control and transferring the management of distressed assets to an independent resolution professional, operating under the commercial wisdom of a unified body of financial creditors. For several years, this statutory architecture successfully instilled credit discipline across the Indian macroeconomic landscape, significantly altering the

ISSN: 2582-6433

balance of power between corporate debtors and institutional lenders.

As the Byju's litigation traversed multiple judicial forums across continents, it became increasingly evident that the domestic insolvency apparatus was structurally ill-equipped to manage the collapse of a modern, multi-jurisdictional corporate network. Domestically, the statutory text failed to prescribe a definitive procedural mechanism for terminating an insolvency proceeding in the volatile interim period between the admission of a petition and the formal constitution of the creditor committee. Internationally, the legislation provided no operational mechanisms to coordinate concurrent restructuring efforts across sovereign borders, thereby allowing stakeholders to engage in aggressive strategic maneuvering.

This paper argues that while the IBC Amendment Bill, 2025 addresses the withdrawal gap, it fails to provide a coherent framework for cross-border insolvency coordination, leaving multinational debtors free to manipulate parallel proceedings. The legislative reliance on reactive, piecemeal amendments and delegated executive rule-making fundamentally undermines the predictability required by global capital markets.

The paper proceeds in six parts: Part II delineates the factual matrix and judicial holdings of the Byju's litigation; Part III analyzes the evolution of Section 12A and the withdrawal controversy; Part IV explores the phenomenon of forum shopping and the cross-border vacuum; Part V critically evaluates the provisions of the 2025 Amendment Bill; Part VI presents the critical analysis; and Part VII offers structured recommendations for systemic reform.

II. The BYJU'S case: Facts and Judicial holding

The procedural history of the Byju's insolvency is characterized by rapid value destruction, opaque transnational capital flows, and unprecedented multi-jurisdictional litigation. The sequence of events provides a definitive illustration of how modern multinational corporate structures can completely overwhelm domestic insolvency mechanisms that lack inherent cross-border capabilities.

Byju's (formally incorporated as Think & Learn Pvt. Ltd.) emerged during the global pandemic as India's largest educational technology company, achieving a peak private market valuation of $22 billion. In November 2021, Byju's Alpha, Inc., a Delaware-incorporated special purpose

ISSN: 2582-6433

financing vehicle executed a highly leveraged $1.2 billion Term Loan B agreement with a consortium of global institutional lenders, with Think & Learn Pvt. Ltd. acting as the primary guarantor.[1] GLAS Trust Company LLC served as the administrative and collateral agent representing the term loan lenders. The financial architecture began to unravel in 2022 when Byju's Alpha defaulted on a series of substantive covenants, failing to furnish mandatory financial information, delaying submission of audited statements by over eighteen months, and failing to secure required RBI regulatory approvals.

Following these events of default, GLAS Trust initiated enforcement actions in the Delaware Chancery Court. During the proceedings, the newly installed management discovered that Byju's Alpha had transferred approximately $533 million in loan proceeds to a Miami-based hedge fund, Camshaft Capital Fund, LP, subsequently routed through affiliated entities and parked in an offshore trust sparking massive allegations of fraudulent conveyance.[2]

Simultaneously, the Board of Control for Cricket in India (BCCI) filed an application under Section 9 of the IBC before the NCLT Bengaluru, seeking initiation of Corporate Insolvency Resolution Process (CIRP) over unpaid sponsorship dues of approximately Rs. 158 crores. On July 16, 2024, the NCLT formally admitted the petition, triggering an automatic statutory moratorium under Section 14, suspending the board of directors, and vesting management in an Interim Resolution Professional (IRP).[3]

Faced with the sudden loss of control, the suspended management sought to settle the operational debt with BCCI, proposing that the founder's brother, Riju Raveendran, would clear the outstanding balance using personal funds. Based on this settlement proposal, the management filed an appeal before the NCLAT, seeking withdrawal of the insolvency petition which is a maneuver that surfaced a profoundly complex legal question: Can withdrawal happen before the CoC is constituted? Section 12A of the Code mandates a 90% CoC voting share for withdrawal of an admitted application. But what if there is no CoC yet?
Despite severe allegations by GLAS Trust that the settlement funds were linked to the $533 million frozen by Delaware Court injunction, the NCLAT invoked its inherent powers under

[1] GLAS Trust Company LLC v. Byju Raveendran, Civil Appeal (2024) (S.C.) (India); see also reporting on the Delaware Chancery Court proceedings regarding the Byju's Alpha term loan default.
[2] See Adversary Proceedings before the Delaware Chancery Court, GLAS Trust Company LLC v. Byju's Alpha, Inc. (2023–2024) (identifying the Camshaft Capital Fund transfers of approximately $533 million).
[3] BCCI v. Think & Learn Pvt. Ltd., CP (IB) No. /BB/2024 (NCLT Bengaluru, July 16, 2024); Insolvency and Bankruptcy Code, No. 31 of 2016, § 14 (India).

ISSN: 2582-6433

Rule 11 of the NCLAT Rules, 2016, accepted an unverified affidavit from Riju Raveendran, approved the withdrawal, and set aside the NCLT's order on August 2, 2024.[4]

GLAS Trust immediately appealed to the Supreme Court of India. In a landmark October 2024 ruling, the Supreme Court unequivocally overturned the NCLAT's judgment, holding that the withdrawal attempt was impermissible through inherent powers. The Court reinstated the CIRP, ruling that the IBC's procedural mechanisms must be strictly adhered to, and that an appellate tribunal cannot act as a mere 'post office' to stamp private settlements when severe allegations of financial misconduct are raised by major stakeholders.[5]

Table 1: Chronology of the Byju's Insolvency Litigation

Date	Event
November 2021	Byju's Alpha (US) secures $1.2 billion Term Loan B from GLAS Trust consortium.
March–July 2022	Byju's Alpha transfers $533 million to Camshaft Capital Fund; defaults on loan covenants.
February 2024	Byju's Alpha placed into Chapter 11 bankruptcy in Delaware Bankruptcy Court.
July 16, 2024	NCLT Bengaluru admits BCCI's Section 9 petition; CIRP formally commences.
August 2, 2024	NCLAT utilizes Rule 11 to approve private settlement with BCCI, quashing the CIRP.
October 23, 2024	Supreme Court of India strikes down NCLAT order, reinstates CIRP, enforces Section 12A.
November 20, 2025	US Bankruptcy Court enters $1.07 billion default judgment against Byju Raveendran.

The Supreme Court's ruling occurred simultaneously with parallel proceedings in the United

[4] Think & Learn Pvt. Ltd. v. GLAS Trust Company LLC, Company Appeal (AT) (Insolvency) No. /2024 (NCLAT Chennai, Aug. 2, 2024); National Company Law Appellate Tribunal Rules, 2016, r. 11.
[5] GLAS Trust Company LLC v. Byju Raveendran, Civil Appeal (Oct. 23, 2024) (S.C.) (India).

ISSN: 2582-6433

States. The Delaware Bankruptcy Court entered a $1.07 billion default judgment against Byju Raveendran for fraudulent transfers, citing his extensive pattern of delay and obfuscation in defying discovery orders.[6] This chaotic, bifurcated reality serves as the foundational context for evaluating the systemic inadequacies of the Indian insolvency framework.

III. Section 12A and the withdrawal controversy

The Byju's litigation did not merely highlight a dispute between aggressive foreign lenders and embattled domestic promoters; it exposed a critical statutory vulnerability regarding the exit mechanisms available to distressed entities. The controversy surrounding pre-CoC withdrawals represents a profound tension between the rigid legislative text of the IBC and the equitable, gap-filling remedies engineered by the judiciary over the past decade.

In its original 2016 iteration, the IBC contained no statutory provision permitting the withdrawal of an insolvency application after formal admission. This omission was intentional. The Bankruptcy Law Reforms Committee (BLRC) emphasized that a CIRP is fundamentally a collective action mechanism where once the state's judicial apparatus is triggered, the proceeding transforms from a bilateral dispute into a multilateral process designed to maximize enterprise value for all stakeholders.[7]

However, absolute rigidity resulted in commercially absurd outcomes. When promoters secured capital to satisfy all outstanding obligations shortly after admission, the NCLT was statutorily powerless to terminate the CIRP, forcing solvent entities into highly disruptive, protracted resolution processes. The Supreme Court of India utilized its extraordinary plenary powers under Article 142 of the Constitution to permit settlements and quash proceedings post-admission in landmark cases such as *Lokhandwala Kataria Construction Pvt. Ltd. v. Nisus Finance & Investment Managers LLP*.[8]

Recognizing the urgent need for a formalized mechanism, the legislature acted on recommendations of the Insolvency Law Committee (ILC) and inserted Section 12A through

[6] In re Byju's Alpha, Inc., Adversary Proceeding No. 24-50013 (Bankr. D. Del. Nov. 20, 2025).
[7] GLAS Trust Company LLC v. Byju Raveendran, Civil Appeal (Oct. 23, 2024) (S.C.) (India).
[6] In re Byju's Alpha, Inc., Adversary Proceeding No. 24-50013 (Bankr. D. Del. Nov. 20, 2025).
[7] Bankruptcy Law Reforms Committee, Report of the Bankruptcy Law Reforms Committee, vol. I, ch. 5 (Ministry of Finance, Gov't of India, 2015).
[8] Lokhandwala Kataria Construction Pvt. Ltd. v. Nisus Finance & Investment Managers LLP, (2017) SCC OnLine SC 1243 (India).

ISSN: 2582-6433

the 2018 amendment, allowing withdrawal after admission only with a 90% CoC vote an exceptionally high threshold designed to prevent preferential treatment of any single creditor.[9] While Section 12A established a clear threshold for post-CoC withdrawal, a massive procedural void remained. The primary statute neither expressly permits nor prohibits termination of a CIRP in the interim window between petition admission and formal CoC constitution. The IBBI attempted to bridge this gap by introducing Regulation 30A into the CIRP Regulations, establishing a procedural pathway for pre-CoC withdrawal applications. However, because subordinate regulations cannot supersede primary legislation, this structural silence bred immense judicial inconsistency where some NCLT benches allowed pre-CoC withdrawals; others did not.

The jurisprudence remained fractured until the Byju's crisis. The Supreme Court's reasoning in *GLAS Trust* firmly dismantled the NCLAT's approach through strict purposive interpretation and the anti-abuse principle. The Court held that upon admission, an insolvency petition undergoes a fundamental legal transformation changing from an *in personam* dispute into an *in rem* proceeding. Consequently, an individual operational creditor cannot orchestrate a private, preferential settlement that completely disenfranchises the broader financial creditor consortium. The Court explicitly warned that inherent powers under Rule 11 cannot be wielded as an alternative statutory pathway to subvert specific procedures designed to protect collective rights.[10]

This jurisprudential evolution is consistent with the Supreme Court's earlier ruling in *Brilliant Alloys Pvt. Ltd. v. S. Rajagopal* (2021), wherein the Court had previously held that the timelines contained within Regulation 30A were merely 'directory' in nature, not mandatory. [11] Such oscillating precedents demonstrate that absolute doctrinal certainty can only be achieved when the legislature comprehensively codifies the parameters of withdrawal directly into the text of the IBC, removing reliance on judicial gap-filling.

[9] Insolvency and Bankruptcy Code (Amendment) Act, No. 26 of 2018, § 12A (India); Report of the Insolvency Law Committee, ch. 7 (Ministry of Corporate Affairs, Gov't of India, Mar. 2018).
[10] GLAS Trust Company LLC v. Byju Raveendran, supra note 5.
[11] Brilliant Alloys Pvt. Ltd. v. S. Rajagopal, (2021) SCC OnLine SC 1113 (India).

ISSN: 2582-6433

IV. Forum Shopping and the Cross-Border Vacuum

A. The Nature of Forum Shopping in Insolvency

While the controversy surrounding Section 12A exposed deep procedural flaws within India's domestic insolvency apparatus, the parallel proceedings in the United States illuminated a vastly more dangerous vulnerability: the total absence of a coherent cross-border insolvency architecture. Forum shopping may be defined as a party strategically initiating or shifting proceedings to a jurisdiction whose laws are more favorable to their specific economic interests. In a perfectly harmonized global economic system, the geographical location of an insolvency court would not alter the substantive rights, priorities, or recoveries of the parties involved. However, national insolvency regimes differ fundamentally in their treatment of corporate governance, asset distribution, and the balance of power between debtors and creditors.

In Byju's, the structural divergence between the United States and India provided an unprecedented opportunity for jurisdictional manipulation. Under the Chapter 11 framework of the U.S. Bankruptcy Code, existing management typically retains operational control under a debtor-in-possession model, possessing the exclusive right to propose a reorganization plan while protected by an automatic stay.[12]

B. India's Cross-Border Tools: Sections 234 and 235

The IBC's cross-border tools like Section 234 (bilateral agreements) and Section 235 (letters of request) have represented India's entire statutory approach to transnational insolvency since 2016. Section 234 enables the Central Government to enter into reciprocal bilateral treaties with foreign states to enforce insolvency judgments. Section 235 allows Indian adjudicating authorities to issue formal letters of request to foreign courts seeking assistance with offshore asset tracing.[13]

However, neither provision has been operationalized. The fundamental flaw in this bilateral architecture is its dependency on agonizingly slow diplomatic negotiations. Not a single bilateral agreement has been signed as of 2025. Consequently, Indian insolvency professionals are completely deprived of predictable statutory mechanisms to secure formal recognition of Indian insolvency proceedings in foreign jurisdictions, and are forced to rely on the highly discretionary principles of international comity and outdated provisions of the Code of Civil

[12] Compare 11 U.S.C. §§ 1107–1108 (2018) (debtor-in-possession model), with Insolvency and Bankruptcy Code, No. 31 of 2016, §§ 17, 23 (India) (vesting management in resolution professional).
[13] Insolvency and Bankruptcy Code, No. 31 of 2016, §§ 234–235 (India).

ISSN: 2582-6433

Procedure, 1908.[14]

C. The UNCITRAL Model Law: The Standard India Has Not Met

The internationally recognized solution to this fragmentation is the UNCITRAL Model Law on Cross-Border Insolvency (1997). Adopted by over sixty sophisticated financial jurisdictions including the United States, the United Kingdom, and Singapore, the Model Law provides a harmonized legislative framework ensuring predictable outcomes. By establishing the concept of the 'Center of Main Interests' (COMI), the Model Law allows courts to identify a foreign main proceeding and grant automatic relief to protect global assets, thereby extinguishing the capacity for debtors to engage in forum shopping.[15]

The relevance of Singapore's experience is particularly instructive for India. Sharing a common law foundation and functioning as a key regional financial hub, Singapore formally adopted the Model Law through the Companies (Amendment) Act, 2017. Singapore's courts have since developed a sophisticated jurisprudence around COMI recognition, enabling seamless coordination with courts in the United States and United Kingdom.[16] This comparative experience demonstrates that adoption of the Model Law with targeted domestic modifications as successfully achieved by Singapore is both practically feasible and commercially necessary for any jurisdiction aspiring to attract global capital.

Despite broad consensus regarding its efficacy, India has not adopted the Model Law. The Insolvency Law Committee (2018) recommended adoption with modifications, proposing the integration of the Model Law into the IBC through a detailed 'Draft Part Z' tailored to Indian public policy requirements.[17] This vital reform remains pending, stalled by legislative inertia and endless committee reviews. Byju's is the direct cost of this inaction. Because India lacked a codified cross-border mechanism, creditors faced immense uncertainty about which jurisdiction's order would prevail. Billions of dollars in enterprise value evaporated while sovereign tribunals debated their respective standing.

[14] Ministry of Corporate Affairs, Annual Report 2023–24 (Gov't of India 2024) (confirming no bilateral agreement executed under Section 234 as of date of publication).

[15] UNCITRAL Model Law on Cross-Border Insolvency arts. 17, 20, 29–32 (1997); UNCITRAL, Practice Guide on Cross-Border Insolvency Cooperation (U.N. 2009).

[16] Companies (Amendment) Act 2017 (No. 40 of 2017) (Sing.); Re Zetta Jet Pte Ltd [2018] SGHC 16 (H.C.) (Sing.) (demonstrating Singapore's court-to-court cooperation framework with U.S. proceedings)

[17] Report of the Insolvency Law Committee, ch. 10 (Ministry of Corporate Affairs, Gov't of India, Mar. 2018).

ISSN: 2582-6433

V. The IBC Amendment Bill, 2025: A Partial Fix

A. Addressing the Withdrawal Gap

Triggered largely by the chaotic jurisprudence surrounding cases like Byju's, the Ministry of Corporate Affairs introduced the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 which is the most significant overhaul of the insolvency architecture since its inception. To its credit, the Bill introduced a specific restriction on withdrawal after CIRP commencement, directly plugging the pre-CoC gap exposed by Byju's. Under the proposed amendments to Section 12A, withdrawal is strictly prohibited prior to the formal constitution of the CoC. The Bill also explicitly bars any withdrawal application after the Resolution Professional has issued the first invitation for submission of resolution plans (Expression of Interest). The Adjudicating Authority is mandated to dispose of all authorized withdrawal applications within a strict 30-day timeline.[18]

By codifying these rigid boundaries, the legislature has effectively neutralized the capacity of tribunals to utilize inherent powers under Rule 11 to bypass statutory mandates. It enforces the Supreme Court's doctrine that a CIRP is an in rem proceeding serving the collective benefit of all stakeholders. However, it must be candidly noted that this is reactive legislation where it took a crisis of massive proportions to trigger a reform that should have been enacted far earlier.

B. The Persistence of the Cross-Border Vacuum

Where the 2025 Amendment Bill fails profoundly is in its treatment of transnational insolvency. Despite widespread industry anticipation, the Bill completely fails to enact a substantive primary statute based on the UNCITRAL Model Law. Instead of introducing the comprehensive 'Draft Part Z' recommended by the 2018 ILC, the Bill introduces an enabling provision (Section 240C) that merely empowers the Central Government to frame rules regarding cross-border proceedings and delegating the entirety of international insolvency law to subordinate executive rules.[19]

This delegation is constitutionally suspect. The doctrine of excessive delegation, as elaborated by the Supreme Court in *In Re: The Delhi Laws Act* (1951), mandates that Parliament must lay down adequate guiding principles before delegating legislative power to the executive.[20]

[18] Insolvency and Bankruptcy Code (Amendment) Bill, 2025, cl. 7 (India) (amending Section 12A of the principal Act).
[19] Insolvency and Bankruptcy Code (Amendment) Bill, 2025, cl. 38 (India) (inserting Section 240C).
[20] In re The Delhi Laws Act, 1912, AIR 1951 SC 332 (India); State of Tamil Nadu v. P. Krishnamurthy, (2006) 4 SCC 517 (India).

ISSN: 2582-6433

Section 240C, as drafted, provides no such principles or policy objectives, rendering it a blank delegation of legislative power over a matter of significant economic consequence.

C. New Complexities: CIIRP and Group Insolvency

The Bill further complicates the landscape by introducing the Creditor-Initiated Insolvency Resolution Process (CIIRP), an out-of-court process allowing select financial institutions to initiate restructuring while leaving the debtor in control of the company's management. In complex transnational defaults, foreign courts may struggle to classify a CIIRP, questioning whether an out-of-court, debtor-controlled mechanism meets the international threshold required to grant an automatic stay or enforce Indian decisions abroad.

Additionally, while the Bill introduces coordinated resolution of multiple interconnected domestic group companies through joint Committees of Creditors and common resolution professionals, it provides absolutely no mechanism to coordinate the insolvency of an Indian parent company with a foreign subsidiary precisely the structural dynamic that paralyzed the Byju's/Byju's Alpha restructuring.[21]

VI. Critical Analysis

A. Reactive Legislation: A Chronic Structural Flaw

The evolution of the Indian insolvency architecture has been defined by a chronic pattern of crisis-driven, reactive legislation. The original 2016 enactment completely omitted an exit mechanism. Section 12A was inserted only after promoters misused the Code and the Supreme Court was repeatedly forced to utilize Article 142 powers to facilitate legitimate commercial settlements as in *Swiss Ribbons Pvt. Ltd. v. Union of India*.[22] Similarly, the rampant procedural abuse of pre-CoC withdrawals by promoters attempting backdoor entries was largely ignored by policymakers until the Byju's crisis threatened to permanently destabilize the creditor-in-control model.

This lagging regulatory posture is fundamentally incompatible with the speed of modern capital markets. Sophisticated corporate debtors, armed with elite legal counsel, continuously identify and exploit statutory lacunae far faster than the legislature can draft amendatory patches. For India to mature into a premier jurisdiction for distressed debt investment, the Ministry of Corporate Affairs must abandon this pattern of forensic firefighting and establish

[21] Insolvency and Bankruptcy Code (Amendment) Bill, 2025, ch. IVA (India) (Group Insolvency provisions, applicable only to domestic group companies).
[22] Swiss Ribbons Pvt. Ltd. v. Union of India, (2019) 4 SCC 17 (India).

ISSN: 2582-6433

a permanent, institutionalized review mechanism tasked with proactively identifying market manipulation trends and proposing preemptive structural reforms.

B. The Cross-Border Vacuum as a Systemic Risk

The failure of the 2025 Amendment Bill to enact a substantive cross-border insolvency statute is not merely a missed legislative opportunity; it constitutes an active, escalating threat to the macro-economy. The modern Indian conglomerate is inherently transnational, heavily reliant on complex capital stacks involving Delaware special purpose vehicles, Singaporean holding companies, and global syndicated debt. Attempting to govern these entities with a purely domestic insolvency statute is an exercise in futility.

The lack of automatic foreign recognition and statutory court-to-court coordination essentially guarantees that aggressive debtors will utilize jurisdictional arbitrage to shield assets from Indian creditors, or conversely, exploit Indian procedural delays to frustrate foreign institutional lenders. The unprecedented value destruction in the Byju's case is merely a prologue. As foreign direct investment expands and the complexity of offshore borrowing increases, the failure to adopt the UNCITRAL Model Law will severely depress global investor confidence, ultimately inflating the risk premium and the cost of capital for all Indian enterprises.

C. The Limits of Judicial Creativity

The chaotic jurisprudence leading up to the Byju's crisis underscores the dangerous limits of relying on judicial creativity to manage precise economic statutes. Over the past decade, the NCLT and NCLAT frequently invoked their inherent powers under Rule 11 to facilitate settlements, fill legislative voids, and manage foreign injunctions. While this judicial improvisation occasionally achieved practical commercial outcomes, it systematically eroded the predictability of the Code, as demonstrated by the conflicting approaches in *Vidarbha Industries Power Ltd. v. Axis Bank Ltd.*[23] and *Innoventive Industries Ltd. v. ICICI Bank.*[24]

The Supreme Court acted correctly in GLAS Trust by decisively reining in the appellate tribunal, strictly enforcing the in-rem nature of insolvency proceedings, and explicitly prohibiting the use of inherent powers to subvert statutory processes. However, courts cannot keep filling legislative gaps forever. Doctrinal certainty requires statutory text, not case-by-case improvisation. The legislature must provide the judiciary with exhaustive statutory tools,

[23] Vidarbha Industries Power Ltd. v. Axis Bank Ltd., (2022) 8 SCC 352 (India).
[24] Innoventive Industries Ltd. v. ICICI Bank, (2018) 1 SCC 407 (India).

ISSN: 2582-6433

particularly regarding cross-border asset tracking and concurrent jurisdiction management to ensure that tribunals are executing the law rather than continuously inventing it.

VII. Conclusion and Recommendations

The financial collapse of Byju's has irrevocably altered the landscape of Indian corporate law, serving as the ultimate stress test for the Insolvency and Bankruptcy Code. While the transition to a creditor-in-control regime in 2016 was a monumental step forward, the legal apparatus remains structurally deficient when confronted with the realities of modern, multi-jurisdictional corporate distress. The IBC Amendment Bill, 2025, though successful in terminating the domestic withdrawal loophole, abdicates its responsibility to establish a primary, statutorily defined cross-border insolvency framework. To secure the integrity of India's distressed asset market and ensure its integration with global finance, the following structural reforms are imperative:

Table 2: Recommendations for Legislative Reform

No.	Recommendation	Description
1	**Adopt UNCITRAL Model Law**	Enact a comprehensive 'Part Z' in the IBC based on the UNCITRAL Model Law, replacing Section 240C's delegated rule-making approach and formally operationalizing Sections 234 and 235.
2	**Codify Pre-CoC Withdrawal Rules**	Formally insert the 2025 Bill's withdrawal restrictions into the primary text of the IBC, eliminating reliance on judicial gap-filling and inherent tribunal powers.
3	**Cross-Border Insolvency Committee**	Constitute a dedicated expert committee under IBBI with a 1-year mandate to draft procedural regulations for direct court-to-court coordination with foreign jurisdictions.
4	**Fast-Track NCLT Bench**	Establish specialized judicial benches exclusively for cases involving foreign creditors or parallel foreign insolvency proceedings to ensure rapid transnational adjudication.

The Byju's insolvency will be remembered not just as the fall of a unicorn, but as the moment India's insolvency law was forced to confront its own incompleteness. The question is whether

ISSN: 2582-6433

the legislature will learn from it systematically or wait for the next crisis.

REFERENCES

CASES

BCCI v. Think & Learn Pvt. Ltd., CP (IB) No. /BB/2024 (NCLT Bengaluru, July 16, 2024) 3

Brilliant Alloys Pvt. Ltd. v. S. Rajagopal, (2021) SCC OnLine SC 1113 (India). 6

GLAS Trust Company LLC v. Byju Raveendran 6

GLAS Trust Company LLC v. Byju Raveendran, Civil Appeal (2024) (S.C.) (India) 3

GLAS Trust Company LLC v. Byju Raveendran, Civil Appeal (Oct. 23, 2024) (S.C.) (India). 4, 5

GLAS Trust Company LLC v. Byju's Alpha, Inc. (2023–2024) (identifying the Camshaft Capital Fund transfers of approximately $533 million) 3

In re Byju's Alpha, Inc., Adversary Proceeding No. 24-50013 (Bankr. D. Del. Nov. 20, 2025). 5

In re The Delhi Laws Act, 1912, AIR 1951 SC 332 (India) 9

Innoventive Industries Ltd. v. ICICI Bank, (2018) 1 SCC 407 (India). 11

Insolvency and Bankruptcy Code, No. 31 of 2016, §§ 17, 23 (India) (vesting management in resolution professional). 7

Lokhandwala Kataria Construction Pvt. Ltd. v. Nisus Finance & Investment Managers LLP, (2017) SCC OnLine SC 1243 (India). 5

Re Zetta Jet Pte Ltd [2018] SGHC 16 (H.C.) (Sing.) (demonstrating Singapore's court-to-court cooperation framework with U.S. proceedings) 8

State of Tamil Nadu v. P. Krishnamurthy, (2006) 4 SCC 517 (India). 9

Swiss Ribbons Pvt. Ltd. v. Union of India, (2019) 4 SCC 17 (India). 10

Think & Learn Pvt. Ltd. v. GLAS Trust Company LLC 4

Vidarbha Industries Power Ltd. v. Axis Bank Ltd., (2022) 8 SCC 352 (India). 11

STATUTES

Insolvency and Bankruptcy Code (Amendment) Act, No. 26 of 2018, § 12A (India) 5

Insolvency and Bankruptcy Code (Amendment) Bill, 2025, ch. IVA (India) (Group Insolvency provisions, applicable only to domestic group companies). 10

Insolvency and Bankruptcy Code (Amendment) Bill, 2025, cl. 38 (India) (inserting Section 240C). 9

ISSN: 2582-6433

OTHER AUTHORITIES

RULES

REGULATIONS

BOOKS